

The Way Forward – Challenges and Prospects of future agreements: The Case of Japan and Taiwan

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General remarks

- "Globalising Asia"
 - A) Poor countries, incomplete 1st generation reforms
 - B) Middle-income, incomplete 2nd generation reforms
 - C) Developed economies, sophisticated markets, sophisticated but negotiable protection
- Different strategies necessary
 - Varied but all-encompassing strategy
- FTAs cannot complete 2nd generation reforms
- "Bigger" and "deeper" FTA gains with developed economies
- Japan/Taiwan: industrial leaders, innovators, and vectors of regional integration in Asia

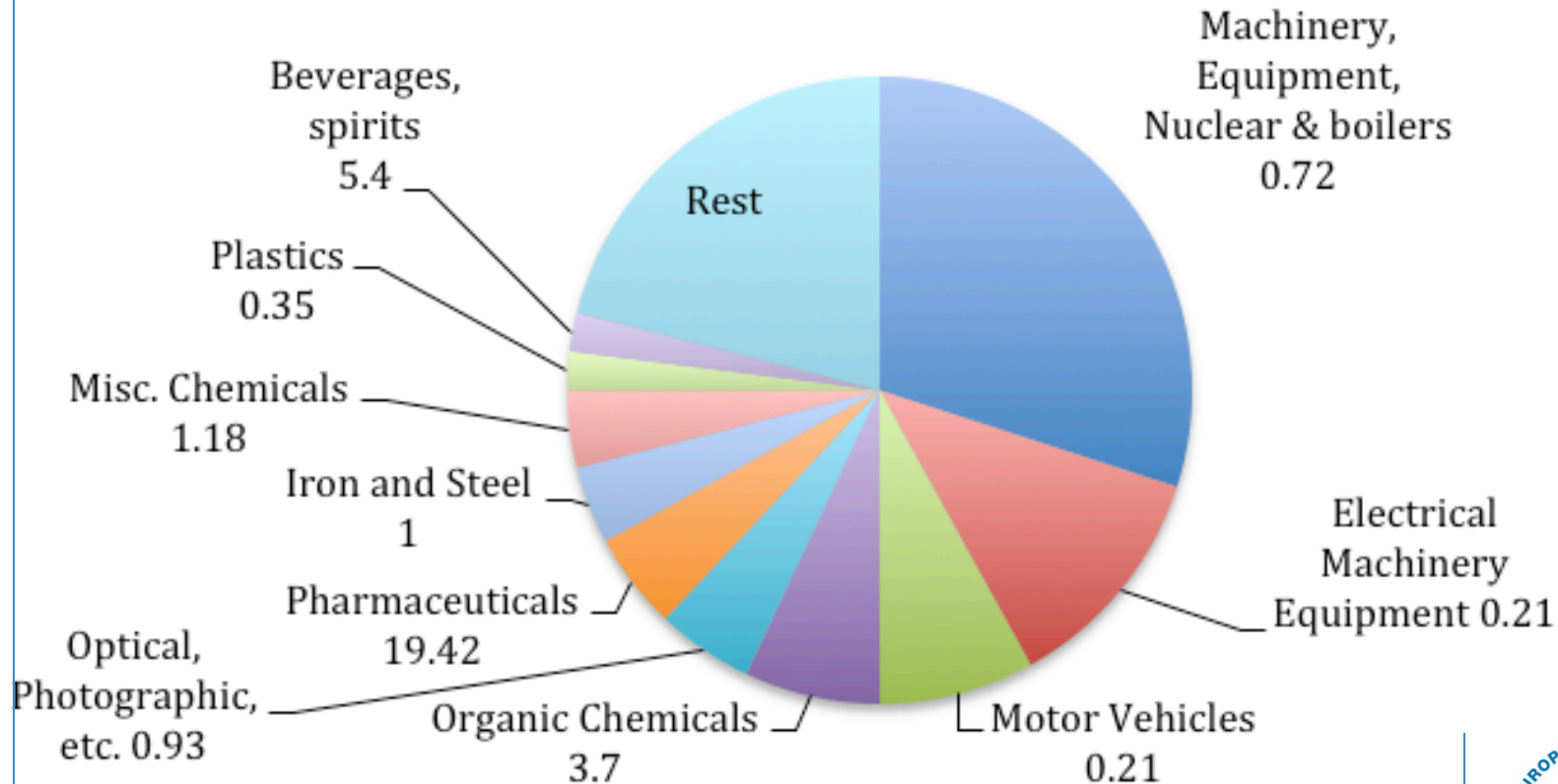
EU-Japan Trade Agreement

- Solid economic potential
 - Big-to-big market integration, low import penetration in Japan
- Political challenges in both EU and Japan
 - Electoral politics
 - Non-tariff measures
 - Agriculture
 - Automotives
- Europe auto: "the tale of two cities"

EU-Taiwan agreement

- EU-Taiwan trade and investment relation
 - Small but growing
 - Intermediary ICT trade
 - Pharmaceuticals, food and beverage, consumer goods
 - Services
- "Chiwan" – Coastal regions in China
- Cross-Strait rapprochement – ECFA
- Gateway to China – triangular trade

The EU export to Taiwan, HS2-digit & RCA, 2010



The "China factor"

- Will China intervene to stop a EU-Taiwan bilateral agreement?
- Taiwan is member of WTO – and China dit not stop it from becoming member
- Taiwan bilateral negotiation with Singapore and New Zealand – India and the Philippines.
- Investment agreement with Japan
- ECFA with China
- China prefers an isolation strategy?