



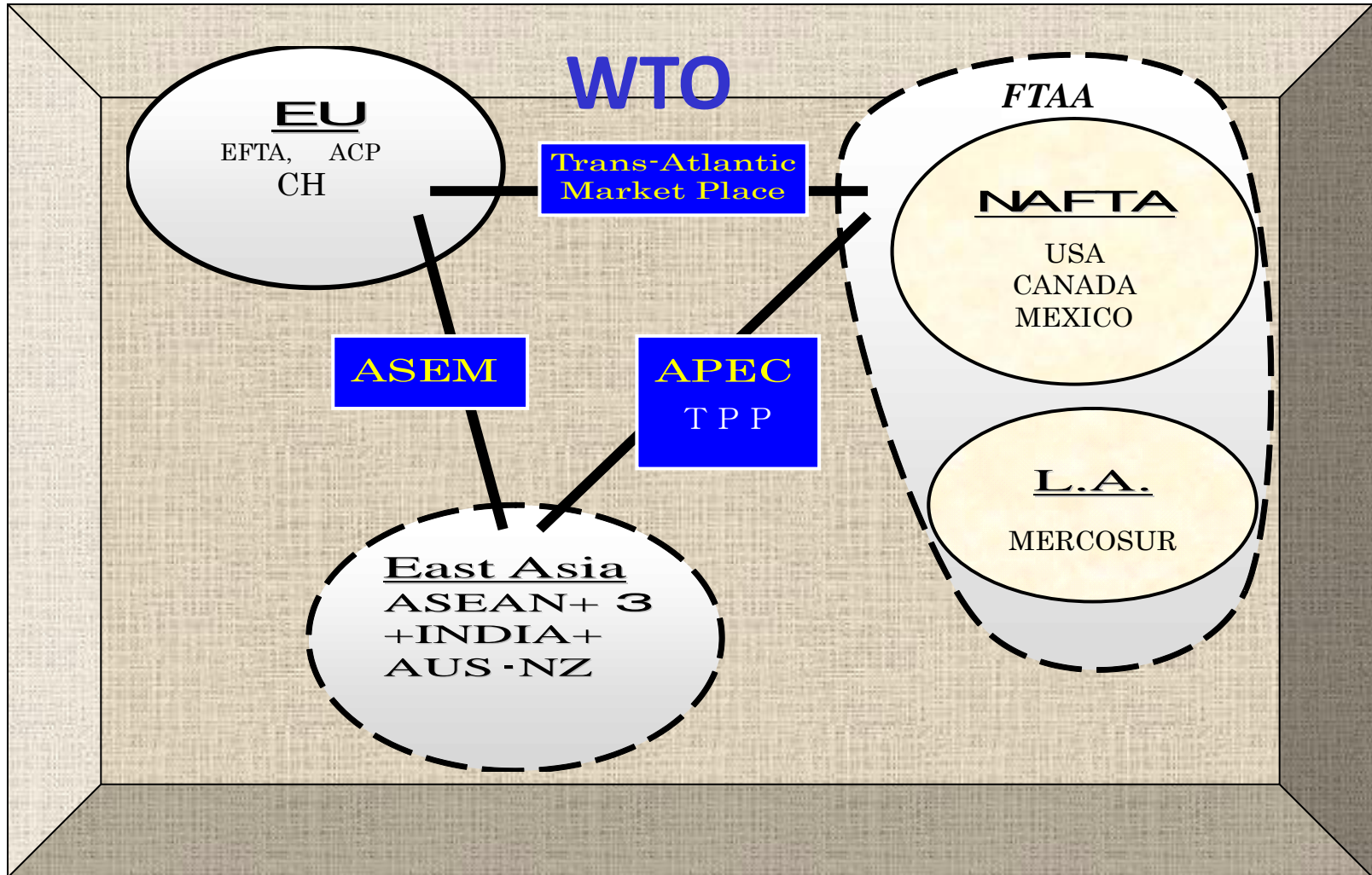
Towards a Japan-Canada EPA

Japan's EPA Policy Revisited:
APEC 2010 and beyond

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November 2, 2012

1. THE WORLD ECONOMY AND ECONOMIC INTEGRATION IN EAST ASIA

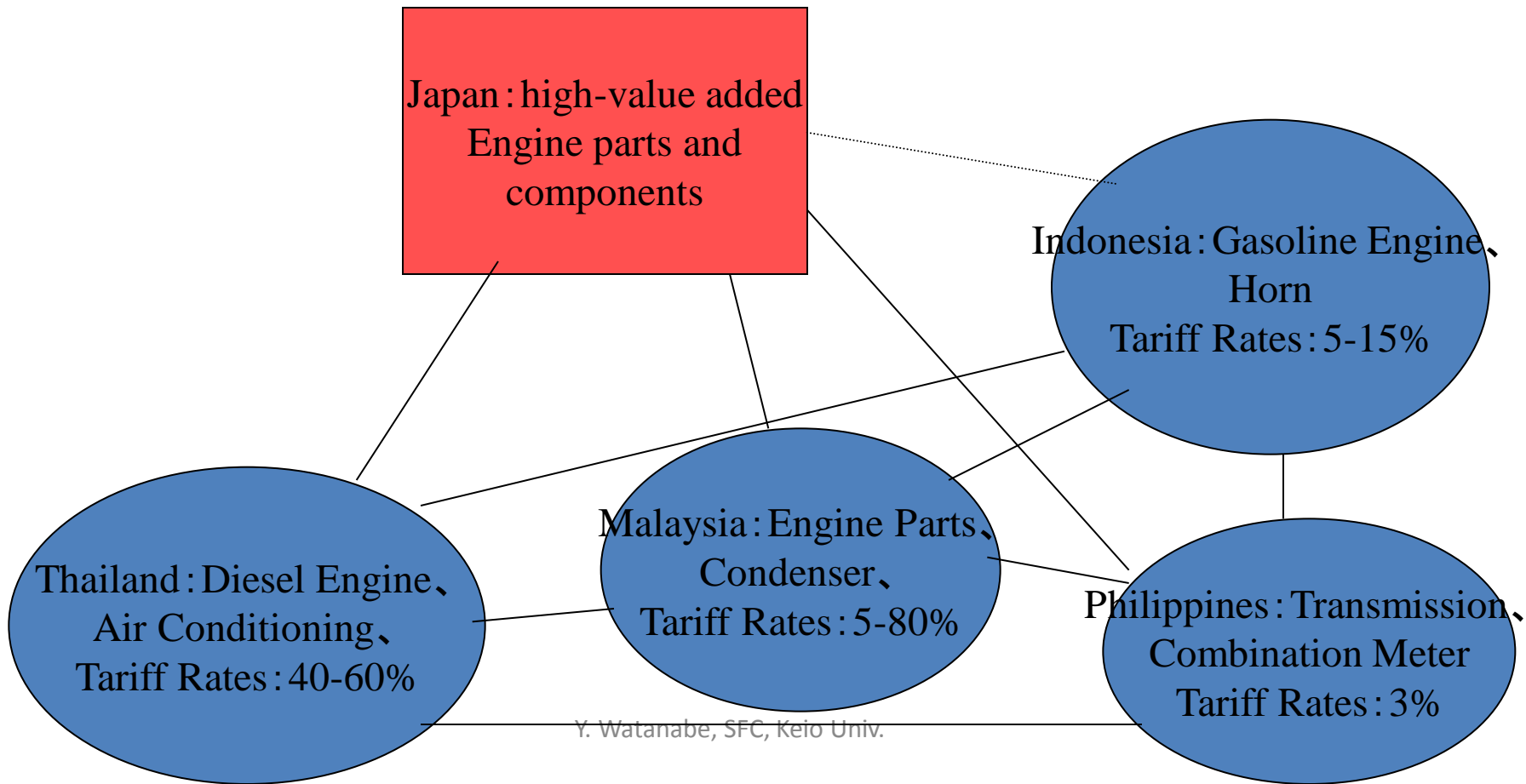
Three Mega-Regions



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
- $\$1 = \backslash 248 \Rightarrow \$1 = \backslash 180$
- 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



Intra-regional Trade (%)

		East Asia	EU(15)	NAFTA
Export	1980年	33.9	61.0	33.6
	2003年	50.5	61.4	55.4
Import	1980年	34.8	56.9	32.6
	2003年	59.7	63.5	39.9



Source: Japan Economic Journal (5/11/2004)

