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RCEP and Its Implications on FTAAP Prospects

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RCEP and its implications on FTAAP prospects

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I. The negotiation process is accelerated...

- **After TPP was finished in October 15, 2015, the negotiation process of RCEP seems to be accelerated;**
- **The statements of Leaders of RCEP members on November 22, 2015;**
- **Intensive negotiation agenda in 2016: one ministerial meeting and 6 rounds negotiation.**

Number of negotiations



By the end of 2016, a new deal?

- **August 5, the fourth RCEP trade ministerial meeting was held in Laos;**
- **August 10-19, the 14 round negotiations in Vietnam;**
- **In October, there will be another round negotiations in China;**
- **In December, in Indonesia.**

II. Main focuses of RCEP

- **Trade in goods;**
- **Trade in services;**
- **Investment;**
- **Economic and technological cooperation;**
- **IPR;**
- **Competition.**

Key negotiations

- **Trade in goods : possible coverage of commitments: 90-95%; detail commitments of the line of products , no;**
- **Trade in Service: Positive list:100/160, or 120-150/160?**
- **Investment: Negative list, pre-establishment national treatments**

A MFN within RECP

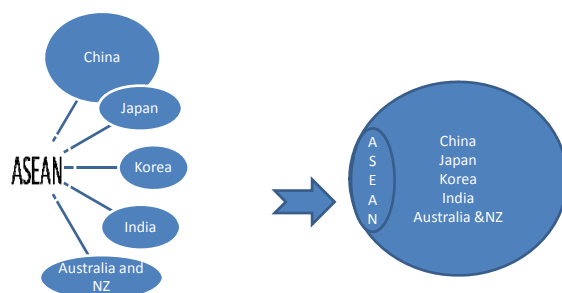
- **Every member of RECP, only can have one same table to all other member, not one member have 15 different tables with different members;**
- **No matter what commitments are----trade in goods and service, and investment, one member one table;**
- **This is a RECP-wise MFN.**

MFN Beyond 10+1:

extension of commitments to all

- **Even extension of the existing commitments in 10+1 FTAs to all: from 10+1 to 10+6, is a big achievements;**
- **This should be the base line for RCEP forward negotiations;**
- **This is also a bridge of future FTAAP negotiations.**

RECP Track of integration: RECP



1. Membership extension;
2. New issues added;
3. Integration of past commitments (binding and updated)

III. RCEP:

A special FTA arrangement?

- A very diversify members in terms of development, size and so on;
- A very pragmatic way of liberalization---- ambitious, and more friendly to development;
- A new model of developing countries led mega-FTA arrangement with many developed economies participated;
- With more economic benefits to all members...

RECP: more diversity of members

	Simple average final bound	Simple average MFN applied	Trade weighted average	Imports in billion US\$	Duty Free-	Duty Free-	GDP per capita (current US\$)	Population, million	GDP, \$million	Land, Sq km, million
					MFN Applied	MFN Applied				
		2014	2013	2013	Arg. 2014	Non-Arg. 2014	2015			
Australia	9.9	2.7	4.1	226.3	77.0	45.9	56327.7	23.78	1339539.1	7.68
Brunei Darussalam	25.4	1.2	1.5	3.5	98.5	79.6	36607.9	0.42	15492.0	0.01
Japan	4.6	4.2	2.1	821.9	36.6	55.7	32477.2	126.96	4123257.6	0.36
Malaysia	22.2	6.1	4.4	203.3	75	64.1	9766.2	30.33	296217.6	0.33
New Zealand	10.3	2	2.3	39.2	72.4	62.5	37808.0	4.60	173754.1	0.26
Singapore	9.7	0.2	0.5	367.2	99.8	100	52888.7	5.54	292739.3	0.00
Viet Nam	11.5	9.5	5.1	130.7	15.5	38.4	2111.1	91.70	193599.4	0.31
Republic of Korea	16.6	13.3	8	509.6	5.6	16.7	27221.5	50.62	1377873.1	0.10
People's Republic of China	10	9.6	4.6	1,688.20	7.5	7.9	7924.7	1371.22	10866444.0	9.39
Indonesia	37.1	6.9	4.4	185	8.5	13.4	3346.5	257.56	861934.0	1.81
The Philippines	25.7	6.3	4.3	65.7	0.4	3.9	2899.4	100.70	291965.3	0.30
Thailand	27.8	11.6	6.6	248.5	4.4	23.3	5816.4	67.96	395281.6	0.51
Cambodia	19.1	11.2	8	9.2	14.3	15.9	1158.7	15.58	18050.0	0.18
Laos	18.7	10			0	0	1812.3	6.80	12327.5	0.23
Myanmar	84.1	5.6			10.4	2.9	1203.5	53.90	64865.5	0.65
India	48.5	13.5	6.2	439.4	5.4	2.6	1581.6	1311.05	2073543.0	2.97
Average	23.83	7.12	4.44		33.21	33.30		3518.7	22396883.0	6365.07

Sources: WTO, and WB.

