

Call for Economic Integration in the Asia-Pacific Region (Outline)

-Towards FTAAP in 2020-

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Keidanren

1. Introduction

- (1) Asia continues to maintain high levels of economic growth. To ensure this growth sustainable and balanced, there is a need to further promote economic partnership in the Asia-Pacific region to create a business environment where people, goods, and services can move seamlessly across borders.
- (2) Japan needs to push ahead with new technology development and innovation in the aim of creating a "new Japan. To this end, the public and private sectors must work together to further open up the country and play a leading role in regional economic integration.

2. Fundamental Approach

- (1) Japan announced its intention to participate in Trans-Pacific Partnership (TPP) negotiations. Japan also agreed to work towards a comprehensive regional economic partnership agreement under the ASEAN+6 framework. Keidanren welcomes these decisions.
- (2) Japan should play a leading role in regional economic integration by first pressing ahead with TPP while also pursuing an ASEAN+6 EPA that will include non-TPP countries, with a view to achieving a Free Trade Area of the Asia-Pacific (FTAAP) by 2020.
- (3) In cooperation with business organizations from other Asia-Pacific economies, the Japanese business community will also promote regional economic integration, by gathering examples of specific obstacles to trade and investment faced by businesses operating in the region so that these can be addressed in these negotiations.

3. Participating in the TPP Negotiations

- (1) Contribute to achieving a high degree of liberalization and quality rules while reflecting Japan's positions in all 21 areas covered by TPP negotiations.
- (2) Eliminate tariffs in substantially all trade.
- (3) In joining TPP, Japan needs to conduct structural reforms aiming at making agriculture competitive.

4. Achieving the ASEAN+6 EPA

- (1) In the course of achieving the ASEAN+6 EPA, views of business community should be fully taken into account in fields such as trade in goods, customs procedures, trade facilitation/logistics, economic cooperation, industrial policy, hard infrastructure and enhancement of connectivity, investment and trade in services, and movement of skilled labour.
- (2) There is also a need to promptly conclude a Japan-Australia EPA and Japan-Korea EPA.

5. Launching the Japan- China- Korea FTA Negotiations

- (1) In order to make ASEAN+6 a reality, we first need to conclude an FTA covering Japan, China, and Korea, which together account for more than 70 percent of ASEAN+6 GDP.
- (2) The Japan- China- Korea FTA Negotiations should be launched in early 2012, taking fully into account the result of the Industry-Government- Academia Joint Study.

Achieve FTAAP by 2020

6. Conclusion

- (1) Further liberalization of trade and investment through TPP and ASEAN+6 on the path to achieving FTAAP will contribute to a prompt start of negotiations for a Japan-EU EIA, which will have important effects on the future international competitiveness of Japanese firms.
- (2) We request the Prime Minister to take the lead in united government efforts embracing all relevant ministries. The business community will strive to build consensus at every level across all industries to facilitate an "all-Japan" approach.

Issues to be Addressed on the Path to Achieving FTAAP

1. Trade in Goods

Tariff elimination or reduction in substantially all sectors including steel, automobiles, auto parts, electronics, electric home appliances, petro-chemical products, chemical fibers, glass products, medical equipments, textiles, papers, pharmaceuticals, etc.

2. Elimination of Non Tariff Barriers, Trade Facilitation

- (1) Streamlining import inspection and quarantine procedures.
- (2) Harmonization of technical standards.
- (3) Expediting of customs procedures, transparent and equitable appraisal of dutiable value, full VAT refunds etc.

3. Rules of origin

Introduction of a system wherein certificates of origin can be completed by self-report of approved exporters.

4. Trade Remedies

- (1) Restricting abuse of anti-dumping measures by introducing lesser duty rules, prohibiting zeroing.
- (2) Restricting abuse of invoking intra-regional safeguard measures.

5. Investment and Trade in Services

- (1) Foreign capital ceilings, market access restrictions and excessive licensing requirements should be eliminated or relaxed in major services sectors such as finance, construction, real estate, distribution, advertizing, communication, and major manufacturing sectors such as automobile, steel, shipbuilding, food etc.
- (2) Performance requirements such as technology transfer obligations, local-contents requirements, obligation to hire local personnel, obligation to make pledges in advance of levels of taxes to be paid must be eliminated.

6. Intellectual Property Rights

- (1) Establish a framework aiming at combating counterfeit and pirated products, infringement of trademarks, etc.
- (2) Abolish restrictions on licensing fees and royalties.

7. Natural Resources and Energy

Elimination of export tariffs, abolishment of export restrictions on rare metals, rare earth, coke, energy resources, etc.

8. Environmental Issues

- (1) Tariff reduction on environmentally friendly goods such as hybrid automobiles, energy efficient electric appliances etc.
- (2) Introduction of bilateral carbon offsetting mechanisms.

9. Movement of Natural Persons

- (1) Facilitate movement of high skilled professionals
- (2) Promote employment of foreign labors especially in sectors facing labor shortages including nurses, care workers, etc.

10. Government Procurement

- (1) Ensure MFN, national treatment and transparency above the WTOGPA level.
- (2) Introduction of procurement mechanism which focuses not only on price factor but also quality and technology aspects.

11. International Taxation

Establishing international taxation rules (advance pricing arrangement, consultation, arbitration) with a view to avoiding double taxation.

12. Business Environment

Improving business environment by making domestic regulations and their application transparent, streamlining administrative procedures, etc.