

PREFACE

In recent years, there has been a rapid increase in the number of free trade agreements (FTAs). Concluded throughout the world, these FTAs occupy a dominant position in the international trade regime. While FTAs expand the level of trade between member countries, they are likely to divert and reduce trade with non-members, thereby affecting the economies of both member and non-member countries. This research, conducted by the FTA Study Group at the Research Institute of Economy, Trade and Industry (RIETI) in fiscal years 2006 and 2007, examined major FTAs in the world to analyse their impact on trade and domestic economies. The method used consisted of pre-FTA analysis of data from the period prior to the establishment of an FTA, and post-FTA analysis based on actual observed data. As for Japan's FTAs, the project also analysed the utilisation rate of the FTAs by Japanese firms. The results obtained from these analyses have served to identify areas of necessary improvement in individual FTAs, while also providing useful information for the design of future FTAs. We are very pleased to see the publication of this research in book form, as this will allow a broader international audience to access the valuable results of this research.

This research project was led by Professor Urata Shujiro, Faculty Fellow of RIETI and Professor of the Graduate School of Asia-Pacific Studies, Waseda University. I believe the unique organisational support provided by RIETI is indispensable to this type of research project that involves the gathering of long-term economic and trade-related data on a global scale.

RIETI was established in 2001 by the Ministry of Economy, Trade and Industry as a new policy-making platform aimed at promoting the link between academia and politics. While maintaining a certain degree of independence from government agencies, RIETI makes the best use of its location in the Kasumigaseki district in central Tokyo — the heart of Japanese politics and economics — to bring together policy makers,

industry leaders, academic experts, and eminent researchers from Japan and overseas. For the five-year medium-term plan between 2006–2010, RIETI has set up the following four major policy research domains as an overarching framework of research themes in which individual researchers and study groups are freely engaged in research activities:

- (i) Maintaining Economic Dynamism under the Adverse Demographic Conditions of Low Fertility and Aging Population,
 - (ii) Promoting Innovation and Strengthening International Competitiveness,
 - (iii) Formulating Japan's Strategy in Response to Globalization and Deepening Economic Interdependence in Asia, and
 - (iv) Compilation of the History of Japan's Trade and Industry Policy.
- To undertake these research projects, it is crucial to enlist a diverse array of experts to systematically examine research themes, gather and structure essential data, and form networks of researchers including those based overseas. In its role as a policy-making platform, RIETI has its greatest strength in such inter-organizational research.

As Chairman of RIETI, I extend my thanks to Professors Urata and Findlay, the editors of this publication, as well as to the members of the FTA Study Group and contributors to this volume. In March 2007, the Group played a key role in organising a RIETI Policy Symposium entitled “Assessing Quality and Impacts of Major Free Trade Agreements”. I take this opportunity to note that the comments and suggestions received from the participants of the symposium were very useful in deepening the research in this project. Last but not least, I extend my thanks to the RIETI staff whose hard work facilitated the smooth progress of this research project, and to the staff members of World Scientific Publishing Co., Pte. Ltd, the publisher of this volume.

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