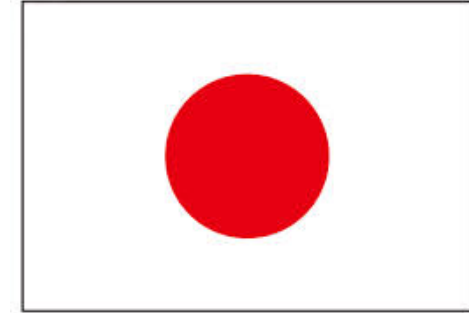
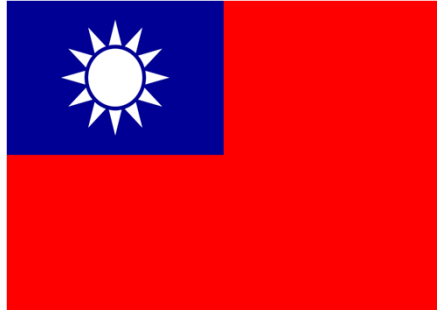




Japan's Trade Policy in the Asia-Pacific --- TPP and Its Impact on World Trade ---

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Taipei, ROC, March 8-9, 2014

Uncertainties and Possible Risks (1): Global Trade Issues

- **Failure of the DDA** (“Doha Round”) resulting in a weakening of the trade multilateralism embodied in the WTO
- **Proliferation of Bilateral and Regional Trade Agreements**
- **Lack of Multilateral Trade Rules on New Issues** such as Investment, Competition, Government Procurement, State-owned Enterprises (SOEs)
- Missing **TPA** (Trade Promotion Authority, US Fast-track)
- Amb. Azebedo as **the new WTO DG**: No Developed Country supported

Uncertainties and Possible Risks (2): Regional Trade Issues in Asia-Pacific

- East Asia discriminates against East Asia: **Protectionism**
- China emerges as a **Regional Hegemonic Power**
- China emerges as a **Game-changer**: e.g. the Solar Panel Dispute with the EU
- **New Regionalism**: the Shanghai Cooperation Organization (**SCO**, June 2001) and the Russia-centred Customs Union Russia: Russia, Belarus, Kazakhstan, Jan. 2010)

East Asia discriminates against East Asia:

East Asia imports from East Asia with high tariffs for agricultural products and light industry.

Tariff Rates in East Asia

Exporter Importer	East Asia East Asia	EU-25 EU-25	NAFTA NAFTA
Agricultural products	41.0	6.8	3.9
Light industry	26.8	0.0	0.1
Food & Beverages	21.8	5.3	9.4
Textile & Garment	7.3	0.0	0.1
Electrical appliances	1.4	0.0	0.1
Total	7.4	1.9	0.7
Exporter Importer	East Asia East Asia	EU-25 EU-25	NAFTA NAFTA
Agricultural products	41.0	30.9	29.7
Light industry	26.8	12.8	8.3
Food & Beverages	21.8	25.8	26.4
Textile & Garment	7.3	7.8	7.6
Electrical appliances	1.4	2.2	1.5
Total	7.4	7.2	5.5

Source: International Trade Centre.

Note: East Asia includes ASEAN, China, Hong Kong, Japan, Korea and Taiwan.

Market Access of the WTO Members in 2007

	All goods		Agricultural goods		Non-agricultural goods	
	Final bound	MFN applied tariffs	Final bound	MFN applied tariffs	Final bound	MFN applied tariffs
Brunei Darussalam	25.3	3.6	30.7	7.9	24.5	3.0
Cambodia	19.0	14.2	28.1	18.1	17.7	13.6
China	10.0	9.9	15.8	15.8	9.1	9.0
Hong Kong, China	0.0	0.0	0.0	0.0	0.0	0.0
India	50.2	14.5	114.2	34.4	36.2	11.5
Indonesia	37.1	6.9	47.0	8.6	35.6	6.7
Japan	5.1	5.1	22.7	21.8	2.4	2.6
Korea, Republic of	17.0	12.2	59.3	49.0	10.2	6.6
Lao PDR	-	9.7	-	19.5	-	8.2
Malaysia	24.5	8.4	76.0	11.7	14.9	7.9
Myanmar	83.0	5.6	102.2	8.7	21.1	5.1
Philippines	25.6	6.3	34.6	9.6	23.4	5.8
Singapore	12.1	0.0	36.5	0.1	6.3	0.0
Taipei, Chinese	6.6	6.3	18.4	17.5	4.8	4.6
Thailand	28.1	10.0	40.2	22.0	25.5	8.2
Viet Nam	11.4	16.8	18.5	24.2	10.4	15.7

Source: WTO Country Profile.

SCO(上海協力機構)の構成国

Members of the SCO

構 成 国 Members	人 口(百万人) Population(million)	首 都 Capital	国土面積 (million km ²)
中 国 China	13億5千万 1,350.0	北 京 Beijing	9.60
カザフスタン Kazakhstan	15.07	アスタナ Astana	2.72
キルギスタン Kyrgystan	5.2	ビシュテック Bishkek	0.2
ウズベキスタン Uzbekistan	26.5	タシケント Tashkent	0.45
タジキスタン Tajikistan	7.0	ドウシャンベ Dushanbe	0.14
ロシア Russia	142.0	モスクワ Moscow	17.08

