

# **Towards Fulfilment of the Asia-Pacific Regional Economic Integration Agenda**

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# The Vision

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- **A region where “goods, services, and business people move seamlessly across and within borders” (AELM 2010)**
  - **Facilitating environment for supply chains and value chains**
- **The FTAAP as a “a major instrument to further APEC’s regional economic integration agenda” (AELM 2012)**
  - **A regionwide agreement**
- **Commitment to strengthen the rules-based, transparent, nondiscriminatory, open, and inclusive multilateral trading system as enshrined in the principles and values of the WTO (AELM 2013)**
  - **A regional arrangement complementing a multilateral trading system that evolves to meet global needs**

# The Pathways

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- **Trans-Pacific Partnership (TPP)**
  - Outcome currently uncertain
  - Ambitious, but likely to fall short of the ambitions in some respects
  - Details yet to be disclosed
- **Regional Comprehensive Economic Partnership (RCEP)**
  - Outcome uncertain – negotiations at a very early stage
  - Intended content and level of ambition yet to be fully defined

# Unfinished Agendas: Integration Through Trade in Goods

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- **Non-Discriminatory Liberalisation**
  - **Common Concessions**
- **Rules of Origin to facilitate region-wide integration**
  - **Full Cumulation, Co-Equal Rules, Efficient Operational Certification Procedures**
- **Trade Facilitation and Tariff Elimination**
  - **Unimpeded flow of goods across borders**
- **Dismantling entrenched protectionism**

# Unfinished Agendas: Integration Through Trade in Services

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- **Crucial importance of services in modern international trade**
  - **Providing the links in supply chains and value chains**
  - **Underpinning competitiveness of goods production**
  - **Near 50% share of global trade on value added (TIVA) basis**
  - **Majority share of economic activity in most APEC economies**
  - **Many key sectors heavily restricted**
- **Bankruptcy of traditional GATS approach (in FTAs as well as WTO)**
  - **Commitments falling short of existing practice**
- **Need for a new approach**
  - **What can TPP or RCEP deliver?**

# Unfinished Agendas: Integration Through Investment

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- Intimate connection of trade and investment in today's global economy
- Trade and investment inextricably linked in development of value chains and supply chains
- Major channel for liberalisation of services trade
- A challenging issue for Asia-Pacific economies
  - Twenty years after Bogor
  - APEC economies generally rate poorly on OECD FDI Restrictiveness Index
- Can TPP and RCEP generate momentum?

# Unfinished Agendas: Integration Behind the Border

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- **Crucial issues for**
    - Supply chains and value chains
    - Dynamism, innovation and efficiency in individual economies
  - **Intellectual Property Protection**
    - Need consensus on welfare-improving rather than mercantilist approaches
  - **Competition Policy**
    - Including regulation of state-owned enterprises (SOEs)
  - **Regulatory Coherence**
    - TPP outcome likely to disappoint
    - Need to develop common understandings
  - **Digital Economy Issues**
    - Vital importance for both business and everyday life
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# Unfinished Agendas: Pre-Requisites for a Fully Integrated Asia-Pacific

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- **Accord in US-China trade and investment relations**
- **Commitment of ASEAN to Asia-Pacific-wide integration**
  - **Addressing situation of non-members of APEC in ASEAN**
- **Bringing in APEC members not yet participating in TPP or RCEP**
- **Role of APEC in supporting integration**
  - **Linking trade to development agendas and APEC's growth agenda**
- **Issues Beyond APEC**
  - **Opening accession to FTAAP to economies beyond APEC?**
  - **Extending APEC membership?**



**Thank you!**

谢谢    ありがとう    감사합니다

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¡muchas gracias!    Maraming salamat

Tenkyu tru    Merci