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Regional Trade Agreements and APEC

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APEC
PHILIPPINES
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**Dialogue on Regional Trade Agreements and Free
Trade Agreements
Cebu, Philippines
2 September 2015**



REGIONAL TRADE AGREEMENTS AND APEC

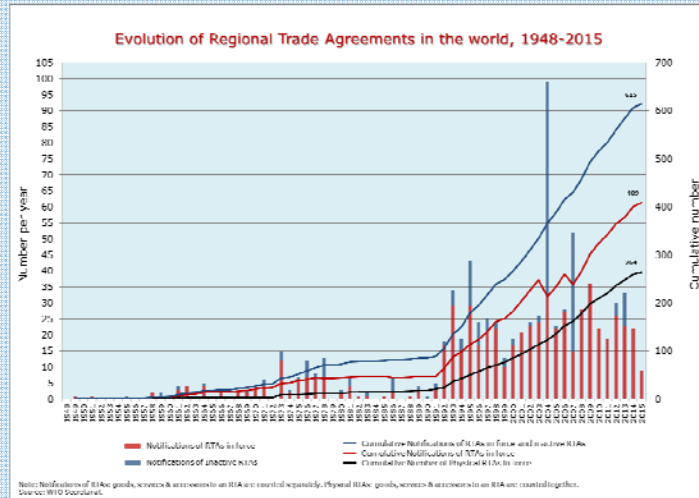
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REGIONAL TRADE AGREEMENTS

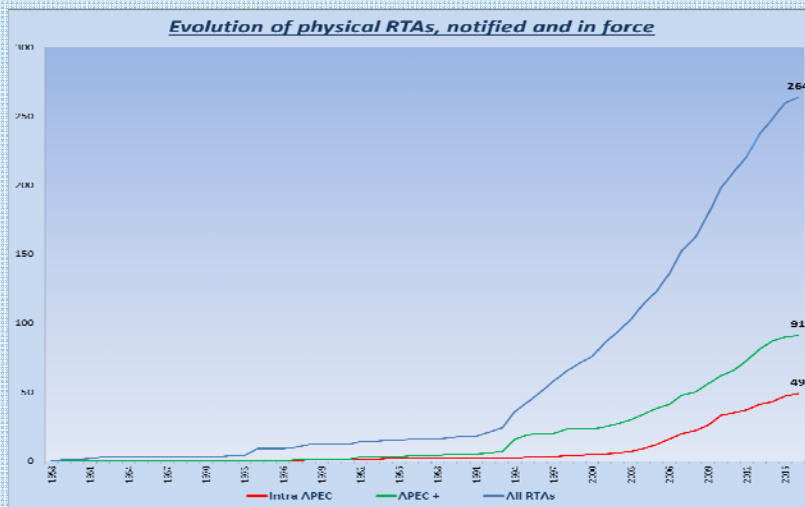
RTA trends: Global and APEC

Regional Trade Agreements and the Multilateral Trading System



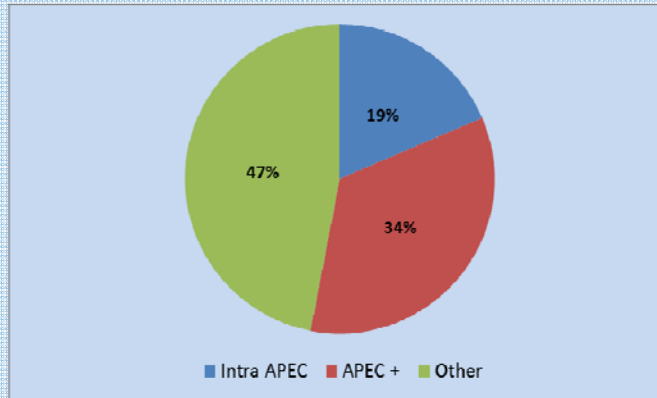
As of 10 August 2015, 409 notifications of RTAs had been made to the GATT/WTO and are currently in force. These correspond to 264 RTAs (counting goods, services and accessions together).

