

Possibilities and Tasks of Economic Partnerships in East Asian Agriculture

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Summary

In recent decades, international trade liberalization has been advanced under the WTO non-discriminatory principle according to the consideration that a free trade system will give positive impacts on global economic welfare. However, the new round negotiations between member countries has a rough going as shown by the failure of the Hong Kong meeting of WTO ministers in December 2005, not all significant economies are ready to negotiate on dismantling politically sensitive border barriers in the WTO.

On the other hand, more than 180 bilateral and sub-regional preferential trade agreements (PTAs) had been completed in the world by the year of 2005. The motives of PTAs are considered as follows: the less negotiating time compared to that of WTO, and the possibility of making some new rules which are not included in WTO principles, etc.

This paper will clarify the possibilities of economic partnerships in East Asian agriculture by over viewing current situation in this region around FTAs. It will also point out the impacts that PTAs will give to the domestic industries, and the difficulties that regional economic cooperation in agricultural sector will face through a questionnaire survey on the agricultural economists of Japan, China and South Korea who are considered to have strong influences on their domestic agricultural policies. Some policy implications on the tasks of regional cooperation will be drawn as well.

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Key words: : East Asia, International Trade of Agricultural Products, WTO/RTA/PTA, Economic Partnerships

1. Introduction

In recent decades, international trade liberalization has been advanced under the WTO non-discriminatory principle according to the consideration that a free trade system will give positive impacts on global economic welfare. However, the new round negotiations between member countries has a rough going as shown by the failure of the Hong Kong meeting of WTO ministers in December 2005, not all significant economies are ready to negotiate on dismantling politically sensitive border barriers in the WTO.

On the other hand, more than 180 bilateral and sub-regional preferential trade agreements (PTAs) had been completed in the world by November, 2005. The motives of PTAs are considered as follows: the less negotiating time compared to that of WTO, and the possibility of making some new rules which are not included in WTO principles, etc.

Since mid 1980's, economic interdependence between East Asian countries has been deepened mainly through the activities of trade and investment with each other. Until recently there have been a few bilateral and sub-regional

preferential trading arrangements in East Asia. The region was opened to the global system and this outward orientation was seen as having served East Asia's interests well. Nevertheless, the last one or two years has seen a marked apparent departure from past policy thinking throughout the East Asian region. Most countries in East Asia are now proposing or negotiating bilateral or sub-regional trade arrangements of one kind or another. Many countries in the region are taking PTA as an important trade strategy option complementary to WTO system. However it is doubt that PTAs can enlarge the global economic welfare in the circumstance that market distortions exist, conversely, PTAs may give some negative impacts on it.

Unfortunately the global market of agricultural products is a fairly distorted one, which is generally considered caused by the high protection in industrial countries. Agricultural sector is the most sensitive issue in the process of free trade negotiations because it will be deeply influenced by the trade liberalization. Structural adjustment in agricultural sector is therefore unavoidable for the member countries when considering how to share the benefits with each other

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from the trade liberalization. Furthermore, not only trade liberalization in commercial goods is important but also a wider arrangement combined with the movement of people, capital and services is more crucial.

In terms of regional trade agreements (RTAs), the more members and the larger range that the objectives of RTA involves, the more benefits from reducing border barriers can be obtained, EPA (Economic Partnership Agreement) is generally considered to be better than FTA and multilateral is better than bilateral as regional agreement is taken into account.

This paper will clarify the possibilities of economic partnerships in East Asian agriculture by over viewing current situation in this region around FTAs. It will also point out the impacts that PTAs will give to the domestic industries, and the difficulties that regional economic cooperation in agricultural sector will face through a questionnaire survey on the agricultural economists of Japan, China and South Korea who are considered to have strong influences on their domestic agricultural policies. Some policy implications on the tasks of regional cooperation will be drawn as well.

