

# TRADE SYSTEM FOR EAST ASIA

Takanori Kitamura

Chinese University of Hong Kong

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East Asia & Trade

trade & investment crucial for growth

East Asia dependent on global trades

FTA & global trade system

Is FTA a contribution to the global trade?

Existing FTA scenarios

TPP (Trans-Pacific Partnership)

RCEP (Regional Comprehensive Economic P.)

Trilateral FTA (China, Korea, Japan)

## East Asian perspectives

East Asia – benefiter of global trade system

Japan – Four Tigers – ASEAN 5/ China

Global Trade System

GATT & reorganized in 1994 – WTO

Trend of regional trade system in 1980's

Europe – economic block?

US – North American FTA (NAFTA)

ASEAN – regional FTA (started in 1992)

WTO negotiation now deadlocked

diversified interests

East Asia – long-time supporters of global system?

ratio of FTA coverage low

## FTA coverage ( FTA/overall trades )

China	10.2%(ASEAN 9.0%,Chile 0.7%) +HK & Macau	18.2%
Korea	13.9% (ASEAN 4.8%,India 1.8%)+EU & US	35.3%
Japan	15.9% (ASEAN 13.7%, Mexico 0.9%)	
Thailand	54.2% (ASEAN 20.3%, Japan 15.0%, China 10.2%)	
Indonesia	57.8% (ASEAN 25.6%, Japan 16.1%, China 10.1%)	
Australia	37.2% (ASEAN 16.0%, US 8.7%)	
US	34.4% (Canada 17.7%, Mexico 10.8%)	
EU	72.7% (EU 64.2%)	

( as of 2011 )

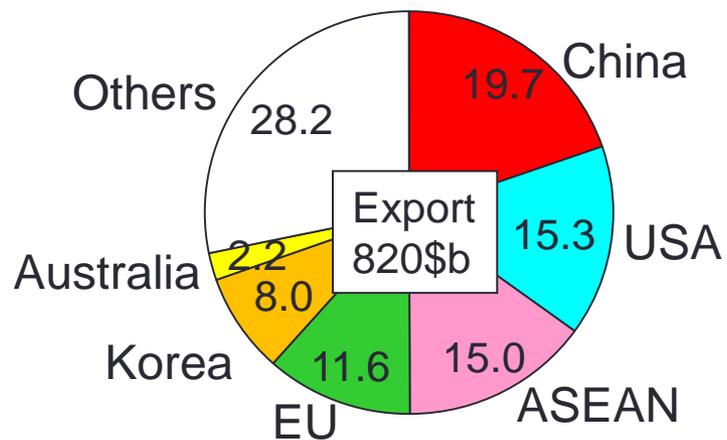
## Exports and Imports (2011)

	Exports of Goods and Services	Imports of Goods and Services	Total (Exports + Imports)
	(% of GDP)	(% of GDP)	(% of GDP)
Japan	15.2	16.1	31.3
Korea	56.2	54.1	110.3
China	28.6	26.0	54.6
Vietnam	87	91.2	178.2

