

On the Special Feature : FTA in Northeast Asia

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With the establishment of the Biden administration in 2021 and the intensifying economic friction between the United States and China in a new form, the political and economic environment in the Asia-Pacific region is undergoing major changes. This special issue focuses on the FTA policies of Northeast Asian countries in such a new situation. The goals of the three special papers are as follows.

Urata's paper, "Growing Japan's Role in Regional Economic Integration in the Asia-Pacific Region without US Engagement" highlights the important role of RCEP and TPP (CPTPP) in building a framework for international economic activities such as trade and investment in the Asia-Pacific region (regional economic integration). The author considers the agreements' negotiation process, along with the contents, the speculation of the member countries, the impact on the international economy and international relations, and based on those considerations, discussion centers on the role that Japan should play toward the significance and realization of economic integration in the Northeast Asian region.

Kuno's paper, "Trade Liberalization among China, Japan, and the ROK through the RCEP: Achievements and Challenges" focuses on the analysis of the impact of RCEP on the three countries of Japan, China and ROK in Northeast Asia.

With the entry into force of RCEP, market access between Japan, China and Japan and ROK will be significantly improved, especially for industrial products, and many of the tariff disadvantages faced by Japanese companies will be eliminated by the China-Korea FTA. On the other hand, it will take as long as 20 years for China and ROK to fully fulfill their promise to reduce tariffs on Japan. In addition, the difference in the concession method remained between the three countries of Japan, China

and ROK and the other participating countries. In the future, it is hoped that these issues will be gradually resolved through the renegotiation process. Given the geographical proximity and economic scale of the three countries, the importance of trilateral trade will not disappear in the future. On the other hand, as a result of recent changes in the geopolitical environment, warnings have been raised from a security perspective against excessive deepening of economic dependence with specific countries. Japan will need to pursue security risks at the same time and strengthen the competitiveness of East Asian supply chains through mega FTA upgrades.

Cheong & Kim's paper, "Korea's Recent Policies for FTAs and FTA Utilization by Companies" introduces the current state of Korea's FTA policy.

As of April 2021, ROK had 17 FTAs in effect and established an FTA network with 56 countries. In addition, due to various government support policies, the average utilization rate of the entire FTA is about 70%, which is considerably higher than other countries. More than 80% of total trade is already with FTA-effective countries, reducing the benefits of promoting additional FTAs. However, the importance of using FTAs is increasing in a trading environment that is exacerbated by the COVID-19 disaster and the US-China economic friction. For this reason, recent FTA policies have focused on supporting the promotion of FTA utilization by companies, mainly SMEs. Based on the above situation, this paper gives a bird's-eye view of ROK's FTA policy and FTA promotion results, analyzes corporate FTA utilization from various perspectives, and finally provides support for increasing the FTA utilization rate of SMEs.

We hope that the content of these three papers will meet the reader's interest in the Northeast Asian economy.