

ANALYSIS ON THE ADVANCING PATH OF REALIZING THE FTAAP

PROGRESS, CHALLENGES AND FUTURE ACTIONS

Wentao Li

APEC Study Center of China

Nankai University

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CONTENTS

- I: APEC's Progress in Advancing FTAAP
- II: Driving Forces in Advancing FTAAP
- III: Barriers and Constraints Currently Impeding the Progress of FTAAP
- IV: Policy Recommendations and Action Plans

I: APEC'S PROCESS IN ADVANCING FTAAP

- Background of FTAAP initiative
 - Bogor Goals

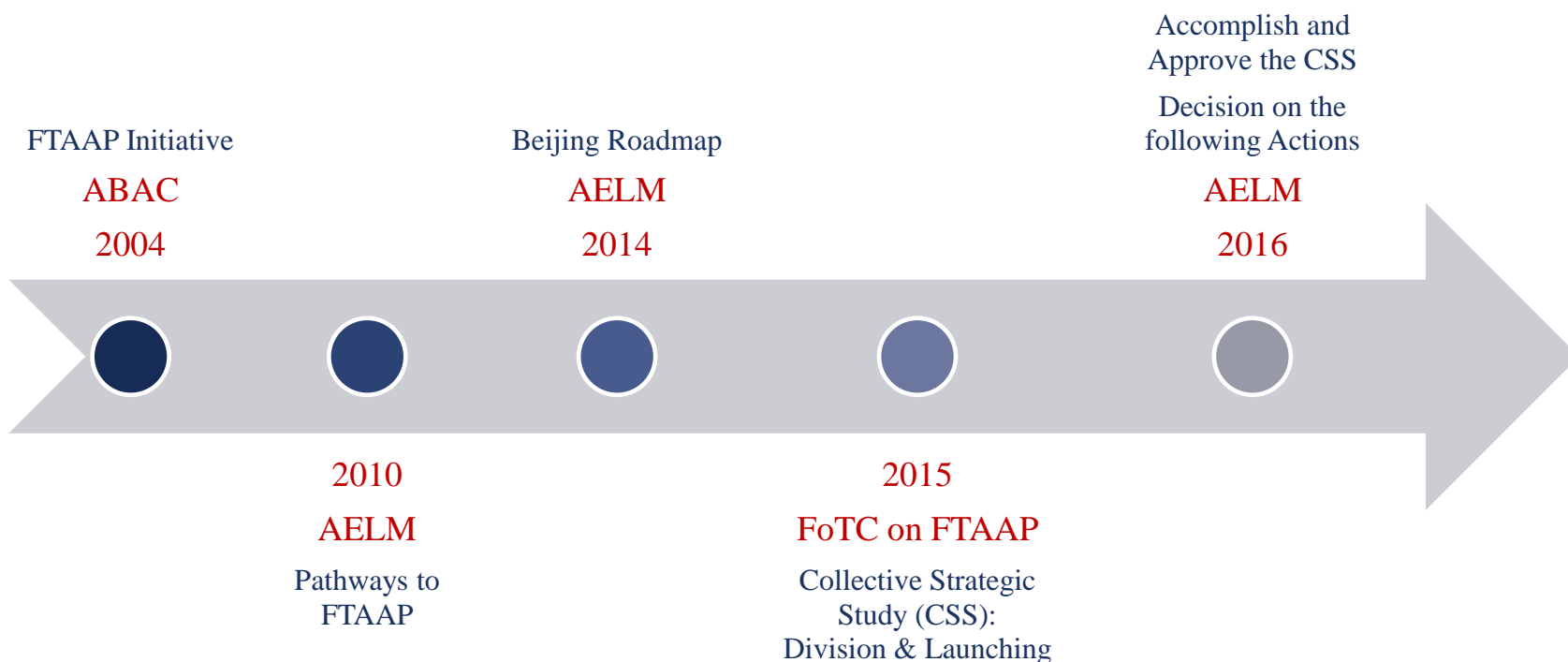
Bogor Goals will soon expire and APEC need to establish a new target
 - RTAs/FTAs

The proliferation of regional RTAs/FTAs has resulted in a “spaghetti bowl” effect
 - New Generation Issues

A number of next generation trade and investment issues become vital concerns to each APEC economy
 - Mega-RTAs