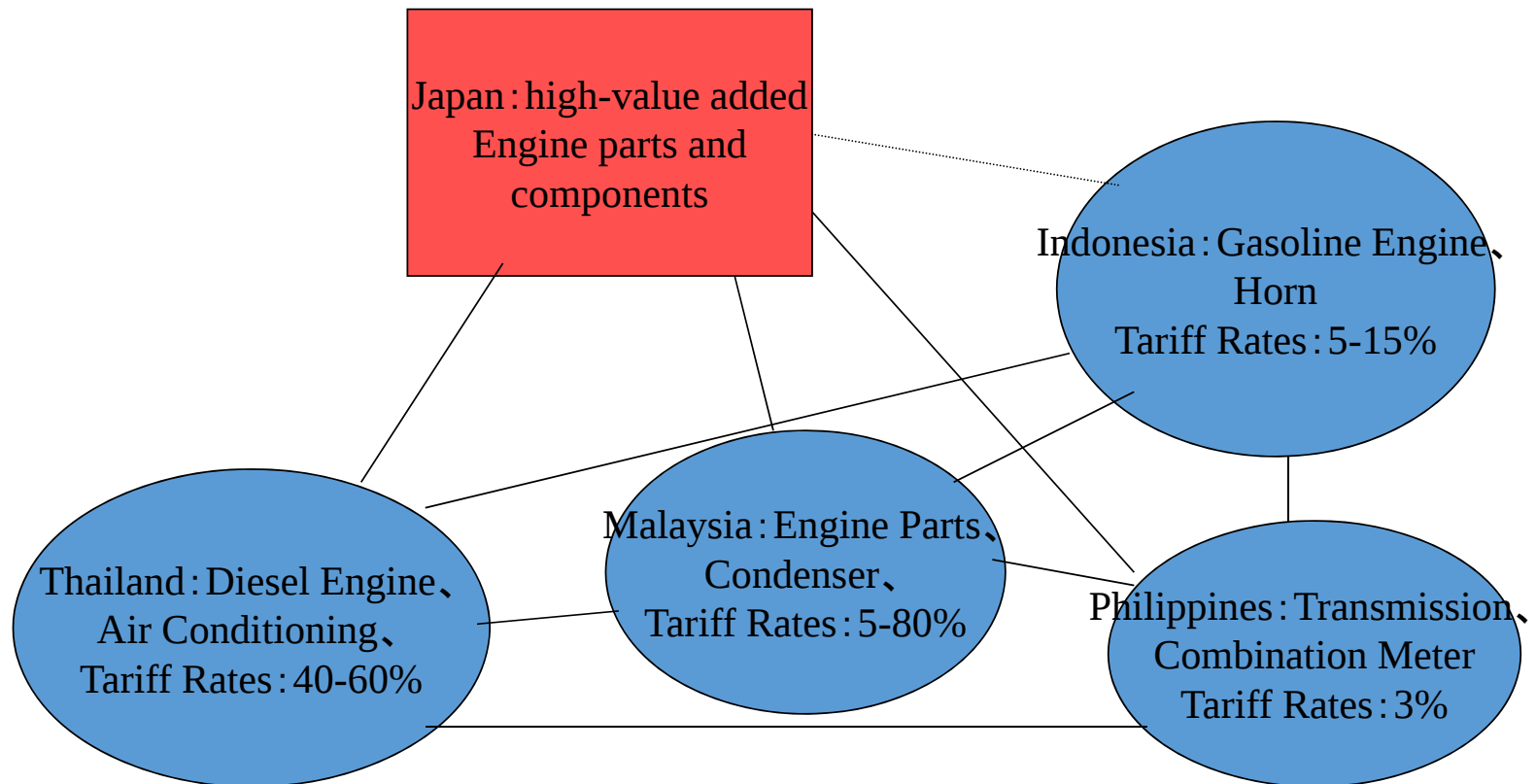
Responses and Challenges in Asia-Pacific

- **De-facto Business-driven Integration** through Supply-chain and Production Networks
- FTA/EPAs to consolidate the merits of the De-facto Integration
- From Bilateral FTA/EPAs to **Wider Regional FTA/EPAs**: (ASEAN+1)x5, ASEAN+3, ASEAN+6=**RCEP**, Japan-China-Korea EPA
- Beyond Regional FTA/EPAs $\Rightarrow\Rightarrow\Rightarrow$ the TPP as an **inter-regional FTA**

De-facto Business-driven Integration in East Asia

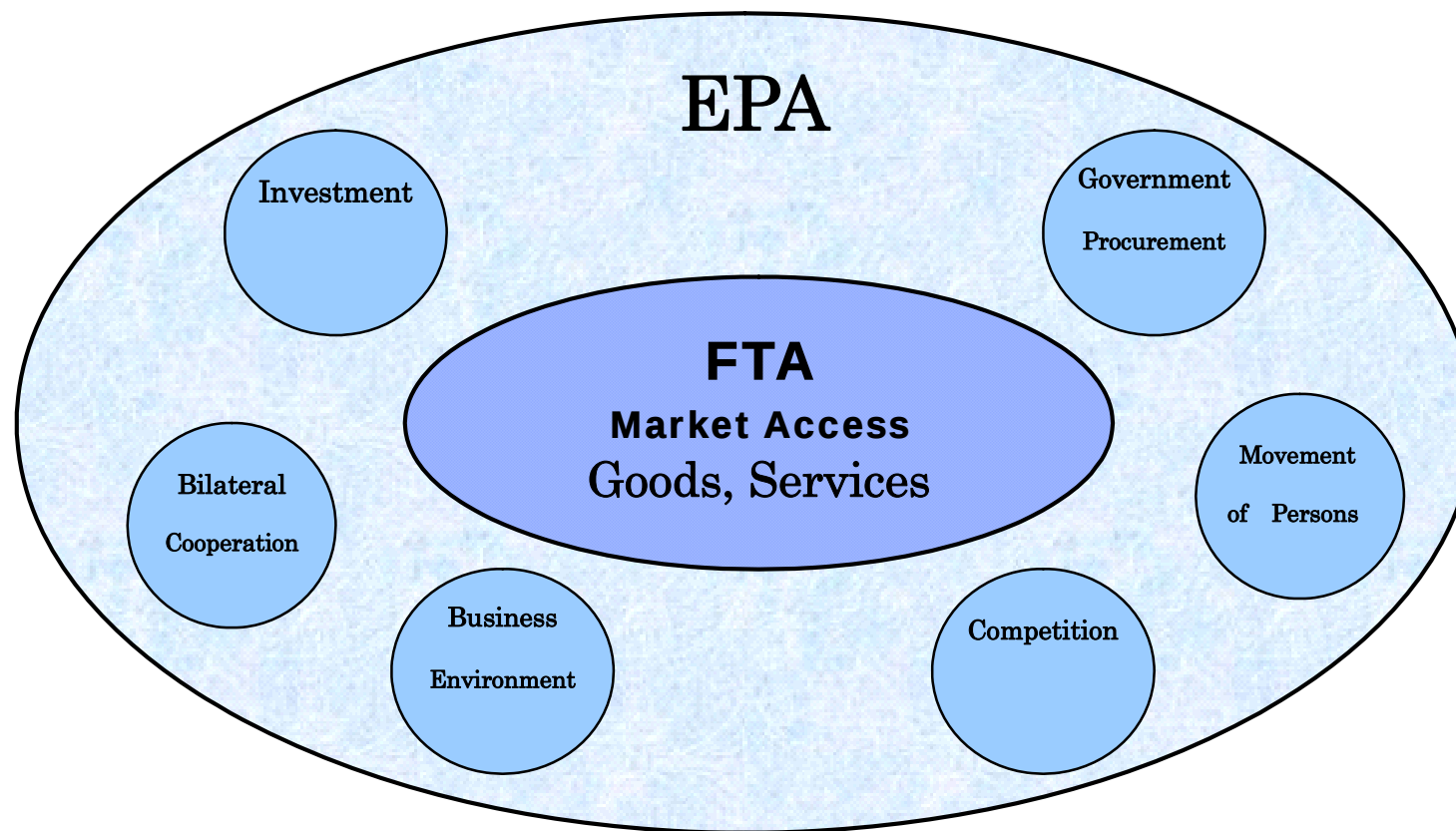
- “The Plaza Accord” by G5 in September 1985 as the major cause
- The major exchange-rate realignment
- $\$1 = \text{¥}248 \Rightarrow \$1 = \text{¥}180$
- Japanese manufacturers shifted production sites of their parts and components abroad, firstly in ASEAN countries and later in other East Asian countries in order to avoid negative effects of appreciated Japanese Yen