2. Regional Integration in East Asia

2.1. Globalization and Localization in the World

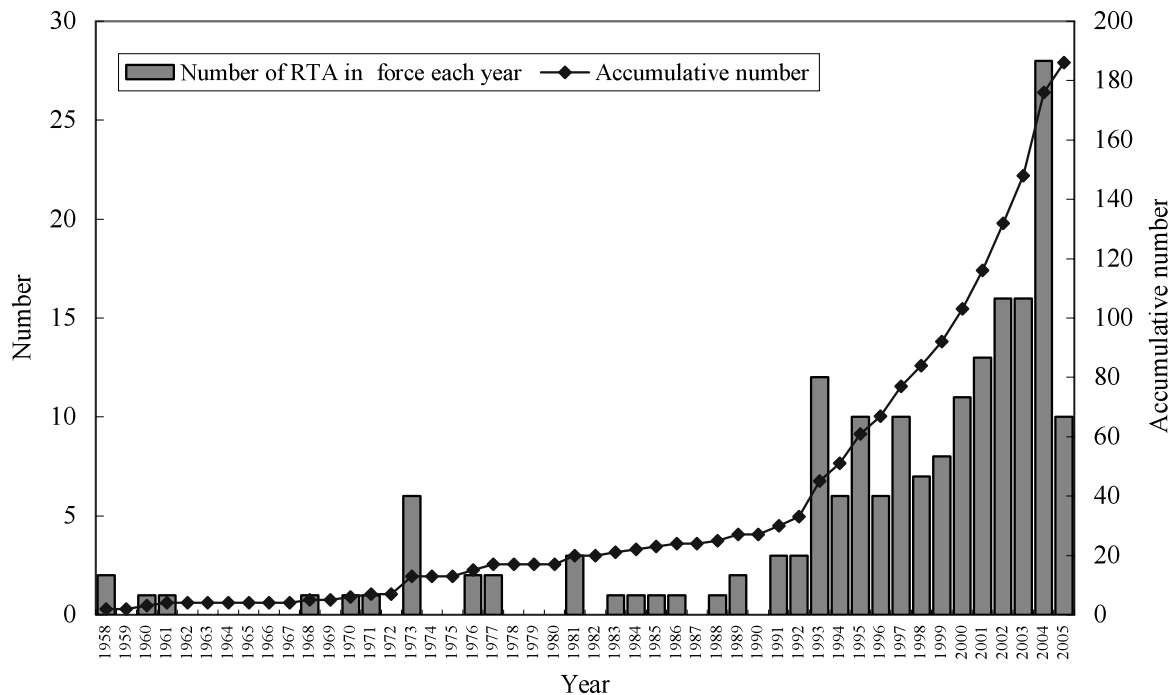
The main engine of recent rapid changes in the worldwide economic-political systems is the reduction of

“transport cost” for goods, service, money, people and information along with IT revolution. However, such broader meaning of reduction in “transport cost” has made national boundaries reduce its significance whereas cities and regions become more and more important. This means that globalization and localization are emerging simultaneously, and a multilateral non-discriminatory system and bilateral or sub-regional system are called for at the same time.

Fig. 1 indicates the circumstances of Free Trade Agreement (FTA) in the world. More than 180 bilateral and sub-regional preferential trade agreements (PTAs) had been completed in the world by November, 2005.

2.2. Why to be Integrated in East Asia?

There exist two kinds of regional integration, one is called ‘institutional integration’ because regional integration is realized basically through the process of freeing of barriers to trade, the liberalization of factor movements, the harmonization of national economic policies and the complete unification of these policies for regional economic development, such as EU, NAFTA and MERCOSUR. The other kind of integration is called ‘market integration’ because economic and trading relations are deepened through markets. In East Asia this kind of regional integration is confirmed through deepened economic interdependence accompanied by high speed of economic growth. Table 1 indicates that the share of East Asian export in the total world export has changed from 9.1% in 1960 to 25.4% in



Source: WTO "Regional Trade Agreements Notified to the GATT/WTO and in Force By Date of Entry into Force (As of 22 November 2005)"

Fig. 1. Regional Trade Agreements Notified to the GATT/WTO and in Force

2003 and that of import has changed from 9.6% to 22.2% respectively. **Table 2** indicates intra-regional and inter-regional trade in the period of 1990-2003. Annual growth rate of GDP of each country in East Asia is shown by **Table 3**.

2.2.1 Type of Economic Development in East Asia

According to Kiminami and Kiminami, by 1985, intra-

Asia trade exhibited both distinct patterns of inter-industry trade on the one hand, and intra-industry trade on the other.¹⁾ The patterns of trade in this region have not changed since 1985 from a “flying-geese” to an “acrobatic” type, due to the sharp increase in FDI within the region. However, since the early 1990s, FDI began to shift to China due to the wage differentials between China and other East Asian countries.

Table 1. East Asia's Share in World Trade

Unit: %

	EXPORTS						IMPORTS					
	1960	1970	1980	1990	2000	2003	1960	1970	1980	1990	2000	2003
Japan	3.2	6.1	6.7	8.3	7.5	6.3	3.4	6.0	7.0	6.6	5.8	5.0
China	2.0	0.7	0.9	1.8	3.9	5.9	2.0	0.7	1.0	1.5	3.4	5.4
NIES	1.6	2.0	3.9	7.7	10.4	9.5	2.2	2.8	4.4	7.5	9.9	8.7
Hong Kong	0.5	0.8	1.0	2.4	3.2	3.0	0.8	0.9	1.1	2.3	3.2	3.0
Korea	0.0	0.3	0.9	1.9	2.7	2.6	0.3	0.6	1.1	2.0	2.4	2.3
Singapore	0.9	0.5	1.0	1.5	2.2	1.9	1.0	0.8	1.2	1.7	2.0	1.7
Taiwan	0.1	0.5	1.0	1.9	2.3	1.9	0.2	0.5	1.0	1.5	2.1	1.7
ASEAN	2.4	1.4	2.4	2.5	4.3	3.8	2.0	1.6	1.9	2.7	3.4	3.1
Malaysia	0.9	0.5	0.7	0.9	1.5	1.3	0.7	0.4	0.5	0.8	1.2	1.1
Thailand	0.3	0.2	0.3	0.7	1.1	1.1	0.3	0.4	0.5	0.9	0.9	1.0
Indonesia	0.7	0.4	1.1	0.7	1.0	0.9	0.4	0.3	0.5	0.6	0.7	0.6
Philippines	0.5	0.3	0.3	0.2	0.6	0.5	0.5	0.4	0.4	0.4	0.6	0.5
East Asia	9.1	10.3	14.0	20.4	26.1	25.4	9.6	11.1	14.3	18.4	22.5	22.2

