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Enhancing the Regional Economic Integration Agenda – RTAs, GVCs and Implications for Trade Policy

Submitted by: OECD



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



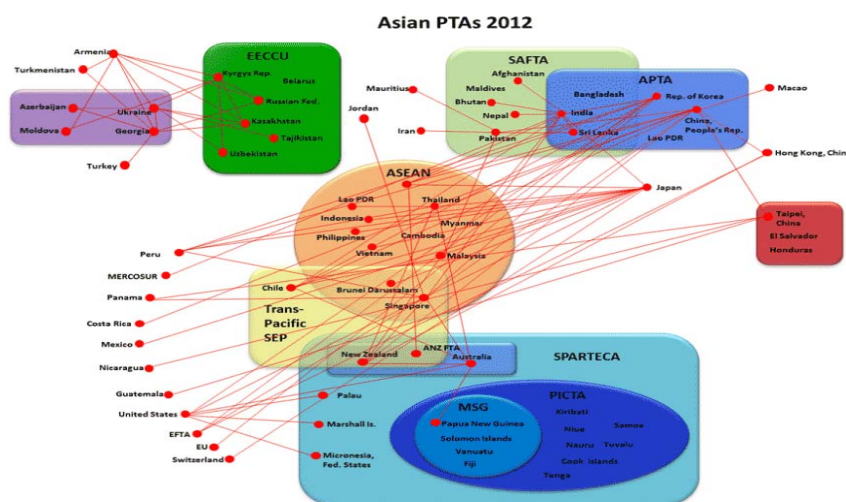
ENHANCING THE REGIONAL ECONOMIC INTEGRATION AGENDA – RTAS, GVCS AND IMPLICATIONS FOR TRADE POLICY

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APEC INFORMAL SENIOR OFFICIALS MEETING
SYMPOSIUM, MANILA, 8 DECEMBER 2014



The rise and rise of RTAs in Asia

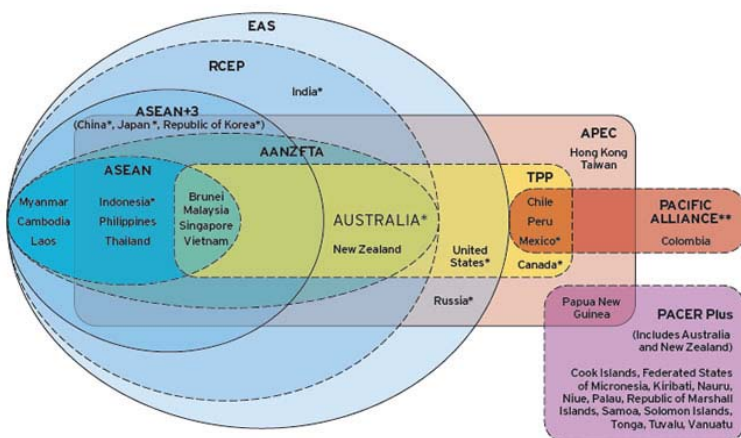


Source: Asian International Economists Network <http://aienetwork.org>

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Evolving RTAs – towards mega-regionals