There is an inevitable trend of division and fragmentation within Asia-Pacific region

I: APEC'S PROCESS IN ADVANCING FTAAP



PROGRESS AND SCHEDULE OF CSS (I)

- 2014 APEC Leaders decided to kick off the process of the FTAAP and to launch a Collective Strategic Study on Issues Related to the Realization of the FTAAP
- In May 2015, the FotC submitted TOR of the Collective Strategic Study for endorsement at CTI2 and SOM2, and reported progress to Ministers Responsible for Trade at their meeting.
- In August 2015, the Co-Conveners submitted to the Task Force a draft for proposed mechanism for the final editing of the CSS.
- In November 2015, the Co-Conveners of the Task Force, along with host economy, provided a progress report to the CTI. APEC Leaders reiterated their belief in their declaration in Manila and reaffirmed their vision contained in the Pathways to FTAAP.

PROGRESS AND SCHEDULE OF CSS (II)

- In January 2016, the Core Drafting Group (CDG) submitted the draft chapters to task force members for comment. The Co-Conveners, with technical assistance from the PSU, compiled the draft chapters with comments to develop the second draft of the CSS.
- In February 2016, the Task Force submitted the draft CSS to the REI-FTAAP FotC at CTI1 and SOM1 2016 for review. Upon reviewing the draft, the FotC discussed any possible recommendations.
- By SOM2 2016, the Task Force developed the last draft CSS and submitted it to the Co-Conveners to conduct final editing in accordance with the mechanism agreed with by Task Force members before submission to the FotC for endorsement.

STRUCTURE AND DIVISION OF THE CSS REPORT

NO.	Chapter Title	Lead Economies
1	Overview: Introducing the background, objectives, structure, chapters and methodology of the CSS	China, United States
2	Review of APEC Regional Economy	Australia
3	Next Generation Trade and Investment Issues	Japan
4	Measures Affecting Trade and Investment	New Zealand, Australia, Chile, Singapore
5	Stock take of existing RTAs/FTAs in the Asia-Pacific: examining their convergences and divergences	United States
6	Stocktaking of Previous Initiatives and Outcomes of APEC in Contributing to the Realization of the FTAAP	China
7	Update of Other Analytical Work	Korea
8	Ongoing Regional Undertakings	Canada, Peru
9	Challenges and Opportunities Ahead	China, United States
Attachment: Review of Existing Relevant Literature on the FTAAP		

DRIVING FORCES IN ADVANCING FTAAP

- FTAAP will pour new vigor to the Asia-Pacific economy, which will then give stronger impetus to a healthy recovery of the world economy
- FTAAP will contribute to achieving a kind of balance between the “TPP track” and the “Asian Track” led by RCEP in a region-wide scope, and provide more inclusive opportunities to the APEC members.
- FTAAP will enhance the Asia-Pacific economies to comply with the trend of Global value chains (GVC) cooperation forms, which is the intrinsic driving force for APEC to further promote FTAAP and the main appeal of business circles to FTAAP.

