



Asia-Pacific Economic Cooperation

**2004/ASCC/055**

Panel: 7

## **Sequencing Trade and Cooperation in the Asia-Pacific Region**

Purpose: Paper Presented to ASCC, PECC Trade Forum – LAEBA  
Conference

Submitted by: Antoni Estevadeordal  
Integration and Regional Programs Department  
Inter-American Development Bank



**APEC Study Centers Consortium  
Viña del Mar, Chile  
26 -29 May 2004**



# **APEC Study Centers Consortium Meeting (ASCC)**

**Chile 2004**

***Sequencing Trade and Cooperation  
in the Asia-Pacific Region***

**Antoni Estevadeordal  
Integration and Regional Programs Department  
Inter-American Development Bank**

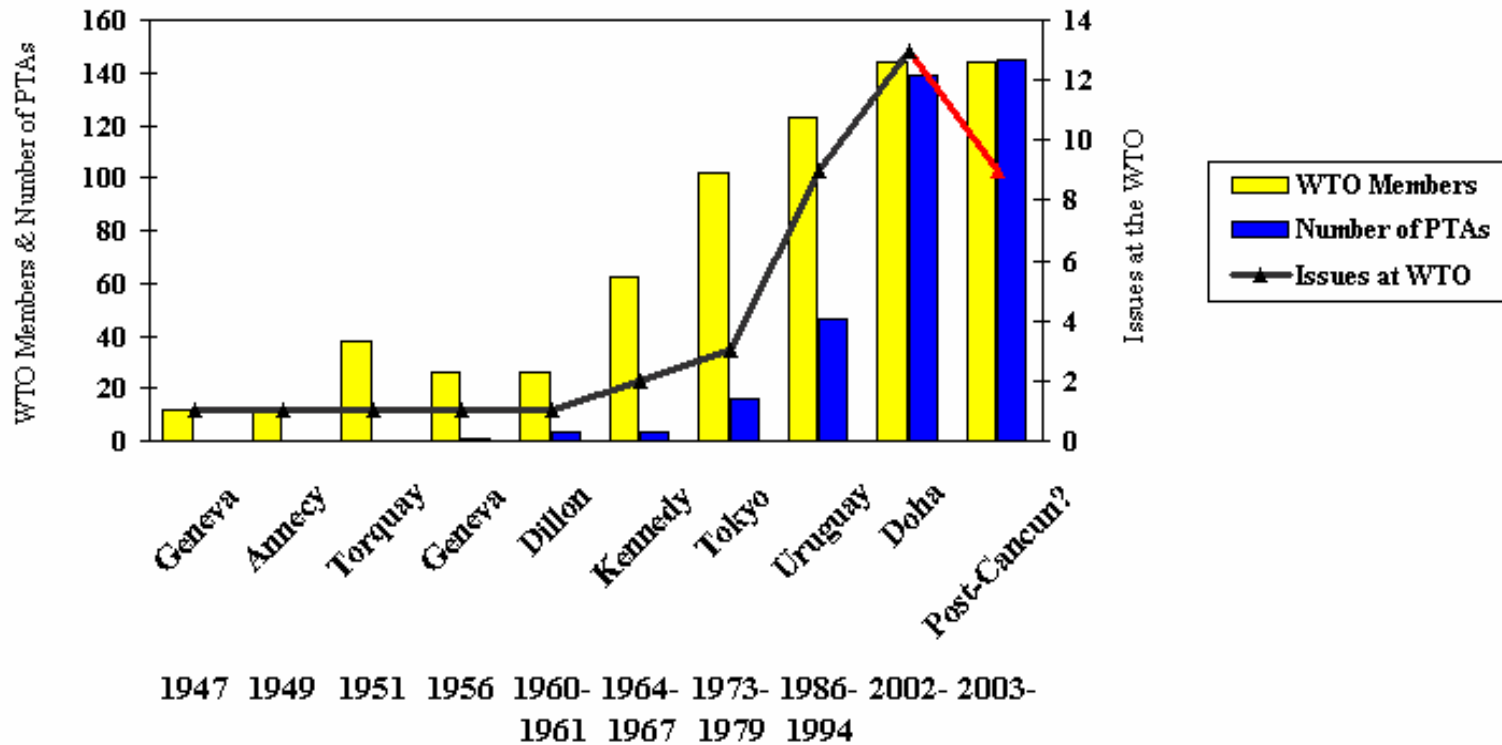
# Outline

- The Rise of Regionalism
- Sequencing Trade and Cooperation
- Lessons from The Americas
- APEC: Challenges and Opportunities

