



**Asia-Pacific
Economic Cooperation**

2019/SOM3/CTI/WKSP3/002

**Free Trade Area of Asia-Pacific Capacity Building
Workshop on Competition Policy: Sharing Good
Examples of Free Trade Agreements and Economic
Partnership Agreements – Introduction**

Submitted by: Japan



**Free Trade Area of Asia-Pacific Capacity
Building Workshop on Competition Policy:
Sharing Good Examples of Free Trade
Agreements and Economic Partnership
Agreements
Puerto Varas, Chile
24 August 2019**

FTAAP Capacity Building Workshop on Competition Policy: sharing good examples of FTAs/EPAs

INTRODUCTION

Mr. Hiroshi KUDO, Negotiator for economic partnership agreements, Economic partnership division, Economic affairs bureau, Ministry of foreign affairs, Japan

Review on the previous workshop

The participants are explored and managed to share the views on the “desirable” and “optional elements” of the Competition Chapter in FTAs/EPAs. .

DESIRABLE ELEMENTS

- Objective
- Basic principles
 - Addressing anti-competitive activities
 - Non-discrimination
 - Transparency
 - Procedural fairness
- Technical cooperation

OPTIONAL ELEMENTS

- Private rights actions
- Notification
- Cooperation in enforcement activities
- Coordination in enforcement activities
- Confidentiality of information
- Consultation/ Regular meeting between competition authority
- Non application of dispute settlement
- State-owned enterprises disciplines
- State aids and subsidies disciplines
- Consumer protection
- Review mechanisms

Result of data gathering on component of Competition Chapter on FTAs/EPAs recently concluded by APEC economies

Methodology

- Data source

Chile, Hong Kong, China, Malaysia, Mexico, Peru, Philippines, Russia, Thailand, Vietnam, Japan