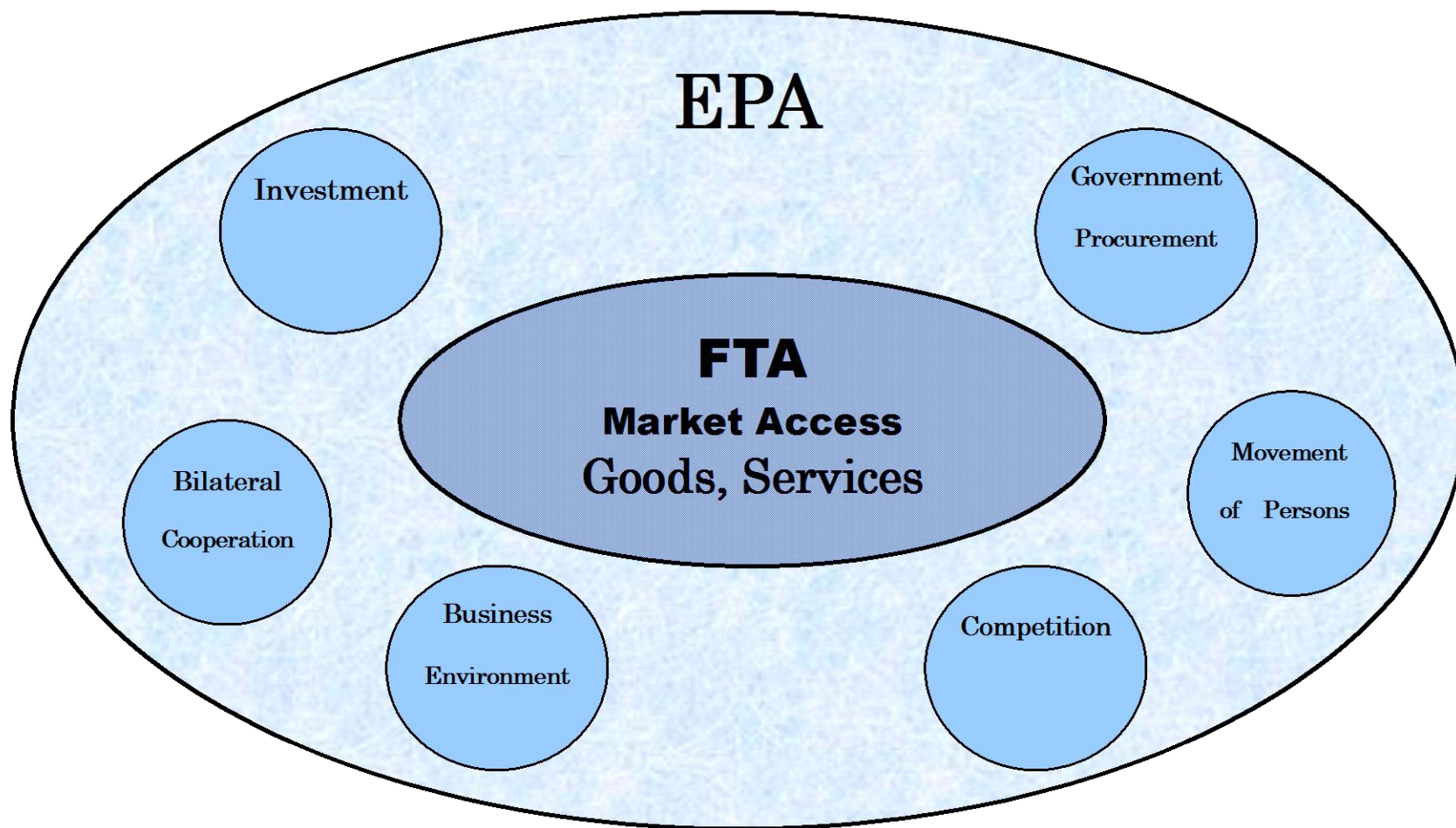
Regional Economic Integration in East Asia

- **Business-driven** integration through FDI
- Production networking = *de facto* integration
- How to consolidate and improve the merits of such development ?
- ⇒ “FTA Policy Paper” by MOFA, Japan,
in 2002.10 ⇒ the first EPA with Singapore

2. EPA: JAPAN'S FTA STRATEGY

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	MFN Treatment	National Treatment						
E	ASEAN	Vietnam	○	○		○	○	○			○		○	○	○	
		Philippine	○		○	○	○	○	○	○			○	○	○	
		ASEAN	○	○											○	
		Brunei	○			○	○	○	○	○	○	○		○	○	○
		Indonesia	○			○	○	○	○	○	○	○		○	○	○
		Thailand	○		○	○	○	○	○	○	○	○		○	○	○
		Malaysia	○	○		○	○	○	○	○	○	○		○	○	○
	Singapore	○		○	○	○	○	○	○	○	○	○	○			
	Latin America	Chile	○	○			○	○	○	○	○	○	○	○		
		Mexico	○	○			○	○	○	○	○	○	○	○	○	
Europe	Switzerland	○	○		○	○	○	○	○	○	○	○	○			

Guideline for EPAs

(Ministerial Council's Decision, Dec.21 2004)

- EPA to **complement** the multilateral trading system embodied in **WTO**
- EPA to **develop further Japan's external economic relations** and ensure its economic benefits
- EPA to enhance **domestic structural reform**
- EPA as a **diplomatic device** to create sound international environment, notably in East Asia
- EPAs **to be concluded expeditiously** by the Government in its totality

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)

3. TWENTY-FIRST CENTURY FTA: DEEPER AND WIDER COVERAGE

RCEP: ASEAN+3+3 production network

[Case 1]

Electric company A (Plasma TV)

- Basic, intermediate parts production: Japan, China, Korea, Thailand etc...
- Final product production: Viet Nam etc...

