

PART IV. Conclusion and Recommendations

Conclusion

For a Mutually Beneficial Economic Partnership

166. The Joint Study Group reaffirmed that Japan and Korea have been making significant strides in advancing their bilateral economic relationship, and, more importantly, searched for ways to capitalize their untapped potential through a bilateral FTA.

167. The Joint Study Group confirmed that the JKFTA would bring forth a wide range of benefits by creating a win-win situation for both countries. The JKFTA would be a mutually irreplaceable FTA in the light of the two countries' geographical proximity. One of the key benefits of the JKFTA would be enhanced cooperation in the areas of trade and investment, not to mention other areas encompassing society and culture. In this regard, the Joint Study Group concluded that a bilateral FTA would be an effective instrument in alleviating remnant historical tensions between the peoples of the two countries and further strengthening the future-oriented partnership. In other words, JKFTA would be a symbol of Japan-Korea Partnership in the twenty-first century.

168. In order to maximize the benefits, the Joint Study Group accentuated that the JKFTA should be firmly built on the aforementioned principles of comprehensiveness, substantial liberalization, enhancement of mutual benefits and consistency with WTO rules and regulations. Furthermore, the JKFTA should not only advance the benefits of the parties - Japan and Korea - but also set an exemplar for others to follow, thereby contributing to the economic growth of East Asia and the rest of the international community.

169. The Joint Study Group also highlighted the importance of contemplating on practical ways to achieve trade liberalization. Although the benefits of liberalization are evidently important, several sectors may have to bear the burden of liberalization. The Joint Study Group noted the necessity to address the concerns of these groups.

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170. The Joint Study Group endeavored to come up with the tangible benefits that both Japan and Korea can gain from the FTA, including the economic and strategic implications. In order to gain public support in pursuing the JKFTA, the Joint Study Group believed it to be important to convey to them the benefits the FTA would bring to the respective economies.

171. As an after note, however, the discussions of the Joint Study Group were subject to certain limitations in addressing several issues in detail and providing specific agenda for cooperation between the two countries. This was mainly due to the fact that the mandate of the Joint Study Group is to identify issues and exchange positions with respect to the FTA between Japan and Korea.

172. During the discussions, the two sides showed differences of opinion on some issues such as the elimination of NTMs, promotion of bilateral direct investment and importance of enhancing industrial cooperation. The Korean side underlined that there were critical issues that would help to ensure mutual benefits of the JKFTA. The Korean side emphasized expansion of cooperative mechanism with a view to achieving high-level economic integration between the two countries, while the Japanese side expressed its hope to strive toward the same goal through existing channels.

173. However, taking into account the long-term benefits to be accrued by the JKFTA, both sides reached a common understanding that they would make utmost efforts to overcome negative views that were focused on short-term effects, and seek ways to achieve mutual benefits based on a win-win strategy so as to build a prosperous and future-oriented relationship.

For Peace and Prosperity of East Asia

174. As proposed by former President Kim Dae-jung of Korea, the leaders of ASEAN countries, China, Japan, and Korea agreed to establish the East Asia Vision Group (EAVG) and the East Asia Study Group (EASG) in December 1998 and November 2000, respectively. In their final reports, both the EAVG and the EASG recommended the formation of EAFTA as a medium to long-term

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goal. At the ASEAN+3 Summit in Cambodia in November 2002, the leaders expressed their support in principle to the establishment of the EAFTA as a future goal.

175. The Joint Study Group recognized that the JKFTA might eventually serve as a catalyst in strengthening regional cooperation in East Asia and in turn a stepping-stone for establishing the EAFTA. The Joint Study Group expressed its hope that the JKFTA would become a cornerstone for peace and prosperity in East Asia. The vision of the EAFTA is to create an East Asian Community (EAC) of peace, prosperity and progress based on the full-fledged development of all peoples in the region²². Concurrent with this vision is that the future of the East Asian community would make a positive contribution to the rest of the globe.

176. Furthermore, the Joint Study Group was of the view that the JKFTA would contribute to regional security by increasing mutual dependency. Discussions on regional security are underway in the ASEAN Regional Forum (ARF) and confidence-building measures are being undertaken therein. The Joint Study Group expressed its belief that enhanced economic cooperation in East Asia would be another pillar in guaranteeing regional security.

²² The East Asian Vision Group(2001), "Towards an East Asian Community"

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Recommendations

177. The Joint Study Group recommends that the governments of Japan and Korea enter into negotiations at an early date with a view to concluding the JKFTA within a reasonable period of time. The Joint Study Group wishes that the governments of the two countries would forge a comprehensive FTA that would bring about mutual benefits and greater efficiency, and eventually lead to further economic development in both economies. In particular, taking into account the importance of developing business-friendly environment by reducing NTMs, the Joint Study Group recommends that NTMs should be duly addressed during the negotiations as the Joint Study Group so agreed.

178. The Joint Study Group wishes that the business sectors in both countries actively utilize the JKFTA in facilitating restructuring and strengthening of their competitiveness. The Joint Study Group further wishes that bilateral cooperation between business sectors of the two countries would be further expanded by pursuing strategic alliances taking the opportunity of the JKFTA and revitalizing various existing business-to-business fora. The Joint Study Group recommends that both governments take full account of the views of business sector in negotiations for the JKFTA.

179. The Joint Study Group also wishes that the academic sector of both countries continuously carry out relevant studies with a view to giving advice to respective governments on various aspects of the JKFTA as well as presenting a vision for the future of both economies and bilateral relationship between them.

180. Further to the suggestions above, the Joint Study Group recommends the governments, the businessmen, and the members of academia of both countries to collectively exert efforts in promoting public awareness of the JKFTA and generating support for the FTA among the peoples of Japan and Korea, so that the formal negotiations would be launched soon and successfully concluded in time.