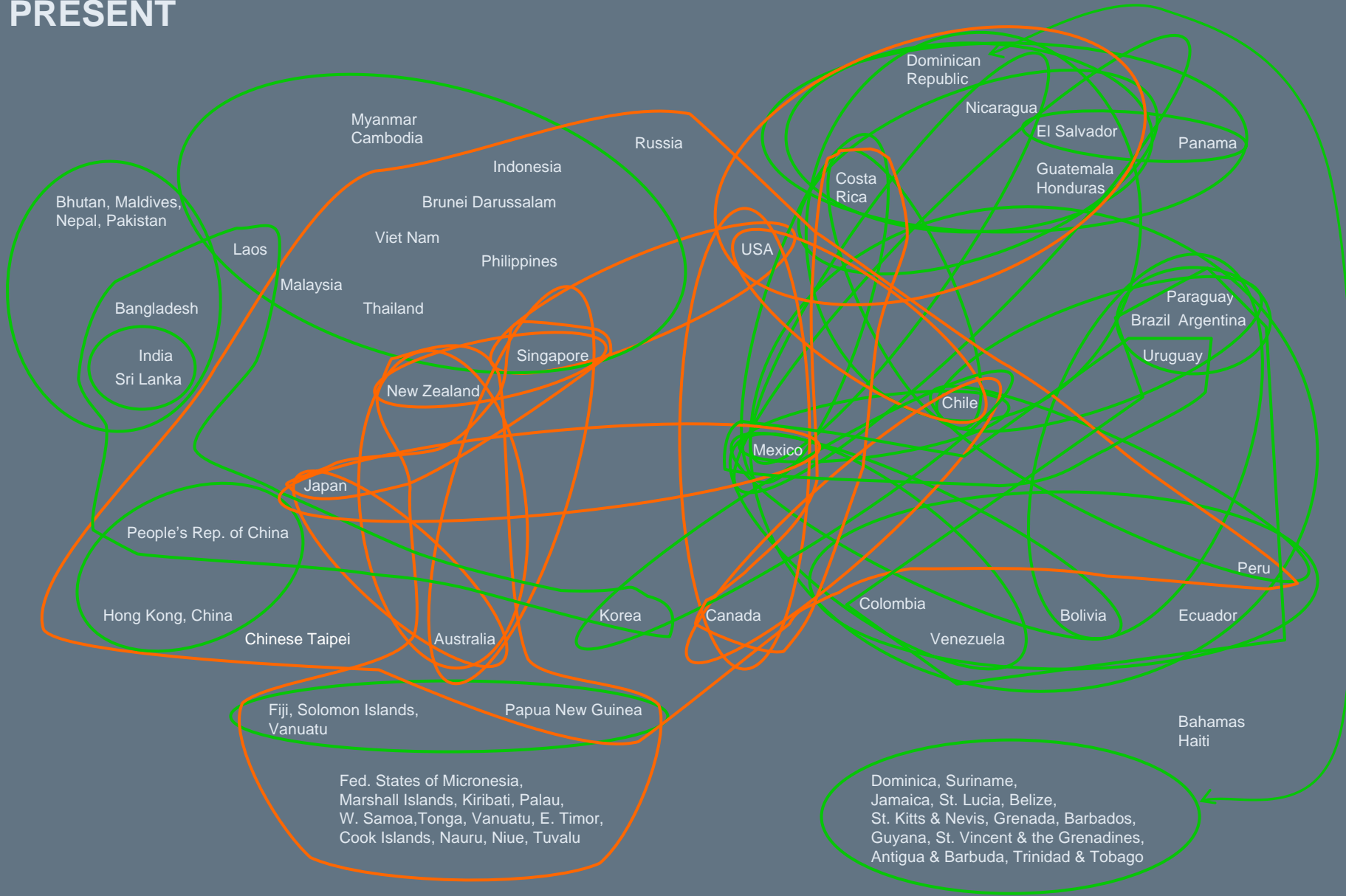
# The Rise of Regionalism

- Regionalism and Multilateralism
- The “spaghetti bowl” of RTAs and FTAs

# The Rise of Regionalism: Regionalism and Multilateralism