FUTURE CHALLENGES AND IMPEDIMENTS

Realization of
FTAAP

Political Trusts

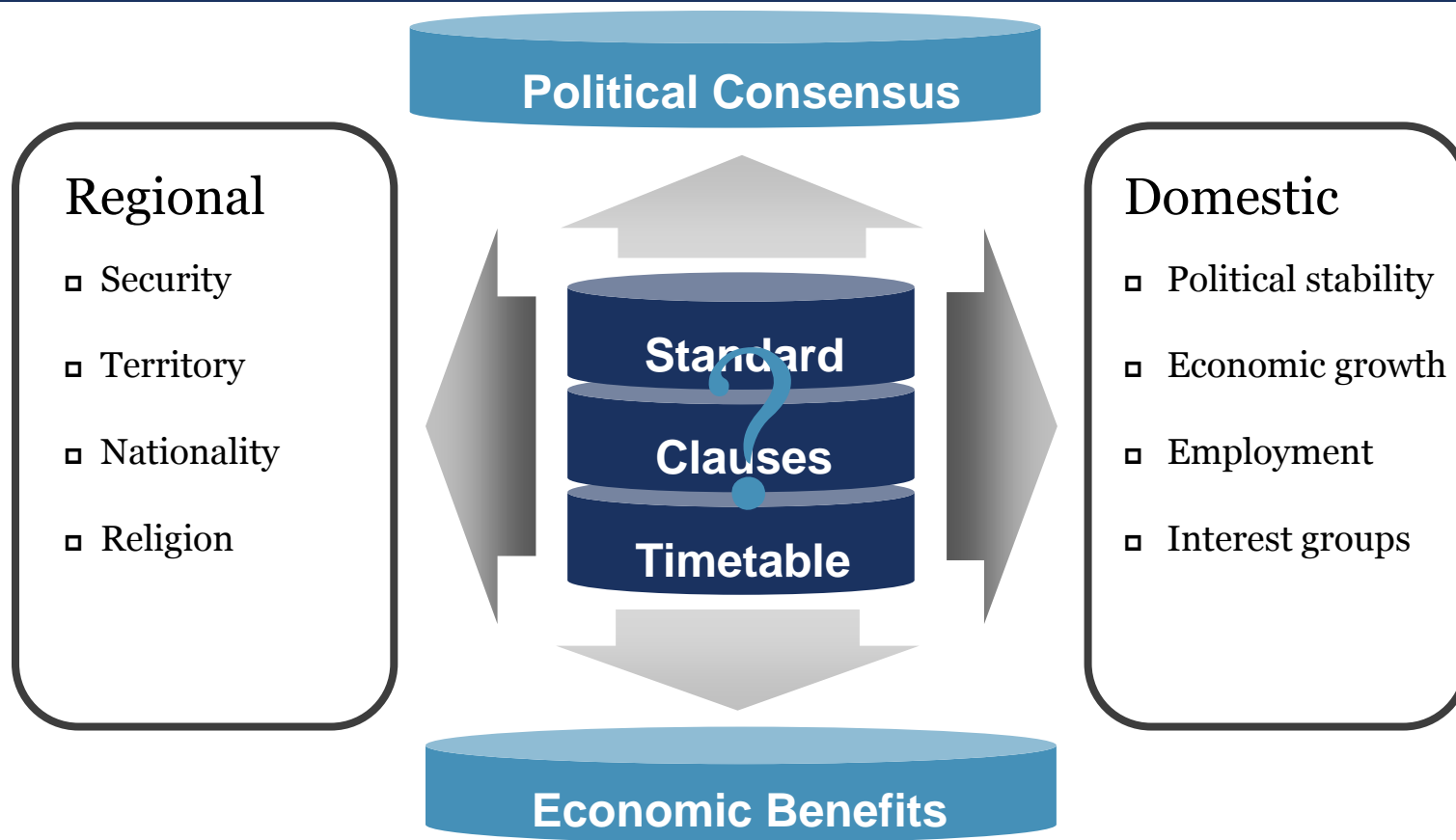
Economic Development Gap

Strategic Dominance

Benefit-Compensation Mechanism

Utilization Rate

