

Recent Topics on Japan's Trade Policy

Feb. 4th, 2013 Asia Pacific Forum

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Vice-Minister for International Affairs

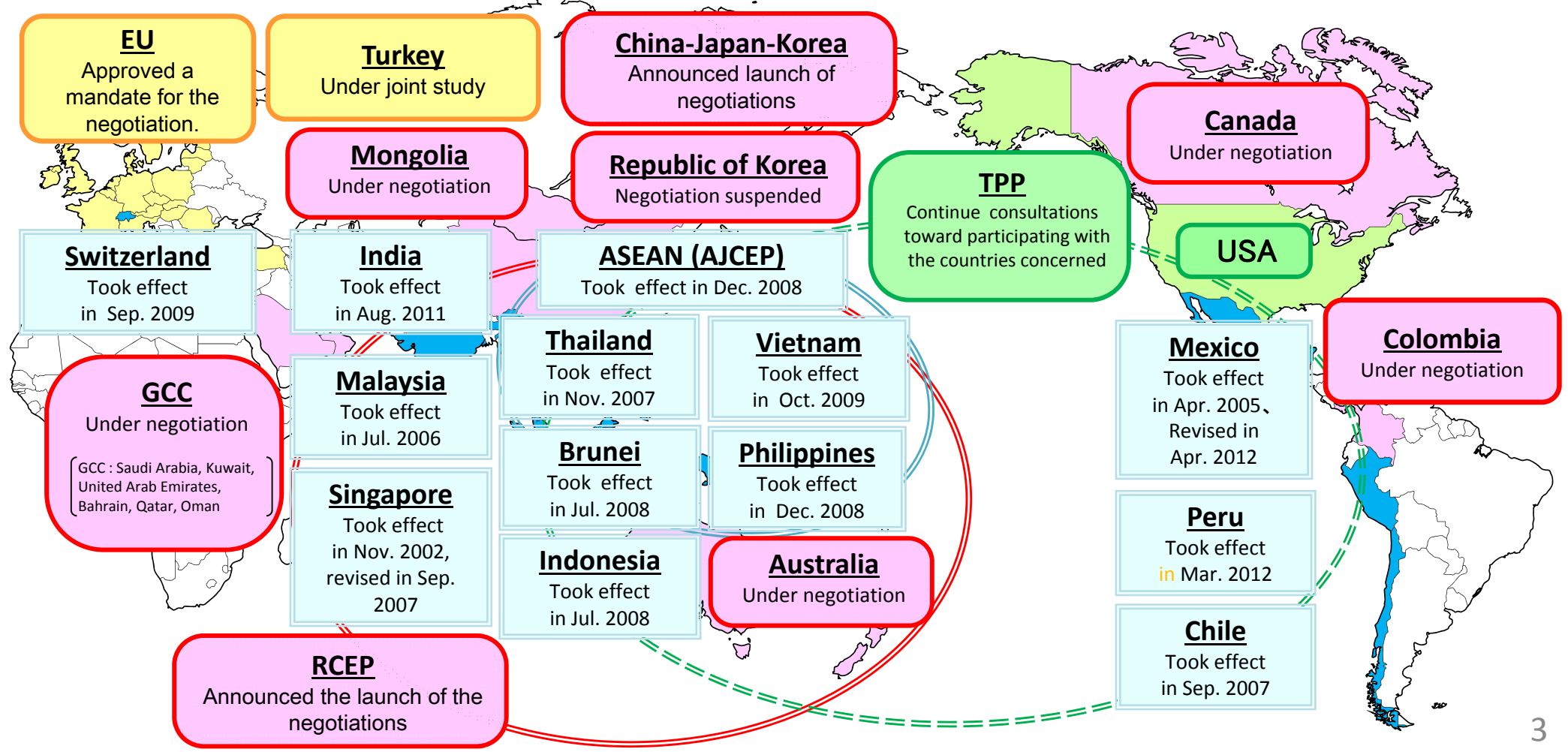
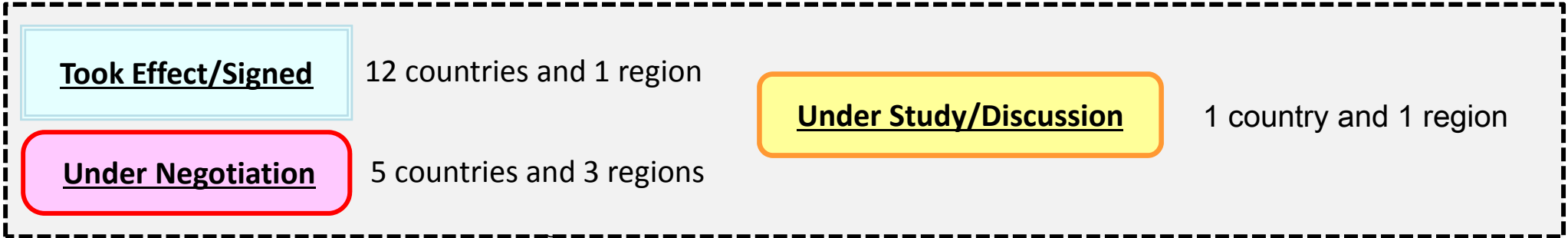
METI

