

The 2<sup>nd</sup> CJK Cooperation Dialogue  
(@Changchun, China on September 2, 2015)

# Economic Cooperation

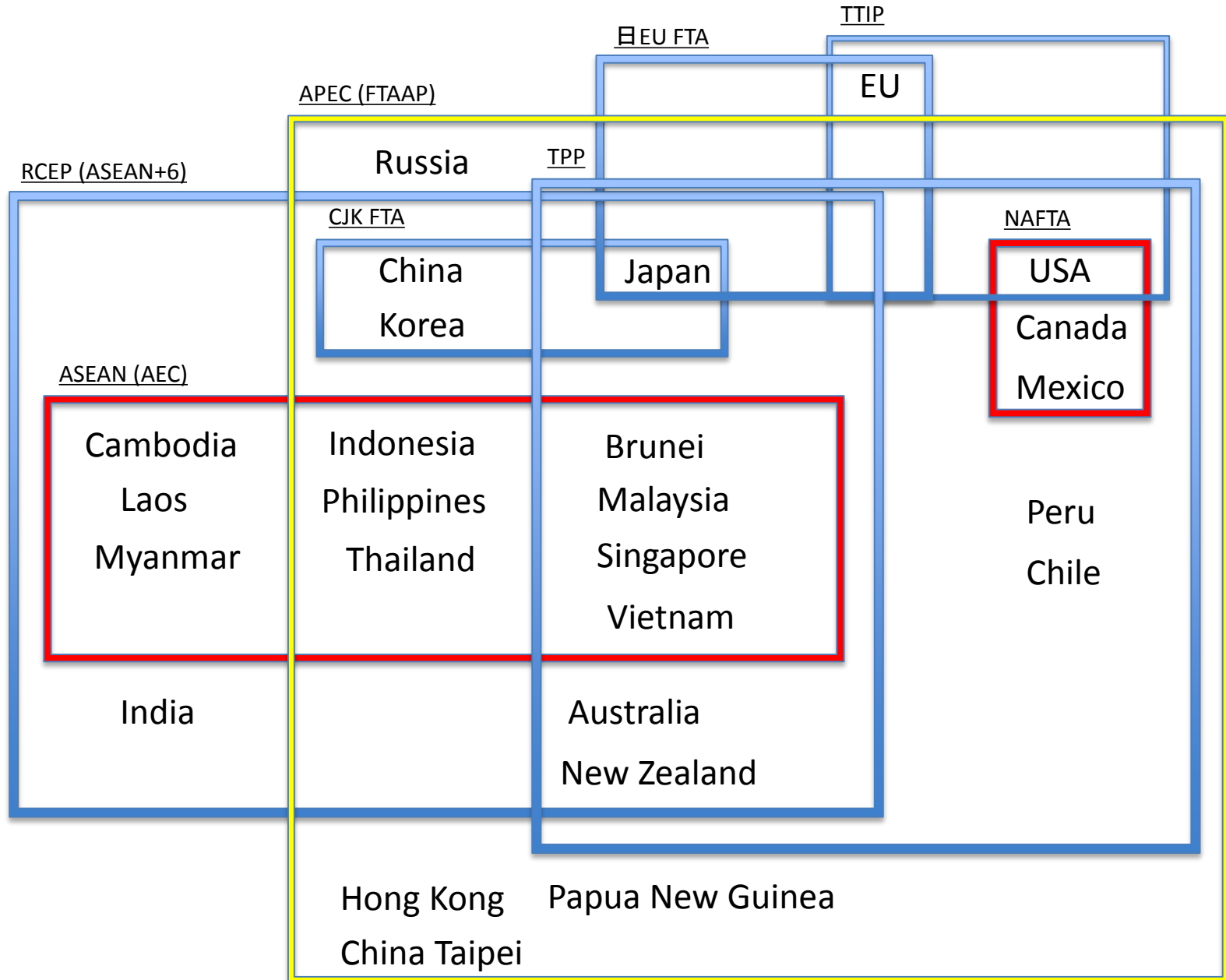
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# Mega-FTAs

- TPP negotiation is close to conclusion.
  - High-level liberalization, international rule making (WTO+, WTO-x)
    - Goods, services, investment
    - Government procurement, IPR, competition, ISDS
  - Possible Domino effects
- CJK FTA and RCEP
  - Low ambition; possibly marginalized.
- CJK should participate in international rule making.

