Recent Topics on Japan’s Trade Policy

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1. FTA
Development of Japan’s EPA/FTA Networks

Took Effect/Signed
12 countries and 1 region

Under Negotiation
5 countries and 3 regions

Under Study/Discussion
1 country and 1 region

EU
Approved a mandate for the negotiation.

Turkey
Under joint study

Mongolia
Under negotiation

Republic of Korea
Negotiation suspended

Canada
Under negotiation

China-Japan-Korea
Announced launch of negotiations

USA

Mexico

Peru
Took effect in Mar. 2012

Chile
Took effect in Sep. 2007

GCC
Under negotiation
GCC: Saudi Arabia, Kuwait, United Arab Emirates, Bahrain, Qatar, Oman

India
Took effect in Aug. 2011

Switzerland
Took effect in Sep. 2009

ASEAN (AJCEP)
Took effect in Dec. 2008

Thailand
Took effect in Nov. 2007

Brunei
Took effect in Jul. 2008

Philippines
Took effect in Dec. 2008

Indonesia
Took effect in Jul. 2008

Australia
Under negotiation

RCEP
Announced the launch of the negotiations

TPP
Continue consultations toward participating with the countries concerned

China
Announced the launch of the negotiations

Turkey
Under joint study

Switzerland
Took effect in Sep. 2009

Colombia
Under negotiation

USA

The Trans-Pacific Strategic Economic Partnership (P4) Agreement among Brunei, Chile, Singapore, and NZ took effect.

September 2008 The U.S. announced it would participate in the negotiations.

March 2010 The U.S., Australia, Peru, and Vietnam participated in the negotiations, **8 countries in total**.

October 2010 Malaysia participated in the negotiations, **9 countries in total**.

November 2011 Japan, Canada and Mexico expressed their interest in participating in the negotiations.

October 2012 Canada and Mexico participated in the negotiations, **11 countries in total**.
With regard to the TPP, the public pledge made by the Liberal Democratic Party regarding the TPP is to oppose joining the negotiations as long as a precondition is the abolition of customs tariffs without considering any areas to be off-limits. Under the recent coalition agreement with The New Komeito, we will pursue the optimal path forward that serves our national interests, and this is of course our mutual agreement, as it were, as well as a public pledge.

In economic negotiations, the outcome is everything, so to speak. From the perspective of whether or not within the final outcome our national interests were safeguarded and we succeeded in obtaining what we wished to obtain, we will engage in a comprehensive examination of the issue, placing focus on whether or not we are able to safeguard our national interests. We will also conduct an analysis based on an ample grasp of the situation and sufficient information, insofar as we have just now taken the reins of government.
FTA among China, Japan and Korea

Launch of the Negotiations (November 2012)

Three Economic Ministers announced the launch of the FTA negotiations among China, Japan and Korea.

Schedule of Negotiations

- **Preparation meeting**  Latter half of February
- **1st round of negotiation**  Latter half of March or beginning of April

Joint Study Report (March 2012)

**Concept and Merit of the Trilateral FTA**
- Contribute to making progress in the ongoing process of economic integration in East Asia, as well as the Asia-Pacific region
- Will be a new growth engine for all three countries by promoting intra-regional trade and investment.
- Should make efforts to address the sensitivities of each country.

**Basic Principles of a CJK FTA**
- A Comprehensive and High Level FTA
- Consistency with WTO Rules
- Balanced Interests
- Consideration to Sensitive Sectors
Regional Comprehensive Economic Partnership

Points of the “Guiding Principles and Objectives for Negotiating the RCEP”

1. **Achievement of a comprehensive economic partnership agreement**
   > The scope of negotiations includes trade in goods, trade in services, investment, intellectual property, competition, etc.

2. **Substantial elimination of restrictions and/or discriminatory measures by building upon the existing liberalization levels between the RCEP participating countries.**

3. **Commencement of the negotiations in early 2013 and completion of them by the end of 2015.**

4. **Inclusion of an open accession clause to enable the participation of any other economic external partners.**
The EU Foreign Affairs (Trade) Council on 29 November approved a mandate for the Commission to negotiate a free trade agreement (FTA) with Japan.

