

# **The Implications of a China–Japan–Republic of Korea Free Trade Agreement (CJK FTA) in Regional Cooperation**

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## **I. Introduction**

Since the [Joint Declaration of the Ninth Republic of Korea \(ROK\)–Japan–China Trilateral Summit](#), issued on May 27, 2024, explicitly stated the three parties' intention to “keep discussions for speeding up negotiations for” a China–Japan–ROK Free Trade Agreement (CJK FTA), debate surrounding these negotiations has reemerged among scholars and in the media.

This article assesses the significance of a CJK FTA within the current international context, placing particular emphasis on regional cooperation in Northeast Asia. It also examines the practical implications of both the negotiation process and the subsequent implementation of the agreement, drawing on the author's two years of direct experience at the Ministry of Foreign Affairs of Japan, where she was involved in negotiating and implementing FTAs. Negotiations on a CJK FTA, which began in 2012, have stalled since the 16th round of meetings in November 2019. Meanwhile, the Regional Comprehensive Economic Partnership (RCEP) Agreement, which was also initiated in 2012, was signed by 15 countries, including China, Japan, and the ROK, in 2020 and entered into force in 2022. Accordingly, the three countries already operate under RCEP rules on trade liberalization and cooperation across sectors such as investment. For a CJK FTA to be truly meaningful, the parties must agree on rules that are higher in standard than those under RCEP. In addition, as the China–ROK FTA has been in force since 2015, the two countries would likewise need to adopt more comprehensive or advanced rules than those in the existing agreement.

## **II. Overview of FTA Negotiations and Implementation**

FTA rules address various aspects of commercial practice between parties. Specifically, the reduction or elimination of tariffs facilitates the import and export of goods, while provisions on services trade, the cross-border movement of natural persons, investment protection, and intellectual property rights promote broader economic exchange.

Accordingly, the effects of an FTA extend beyond administrative agencies and private-sector actors to domestic industries, consumers, and workers through lower import prices and the overseas expansion

of businesses.

In multilateral FTAs, tariff reductions and eliminations are typically negotiated bilaterally between each pair of parties and outlined in country-specific schedules annexed to the agreement. These annexes specify the tariff rates and reduction timelines agreed upon between each party and every other party.

Thus, the relevant sections of a CJK FTA would effectively comprise a bundle of three bilateral treaties—Japan–China, Japan–ROK, and China–ROK. In contrast, other provisions would reflect shared commitments among all three parties, such as those governing sanitary and phytosanitary (SPS) measures or technical barriers to trade (TBT).

A multilateral FTA, therefore, serves as an integrated framework of both bilateral and multilateral commitments, enabling commerce across multiple fronts. Businesses expect the CJK FTA to provide more favorable tariff rates than existing FTAs, and the harmonization of rules among the three countries is anticipated to contribute to the standardization of administrative and business practices. This, in turn, is expected to enhance predictability, stability, reliability, and operational efficiency in daily cross-border commercial activities.

However, to benefit from FTA—particularly through preferential tariff treatment, enterprises must complete certain procedural requirements, such as certifying the origin of goods. According to [a report by the Japan External Trade Organization \(JETRO\)](#), in Japan, the complexity of these procedures has kept the FTA utilization rate by exporters at around 60%. Moreover, usage is concentrated among large enterprises with specialized knowledge and sufficient human resources.

In other words, post-agreement measures are necessary to promote effective FTA utilization. At the same time, improvements to origin-certification processes can be incorporated directly into the FTA. For example, RCEP introduced a self-certification system to enhance procedural flexibility.

Who, then, has a direct interest in FTA negotiations, and whose interests shape the resulting agreement? Primarily, internationally engaged firms and domestic industries exposed to price competition from imports have the greatest stake in the outcome.

However, given the broad economic implications of FTAs and their increasing prominence in national policy agendas, public interest in such agreements has also grown. For example, the United Kingdom accelerated FTA negotiations following its departure from the European Union (EU). In response to

the protectionist trade policies of the Trump administration, both the United Kingdom and other European countries sought to expand their networks of FTA partners and intensified related negotiations.

In practice, negotiators must balance the demands of diverse domestic stakeholders, present them to their counterparts, and ultimately reach a comprehensive, mutually acceptable agreement through compromise.

### **III. Current Status and Prospects of CJK FTA Negotiations: Why Trilateral Cooperation?**

What are the potential benefits of concluding a CJK FTA, and what are the bottlenecks that have hindered the negotiations process thus far? According to the [2024 Trilateral Economic Report](#) published by the Trilateral Cooperation Secretariat (TCS), an international organization established to promote cooperation among Japan, China, and the ROK, a CJK FTA is expected to promote trade, stimulate economic growth, and create jobs, thereby benefiting all three countries. The report further notes that strengthening the three economies would enhance the overall competitiveness of the Northeast Asian region within the global economy.

From a broader perspective, the conclusion of a CJK FTA could also contribute to regional economic integration by interacting synergistically with the RCEP and existing Economic Partnership Agreements (EPAs<sup>1</sup>) with Southeast Asian countries. Such integration is expected to foster stable and sustainable economic development across the region. Moreover, the TCS could facilitate trilateral dialogue and joint research on implementation challenges and the utilization of the FTA after its conclusion.