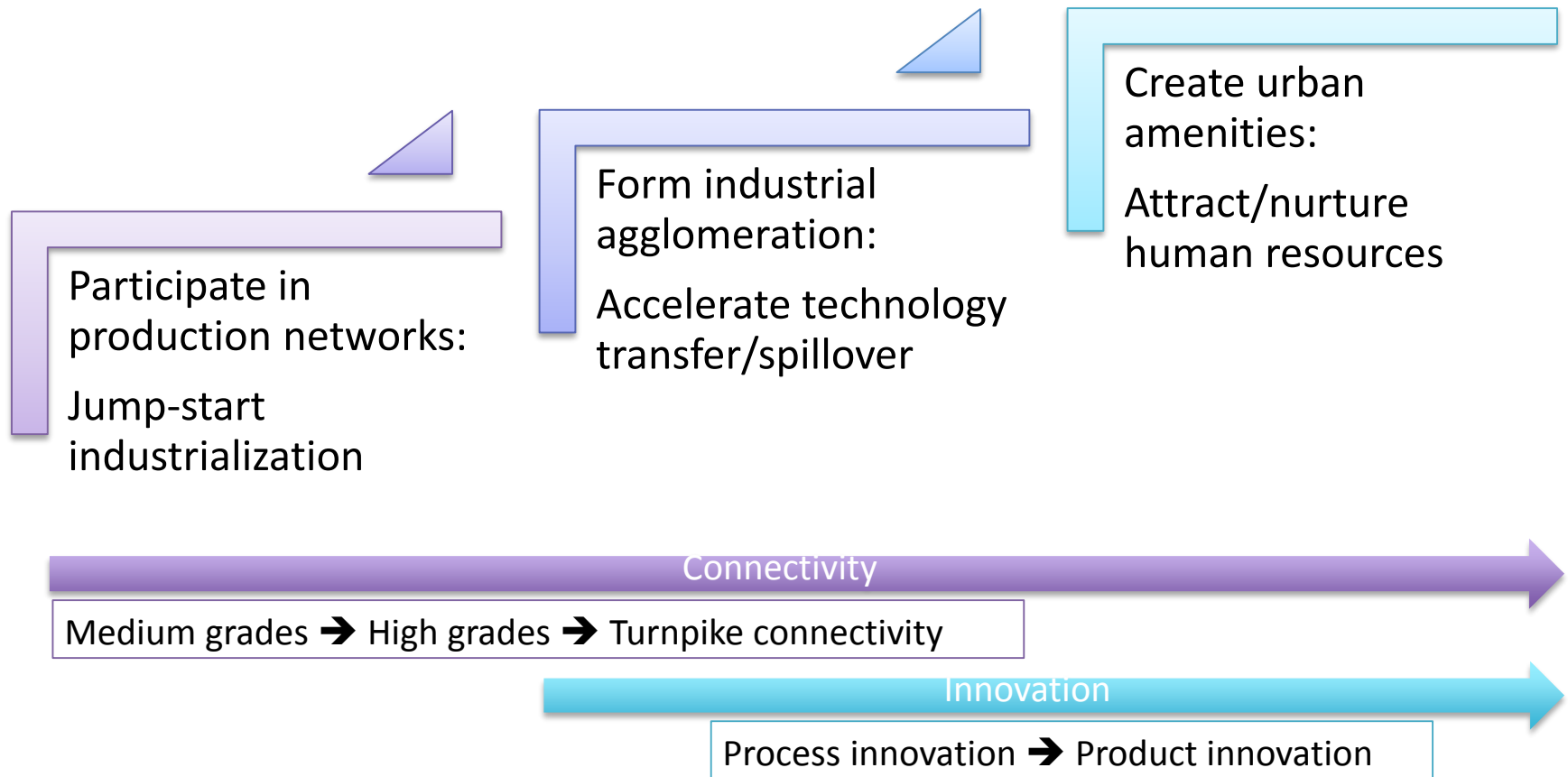
# Mega-FTAs negotiations in East Asia and Asia-Pacific