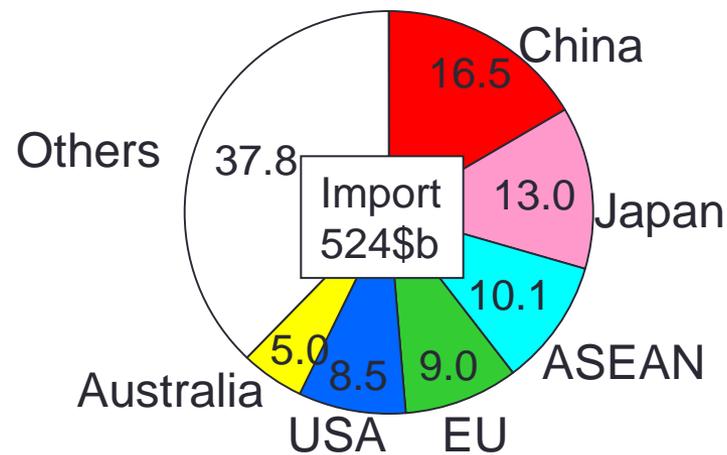
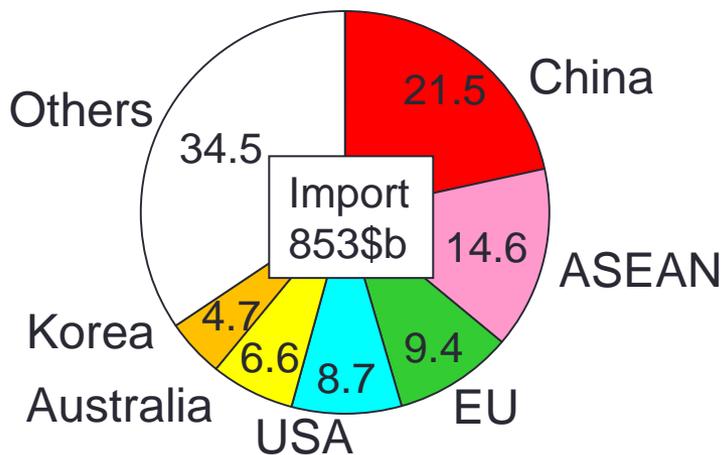
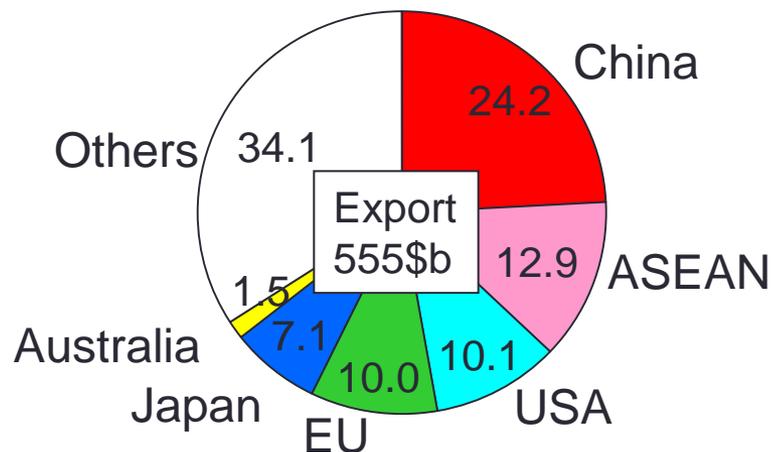
<http://www.adb.org/publications/key-indicators-asia-and-pacific-2012>  
Source: ADB, "Key Indicators for Asia and the Pacific 2012"

