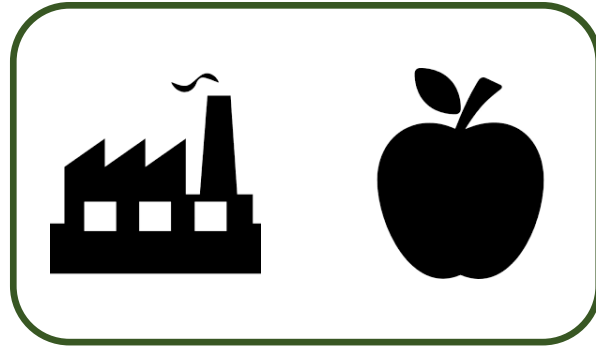


*ASCC Conference*  
*Arequipa*  
*May 2016*

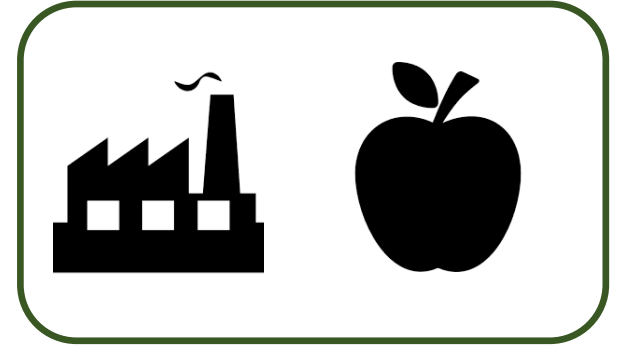
**Paths and Strategies towards the FTAAP:**  
*Linking Integration and Inclusive Growth*

**CHOI Byung-il**  
**Ewha Womans University**

**A**

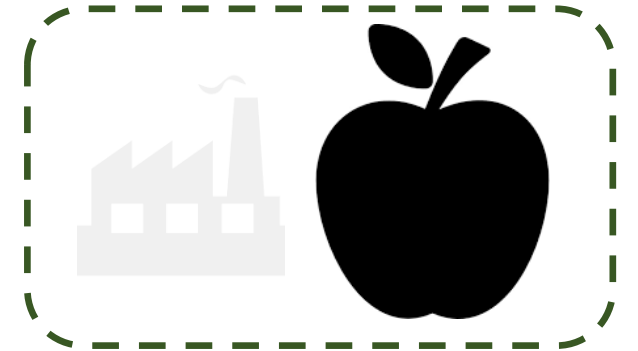
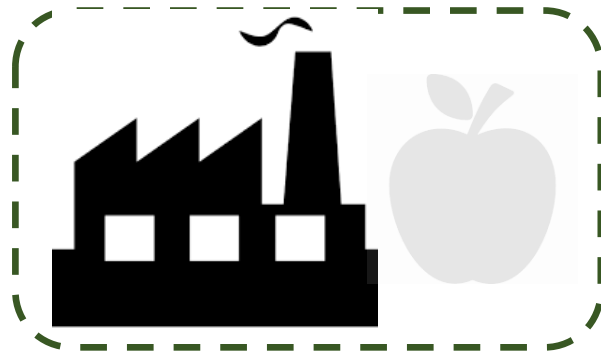


