

The Progress of Korea's FTA Policy and Implications for an FTA between Japan and Korea

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(Summary)

In recent years, the number of free trade agreements (FTAs) in operation has undergone a marked increase and strengthened the global trend of regional economic integration. This trend demonstrates a growing expansion of trade blocs in the world. FTAs will likely increase in the years ahead because developing countries wish to seize upon the benefits of FTAs concluded by the US, European Union member states and other advanced countries. Furthermore, the prolonged negotiations on the Doha Development Agenda, which have continued for the past four years without a satisfactory conclusion, are acting as a spur to burgeoning regionalism.

Korea signed an FTA with Chile that took effect as of April 2004, as well as FTAs with Singapore and the European Free Trade Association (EFTA) in 2005. Korea also signed a Framework Agreement with the ten ASEAN countries. Furthermore, Korea laid the groundwork for free trade negotiations through joint research projects with Canada, Mexico and India. In 2003 when Korea formulated its initial FTA roadmap, free trade negotiations for an FTA with the US began in June 2006, and it is likely to be concluded in the first half of 2007. If Korea succeeds in striking an FTA deal with the US it will bolster national income, enhance living standards, boost exports and employment, and reap other economic benefits.

The negotiations for a Japan-Korea FTA have been stalled since December 2004. Although the government of Japan has proposed resuming negotiations for a bilateral FTA, Korea has argued that Japan present a clear position on agricultural liberalization, while concentrating on the conclusion of an FTA with the US. Without a consensus on market access, the negotiations for a bilateral FTA are not likely to be resumed.