

Implications of US Protectionism for Asia

May 28, 2018

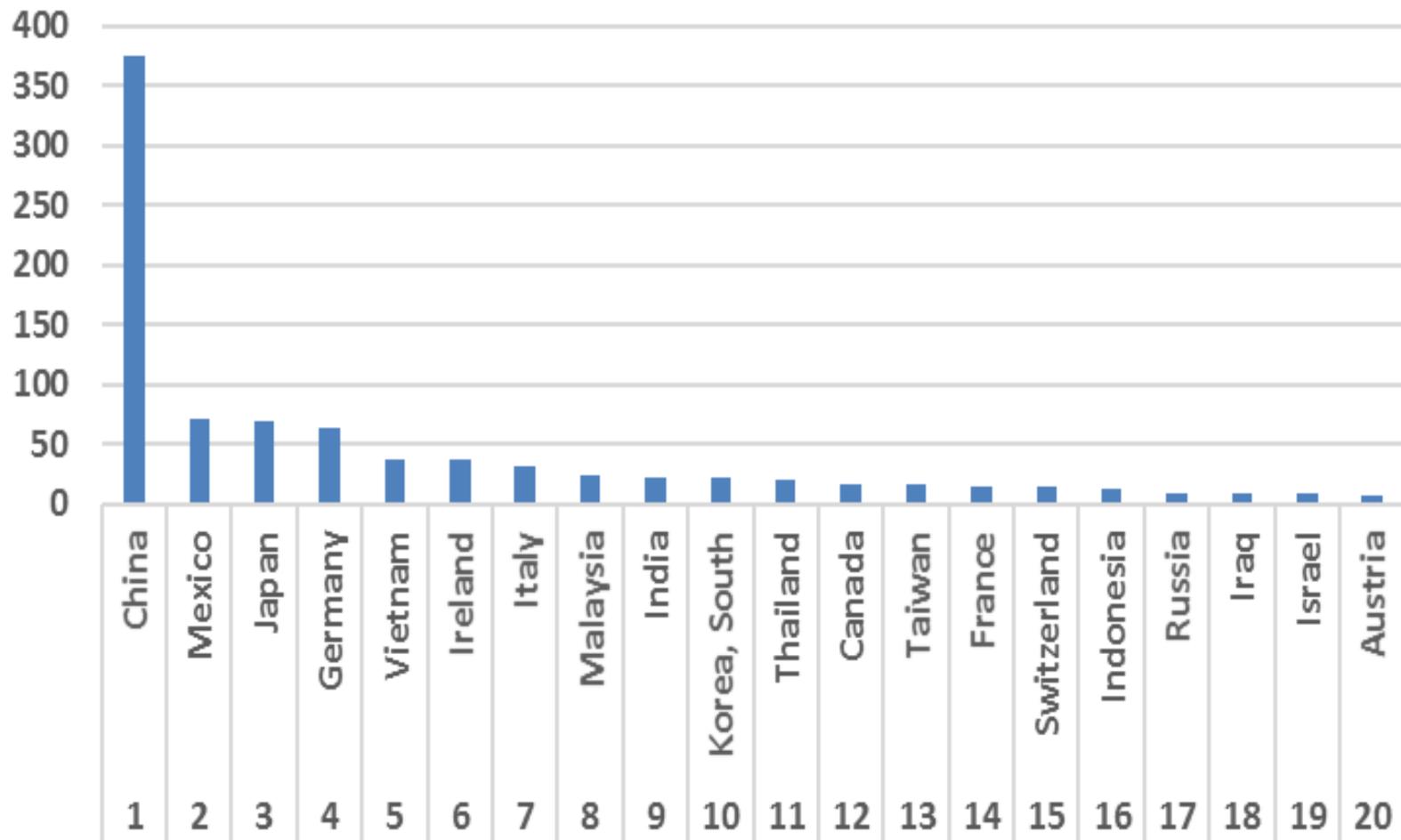