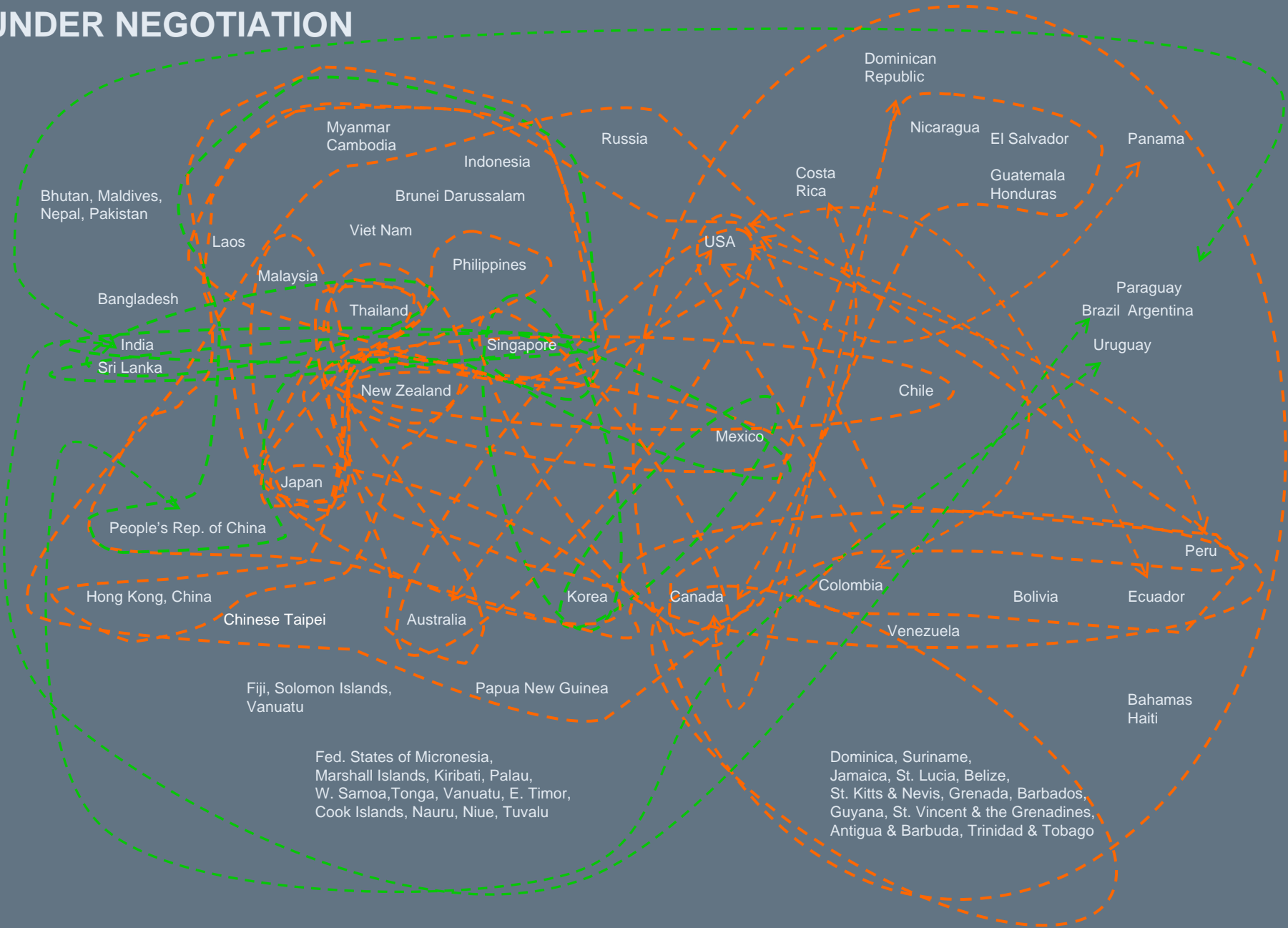
# PRESENT



## ASIA

## AMERICAS

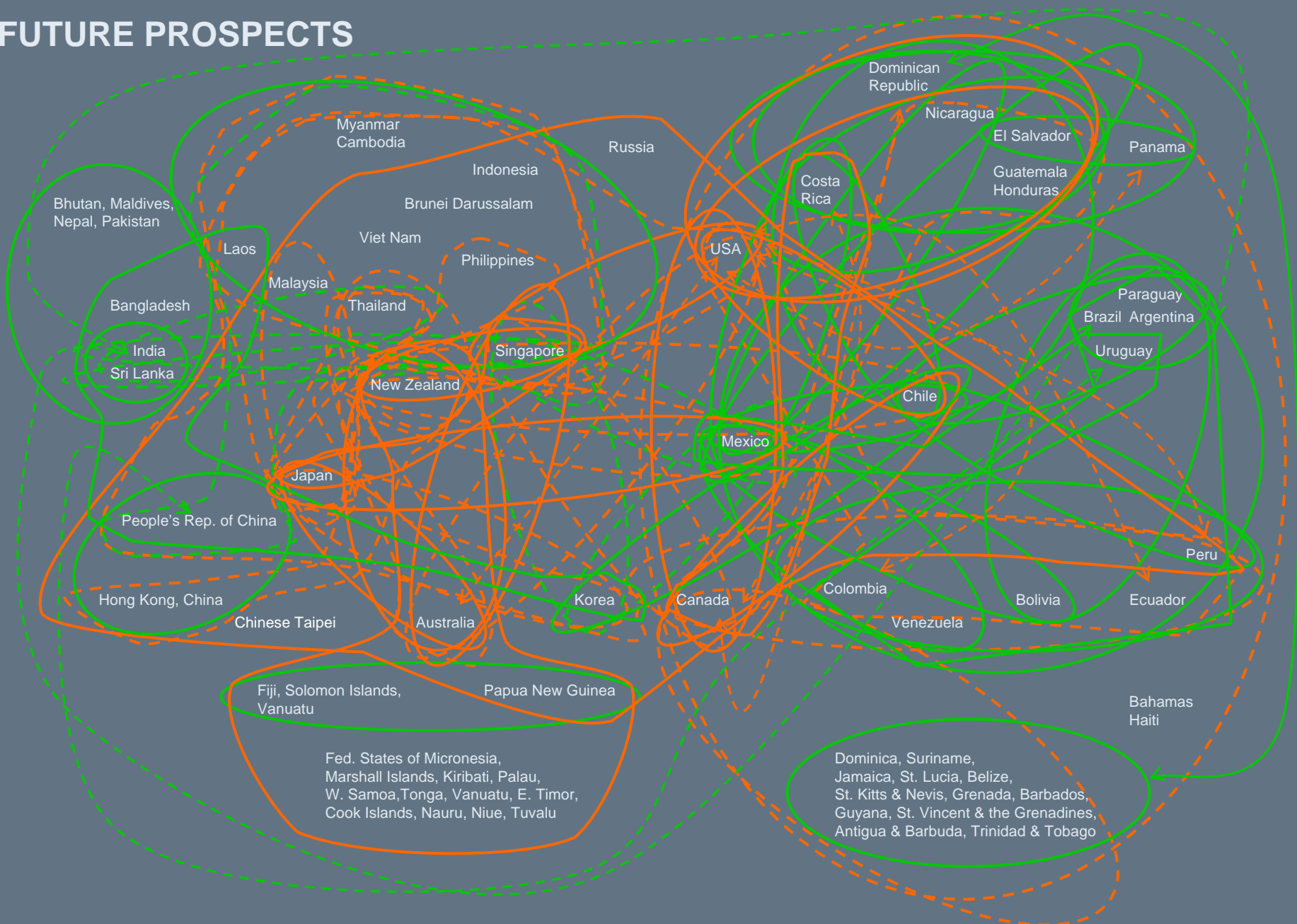
# UNDER NEGOTIATION



ASIA

AMERICAS

# FUTURE PROSPECTS



**ASIA**

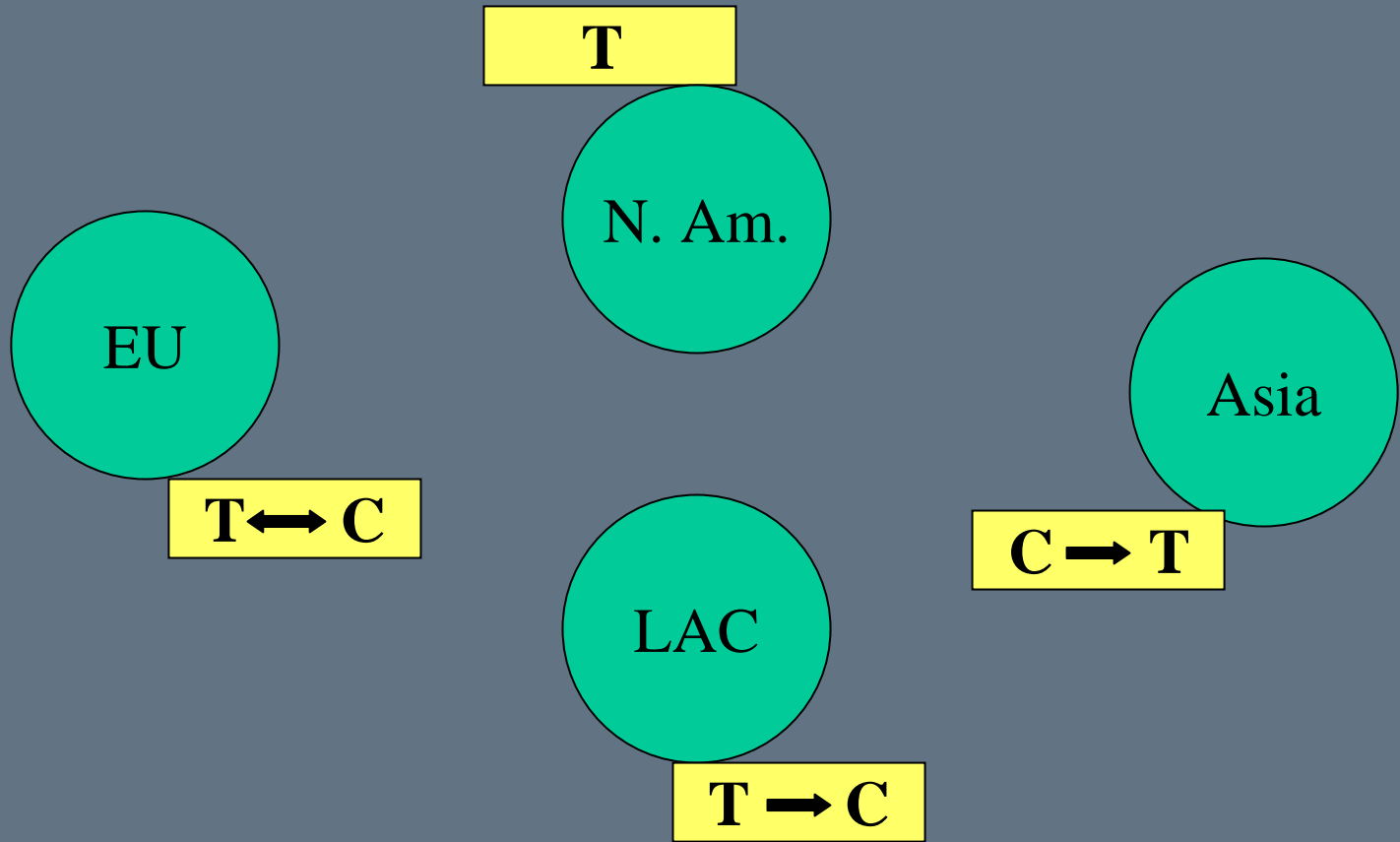