Source: IMF "International Financial Statistics".

Table 2. Intra Regional & Inter Regional Trade (1990-2003)

	East Asia											
	Japan	China	NIES						ASEAN	EU	NAFTA	World
			Korea	Hong Kong	Taiwan	Singapore						
East Asia	3.4	2.6	8.2	2.8	3.2	2.9	2.6	2.3	2.9	2.2	2.1	3.1
Japan	2.5	-	9.4	2.0	2.0	2.3	2.0	1.4	2.0	1.2	1.3	1.6
China	4.7	6.5	-	3.8	46.4	2.8	28.1	4.4	9.6	11.5	17.3	7.0
NIES	3.6	1.8	7.8	2.7	3.6	3.1	2.1	2.2	2.7	2.1	1.8	3.8
Korea	3.9	1.4	35.0	3.9	-	3.9	5.6	2.6	3.9	2.5	1.8	3.0
Hong Kong	3.6	2.6	4.7	1.8	2.4	-	1.6	1.8	2.3	1.9	2.1	2.8
Taiwan	3.4	1.7	21.9	2.0	4.0	2.1	-	2.5	1.8	1.8	1.5	2.5
Singapore	3.5	2.1	12.7	4.2	5.2	4.2	3.6	-	2.9	2.4	1.8	2.7
ASEAN	3.4	2.0	10.4	3.5	3.1	5.3	5.5	2.9	6.8	2.7	3.0	3.3
EU(15)	2.2	1.5	6.2	2.1	2.2	2.3	1.9	2.0	1.8	1.8	2.4	1.9
NAFTA	1.6	1.0	5.3	1.7	1.6	1.9	1.5	2.0	2.4	1.4	2.9	2.1
World	2.7	1.7	7.7	2.6	2.8	2.8	2.4	2.2	2.7	1.9	2.5	2.2

Source: IMF "Direction of Trade Statistics Yearbook".

Notes: The European Union(EU) comprises Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, and the United Kingdom.

NIES comprises Hong Kong, Korea, Singapore and Taiwan Province.

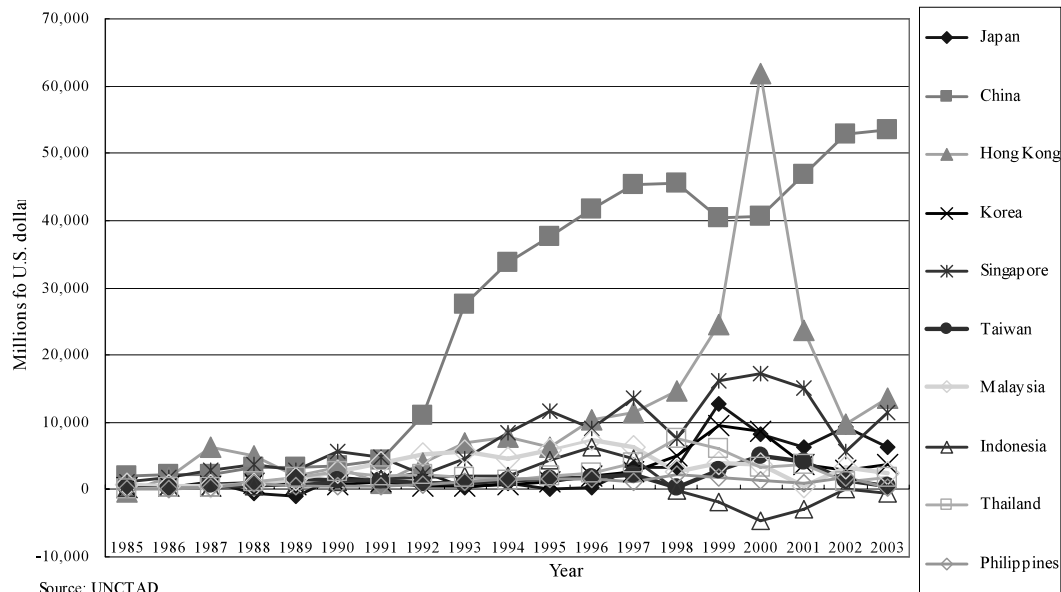
ASEAN comprises Indonesia, Malaysia, Thailand, Philippines.