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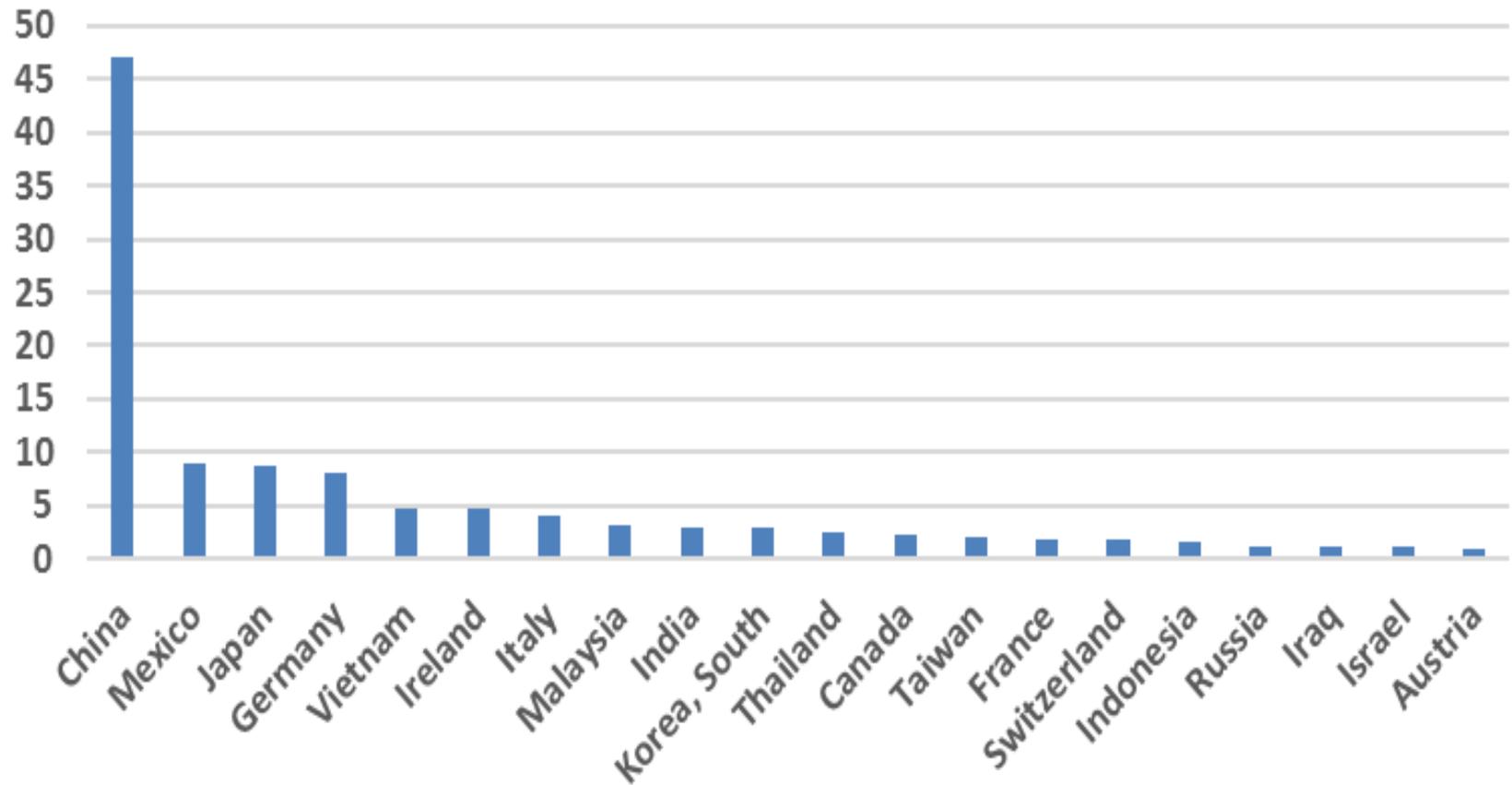
US Protectionism and East Asia