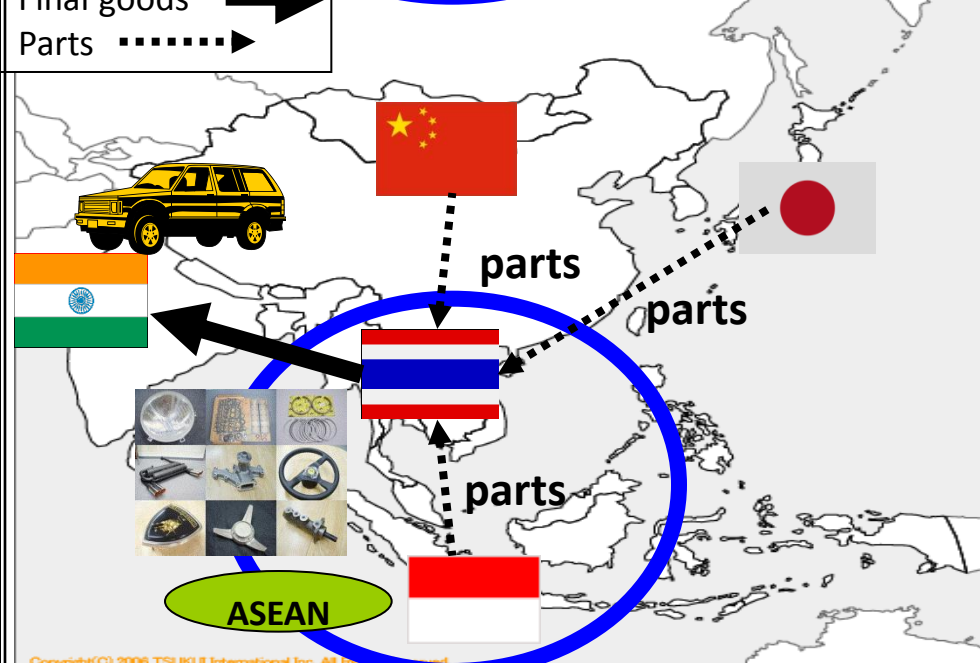
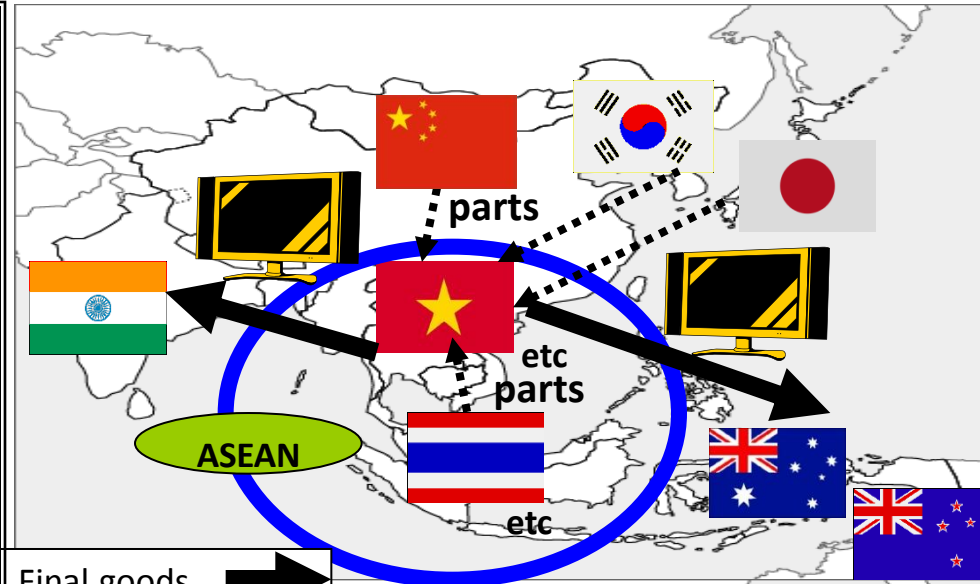
Export to India, Australia, New Zealand

[Case 2]