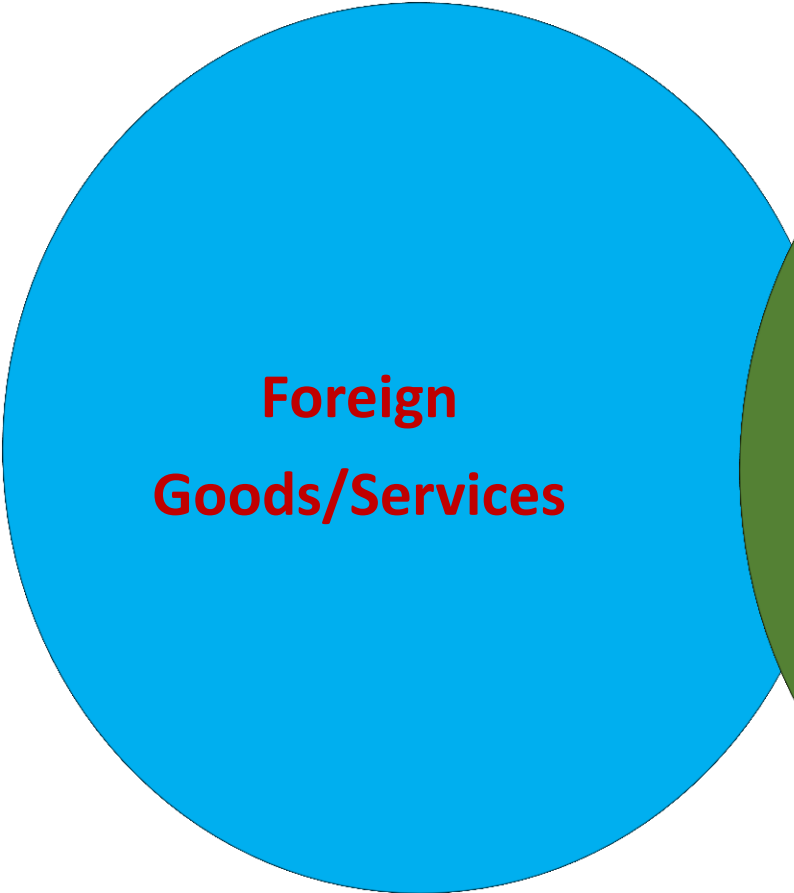
**B**



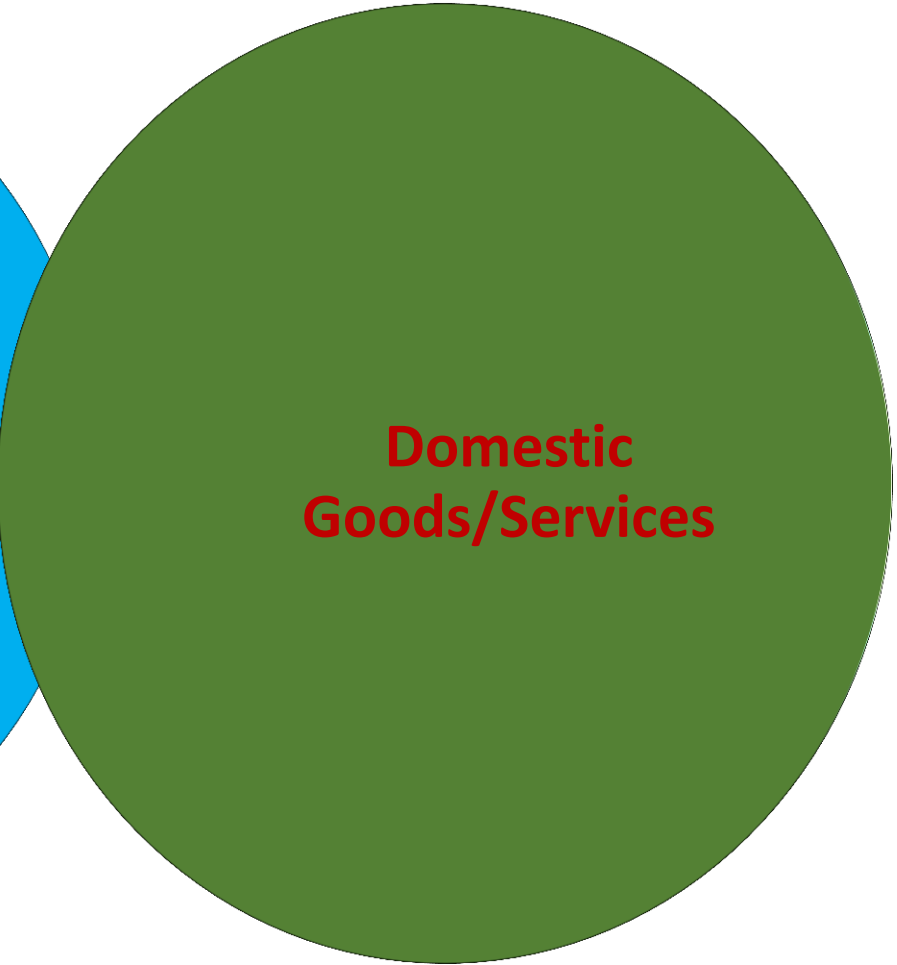
**No Trade**

**Trade**

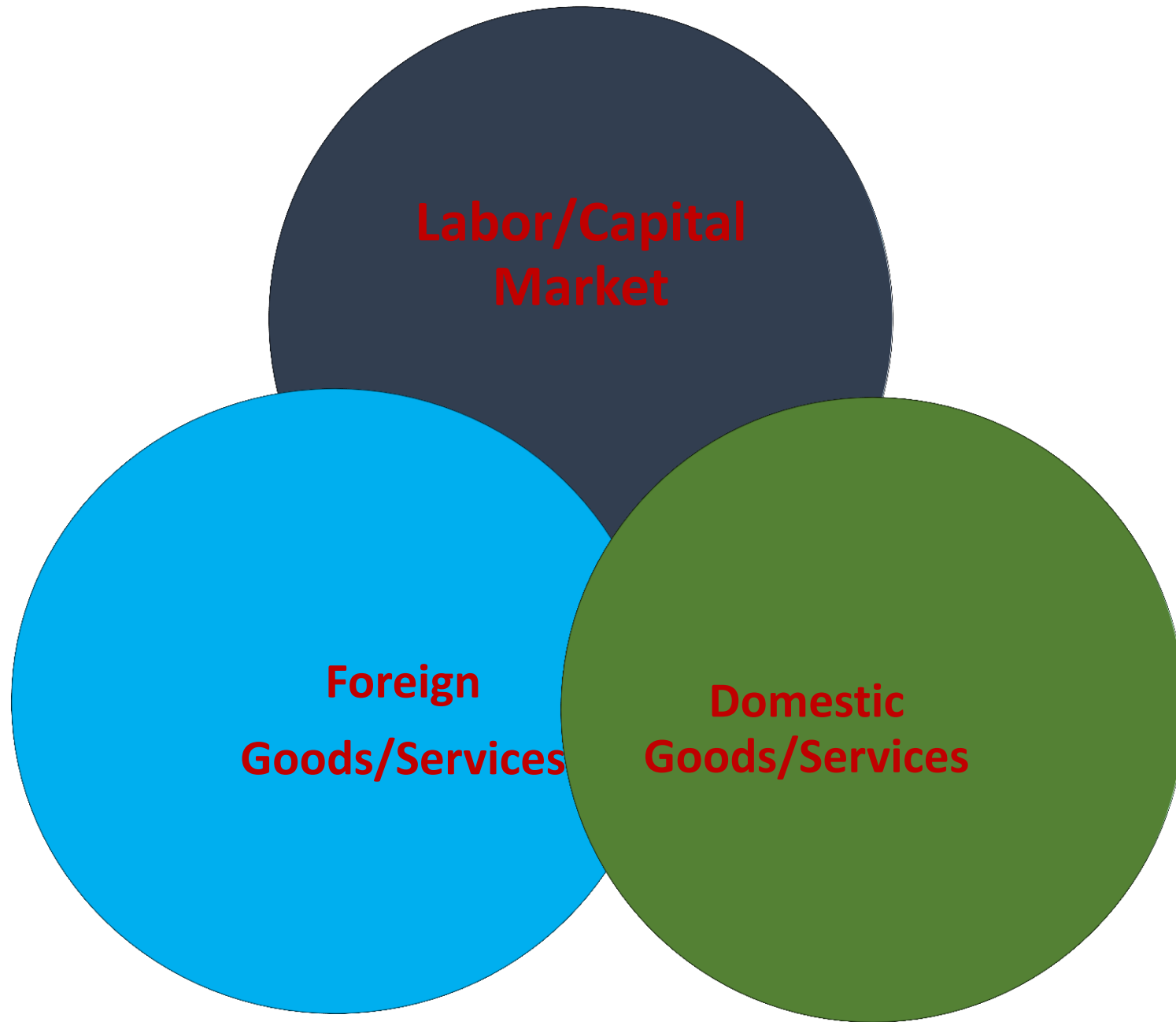




**Foreign  
Goods/Services**



**Domestic  
Goods/Services**



**Labor/Capital  
Market**

**Foreign  
Goods/Services**

**Domestic  
Goods/Services**

# Sole Focus on 'External' Integration

- Improper attention to the domestic distortion

