



Japan's Strategy for Regional Trade Agreements

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(This Paper is based on METI , but rearranged by the author.

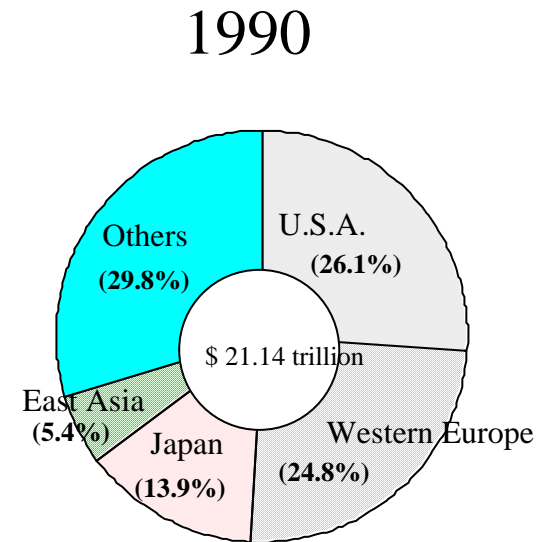
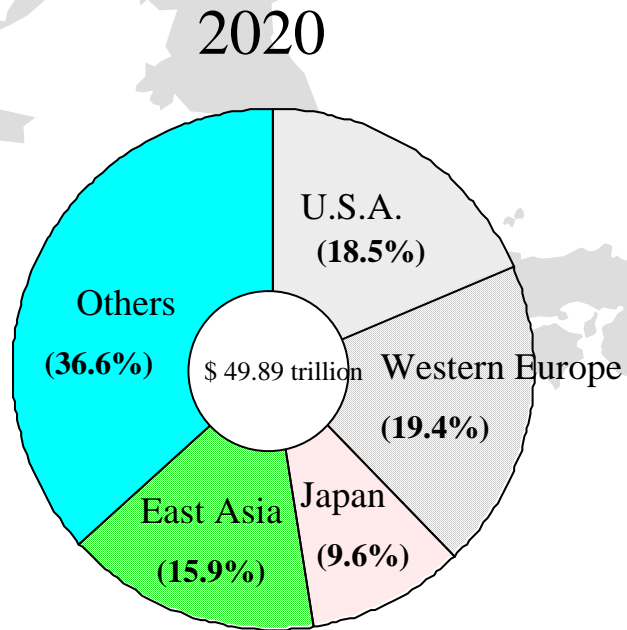
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CONTENTS

1. Why Regional Approach? Why East Asia?	3
2. Development of Bilateral Agreements	7
3. Development of Regional EPAs	8
4. From Bilateral to Regional EPAs	9
5. Broader Strategy	13
6. Conclusion	14