APEC Members' RTA proliferation



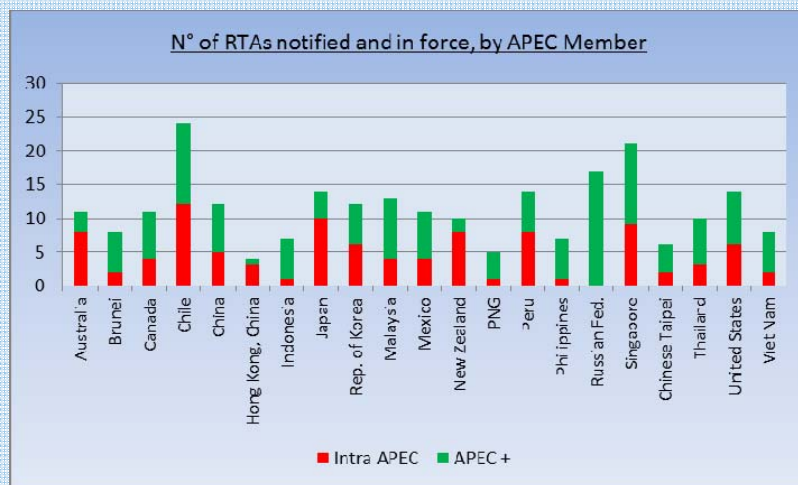
Source: WTO Secretariat

APEC Members' RTA proliferation

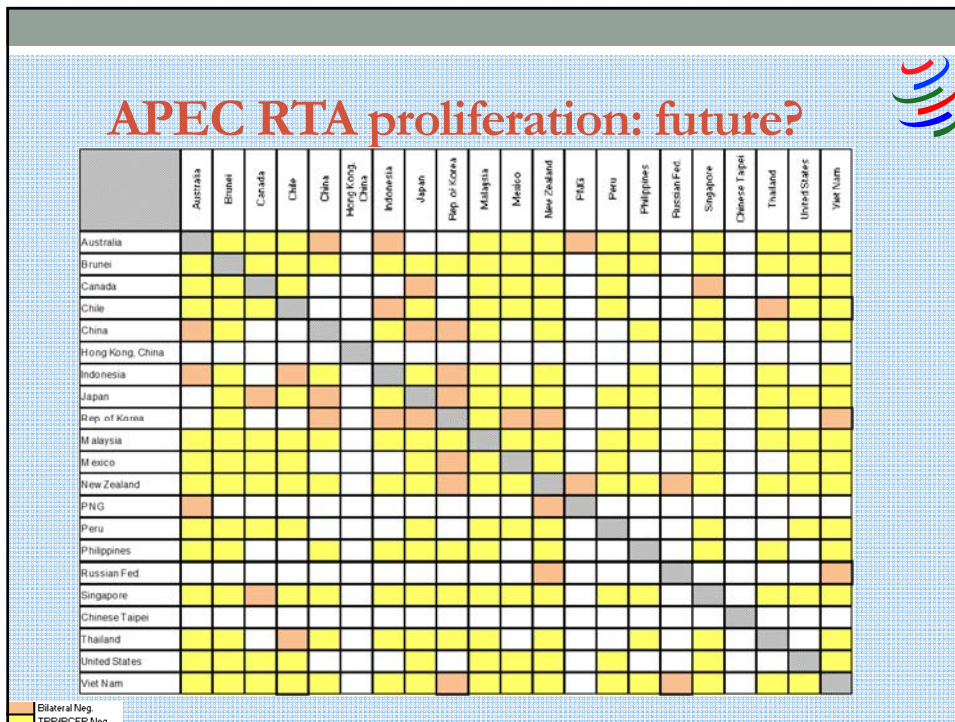
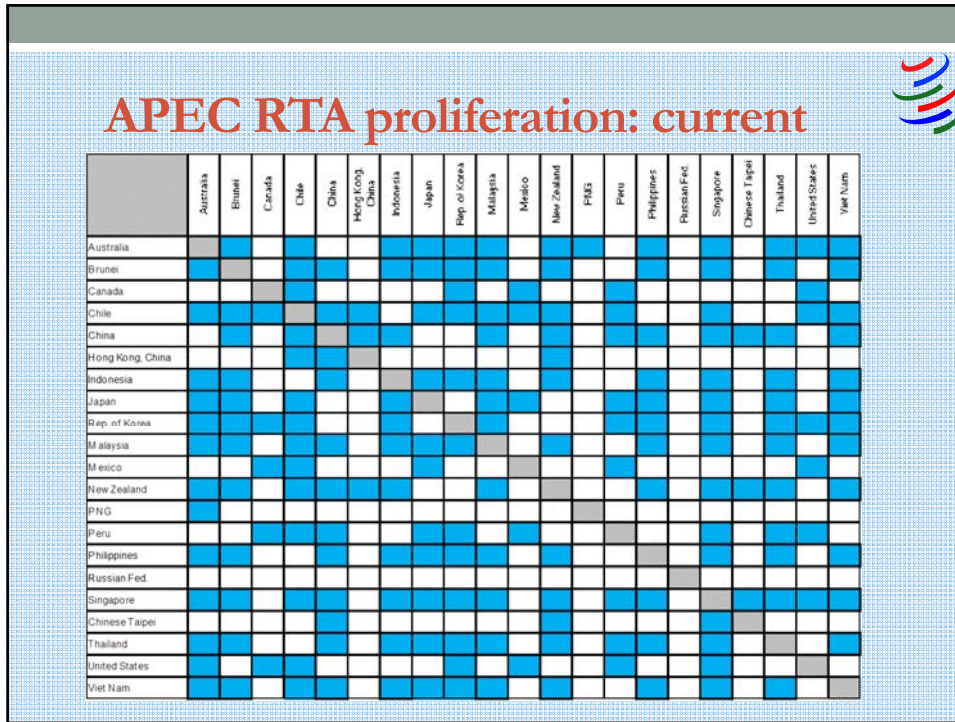