Japanese Car Industry: Optimal Supply System in Asia



Economic Partnership Agreement

EPA: Japan's FTA Strategy



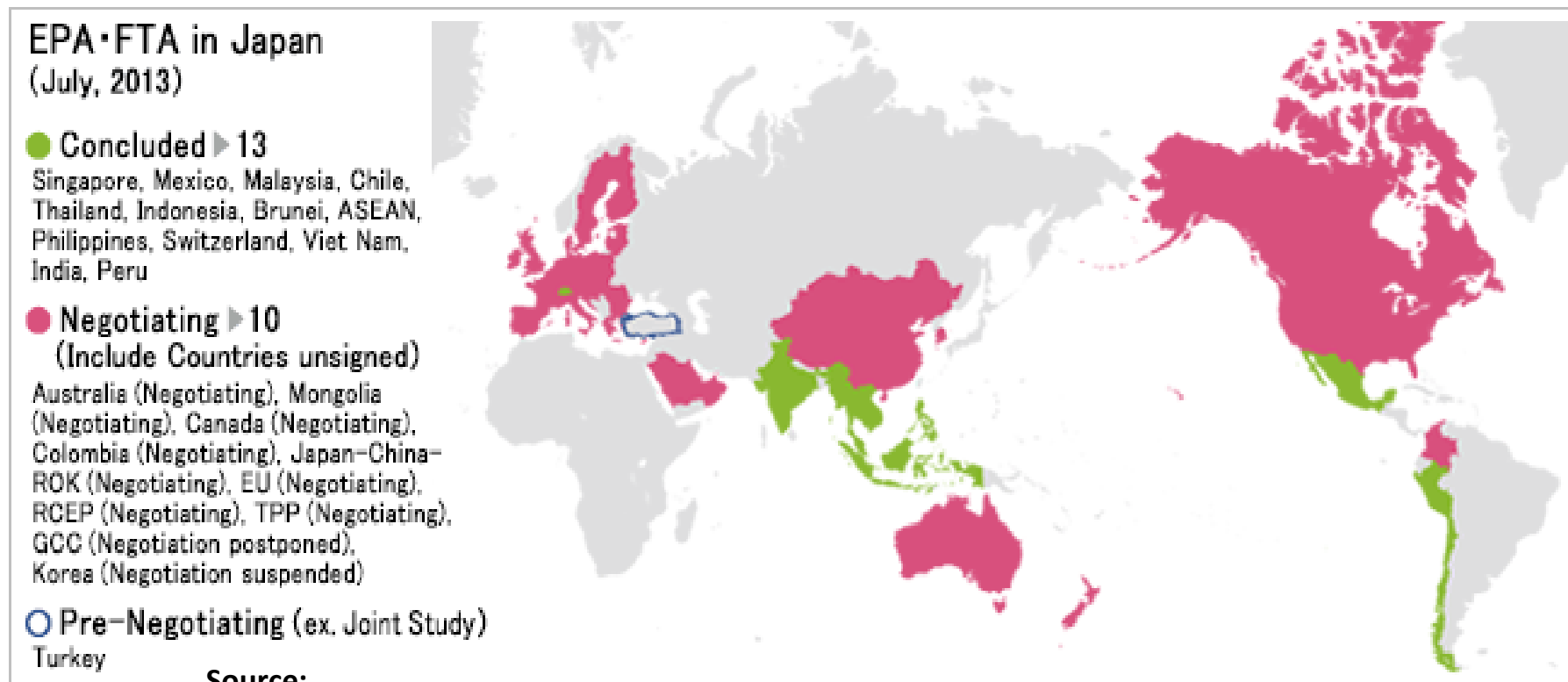
Substance of Japan's EPA

		Trade in goods			Trade in service				Investment				Government Procurement	Intellectual Property	Competition	Improvement Of Business Environment	Cooperation	Energy and Mineral Resources
		Market Access	SPS/TBT	Mutual Recognition	Market Access	National Treatment	MFN Treatment	Movement of Natural Person	National Treatment	MFN Treatment	Prohibition of performance requirements	Dispute Settlement between state and investor						
ASEAN	Vietnam	○	○		○	○		○			○				○	○	○	
	Philippine	○		○	○	○	○	○	○	○	○			○	○	○	○	
	ASEAN	○	○														○	
	Brunei	○			○	○	○	○	○	○	○	○				○	○	○
	Indonesia	○			○	○	○	○	○	○	○	○		○	○	○	○	○
	Thailand	○		○	○	○	○	○	○	○	○	○		○	○	○	○	
	Malaysia	○	○		○	○	○	○	○	○	○	○		○	○	○	○	
	Singapore	○		○	○	○		○	○		○	○	○	○	○			
Latin America	Chile	○	○			○	○	○	○	○	○	○	○	○	○	○		
	Mexico	○	○			○	○	○	○	○	○	○	○		○	○	○	
Europe	Switzerland	○	○		○	○	○	○	○	○	○	○	○	○	○	○		

Japan's FTA/EPA Achievement so far

- Japan-Singapore EPA (in force since 2002.11)
 - Japan-Mexico EPA (negotiations started in 2002.11, in force since 2005.4)
 - Japan-Malaysia EPA (in force since 2006.7)
 - Japan-Chile EPA (negotiations started in 2006.2, in force since 2007.9)
 - Japan-Thailand EPA (agreement in substance 2005.9, in force 2007.11)
 - Japan-Indonesia EPA (negotiations started in 2005.7, in force 2008.7)