More closed members

	Simple average final bound	Simple average MFN applied	Trade weighted average	Duty Free-MFN Applied	Duty Free-MFN Applied	Average per capital income, US Dollar
				Arg.,2014	Non-Arg.,2014	2015
TPP	16.21	4.21	3.17	51.50	56.91	33672.89
RCEP	23.83	7.12	4.44	33.21	33.30	6365.07
APEC	17.04	5.61	3.77	39.33	46.44	15245.76 *

Sources: WTO, and WB.

Note: APEC average per capital income is 19 members average without Chinese Taipei and Papua New Guinea

More benefits from RECP

		Income gain (\$2007 Billion)			
	GDP 2025(\$2007 Billion)	TPP-12	TPP-17	RCEP	FTAAP
Template quality		High	high	Moderate	intermediate
World	103223	223.4	1980.0	644.4	1921.7
TPP-12	33045	285.0	892.8	155.1	759.5
TPP-17	36535	137.4	1516.8	617.9	1248.5
APEC	58951	239.2	1973.0	553.0	2052.0

Sources: Peter A. Petri, Michael G. Plummer, 2014, The TPP, China , and FTAAP?

IV. Implications for the FTAAP and...

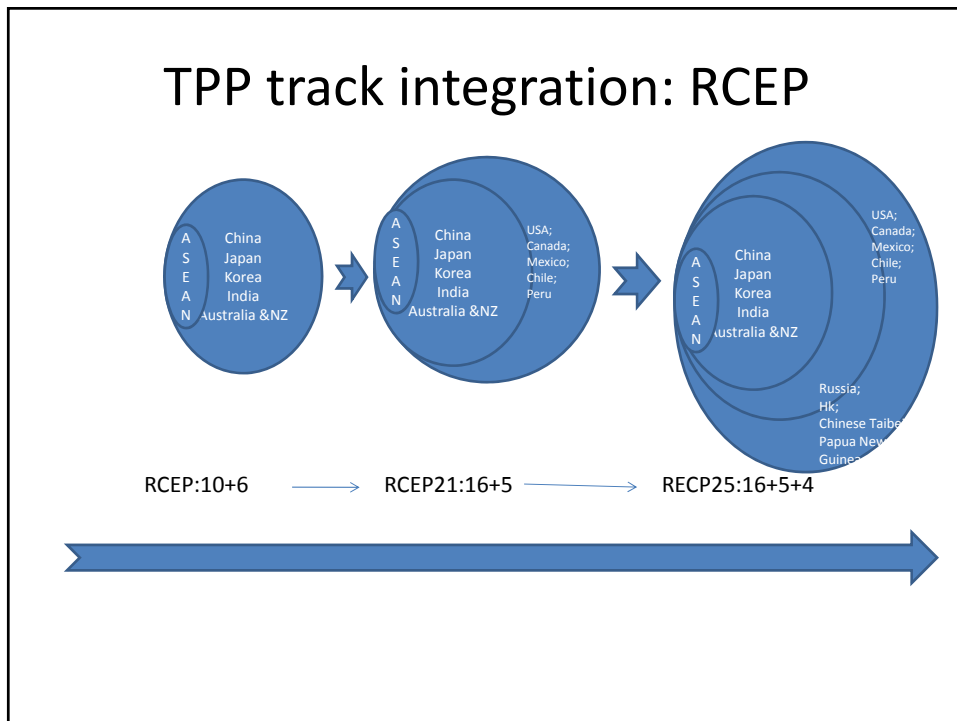
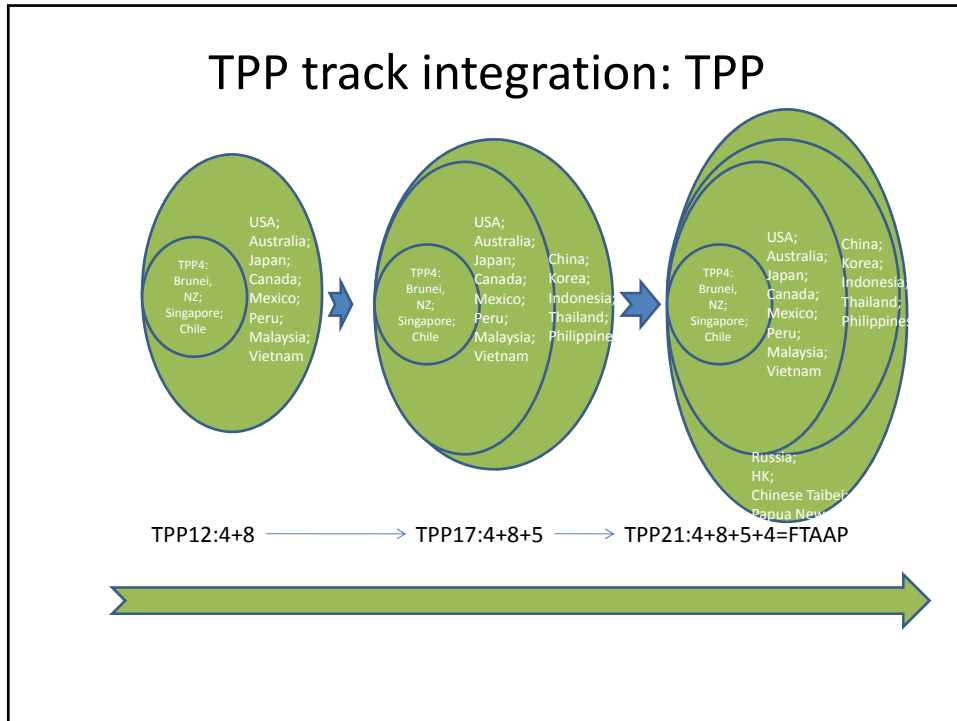
- **A new and pragmatic platform for APEC integration;**
- **A model of economic integration for south countries;**
- **A new hope for breaking the stalemate of the multilateral negotiations in WTO.**

