

Post Covid-19 and Regional Integration in Asia: Emerging agenda for Japan, China, Korea

Yukiko Fukagawa

RCEP (Regional Comprehensive Economic Partnership) agreement in 2020

- ▶ Message for free trade from Asia: Size, Potentials, and Rules among diverse economies
- ▶ May be shallow integration (Tariff reduction and FDI rules > IPR protection, Digital rules....., Limited WTO+ factors) but may be growth and structural changes may matter more
- ▶ Better rules of origin for GVC (accumulation)
- ▶ Broader coverage: National treatment, transparency for service and investment
- ▶ Missing link in bilateral network, finally!: Japan-China and Japan-Korea FTA within RCEP
- ▶ Without India

Impacts of the COVID-19 on GVC in Asia

- ▶ Major impact of Covid-19:
 - Trade in services > Trade in goods
 - Trade in goods: Supply side effect (Supply Chains > Output) > Demand side effect
 - Trade in services: Traditional services (Travel, Transportation, Construction, Entertainment) > New services (Digital services, Finance, R&D)
- ▶ Value in trade changes in trade?:
 - Sustainability (resilience) > Efficiency (cost)
 - Diversification > Concentration? FDI going home?
 - DX: New technologies, data > Labor cost
 - Institutions > Market (Security-Trade nexus: Food, Medical goods, energy, Telecom.....)

Emerging agenda for Japan-China-Korea FTA

(1) RCEP plus? TPP minus? Or JCK FTA?

← Common tariffs or Bi-lateral FTAs?

← Service and Investment: BIT plus?

← Hidden agenda: SPS, Standard, IPR, Competition

← Agricultural protectionism

(2) Cooperation: Forward looking agenda

← Aging society, Environment, DX, Disaster management

← Energy/ Food security

← JCK integrated market for the 3rd parties

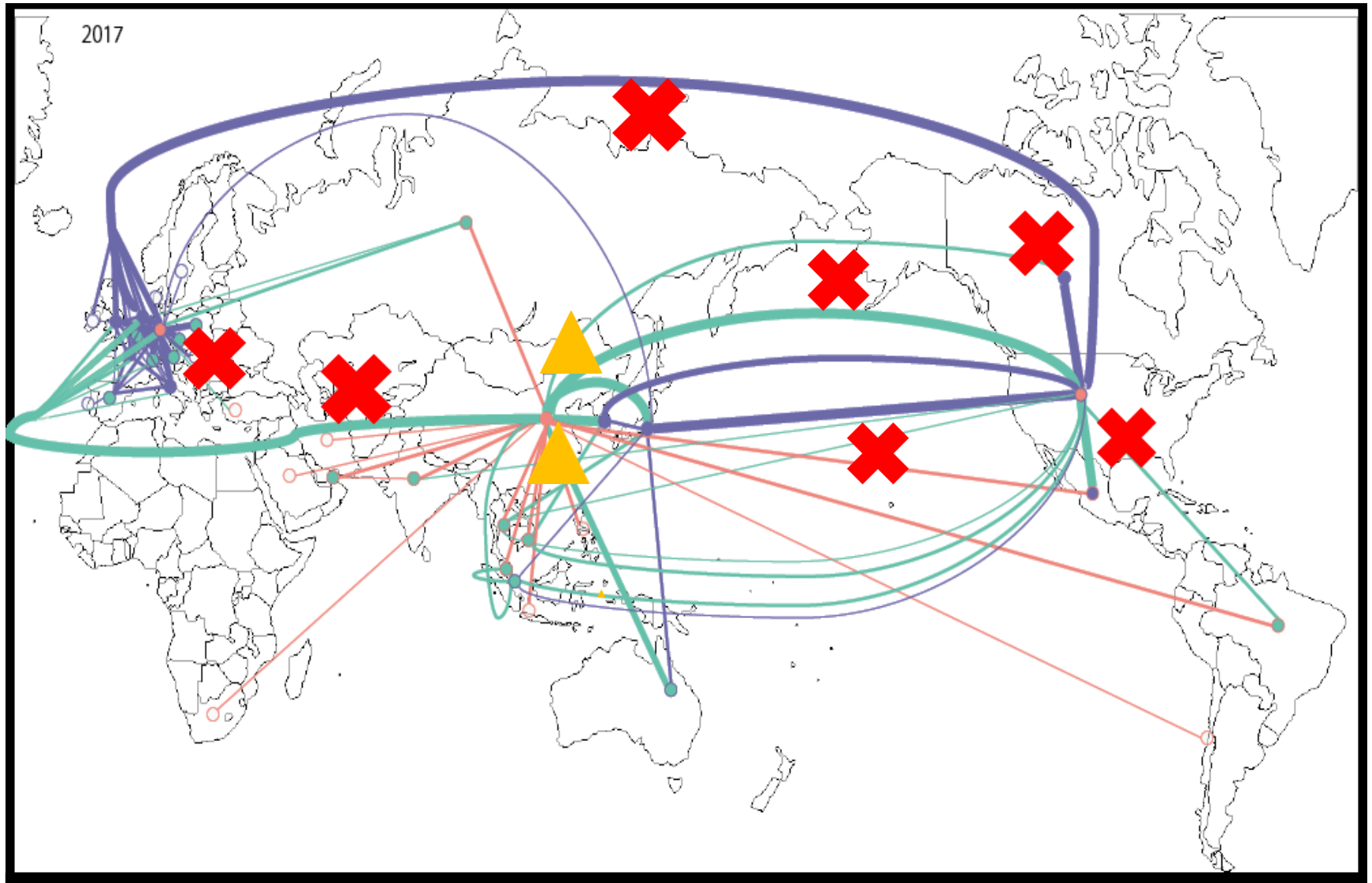
(3) Trust building channels: Multiple interface

← Business: Tourism, Entertainment, Education

← Academics: Basic research for public goods

← People: Generation, Gender

Crisis in GVC Express way (2017) (METI(2019))



Post-Covid 19 and RCEP: Policy discussions for Data flows

- ▶ Data flow rules based on trades in goods:
 - (1) No tariffs/ Restrictions (including NTB, Trade related services, Standardization) and Facilitation → RCEP
 - (2) Complementary policies to cover market failures (Externalities, Public goods, Economy of scale, Imperfect competition, information asymmetry...) → *Consumer protection, IPR protection, Competition policies*
 - (3) Non-economic values (Public health, Environment, Security...) → *Privacy protection, Cybersecurity*

Emerging agenda for Japan-China-Korea FTA for Asia

- ▶ IT/ ICT capacity building: Narrowing the gap
- ▶ FDI/ service sector liberalization for data driven business: Protection and incentives for different categories (B to B, B to C, C to C....)
- ▶ Targeted cooperation for social business for credit building? (Beyond E-commerce: Environment, Medical service, Nursing care, Education....)
- ▶ *Data pool/ archives for evidence-based policies and data-driven social business*

ありがとうございました。

谢谢了

감사합니다