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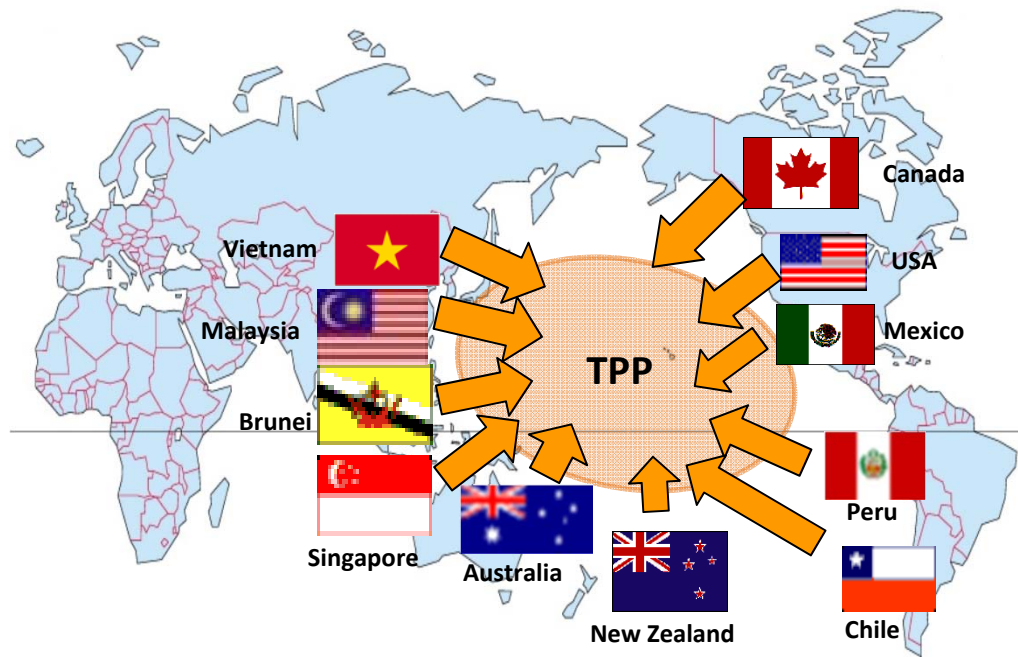
1. FTA
2. APEC
3. WTO
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1. FTA

Development of Japan's EPA/FTA Networks

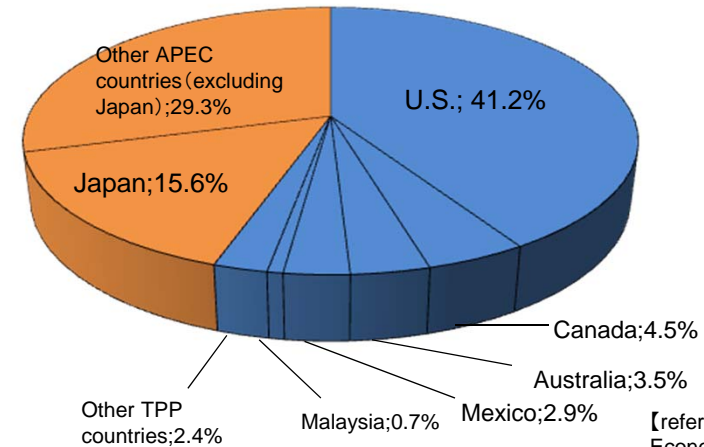


Overview of the Trans-Pacific Partnership Agreement



The total GDP of TPP countries in APEC economies (2010)

■ TPP countries : 55.2%
■ other APEC countries : 44.8%



[reference] IMF World Economic Outlook Database, April 2012

2006 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.