Table 3. Annual Growth Rate of GDP for the period

	1970-75	75-80	80-85	85-90	90-95	95-2000	00-03	1970-2003
Japan	4.5	4.4	3.3	4.9	1.5	1.4	1.1	3.1
China	5.2	5.4	10.8	7.4	12.3	8.2	8.2	8.2
NIES	7.8	8.1	7.1	8.9	7.2	4.8	3.2	6.9
Hong Kong	6.4	11.6	5.5	7.5	5.4	3.5	1.4	6.1
Korea	7.9	6.9	7.8	9.5	7.5	4.9	4.2	7.1
Singapore	9.5	8.5	6.2	8.4	9.0	6.3	0.1	7.2
Taiwan	-	-	-	-	-	-	-	-
ASEAN	7.2	7.6	4.1	7.4	7.5	1.7	3.9	5.7
Malaysia	10.4	8.5	5.1	6.6	9.5	4.7	3.2	7.1
Thailand	5.6	7.9	5.4	10.3	8.6	0.4	4.7	6.2
Indonesia	8.0	7.9	5.6	6.9	7.8	0.7	3.7	5.9
Philippines	5.8	6.1	-1.3	4.7	2.2	3.9	4.0	3.6
East Asia	4.9	4.9	4.2	5.6	3.7	2.9	2.9	4.2
World	3.8	3.9	2.5	3.4	1.8	3.3	2.1	3.0

Unit: %

Source: United Nations "National Accounts Main Aggregates Database".

**Fig. 2.** FDI in East Asia (1985-2003)

This made the countries of East Asia compete with one another, rushing to obtain capital and financial resources from all over the world – ultimately contributing to the financial crisis in 1997(See **Fig. 2**).

2.2.2 Motivations for Entering FTAs

After its experience in the financial crisis, East Asian economies are searching for its own identity and greater self-reliance through a regional financial architecture. Recently, discussions on the issue of regional integration in East Asia are overheating somewhat. However, such kind of situation is

considered caused by the following reasons. Firstly, it comes from the limitation of WTO, thus a system complementing WTO is called for. Secondly, the establishments of EU, NAFTA and MERCOSUR make East Asian region lose its relative advantage. Thirdly, the emergence of China as a major trading economy integrates East Asian economies to cooperate with each other to reduce formal border barriers to trade and investment. Fourthly, despite rapid economic growth, levels of development are still differed very widely and there is a region-wide desire to narrow these disparities. Finally, region-wide issues on security, environment, energy,

resources, infectious diseases, etc. are becoming more and more serious, which make East Asian economies to look for ways to promote each others' economic prospects, to share information and experience to build capacity for development.

2.2.3 Economic Effects of FTAs

Generally, it is considered that partner countries can obtain gains from two economic effects of FTAs, these are static effects (such as trade creation within the FTA and trade conversion from the external regions) and dynamic effects (such as expansion of internal markets, promoting competition through imports and FDI, importing new production/management/technologies, encouraging institutional reforms through enhanced of competition, promotion of FDI, transformation of industrial structures within the FTA through specialization and agglomeration, enlarging FTA through hub-spoke effects, promoting political/security cooperation, etc.).

Amongst, the gains from trade creation are greatest where the partner countries have complementary economies. However, the reality is that countries often seek out as partners those economies which do not threaten their 'sensitive' sectors (FTA between Japan and Singapore has been seen as the clearest instance).

3. Economic Partnerships in East Asian Agriculture

3.1 Methods of Analysis

In East Asian region, Japan, China, and Korea are strongly interdependent through international trade, especially through international trade of agricultural products and foods. Economic cooperation among these three countries will have a significant influence over the entire Asian region. Various researches on economic partnerships have already been conducted. Nevertheless, to propel economic partnerships, mutual understanding of the similarities and differences among the three countries with respect to the characteristics of individual countries' agricultural issues and attitudes toward economic partnerships is of critical importance.

