

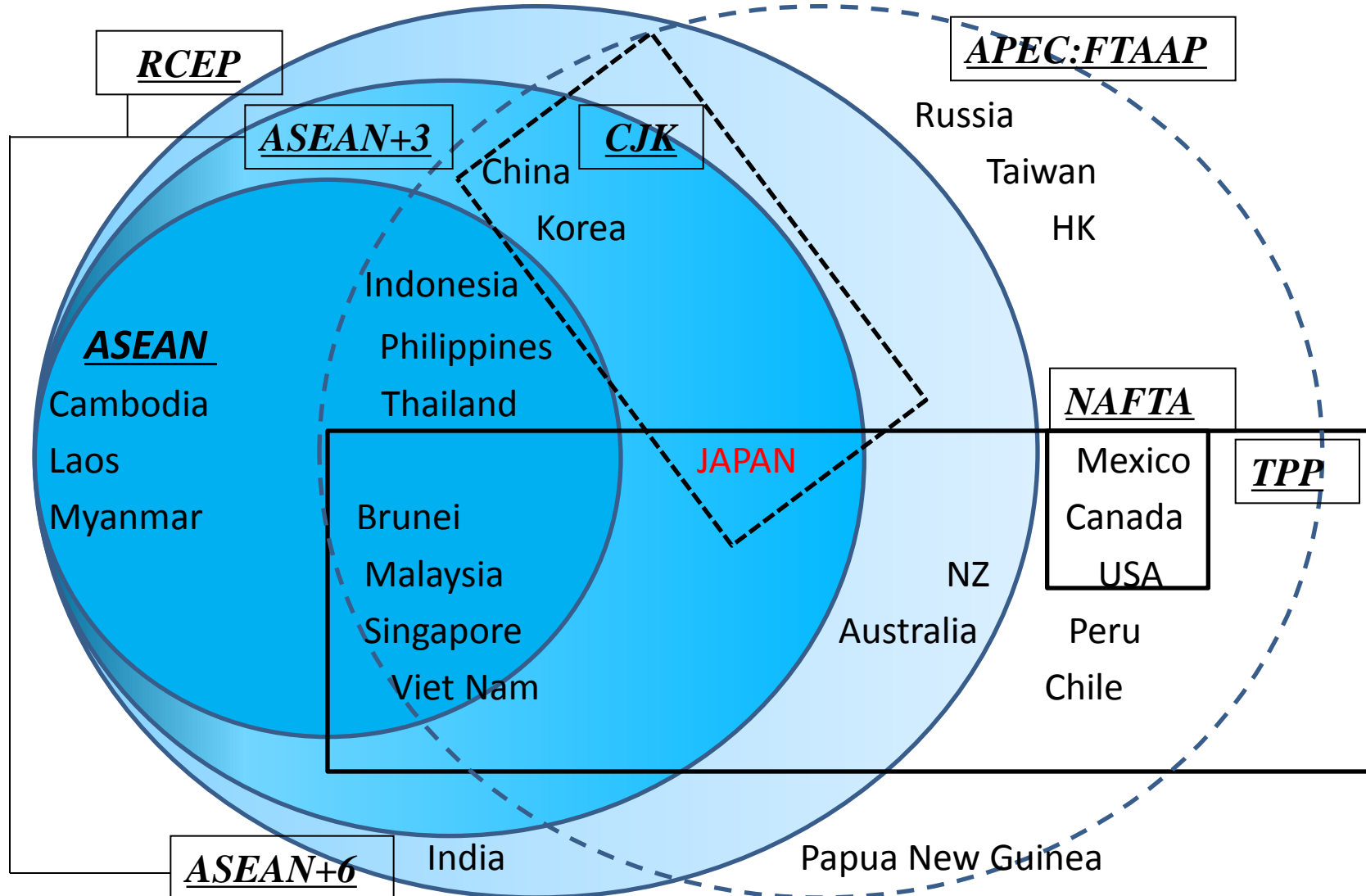
# **Japan and Regional Integration Institutions: TPP and RCEP**

**Workshop on TPP and RCEP: Competing or  
Complementary Models of Economic Integration?**

**Takashi Terada  
Doshisha University**

***11 February 2014  
Brookings Institution***

# Regional Integration Institutions in Asia and the Pacific (Sep. 13)



	TPP (12 states)	RCEP (16 states)	CJK (3 states)
<b>Features</b>			
<b>1) who leads</b>	1. US-led & NAFTA-based: ex) environmental & labour clauses.	1) No state-led & ASEAN-based: any provision is based on conditions/terms of ASEAN+1 FTA.	1) China & Korea vs Japan
<b>2) quality and size</b>	2) deep but narrow: US & Japan dominated: 90% of the total GDP.	2) shallow but wide: China, India, and Indonesia participate.	2) Between TPP and RCEP.
<b>3) Flexibility</b>	3) Yes/No.	3) Yes.	3) Yes.
<b>Target year</b>	April 2014?	Late 2015	Not sure
<b>Covered Areas</b>	21	8	15
<b>Market access</b>	Bilateral	Multilateral (common tariff rates)	JP: multilateral CH & KR: bilateral
<b>Service</b>	Negative list	Not sure	Not sure
<b>Negotiating Styles</b>	Single-undertaking	Sequential manner, single undertaking or other modality.	Not sure

**TPP's key feature: bilateral in multilateral**

**1) Expansion of countries that are the subject of cumulative origin, which has the benefits of increasing the number of goods for which no tariff is applied, simplifying the ROO and contributing to export expansion.**

