

# Roadmap for the FTAAP: Take the TPP Turnpike

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# Regional Economic Integration: APEC's first two decades

- Bogor Declaration set the long-term vision for Asia-Pacific economic integration.
- Talked about “concerted unilateralism” but practiced bilateralism: reaction to both late 1990s financial crisis and China’s rise.
- Growth of East Asian pacts: concern about shift in focus from Asia-Pacific to Pacific-Asia integration.
- Solution: “linked regionalism” that agglomerates bilateral pacts into Asia-Pacific arrangement.

# Linking Pacific Asia and the Asia Pacific

- FTAAP: a vision of long-run process of APEC integration.
- Challenge going forward is to meld together the various arrangements already in force or under construction among APEC members that contain binding obligations...and incrementally broaden the initiative to cover other APEC countries.
- Existing pacts are mix of “gold standard” and “partial scope” arrangements. Both are replete with exceptions that inhibit economic integration.
- Need “hybrid” approach that avoids East-West divide across the Pacific.

## Moving toward an FTAAP: Geographic Scope

- Integration by Agglomeration...but from what core group of countries?
  - ASEAN plus X?
  - Trans-Pacific Partnership?
- Include non-APEC members?
  - On what criteria: existing trade pacts with APEC members?
  - APEC membership application?

## Next Steps: Build on the TPP (1)

- TPP provides most flexibility re. coverage and membership and involves individual ASEAN members, which could facilitate melding of integration plans.
- Need to modify US-style “gold standard” to manage agriculture problems and developmental concerns.
- Eight countries already planning to talk, with others possibly soon to follow (e.g., Canada and possibly Mexico).

## Next Steps on the TPP (2)

- APEC integration pact needs to address interrelated challenges facing APEC members in 21st century:
  - Energy security; food safety and security; border security.
  - Climate change.
- Substantive agenda should focus first on FTA-plus reforms:
  - Green economy, including trade/climate change policies. and promoting renewable energy, IP and tech transfer.
  - Energy security/environment linkages.
  - Digital economy agreement: goods & services.

## Next Steps on the TPP (3)

- Regionalize EPA/FTA rights and obligations, starting by harmonizing and cumulating rules of origin.
- Avoid issue or product-specific roadblocks:
  - Re. agriculture, focus first on food security and safety.
  - Re. labor, focus on implementation of ILO principles and on specific labor services barriers (e.g., visas).
- Detours around roadblocks do not mean granting exceptions/excluding those goods or issues.

## Next Steps on the TPP: Participation

- Broaden participation to countries already interested (Canada, Mexico) or engaged bilaterally with TPP core (Japan and Korea, once US-Korea FTA is ratified)
- Whither China? Key to whether TPP becomes vehicle for Asia-Pacific integration, linking 10&1 pacts with cross-Pacific FTAs.
- Why China should be interested in Asia-Pacific initiative:
  - Involves United States and buffers China-Japan competition in East Asian arrangements.
  - Facilitates dealing with Chinese Taipei.
  - Better channel to resolve bilateral disputes with United States.
  - Complements collaboration with United States on North Korea.