FUTURE CHALLENGES AND IMPEDIMENTS



FUTURE CHALLENGES AND IMPEDIMENTS

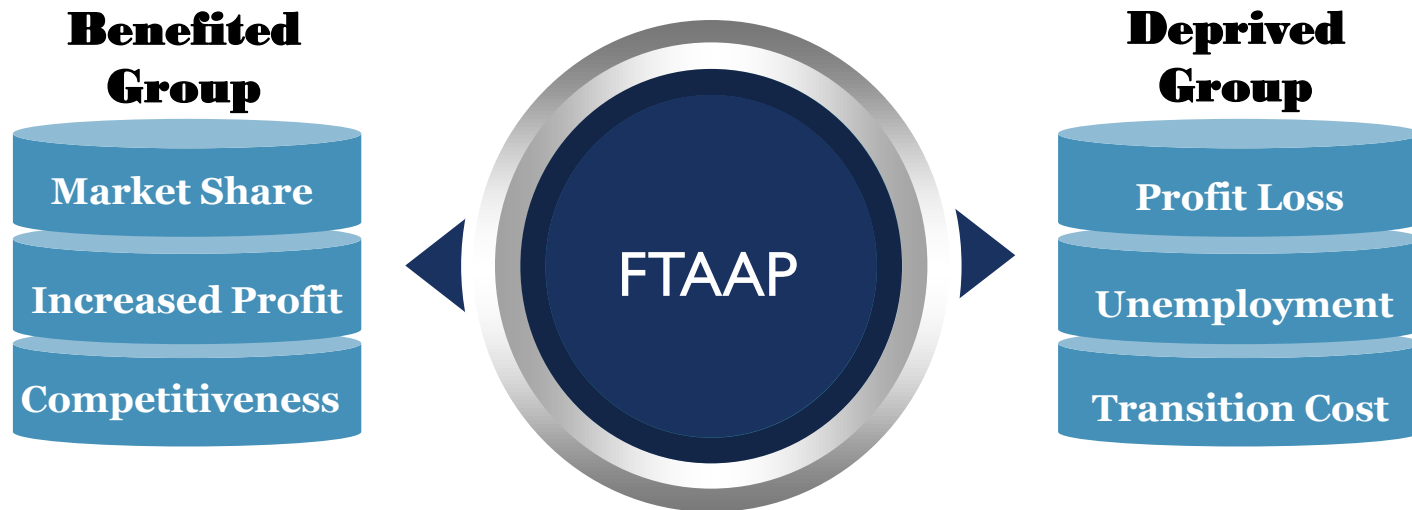
Developed Members

- Trade in Services
- Behind the Border
- Outward Investment
- Private Enterprises

