



**Asia-Pacific
Economic Cooperation**

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The Benefits of Additional Protocol in Pacific Alliance

Submitted by: Pontifical Catholic University of Chile



**Workshop on Free Trade Area of the Asia-Pacific
Building Blocks: The Pacific Alliance Contribution
to APEC Work in Services, MSMEs and Trade
Facilitation**

**Ho Chi Minh City, Viet Nam
26 August 2017**



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STRATEGIC OBSERVATORY
OF THE PACIFIC ALLIANCE

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OBSERVATORIO ESTRATÉGICO
PARA LA ALIANZA DEL PACÍFICO



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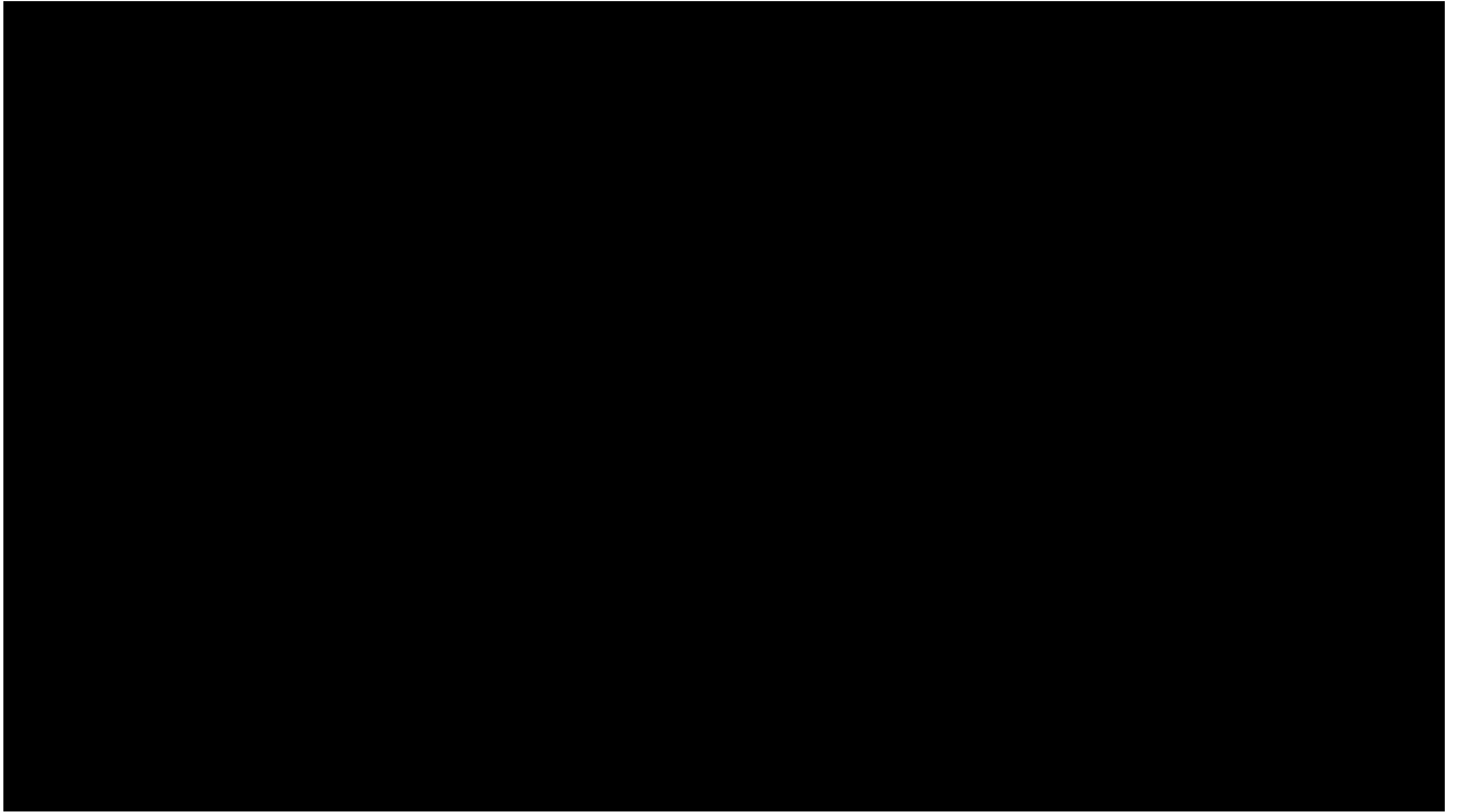
THE BENEFITS OF ADDITIONAL PROTOCOL IN PA

José Luis Parra A.





