

Comments and Discussions

Hitoshi Hirakawa*

This paper analyses trade between Japan and China in details by selecting eight major industries and discusses impact of Japan-China FTA. In 2004, leaders of East Asian countries agreed on East Asia FTA and an East Asian community at the ASEAN plus three summit. Everybody would agree that East Asia FTA will not be complete without Japan-China FTA. FTAs seem to proliferate in East Asia, but most of them are with ASEAN countries and FTAs in Northeast Asia not in motion. (So-called cool in North heat in South phenomenon)

This paper points out that business circle of Japan is positive about Japan-China FTA and in contrast Government of Japan is very cautious about Japan-China FTA. One of the reasons for cautiousness may be “China threat” in Japan and political repercussion. China deficit in economic terms is caused by huge trade deficit.

In view of this, it is very important observation that Japan-China trade is nearly balanced provided that Japan's trade with China through Hong Kong is included. Industry-wise analysis of Japan-China trade reveals that exports of machineries from China such as computer and electrical apparatus increase much recently, Japan is still very competitive in higher value added items such as high function materials and components. As this paper stresses, trade between Japan and China is complementary one and Japan and China needs each other.

As for FTA, this paper evaluates that impact would be limited as many items are traded without paying tariff. And Japan would be more beneficial as import tariff of Japan is lower than that of China. This paper shows that though in evaluation of effects of FTA model simulation is useful, qualitative analysis considering actual business is also necessary. It is advisable that study of Japan-China FTA will be initiated among scholars and business circle of both countries immediately because negotiation of East Asia FTA will be next issue after current FTA negotiations will be finished. This paper would be used as useful reference.

*Professor, Nagoya University