For surveying in the three countries, we used a questionnaire to survey the perception of agricultural

economic researchers in each of the countries to find the directionality in each of the countries. By analyzing the results of the survey, the possibility of economic partnerships in the context of East Asian agriculture was examined. The questionnaire was prepared in the languages of individual countries in a standardized format. We sent the questionnaire to the members of the Agricultural Economics Society of Japan, and the members of the Korean Society of Agricultural Economists. In China, the questionnaire was sent to agricultural economists of leading universities and research institutes known for their study of agricultural economy. A total of 931 questionnaires were mailed in Japan, 300 in China, and 350 in Korea. We received 453 responses in Japan, 177 in China, and 119 in Korea. The survey was conducted in January 2005 in Japan, in March 2005 in China, and in February 2005 in Korea. Additionally, the results of the survey were compared with the results of a survey on FTAs, which had been conducted by Mitsubishi Research Institute by polling its monitors in Japan, as appropriate.²⁾

3.2 Results of Analysis

3.2.1 Preferable System of International Trade

Table 4 summarizes the most desirable systems of international trade chosen in respective countries. All three countries considered the "WTO-centered system in the dual presence of the WTO and FTAs" to be the most preferable system. Japan's directionality is less than clear but a relatively strong orientation toward regional economic zones is observed. China is characterized by its strong orientation toward the WTO, whereas Korea shows a strong leaning toward FTAs. It can therefore be concluded that there are some differences in directionality among the three countries although all of them consider the WTO to be important. The table also reveals that "ordinary Japanese people" tilt more heavily toward the "WTO-centered system" than agricultural economists in Japan do.

3.2.2 Issues to be Examined for Ratification of FTAs

Table 5 summarizes the issues that should be considered before ratifying FTAs. The rate of affirmative answers to the total number of questions was the highest in Korea, followed

Table 4. Most Desirable Systems of International Trade

	Unit: %			
	Japan	MRI	China	Korea
WTO-centered system	10.4	32.4	19.8	4.6
FTA-centered system	3.1	6.4	2.8	8.3
WTO-centered system in the dual presence of the WTO and FTAs	36.4	27.9	52.5	37.6
FTA-centered system in the dual presence of the WTO and FTAs	20.1	9.7	3.4	33.9
Regional economic zone-centered system	25.6	21.4	21.5	11.9
N.A., Others	4.4	2.3	0.0	3.7

Notes: 'MRI' means the result of MRI's research for ordinary Japanese people. Top answers in each country were marked.

by China and Japan in the descending order. The responses revealed that Korean agricultural economists chose a greater number of issues as needing to be examined before FTA ratification than their Chinese or Japanese counterparts did. Different countries assigned high priority to different issues. A high percentage of respondents in Japan picked “improving the rate of self-sufficiency of food” to be of high priority whereas Chinese respondents selected “examination of mobility of people” and “economic partnership agreements (EPA)”. Korean responses were characterized by high percentages that chose “treatment of sensitive products”, “non-trade concerns” and “special safeguards”.

3.2.3 Effects Brought on by FTAs

Table 6 summarizes the effects of FTA ratification. As for the merits of FTAs, the evaluation of “benefits to consumers” varies among the three countries. “A drop in the price of agricultural products” was highly valued in Korea while “increased choices for consumers” was especially highly valued in China. In contrast, both of these effects gained relatively little support in Japan. Regarding the effects of structural improvement in agriculture, a number

of positive responses were found in Korea and China. On the other hand, sizable negative responses were obtained from Japanese economists. Interestingly, “ordinary Japanese people” generally gave positive evaluations, generating sharply contrasting results.

As for the demerits of FTAs, food safety issues met high rates of response in all three countries. Food security is perceived to be of a serious concern in Japan and Korea, but not as much in China. Nevertheless, variances among the responses were generally small in comparison with the responses regarding the merits of FTAs.

3.2.4 Impact of FTAs on Domestic Industries

Table 7 shows the evaluation of the impact that FTAs have on domestic industries. Respondents were asked to evaluate the impact of FTA ratification both among the three countries of Japan, China and Korea, and between the three countries and ASEAN. Scores were calculated by subtracting the response rate of the answer stating that the “Disadvantages are greater” from the response rate of the answer stating that the “Advantages are greater” with respect to the impact of FTA ratification on either the entire

Table 5. Issues to be Examined for Ratification of FTAs

	Unit: %		
	Japan	China	Korea
Non-trade concerns	30.5	27.1	55.0
Treatment of sensitive products	33.1	65.5	72.5
No obligatory expansion of the upper bound tariff and the tariff allocation amount	15.2	7.9	16.5
Special safeguards	28.0	28.2	56.0
Improving the rate of self sufficiency of food	41.1	27.7	37.6
Expanding FTA to EPA	24.5	45.8	25.7
Examination of mobility of people	16.1	37.9	19.3
Total response ratio	188.5	240.1	282.6

Notes: Multi-answer.

Top three answers in each country were marked.

Table 6. Effects Brought on by FTA

	Unit: %			
	Japan	MRI	China	Korea
Merits				
A drop in the price of agricultural products for consumers	19.4	66.4	32.8	45.9
Increased choices for consumers	40.6	82.4	91.0	82.6
Structural Improvement in agriculture through competition	-12.6	34.8	39.6	47.7
Demerits				
Food safety problems	67.3	70.8	32.8	67.0
Food security problems	48.1	64.4	-26.6	58.7
Losing competitiveness of domestic farming	57.0	50.6	44.7	50.5

Notes: Ratio of “Yes” - ratio of “No”.