PA's Objectives





ADDITIONAL PROTOCOL OF THE PACIFIC ALLIANCE

PROTOCOLO ADICIONAL AL
ACUERDO MARCO DE LA
ALIANZA DEL PACÍFICO

Benefits of Additional Protocol

- Market Access
- Rules of Origin
- Technical Barriers to Trade - TBT
- Sanitary and Phytosanitary Measures - SPS
- Trade Facilitation and Custom Cooperation
- Public Procurement
- Cross-border Trade in Services and Investment
- Telecommunications
- E-Commerce
- Financial Services
- Solutions of differences

1. Adherence to Additional Protocol

Short-term goals and achievements:

- Increase trade and investment within AP
- Scale and develop more integrated supply chains in response to new forms of organization of world production
- Promote greater trade integration to attain higher levels of competitiveness in the markets of third countries

1. Adherence to Additional Protocol

Current Situation:

- Few companies use the Protocol, still using the bilateral mechanisms
- Governments and private sector to promote the benefits

2. Cumulation of Origin

- Unique and simple rules of origin
- Stimulates regional integration
- Increases production chain
- Promotes participation in a global value chain (focusing on Asian markets)

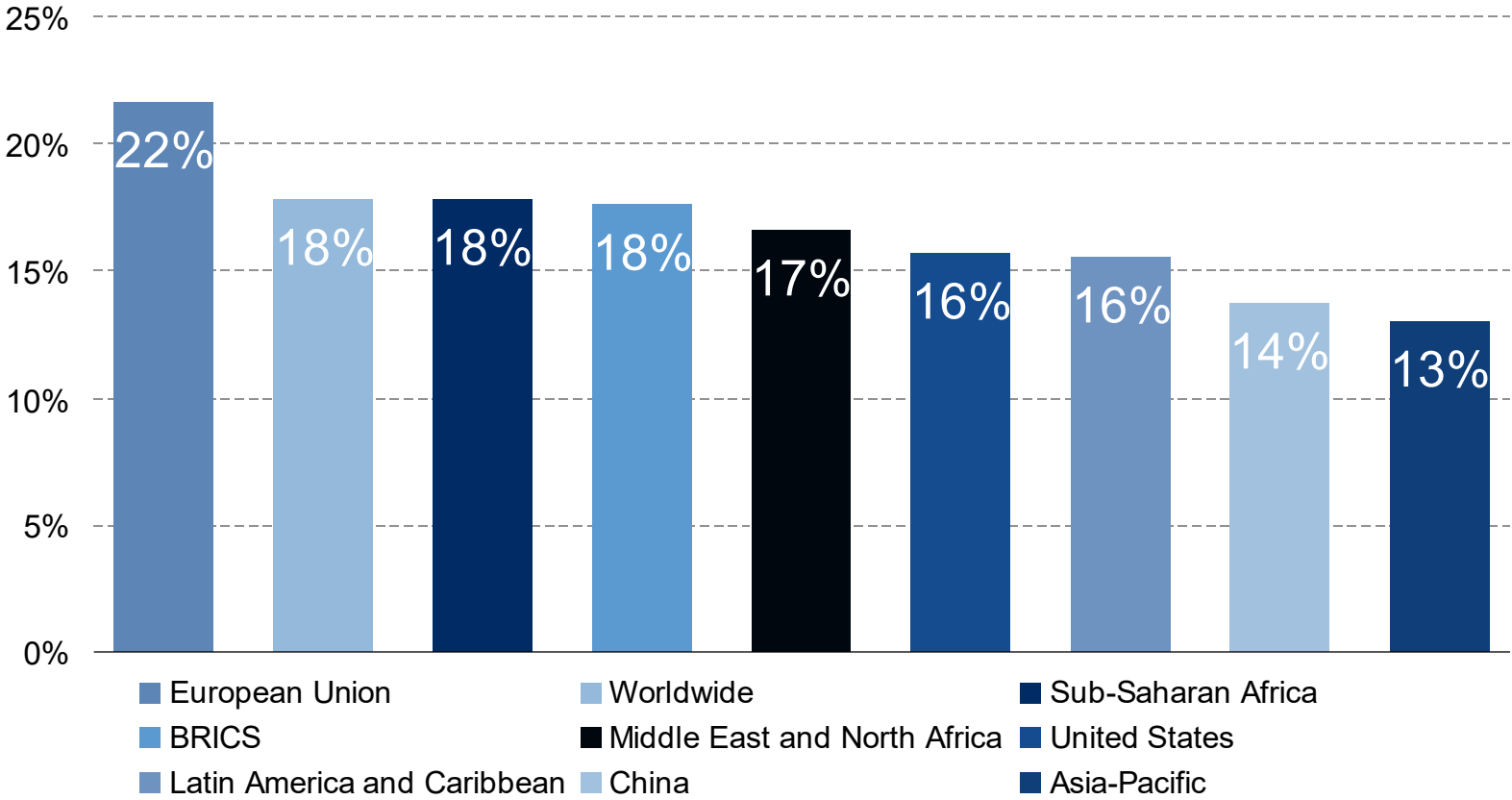
2. Cumulation of Origin

Current Situation:

- Identifying potential sectors - SMEs
- Digital certificate of origin (does not require paper documentation)
- Agreement on mutual recognition of digital signatures (in process)

3. Public Procurement

Public Procurement as part of GDP (2012)



Source: Data from World Bank

3. Public Procurement

- Promote new government vendors
- Simplify the process
- Harmonize the mechanisms and the standards of service providers

3. Public Procurement

Current Situation:

- Special places for vendors on government websites
- Integration of single windows for foreign trade (Red VUCE)

4. Facilitating Trade and Customs Cooperation

- Harmonization and simplification of the processes
- Digital process
- E-governance

4. Facilitating Trade and Customs Cooperation

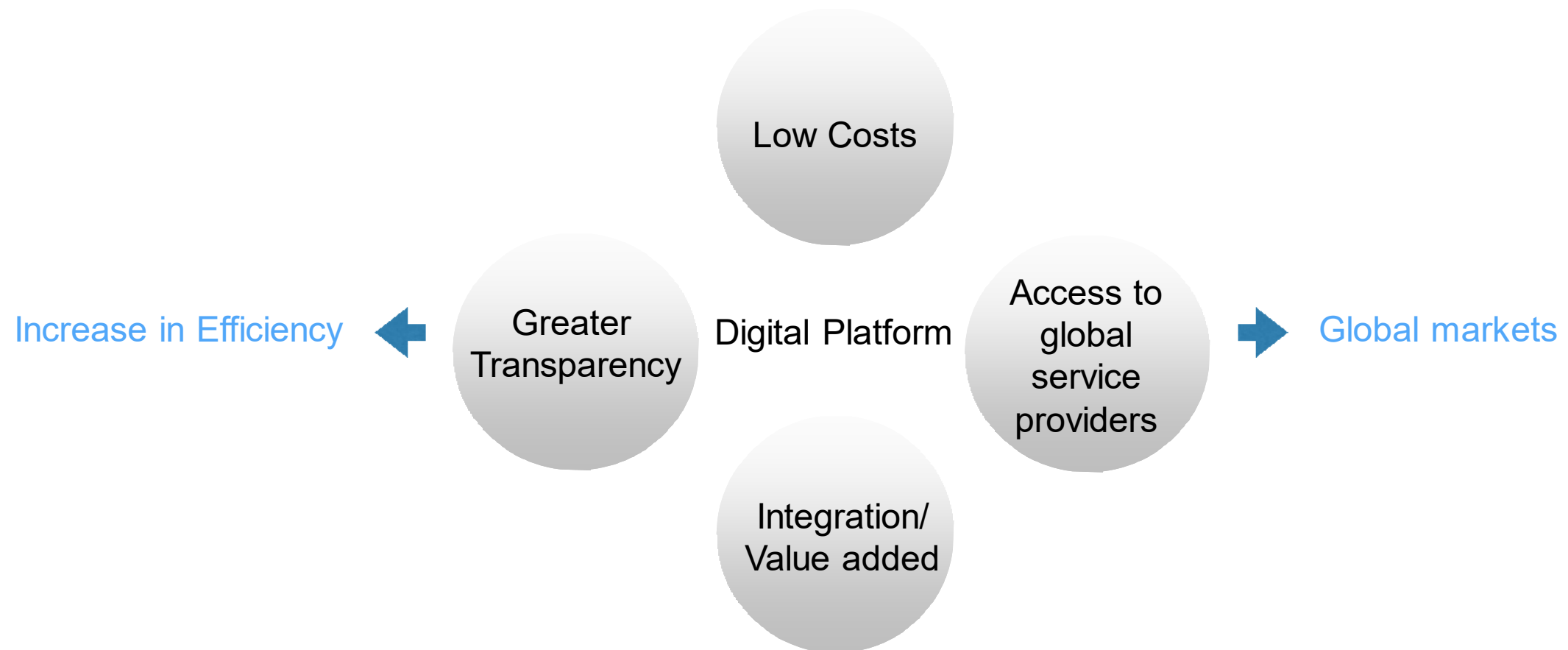
Current Situation:

