

Progress Towards Asia-Pacific Economic Integration and the Role of the US and Japan

**May 14, 2013
Hiroyuki Ishige
Chairman and CEO**



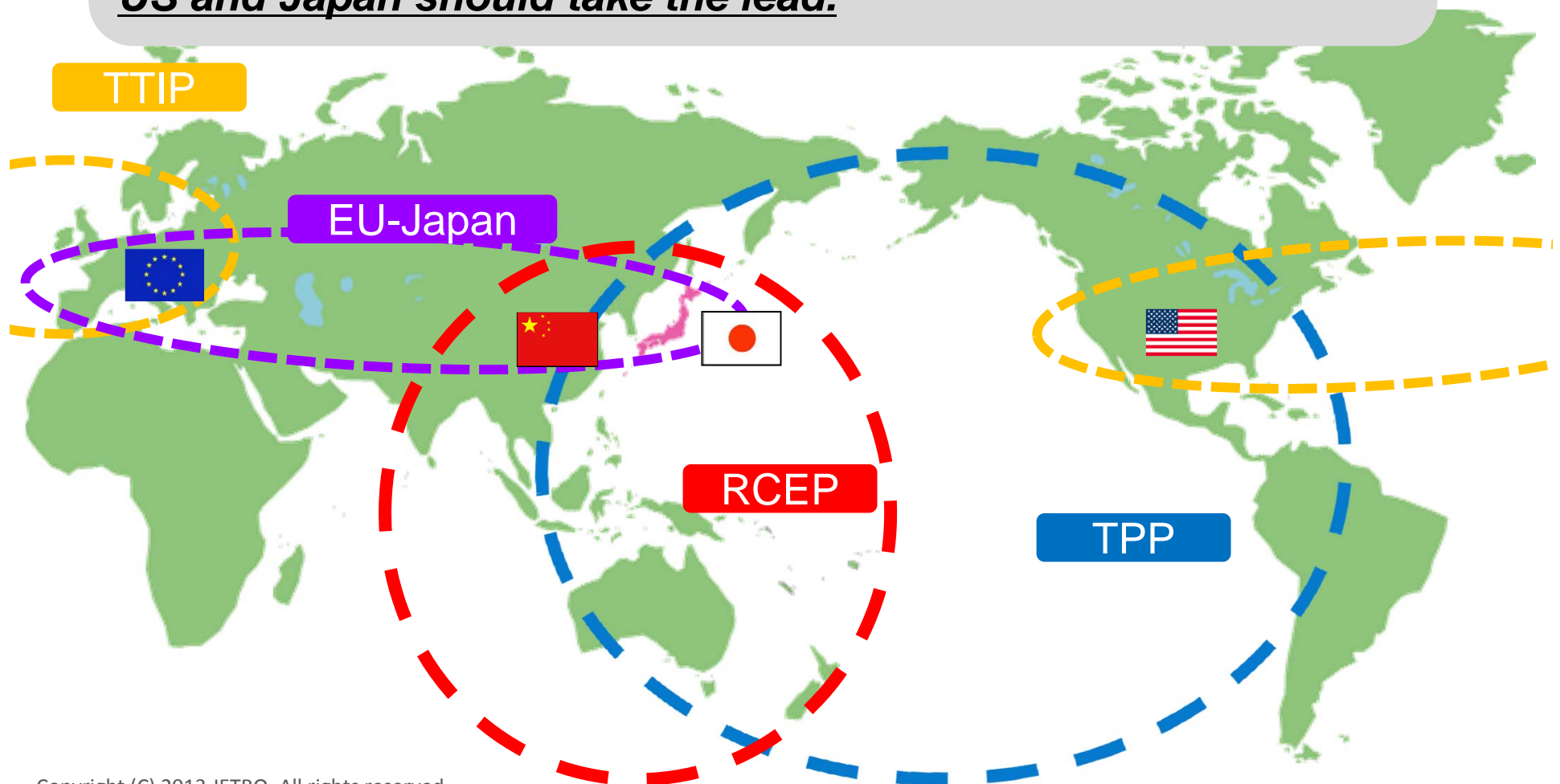
Japan External Trade Organization

Japan's participation would expand the economic coverage of the TPP from the current 30% to 40% of the world GDP.

It would also allow the four mega-FTAs, the TPP, EU-Japan EPA, TTIP and RCEP, to drive future global rules of trade and investment.

Core message

Promoting these four mega-FTAs is essential for global liberalization of trade and investment. To achieve this goal, the US and Japan should take the lead.



What form should economic integration in the Asia-Pacific take in the future?

- **Advanced rules with an extensive economic coverage**
- **Global competition towards liberalization through regional economic integration**

TPP

- **Innovation function aimed at advanced 21st Century agreement**

RCEP

- **Function to improve regional economy by including lesser developed countries**

TPP and RCEP are mutually complementary.