The highest ratio of each answer among three countries was marked.

Table 7. Impacts of FTAs on Domestic Industries

Unit: %

FTA partner	Industry	Japan	MRI	China	Korea
Japan	Whole Industry: a	/	/	32.8	15.6
	Agriculture: b			90.4	63.3
	b-a			57.6	47.7
China	Whole Industry: a	28.2	13.6	/	43.2
	Agriculture: b	-60.7	1.0		-75.3
	b-a	-88.9	-12.6		-118.5
Korea	Whole Industry: a	37.9	9.2	69.5	/
	Agriculture: b	-20.3	8.9	75.2	
	b-a	-58.2	-0.3	5.7	
ASEAN	Whole Industry: a	47.3	31.2	54.8	81.6
	Agriculture: b	-32.2	8.2	53.2	-22.1
	b-a	-79.5	-23.0	-0.4	-103.7

Notes: Scores were calculated from the proportion of “Disadvantages are greater” –the proportion of “Advantages are greater”.

The score of ‘Whole industries’ here for MRI means manufacturing industry.

domestic industry or the agriculture in the respondent’s country.

Table 7 reveals that China believes that FTA ratification with Japan, Korea and ASEAN would be beneficial whereas Korea considers FTA ratification with Japan to be beneficial. Japan, on the other hand, feels that FTA ratification with neither China, Korea nor ASEAN would be of much benefit. Although the impact of FTA ratification on the entire domestic industries was perceived positively in all three countries with only minor variations, the evaluation of the impact of FTA ratification on domestic agriculture was wildly divergent with Japan taking a negative view on all partners, and China holding a positive view with respect to all partners. Korea was found to be negative with respect to China and ASEAN. Mutual relationships among the three countries are thus complex. With regard to the impact of FTA ratification on the entire domestic industries, Japan’s preference for its FTA partner was ASEAN>Korea>China in that order while China’s was Korea>ASEAN>Japan, and Korea’s was ASEAN>China>Japan. In connection with the impact on agriculture, Japan’s preferred partner was Korea>ASEAN>China in that order. China’s preference was Japan>Korea>ASEAN, and Korea’s preference was Japan>ASEAN>China.

The difference between the score for agriculture and the score for the entire industries can be viewed as an index of the relative superior position taken by agriculture in the entire domestic industries in connection with FTA ratification. The index shows that agriculture is a relatively

inferior sector in Japan and Korea, but is a relatively superior sector in China.

However, **Table 8** shows that agriculture is an industry that these three countries do not have international competitiveness, even China is no exception. Furthermore, **Table 9** and **Table 10** indicate the current status of agricultural trade between the three countries. The characteristics of agricultural trade between the three countries in the period of 1996-2003 are described by **Fig. 3** as follows. Firstly, agricultural imports of Korea both from China and Japan have increased. Especially from China, it has increased 145.2%. Secondly, agricultural export of Japan to Korea and China has also increased 37.4% and 63.3%, respectively. This can be considered that Korea is losing its competitiveness both to China and Japan in terms of agricultural sector on one side, intra-industry specialization of agriculture between China and Japan is coming to reality on the other.

3.2.5 Topics for International Joint Research

Finally, **Table 11** summarizes the potential topics of importance for international joint research to establish economic partnerships in agriculture among the three countries. Differences do exist among the countries. “Food safety” and “environmental issues” are of strong concerns in Japan and Korea, but not in China. Instead, China is highly interested in “common agricultural policies in East Asia”. Nevertheless, such research topics as “food safety”, “common agricultural policies in East Asia”, “poverty and regional disparities”, and “environmental issues” demonstrate high response rates and are thus believed to be high priority candidates for international joint research.