 - Japan-Brunei EPA (negotiations started in 2006.6, in force 2008.7)
 - Japan-ASEAN EPA (negotiations started in 2005.4, in force 2008.12)
 - Japan-Philippines EPA (agreement in substance 2004.11, in force 2008.12)
 - Japan-Switzerland EPA (negotiations started in 2007.5, in force 2009.2)
 - Japan-Vietnam EPA (negotiations started in 2007.1, in force 2009.10)
 - Japan-India EPA (negotiations started in 2007.1, in force 2011.8)
 - Japan-Peru EPA (negotiations started in 2009.5, in force 2012.3)
-
- Japan-Korea EPA (negotiations started in 2003.12, suspended in 2004.11)
 - Japan-GCC EPA (negotiations started in 2006.9)
 - Japan-Australia EPA (negotiations started in 2007.4)
 - Japan-Mongolia EPA (negotiation started in 2012.6)
 - Japan-Canada EPA (negotiation started in 2012. 10)
 - Japan-Colombia EPA (negotiation started in 2012. 12)

Bilateral and regional FTAs/EPAs and their Importance to Japan



Source:

<http://www.mofa.go.jp/policy/economy/fta/index.html>

Agenda of the TPP

Trans-Pacific Strategic Economic Partnership Agreement

-“P4”: a comprehensive FTA including elimination of all tariffs among Chile, Brunei, New Zealand, and Singapore

-TPP/12:

• **Participants:** US, Canada, Mexico, Peru, Chile, Vietnam, Malaysia, Singapore, Brunei, Australia and New Zealand, Japan

• **Goal:** to be completed by the end of 2013

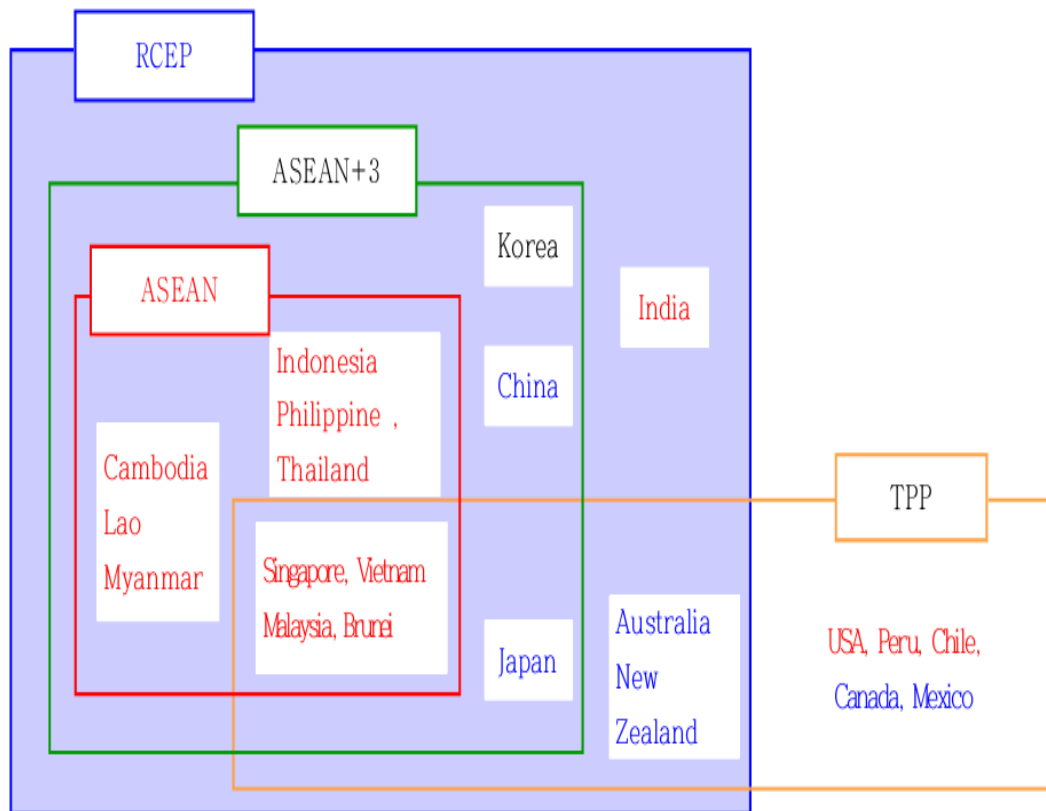
• **Negotiating Agenda:** 21 chapters including 4 cross-cutting issues