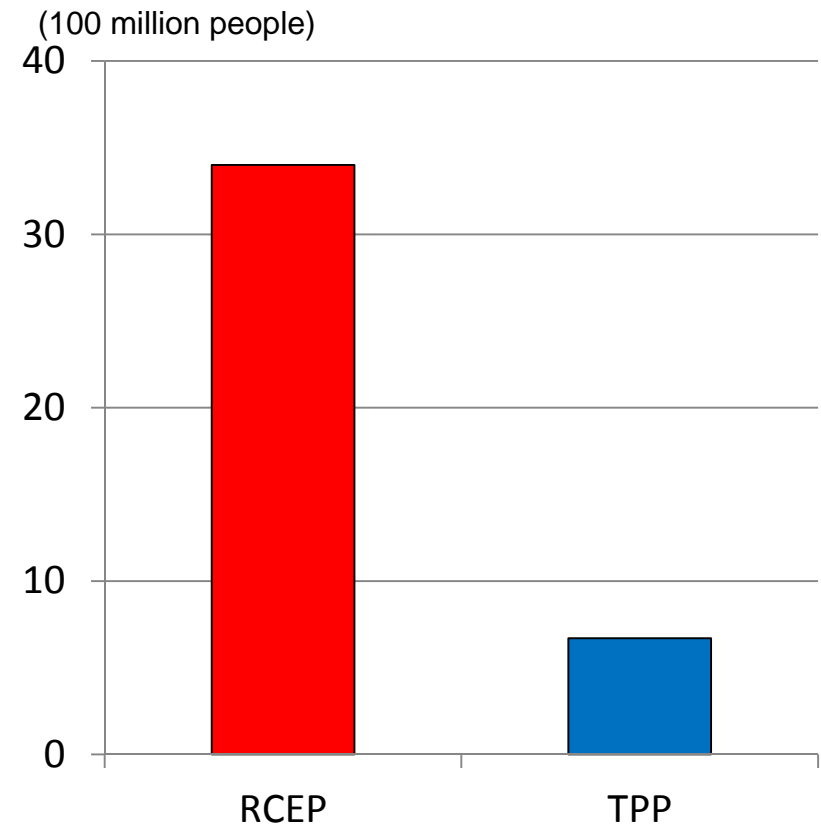
Advantage of RCEP

Wide economic coverage



Growth potential

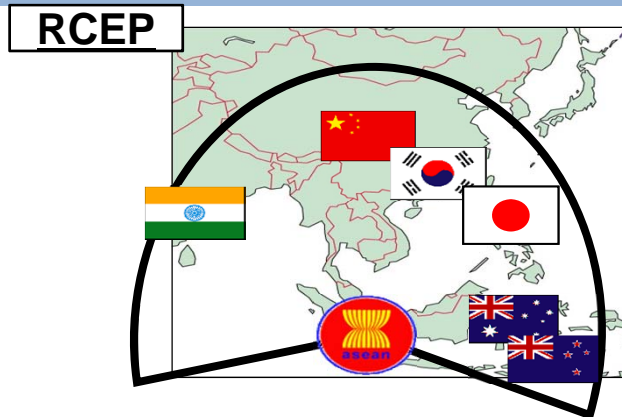
Population covered by RCEP and TPP
(2012)



Source: WEO, April 2013 (IMF)

Region-wide FTAs

User friendly ROO



“Accumulation” allows for easy fulfillment of ROO

ROO (rules of origin) should not be a burden for business, especially for SMEs.

Required simple & business-friendly rules:

1. Co-equal (or alternative) rule

Use of either regional value content (RVC) or change in tariff classification (CTC)

2. Full accumulation rule

Regardless of its value-added (VA) proportion, all value added in a country of the region is accumulated and considered as originating in the region

3. Approved Exporter Self Certification System

Approved exporters may produce an origin declaration

Economic scale of regional integration (2012)

(trillion dollars)

	TPP	RCEP	EU-Japan	TTIP	
Economic scale	21.6 (30.1%)	21.2 (29.5%)	22.5 (31.4%)	32.3 (45.0%)	56.9 trillion dollars in total (79.4% of the world GDP)
Japan	<○> (Note)	⌚	⌚	×	TPP+RCEP+ EU-Japan 56.9
US	⌚	×	×	⌚	TPP+TTIP 38.1
EU	×	×	⌚	⌚	EU-Japan+ TTIP 38.2
China	×	⌚	×	×	RCEP 21.2

Note: At present, Japan is not participating in the negotiations

Source: WEO, April 2013 (IMF)