Source: Department of Foreign Affairs and Trade <http://www.dfat.gov.au>

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Mega-regionals: FTAAP

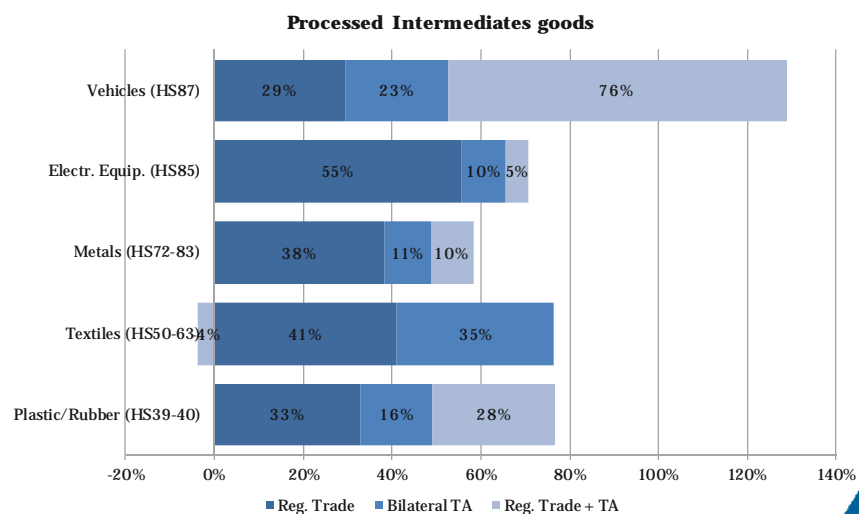


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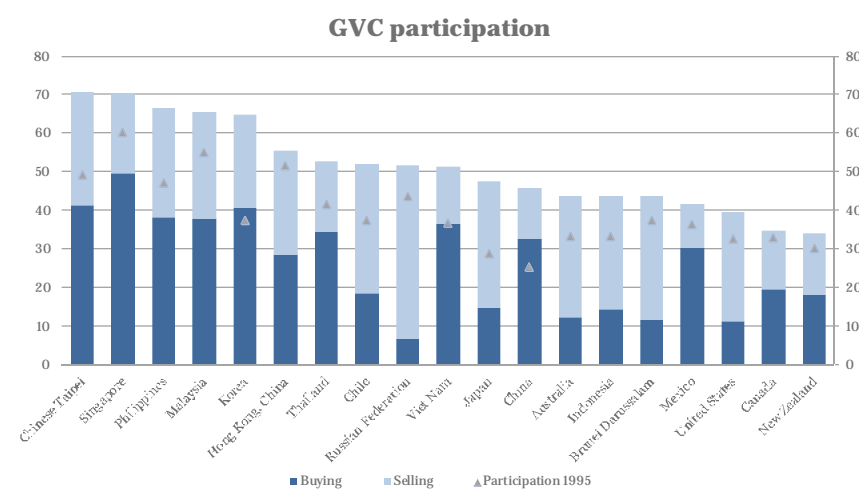
Trade in processed intermediates and FTAs



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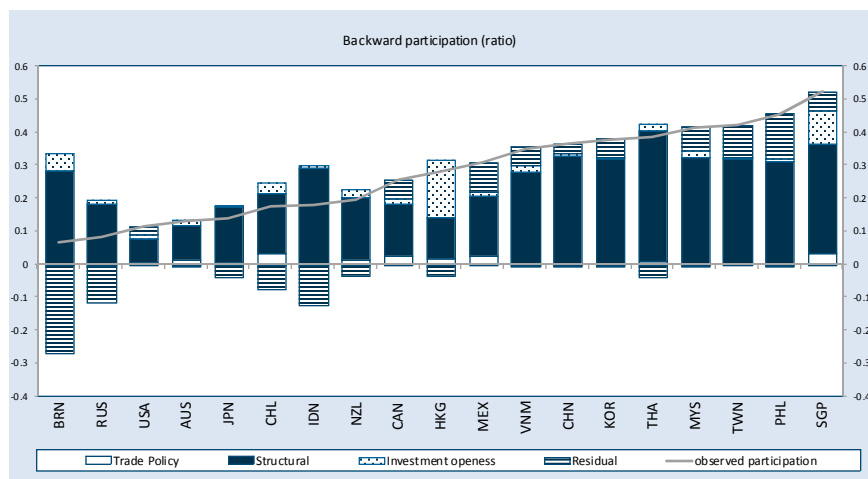
GVC participation is growing in APEC



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Factors in GVC participation

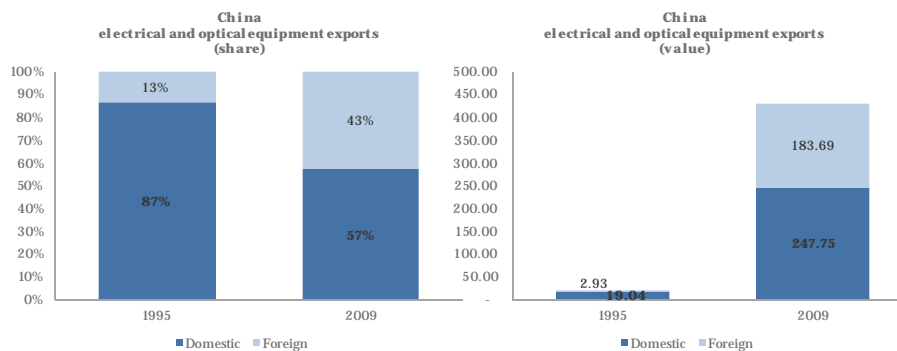


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Shares of pies or bigger pies?



