



## Thailand and Japan to support RCEP Negotiations

On 22 September 2014, Japan called on Thailand to support the Regional Comprehensive Economic Partnership (RCEP) negotiations, aimed at driving economic growth and bringing down the non-tariff barriers of 16 Asian countries. Japan also encouraged Thailand to tighten cooperation between the two countries under the Japan-Thailand Economic Partnership Agreement (JTEPA).

After a meeting with Mr. Daishiro Yamagiwa, Japan's State Minister of Economy, Trade and Industry, Mrs. Apiradi Tantraporn, Thailand's Deputy Minister of Commerce, said Japan had sought Thailand's backing for the RCEP negotiations to ensure completion of the world's largest free-trade agreement. Thailand has agreed to support the talks, foreseeing that it will strongly help promote trade and economic activities in Asia. Moreover, Japan also encouraged further collaboration from Thailand under the JTEPA, as there has been no development during the past five years. This is mainly due to political changes in both countries. The two countries are scheduling further discussions on trade in service, economic cooperation, and the removal of remaining non-tariff barriers to trade.

In a separate meeting between Mr. Yamigawa and Mr. Chakramon Phasukvanich, Thailand's Minister of Industry, Japan also asked Thailand to further reduce customs duties under the JTEPA on automobiles with an engine exceeding 3,000cc for use in the automotive sector. Thailand reduced the tariff rate for such automobiles from 80% to 60% in 2010. However, the Industry Minister was non-committal about this request stating that Japan still has not yet fulfilled its commitment regarding human resource development in Thailand's automotive industry.

## Concerns Regarding the China – South Korea FTA Negotiations

Back in July of this year, during the 12th round of the China-South Korea free trade agreement (FTA) negotiations, the leaders of the two nations, Xi Jinping, the Chinese President, and Park Geun-Hye, the South Korean President, agreed to conclude the FTA by the end of 2014. Following that announcement, the 13th round of negotiations took place during 22-26 September 2014. Despite the intention of both parties stated in July, a number of concerns that may slow down the negotiations have emerged.

Up to this date, the negotiations have made progress in eliminating tariffs on approximately 90 percent of all traded goods. The designated roadmap targets the elimination of import duties imposed upon non-sensitive goods immediately once the FTA becomes active or, for certain goods, within 10 years after the FTA becomes active. As for import duties of sensitive goods, the negotiating parties target the elimination of duties immediately once the FTA becomes active or, for certain goods, within 20 years.

In the latest round of talks, the two sides agreed on an approach to goods shipment; that is, to disregard requirements for the certificate of origin for shipments of a value of less than 700 USD. For said shipments, the two parties have also agreed to complete the customs procedure within 48 hours of the arrival of goods.

However, two concerns have emerged and have shown negative signs on the progression of the negotiations. First, the negotiating parties cannot yet agree upon their lowering of import duties on highly-sensitive goods, for which a tariff elimination period of more than 20 years will be required. Second, one part of this bilateral FTA

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deal includes a plan to open up specific domestic sectors: manufacturing in China and agriculture in South Korea. This plan calls for more elaborate negotiations from both parties, especially in Korea where the government has emphasized that the deal must be in the best interests of its food producers, who are wary of the threat of food imports from China.

In addition, the South Korean Ministry of Trade, Industry and Energy has stated that the two concerns mentioned above are the most challenging aspects of finalizing the deal and has also stressed that these issues have to be resolved if the FTA is to be concluded by the end of 2014 as targeted. As of now, there is no indication as to how agreements can be reached on these two issues.

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