# Trade share by Country (%)

## Japan(2011)

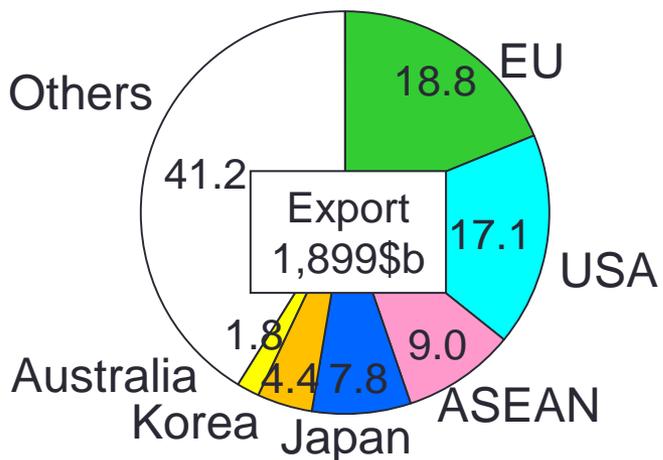


## Korea(2011)

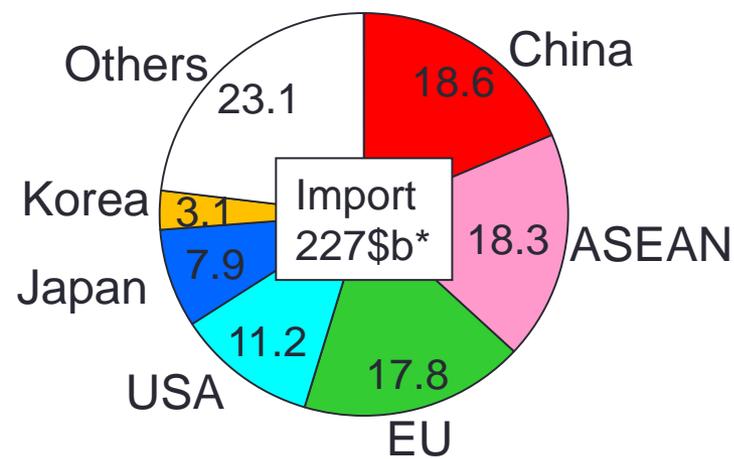
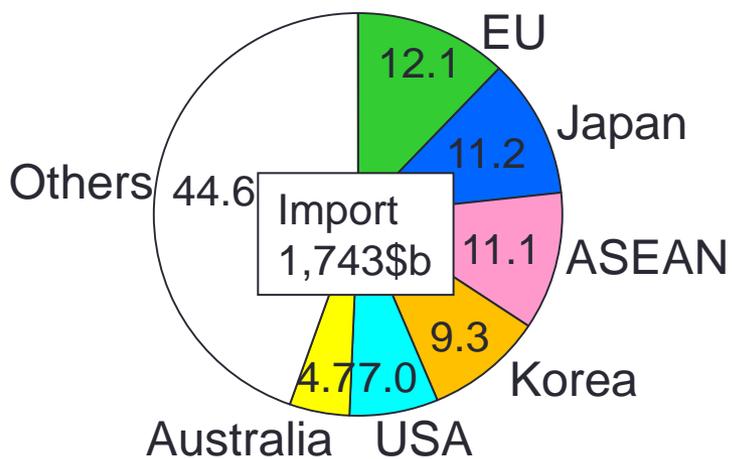
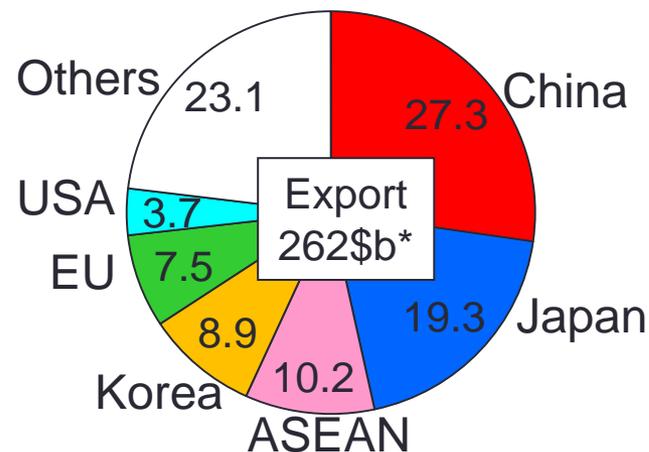