Source: WTO Secretariat

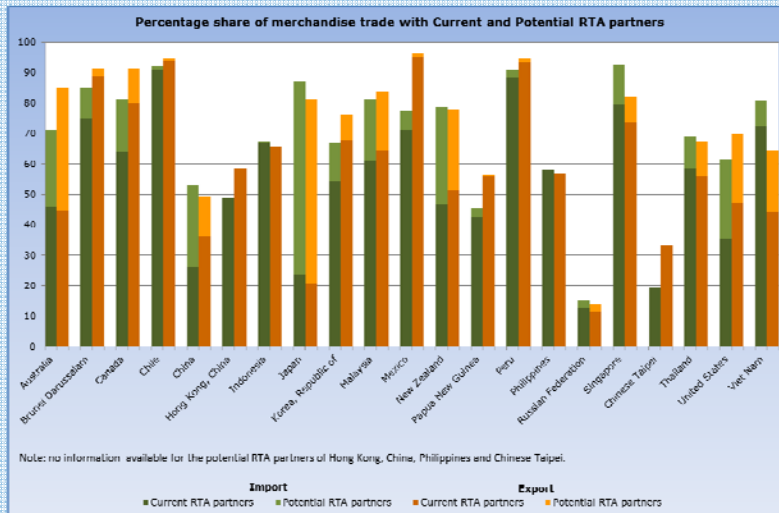
APEC Economies' RTA proliferation



Source: WTO Secretariat



APEC: merchandise trade in RTAs



REGIONAL TRADE AGREEMENTS



Consolidation of RTAs: potential implications for APEC and MTS

Consolidation in the Asia-Pacific



- Regional Closer Economic Partnership (RCEP) agreement (10 ASEAN members, plus Australia, China, India, Japan, Korea and New Zealand).
 - Representing ~28% of GDP and 24% of trade in goods and services
 - Trans-Pacific Partnership Agreement
 - Transpacific SEP enlargement
 - 12 partners representing ~38% of GDP, 26% of world trade in goods and services
 - Pacific Alliance (Chile, Colombia, Mexico and Peru) and others are acceding
- ➔Free Trade Area of the Asia-Pacific (FTAAP)??
- ...also Trade in Services Agreement (TISA) (includes APEC economies)

