

**Trade patterns and global value chains in East Asia:  
From trade in goods to trade in tasks  
(IDE–JETRO/WTO joint publication)**

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# 1. Evaluation of the study

- Trade patterns and global value chains in East Asia:  
From trade in goods to trade in tasks

… IDE-JETRO/WTO joint seminar (June 2011)

- Key findings

1. free trade vs protectionism

2. Importance of the supply chains

3. South-South trade /

trade in intermediate goods

4. Analysis of Asian growth dynamism



IDE-JETRO/WTO joint seminar (2011 June)

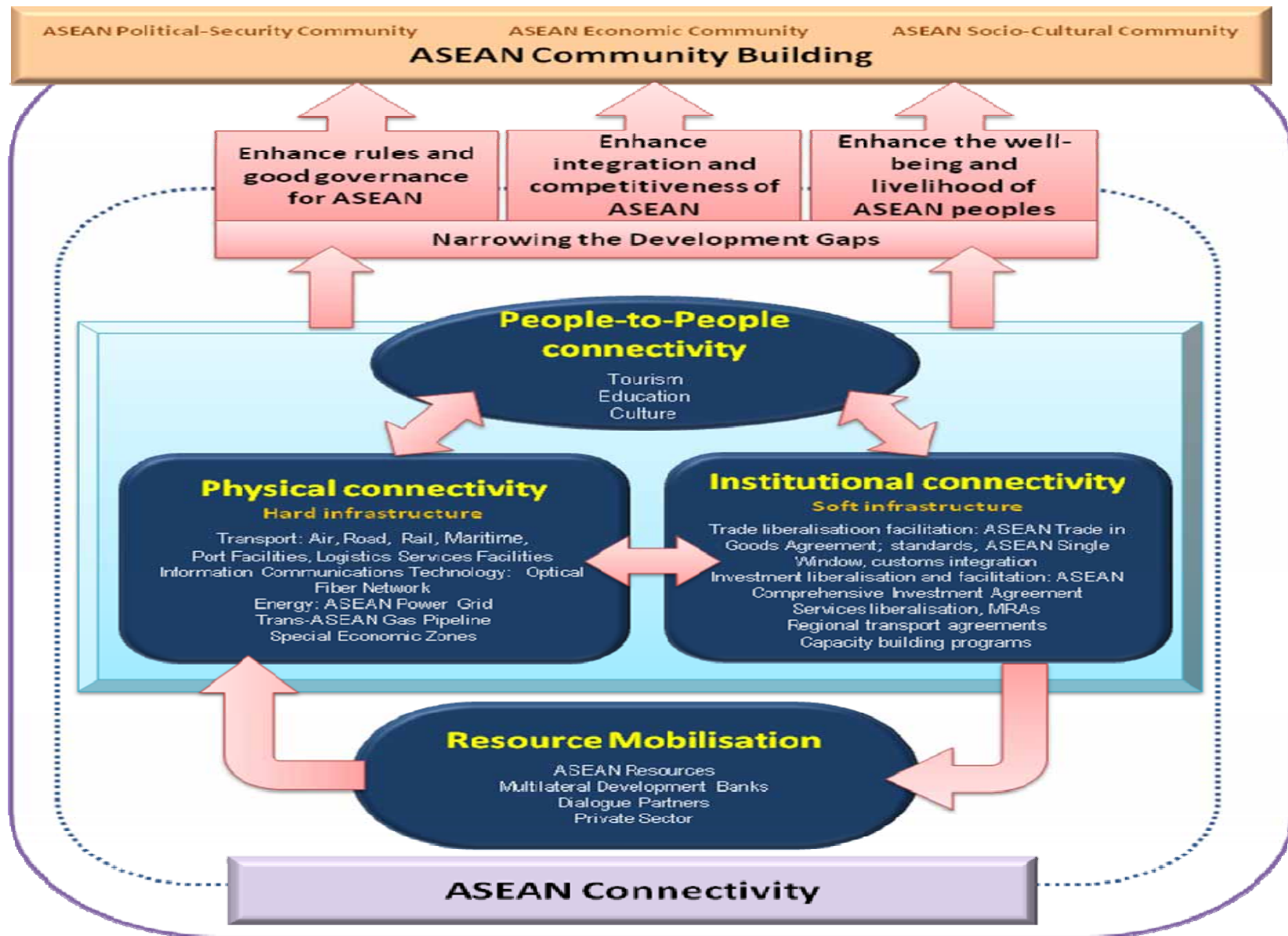


## 2. Implication for the trade policy

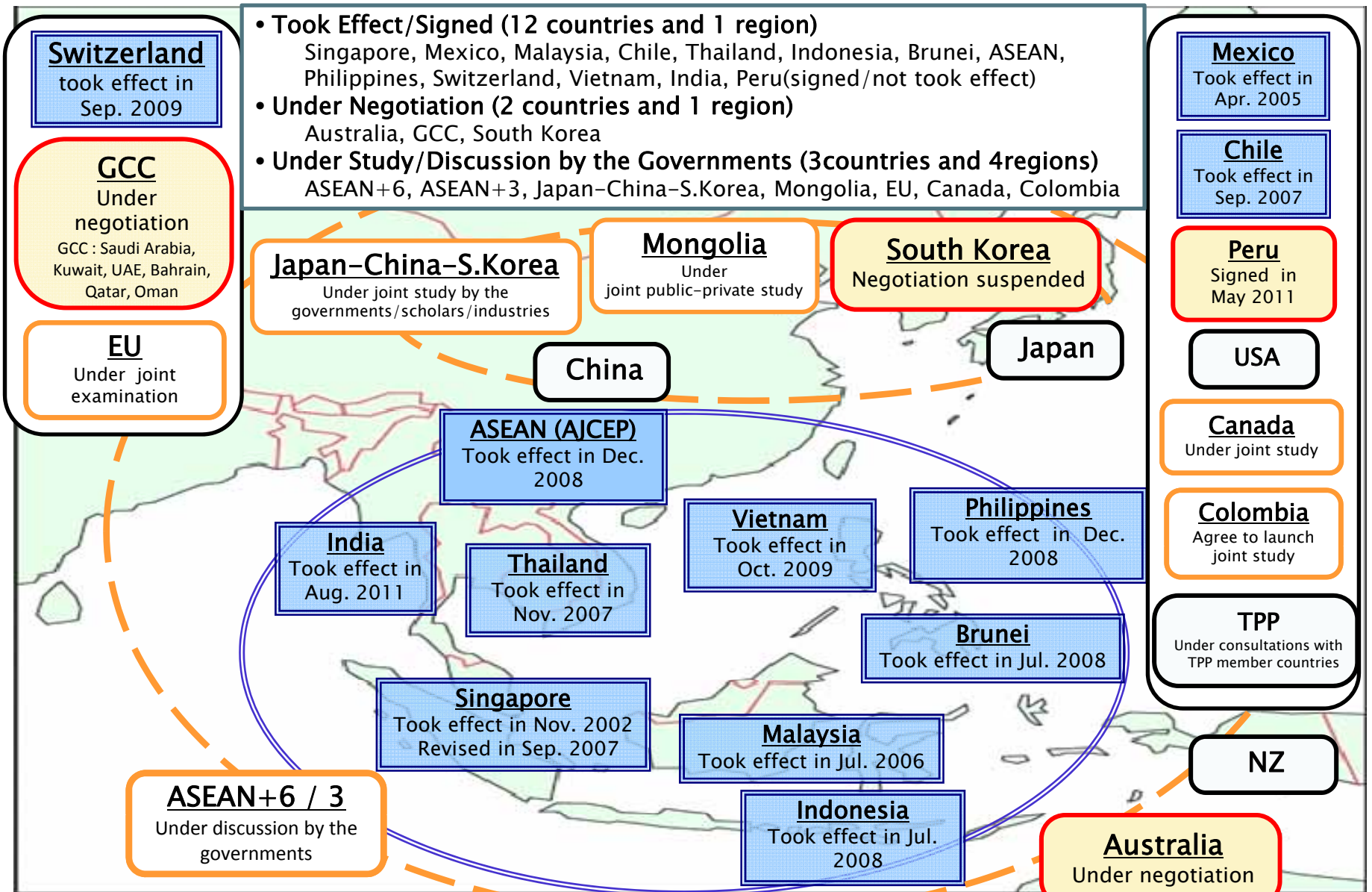
### 1. Global supply chain and connectivity

