

Formulating Guidelines for Attaining the FTAAP

Chen-Sheng Ho, Ph.D.

Research Fellow

Chinese Taipei APEC Study Center

Introduction

- ▶ The FTAAP idea has gained attention. APEC is undertaking the FTAAP Collective Strategic Study. ABAC has conducted the FTAAP study.
- ▶ Presently, APEC considers the FTAAP to be a long-term goal.
- ▶ With the Bogor Goals' deadline approaching, there exists support for the FTAAP to serve as a vehicle for the advancement of APEC's regional economic integration.

Purpose of Paper

- ▶ First, the paper examines APEC's ideas for enhancing regional economic integration and the Bogor Goals: Focusing on open regionalism.
- ▶ Second, the paper considers the APEC FTAAP Collective Strategic Study and the ABAC FTAAP study.
- ▶ Third, the paper analyzes the linkage between quality growth and the FTAAP.
- ▶ On the basis of the major points generated from the assessments, a set of feasible guidelines is developed.

Promoting Open Regionalism (1)

APEC's First Ministerial Meeting Joint Statement (1989)

Main Points:

- ▶ Ministers stated that APEC economies depended on a strong and open multilateral trading system.
- ▶ APEC should not be directed towards the formation of a trading bloc.

Promoting Open Regionalism (2)

1994 APEC Leaders' Declaration

Main Points:

- ▶ APEC will take the lead in enhancing the multilateral trading system.
- ▶ Leaders were against the building of a trading bloc that was inward-looking and that inhibited global free trade.
- ▶ The outcome of trade and investment liberalization will reduce barriers in APEC and also between APEC economies and non-APEC economies.

Analysis:

- ▶ The FTAAP agreement will need to be transparent and open. In doing so, the FTAAP will advance APEC's REI and open regionalism.

The APEC Beijing FTAAP Roadmap (1)

Main Points:

- ▶ The FTAAP should be comprehensive, high quality and address next generation trade and investment issues.
- ▶ APEC will attain the Bogor Goals by 2020. The Bogor Goals will advance APEC's contribution to the eventual realization of the FTAAP.
- ▶ The FTAAP will be realized outside of APEC, parallel with the APEC process. APEC should maintain its non-binding and voluntary cooperation principles.

The APEC Beijing FTAAP Roadmap (2)

Main Points:

- ▶ The FTAAP will be pursued by building on regional undertakings. Greater efforts should be made to concluding the possible pathways to the FTAAP, including the TPP and RCEP.
- ▶ APEC will assist APEC economies with participating in ongoing regional undertakings and preparation for the realization of the FTAAP.

Analysis:

- ▶ Since the regional undertakings are pathways to the FTAAP, the regional undertakings should encourage open membership.
- ▶ APEC will need to determine how to build the FTAAP from the regional undertakings.

APEC FTAAP Collective Strategic Study

- ▶ The study report cannot be quoted. However, the focus of the study is clearly stated in the Terms of Reference (TOR) of the study.

Major Points from the TOR:

- ▶ The FTAAP would be comprehensive and high quality.
- ▶ The FTAAP would promote next generation trade and investment issues.

Analysis:

- ▶ The examination of next generation trade and investment issues may be the most important contribution of the study, as they can enhance the high quality of the FTAAP.

The ABAC FTAAP Study (1)

- ▶ The study report cannot be quoted. However, the focus is stated in the outline of the report.

Main Points: “The FTAAP Opportunity: Proposed Outline for ABAC Report”

- ▶ Create a realistic vision of a seamless Asia-Pacific economy.
- ▶ Emphasize the social benefits of the vision; note that regionalism provides practical ways to achieve them; and make a vigorous public case for FTAAP.
- ▶ Focus on the future of business: GVCs, the digital/internet economy, the middle class, and the regional business community including MSMEs.