# Infrastructure development

- AIIB and “One-belt/one-road” start changing the architecture of development partnership.
- ASEAN and East Asia require infrastructure for connectivity and innovation (ERIA, Comprehensive Asia Development Plan 2.0).
- Need to reshape partnerships among development stakeholders.
  - Among donors and international organizations.
    - Disclosure of information to check fiscal sustainability, consistency with national development plans, ownership, ...
  - Between public and private.
    - Public entities: governmental financial org., sovereign funds, SOEs.
      - Old rules (OECD Guideline, DAC, ...), erosion due to emergency measures, ...
    - Leveling fields for domestic/foreign private players.
    - Balance between investment rule and discipline on public entities.

# A new development strategy for ASEAN and East Asia



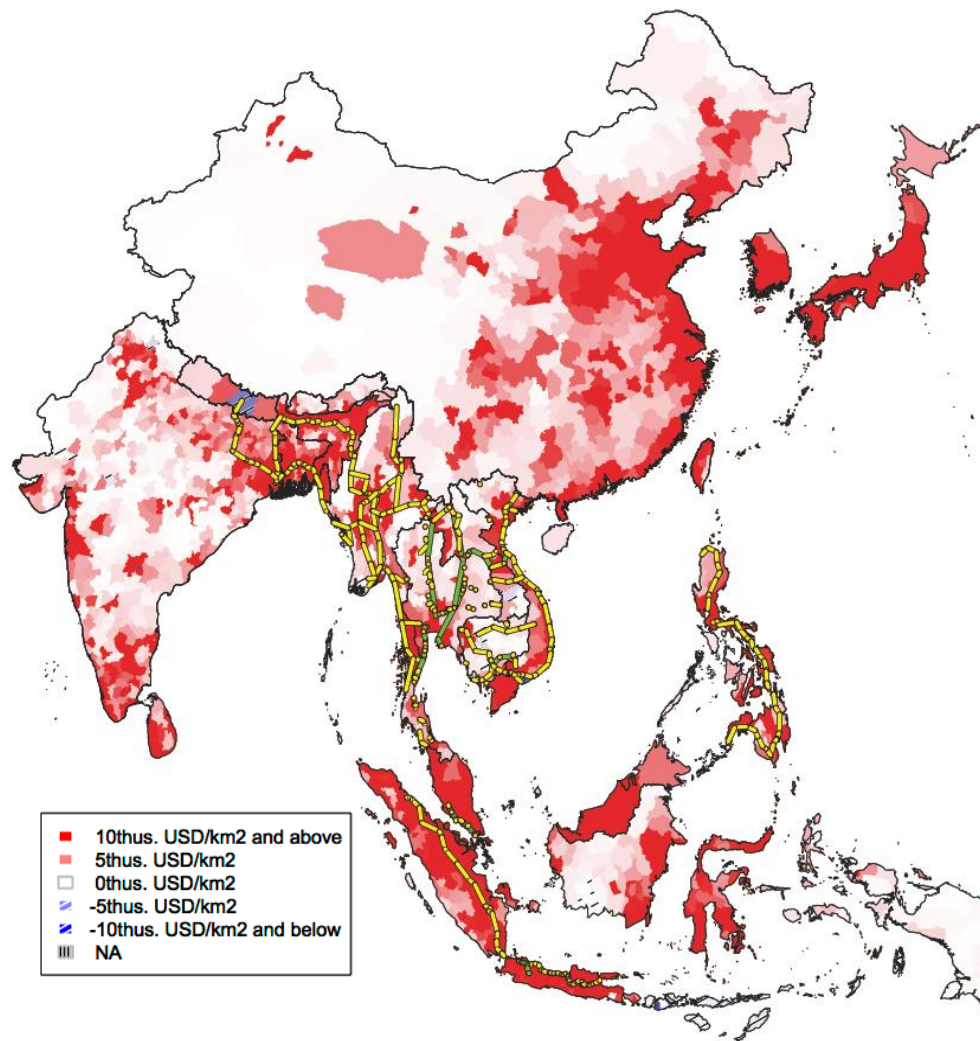
# Infrastructure for Connectivity and Innovation