*policy preference for incumbents*

*inflexible labor market*

*rigid capital market*

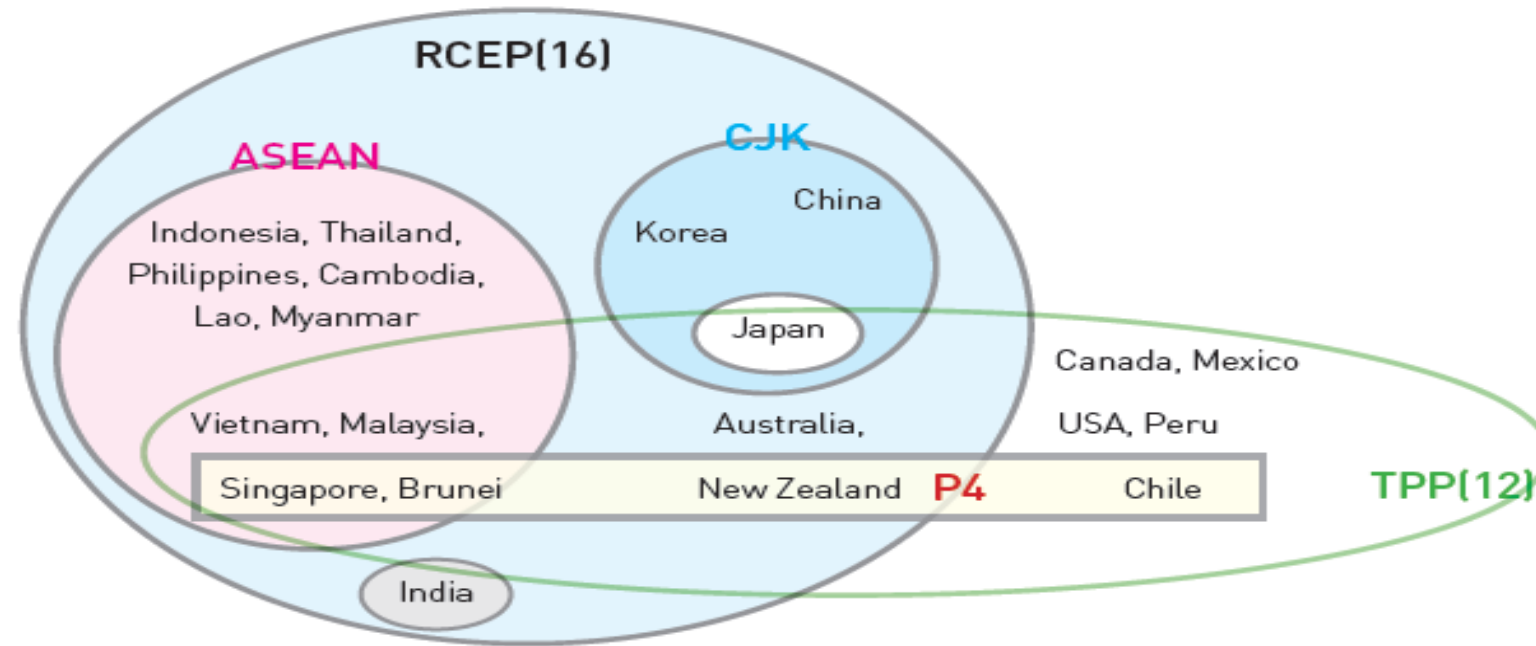
*inadequate social safety net*

- Trade Lift All Boats vs Only Yacht

# Gap between external and internal

- Less beneficial effects of external integration
- Less-advantageous stakeholders more vulnerable to shocks
- Thin political support for further integration, *the FTAAP*
- **Inclusive Integration** imperative!

# Competing Trade Architectures



	TPP(12)	RCEP(16)
Countries with Overlapping Membership	Singapore, Malaysia, Vietnam, Brunei, Australia, New Zealand, Japan (7 Countries)	
Countries with Single Membership	U.S., Chile, Peru, Mexico, Canada (5 Countries)	Korea, China, Thailand, The Philippines, Indonesia, Laos, Cambodia, Myanmar, India (9 Countries)