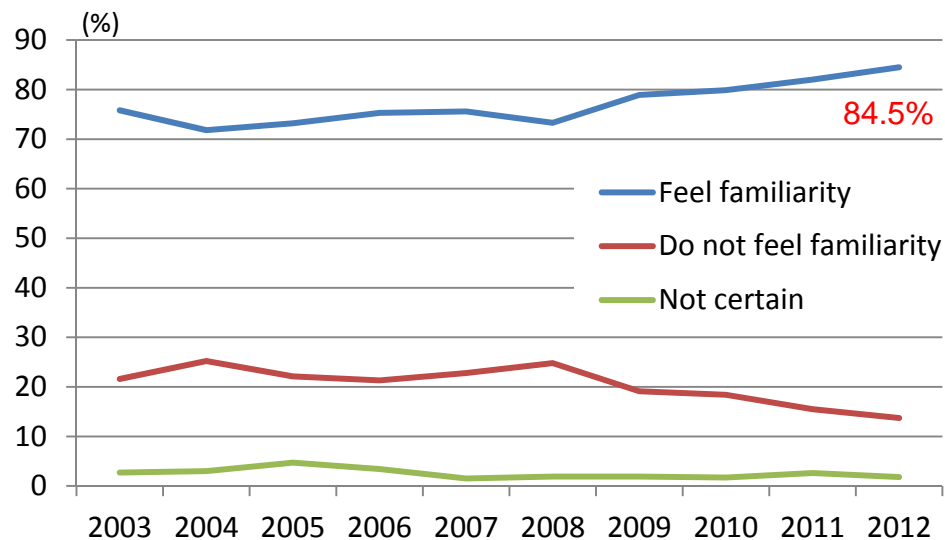
Copyright (C) 2013 JETRO. All rights reserved.

If each of the four schemes, which together account for 80% of the global economy moves in uncoordinated competition, it may adversely impact global trade and investment.

How can we lead them to a coordinated competition?

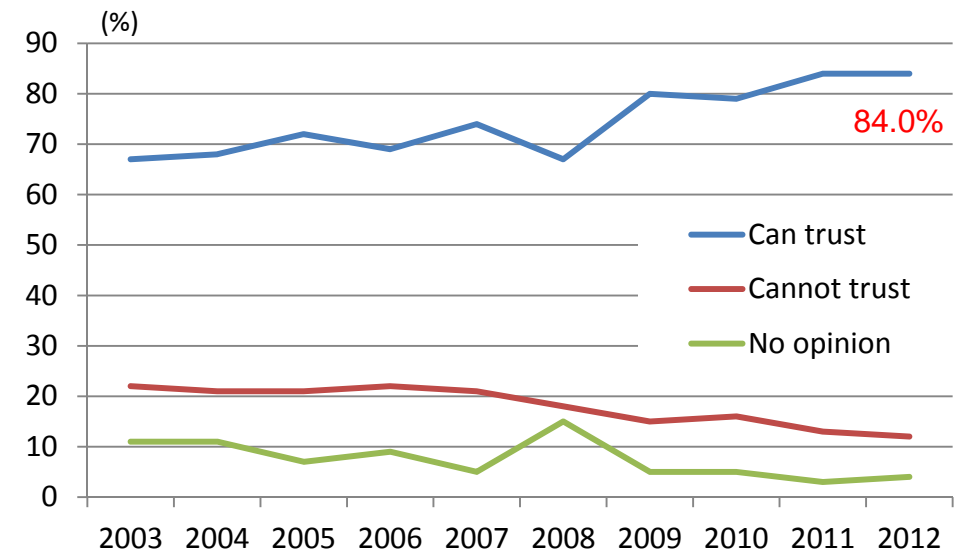
- **Proposal: A meeting of trade ministers/senior officials of major economic powers regarding potential global trade and investment rules.**

Japanese who feel familiarity with the United States (2012)

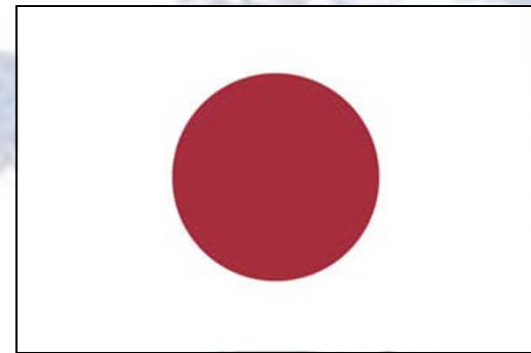


Source:
Opinion poll concerning diplomacy, conducted by the
Cabinet Office of Japan

Americans who said they can trust Japan (2012)



Source:
Opinion poll concerning how Americans see Japan,
conducted by the Ministry of Foreign Affairs of Japan



Thank you!