- US Protectionism
- Bilateral trade imbalances
- Sector-specific restrictions (national security argument) : steel, aluminum, etc
- Bilateral trade imbalances for East Asian countries
- (Possible) Targeted countries: China, Japan, Vietnam, Malaysia, India, Thailand, Taiwan, South Korea, etc
- Many East Asian Countries are concerned with possible negative impacts caused by US restrictions of imports from East Asian countries: increased imports from targeted countries, weak bargaining position vis-à-vis the US

US Bilateral Trade Deficit: 2017 (in \$billion)



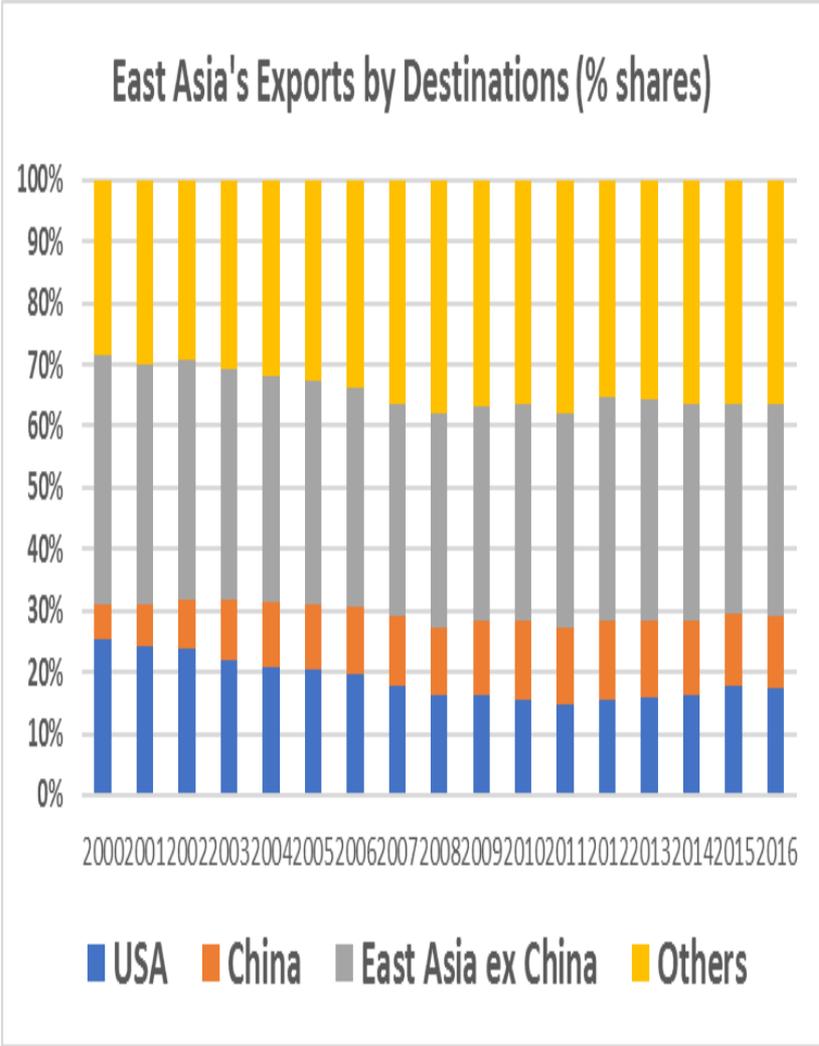
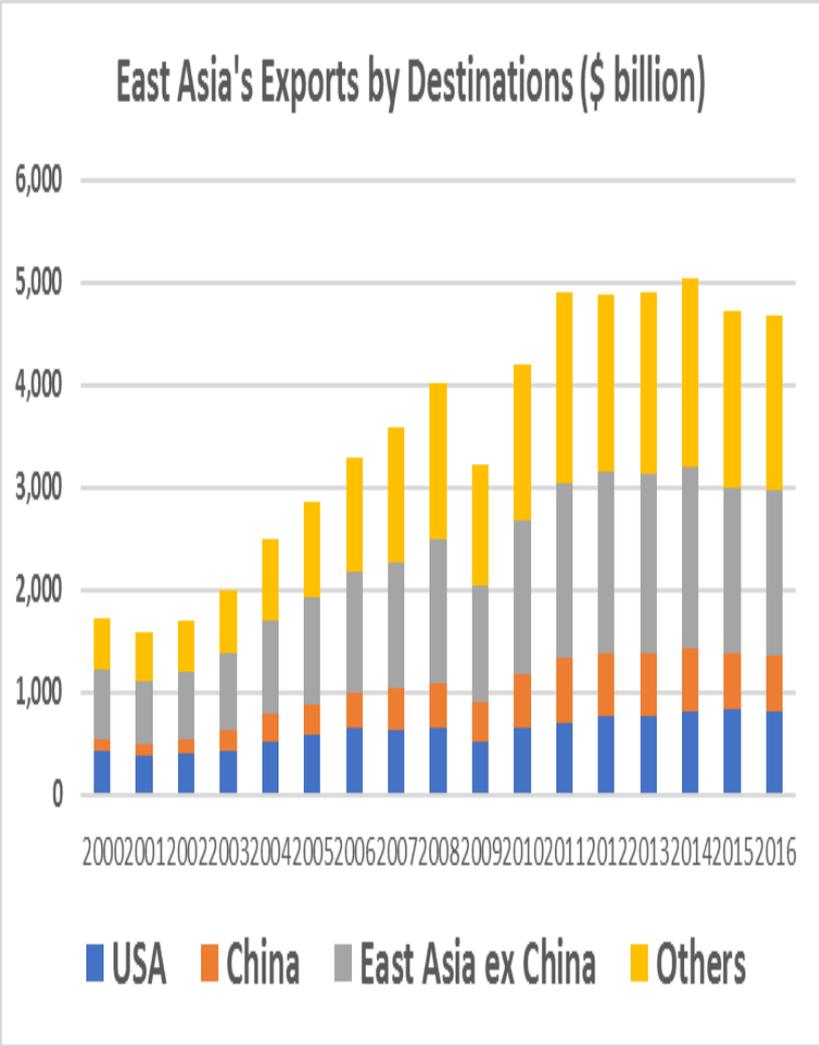
Compositional Shares in Overall US Trade Deficit: 2017 (%)