The free trade agreement would provide for:
- the progressive and reciprocal liberalization of trade in goods
- services and investments
- rules on trade-related issues
- the elimination of non-tariff barriers
2. APEC
APEC at a Glance

APEC 2010 in Japan “The Yokohama Vision”
Leaders agreed the conceptual framework on the Asia-Pacific.

Pathways to FTAAP
(Free Trade Area in the Asia-Pacific)

- Ongoing Undertakings
  - TPP
  - RCEP
  - ASEAN+3
  - JCK

Comprehensive FTA

FTAAP

APEC will provide leadership and intellectual input and shape “next generation” trade and investment issues.

Concrete and Tangible Deliverables

APEC 2011 (United States), 2012 (Russia)

Regional Economic Integration
- Expand Trade in Environmental Goods
- Promote Regulatory Convergence and Cooperation

Green Growth
- Advance Reliable Supply Chain
- Enhance Energy Security

Innovation
- Combat Protectionism
- Strengthen Food Security

Explore Next Generation Trade and Investment Issues
- Encourage Women in the Economy

APEC Leaders’ Growth Strategy
~From just “Growth” to the “Quality of Growth”~

① Balanced Growth
② Inclusive Growth
③ Sustainable Growth
④ Innovative Growth
⑤ Secure Growth
Green Growth by Expanding Trade in Environmental Goods

APEC economies agreed to reduce applied tariff rates to 5% or less by 2015 and promote green growth in the region by expanding trade in environmental goods.

- **Create New Markets**
- **Enhance Energy Security**
- **Meet Environmental Challenges**

APEC List of Environmental Goods (54 items)

- Solar photovoltaic cells and panels (Renewable Energy)
- Wind power generators (Renewable Energy)
- Gas turbines (Stable use of renewables)
- Crushers for recycling (Recycle, waste management)
- Filters (Water management)
- Exhaust gas analyzers (Monitoring equipment)

**Background**

Negotiation in the WTO (2001-)

No Agreements

2011
Agreed to reduce tariffs for environmental goods

2012
Endorsed the APEC List of Environmental Goods

Creating Region-Wide “Smart Energy Communities” in APEC
1. Attaining the Bogor Goals
2. Sustainable Growth with Equity
3. Promoting Connectivity

APEC: 2013 and beyond

◆ Priorities in APEC 2013

1st Senior Officials Meeting
Jakarta (Jan-Feb)

2nd Senior Officials Meeting
Meeting of Ministers Responsible for Trade
Surabaya (Apr)

3rd Senior Officials Meeting
Medan (Jun-Jul)

Leaders’ Week
Bali (Oct)

<Future APEC Chairs>

2013
Indonesia

2014
China

2015
Philippines

2016
Peru
Agendas in APEC 2013

Under the chairmanship of Indonesia, Japan will take the lead of discussions on freer, more open, transparent, and predictable international trade and investment systems in the Asia-Pacific.

Theme of APEC 2013: Resilient Asia-Pacific, Engine of Global Growth

1. Attaining the Bogor Goals
   - Trade and Investment Liberalization and Facilitation
   - Next generation trade and investment issues for FTAAP
     * Innovation and Trade, Local content requirements
   - Structural reform
   - Implementation of the APEC List of Environmental Goods

2. Sustainable Growth with Equity
   - Venture companies/ SMEs
   - Women and the Economy
   - Energy and environment (climate change)

3. Promoting Connectivity
   - Public-private partnership for infrastructure investment
   - New topic: Value-chain resilience

Blue Economy
As a cross-cutting issue
3. WTO
The state of play of the Doha Development Agenda

November, 2001  4th Ministerial in Doha (MC4): launch the DDA
-Areas of negotiation
Non-Agriculture Market Access (NAMA), Agriculture, Services, Trade Facilitation, Intellectual Property, Rules (Strengthening Anti-Dumping and Subsidy regulations), Environment, Development)
-Single Undertaking: Nothing is agreed until everything is agreed)

July, 2008  Informal Ministerial Gathering
Failure to agree NAMA modalities.