- Competition (SOEs)
- Market Access for goods (sugar, beef, rice,..)
- Cooperation and Capacity building
- Cross-border services
- Customs
- E-commerce
- Environment
- Financial services
- Government Procurement
- Intellectual Property Rights
- Investment (ISDS)
- Labour
- Legal issues
- Market Access for goods (sugar, beef, rice,..)
- Rules of Origin (textiles and apparel)
- Sanitary and Phytosanitary Standards (SPS)
- Technical Barriers to Trade
- Telecommunications
- Temporary Entry
- Textiles and apparel
- Trade remedies
- Regulatory coherence
- Competitiveness and business facilitation
- SMEs
- Development

Japan and the TPP

- President **Obama** Visit in Tokyo, November 2009: a wake-up call
- PM Kan(DPJ) on the TPP at the Diet, October 2010: a strategic failure provoking strong opposition against the TPP, inter alia, from Agriculture Lobby
- PM **Noda**(DPJ) to step forward, November 2011/2012: influence on China (ASEAN+3 $\Rightarrow$ ASEAN+6/RCEP) and the EU (FTA with Japan)
- Canada, Mexico joined TPP Negotiations 2012
- PM **Abe** (LDP) to join TPP Negotiations, March 2013
- Japan-US Agreement on Bilateral Talks on **Cars & NTMs**, April 2013
- Japan joined TPP Negotiations, July 2013

Membership and Economic Importance of Regional Integration Frameworks



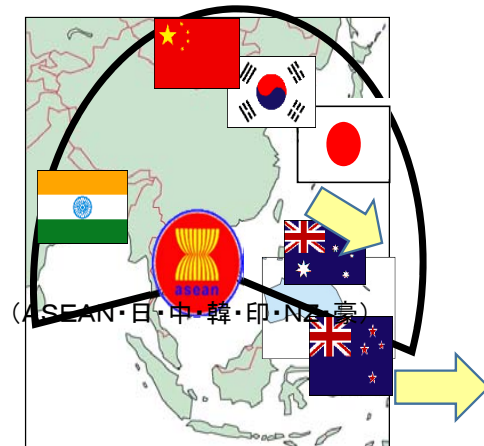
	Trade (2012)	Trade (2012)	GDP (2011)	GDP (2011)
	Billion US \$	Share (%)	Billion US \$	Share (%)
JCK FTA	6,619	17.9	14,280.9	20.4
RCEP	10,470	28.4	19,929.9	28.5
TPP	9,545	25.9	26,593.4	38.0
TTIP	15,602	42.3	32,686.5	46.8
World	36,890	100.0	69,899.2	100.0

APEC-wide Economic Integration

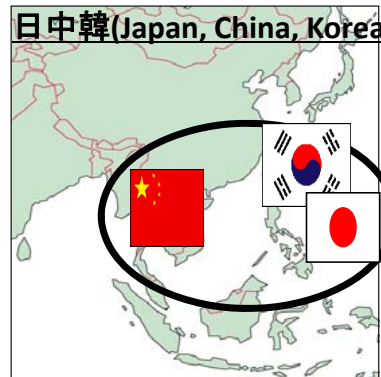
FTAAP (Free Trade Area of Asia-Pacific)

The Trilateral FTA

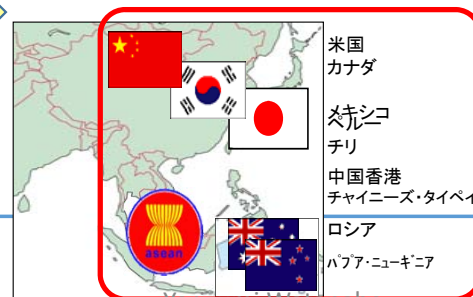
ASEAN+6 (RCEP)



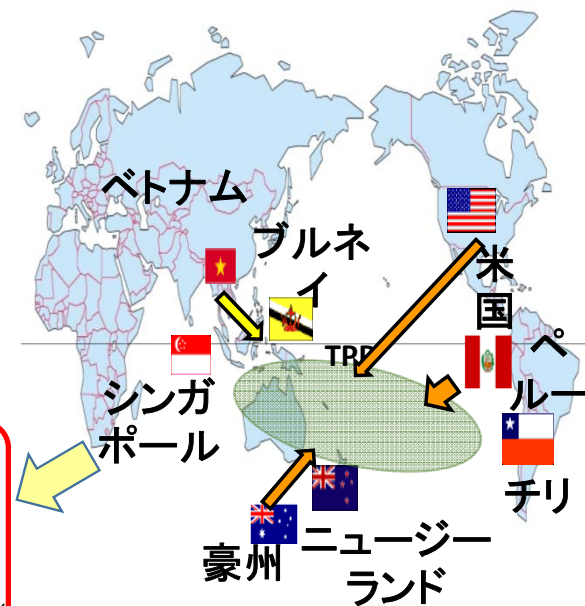
日中韓 (Japan, China, Korea)