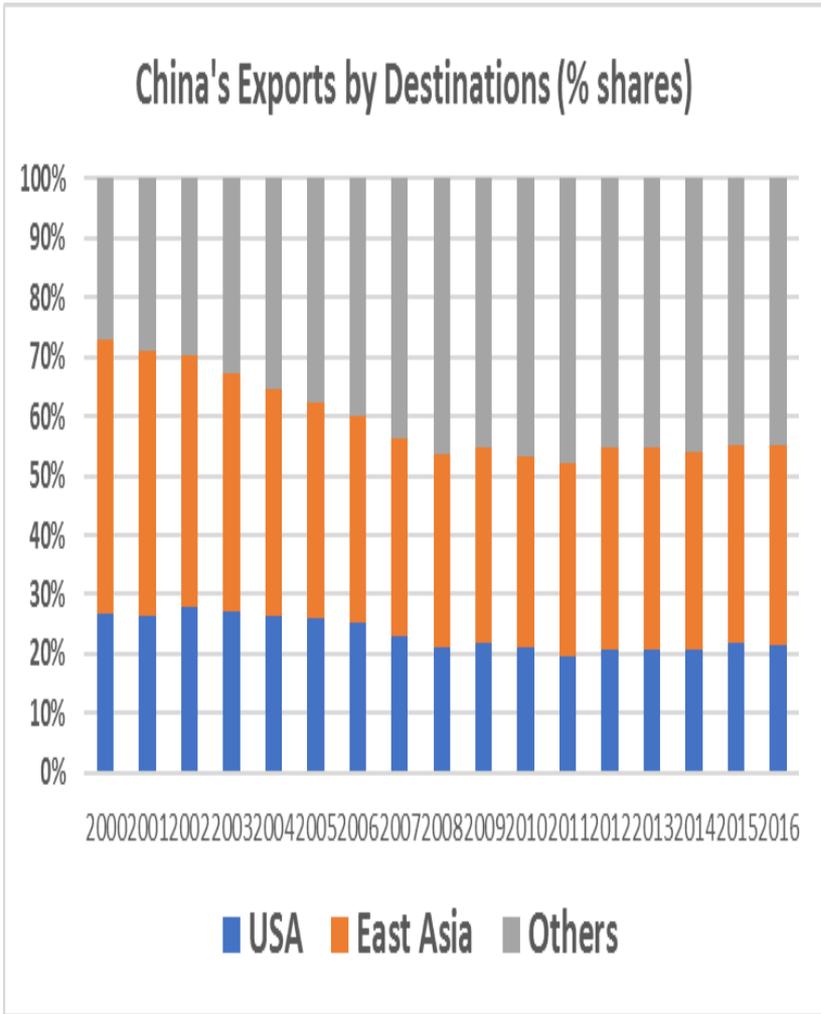
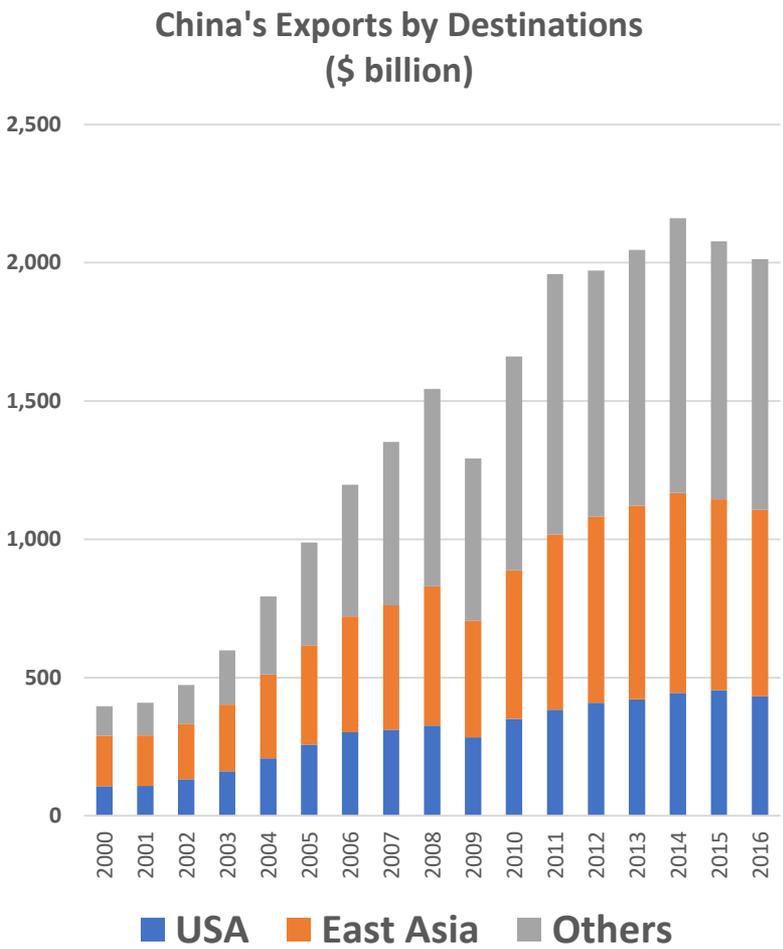
Response of East Asia to US Protectionism

