

Difficulties and Challenges in Realizing FTAAP

FTAAP: Asia-Pacific Economic Integration by 2020 and Beyond

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- **New trade issues**
 - Emergence of E-Commerce (internet access, taxation), IPR (longer patent lives), competition environment (level playing field) and labor (standards)

- **Other politically sensitive issues**
 - SOEs (competition, subsidies), government procurement, investment and ISDS

- **Non-tariff barriers (NTBs) rather than tariffs more critical**
 - Rules and regulations (transparency)

- **Dichotomy in issues and interests by development level**
 - Services, Investment, IPR for advanced economies
 - Development, Manufacturing and Technology for developing economies

- **Proliferation of FTAs and Spaghetti bowl effects from diverse and complex ROOs**

■ On the outset...

- Ongoing mega-FTAs in the region: TPP, RCEP, CJK Trilateral etc.
- One-belt, one-road initiative

■ Who should be in charge?

- US, China; APEC economies in both TPP and RCEP?

■ Which track towards FTAAP?

- TPP track: TPP 12 ⇒ TPP 15, TPP 17 ⇒ TPP 21, TPP 25?
- RCEP track: Non APEC members (India, CLM)
- From the scratch: negotiation on the basis of what?

■ Issues

- Membership and Accession Procedure
- the level of liberalization: high/low quality (standard), umbrella/hybrid?
- How to address the “inclusiveness” issue? development gap
- Market Access: Plurilateral vs. Bilateral
 - ❖ effects of trade creation and trade diversion (chain of comparative advantage?)
 - ❖ Rules of Origin (ROO)

■ The way forward

- Consensus on the pathway towards FTAAP
- Procedure: Build up
 - ❖ TPP and RCEP
 - ❖ CJK Trilateral + China-US BIT
 - ❖ Critical Mass and Open Regionalism
- Contents and Issues
 - ❖ Best practices
 - ❖ ROO: Pan-Asia-Pacific Cumulation System (PAPCS)