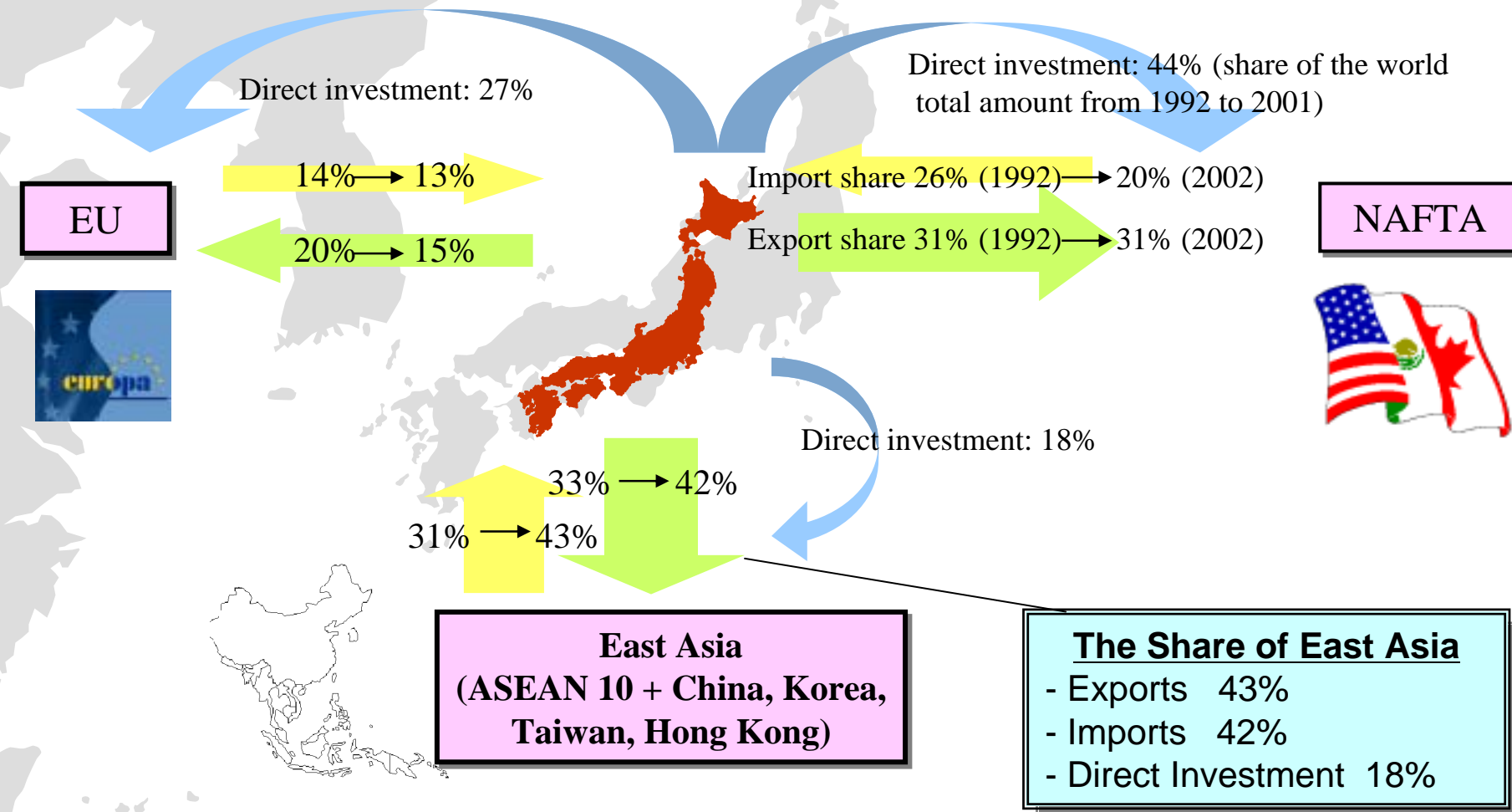
1. Why Regional Approach? Why East Asia?

1-1 Growing Economies



1-2 De-facto Economic Integration

The amount of trade and investment with East Asia is increasing



Note: The figures are calculated by METI.

