



## REGIONAL TRADING ARRANGEMENTS: Japanese Perspective

**Shujiro Urata<sup>1</sup>**

(surata@mn.waseda.ac.jp)

### OUTLINE

- I. Japan's New Trade Policy: Shift from the single-track trade policy based on multilateral framework to multi-track trade policy consisting of multilateral, regional and bilateral frameworks.

Example:

- a. Regional arrangements: APEC, ASEM, ASEAN+3, ASEAN-Japan
- b. Bilateral arrangements: Japan-Singapore Economic Partnership Agreement (negotiation), Japan-Mexico, Japan-Korea, Japan-Chile, Japan-Australia (under study)

II. New Developments

- 1. Global developments
  - a. Slow progress in the WTO process
  - b. Proliferation of RTAs
  - c. Rapid technological progress
  - d. Globalization of economic activities
- 2. Japan:
  - a. Long recession
  - b. Historically high unemployment rate
  - c. Pessimistic future economic prospects
  - d. Protracted structural reform

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<sup>1</sup> Professor, Waseda University, Japan



III. Reasons for Regional and Bilateral Arrangement

1. Domestic reasons

- a. Promote structural reform in the Japanese economy
- b. Promote trade and FDI liberalization for Japan
- c. Increase business opportunities for Japanese firms
- d. Increase consumption choices for Japanese consumers

2. External reasons (International Economic Relations)

- a. Contribute to the promotion of trade and FDI
- b. Develop international rules for new areas such as e-commerce
- c. Promote economic, technical and other types of cooperation (New Age Economic Partnership Agreement)

IV. Important Factors to be considered for regional and particularly bilateral arrangements

- 1. Speedy conclusion of negotiations
- 2. Creation of effective linkage among bilateral and regional arrangements

V. Evaluation of Regional Trade Arrangements

- 1. Simulation results based on CGE models: favorable impact on members but unfavourable impacts on non-members. Overall (world) impact is generally positive.
- 2. Empirical evidence: favorable economic impacts of NAFTA and EU on members.