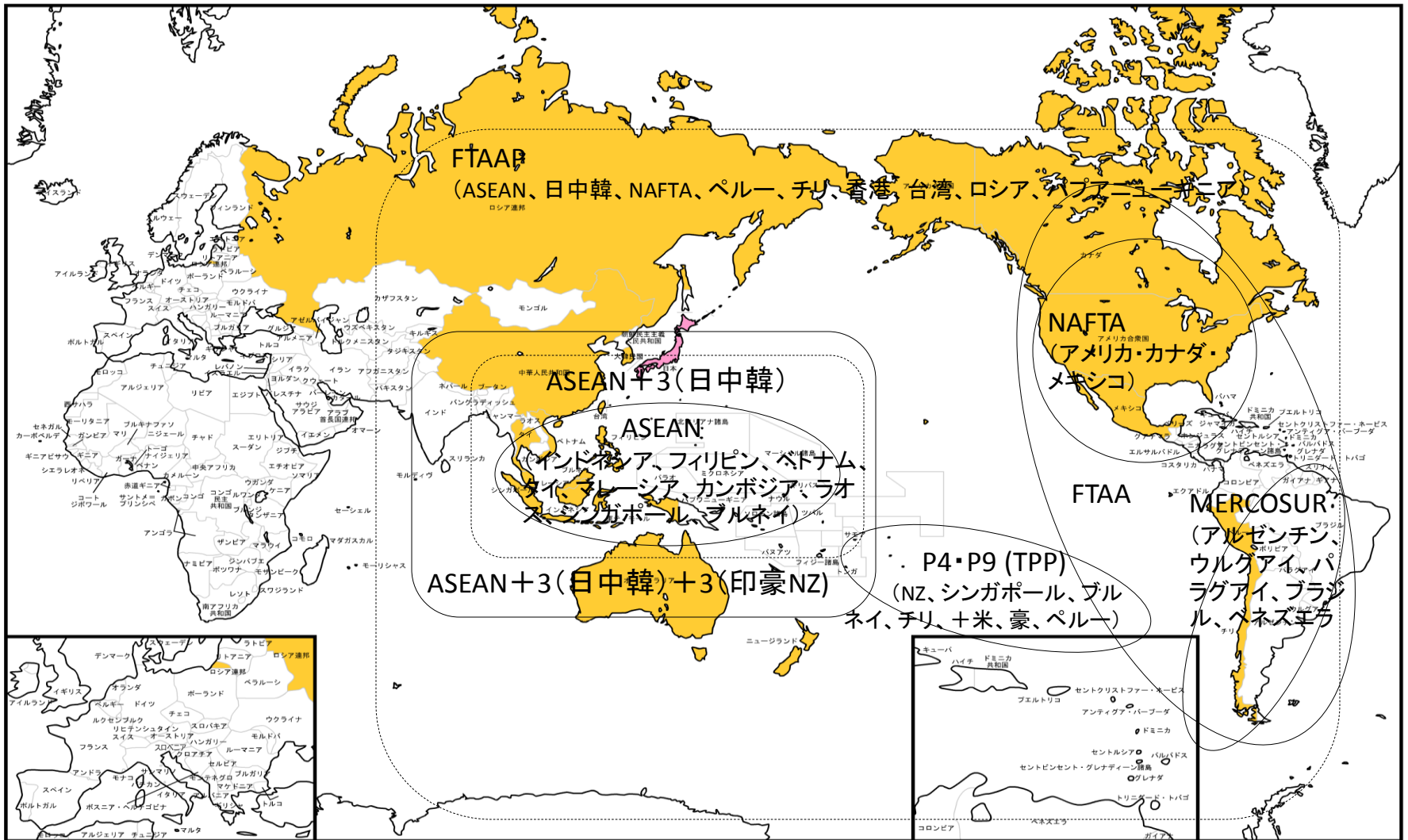
Automobile company B

- Basic, intermediate parts production: Japan, China, Indonesia
- Final product production: Thailand

Export to India



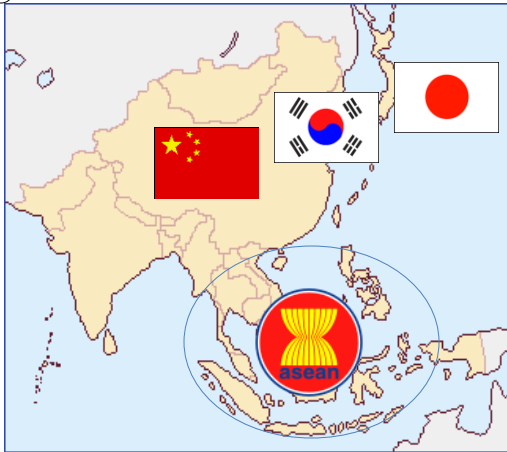
FTAAP: APEC-wide Free Trade



APEC参加メンバー: ASEAN7か国(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、

Competitive Liberalization in Asia-Pacific

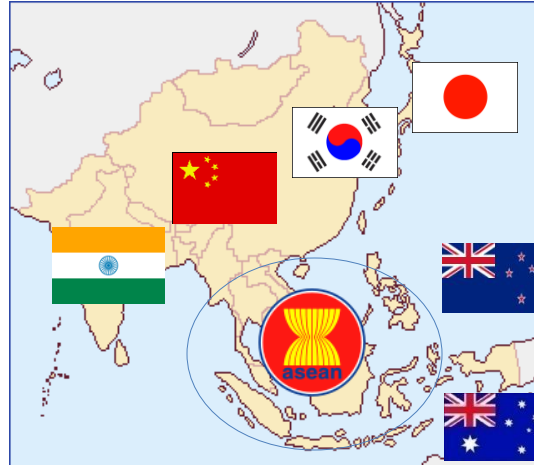
ASEAN+3 FTA
(ASEAN, Japan, China, Korea)