Consolidation in the Asia-Pacific

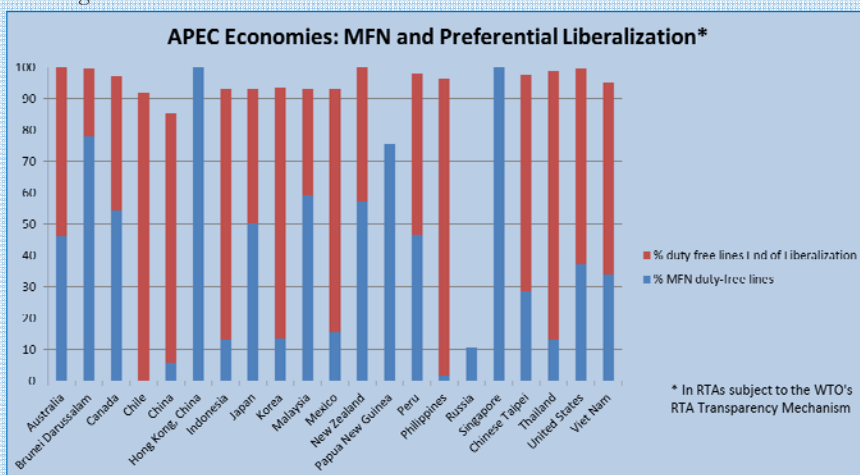


- What is new?
 - Most TPP and RCEP parties and all PA parties already have RTAs among themselves: TPP
 - Canada: 4 parties
 - Mexico: 5 parties
 - Peru, New Zealand and US: 6 parties
 - Brunei, Malaysia and Viet Nam: 7 parties
 - Australia and Japan: 8 parties
 - Singapore: 9 parties
 - Chile: all 11 parties
 - RCEP parties all have agreements with ASEAN:
 - Among the six RCEP partners Australia has RTAs with China, Japan, Korea and New Zealand; New Zealand has RTAs with Australia and China; Japan and Korea have RTAs with Australia and India; India has RTAs with Japan and Korea.

APEC: additional RTA tariff liberalization



Trade in goods: What scope for additional liberalization?
 Significant share is already MFN zero. Rest liberalized to a large extent in existing RTAs



Additional Services Commitments



Additional sectoral commitments by selected APEC economies in their RTAs

Member	Sectoral Commitments		Member	Sectoral Commitments	
	GATS	RTA		GATS	RTA
Australia	103	104 (Thailand)-157 (US)	Korea, Republic of	96	105 (India) – 149 (US)
Canada	101	146 (NAFTA) – 150 (since)	Mexico	77	132 (Japan) – 158 (Central America)
China	92	92 (Iceland) – 142 (Macau, China)	Russian Federation	125	n.a.
Japan	109	118 (Viet Nam) – 157 (Indonesia)	United States	110	106 (Jordan) – 158 (Bahrain); 152 with others

Source: WTO Secretariat based on the I-TIP Services Database, GATS Schedules of Specific Commitments and RTA texts and annexes.

- possibly negative list in TPP and likely to lead to significant further liberalization but is it meaningful or is status quo more liberal?
- Investment also may include controversial issues such as ISDS but already included in other RTAs (eg. all US RTAs with TPP parties)

Other issues: possible outcomes



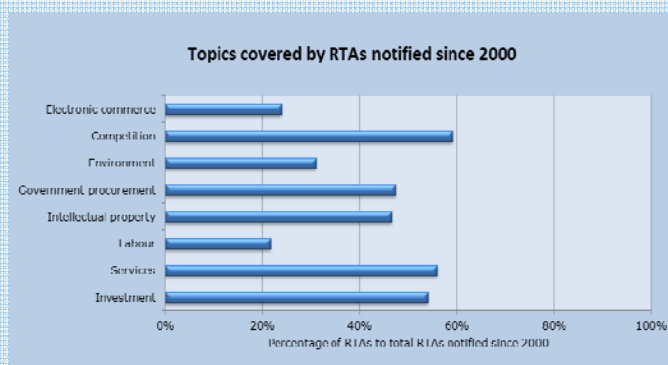
- SPS and TBT: probably based on mutual recognition agreements which would have a positive impact not only on parties but third parties also.
- Rules of origin, if allowing cumulation between the parties, would be beneficial especially for the development of OP, RVCs/GVCs
- Government procurement: 5 TPP and 4 RCEP parties are parties to the WTO GPA, but non-GPA parties may liberalize significantly in TPP and even RCEP.
- Other regulations: Trade Facilitation, competition policy, IPRs and others have an MFN dividend and are therefore not likely to be discriminatory against third parties.

RTAs: Implications for the MTS



Which brings us to the MTS...

RTAs increasingly include provisions that go beyond tariff liberalization



Source: WTO RTA Database

RTAs: Implications for the MTS



A number of RTA issues largely maintain WTO standards

- These include in the areas of anti-dumping, safeguards, technical barriers to trade, sanitary and phytosanitary measures and rules of origin in services (substantive business operations).

There are areas of divergence from WTO commitments

- Notably market access in goods and services, rules of origin in goods. But tariff peaks and sensitive sectors are not liberalized in RTAs.

And there are other issues for which there are no WTO rules

- Such as investment, competition, environment, labour, electronic commerce.

For regulatory issues (which the new negotiations concentrate on), most provisions are MFN.

- Such as competition, intellectual property rights, services regulations, trade facilitation.

THANK YOU



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