Press Conference by PM Abe

(26 December, 2012)

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

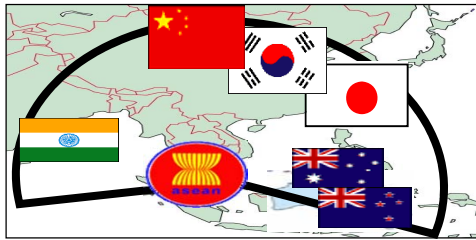
- A Comprehensive and High Level FTA
- Consistency with WTO Rules
- Balanced Interests
- Consideration to Sensitive Sectors



CJK Economic Ministers Meeting
November 2012 (website of METI)

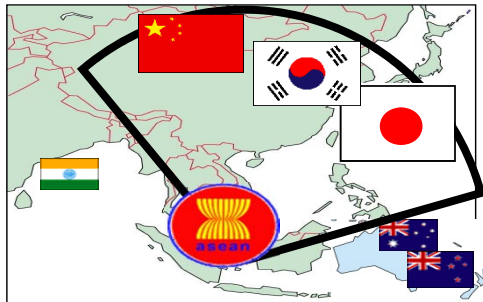
Regional Comprehensive Economic Partnership

ASEAN+6 (CEPEA)



2006~
Japan
Proposed

ASEAN+3 (EAFTA)



2004~
China
Proposed

East Asia Summit

(Nov. 2011)

- Noted the adoption of the ASEAN Framework for the RCEP at the 19th ASEAN Summit.

- Welcomed the establishment of ASEAN Plus Working Groups

ASEAN Economic Ministers Plus ASEAN FTA Partners Consultations

(Aug. 2012)

- Agreed to recommend to the Leaders the "Guiding Principles and Objectives"

East Asia Summit

(Nov. 2012)

- Endorsed the "Guiding Principles and Objectives"
- **Declared the launch of the RCEP negotiations.**

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.

Japan-EU EPA

- May 2011: agreed to start a “scoping exercise” for a Japan-EU EPA (Japan-EU Summit)
- November 2012: approval of a negotiating mandate
- Expected to start negotiations early 2013

Press Release of Council of the European Union (November, 2012)

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”

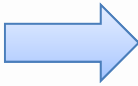
Leaders agreed the conceptual framework on the Asia-Pacific.

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.

APEC Leaders’ Growth Strategy

~From just “Growth” to the “Quality of Growth”~

① Balanced Growth

④ Innovative Growth

② Inclusive Growth

⑤ Secure Growth

③ Sustainable Growth

Concrete and Tangible Deliverables

APEC 2011 (United States), 2012 (Russia)

Regional Economic
Integration

Green Growth

Innovation

Expand Trade in
Environmental Goods

Advance Reliable
Supply Chain

Combat Protectionism

Explore Next Generation
Trade and Investment
Issues

Promote Regulatory
Convergence and
Cooperation

Enhance Energy
Security

Strengthen Food
Security

Encourage Women in
the Economy

Green Growth by Expanding Trade in Environmental Goods

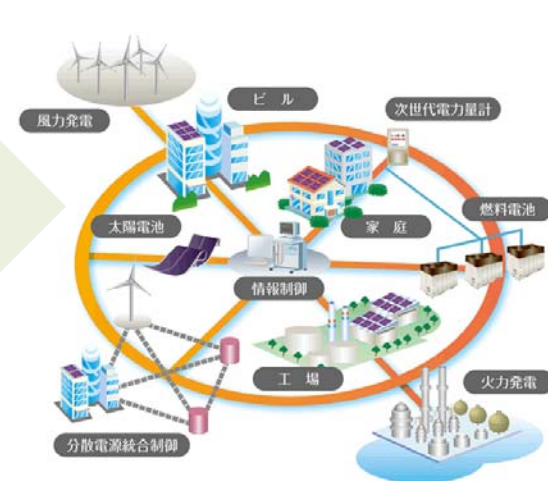
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APEC List of Environmental Goods (54 items)



Creating Region-Wide “Smart Energy Communities” in APEC



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: 2013 and beyond

<Future APEC Chairs>

2013
Indonesia



2014
China



2015
Philippines



2016
Peru

◆ Priorities in APEC 2013

1. Attaining the Bogor Goals
2. Sustainable Growth with Equity
3. Promoting Connectivity

◆ APEC 2013 Venues

1st Senior Officials Meeting

Jakarta (Jan-Feb)

2nd Senior Officials Meeting Meeting of Ministers Responsible for Trade

Surabaya (Apr)



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 Geneva(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.”