# Trade share by Country (%)

## China(2011)

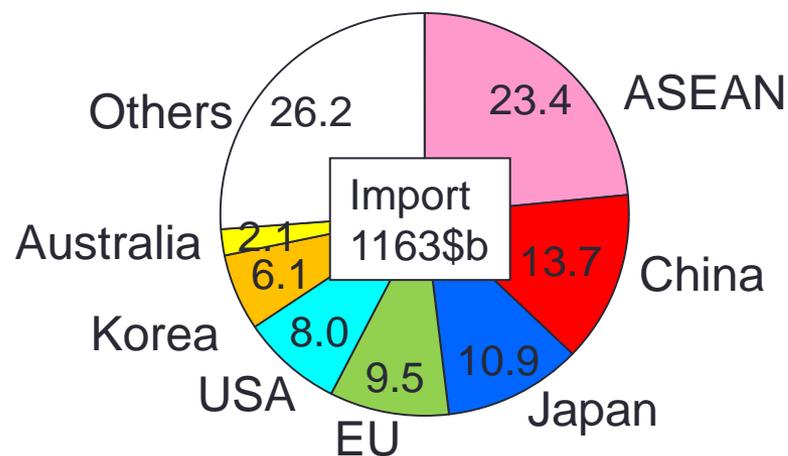
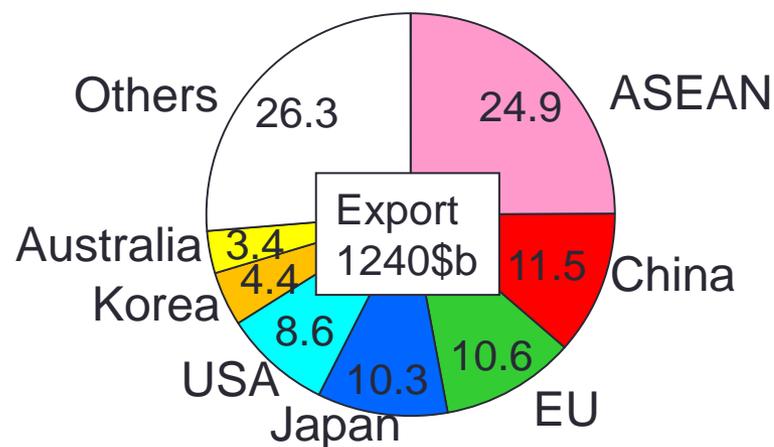


## Australia(2011)



## Trade share by Country (%)

### ASEAN(2011)



# FTA & global trade system

1. GATT principle – Most Favored Nation (MFN) clause  
Exception ( GATT Art.24 )  
on condition : “the duties and other regulations --- are eliminated on substantially all the trade”
2. Too many FTAs – spaghetti bowl
3. Let high standards FTAs start first and expand to include as many countries as possible  
FTA & WTO complementally each other

# Regional Comprehensive Economic Partnership

ASEAN + 3 ( China, Korea, Japan ) since 1997

financial cooperation – emergency lending scheme

bond market development

environment protection, disaster relief & rescue

food emergency scheme, education cooperation

trade/investment facilitation – region wide FT

ASEAN + 3 + Australia, India, NZ ( ASEAN + 6 ) since 2005

FTA -- RCEP

Negotiation -- will start in 2013

# ASEAN Economic Community ( targets )

No duties among members	Yes
Common external duties	No
No Non-tariff barriers	Yes
Free service trade	Yes
Harmonization of standards	limited
Free movement of people	limited
Free investment	Yes
Free capital movement	limited
Government procurement	No
Protection of intellectual property	limited
Competition policy	limited

# Trilateral FTA

Cooperation of China, Korea, Japan  
within ASEAN+3 since 1999  
independent Summit Meeting since 2008

FTA among China, Korea, Japan  
expert group -- seek high standards  
take due attention to sensitive issues

