

Mega-FTAs and the ROK's New Commerce Strategy

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Summary

The characteristics of the international division of labor which has progressed from the 1990s on have been production networks by firms and an internationalization of supply chains, and the result is that new twenty-first century rules surpassing the framework to date have come to be required. Where once institutional economic integration had been lagging, the East Asian region substantiated FTAs from the start of the 2000s and now has become the main battlefield for the creation of the new commercial order of mega-FTAs. Also, such an institutional framework is promoting intraregional production networks and internationalization of supply chains, and is having a great influence on the structure of intraregional trade and the division of labor too.

Amid moves accelerating on mega-FTAs, such as the TPP and RCEP, the ROK's FTA strategy has also reached a crucial point. To date the ROK has adopted a hub strategy based on bilateral FTAs with huge economic areas, such as the United States, the EU, and China, but in the light of the accelerating moves on mega-FTAs an approach is required to establish a new commerce strategy. Based on its experience and achievements in bilateral FTAs to date, and using the ROK's geopolitical advantages, the ROK should aim for the role of a bridge between East Asia and the Pacific via a marriage of the TPP and RCEP. To that end, the ROK should first participate in the TPP, and then using the forum of the TPP they should advance the rebuilding of cooperative structures between the ROK and Japan.

Between Japan and the ROK in the future it is necessary to rebuild frameworks for cooperation, and to that end bilateral self-reliant efforts are a given, and they should actively utilize multilateral frameworks like the TPP and RCEP.

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