Developing Members

- Trade in Goods
- On the Border
- Inward Investment
- Government Agencies

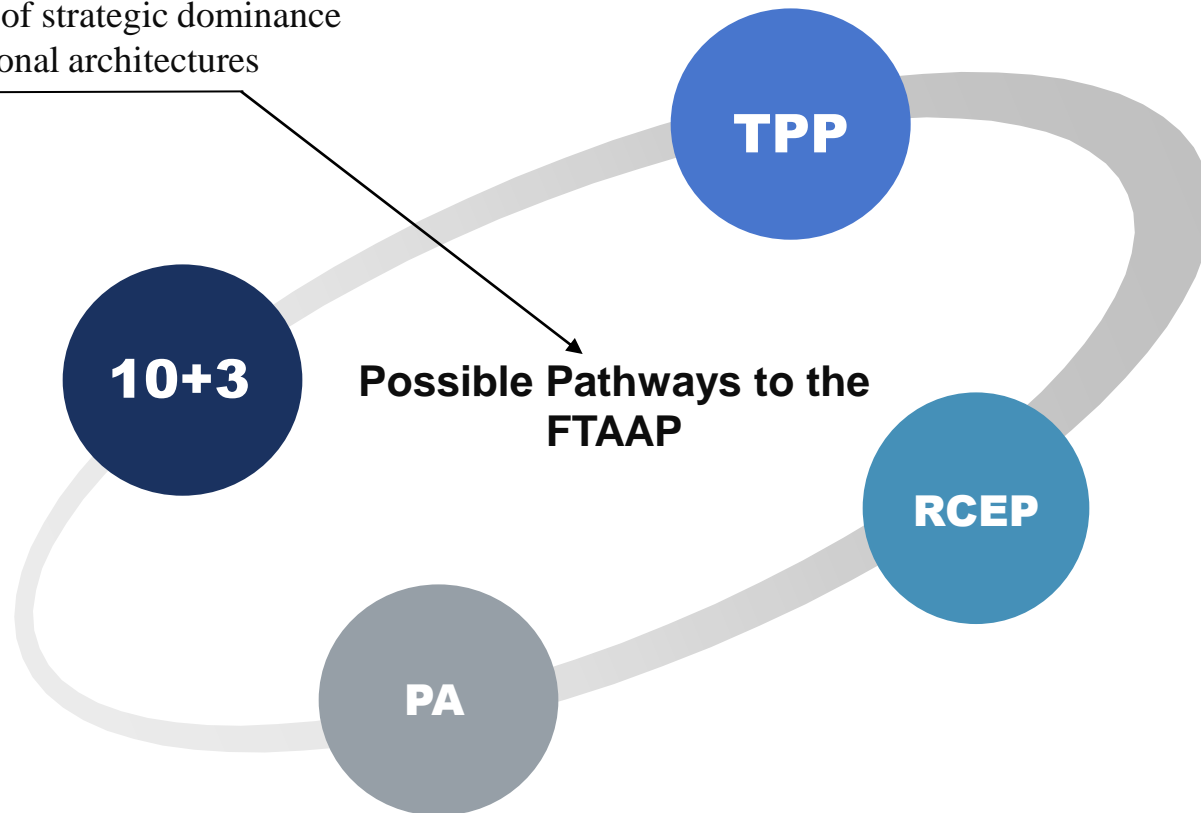
FUTURE CHALLENGES AND IMPEDIMENTS



Benefit Compensation Mechanism

FUTURE CHALLENGES AND IMPEDIMENTS

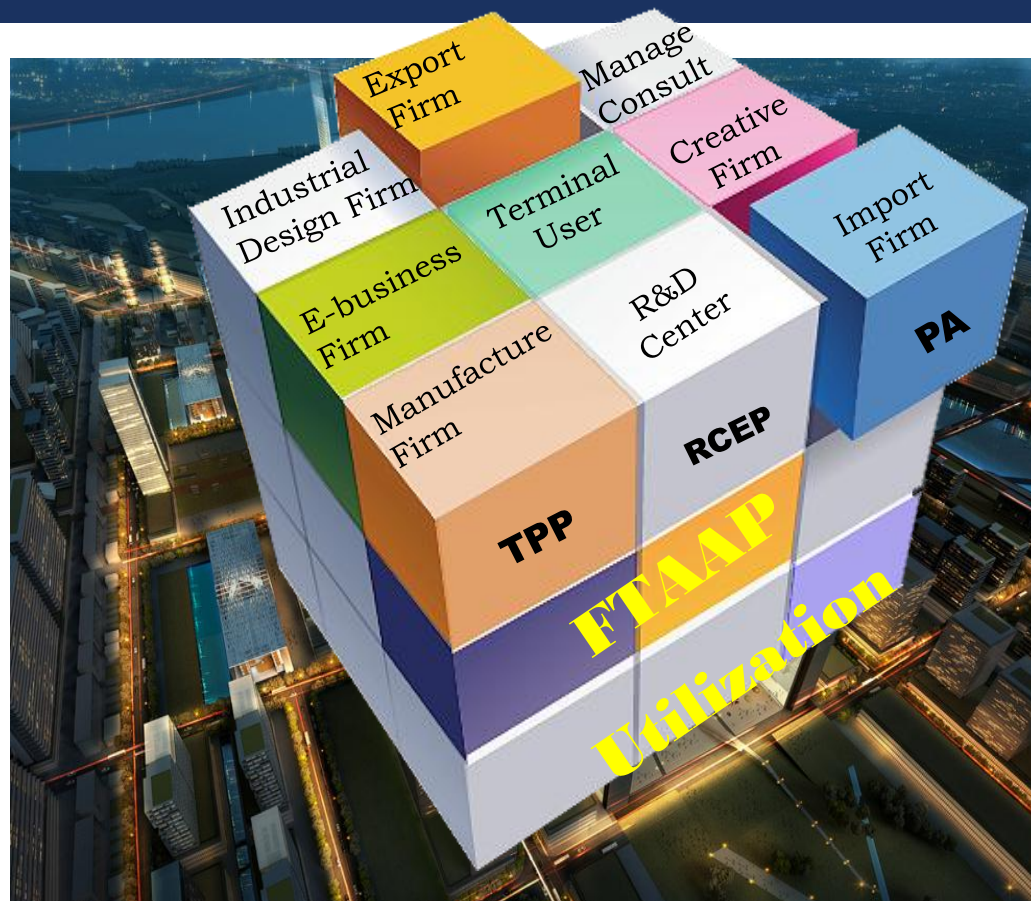
Contention of strategic dominance
among regional architectures



