

ROADMAP TO THE ASIA-PACIFIC ECONOMIC COMMUNITY: FTAs

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OVERVIEW

- **Fundamentals**
- **FTAs: The Strategic Goal**
- **Binding Principles**
- **Towards an Asia-Pacific Community**
- **Globalization and Trade**
- **The Bogor Goals**

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FUNDAMENTALS

- **Open trade leads to dynamic & efficient growth:**
 - ✓ To improve free-trade through tariff reduction
 - ✓ To stabilize present trade conditions through disciplines
 - ✓ To improve the business environment through the elimination of non-tariff barriers: TBT&SPS
- **To be *Global Players*, we must add all dimensions of economic exchange**
- **Trade policy has to be:**
 - ✓ Consistent with the strategic option for economic growth lead by external trade

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FUNDAMENTALS

- **The four pillars should be:**
 - 1) Low and single tariff rate, across the board;
 - 2) National Treatment;
 - 3) Automatic import licensing and;
 - 4) A low applied rate as a result of GSPs and trade agreements.
- **Rules and disciplines are a must for free and open trade, and they should cover:**
 - 1) Goods: Tariff, NTM, TBT, SPS, customs, safeguards, ADP and CVM;
 - 2) Services: All sectors and modes;
 - 3) IPR; and
 - 4) WTO Plus regimes for: investment, competition policies, transparency, and movement of business people.
- **Fair, transparent and efficient DSM are also a critical factors.**

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FTAs: THE STRATEGIC GOAL

- **The Track-III Strategy:**
 - ✓ **A WTO Plus regime through multilateralism, bilateralism and unilateralism**
- **First best: National economic interest as a whole is achieved with**
 - ✓ **The widest possible scope: Issues, Activities (goods & services), Sectors and Disciplines**
 - ✓ **The widest possible inclusion of trading partners**

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BINDING PRINCIPLES

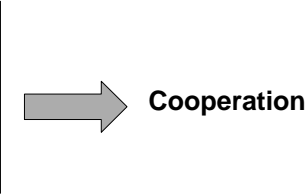
- **APEC should build upon the “Best Practices” agreed in 2004 and establish a set of “Binding Principles”**
- **APEC should provide *WTO Plus* interpretations of:**
 - **Article XXIV of GATT:**
 - ✓ **Progressive eliminations of all tariffs**
 - ✓ **Cover potential trade**
 - ✓ **More precise disciplines**
 - **Article V of GATS:**
 - ✓ **Include all sectors and all modes**

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TOWARDS AN ASIA-PACIFIC ECONOMIC COMMUNITY

- **Integrate more actors and sectors to the benefits of free trade**
 - ✓ Modernization of the State
 - ✓ SMEs
 - ✓ Micro entrepreneurship
 - ✓ Trade Unions and civil society

 - **Upgrade of public policies**
 - ✓ Trade promotion
 - ✓ Innovation
 - ✓ Associativity

 - **Capacity building**
- 
- Cooperation

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GLOBALIZATION AND TRADE

- **New Complementarities**
 - Global Chains of Production
 - ✓ Intraindustrial trade
 - ✓ Intrafirm trade
 - ✓ Intraregional trade

 - Pathways towards development through manufacturing natural resources

- **ITCs: Research & Development applied to primary activities**

- **New Entrepreneurial Partnership: Joint Ventures aimed at third markets**

- **Win – Win Situations**

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THE BOGOR GOALS

- **Developed and Big Economies: Bad signals**
 - Exclusions
 - Long tariff reduction schedules
 - “Defensive” approach: preferential trade areas instead of free-trade areas

- **APEC’s Cycle of Life**
 - ✓ **Non binding nature of APEC was adequate 15 years ago**

 - ✓ **Today, the world has changed, and also the Asia-Pacific Region**