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Implications: Trade and Investment Policies

- The efficient functioning of GVCs (hence the participation of countries in GVCs) depends on the easy/smooth **circulation of productive resources** within GVCs: goods (final and intermediate), services, capital, people, human capital, technology;
- GVCs are about **imports and exports**;
- **Barriers to import = taxes on exports**
- **Trade facilitation + efficient services**
- **Standards**

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GVCs: What lessons for RTAs

- Countries can gain by reducing trade distortions through RTAs
- RTAs should cover as many industries as possible and as many countries as possible to be supportive of as much as possible of the whole value chain
 - Should be comprehensive and take into account complementarities between trade and other policy areas such as investment, competition and movement of people
 - The centrality of services, including for goods trade should be taken into account
 - Rules of origin may need to be updated
 - Cover all significant partners in the value chain
- Covering a large number of countries and a wide range of barriers involves trade-offs that countries in the region are currently grappling with in the context of negotiations of “mega-regional” agreements.

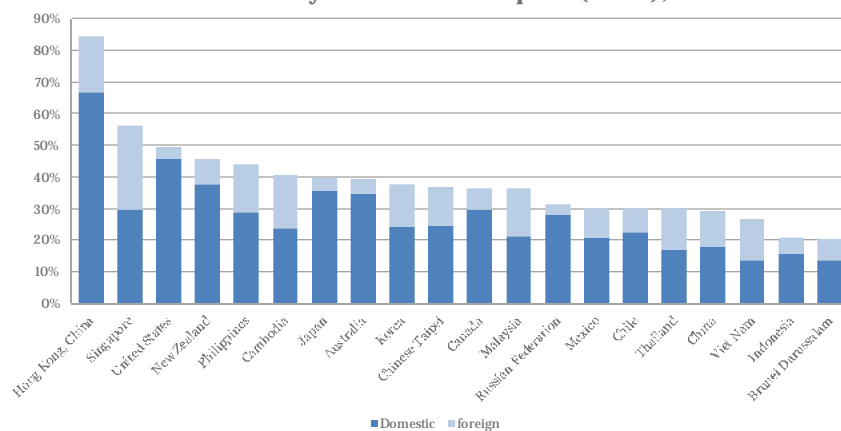
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Services content of exports

Service industry value added in exports (share), 2009

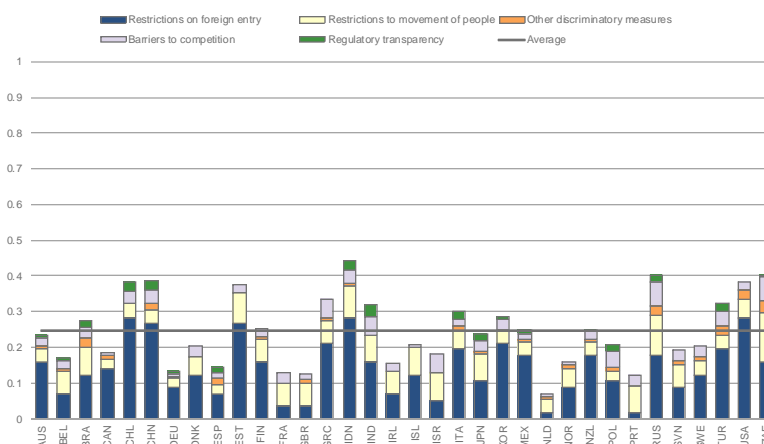


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Sample STRI analysis by sector (maritime)



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OECD Trade Facilitation Indicators

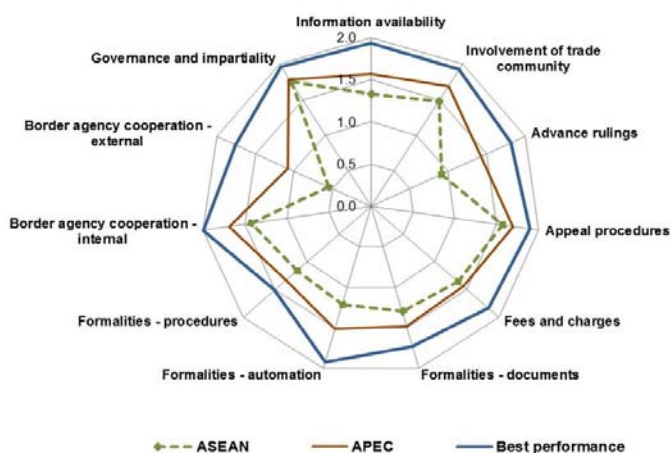
- » Analyses the impact of TF Measures on trade flows and trade costs
- » Follows the structure of the WTO Trade Facilitation Agreement
- » Provides a basis for prioritising trade facilitation actions by governments
- » Helps mobilise targeted technical assistance by donors
- » The TF indicators enable countries to better assess which trade facilitation measures deserve priority
- » Some measures are low costs but can bring high benefits (e.g. the simplification and harmonization of documents, increasing information availability)

