

Intervention in session 2

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Since we started this project in 2003, there have been six major developments in terms of regional integration in Asia. These include developments that have already been completed and others that are currently underway.

The first is the integration of ASEAN, due to take place in 2015. People around the world are watching developments carefully to see whether integration will be achieved in 2015 as scheduled.

The second major step forward was the start of joint governmental studies at senior official level concerning rules of origin, tariff classifications, custom procedures and economic cooperation within the EAFTA and the CEPEA. As part of these studies, working groups have been established for each FTA.

Third was the summit agreement reached last May to conclude a feasibility study on an FTA between China, Japan and South Korea by the end of this year.

The fourth major step is the TPP, being negotiated last week in Hawaii by nine countries, including the United States and several ASEAN countries.

Fifth is the ECFA, an FTA between China and Taiwan.

And sixth is the major change in the policy of South Korea toward FTAs.

I would like to make a few remarks on these developments.

First: any efforts to conclude FTAs in this region should be welcomed. However, it is important that rules of origin should be harmonized as much as possible. This will include the acceptance of self certification.

Second: if ASEAN integration is completed in 2015 and a single market is established, it will give tremendous benefits to foreign investors.

Third: the leaders of China, Japan and South Korea agreed last May that feasibility studies by research organizations would be finished by the end of this year. Accordingly, negotiations on an FTA between these three countries should begin in 2012, a year that also marks the 40th anniversary of the restoration of diplomatic relations between Japan and China.

Fourth: although Japan's new prime minister Yoshihiko Noda made clear in his first address to the Diet that Japan would make a final decision on the TPP as soon as possible, I am curious

whether China, Korea and other countries not participating in the TPP negotiations at present are interested in participating at a later stage. I would also be interested to know whether China or South Korea are tempted to form a bilateral FTA, especially since Korea already has FTAs with the other two big economies.

Fifth: given the decision reached in Hawaii to agree on a framework for TPP, can we assume that negotiations will be concluded by next spring? If not, it will be difficult to reach an agreement on TPP next year. I would like to hear opinions on this issue, especially from our colleagues from Singapore and Malaysia. I am particularly interested in how the US request to exempt dairy products, sugar and beef will be discussed. If the American request is granted, it will be impossible for Japan to enter TPP without a similar exemption for rice. Of course, these exemptions will diminish the value of TPP.

Another question I would like to raise is whether TPP is likely to cause divisions within ASEAN, as some countries of ASEAN are actually participating in the TPP negotiation and others are not.

Lastly, Taiwan's economy is bigger than the economy of any ASEAN country except Indonesia. Taiwan is a member of the WTO and APEC. However, there are no plans to allow Taiwan to become a member of EAFTA or CEPEA. Furthermore, Taiwan's membership has never been discussed in the CJK ministerial

conference. The WTO and APEC include non-Asian countries. Looking at the incumbent and prospective membership of these five organizations, anyone might get the idea that Asian countries are harsher on Taiwan than non-Asian countries. Despite its location in Asia, Taiwan finds itself excluded when exclusively Asian FTAs such as EAFTA and CEPEA are formed.

Of course most Asian countries, including Japan, have accepted the “One China” position. As a result, even when Japan advocates that Taiwan should become a member of an FTA consisting of Asian countries, Japan cannot take the position that Taiwan is an independent country. As is the case with Taiwan’s status vis-à-vis the WTO or APEC, Taiwan should be referred to by a name that does not give the impression that it is an independent country when it is allowed to enter EAFTA, CEPEA, or even CJKFTA. Suitable names might include “Chinese Taipei” or “Separate Customs Territory of Taiwan,” for example. Even if these steps are taken, will Asian countries still refuse to admit Taiwan as a member of an FTA consisting exclusively of Asian countries?