Challenges in Realizing FTAAP

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Bicycle Theory of Trade

If You Don’t Pedal Ahead, Tips Over

Other Dangers

Get Off and Walk the Bike Theory

Get off and Sleep Theory

Incremental/Comprehensive Big Bang

Widening/Deepening (Inclusivity/Like-minded "high quality")

Organization	Originally	Currently
ASEAN	5	10
APEC	12	21
EU (Common Market)	6	28

Simplicity/Diversity

- Different strokes for different folks (American saying from 1960s)
- As a Chinese saying goes, the sun and moon shine in different ways yet their brightness is just right for the day and night respectively (Xi Jinping, Seattle, Oct 2015)

What's in a Name? Level of Ambition?

- Bogor Goals: "free trade and investment in the region" as opposed to "free trade agreement"
- RCEP/TPP: "partnerships" as opposed to FTA
- Pacific "Alliance" as opposed to FTA, common market, or union
- "Collective strategic" as opposed to "feasibility" study

What are we trying to achieve, whatever the name?

- Our conference subtitle: “Asia-Pacific Economic Integration.” Reason: “balanced, inclusive, sustainable” growth.
- Reduced political barriers to economic flows
- Reduced administrative/regulatory barriers to flows
- Enhanced connectivity and infrastructure to connect our region
- Capacity-building and other development programs to help the region’s disadvantaged (who are found in all economies)
- Trade and investment only a part of the whole program directed toward improving life of the people,
- We also need to place this in the context of global responsibilities, why FTAAP should be WTO-consistent

FTAAP Promises

- Larger group, including all larger A-P economies, no "line down the middle of the Pacific"
- Greater economic benefits for both TPP and RCEP members
- Basis for regional and global cooperation, model for WTO, this may be the only way to deepen global trade system
- Simple, exciting to some in the business community, gives APEC a raison d'etre

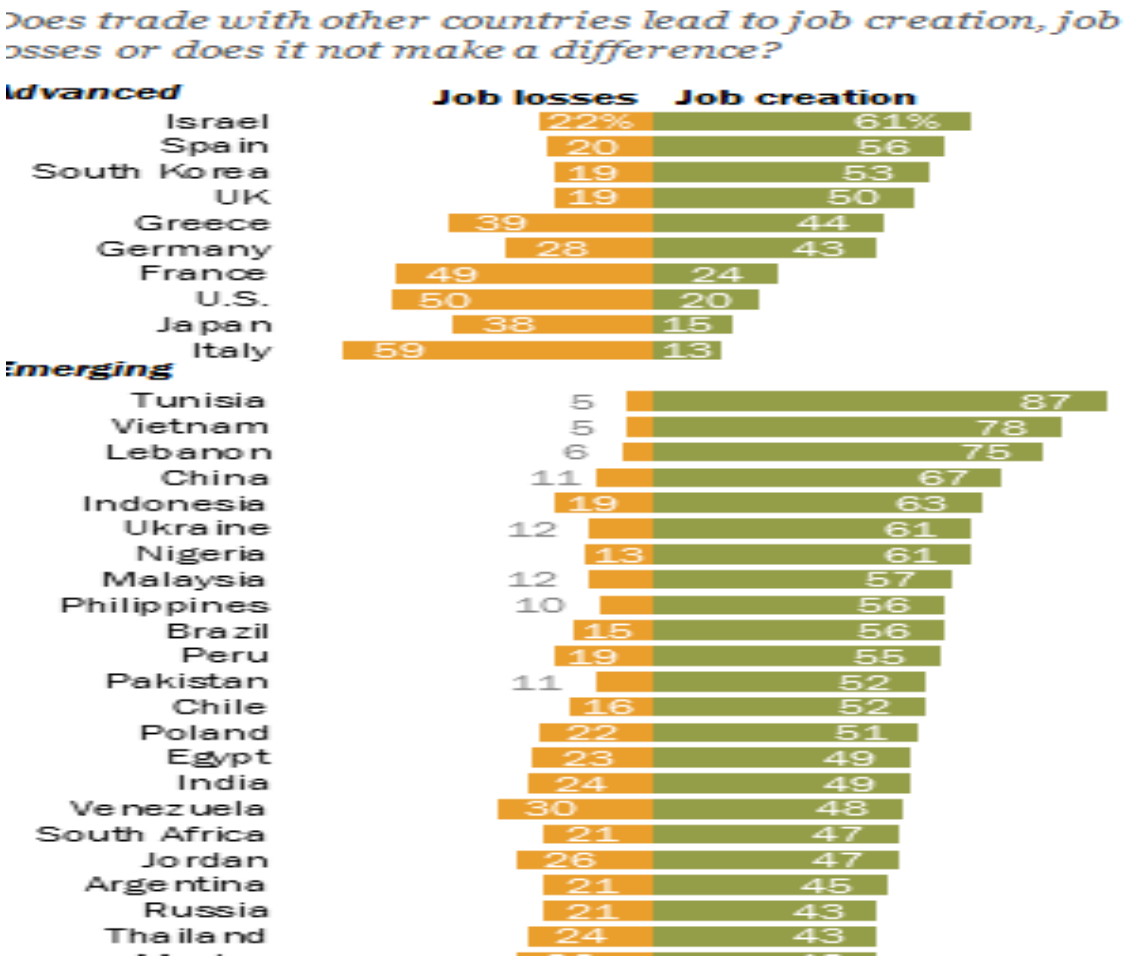
FTAAP Challenges

- Very ambitious, especially if really “free trade”
- Very diverse group, almost as diverse at WTO itself
- Inclusive or exclusive?
- Politically, not economic driven (TPP example)
- Complicated negotiating process, and economies have other negotiations
- Pathways are not complete, will take years to phase in
- Political infeasibility questionable in short or even medium term, “globalization” agendas very controversial in some economies
- Why it has been a “vision”

Bigger, but Doable Vision for APEC

- APP (Asia-Pacific Partnership) for Global Growth
- Domestic growth strategies critical, inclusivity
- Realistic, pragmatic building blocks toward FTAAP vision, including other pathways, like CJK, GVCs, facilitation, capacity building
- Consolidating WTO system
- Bilaterals, especially China-US BIT
- Connectivity agenda (within region)
- Connectivity agenda (with ROW: Africa, Europe, western Asia, eastern South America, Arctic) – Belt, road
- Infrastructure investment – sort out relationships and cooperation among various banks
- Regional and global awareness, especially among young people and politicians
- Continued work on the political relationships

Public beliefs regarding trade and job creation



Ambitious but Step-by-Step Theory