Negotiation – will start in 2013

# Impact of TPP on regional trade system

Peer pressure on others

TPP, RCEP, Trilateral

High standards of FTA

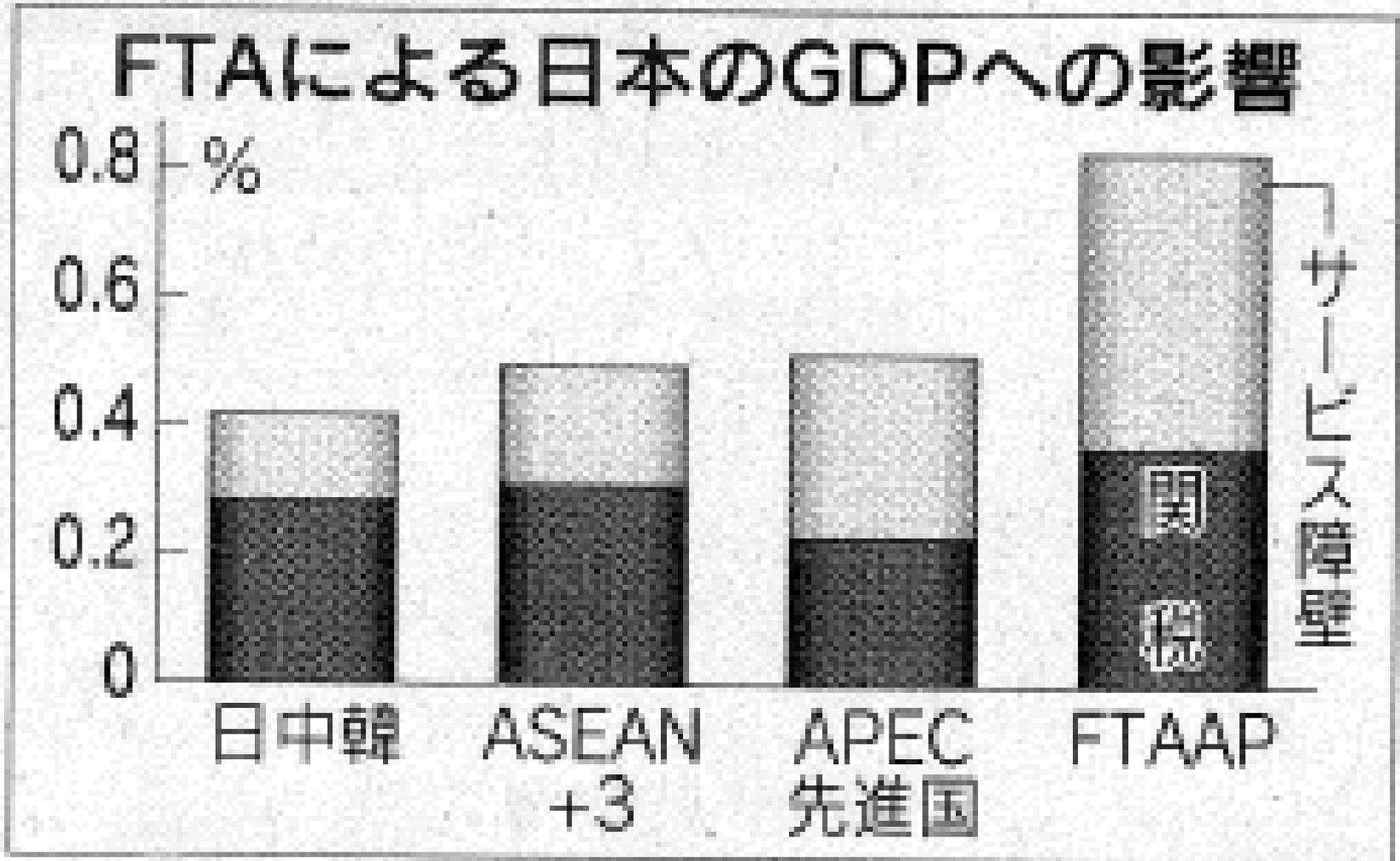
TPP may lead the trade system formation in EA

