

JAPAN'S FTAs WITH KOREA, SINGAPORE AND MEXICO

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1.Strategic Change in Trade Policy?

- Japan is a late comer on the FTA band-wagon and never an aggressive FTA proponent
- Different in motivation and feasibility
- Only one being negotiated, while others are still at the stage of proposal: no real effect of discrimination

2. Japan-Korea FTA

- Proposed by the two leaders: October 1998-March 1999
- IDE/KIEP Joint Study completed in May 2000
- **Comprehensive package** aiming at dynamic gains through intensified intra-industry specialization and industrial and financial cooperation: **to revitalize the two economies**
- KIEP report expected 'pre-FTA measures' to be taken by Japan to improve public feeling
- **Economic Agenda 21** proposed tax treaty (1999), investment treaty (being negotiated), and MRA and IPR (on the agenda)
- **J-K Business Forum** established to follow up

3. Japan-Singapore FTA

- Agreed by two leaders : December 1999
- Joint study team was set up comprising of business, academic, and officials: completed in November 2000
- **Economic Partnership Agreement**: comprehensive coverage including liberalization, ROO and other facilitation, bilateral cooperation, and dispute settlement
- Negotiation started and will be completed within 2001
- **Pioneer or experimental attempt** with least resistance by agricultural sector

4. Japan-Mexico FTA

- Joint study conducted by JETRO and SECOFI: published in April 2000 (**Closer Economic Relations** between J and M)
- Japan **defensively motivated** so as to eliminate discrimination Japanese firms face against American and European firms resulting from the abolishment of maquiladora program
- Special considerations for Japanese domestic issues mentioned
- Momentum increased to **start negotiation** by the recent visit of President Fox

5. Pragmatic Policy Shift in Response to Competitive Liberalization

- FTAs proposed by Canada, Chile, and Australia
- Aims at the revitalization of the economy through liberalization, facilitation, and structural reform
- Seeks for high-level FTAs: consistent with APEC's open regionalism
- Promote other regional cooperation in parallel: Japan-Korea-China
- ASEAN plus Three, and APEC
- Promotion of the WTO liberalization in parallel