- Reduce export dependence on the US
- Promote trade with countries other than the US through constructing trade agreements
- East Asia: Regional Comprehensive Economic Partnership (RCEP)
- Asia-Pacific economies: TPP11, South Korea and Thailand among other countries are eager to join
- ASEAN: ASEAN Economic Community
- EU: Japan-EU FTA, several ASEAN countries are negotiating FTA with EU
- Latin America: East Asia is attempting to have closer ties through “joining” the Pacific Alliance and starting discussions with the MERCOSUR countries

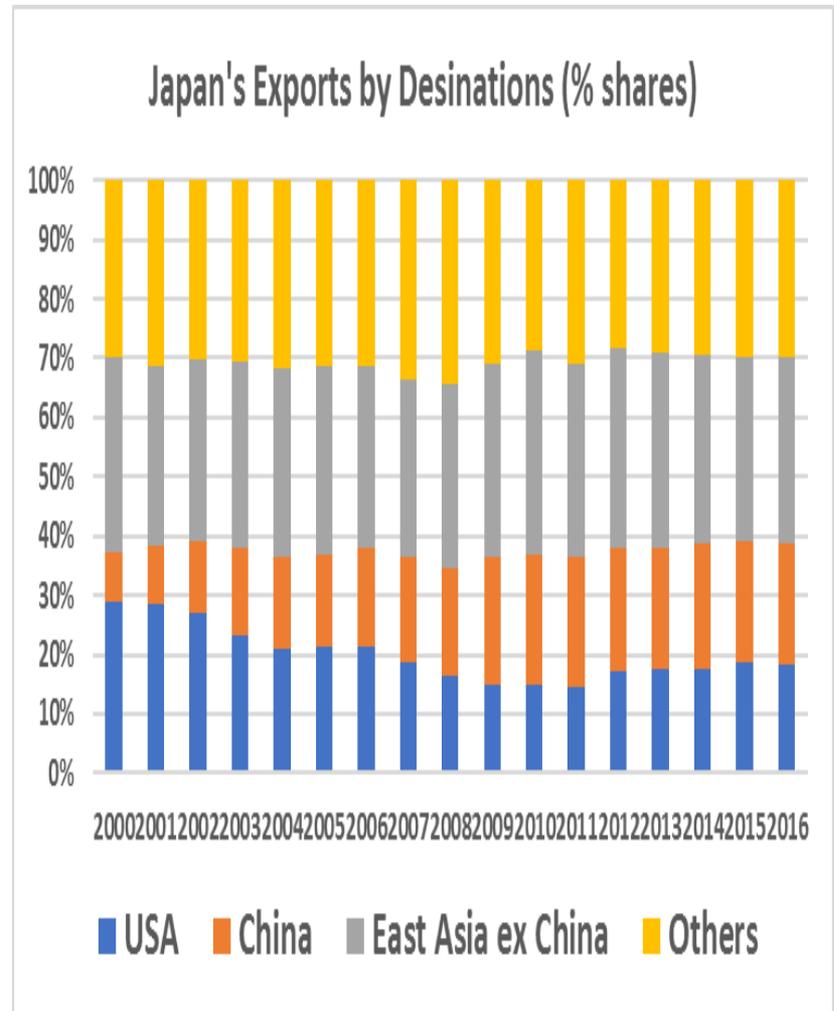
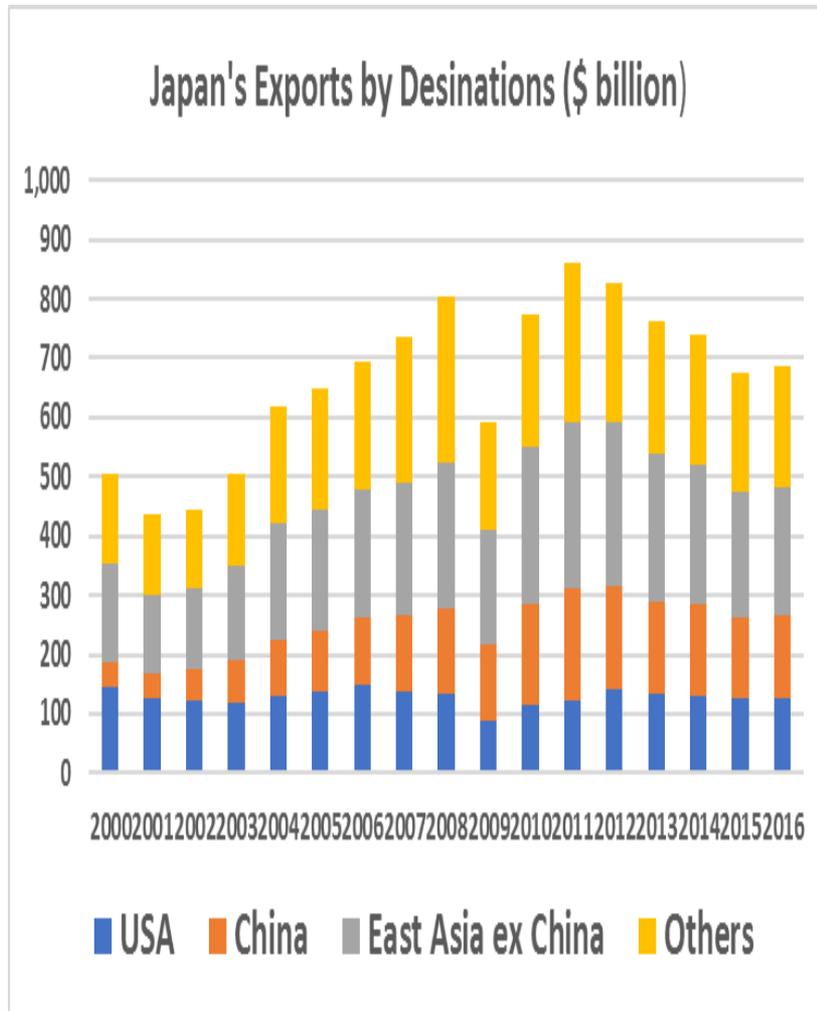
East Asia's Exports by Destinations