《**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.

December, 2013 9th Ministerial in Bali (MC9)

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.

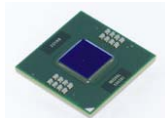
Current ITA products

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)

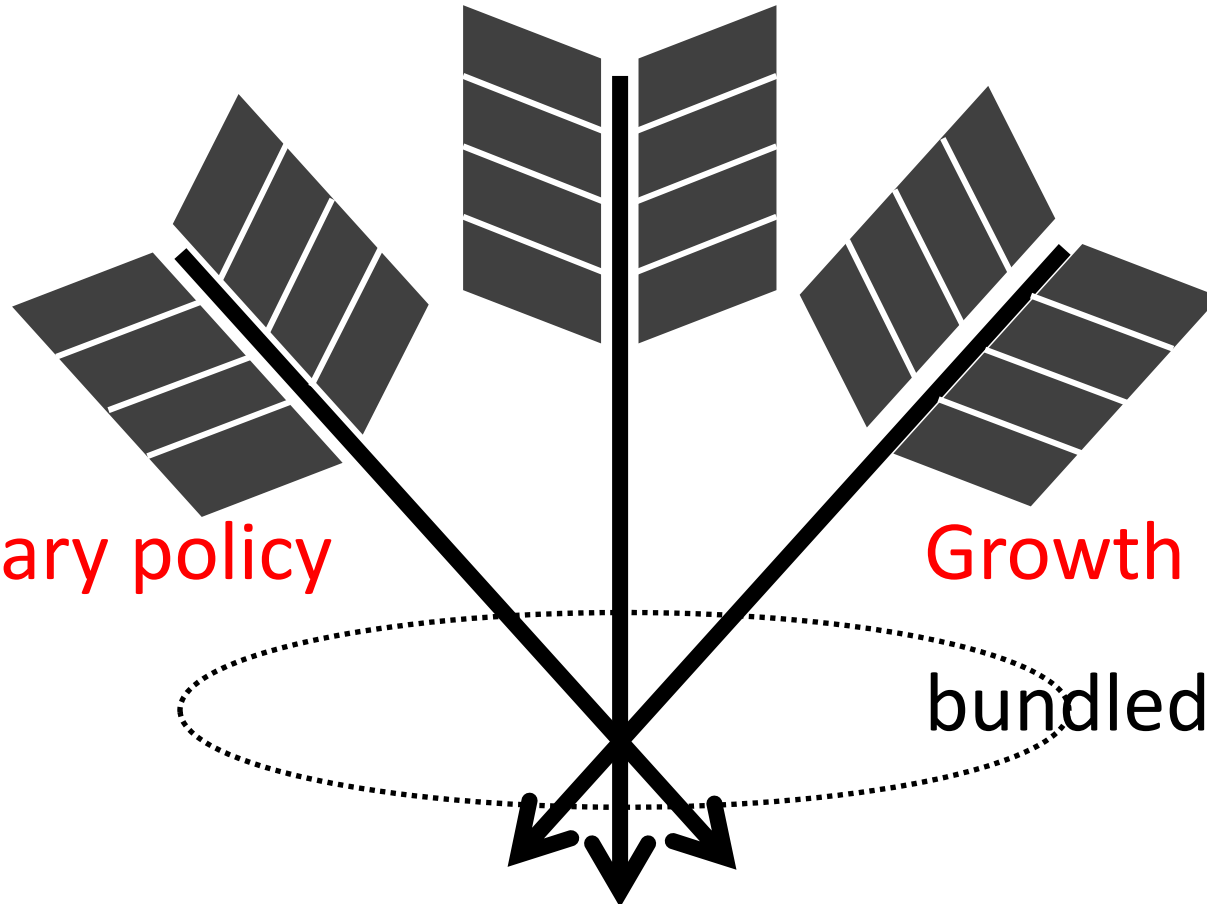
Retailing
(Convenience stores)

Contents industry
(Animation)

4. ABE ADMINISTRATION'S POLICIES

“Three Arrows” Policy

Agile fiscal management



Bold monetary policy

Growth strategy

bundled

Revitalize the Japanese economy
Break away from deflation

Market Creation Plan

- Solution for national and international issues -

Challenge

Solution

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.

