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TPP and Its Implications on FTAAP Prospects

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TPP and its implications on FTAAP prospects

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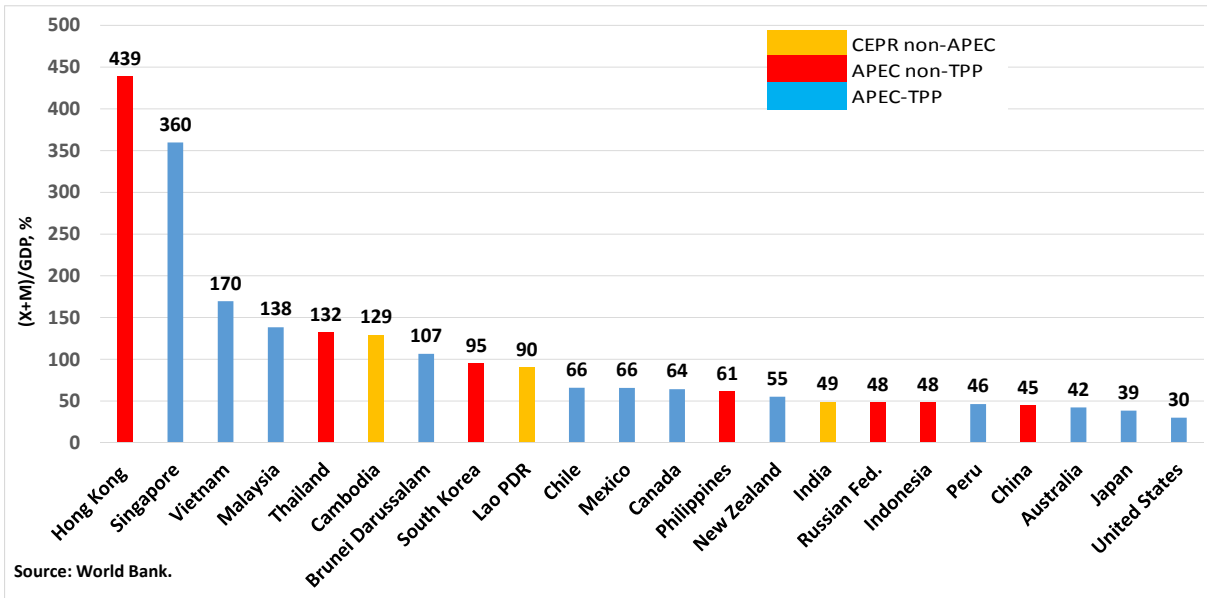
Premises

- ❑ A collective **strategic study** was launched on the realization of the FTAAP, in order to provide *“... an analysis of potential economic and social benefits and costs, performing a stocktake of RTAs/FTAs in force in the región, analyzing the varios pathways towards the FTAAP, assesing impacts of the “spaghetti bowl” phenomenon on economies, identifying trade and and investment barriers, identifying challenges economies may face in realizing the FTAAP, and considering any recommendations based on the study’s findings.”*

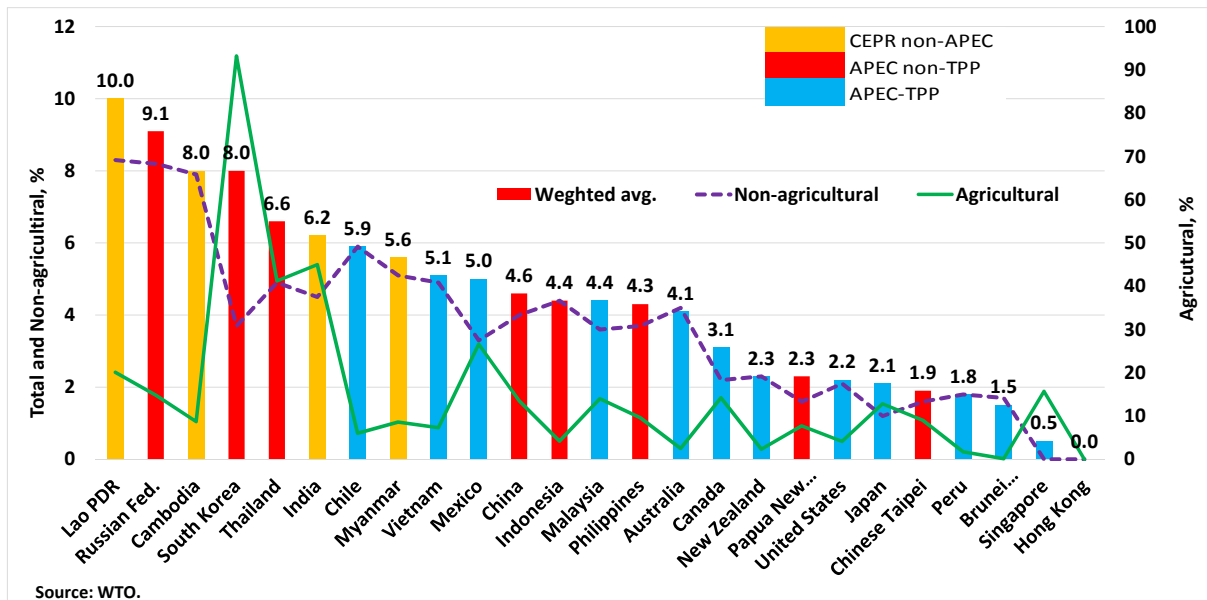
(Beijing roadmap for APEC’s contribution to the realization of the FTAAP)