**AMERICAS**



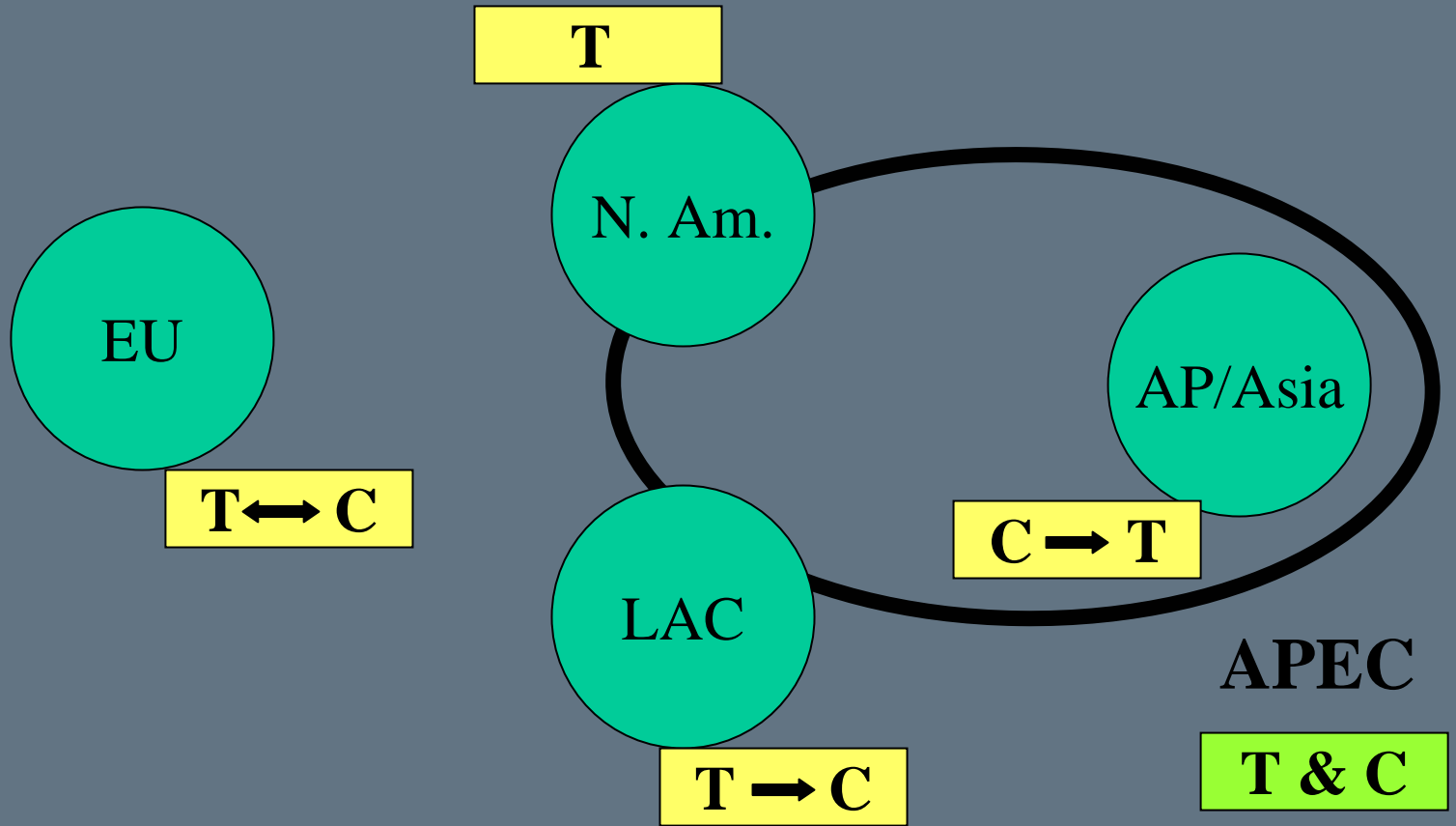
# Sequencing Trade and Cooperation

- “Tasting” the spaghetti: Trade (T) and Cooperation (C) Models
- Trade and Cooperation Linkages

