

## *Session C: Economic Cooperation*

### **Summary**

With the TPP being largely agreed upon in October 2015 it was a major breakthrough for the systemic economic integration of Northeast Asia and the Asia-Pacific region as a whole. In Session C, we took up the principal TPP participating nations of Japan and the United States, and the major Northeast Asian trading nations and non-participants in the TPP, China and the ROK, and reports were made by FTA experts from the respective countries on the impact of and future prospects for the TPP.

From Fukunari Kimura there was the following report on Japan.

The TPP being largely agreed upon was received relatively dispassionately in Japan. Opinion polls have also made clear the support for the TPP, based on the evaluation of its strategic significance and the expectations of the economic effects. Regarding the impact of the TPP on the Japanese economy, projections have been announced by the Cabinet Secretariat, and under a certain set of conditions the figure of a 2.6% increase in real GDP has emerged. The repercussions for East Asia from the broad agreement of the TPP are great. The negotiations on the East Asian Regional Comprehensive Economic Partnership (RCEP) and the Japan-China-ROK FTA are stalled, and the issue is building a new motivation and long-term strategy. The TPP will be an opportunity for the East Asian emerging and developing countries to develop the policy debate in a new dimension. The early signing and coming into force of the TPP is extremely important. Japan would like to support the new East Asian countries hopeful for membership and back the reformists within China.

From Jeffrey Schott there was the following report on the United States.

The TPP is the most comprehensive Free Trade Agreement (FTA) between developed and developing countries. This will expand the United States' strategic and commercial interests in the Asia-Pacific region, and will make a major contribution to the strengthening of the global trade system. The TPP will strengthen US relations with Japan and Australia, which are its closest allies in this region. It will renew and strengthen the content of the North American Free Trade Agreement (NAFTA) with the traditional partners of Canada and Mexico. It will bring new commercial links with Malaysia and Vietnam, important members of ASEAN. The TPP is an agreement between nations which make up 40% of global production, and 25% of global commerce. If the content of the

agreement is implemented by 2030, compared to the standard forecasts of growth in the TPP participating countries, a permanent rise in real income of 1% will be realized. This is equivalent to US\$5 trillion in 2015 prices. The TPP will bring a permanent rise in real income of 0.5% of GDP in the United States. The TPP provides a comprehensive model for the economic integration of the wider Asia-Pacific region, and will provide the core for the realization of the Free Trade Area of the Asia-Pacific (FTAAP) concept.

From Shen Minghui there was the following report on China.

Objectively speaking, for the United States the TPP was a no-choice measure due to the lack of power to promote overall the Doha Round negotiations. This was because in the TPP negotiations the United States wanted to reduce the negotiating obstacles, with no choice but to avoid China, and not get mired in the long-lasting Doha Round negotiations. This was the fundamental reason why the majority of the nations in the TPP negotiations were trading partners with which the United States had already concluded FTA agreements or its allies. Viewed from such an angle, even if China had applied to join the TPP, the United States would not have permitted it. Once the implementation of the TPP is approved, it can be foreseen that China will be required to join the new path to regional economic integration. China's attitude toward the TPP has been consistently open-minded, and policy decisions as to whether it needs to join or when it will join must be made after an objective analysis of the costs and benefits. The TPP includes relatively neutral traditional areas of market entry, it involves quite a lot of new trade rules, and they would affect China in different ways. Regarding new sectors for trade, the TPP contains provisions that would have a huge impact on China's political economy, including TPP provisions on state-owned enterprises, workers, and intellectual property rights, and it also covers the key areas in accordance with the direction of efforts to build a new open economic framework at the 18th Central Committee of the Communist Party of China, including services, electronic commerce, environmental protection, and government procurement. In fact, the impact of these new trade themes and regulations have repercussions that go as far as the political realm, and are not limited to the economic sphere alone. Consequently, formulating appropriate measures is extremely important for the

developing nation of China.

From Lee Chang-Jae there was the following report on the ROK.

The ROK has pursued an active FTA policy. As a result, the ROK has concluded bilateral FTAs with almost all major economies except Japan. In addition, the ROK is now participating in the two major regional FTA negotiations. One is the negotiations for the China–Japan–ROK FTA among Northeast Asian nations, and the other is the negotiations for the Regional Comprehensive Economic Partnership (RCEP) among 16 East Asian nations. Japan is involved in both of these. However, the ROK has not participated in the TPP negotiations. As for the ROK's position on the TPP, President Park Geun-hye conveyed the

desire to join the TPP in a meeting last October with President Barack Obama. However, the ROK government has not made a final decision on joining the TPP. The ROK government failed to build a national consensus to participate in the TPP, and the participating nations have already concluded the TPP negotiations. I think the ROK government must join the TPP and is likely to make a positive decision. My sense is that in order to minimize the political risks the public announcement of participation will be made after the elections for the National Assembly in April. In addition, the decision on the ROK's participation in the TPP will depend on the ratification processes of participating nations, especially on that of the United States.

NAKAJIMA, Tomoyoshi  
Senior Research Fellow, Research Division, ERINA

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