Table 8. Agricultural Indicators of East Asian Countries, EU(15) and NAFTA

	Population	GDP per capita	Economically Active Population in Agriculture	Agricultural Area per capita	Agriculture, Value added	Agricultural Trade Balance	Self-Sufficiency Ratio(%)		
	(Thousands)	(at current prices in U.S. dollar)	(% of Total Ec Act)	(ha / person)	(% of GDP)	(Millions of U.S. dollar)	Cereals	Vegetables	Meat
	2003	2003 / 2002	2003	2002 / 2003	2002	2003	2002	2002	2002
	FAO	UN/FAO	FAO	FAO	UN	FAO	FAO	FAO	FAO
Japan	127,654	31,237	3.4	0.04	1.4	-35,294	24	82	53
China	1,311,709	965	64.9	0.42	15.4	-6,569	101	101	99
NIES	58,914	12,309	6.7	0.03	2.6	-13,705	-	-	-
Hong Kong	6,961	23,205	0.4	0.00	0.1	-4,546	-	-	-
Korea	47,700	9,993	8.2	0.04	4.0	-7,761	27	97	71
Singapore	4,253	20,449	0.1	0.00	0.1	-1,399	-	-	-
Taiwan	-	-	-	-	-	-	-	-	-
ASEAN(excl Singapore)	387,140	1,221	44.7	0.22	13.1	13,455	89	97	102
Malaysia	24,425	3,889	16.6	0.32	9.5	5,247	22	52	85
Thailand	62,833	2,016	54.1	0.32	9.0	6,828	151	111	131
Indonesia	219,883	786	46.3	0.20	17.5	2,587	84	96	100
Philippines	79,999	974	37.7	0.15	14.7	-1,206	79	98	93
East Asia	1,885,417	3,422	55.8	0.34	5.1	-42,113	90	100	95
EU(15)	380,051	22,729	3.8	0.37	1.9	-3,031	110	101	104
NAFTA	429,010	27,377	5.6	1.37	1.5	8,756	111	100	105
World	6,301,463	-	43.5	0.80	-	-26,369	97	100	101

Source: FAO"FAOSTAT", United Nations "National Accounts Main Aggregates Database", IMF "International Financial Statistics".

Notes: The data of "Population", "Economically Active Population in Agriculture", and "Agricultural Area per capita" for Hong Kong is based on statistics in 2001 referring to "State of Food and Agriculture 2003-2004(FAO)".

Indicator of "Agricultural Trade Balance" is based on import value of C.I.F. and export value of F.O.B.

Statistics of Taiwan is not reported.

Table 9. Value of Import of Agricultural Products in Japan-China-Korea

Unit : thousand of US dollar

		Importer								
		Japan			Korea			China		
		1996	2003	RC	1996	2002	RC	1996	2003	RC
Exporter	Japan				238,806	332,782	39.4%	201,846	239,729	18.8%
					2.6%	3.5%	2.4%	1.5%		
	Korea	1,940,043	1,377,584	-29.0%				78,211	145,681	86.3%
		3.4%	2.8%	0.9%				0.9%		
	China	5,559,602	6,635,470	19.4%	844,294	2,070,584	145.2%			
		9.9%	13.6%	9.1%	21.9%					
Sum of Import		56,294,716	48,864,766	-13.2%	9,316,100	9,464,282	1.6%	8,459,288	15,511,201	83.4%

Source: SourceOECD "ITCS International Trade by Commodities Statistics-Harmonized System 1996".

Notes: RC shows the rate of change for the period.

Agricultural Commodities here includes HS code 1-24.

Data of Korea is based on statistics in 2002.

The lower shows the ratio to the amount of all imports.

Table 10. Value of Export of Agricultural Products in Japan-China-Korea

Unit : thousand of US dollar

		Exporter								
		Japan			Korea			China		
		1996	2003	RC	1996	2002	RC	1996	2003	RC
Importer	Japan				1,899,226	1,385,535	-27.0%	4,875,695	5,972,833	22.5%
					58.3%	51.0%		35.5%	28.9%	
	Korea	218,947	300,804	37.4%				914,114	2,500,823	173.6%
		10.0%	11.9%					6.7%	12.1%	
	China	129,512	211,495	63.3%	116,410	158,155	35.9%			
		5.9%	8.3%		3.6%	5.8%				
Sum of Import		2,196,566	2,533,874	15.4%	3,255,074	2,715,739	-16.6%	13,721,307	20,641,019	50.4%

Source: SourceOECD "ITCS International Trade by Commodities Statistics-Harmonized System 1996".

Notes: RC shows the rate of change for the period.

Agricultural Commodities here includes HS code 1-24.

The data of Korea is based on statistics in 2002.

The lower shows the ratio to the amount of all exports.