China's Exports by Destinations

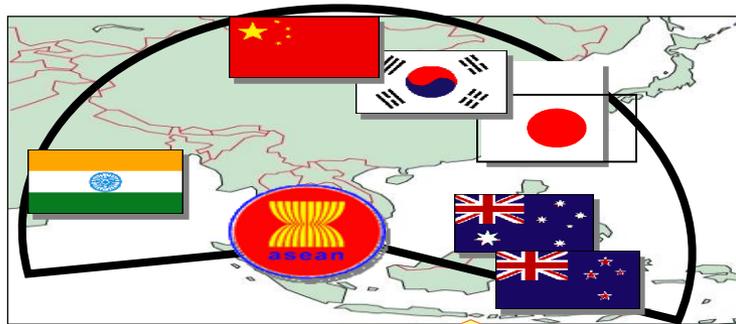


Japan's Exports by Destinations

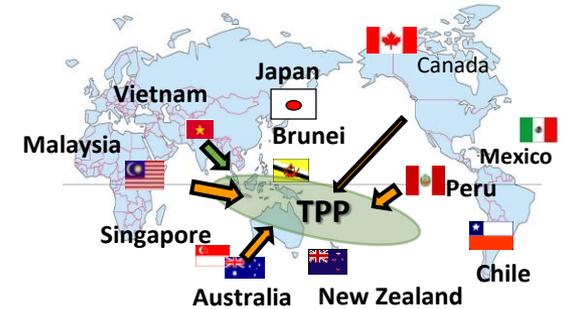


Region-wide FTAs in East Asia: TPP11, RCEP, China-Japan-Korea (CJK) FTA

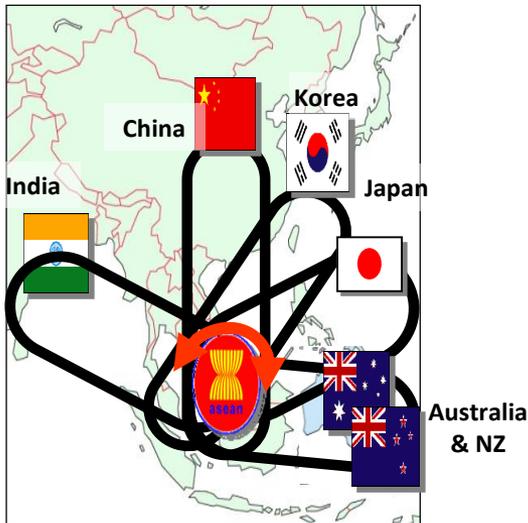
RCEP(ASEAN+6)
(ASEAN+CH, JP, KR, IND, AUS, NZ)



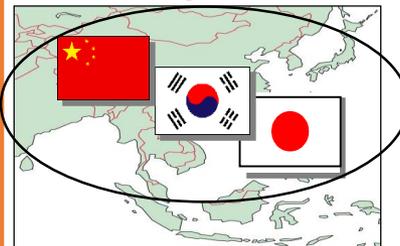
TPP



ASEAN+1 FTA



China-Japan-Korea



FTAAP (APEC)



- Promote multilateral and rules-based trade frameworks
- Free trade agreements: TPP11, RCEP, AEC, etc
- Asia-Pacific Economic Cooperation (APEC):
 - (a) trade and investment liberalization and facilitation
 - (b) establish level-playing field by dealing with government subsidy and other government interventions
- Free Trade Area of Asia-Pacific (FTAAP)
- WTO
- Plurilateral trade agreements: digital economy, services, environmental goods, etc.