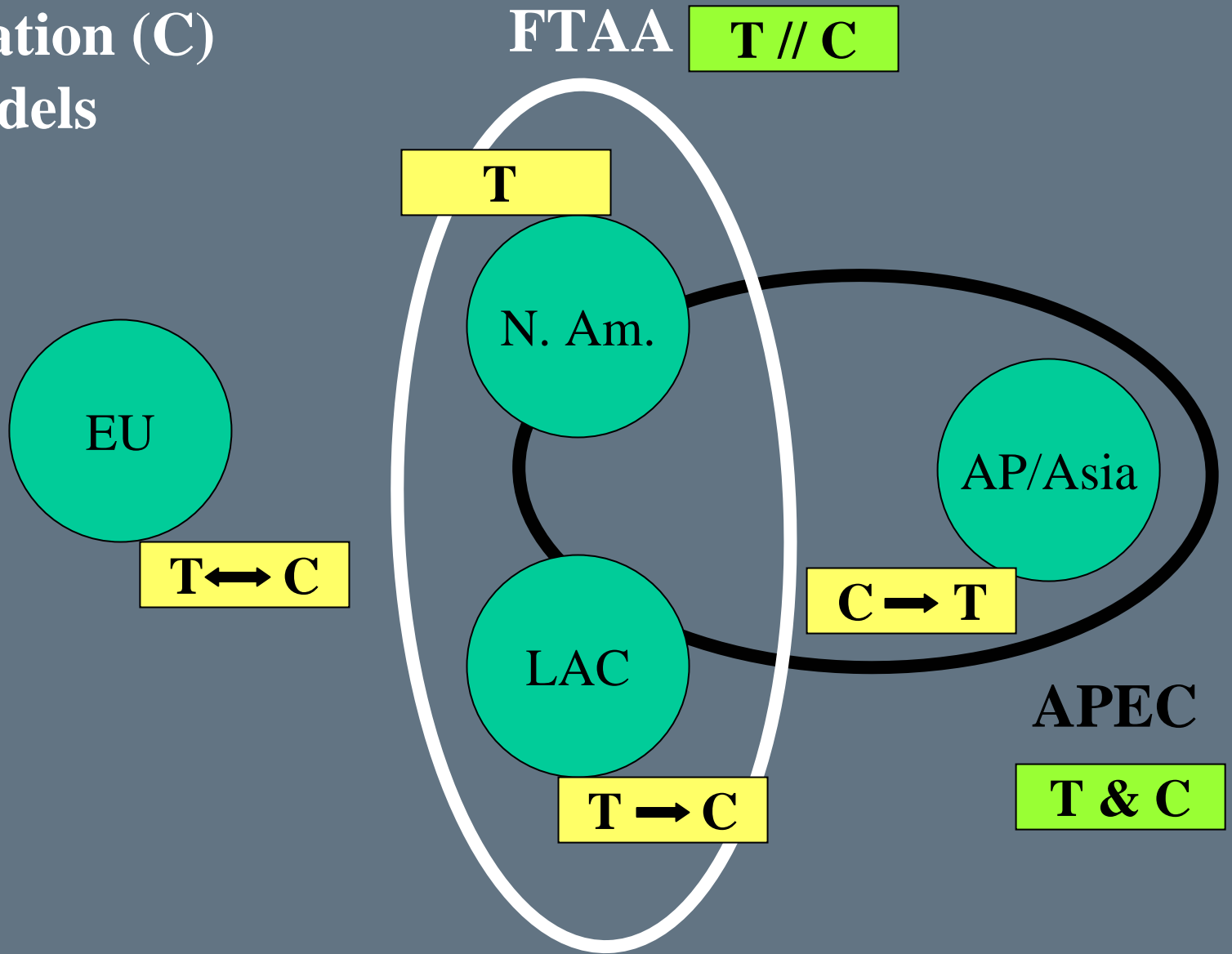
# Trade (T) and Cooperation (C) Models



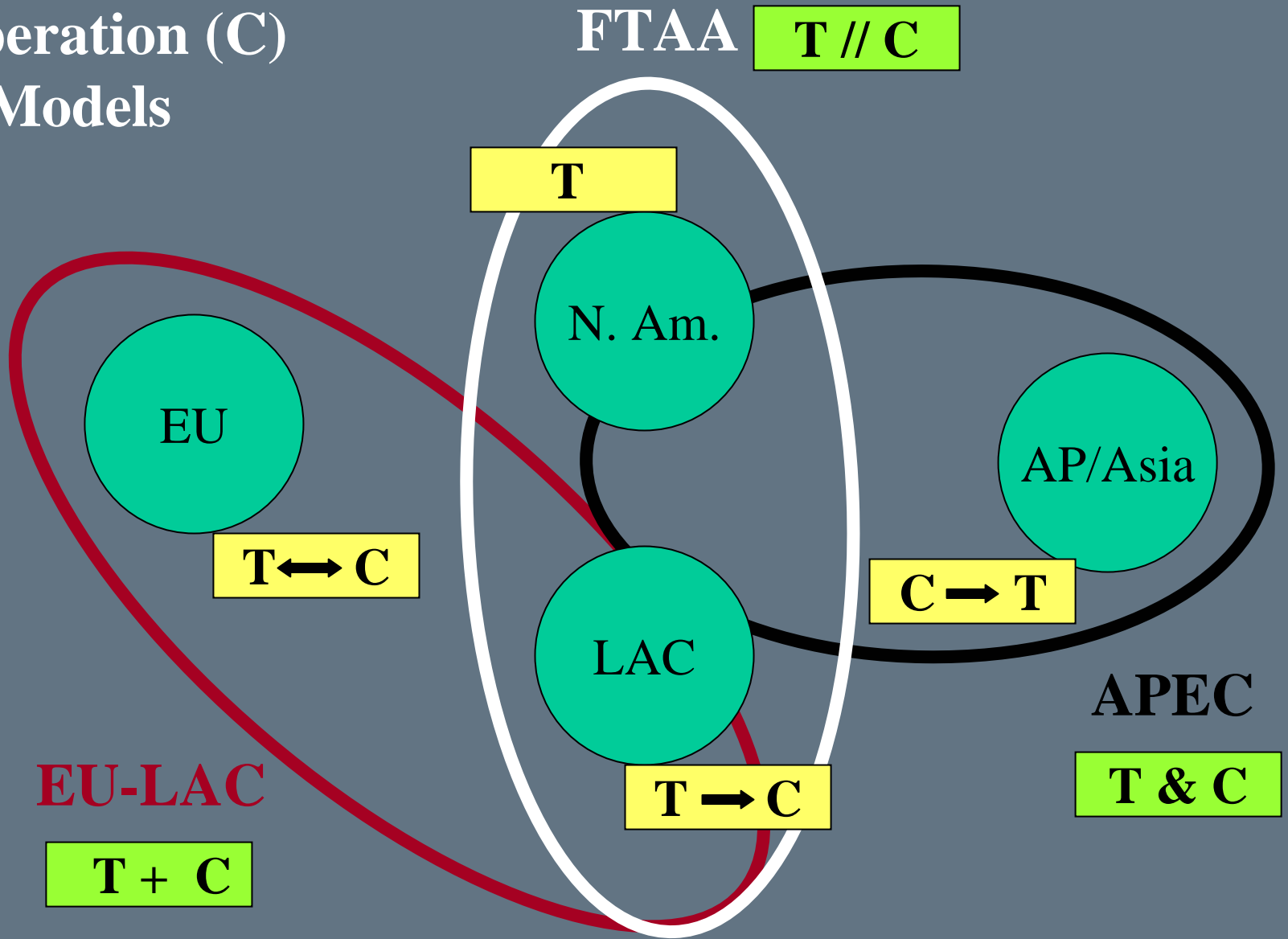
# Trade (T) and Cooperation (C) Models




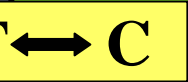


# Trade (T) and Cooperation (C) Models



# Trade (T) and Cooperation (C) Models



# T and C Linkages

MODEL:	T		C
Regional Initiative	Objectives and Degree of Deepening	Relationship between T and C: Instit. Dev.	Objectives and Degree of Regional
<b>EU</b> 	“Full” T Integration	“High” Institutional “Community Way” “Multilevel Issue”	RPGs
<b>FTAA (Summit)</b> 	“Classical” FTA +	“Low” Institutional	GPGs
<b>APEC</b> 	Open Regionalism Principles	“Medium” Institutional	Mix RPGs and GPGs