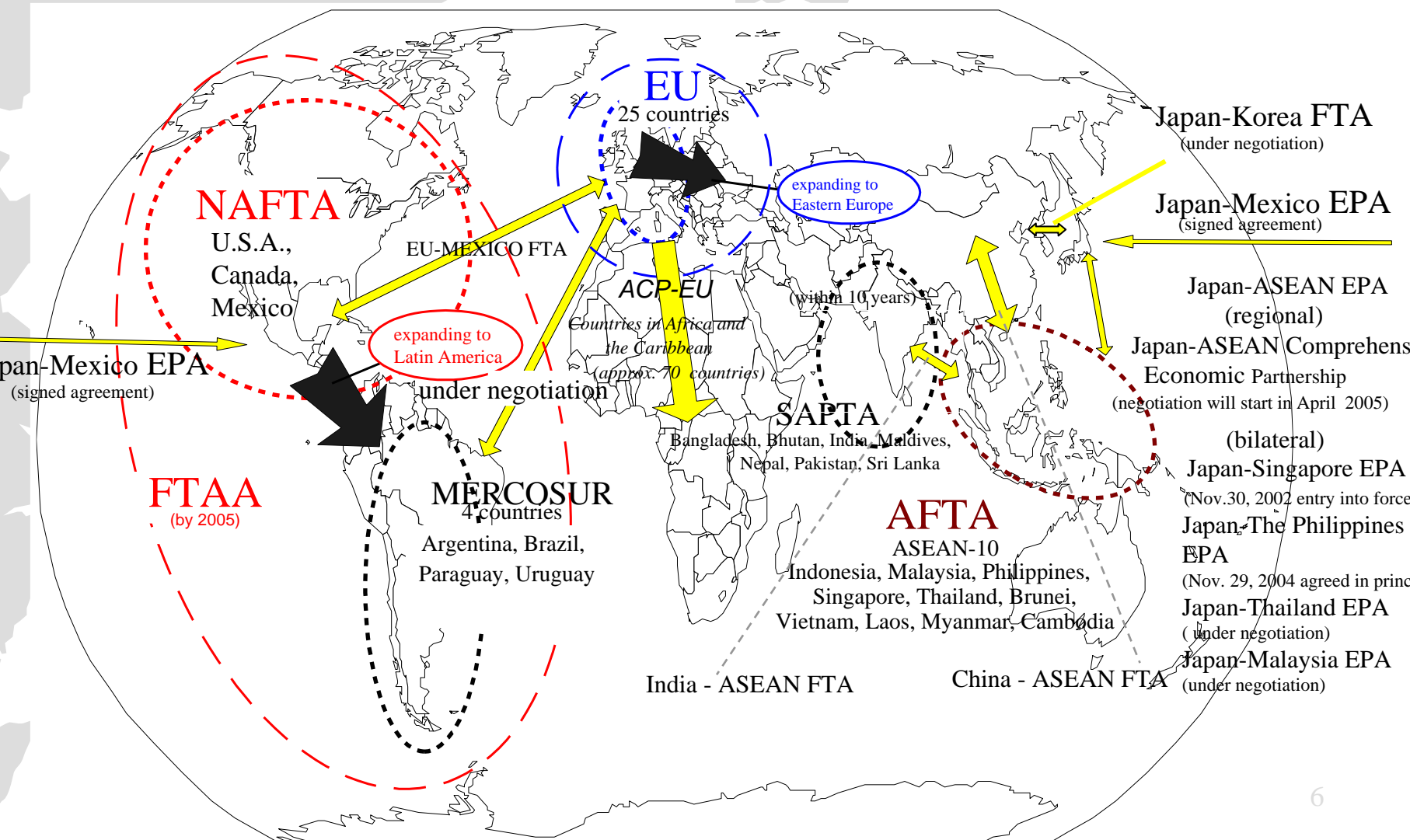
1-3 Difficulty in WTO Negotiation

-148 members with wide variety of interests

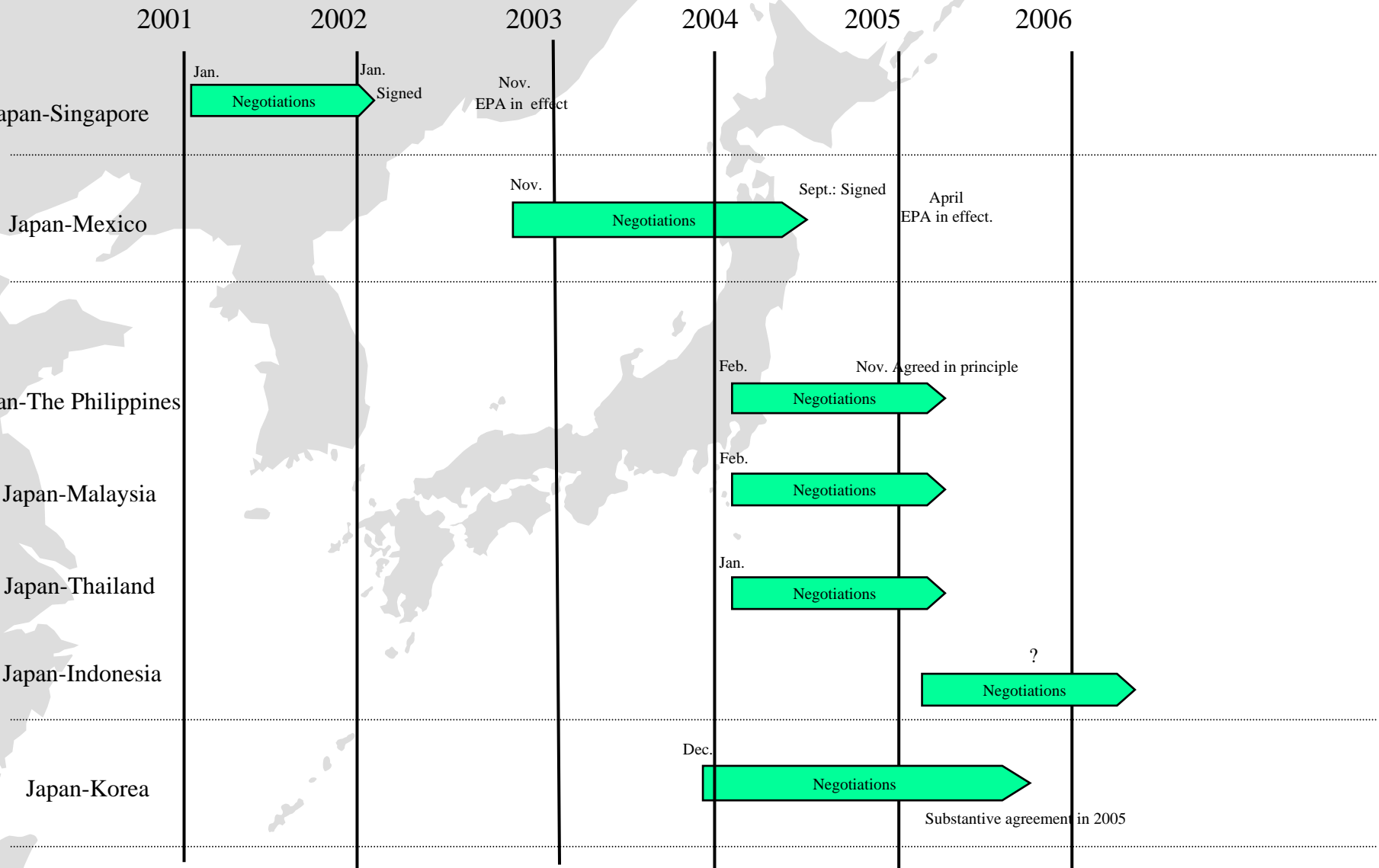
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1-4 Global networks of FTAs/RTAs

Main Regional FTAs/EPAs



2. Development of Bilateral Agreements



3. Development of Regional EPAs

- Japan-ASEAN: Start Negotiation on CEP (Comprehensive Economic Partnership) from April 2005**
- Japan-China-Korea: FTA Study Group, Investment Agreement Study Group**
- ASEAN+3/EAFTA: Feasibility Study**

4. From Bilateral to Regional-EPAs

4-1 What We Should Do?

-to demonstrate building block



-to clear spaghetti bowl



4-2 Key Principles

4-2-1 Economic Goal First

〈Economic Effect of East Asia FTA(ASEAN+3) 〉 (GDP increase)

Japan	0.81%
China	3.27%
Korea	8.78%
Singapore	4.76%
Indonesia	4.44%
Malaysia	8.80%
Philippine	4.49%
Thailand	19.52%

(Source: Kawasaki, RIETI)

A faint, light gray map of East Asia, including the Korean Peninsula, Japan, and the Philippines, serves as a background for the slide.

4-2-2 Political Leadership and Technocratic Skill

4-2-3 Pragmatism



4-3 Key Issues / Sectors

- Market access, Rules of Origin**
- Investment, Services**
- Institution Building, Structural Reform**



5. Broader Strategy

5-1 Double Track Approach with WTO

5-2 Exchange Rate Regime / Currency

5-3 Energy Cooperation

A faint, light gray map of East Asia, including the Korean Peninsula, Japan, and the Philippines, serves as a background for the slide.

6. Conclusion

Step by step with realistic approach toward longer-term and broader goal.