	Tier 1: Forming industrial agglomeration/urban amenities	Tier 2: Coming into production networks	Tier 3: Rural development for creating business
Infrastructure for connectivity	<p>Turnpike connectivity with other industrial agglomerations</p> <ul style="list-style-type: none"> <li>- Full-scale port with container yard/airport for regular carriers and LCC</li> <li>- Multi-modal (cargo, passenger)</li> <li>- Institutional connectivity for reducing transaction costs</li> </ul>	<p>High-grade connectivity to participate in production networks</p> <ul style="list-style-type: none"> <li>- Dual-modal (cargo, passenger)</li> <li>- Capital city, border area, connectivity grid</li> <li>- Mitigate border effects</li> <li>- Institutional connectivity / soft infrastructure for trade facilitation</li> </ul>	<p>Medium-grade connectivity for various economic activities</p> <ul style="list-style-type: none"> <li>- Agriculture/food processing, mining, labor-intensive industries, tourism, and others</li> </ul>
Infrastructure for innovation	<p>Metropolitan development for full-scale industrial agglomeration and urban amenities</p> <ul style="list-style-type: none"> <li>- Highway system, urban transport (LRT, subway, airport access)</li> <li>- Mass economic infrastructure services (industrial estates, electricity, energy, water, and others)</li> <li>- Urban amenities to nurture/attract intellectual people</li> </ul>	<p>Urban/suburban development for medium-scale industrial agglomeration</p> <ul style="list-style-type: none"> <li>- Urban/suburban development plan for a critical mass of industrial agglomeration</li> <li>- Economic infrastructure services (special economic zones, electricity, water, and others)</li> </ul>	<p>Discovery and development of historical/cultural/natural heritage</p> <ul style="list-style-type: none"> <li>- Premium tourism</li> <li>- Cultural studies</li> </ul>

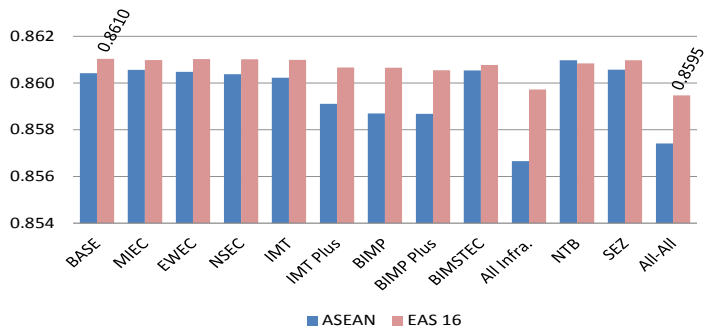
# Geographical simulation model

- Economic impacts of All-All improvements (infrastructure development, NTB reduction, and SEZ development) will be huge.
- Regional disparity will be reduced.

Economic Impacts of All -All Improvements (2030, Impact Density)



Economic Impacts on GINI (2030)



Source: IDE/ERIA-GSM simulation result.