November 2004
Proposed by China at
ASEAN+3 Summit

Population (thousand)	2,059,400
Trade (million \$)	2,533,847
GDP (million \$)	9,899,420
Intra-regional trade	43.1%

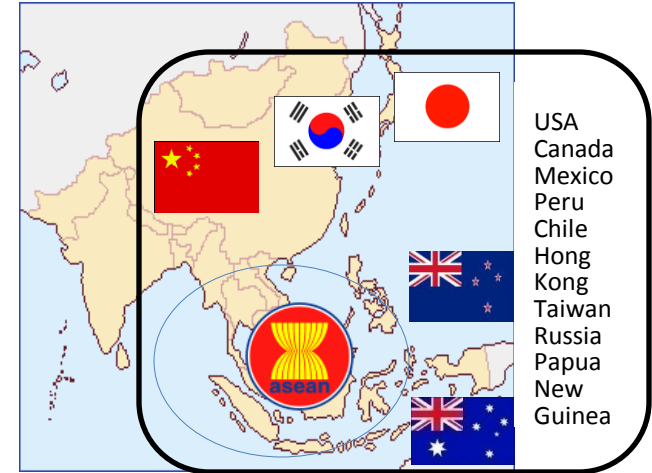
ASEAN+6 EPA → RCEP
(ASEAN, Japan, China, Korea, India, Australia, New Zealand)



August 2006
Proposed by Japan at ASEAN
Economic Ministers' Meeting

Population (thousand)	3,207,960
Trade (million \$)	2,893,252
GDP (million \$)	13,835,060
Intra-regional trade	43.6%

Free Trade Area of Asia-Pacific (FTAAP)



November 2006
Proposed by the US

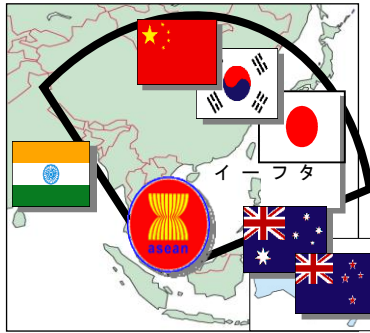
Population (thousand)	2,677,790
Trade (million \$)	8,469,530
GDP (million \$)	35,412,050
Intra-regional trade	67.1%

APEC-wide Economic Integration

FTAAP (Free Trade Area of Asia-Pacific)

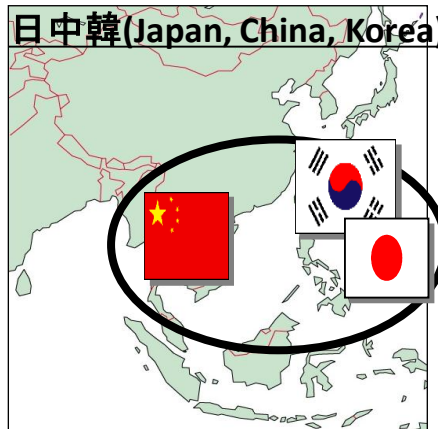
ASEAN+3 (EAFTA)

(ASEAN・日・中・韓)



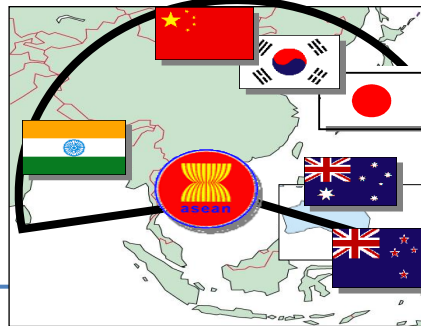
The Trilateral FTA

日中韓 (Japan, China, Korea)

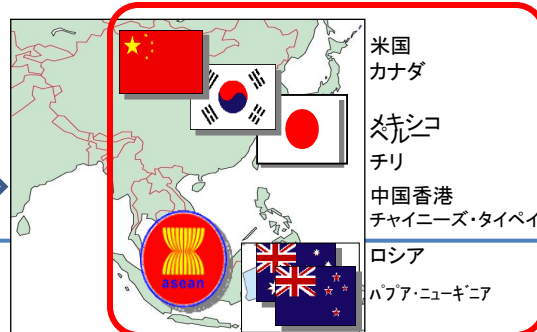


ASEAN+6 (RCEP)