- ❑ Proposed pathways:
 - Trans-Pacific Partnership (TPP)*
 - Regional Comprehensive Economic Partnership (RCEP)*

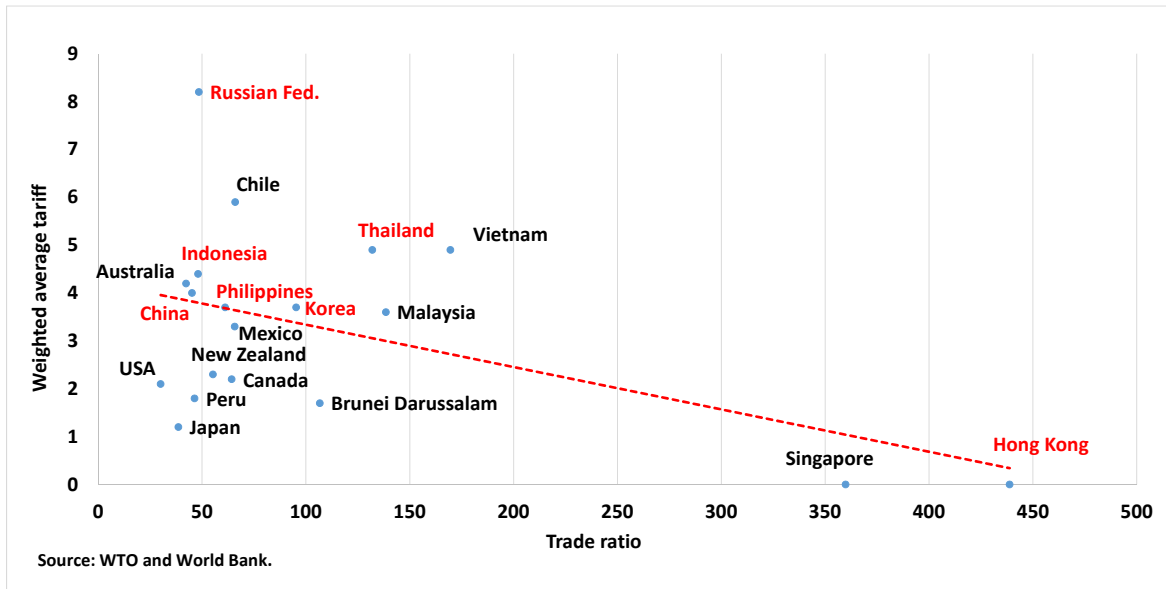
Trade ratio 2014



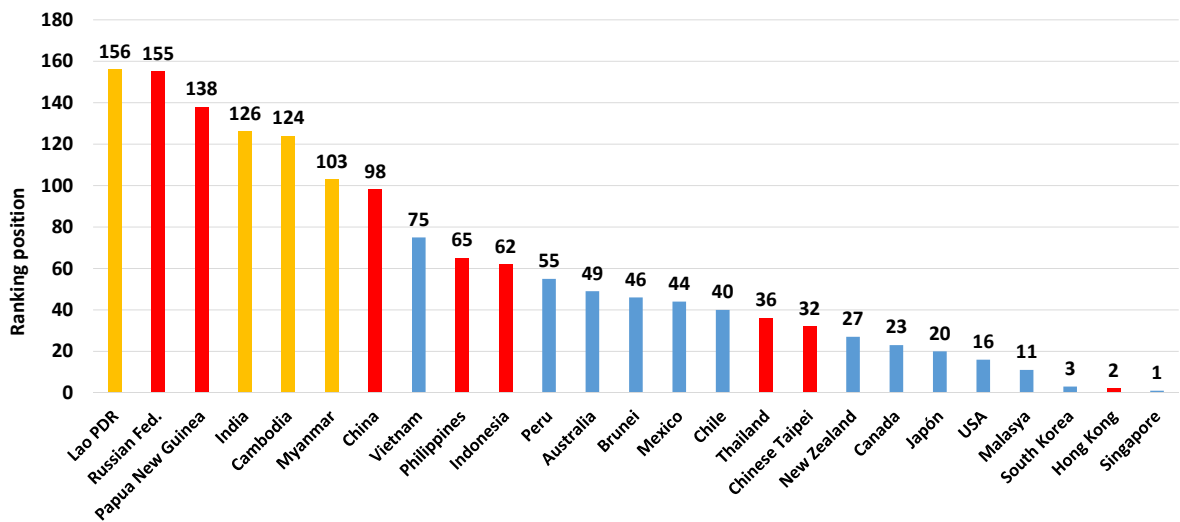
Tariff Protection 2014



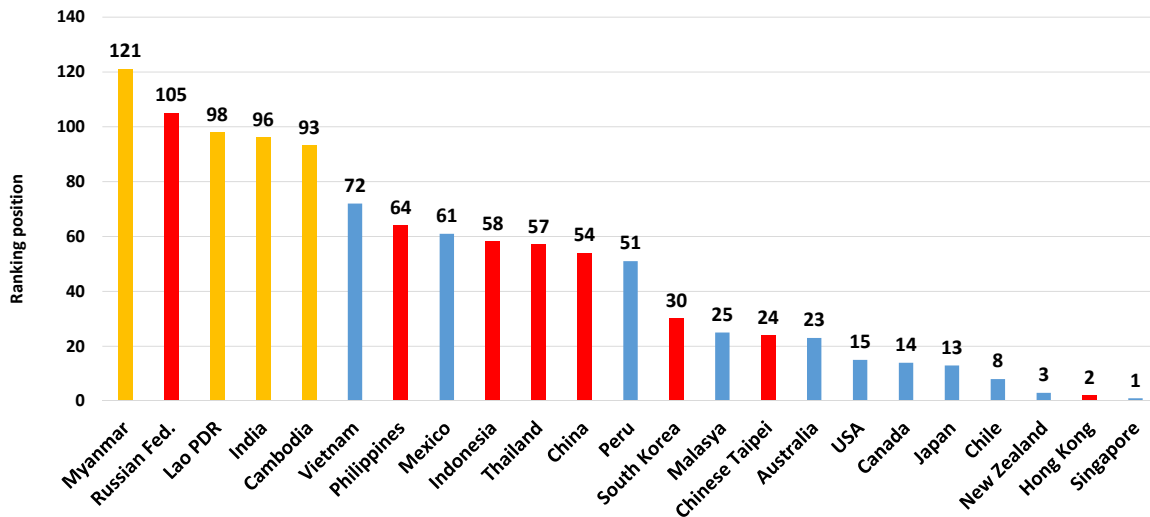
Tariff protection and Trade Ratio



Trading Across Borders 2015



Trade enabling index 2014



Source: WEF 2014.

TPP is not without challenges...

- U.S. presidential candidates rethoric is against TPP
- Some U.S. manufacturing sectors are unsatisfied with TTP outcomes
- A number of TPP members need congressional approval
- Some non-TPP APEC economies have prioritized other negotiations
- Different APECs economies have diferente inclination towards free trade, with some not so willing to accept deep TPP commitments, such as market access, investment, government procurement, intellectual property or investor-state dispute settlement

...but there are favorable conditions...

- TPP is a last generation FTA with deep commitments in different areas
- China has the leadership and weight to impulse a TPP enlargement towards a FTAAP
- Economies such as Chinese Taipei, Philippines, Indonesia, South Korea or Thailand has expressed intentions to join, though have pending economic and political issues to solve first
- Fear of trade diversion could be an important incentive for economies such as the Russian Federation and China

...that will help to consolidate the FTAAP

- By content and depth of commitments the TPP will foster productivity and welfare gains within the member economies
- It will either promote or consolidate structural reforms
- An agreement with those features should be attractive enough for other APEC economies that are not part of the TPP yet