Five latest Intra-APEC FTAs/EPAs

self-reported data gathered by each economy

- Period

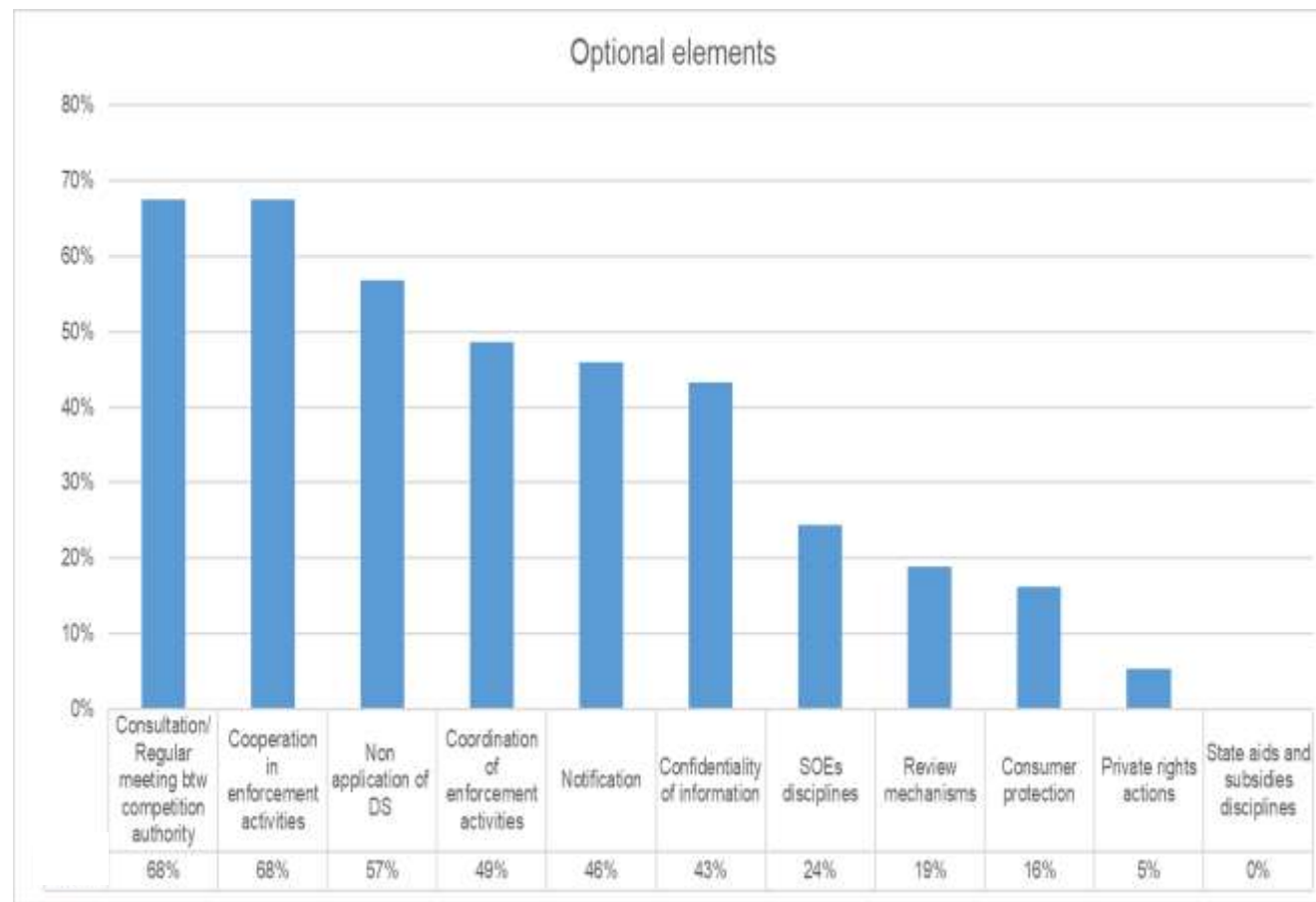
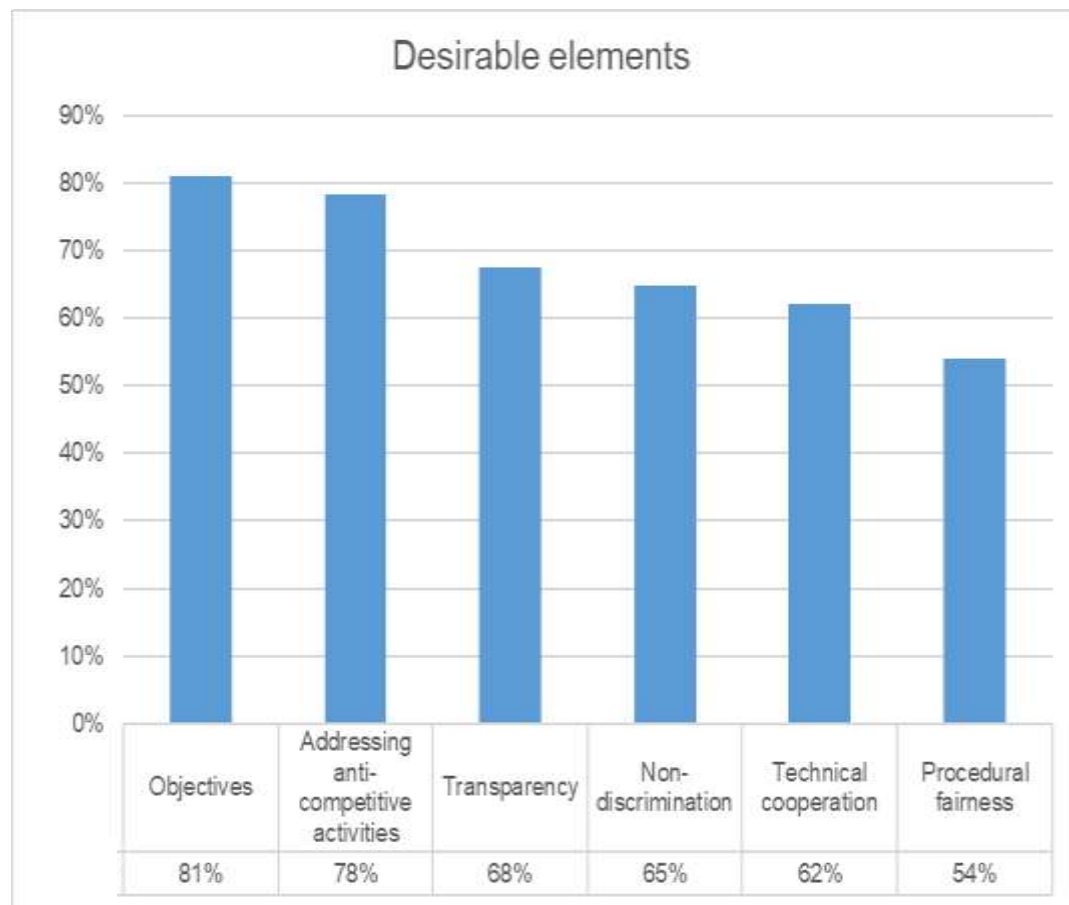
1998 - 2019