The ABAC FTAAP Study (2)

Main Points: “The FTAAP Opportunity: Proposed Outline for ABAC Report”

- ▶ Keep the vision ambitious; compromise on timing and tactics.
- ▶ Respect the diversity of members.
- ▶ Create a living agreement with early harvests.
- ▶ Build on existing, high quality FTAs and map pragmatic paths.
- ▶ Recognize adjustment implications, and help members manage them.
- ▶ Help members develop negotiating capacity.

Analysis:

- ▶ The ABAC study clearly states the issues of importance to business. Moreover, the issues are practical and the advancement of the issues in the FTAAP can maximize benefits.

Linking Quality Growth with the FTAAP

Main Points: “APEC Strategy for Strengthening Quality Growth”

- ▶ **Five growth attributes:** 1) Balanced Growth; 2) Inclusive Growth; 3) Sustainable Growth; 4) Innovative Growth; and 5) Secure Growth.
- ▶ **Key Accountability Areas (KAAs):** 1) Institution building; 2) Social cohesion; and 3) Environmental impact.

2015 APEC Priority: Regional Economic Integration and Quality Growth.

Analysis:

- ▶ If the FTAAP takes into account the five growth attributes and the three KAAs, it can ensure the FTAAP to be comprehensive and high quality.

Feasible Guidelines for the FTAAP (1)

Guidelines: Inspired by the Open Regionalism Concept

- ▶ APEC will continue to strengthen the multilateral trading system and the FTAAP will be complementary to the WTO.
- ▶ APEC will ensure that the FTAAP is not inward-looking through the promotion of open membership and transparency.

Feasible Guidelines for the FTAAP (2)

Guidelines: Inspired by the APEC Beijing FTAAP Roadmap

- ▶ APEC will first attain the Bogor Goals by 2020 and will subsequently realize the FTAAP.
- ▶ APEC will attain the FTAAP outside of APEC, parallel with the APEC process, as long as APEC maintains the non-binding and voluntary principles. However, APEC may negotiate the FTAAP within APEC when there is a consensus to do so. Moreover, all APEC members can participate in the FTAAP.
- ▶ APEC will ensure that the FTAAP is built on regional undertakings, such as the TPP, RCEP and PA. The regional undertakings will encourage open membership.
- ▶ APEC will eventually determine how to build the FTAAP from the regional undertakings.
- ▶ APEC will develop capacity building programs to assist APEC economies to gain knowledge of RTAs/FTAs in general and the FTAAP in particular.

Feasible Guidelines for the FTAAP (3)

Guidelines: Inspired by the APEC FTAAP Collective Strategic Study

- ▶ APEC will ensure that the FTAAP is comprehensive and of high quality, in order to enhance Asia-Pacific regional economic integration.
- ▶ APEC will ensure that the FTAAP promotes next generation trade and investment issues, so as to maximize economic benefits for the Asia-Pacific region.

Feasible Guidelines for the FTAAP (4)

Guidelines: Inspired by the ABAC FTAAP Study

- ▶ APEC will ensure that the FTAAP works toward the development of a seamless Asia-Pacific economy. Thus the FTAAP will be a living agreement that allows for improvement.
- ▶ APEC will ensure that the FTAAP emphasizes the social benefits, such as better environment and health.
- ▶ APEC will develop outreach and advocacy programs for the realization of the FTAAP, in order to build public support.
- ▶ APEC will ensure that the FTAAP considers issues that are important to the future of business, such as GVCs, digital/internet economy, middle class, and MSMEs.

Feasible Guidelines for the FTAAP (5)

Guidelines: Inspired by the APEC Strategy for Strengthening Quality Growth

- ▶ APEC will ensure that the FTAAP advances the five growth attributes consisting of: 1) Balanced Growth; 2) Inclusive Growth; 3) Sustainable Growth; 4) Innovative Growth; and 5) Secure Growth.
- ▶ APEC will ensure that the FTAAP takes into account the three Key Accountability Areas (KAAs) of institution building, social cohesion, and environmental impact.

Thank You

The background features a series of overlapping, semi-transparent triangles in various shades of brown and orange, creating a dynamic, abstract geometric pattern on the right side of the slide.