

Sub-Regional Issues of Plurilateral FTAs

GLOBAL SUPPLY CHAINS AND FTAS IN EAST ASIA AND THE PACIFIC

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ABSTRACT

Globalization of supply chains, or the 2nd generation of globalization, has progressed in East Asia and the Pacific since the mid-1980s. Based on the two-dimensional fragmentation model developed by Fukunari Kimura and Mitsuyo Ando, this paper traces the evolution of global supply chains in the region and elucidates the policy measures that are needed to support and sustain such supply chains. East Asian countries have voluntarily adopted these policy measures since the mid-1980s, but there remains the need to adopt additional policy measures to develop and sustain the global supply chains in the region. FTAs, notably high-standard and broad-based regional or mega-FTAs, are the appropriate means to achieve this objective, because they cover many of the policy measures that are needed for the development of global supply chains. This paper presents the TPP and the RCEP as the two most promising candidates for such FTAs, and argues that Japan is in a position to pursue the aforementioned objective by transplanting the high standard discipline of the TPP into the RCEP.

KEYWORDS: *2nd generation of globalization, global supply chains, FTAs, Trans-Pacific Partnership Agreement (TPP), East Asian Regional*

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