Examples of high-quality and comprehensive Competition Chapter in FTAs/EPAs

Percentage of the “optional” and “desirable” elements included in each Competition Chapter in FTAs/EPAs

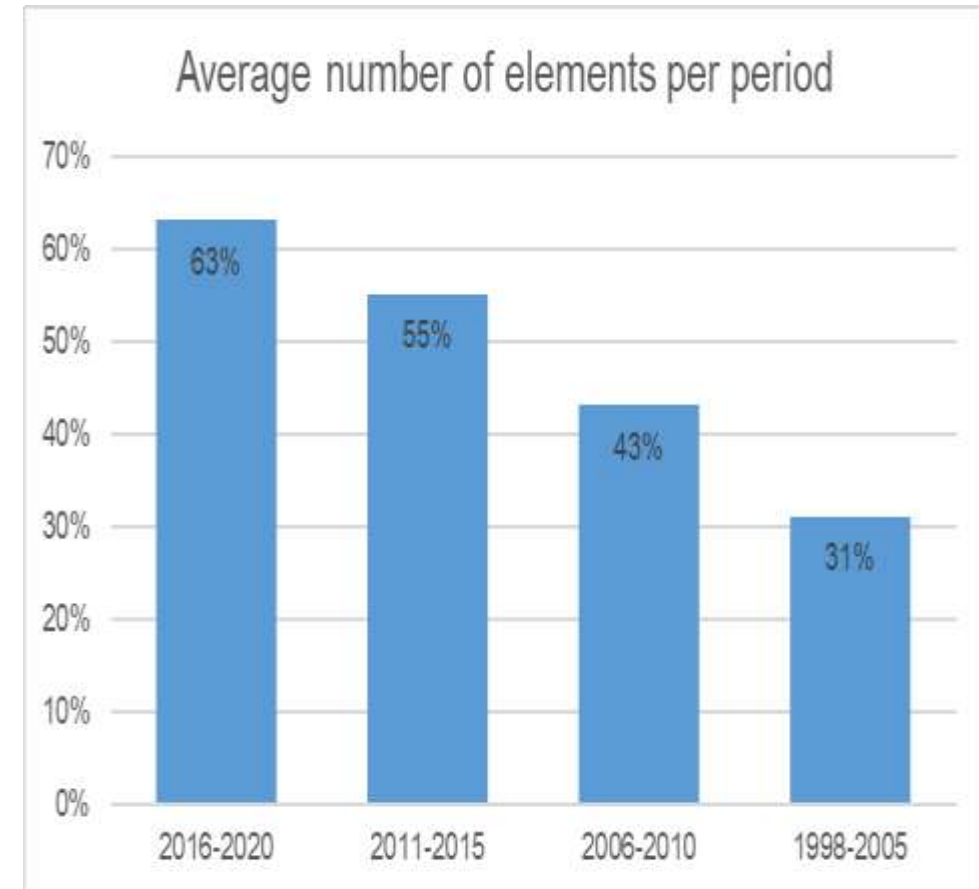
1	82%	2010	Peru - Korea Free Trade Agreement
2	76%	2014	Agreement between Japan and Australia for an Economic Partnership
3	76%	2018	Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTTP)
4	71%	2019	Free Trade Agreement between Hong Kong, China and Australia
5	71%	2018	USMCA
6	71%	2006	Free Trade Agreement between the Government of the Rep. of Perú and the Government of the Rep. Of Chile
7	71%	2007	Japan-Thailand Economic Partnership Agreement (JTEPA)
8	71%	2007	Agreement between Japan and the Republic of Indonesia for an Economic Partnership
9	71%	2011	Agreement between Japan and the Republic of Peru for an Economic Partnership
10	65%	2017	Protocol to Amend the Free Trade Agreement Chile – China
11	65%	2015	Vietnam-Korea Free Trade Agreement (VKFTA)
12	65%	2018	Comprehensive Economic Partnership Agreement INA - AUS
13	65%	2008	Agreement between Japan and Viet Nam for an Economic Partnership
14	59%	2008	Australia - Chile Free Trade Agreement (AU-CL FTA)
15	59%	2012	Free Trade Agreement Between Chile and Hong Kong, China
16	59%	2008	Peru-Singapore Free Trade Agreement
17	59%	2008	Canada-Peru Free Trade Agreement
18	59%	2015	Free Trade Agreement between the Eurasian Economic Union and its Member States and Vietnam, of the Other Part
19	59%	2018	Agreement on Economic and Trade Cooperation between the Eurasian Economic Union and China
20	53%	2006	United States-Peru Free Trade Agreement