December, 2011  8th Ministerial in Geneve (MC8)
The members agreed “to advance the areas where progress can be achieved, while admitting that the comprehensive agreement of the DDA is unlikely in the near future.”

December, 2013  9th Ministerial in Bali (MC9)

《Promising outcomes for 9th Ministerial 》
[the DDA]: Trade Facilitation, Parts of Agriculture
[Outside the DDA]: ITA (Information Technology Agreement) expansion, Launch of the ISA (International Service Agreement) negotiations.
Promising negotiating areas in MC9

The ITA expansion

- The ITA is a plurilateral agreement to eliminate the tariffs on the IT products. (1997; covers 75 members)
  However,
  - No update since then.
  - IT industry is keen to update the ITA, need for catching up with technology development.
  - Launched the negotiations on expanding the product coverage in May 2012.
  - Aiming for early conclusion the first half of 2013.

Current ITA products
Semiconductors, PCs, Printers, Mobile Phones, Digital Cameras.

Negotiating for,
- New type of ICs
- GPS, Car navigation
- Medical instruments (MRT, CT)
  …etc

Trade Facilitation

- Reducing customs clearance cost becomes more crucial in globally developed supply chain.
- Improving the transparency (Appeal Procedures), Simplification (Paperless, Single Window)

The ISA

- Many trade barriers remain unsolved in the service section.
- In December 2012, 21 members agreed to start the negotiation from early in 2013.

Example of service sectors to be discussed

- Transportation (Express Deliveries)
- Retailing (Convenience stores)
- Contents industry (Animation)
4. ABE ADMINISTRATION’S POLICIES
“Three Arrows” Policy

Agile fiscal management

Bold monetary policy

Growth strategy

Revitalize the Japanese economy
Break away from deflation
Challenge

National and international Issues

Japan faces the following problems:
(Ex. 1) Declining birthrate and aging population
(Ex. 2) Increasing energy constraints and environmental burden

Many countries will face the same problems.

Solution

Goal

(Ex. 1)
People can live the longest and healthiest life in the world.

(Ex. 2)
People can use clean, affordable and stable energy.

Market Creation

(Ex. 1)
-- Breakthroughs in medicine through iPS cell technology
-- Nursing care robots
-- Preventive medicine

(Ex. 2)
-- Next-generation automobiles (Electric Vehicles, etc.)
-- Energy Management Systems

Intensive allocation of policy resources (R&D investment, deregulation, …)

Meeting the “Challenge”

Through the provision of “Solution”

“Market Creation”
Application of iPS cell technology

Practical application of iPS cell technology can provide various treatment methods

iPS cells

Differentiation into various parts of human body

liver
pancreas
skeletal muscles
cardiac muscles
blood
nerve
skin

Ex.) Treatment of damaged spinal cord

Current situation

Impossible to cure physical disorders caused by damage to spinal cord

Revive the damaged central nerve by using stem cells

Recovery of physical functions
Trade between Japan and China

- Export of intermediate goods from Japan to China has quadrupled over the last 10 years.
- Japan has the largest share of China’s import of intermediate goods as of 2010.

(Source) RIETI-TID 2011
Energy Policy

“Constricting a strong energy policy maintaining responsibility for Japanese citizens’ lives now and in the future.”

MILESTONE

To overcome the Fukushima Daiichi Nuclear Power Station disaster is the first challenge of its kind that mankind has faced. We will share our experiences with the global community.

Within 3 Years

● Maximize the introduction of renewable energy and promote energy efficiency and conservation.

● Restart nuclear power plants, once their safety is assured by the NRA (Nuclear Regulatory Agency)

Within 10 Years

● Establish the best long-term mix of power sources.