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How APEC economies compare

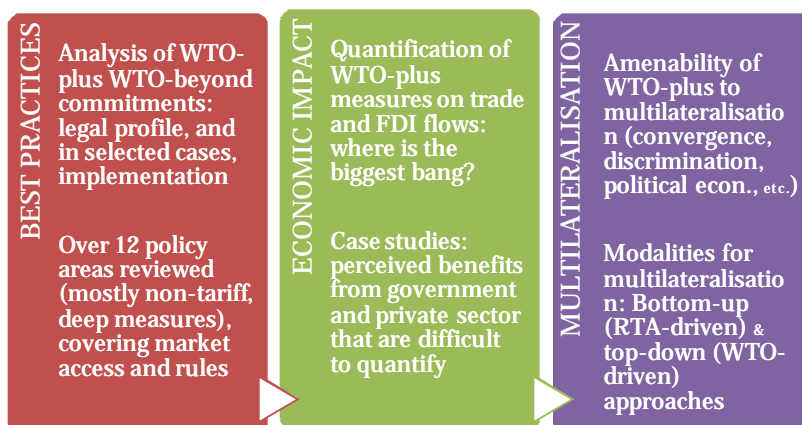


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OECD work on “Multilateralising Regionalism”: *What can be multilateralised – and how?*



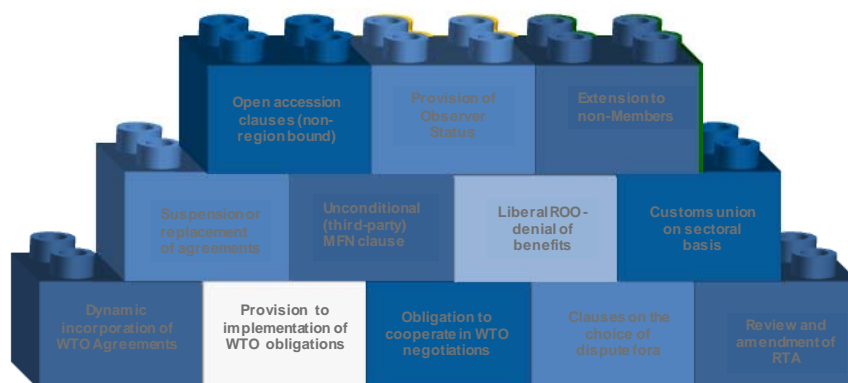
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Lego Blocks Process – 12 Stages

Good practices in RTAs to promote ‘building-block’ effects



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“Multilateralisation potential” across policy areas

	Attributes that facilitate multilateralisations	Agriculture	SPS	TBTs	Export Restrict.	Trade Facilitation	Services	Labour Mobility	E-commerce	Investment	Competition	Intellectual Prop. Rights	Government Procurement	Transparency	Anti-corruption	Environment
	Critical Mass, incl. developing countries	●	●	●	●	●	●	●	●	●	●	●	●	●	○	○
	Coherence with WTO agreements	○	●	●	○	●	○	○	○	○	○	●	●	●	○	○
	International standards	●	●	●	—	○	○	○	○	●	○	●	—	○	●	●
	High degree of homogeneity	○	●	●	○	●	●	○	○	●	○	—	○	●	●	○
	Non-discriminatory (non-excludable)	○	●	○	○	●	○	○	●	○	●	●	○	●	●	●
	Liberal ROO or lack of ROO	○	●	●	●	—	●	○	●	●	●	●	○	●	●	●
	Third-party MFN or extension benefits	—	—	—	●	NA	○	○	○	●	NA	NA	○	NA	NA	NA
	Binding commitments (not best-effort)	○	○	○	●	●	●	●	●	●	●	●	○	●	●	○
	Enforceable via dispute settlement	●	○	○	●	●	●	○	○	●	○	○	○	●	●	○
	Co-operation on implementation	—	●	●	○	●	—	○	—	—	—	—	—	●	●	●
	Significant trade creation effect	●	—	—	—	—	—	—	—	●	—	—	—	●	—	●
	Favourable political economy	—	—	—	—	—	●	—	—	—	—	—	—	●	—	○

Note: ● High, ○ good and ○ limited potential for multilateralisation. “NA” denotes not applicable, and “—” not assessed in OECD work

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