



**Asia-Pacific
Economic Cooperation**

2016/SOM3/DIA1/013
Session 1.3

TPP Influence on FTAAP Prospects

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**Dialogue on Regional Trade Agreements and Free
Trade Agreements
Lima, Peru
25 August 2016**



Peruvian Strategy in the Asia-Pacific region

- Peru set the objective of transforming itself as the **Hub of the South American Pacific, with projection to Asia.**
- The **first milestone** in the Peruvian relationship with Asia was **APEC membership (1998).**
- To achieve the objective of transforming Peru as a Hub, it was **necessary to create a network of trade agreements** with America and Asia.
- Through **APEC, negotiations with major economies of Asia-Pacific are managed** according to a prioritized negotiation agenda.
- **Peru negotiated and put into force trade agreements** with the United States, Chile, Canada, Singapore, China, South Korea, Japan, Mexico and Thailand.



The TPP constitutes an important step toward the Peruvian objective of achieving integration with the Asia-Pacific.
The FTAAP will consolidate integration with the APEC region.

Trans-Pacific Partnership Agreement (TPP)

- ▶ The TPP arises in the long-term vision of Peruvian trade negotiations
- ▶ It involves 12 APEC economies:



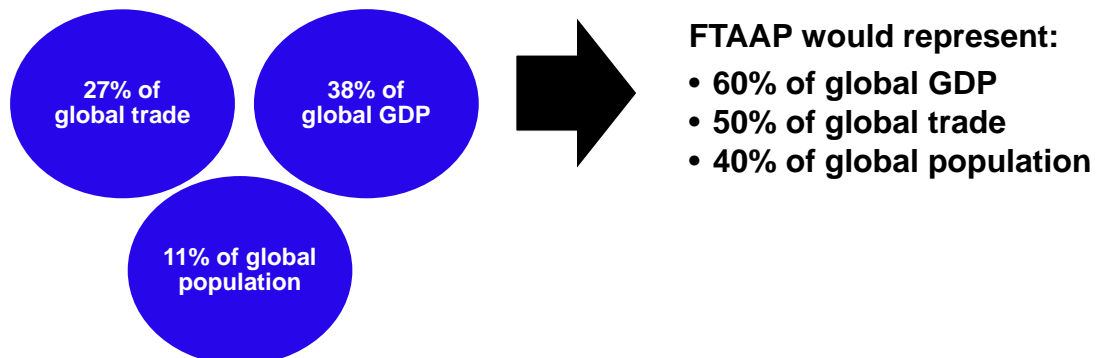
Goals

- ▶ Economic growth, development and employment generation
- ▶ Basis for a future Free Trade Area of the Asia Pacific (FTAAP)

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TPP influence toward FTAAP

Current members of the TPP represent:



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Beijing Roadmap

- ▶ Beijing Roadmap for APEC's Contribution to the Realization of the FTAAP (2014):
 - ▶ FTAAP should:
 - ▶ Build on ongoing regional undertakings
 - ▶ Be comprehensive, high quality and incorporate and address “next generation” trade and investment issues.
 - ▶ Possible pathways to FTAAP:
 - ▶ TPP
 - ▶ RCEP

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The TPP in the light of the Beijing Roadmap

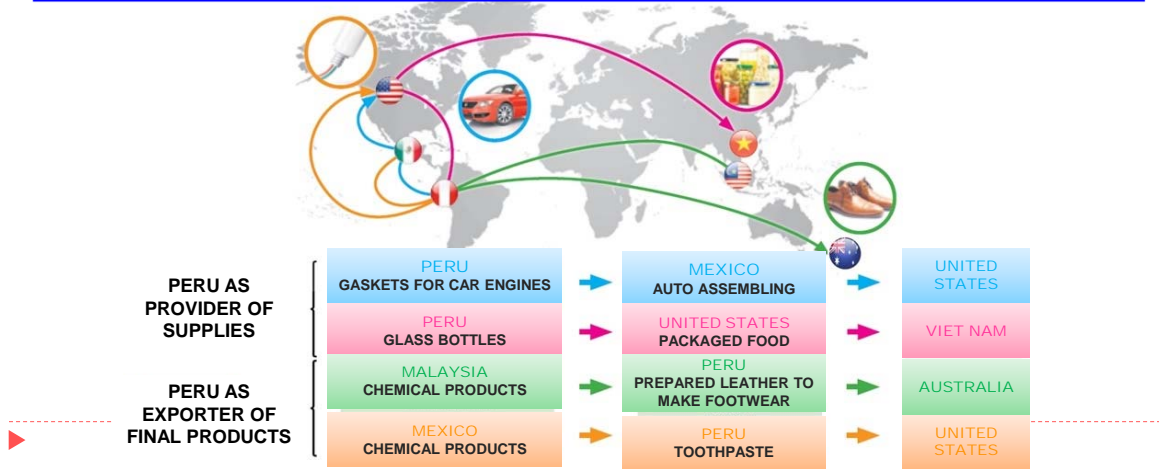
- ▶ The TPP is comprehensive and high-quality:
 - ▶ It includes 30 chapters, covering trade in goods, services and investment, as well as intellectual property, environment, labor, competition and horizontal issues, among others.
- ▶ The TPP covers next generation issues:
 - ▶ E.g. Horizontal Issues chapters: Regulatory Coherence, Competitiveness and Business Facilitation, Development, SMEs.
- ▶ The TPP is also inclusive:
 - ▶ Having taken into account the different levels of development of the participating countries, as well as their diverse productive and trading structures.

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TPP influence on FTAAP: simplifying the spaghetti bowl and developing supply chains

TPP is a plurilateral agreement with common rules of origin. Regional accumulation helps to simplify the existing spaghetti bowl of trade agreements and their corresponding rules of origin.

Origin accumulation also promotes development and strengthening of supply chains in order to achieve productive integration, facilitate trade and reduce costs of doing business in the free trade area.



TPP influence on FTAAP: Complementing APEC's work agenda

- ▶ Development: Broad-based economic growth; Women and economic growth; among others. Also joint development activities.
- ▶ Regulatory Coherence: Coordination processes or mechanisms; Good regulatory practices; regulatory impact assessments; review of existing regulatory measures.
- ▶ Competitiveness and Business Facilitation: Activities to support efforts for establishing a competitive environment in the free trade area, including the development and strengthening of supply chains.
- ▶ SMEs: Information sharing to help SMEs take advantage of the benefits of the agreement.
- ▶ Establishment of Committees that will take into account relevant developments in APEC and other fora. Non-application of dispute settlement.

Final thoughts

- ▶ TPP, as a possible pathway to FTAAP, has incorporated the interests and needs of a diverse variety of APEC members.
- ▶ It can help understand and address some of the challenges that FTAAP faces, such as the different levels of development of participating Parties.
- ▶ It created a forum for in-depth discussion on complex issues arising in plurilateral negotiations (e.g. rules of origin, market access, trade remedies, coexistence) which will enrich discussions on FTAAP.

