



**Asia-Pacific  
Economic Cooperation**

---

**2014/ISOM/SYM/009**

Session: 3

## **Future of the Multilateral Trading System and Regional Economic Integration from the Perspective of the Global Value Chains**

Submitted by: Japan



**APEC**  
PHILIPPINES  
2 0 1 5

**Symposium on APEC 2015 Priorities  
Manila, Philippines  
8 December 2014**

APEC INFORMAL SENIOR OFFICIALS' MEETING  
SYMPOSIUM ON APEC 2015 Priorities  
8 December 2014  
Manila, Philippines

Session 3: Regional Economic Integration  
and the Multilateral Trading System

## *Future of the Multilateral Trading System and Regional Economic Integration from the perspective of the Global Value Chains*

Mr. Tomochika Uyama  
Deputy Director General  
Economic Affairs Bureau  
Ministry of Foreign Affairs, Japan



## **The Multilateral Trading System and APEC**

- ◆ **The WTO rules remain the backbone of the global trading system, which is the basis for regional integration efforts, including those of APEC.**
- ◆ **APEC supports the MTS and often leads multilateral work under the WTO by introducing new agenda.**

*e.g. APEC EG List(2012) ⇒ Plurilateral negotiations for  
WTO EG Agreement (launched on July 2014)*

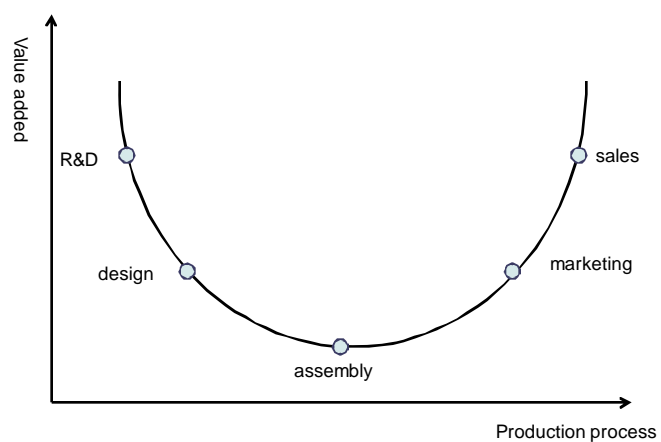
## Global Value Chains in AP

- ◆ Global and Regional Value Chains are deepening and expanding in Asia Pacific. (2/3 of trade is intra-regional.)
- ◆ GVCs accelerate regional integration in real business.
- ◆ Government cooperation, including institutional arrangements, infrastructure and capacity building efforts, follows.

## GVCs Change the Nature of Trade

- 20th century trade = Selling things available in the country
- 21st century trade = Making things together with other countries
- ◆ Production process consists of:
  - Assembly
  - R&D and Design
  - Marketing
  - Finance
  - Logistics etc
- ⇒ Each activity adds value to final products.

## A Smile Curve



## Participating in GVCs for Development



⇒ **APEC GVC Strategic Blueprint is a new step in the right direction.**

## Possible APEC Agenda related to GVC

1. Investment Climate
2. Resiliency
3. Services
4. Inclusiveness

## Investment Climate

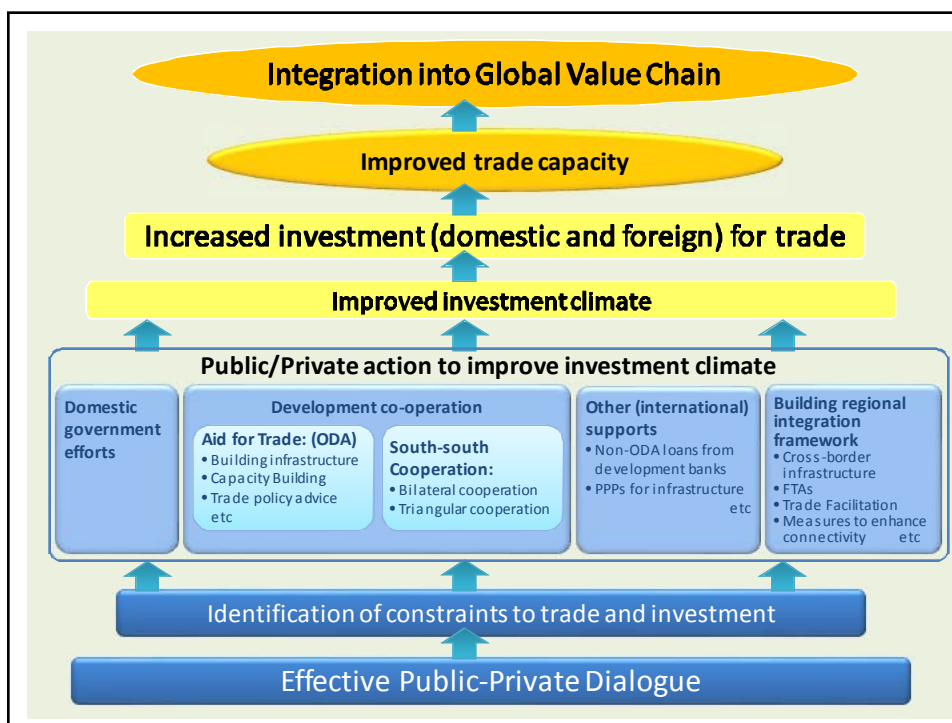
- ◆ Attracting FDIs is the key. Global enterprises are always searching for the most profitable investment destination.
- ◆ The question is how best to improve investment climate.
- ◆ Private sector knows where problems exist. Public-Private dialogue is crucial.

### **Important elements**

- Good governance
- Transparency and predictability
- HRD(Human Resource Development)
- Skill building
- Infrastructure etc.



- WTO, FTA, Investment agreement
- Aid for Trade

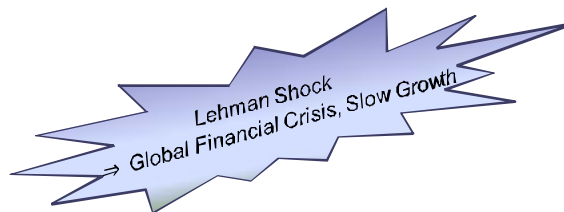


## Resiliency

- ◆ Cross - border production networks are vulnerable to various external shocks.
- ◆ APEC economies are facing such risks of natural and economic disasters.
- ◆ Cooperation among APEC economies is essential .



Photo taken at Miyako City, Iwate Prefecture



## Services

- ◆ Traditional understanding has been that trade in goods and trade in services are separate and mutually exclusive.
- ◆ However, in GVCs, certain services are integral part of production process.
- ◆ Stronger attention must be paid to services, in particular those related to manufacturing.



*One of the priorities of the Philippine's year : **Services***

## Inclusiveness

- ◆ The benefit of development should be given to the people. GVCs need to be a means for development.
- ◆ People's support is necessary to realize trade liberalization and structural reform. It is important to ensure the participation of SMEs and women in GVCs.
- ◆ Asia has made substantial achievement in poverty alleviation, one of the MDGs. APEC has a mission to continue to show a model to the rest of the world.

## Conclusions

- ◆ Many of the achievements in 2014 China APEC were relevant to GVCs, which include REI, connectivity, economic reforms.
- ◆ 2015 Philippines APEC should continue to facilitate GVCs to deepen and expand so that it can contribute to the theme of “building inclusive economies, building a better world”.
- ◆ Given the global nature of GVCs, APEC should continue to contribute to enhancing the MTS through the effective work at WTO.