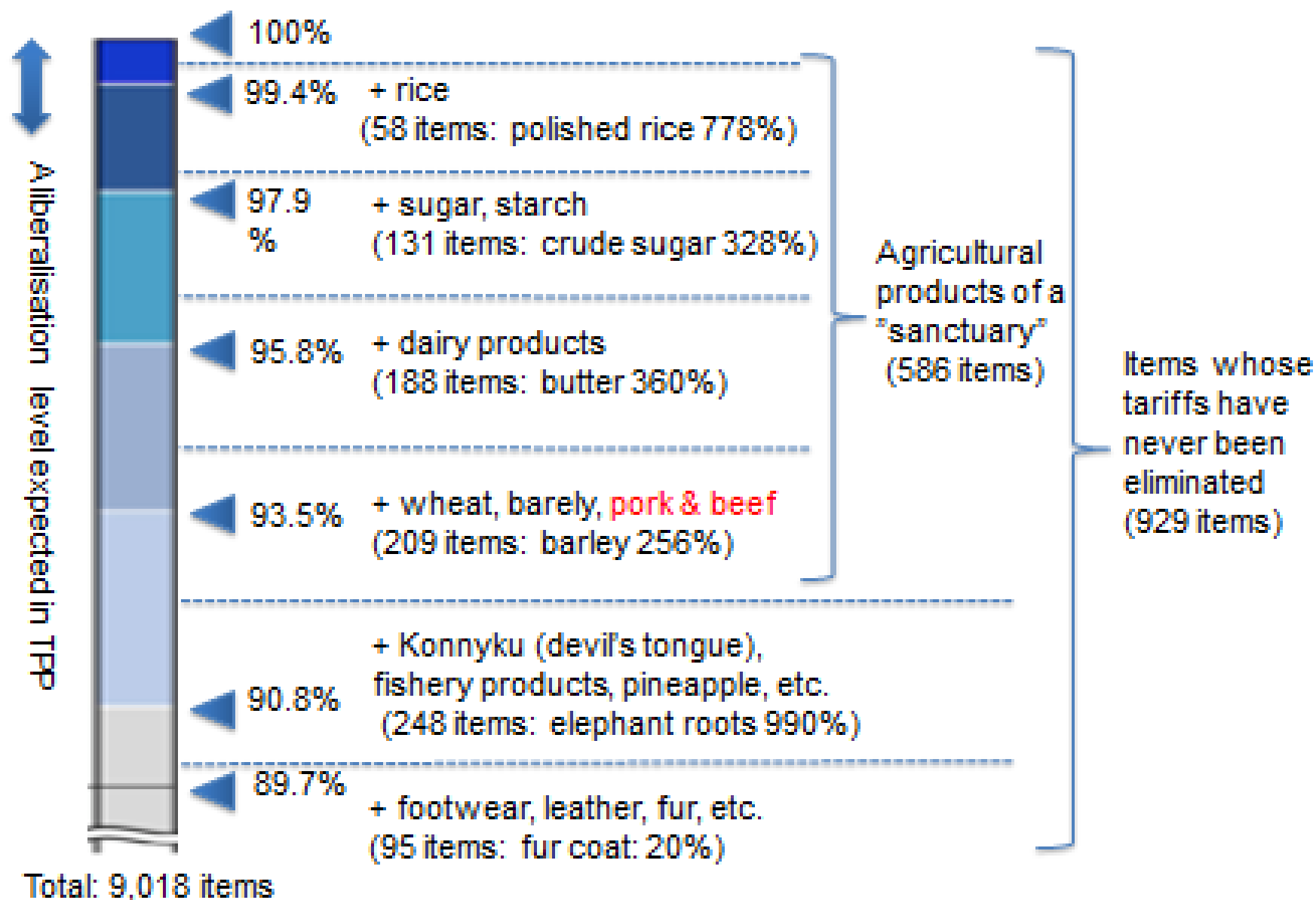
**Yet, the US did not follow this approach, and the TPP's market access negotiations have been carried out bilaterally among 12 countries, possibly creating more than 50-60 bilateral agreements, simply confusing MNCs and (greatly) reducing the TPP's usefulness.**

- **US-Japan (separate) negotiations, the key for the successful conclusion of 12-country negotiations.**

**Japan is pressured to eliminate agricultural tariffs by the US, especially pork and beef (US products account for nearly 50% in MA foreign rice in Japan while 60% of wheat purchased by Japanese government is made-in-USA).**

**Opening up those markets, based on MFN rule, would make those markets in Japan more competitive.**

# Japan's agricultural liberalisation within TPP (Nikkei 5-9-13)



- **ASEAN is divided by TPP; “lowest common denominator” problem in ASEAN, may be affected; but RCEP may keep this practice as a framework an old and traditional approach with the flexibility clause can be employed.**
  - **Yet Japan’s interest in RCEP: potential growth of ASEAN economy (economic and technical cooperation agendas have been underscored as a useful approach for helping ASEAN’s integration).**
- \*17% of Japanese MNC’s overseas deals in 2013 were made in ASEAN economies, compared with 3% in 2012).**

**For Japan TPP is:**

**1) rule-making cutting-edge mechanism :  
establishing more developed-nation-oriented  
rules for trade and investment , together with  
the US.**

**2) yet, traditional elements persistently  
remain: bilateral and separated ROOs, and  
agricultural liberalisation as a dominant  
agenda.**

**Old issues reduce the attractiveness of new  
approaches and issues.**



**For Japan, RCEP is:**

- 1) Market expansion mechanism (traditional) : eliminating higher tariff and non-tariff barriers in its larger trading partners such as China, India and Indonesia. ASEAN centrality will not make its 21<sup>st</sup> century agendas feasible.**
- 2) Yet, it has employed multilateral approach, with an intention to make it user-friendly, a merit for companies, expanding regional supply-chain networks.**