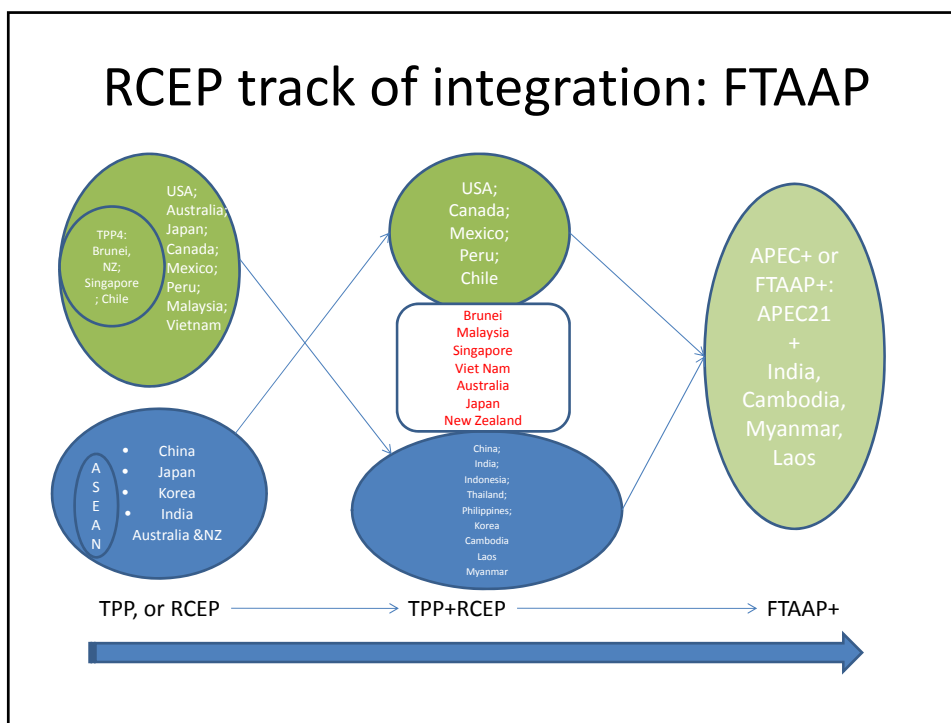
Regional integration should be gradually...

- We had two model of regional integration, the first is 'high standard, and one deal once and for all'; the second is 'low standard at start, and more deals in the long time'.
- The example of first model is NAFTA, EU is the second model, so is the WTO/GATT.
- The basic proposition is that regional liberalization process should be gradually, and continually;
- Historically evidence, and theoretically reasons behind this proposition.

TPP way of integration...

- TPP text has a living article (Article 30.4: accession), so it makes TPP a mix model
- That is, 'high standard, one deal' model, plus membership expansion;
- High standard, one deal, and extend the memberships to more countries





More, RCEP track of integration...

- **Most of the least developing members of APEC is in RECP, so, if RECP is concluded, the FTAAP would be most possible for all the members in APEC----More inclusive;**
- **A bridge of APEC and non-APEC members, and in the future, maybe, a new model for WTO negotiations, since India also be included in it.**

The negotiation of FTAAP in APEC?

- **Based on the template of RECP, should the negotiation of FTAAP begin soon in APEC?**
- **A time table for this negotiation: for example, next year, and finished by the end of 2020?**