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Declare the Japan's Vision on the Asia-Pacific Liberalization

By YAMAZAWA Ippei

Japan's course for participating in negotiations on TPP was supposedly set by Prime Minister Noda's decision and manifestation in Honolulu APEC. Criticized as "participation dragged by the U.S." in the discussion on the pros and cons of participating in negotiations on TPP, PM Noda declared Japan's initiative in the Asia-Pacific liberalization during his return from Honolulu. Japan should clearly state her strategy on how to bridge TPP, without China, and ASEAN+, without the U.S, at home and abroad. In my view, Japan should utilize APEC which includes both China and the U.S. as a link between the two countries, for which Japan's past initiative until Yokohama and Honolulu APEC will be of assistance.

The dynamics of competitive liberalization - formation of an FTA promotes participation of other countries or solicits formation of more FTAs - are affecting the moves around TPP, ASEAN+, and Japan-China-Korea FTA. It seems that PM Noda intends to carry them forward in parallel. The vision of Yokohama APEC positions the first two as a way to FTAAP. However, in the Asia-Pacific region, there is a difference between the advanced economies and the developing economies in their readiness for liberalizing trade and investment. Also, there is a confluence of interests to which each economy adheres. Therefore, FTAAP can hardly be expected to be easily achieved. Indispensable are efforts leading them to convergence with FTAAP. I would like to propose that APEC can be a convergent framework and that Japan should declare taking a leadership role.

Yokohama APEC in 2010 published the interim assessment of achievements of the Bogor Goals on individual liberalization and facilitation. It stated that the Bogor Goals on liberalization and facilitation helped the APEC economies achieve high growths and lead the world economy for the past 15 years. It also pointed out that

barriers still existed in six areas, namely, tariffs, nontariff barriers, service, investment, intellectual property rights and government procurement, and that efforts to remove those barriers must be continued over the coming 10 years, the remaining term of the Bogor Goals. The opening part of the ministerial statement in Honolulu indicated implementation of "The New IAP Peer Review Process," which aimed at elimination of the remaining barriers by all the 21 economies for 2020. Though APEC should maintain the principle of voluntarism and flexibility, APEC must not only upgrade effectiveness of the Peer Review in order to remove the remaining barriers by 2020, but also address domestic regulations behind the border measures in order to achieve the Bogor Goals. For developing economies to achieve as well, indispensable is capacity building in each area, the technical cooperation projects for which APEC has implemented. In other words, APEC itself can be a foundation to achieve FTAAP. While TPP and ASEAN+ pull the Asia-Pacific from the top, APEC pushes it from the bottom.

Moreover, APEC, which includes the U.S. and China, is able to bridge TPP and ASEAN+. Japan must make best use of her past initiatives in APEC, and play the central role in the promotion of the Asia-Pacific liberalization.

(This is the English translation of an article written by Dr. YAMAZAWA Ippei, Professor Emeritus of Hitotsubashi University, which originally appeared on the BBS "Hyakka-Somei" of CEAC on November 29, 2011.)