

## KOREA

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# China-Japan-Korea Free Trade Agreement

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The world's economic focus rarely can leave Northeast Asia. Though Japan has suffered stagnation in recent decades, it remains a party to numerous free trade agreements ("FTAs") and home to major global players in electronics and automobiles. China is impossible to ignore as the world's second-largest (yet still developing) economy, and Korea, after its unparalleled speed of development, recently entered into noteworthy FTAs with both the EU and the US. These three powers, however, have yet to produce a regional trade agreement. Two decades after the North American Free Trade Agreement ("NAFTA") and the formation of the EU, and even longer since the formation of the Association of Southeast Asian Nations ("ASEAN"), the Northeast Asian ("NEA") or China-Japan-Korea ("CJK") FTA remains elusive.

Not that such an agreement has not been contemplated. A study nearly a decade ago concluded that such an agreement would benefit each individual country and the region;<sup>1</sup> further investigations concurred. Informal talks for nearly a decade, however, have yet to produce a trilateral agreement, even though bilateral talks (between Korea and China and Korea and Japan) have been slowly going to produce formal negotiations. Besides the pressures of competing economic sectors and compromises that must be made, wounds from previous war and ongoing territorial

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<sup>1</sup> Hyungdo Ahn, Changjae Lee & Hongshik Lee, *Analysis of a China-Japan-Korea Free Trade Area: A Sectoral Approach*, paper presented at a symposium (New Paradigms for Transpacific Collaboration) sponsored by the University of Washington, the Korea Economic Institute, and the Korea Institute for International Economic Policy, Oct. 16-18, 2005, available at <http://keia.org/sites/default/files/publications/02Ahn.pdf> (last visited on Aug. 15, 2013).