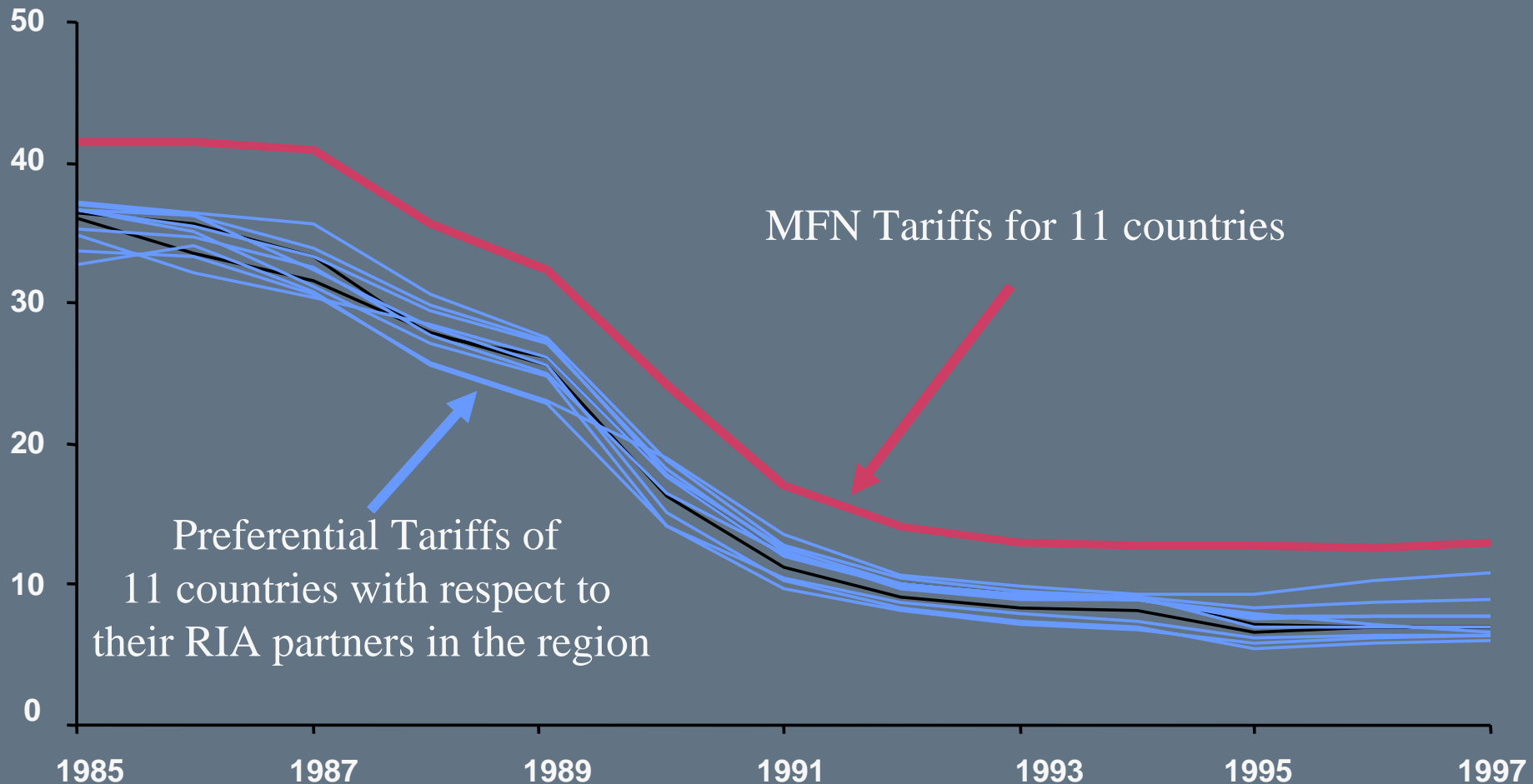
# Lessons from the Americas

- Regionalism in The Americas and APEC principles: Different Routes, Same Goals?
- From T to C in The Americas ?