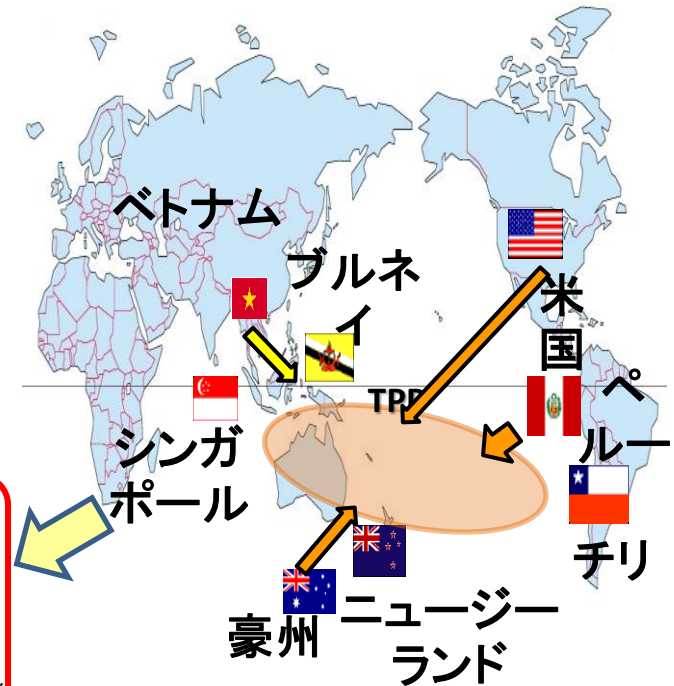
(ASEAN・日・中・韓・印・NZ・豪)



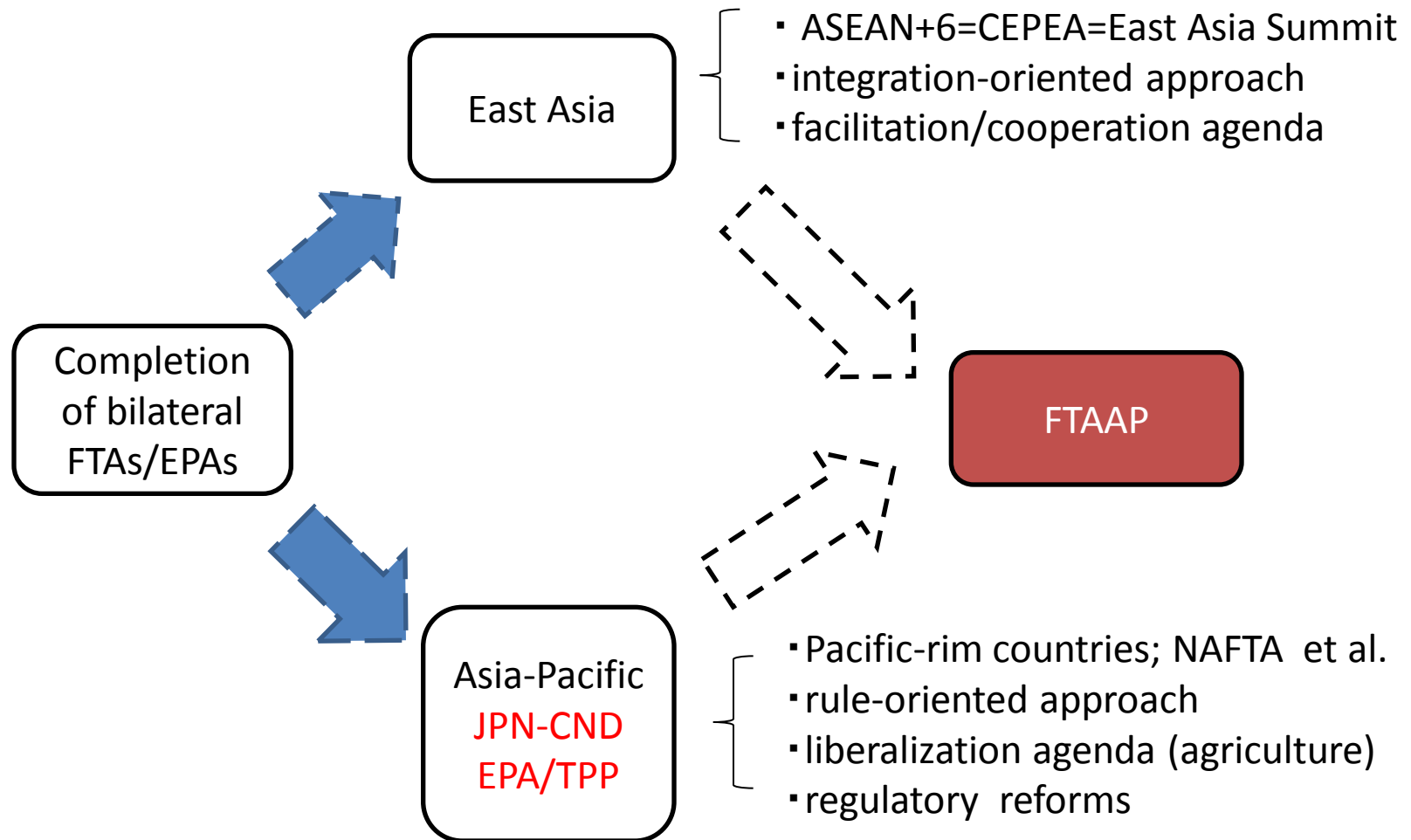
FTAAP (APEC)