Despite these positive prospects, negotiations have stalled due to two key factors: first, the prioritization of other treaties such as the RCEP; and second, historical and geopolitical tensions among the three countries. More recently, China has reportedly become more enthusiastic about resuming FTA negotiations in response to escalating political and economic tensions with the United States and the broader impact of the United States' protectionist policies. Conversely, in Japan and the ROK, both United States allies, there are cautious perspectives emphasizing the importance of maintaining the alliance with the United States and strategic views that advocate for strengthening the global free trade system by expanding FTA networks.

As mentioned above, FTA negotiations typically aim to produce comprehensive agreements,

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<sup>1</sup> The EPA is an alternative designation for an FTA that underscores a broader and more integrated economic collaboration than FTAs typically offer. When Japan concludes FTAs, it customarily prefers to using the term EPA.

involving sector-specific rulemaking. At times, unrelated diplomatic or economic issues may be raised and used as bargaining tools during the negotiations. According to the 2024 Trilateral Economic Report, Japanese stakeholders are particularly interested in reducing or eliminating tariffs on automobiles and auto parts exported to the ROK and in urging China to review its industrial subsidies, preferential treatment for state-owned enterprises, favoritism toward domestic products in government procurement, and restrictive regulations on digital trade.

From the perspectives of China and the ROK, these demands raise sensitive issues that require careful and deliberate negotiation. Regardless of whether such matters are addressed within the FTA framework, managed outside it, or deferred, the CJK FTA negotiations can serve as a platform for ongoing dialogue and the foundation for developing future legal frameworks and regional rules.

#### **IV. Institutionalizing Cooperation through FTA Negotiations and Conclusion**

The Joint Declaration cited above emphasizes the importance of institutionalizing trilateral cooperation to achieve peace and stability in Northeast Asia, citing the role of Trilateral Summit meetings and the establishment of the TCS. Once concluded, a treaty provides the legal foundation for future cooperation among its parties. Accordingly, if a CJK FTA is concluded, it would become a landmark legal framework for trilateral economic cooperation, following the Japan–ROK–China Investment Agreement, which entered into force in 2014.

In this context, the procedures and mechanisms governing the implementation of the FTA would also represent a form of institutionalized trilateral cooperation. Specifically, the parties would designate contact points and competent bureaus to supervise implementation, and convene periodic committee meetings established under the agreement to address emerging challenges. If disputes arise between the parties, they would first engage in consultations within these committees and, if unresolved, invoke the agreement's dispute settlement mechanism. In practice, divergent interpretations of treaty provisions or the related rules can often be clarified through such discussions among officials or within committee meetings, resulting in clarifications, leading to the refinement of practices or interpretations.

Moreover, the negotiation rounds themselves, typically conducted over extended periods and requiring sustained cooperation, also constitute a form of institutionalized collaboration. Throughout both the creation and implementation phases of a treaty, institutional mechanisms support rulemaking, clarification, and rule evolution.

Higgins conceptualizes international law as “an authoritative system of decision-making available in

a decentralized system to all authorized decision-makers,”<sup>2</sup> emphasizing its dynamic nature and capacity for development in response to international changes. She further asserts that agreed-upon rules represent “just accumulated past decisions.”<sup>3</sup>

From this standpoint, each stage in the negotiation and implementation of a treaty may be viewed as part of the broader evolution of international law. The CJK FTA negotiations process, therefore, can be equated with the initiation of a trilateral cooperation project in the economic domain, one that contributes to both regional rule development and the advancement of international law.

#### **V. Conclusion: The Rule of Law in the Northeast Asian Region**

Reflecting on the challenges facing CJK FTA negotiations, considering both their history and recent trilateral diplomatic developments, it appears that sufficient mutual trust among the three countries has yet to be established. Commercial transactions, the implementation of rules and systems, and international cooperation all depend on a certain level of mutual confidence.

In the current context, where China–US trade tensions and unilateral tariff measures by the United States are undermining confidence in the predictability and stability of the international economic legal order, the three countries are confronted with a crucial question: whether to advance the stalled FTA negotiations.

As Shaw has noted, a state may take actions that violate international law if it considers its national interest to outweigh the disadvantages of such breaches.<sup>4</sup> Thus, while international interdependence and cooperation can incentivize compliance, they serve only as partial deterrents against violations.

However, as reaffirmed in the Joint Declaration, if the three countries aspire to establish an international order grounded in the rule of law, concluding a CJK FTA could form part of a vital long-term strategy. Such an agreement would reinforce incentives for compliance, deepen economic and cooperative relations, and promote legal stability.

In other words, concluding the CJK FTA may help lay the foundation for stable trilateral diplomatic relations based on international law while also strengthening the normative framework governing their economic interactions.

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<sup>2</sup> Rosalyn Higgins, *Problems & Process: International Law and How We Use It* (Oxford University Press, 1994) p. 10.

<sup>3</sup> *Ibid.*, p. 3.

<sup>4</sup> Malcolm N. Shaw, *International Law* (9th ed., Cambridge University Press, 2021), p. 7.

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