# Regionalism in The Americas and APEC principles: Different Routes, Same Goals?

## Non-Discrimination / MFN liberalization

Simultaneous Preferential and MFN Liberalization in Latin America

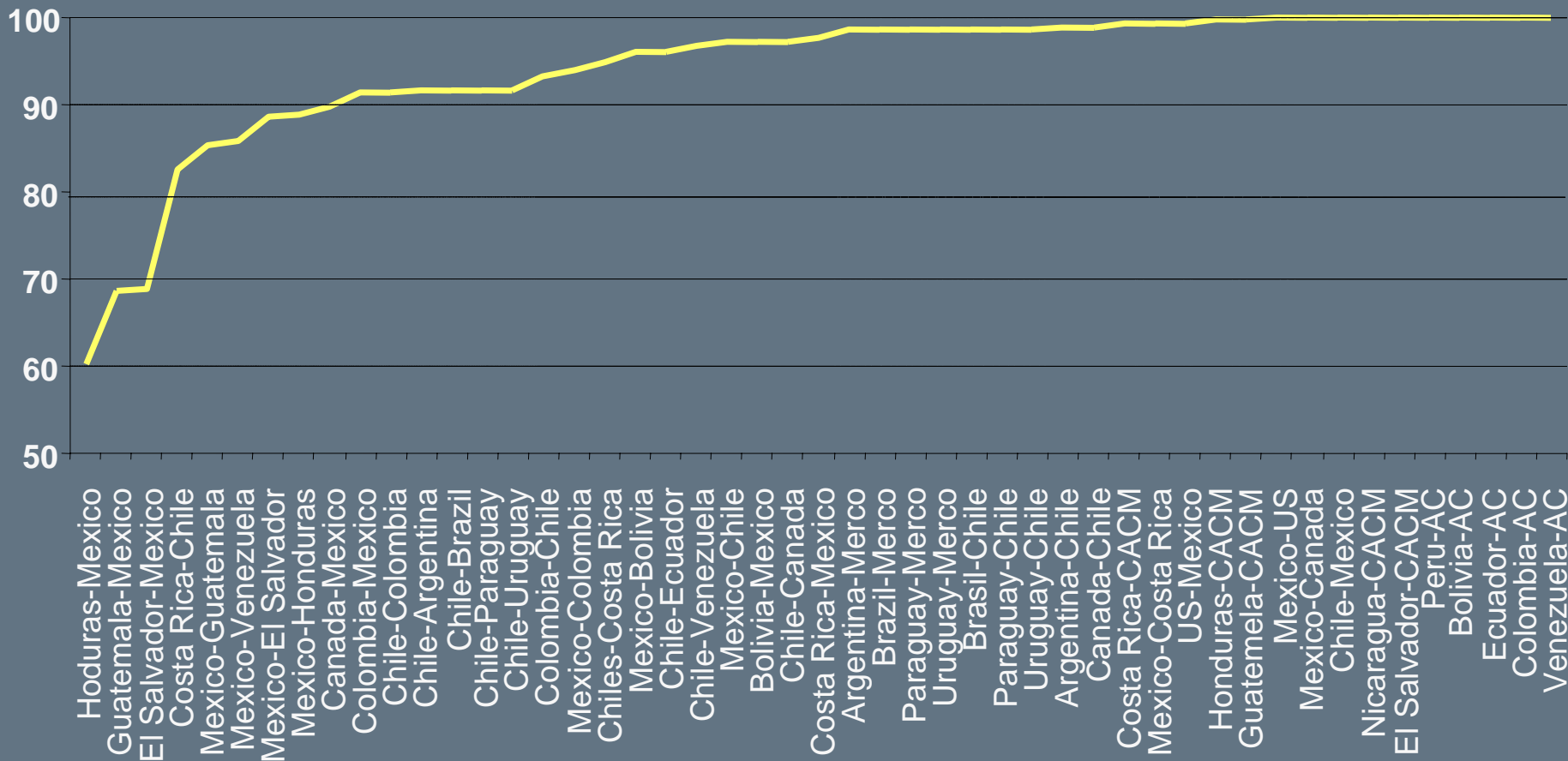




# Regionalism in The Americas and APEC principles: Different Routes, Same Goals?

## Timetable / Comprehensiveness / Flexibility

Percentage of items free by 2005

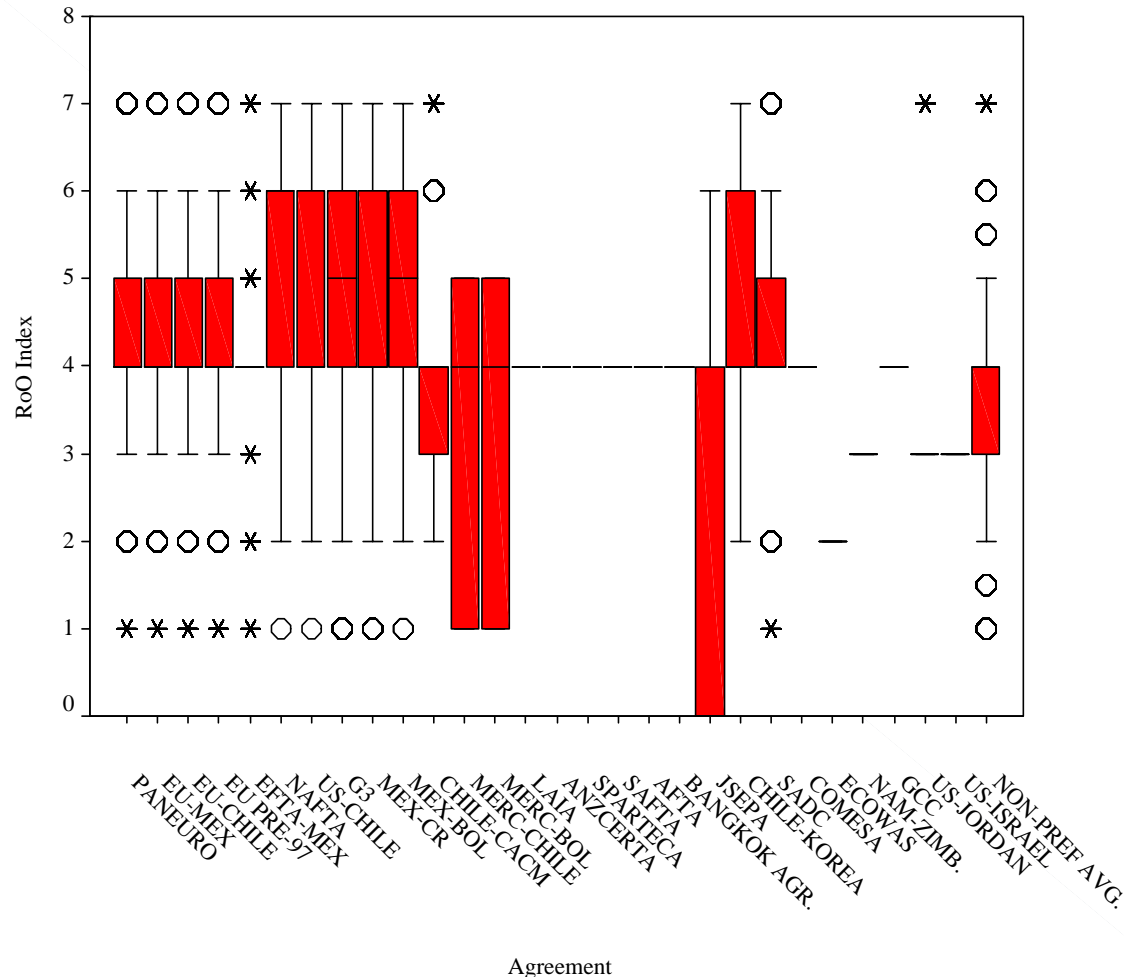


**Bilateral Relations in RIAs**

# Regionalism in The Americas and APEC principles: Different Routes, Same Goals?

## Non-Discrimination / MFN liberalization

### ....but Rules of Origin



# Regionalism in The Americas and APEC principles: Different Routes, Same Goals?

## Impact of Rules of Origin

- Growing theoretical analysis: RoO used as protectionist devices and potential for distorting trade, investment, and production patterns
- Growing empirical evidence: RoO have an economic impact on
  - Trade, investment and production patterns
  - Customs and Firms' administrative costs
  - Utilization of trade preferences

# From “T” to “C” in The Americas?

- “Spaghetti Bowl” in “T” as a “wiring” or “building block” for Cooperation “C”
- Rationale: RTAs / FTAs as incentives for the provision of RPGs, based on:
  - Negotiating considerations
  - Efficiency considerations
  - Institutional considerations
  - Jurisdictional considerations
  - Aid considerations

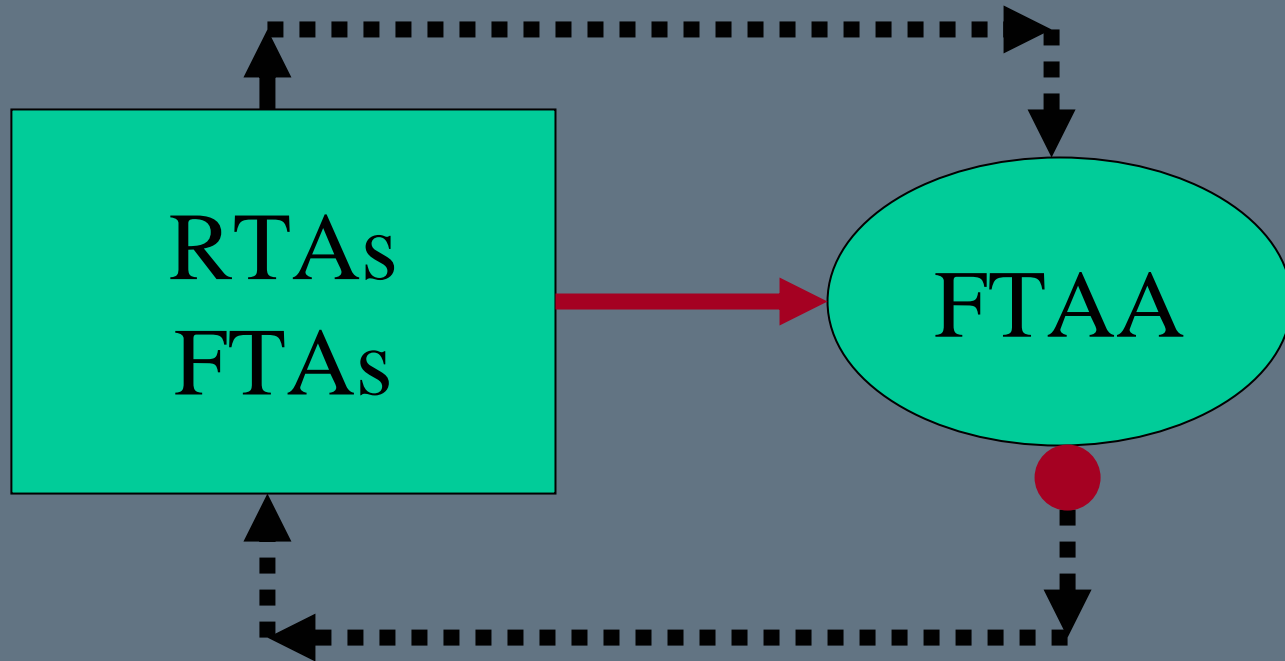
# APEC: Challenges and Opportunities

- Regional Integration in the Americas:  
The Role of the FTAA
- Regional Integration in Asia-Pacific”:  
The Role of APEC
- Some Final (optimistic) Thoughts