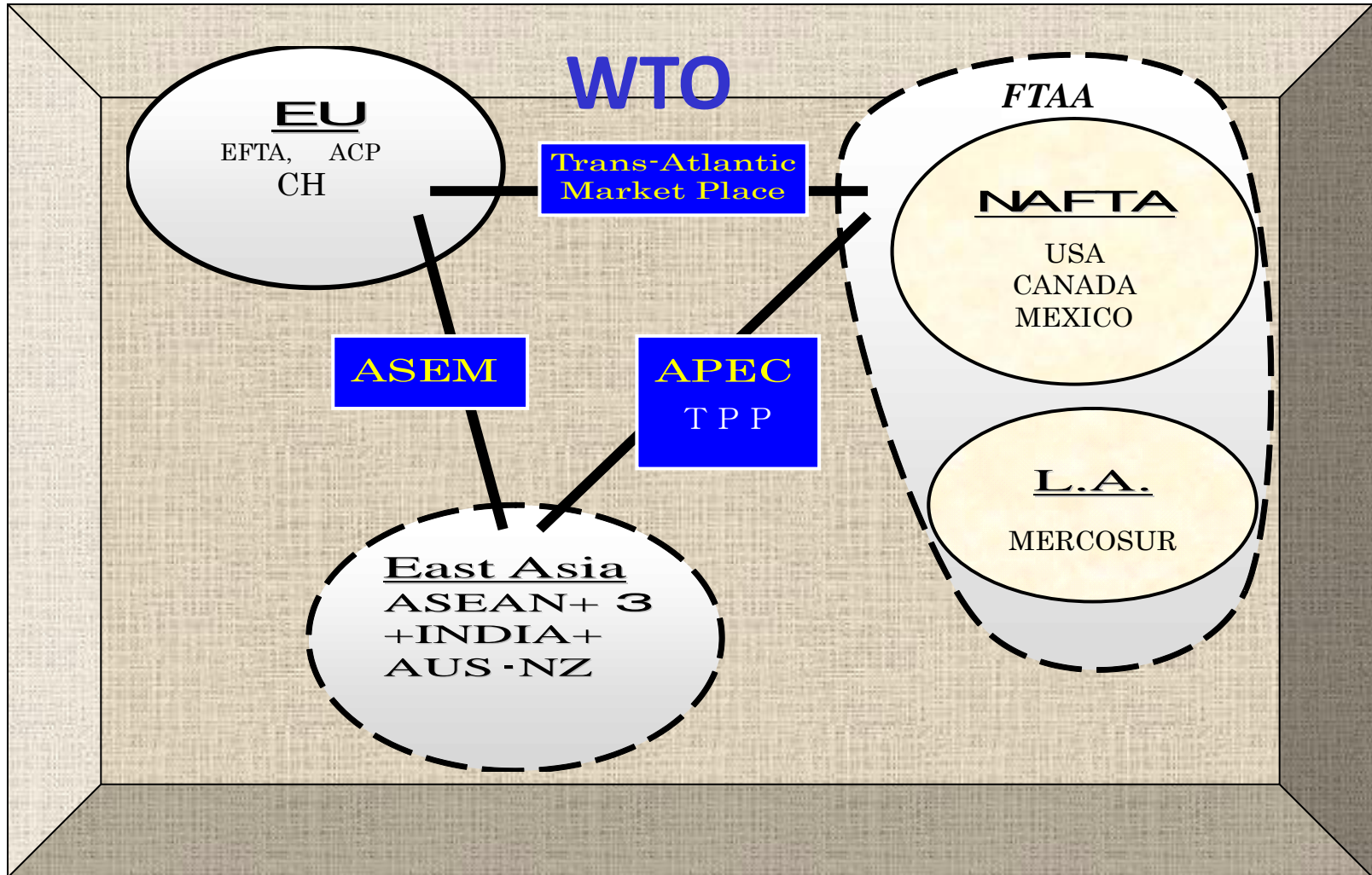
TPP



Direction of Japan's EPA strategy in the Asia-Pacific Region



Three Mega-Regions



Conclusions :Japan-Canada EPA

Creating a New Momentum

- Japan & Canada: **Complementary** Economies Sharing **Common Values**
- East Asia: Providing **Legal Frameworks** to Secure “de-facto Business-driven Integration”
- JPN-CND EPA to Increase **Connectivity** between East Asia and the NAFTA Countries
- Joint Efforts to **Multilateralise the Bilateral Deals** with a view to Strengthening the WTO

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