- 3 Areas of connectivity
  - Institutional connectivity
    - such as FTA
  - Physical connectivity
    - such as infrastructure development
  - People-to-people connectivity
    - such as human exchange / human resources development
  
- From Japan/ASEAN to wider area

# ➤ Master Plan on ASEAN Connectivity



# ➤ Current Status of Japan's EPA/FTA Negotiations



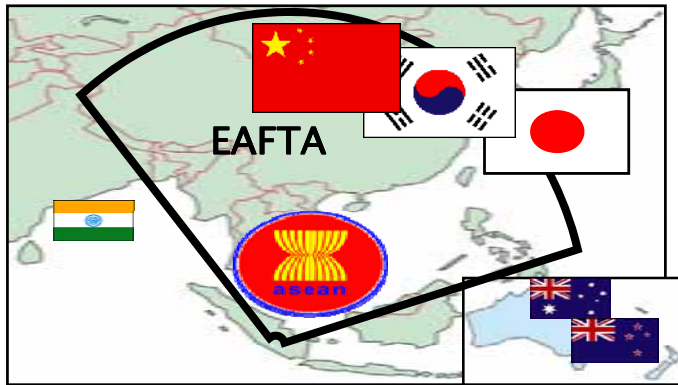
- Took Effect/Signed (12 countries and 1 region)  
Singapore, Mexico, Malaysia, Chile, Thailand, Indonesia, Brunei, ASEAN, Philippines, Switzerland, Vietnam, India, Peru (signed/not took effect)
- Under Negotiation (2 countries and 1 region)  
Australia, GCC, South Korea
- Under Study/Discussion by the Governments (3 countries and 4 regions)  
ASEAN+6, ASEAN+3, Japan-China-S.Korea, Mongolia, EU, Canada, Colombia



# ➤ from Japan/ASEAN to wider area

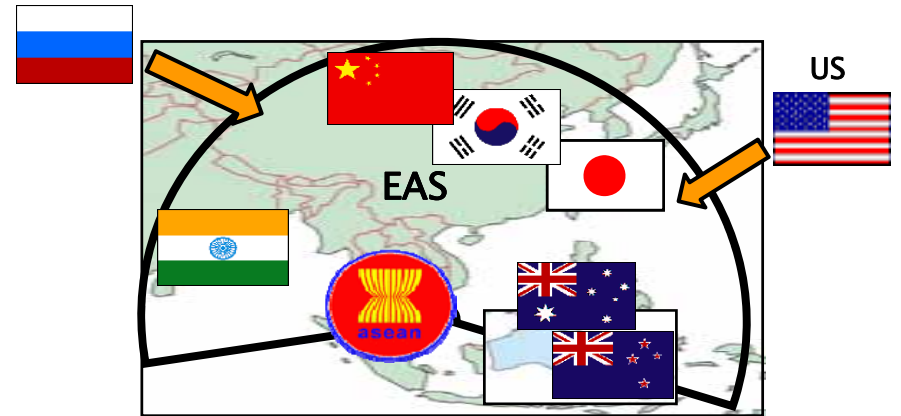
## ASEAN+3 (EAFTA)

ASEAN+Japan+China+Korea



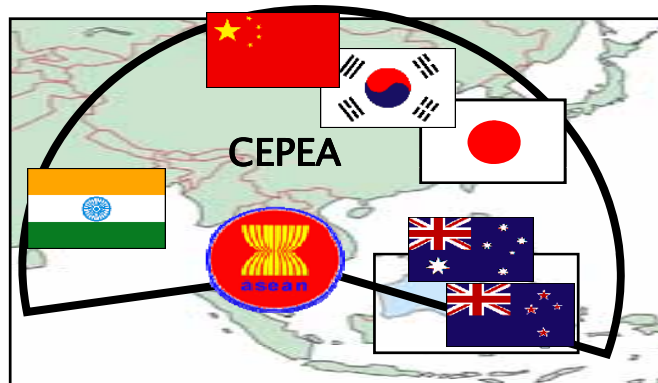
## EAS (CEPEA+US+Russia)