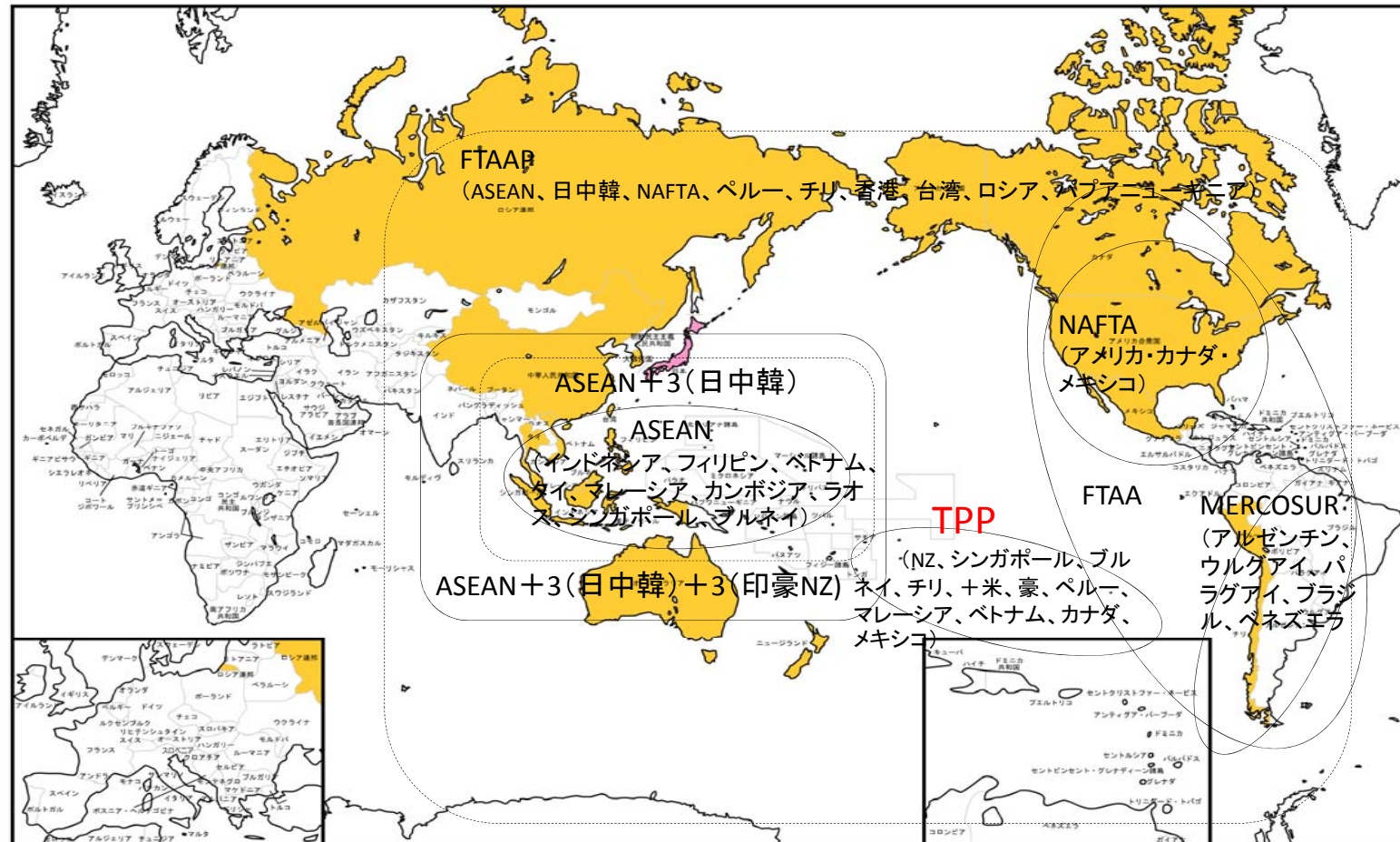
FTAAP (APEC)



TPP/12



An APEC-wide Free Trade Area



APEC参加メンバー: ASEAN7カ国(ブルネイ、インドネシア、マレーシア、フィリピン、タイ、ベトナム、シンガポール)、日本、韓国、中国、中国香港、チャイニーズタイペイ、メキシコ、パプアニューギニア、豪、NZ、米、カナダ、ペルー、チリ、ロシア、

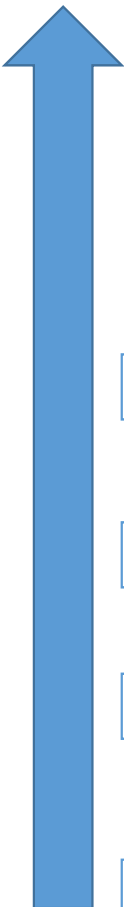
Japan-China-Korea: a missing piece of jigsaw

Share of Trade (2010)

EXPORT (%)	Japan	China	Korea	IMPORT (%)	Japan	China	Korea
Japan	-----	19.4% (No.1)	8.1% (No.3)	Japan	-----	22.1% (No.1)	4.1% (No.6)
China	7.7% (No.3)	-----	4.4% (No.4)	China	12.7% (No.1)	-----	9.9% (No.2)
Korea	6.0% (No.3)	25.1% (No.1)	-----	Korea	15.1% (No.3)	16.8% (No.1)	-----

Tariff Elimination in the TPP Negotiations: Possible Tariff Offer by Japan

(Nikkei, Nov. 2, 2013)



95%: tariffs maintained on 450 products (rice, sugar, timber, pineapple etc)

Provided that the tariffs to be eliminated on leather products, wine, chocolate, cookies, salt, tobacco, beef tongue, etc

