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Rationale and Main Features of RTAs/FTAs

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APEC
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Rationale and main features of RTAs/FTAs

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Underlying International Economic Landscape

- Stalled DDA
- Active international movement of goods, capital, information, skilled workers
- Expansion of supply chains, production networks
- Rapid expansion of RTAs/FTAs

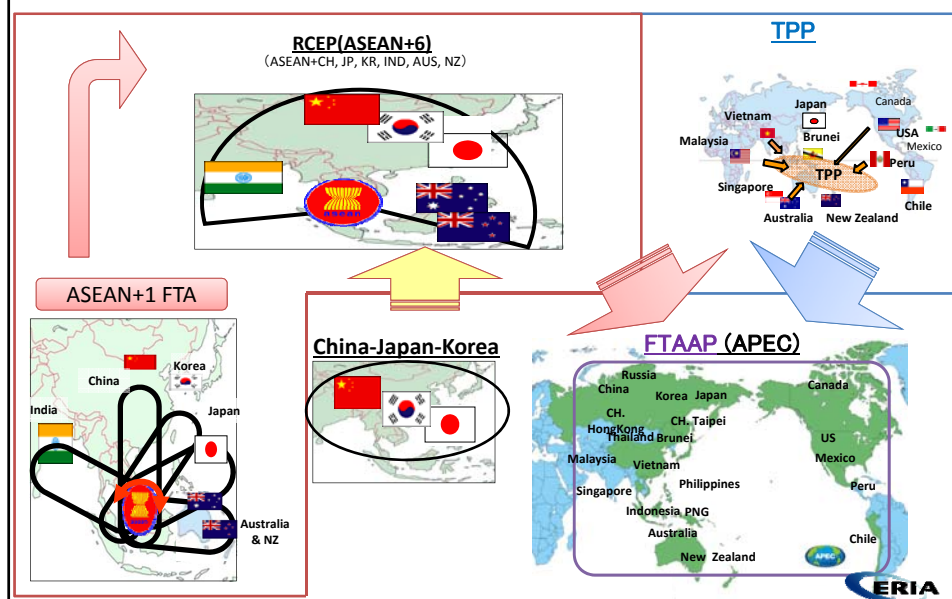
Purpose of International Economic Policies such as WTO, RTAs/FTAs

- Achieve economic growth by
- Expanding trade, **investment**
- Improving allocation of resources: shifting resources from non-competitive sectors to competitive sectors,
- Raising productivity,
- Provide employment opportunities to the workers

Objectives of RTAs/FTAs

- Expand exports, investment, supply chains
- Promote regulatory reforms
- Establish rules (TPP)
- **Creating large unified market and production base involving supply chains**
- Increase negotiating power, particularly for small countries
- Establish good international relations (geo-political objective)

Region-wide FTAs in Asia Pacific: RCEP, TPP, China-Japan-Korea (CJK) FTA



Main Features of RTAs/FTAs

- Comprehensive contents
- Trade and investment liberalization
- Trade and investment facilitation
- Regulatory coherence
- Small and medium enterprises
- Economic and technical cooperation

Main Features of RTAs/FTAs

	TPP	RCEP	ASEAN+1 FTAs	AEC
Trade in Goods	●	●	●	●
-- Market Access to Goods	●	●	●	●
-- Textile and Apparel	●	○	●	●
-- Rules of Origin	●	●	●	●
-- Customs	●	○	●	●
-- Trade Facilitation	●	●	●	●
-- TBT	●	○	●	●
-- SPS	●	○	●	●
-- Trade Remedies	●	○	●	●
Trade in Services	●	●	●	●
-- Cross-border Services	●	●	●	●
-- Financial Services	●	○	●	●
-- Telecommunications	●	○	●	●
-- Temporary Entry	●	●	●	●
Investment	●	●	●	●
-- Protection	●	●	●	●
-- Liberalization	●	●	●	●
-- Facilitation	●	●	●	●
-- Promotion	●	●	●	●
Economic and Technical Cooperation	●*	●	●	●
Intellectual Property	●	●	●	●
Competition	●	●	●	●
Dispute Settlement	●**	●	●	●
Others	●	●	●	●
-- E-commerce	●	●	●	●
-- Environment	●	●	●	●
-- Government Procurement	●	●	●	●
-- Labor	●	●	●	●
-- Cross-cutting Trade Issue	●	●	●	●

Notes: ● means the issue is covered, while ○ means that the issue is likely to be covered

Concluding Remarks

- Desirable characteristics of RTAs/FTAs
- Transparency
- High liberalization level
- Comprehensiveness
- Common concession
- Accession

- Important points to remind policy makers/negotiators engaged in RTAs/FTAs
- Benefits of trade and investment liberalization in terms of achieving economic growth, increasing economic welfare for consumers
- Deal with negatively affected workers by providing safety nets such as temporary income compensation and technical training to improve skills.