# APEC: Challenges and Opportunities

## Regional Integration in the Americas:

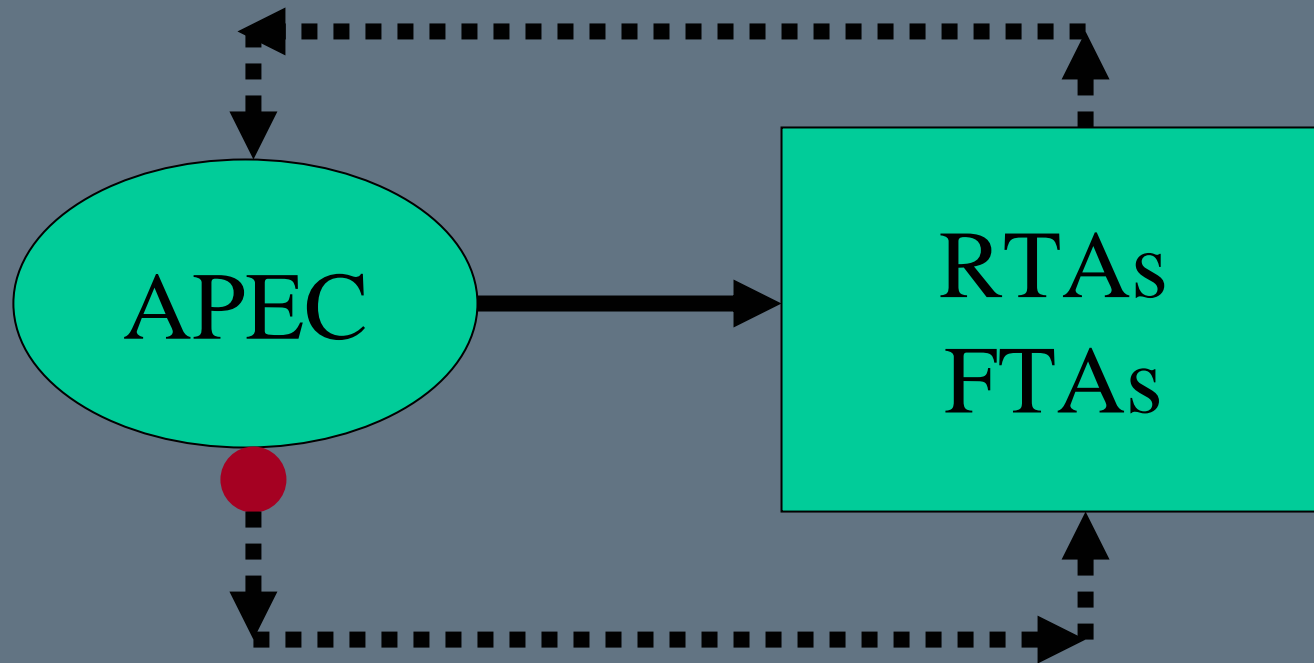
### The Role of the FTAA



Is the FTAA still the “Center of Gravity” in  
The Americas?

# APEC: Challenges and Opportunities

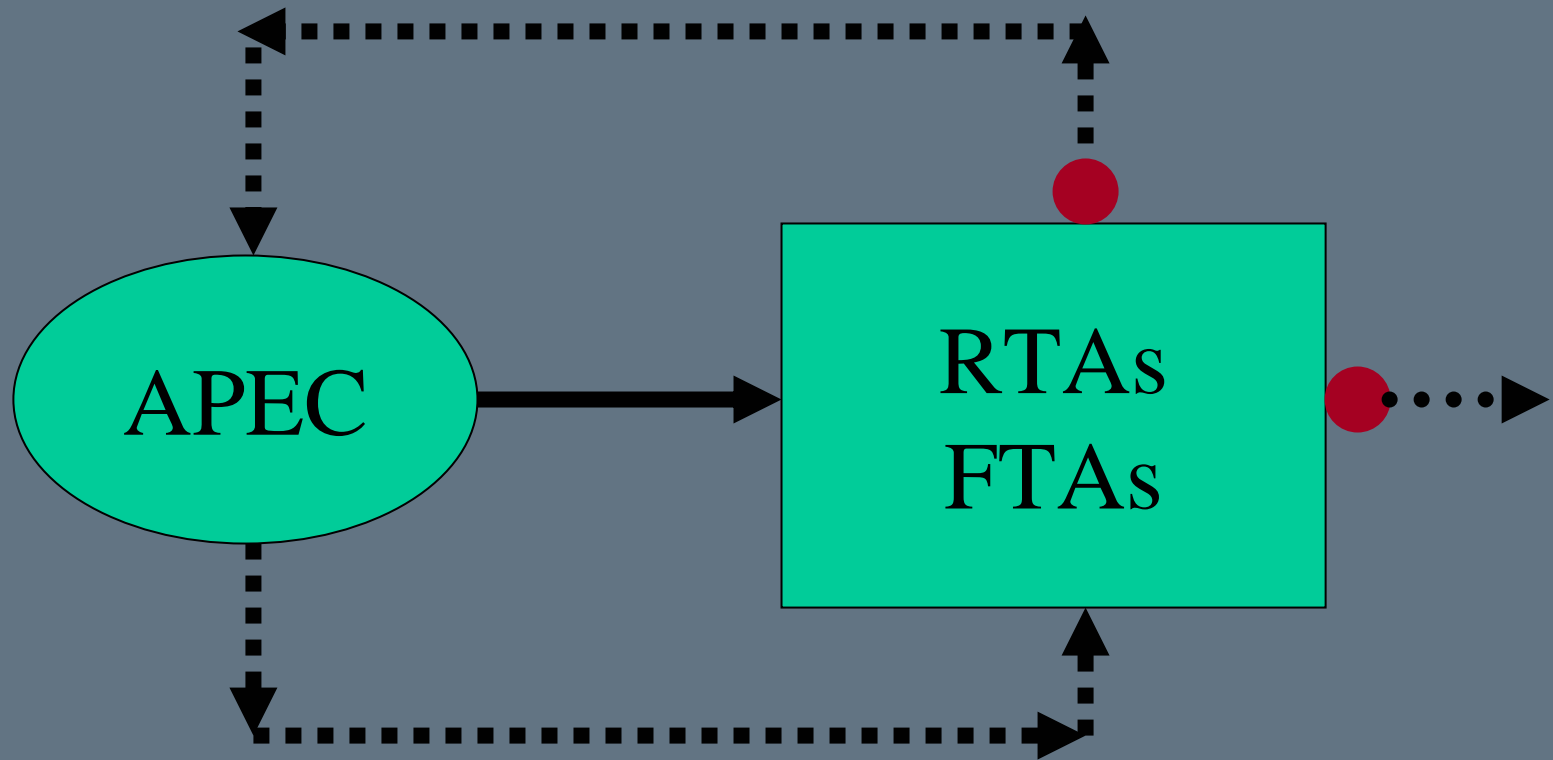
## Regional Integration in Asia-Pacific: The Role of APEC



APEC Common Understanding on RTAs  
“Pathfinder”

# APEC: Challenges and Opportunities

Regional Integration in Asia-Pacific:  
Achieving APEC vision?



The “Center of Gravity” moves to RTAs/FTAs  
An FTAAP (Free Trade Area of Asia-Pacific)?  
What Future for APEC vision?



# APEC: Challenges and Opportunities

## Some Final (optimistic) Thoughts

- More “T” maybe be positive: Take advantage of APEC as an “organizing force” with explicit commitments to open regionalism
- Existing infrastructure for “C”: Take advantage of APEC institutional infrastructure to further enhance regional cooperation

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