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”

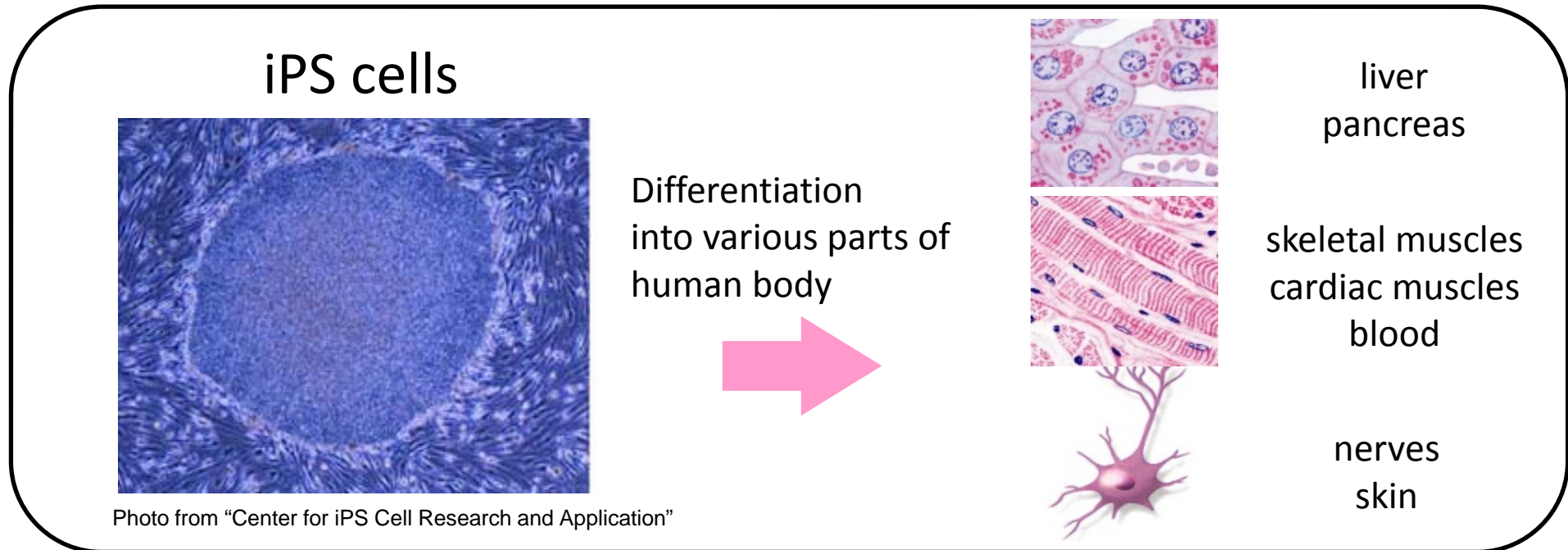
Through the provision of “Solution”



“Market Creation”

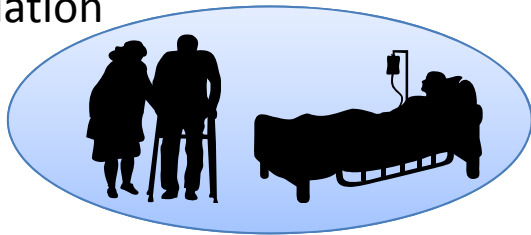
Application of iPS cell technology

Practical application of iPS cell technology can provide various treatment methods