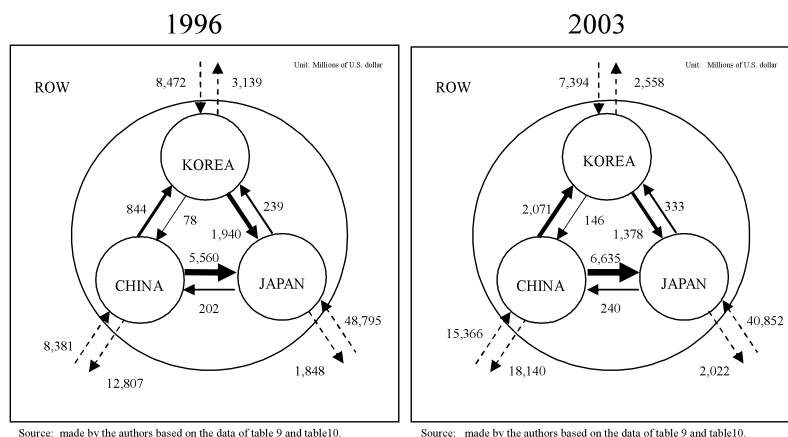

Fig. 3. Trade of Agricultural Products between Japan-China-Korea

Table 11. Important topics for international joint research

Unit: %

Topics	Japan	China	Korea
Common agricultural policy for East Asian region	35.3	74.8	37.6
System of joint food savings in East Asia	24.5	16.0	26.6
Measures for improving agricultural income	14.3	23.5	27.5
Poverty reduction and regional disparity	43.5	36.1	30.3
Price stability of agricultural products	16.3	9.2	19.3
Food safety	57.8	35.3	63.3
Intellectual property rights	12.8	15.1	10.1
Technical cooperation	13.9	24.4	21.1
Human resource development	13.2	5.9	2.8
Issues on agricultural land	10.2	24.4	0.9
Water resources	11.0	2.5	4.6
Environmental issues	43.9	32.8	54.1

Notes: Top three answers in each country were marked.

Multi-answer less than three.

4. Concluding Remarks

In this research, we examined the issues involved in economic partnerships for the East Asian agriculture, drawing upon the opinions of agricultural economists in Japan, China, and Korea. Following conclusions have been obtained from the above analysis. Firstly, regional cooperation is no substitute for global efforts. FTAs and EPAs will be efficient only when they are based on WTO-plus principles. Secondly, regional integration should be taken as a process along with the interdependence within the region deepened by economic activities on one side, and the progress in mutual understanding and consensus building between each member under the leadership of integrating within the region on the other side (See Fig. 4). Thirdly, it is also necessary to address the gaps in views between agricultural economists and ordinary people, as found in Japan in this research. Consensus formation within each country will be equally important as consensus building across national boundaries.

Finally, the focus of this research was on general issues and not on individual or specific issues. In the phase of actually pressing forward with the formation of economic partnerships, shared understanding and consensus formation that encompass detailed issues will become necessary. Moreover, no study is yet to be conducted to gain understanding of the views held by ordinary people in China or Korea. We hope to shed light on these topics in our future research.

1) Detailed Information regarding the issues raised in this section can be obtained from Kiminami and Kiminami

(1999).

2) This Research is a part of Scientific Research (C) (2)No.16638004, Grant-in-Aid for Scientific Research 2004, Japan Society for the Promotion of Scientific Survey for Creating International Cooperation and Competitive Strategy on Agriculture in Japan, China and Korea.

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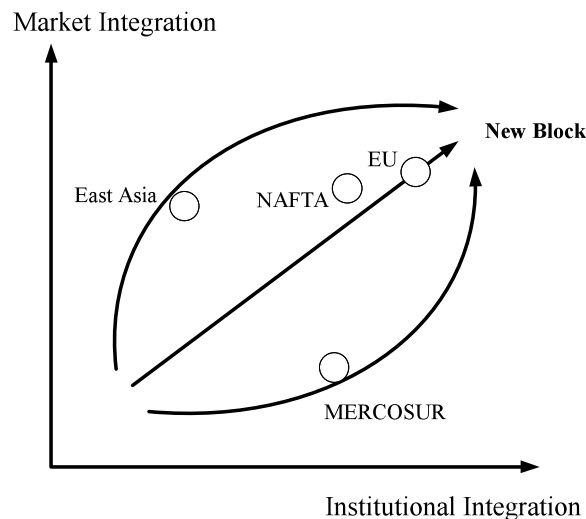


Fig. 4. Path of Regional Integration

東アジアにおける FTA の進展と農業をめぐる経済連携

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要 約

近年、自由貿易が世界の経済厚生を高めるという考えにより、国際貿易は WTO の無差別原則の下で自由化が進められてきた。しかし、2005年12月の香港閣僚会議に象徴されるように、WTO 交渉は困難なものとなっている。その一方で、2005年11月時点で、地域を限定した地域貿易協定が世界で180以上も締結されており、東アジア地域においても同様の動きが広がっている。WTO 交渉や FTA の締結において、農業部門は常に大きな問題とされてきた。したがって、国際貿易システムや経済統合の方向性は、農業をめぐる経済連携のあり方によって大きく左右されることが考えられる。

東アジア地域の中では、とりわけ日本、中国、韓国の間では、農産物および食品の貿易を通じて相互に強く依存する関係にあり、これら3カ国の経済連携のあり方は、東アジア地域全体にも大きな影響を与えられとされる。しかしながら、実際に農業をめぐる経済連携を進めるにあたっては、それぞれの国の農業問題の特性、経済連携に対する考え方などを明らかにし、相互理解を深めることが不可欠であると考えられる。

そこで、本研究では、日本、中国、韓国を対象として、各国の農業および農産物貿易の構造、および農業における経済連携の問題に関する認識・評価について分析することを通じて、東アジア地域における FTA の進展と農業をめぐる経済連携の課題を明らかにする。

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