

# In Pursuit of Broader & Deeper Integration Ownership by the Public

By Kazumasa Kusaka

In November the Japan Economic Foundation (JEF) held the 13th JEF Asia-Pacific Forum together with the Singapore Institute of International Affairs. The first Asia-Pacific Forum convened in Singapore in 2003, with the purpose of promoting FTAs in the Asia-Pacific region. Japan had signed its first FTA with Singapore the previous year, and it was around this time that the ASEAN region, having progressed with its economic integration, was also looking at FTAs with other parts of Asia. Twelve of the participating economies have taken turns in co-hosting the Forum, and like the 12 signs of the zodiac, we have completed one round. With the momentum for competitive liberalization increasing in the region with mega-FTAs, we embarked on the second round of the Forum in Singapore.

Our challenge is to determine what factors are preventing the materialization of growth potential in the region, and to eliminate the barriers. Infrastructure and human resources may sometimes be the limitations, or systems and policies that have become obsolete may be obstructing the process, in which case the prescription is to promote trade and investment liberalization and push for structural reform.

This Forum supported the promotion of FTAs in this region in its early years, and has also fulfilled the role of providing peer pressure. FTAs have now expanded and deepened, regional integration has made progress, and there has been the development of a global value chain in the real economy; and with that, the time has now come for the Forum to look at the roles structural reform plays as FTAs also shift their focus from so-called border measures to more behind-the-border measures. The vehicle for moving the structural reforms forward is the FTA negotiations.

In Japan also, the core of the growth strategy of “Abenomics” is speeding up structural reforms through TPP and RCEP talks. Developments and progress centered on the TPP and FTAs are essential to Japan. The election campaign in December after Prime Minister Shinzo Abe dissolved the lower house was also a chance to convince the public of the need for trade liberalization.

In any country, in order to promote broader and deeper liberalization of trade and investments along with the economic integration of the region, the general public needs to be convinced through analysis and debates, including election campaigns, that liberalization is a positive development. This is essential in any democratic nation.

In order to lead the region's growth strategy to success, there is a need for us all to understand how actual politics has dampened the resistance of stakeholders, and how FTAs were utilized to advance structural reforms in order to achieve the vision of the society that we aim for.

During discussions at the Forum, we reaffirmed the differentiated objectives of the TPP and RCEP, the former aiming for a high level of FTAs with less regional emphasis and being more of a pathfinder in WTO-context liberalization, and the latter perceived as the first step in regional integration with deeper elements of cooperation, more similar to the envisioned ASEAN Economic Community.

In the regional integration process, as we have learned from the EU's deepening and broadening development, having the public in participating countries feel a sense of ownership in the decision-making process is critical to nurturing a sense of community.

Although at the APEC Summit in Beijing in November the Chinese leadership gave new life to a broader Free Trade Area of the Asia Pacific (FTAAP), originally mooted by APEC in 2006, not only would the route to the summit of this FTAAP mountain be different through either the RCEP or TPP, but also the ultimate summit itself might be different. The former aims at regional economic integration, while the latter is a sub-set of WTO liberalization.

In the context of regional cooperation, on the margins of the Asia-Pacific Forum meetings I had been exploring how to create a China-Japan-Korea gathering, and finally after a preparatory meeting in the spring the inaugural CJK Cooperation Dialogue was hosted in November by the East Asia Foundation of Korea with the China Foreign Affairs University and the JEF.

Our three countries' relationship extends far beyond government-to-government ties, and as neighbors we share a wide range of affinities and connections. It is worrying, however, that we rely too much on the depth of these, and just as our lawn requires care and attention to keep the weeds from growing so as not to damage it permanently, our relationship also requires effort to maintain and nurture it, or we may fall into complacency.

It requires not only area specialists but a broader spectrum of professionals from the private, public and academic sector to safeguard our relationship from political turbulence. More importantly, the role of the senior generation is not to crowd out the younger one, but to help them become more interested and engaged in the region. Certainly this would be the best investment for the future of our region.

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