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

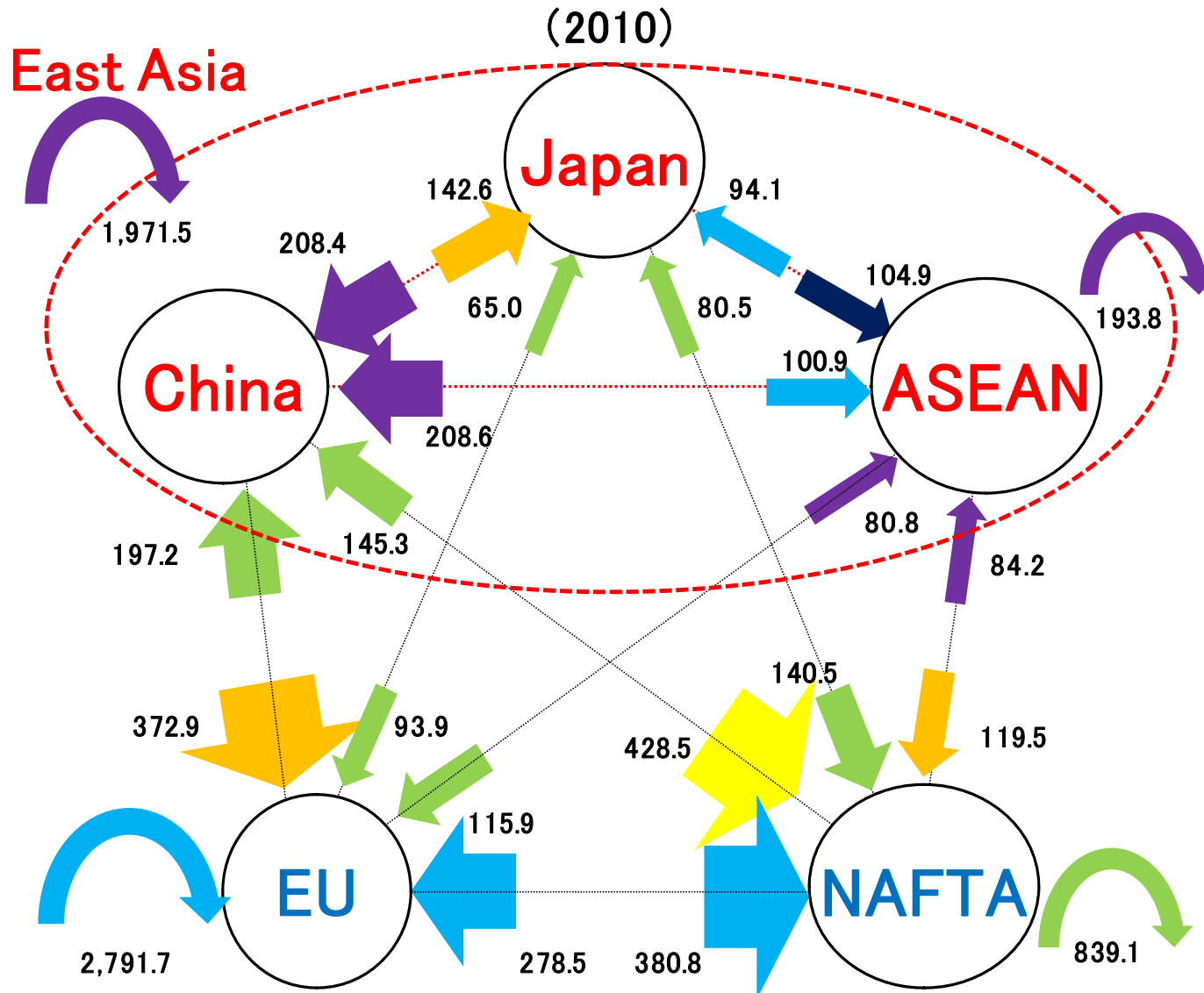


Recovery of physical functions

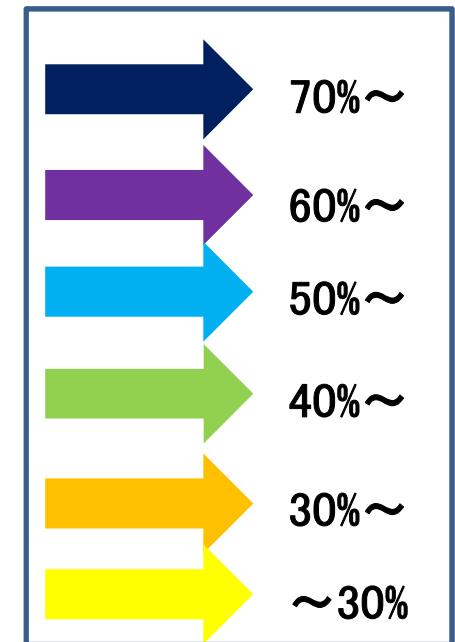
Trade between Japan and China

- 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.

(billion US Dollar)



Intermediate Goods



(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.