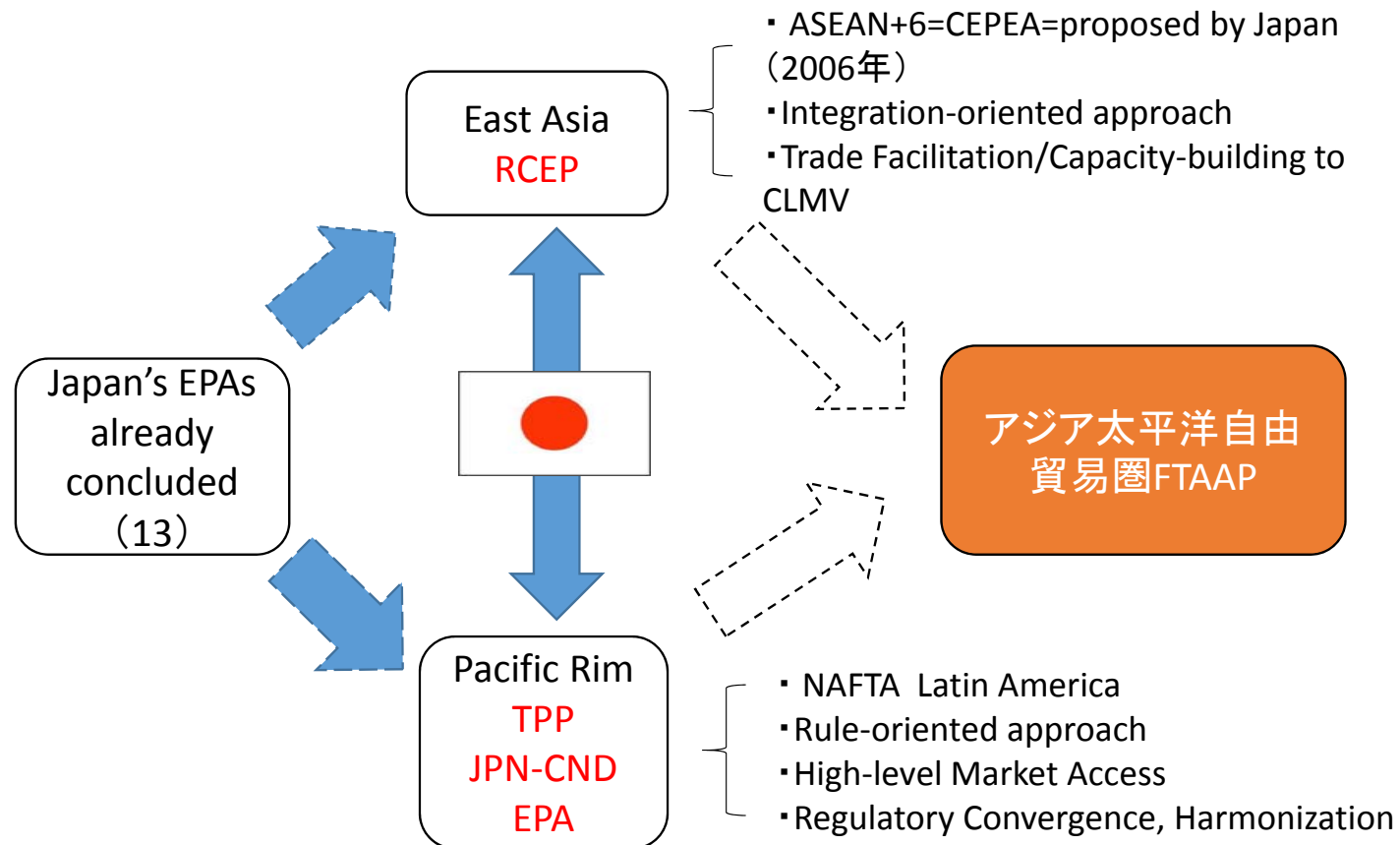
93.5%: tariff maintained on 586 products (rice, wheat, dairy, beef/pork, sugar, etc.)

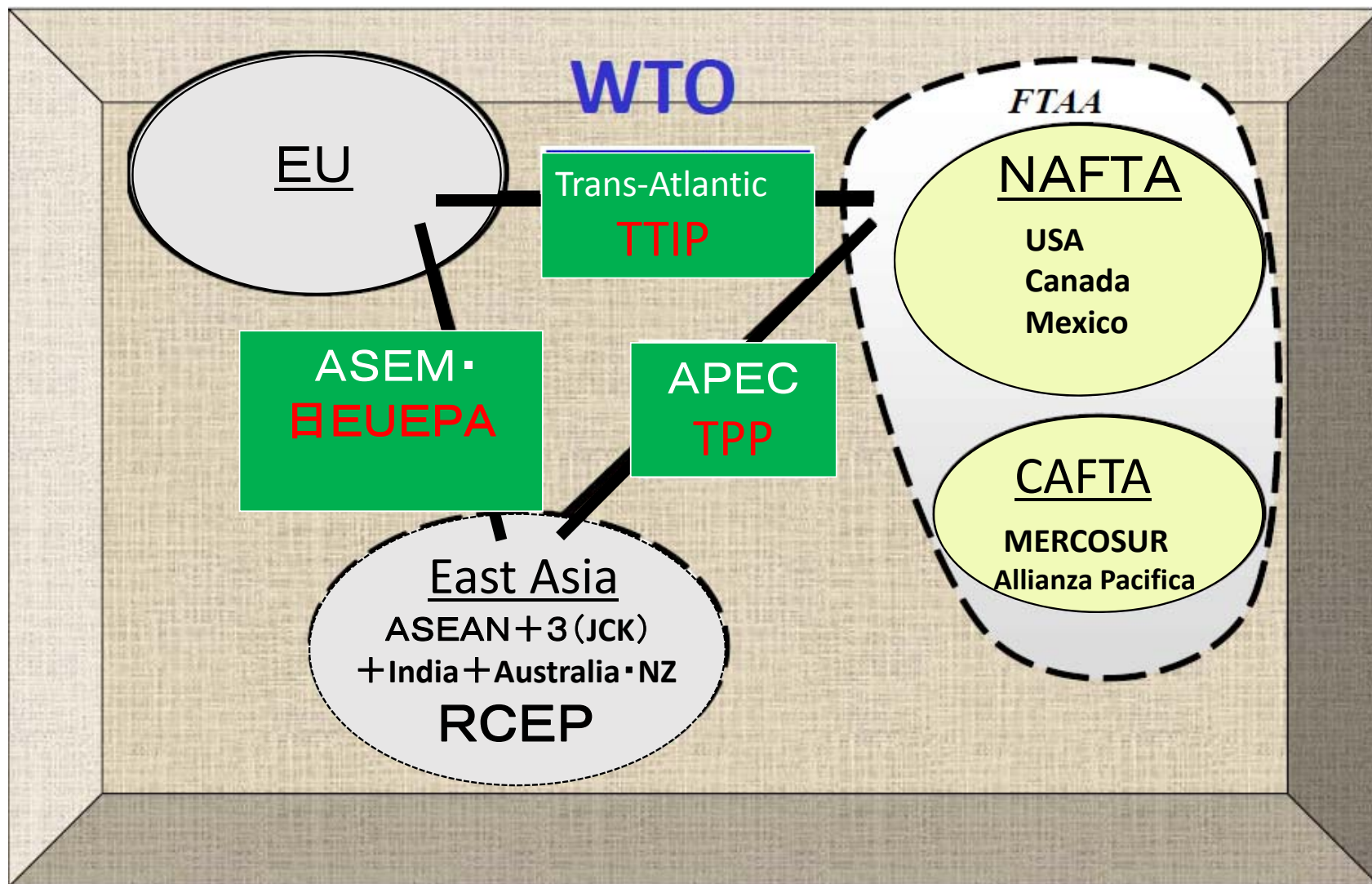
89.7%: tariffs maintained on 929 products that Japan has never offered zero-duty