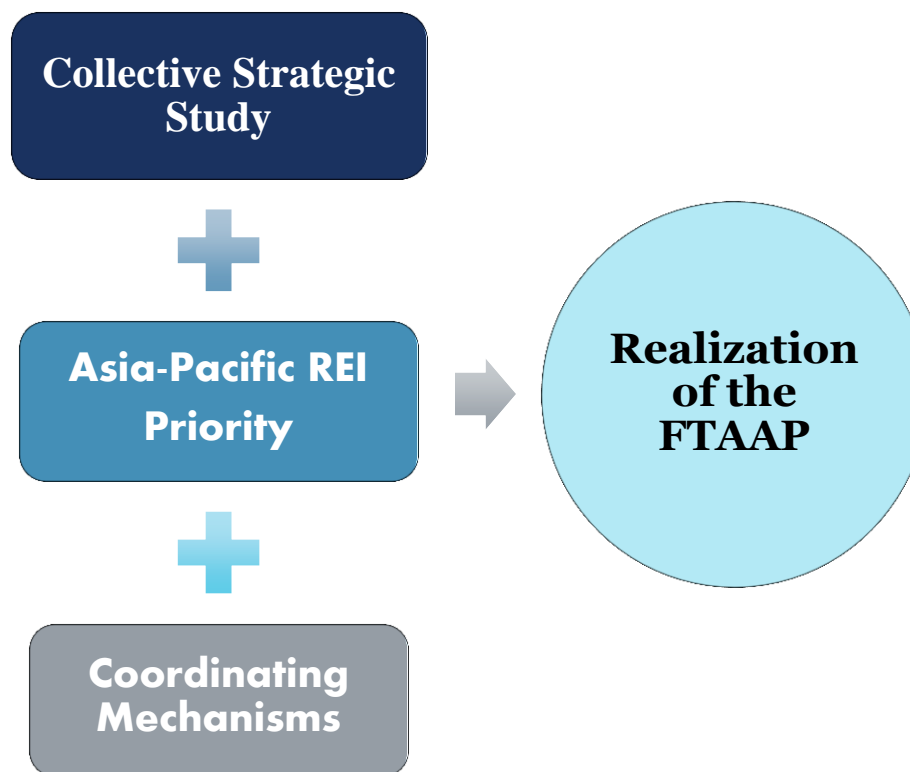
FUTURE CHALLENGES AND IMPEDIMENTS

Utilization of FTAAP

- ❑ Complexity in ROOs
- ❑ Lack of Publicity
- ❑ Transaction Cost



POLICY RECOMMENDATIONS & ACTION PLAN



FOLLOW-UP WORK SCHEDULE OF THE CSS

- The Co-Chairs of the FotC will report progress of the recommendations to CTI2, SOM2 and MRT 2016 for further guidance. The FotC will finalize any recommendations, while the Collective Strategic Study will be finalized by SOM 3 2016 as necessary.
- By October 7, 2016, the Co-Conveners of the Task Force, along with the host economy, will develop and submit the Executive Summary of the Collective Strategic Study to the Task Force for review and comment.
- By October 28, 2016, the Task Force will submit the final version and the Executive Summary of the Collective Strategic Study to the FotC.
- By November 4, 2016, the FotC will submit the final version and any recommendations to the CTI.
- The CTI will submit both the final version and the Executive Summary of the Collective Strategic Study and any recommendations to Senior Officials at CSOM, Ministers at AMM, and Leaders at AELM 2016 for consideration and endorsement.

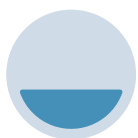
TO CONFIRM FTAAP AS ASIA-PACIFIC REI PRIORITY

- **FTAAP Beijing Roadmap**
 - **Goal for “Post-Bogor Goal Era”**
 - **Principles of Openness, Inclusiveness, Transparency and Flexibility**
 - **Including all Asia-Pacific economies, not limited to APEC members**

KEY POINTS OF THE REALIZATION OF FTAAP

- Emphasize the convergence between the FTAAP and WTO
- Encourage capacity building in APEC developing economies
- Emphasize the comprehensive and high quality sense of FTAAP
- Achievement of FTAAP must rely on the existing path in the region, including TPP, RCEP and PA. FTAAP has to integrate all those mechanisms.
- Urging APEC Economic Leaders to develop the next work plan of FTAAP, for example, determining a timetable to launch FTAAP negotiations.

TO IMPROVE THE COORDINATING MECHANISM



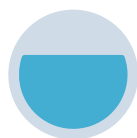
Coordination

Strengthen the coordination among all stakeholders:

Government Agencies

Private Enterprises

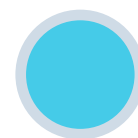
Academic institutions



Implementation

Implement “Beijing Roadmap for APEC’s Contribution to the Realization of the FTAAP”

Report the progress to SOM, AMM, AELM



Supervision

Establish monitoring and evaluating systems to oversee the realization of the FTAAP

Ensure to keep the pace of APEC REI

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Asia-Pacific
Economic Cooperation



THANK YOU!

Dr. Li Wentao

liwentao@nankai.edu.cn