# Open Financial Market

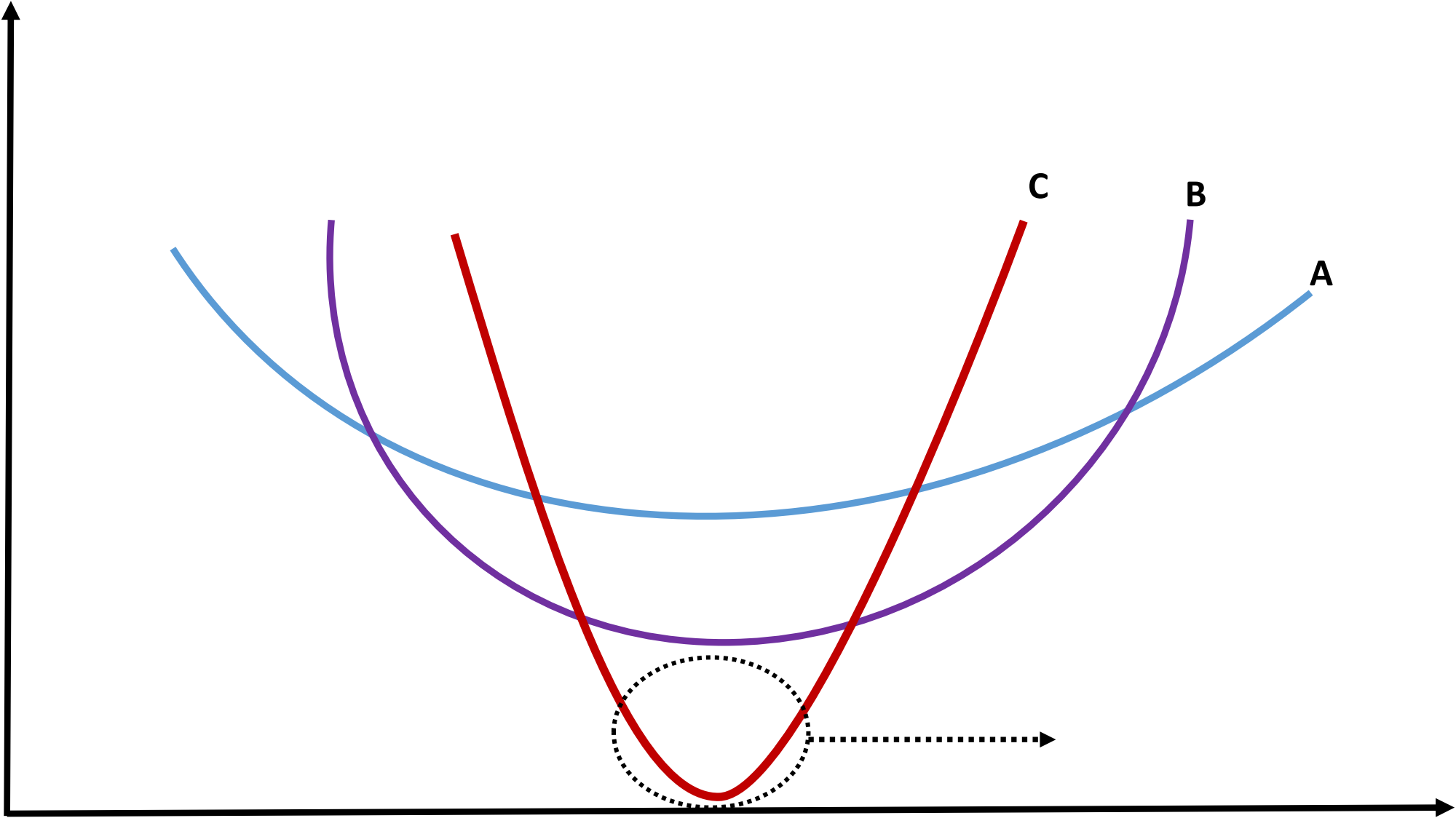
	OPEN	CLOSE
OPEN	A	
CLOSE		

# Closed Financial Market

	OPEN	CLOSE
OPEN		
CLOSE		X



VALUE  
ADDED



C

B

A

PRODUCTION CHAIN

# Strategy for Inclusive Integration

Grand compromise between AE and DE

- AE: Last mile in their market opening
- DE: Trade Facilitation + 21<sup>st</sup> agenda
- AE + DE: Investment rule, addressing “race to the bottom”

# Future Trajectories

- Business as usual
- Backlash
- Inclusive Integration







長江後浪 推前浪  
一代新人 換舊人