FTA impact on growth

The deeper & wider, the bigger effects

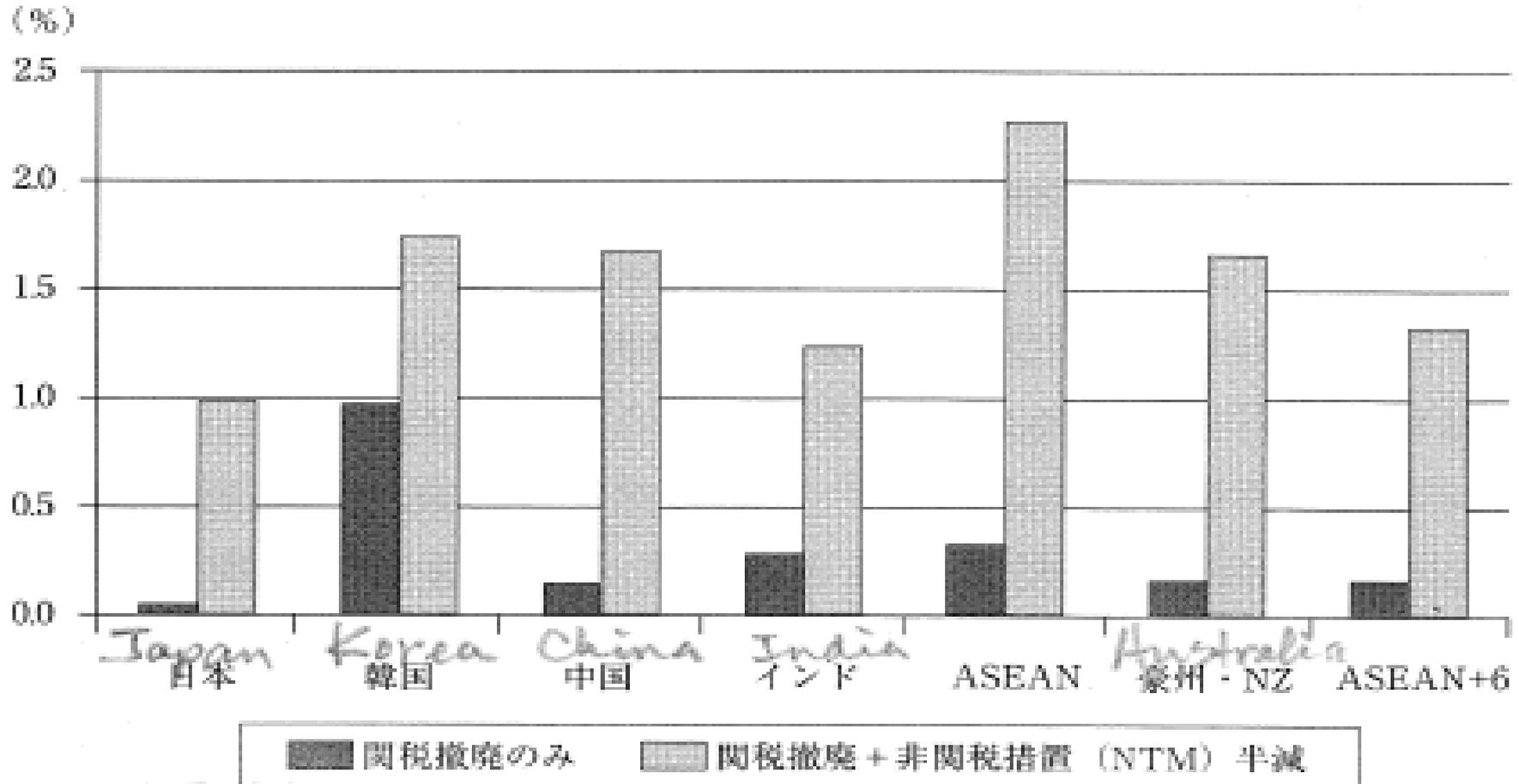
# Comparison of proposed FTAs

( source: Prof. S. Urata, Nikkei Shinbun, Sept.,2009 )



# FTA impact on growth ( two cases )

図1-3 ASEAN+6 FTA締結による国・地域別の実質GDP押し上げ効果



(出所) 「ジェトロ貿易投資白書 2007年版」から作成

## Good scenario

Let FTAs compete each other

members duplicated

peer pressure

facilitates faster negotiation and outcome

Any faster FTA will contribute to expansion of Trade system – better for all?

Domestic coordination – a key of success