88.4%: the highest level of tariff concession by Japan's EPA (the Japan-Philippines EPA)

Japan's EPA Strategy

-- Japan as a Pivotal Centre between **TPP & RCEP** --





77% world GDP

RCEP
26%

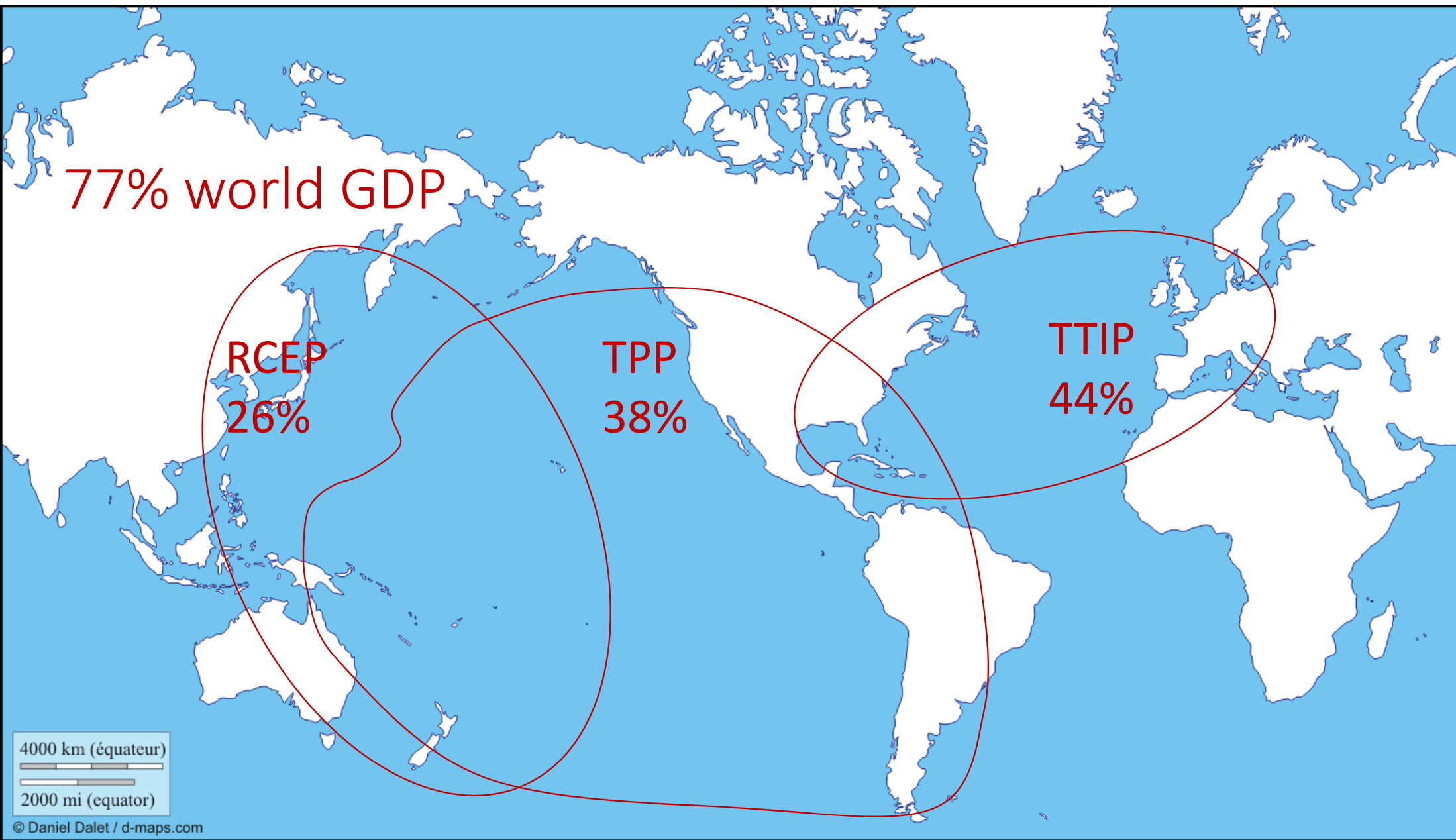
TPP
38%

TTIP
44%

4000 km (équateur)

2000 mi (equator)

© Daniel Dalet / d-maps.com



Multilateralizing Regionalism

- Convergence of Liberalization Efforts in 3 Mega FTAs, i.e. **TPP, TTIP, and the Japan-EU EPA**
- A New Momentum to **reinforce the Trade Multilateralism** embodied in the WTO

Concluding Remarks: Increasing Coherence

Japan's FTA Policy to Multilateralise Regionalism

- **TPP**(Asia-Pacific): an ultimate FTA with the ultimate partner, i.e. **USA** and a traditional partner, i.e. **Canada**
- **RCEP**(East Asia): Providing a **Legal Framework** to Secure “de-facto Business-driven Integration”
- **Japan-China-Korea FTA**: missing parts of the jigsaw puzzle
- **Japan-EU FTA**: towards an Asia-Europe partnership
- Joint Efforts by “the Quads” to **Multilateralise the Preferential Deals** with a view to Strengthening the **WTO**



Thank you for Your Attention
- Free Trade for a Better Future --