- Certification of Authorized Economic Operator – AEO. Exportation Code

Purposes:

- Helps to add security to the supply chain
- Results in reduced multiple and complex reporting requirements
- 50 countries have certification
- 3 of the members already have AEO certification. Chile will begin a pilot program with 4 companies.
- Numbers of operators: Colombia 13, Mexico 36 and Peru 21

5. E-Commerce



Source: Diane Wang, Founder & CEO, DHgate.com ABAC, China

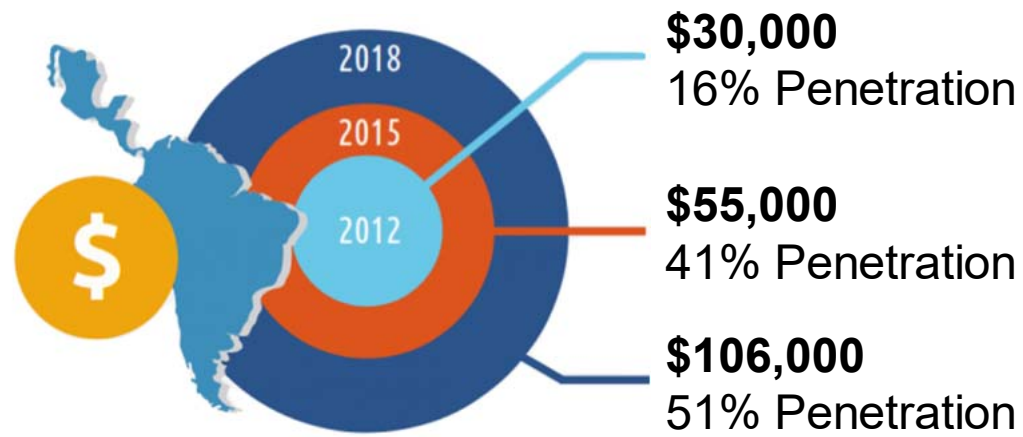
5. E-Commerce

Benefits:

- Dematerialization of the traditional physical media has allowed the emergence of an 'economy', characterized by declining average costs, a wide range of production, modest capital requirements, high rates of innovation, access and frequent output of new actors and economies of scale in consumption.

5. E-Commerce

Market value of e-commerce in millions of dollars and percentage of penetration in Latin America



Greater penetration of broadband
Opportunities for SMEs

5. E-Commerce

Current Situation:

- Developing building blocks to increase participation in the digital economy.
- Strengthen E-Commerce
- New Digital Agenda. Roadmap includes 4 pillars:
 - Digital economy
 - Digital government
 - Digital connectivity
 - Ecosystem

Conclusions

- **Additional Protocol** is an important tool that should evolve to incorporate new and relevant means to increase trade intra and extra PA.
- **PA** and **APEC** have the potential of developing areas of mutual cooperation, such as: trade services, SMEs promotion, boosting the digital economy, facilitating trade and customs cooperation, among other areas.
- **Negotiations with the 4 Associated States** will be important for PA's evolution.



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