Russia CEPEA+US+Russia

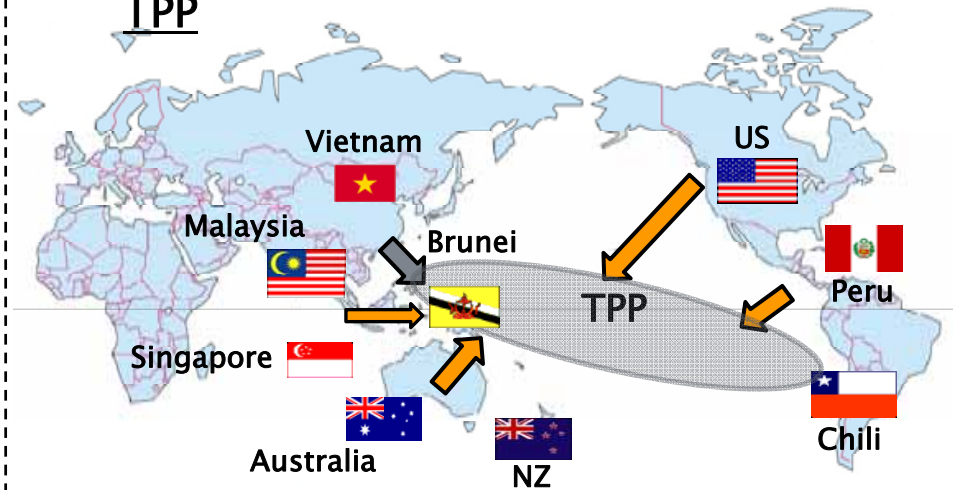


## ASEAN+6 (CEPEA)

ASEAN+3+India+Australia+NZ



## TPP



## 2. transition of the division of labor :



- The risk of the protectionism in the era of global division of labor

share of trade in 1929	about 10 percent of GDP	(ITI)
share of trade in 2011	about 50 percent of GDP	(the Sutherland Report)

- There exists the incomparable risk to the global economy of protectionism in the era of global division of labor.

## 3. “Made in World”

- How to put the idea into effect in Doha Round / WTO?
- Do WTO members share the sense of danger?



#### 4. International financial system and international trade system: similarities and differences

- What should we learn from the experience of the Lehman shock in order to build better international trade system?

- What does the IDE·WTO report predict?

  - financial crisis ⇒ protectionism

    - ⇒ disruption in the supply chains ···Yes

  - “instant” interdependency in the financial system

    - ⇒ applied to the trade system as well? ··· Yes or No

  - added value accounts for 80 percent of total export from China



## ➤ Chinese economy : international aspects

<b>export value-to-GDP ratio</b>	<b>about 40 percent</b>
	※ Chinese GDP is about the same as Japan's
<b>Inward FDI</b>	<b>114 billion dollars (2009)</b>
	※ gross domestic fixed capital formation : 2,274 billion dollars(2009)
<b>Share of Multinational companies in export</b>	<b>55 percent(2008)</b>

· International financial system or international trade system,  
which is better?



## 3. Actions

### **[Study]**

1. The result of the IDE·WTO report
  - How to explain the cost of protectionism and the benefits of WTO / Free Trade / FTA?
  - reevaluate and analyze Asian government policies (e.g, participation in FTAs or ITA)
2. further research
  - e.g, with ERIA / OECD



## 【Policy】

1. maintenance of free trade system / standstill commitment (anti-protectionism)
2. promotion of free trade by WTO / FTA / plurilateral agreements
3. strengthening and development of global supply chains
4. trade and innovation system resilient to the changes in trade structure
5. financial system and trade system
  - Analyses of the effects of Lehman Shock on the financial system ⇒ studying the implication to trade system
  - Initiation of discussion on overhaul of trade system / future trade system