## Grand Table: Economic Impacts in ten years cumulation (2021-2030, %)

Economy	MIEC	EWEC	NSEC	IMT	IMT Plus	BIMP	BIMP Plus	BIMSTEC	All Infra.	NTB	SEZ	All-All
Australia	0.52%	0.00%	0.02%	0.08%	0.15%	0.22%	0.33%	0.65%	1.28%	0.84%	-0.04%	2.10%
Bangladesh	0.48%	0.00%	-0.01%	-0.04%	-0.05%	-0.05%	-0.07%	11.45%	11.51%	8.48%	0.02%	20.56%
Bhutan	5.84%	0.00%	-0.03%	0.06%	0.07%	0.02%	0.07%	3.91%	104.90%	4.75%	-0.01%	109.81%
Brunei	1.95%	0.01%	-0.29%	0.39%	0.61%	1.00%	1.41%	1.93%	5.32%	82.07%	-0.12%	88.33%
Cambodia	144.45%	0.00%	-0.58%	-0.02%	-0.02%	-0.03%	-0.06%	-0.26%	24.86%	8.44%	125.39%	160.30%
China	0.15%	0.00%	0.00%	0.00%	-0.01%	-0.01%	-0.02%	0.06%	0.10%	7.74%	0.02%	7.99%
Hong Kong	0.85%	0.03%	0.03%	0.11%	0.14%	0.11%	0.17%	0.87%	1.63%	0.31%	-0.05%	1.89%
India	0.56%	0.00%	0.00%	0.02%	0.03%	0.02%	0.03%	6.61%	6.59%	12.21%	-0.01%	19.28%
Indonesia	0.07%	0.00%	0.00%	2.20%	35.01%	27.30%	57.88%	0.07%	91.87%	25.86%	0.03%	118.50%
Japan	0.52%	0.00%	0.02%	0.10%	0.12%	0.18%	0.22%	0.57%	1.39%	1.29%	-0.03%	2.67%
Korea	0.71%	0.03%	0.03%	0.11%	0.15%	0.33%	0.36%	0.55%	1.74%	2.44%	-0.03%	4.17%
Laos	-1.58%	25.55%	2.69%	-0.03%	-0.04%	-0.03%	-0.04%	-0.09%	61.85%	12.85%	79.06%	156.58%
Macao	2.06%	0.07%	0.14%	0.24%	0.29%	0.43%	0.54%	2.05%	3.97%	0.96%	-0.12%	4.82%
Malaysia	1.64%	0.04%	0.02%	0.54%	0.75%	0.25%	0.69%	1.47%	3.46%	54.36%	-0.01%	58.55%
Myanmar	9.80%	44.27%	5.54%	-0.05%	-0.06%	-0.07%	-0.09%	76.70%	89.19%	25.35%	70.54%	193.82%
Nepal	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.25%	6.10%	8.33%	0.00%	14.69%
New Zealand	0.56%	-0.01%	0.03%	0.09%	0.13%	0.17%	0.24%	0.71%	1.29%	0.28%	-0.06%	1.52%
Philippines	0.19%	0.00%	-0.01%	-0.04%	0.46%	0.97%	13.08%	0.07%	13.76%	25.10%	0.03%	39.82%
Singapore	3.74%	0.15%	0.04%	1.25%	1.50%	0.67%	1.36%	4.86%	7.86%	6.06%	-0.11%	13.92%
Sri Lanka	6.43%	0.00%	0.01%	0.00%	0.01%	-0.01%	0.03%	6.15%	8.20%	29.30%	0.02%	40.82%
Taiwan	0.75%	0.04%	0.06%	0.12%	0.16%	0.34%	0.40%	0.64%	1.80%	1.79%	-0.04%	3.57%
Thailand	4.64%	0.02%	0.51%	0.11%	0.22%	0.05%	0.18%	0.44%	7.86%	41.68%	0.02%	51.58%
Vietnam	57.57%	1.05%	-0.20%	-0.01%	-0.02%	-0.03%	-0.03%	0.20%	17.14%	47.47%	56.86%	124.81%
<b>ASEAN</b>	<b>6.11%</b>	<b>1.34%</b>	<b>0.23%</b>	<b>1.06%</b>	<b>13.37%</b>	<b>10.37%</b>	<b>23.16%</b>	<b>2.92%</b>	<b>42.08%</b>	<b>31.19%</b>	<b>6.33%</b>	<b>80.87%</b>
<b>EAS 16</b>	<b>1.02%</b>	<b>0.15%</b>	<b>0.04%</b>	<b>0.16%</b>	<b>1.50%</b>	<b>1.21%</b>	<b>2.61%</b>	<b>1.25%</b>	<b>5.87%</b>	<b>7.76%</b>	<b>0.67%</b>	<b>14.55%</b>

Source: IDE/ERIA-GSM simulation result.