Number of Competition Chapter in FTAs/EPAs including desirable and optional elements



Tendency of Competition Chapter in FTAs/EPAs per period

1	2019	71%	Free Trade Agreement between Hong Kong, China and Australia	63%
2	2018	76%	Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTTP)	
3	2018	71%	USMCA	
4	2018	65%	Comprehensive Economic Partnership Agreement INA - AUS	
5	2018	59%	Agreement on Economic and Trade Cooperation between the Eurasian Economic Union and its Member States, of the One Part, and the People's Republic of China, of the Other Part	
6	2018	47%	Indonesia- EFTA Comprehensive Economic Partnership Agreement	
7	2017	65%	Protocol to Amend FTA CHL - PRC	
8	2017	47%	Agreement on Trade Liberalisation between Chile and Argentina	
9	2015	65%	Vietnam-Korea Free Trade Agreement (VKFTA)	55%
10	2015	59%	Free Trade Agreement between the European Economic Union and its Member States, of the One Part, and the Socialist Republic of Viet Nam, of the Other Part	
11	2014	76%	Agreement between Japan and Australia for an Economic Partnership	
12	2012	59%	FTA CHL - HKC	
13	2011	71%	Agreement between Japan and the Republic of Peru for an Economic Partnership	
14	2011	0%	Commercial Integration btw Mexico-Peru	
15	2010	82%	Peru - Korea Free Trade Agreement	43%
16	2010	29%	Hong Kong, China – New Zealand Closer Economic Partnership Agreement	
17	2009	18%	Malaysia-NZ	
18	2009	18%	FTA PRC - PE	
19	2009	12%	Agreement Establishing FTA ASEAN - AUS - NZ	
20	2009	6%	Agreement Establishing the ASEAN-Australia Newzealand Free Trade Area	
21	2009	6%	Agreement on Comprehensive Economic Partnership among Member States of the Association of Southeast Asian nations and Japan (AJCEP)	
22	2008	65%	Agreement between Japan and the Socialist Republic of Viet Nam for an Economic Partnership	
23	2008	59%	FTA AUS - CHL	
24	2008	59%	FTA PE - SGP	
25	2008	59%	FTA PE - CDA	
26	2008	18%	FTA ASEAN - AUS - NZ (AANZFTA)	
27	2007	71%	EPA THA - JPN (JTEPA)	31%
28	2007	71%	Agreement between Japan and the Republic of Indonesia for an Economic Partnership	
29	2006	71%	FTA Peru - Chile	
30	2006	53%	FTA PE - USA	
31	2006	41%	Japan- Philippines Economic Partnership Agreement (JPEPF)	
32	2005	41%	FTA THA - AUS (TAFTA)	
33	2005	35%	Closer Economic Partnership THA - NZ (TNZCEP)	
34	2005	18%	Malaysia-Japan	
35	2004	29%	Mexico-Japan EPA	
36	1998	24%	Mexico-Chile FTA	



CPTPP (TPP11)

Agreement	Date of signing	Date of entered in force	Component of Competition Chapter																
			Desirable elements						Optional elements										
			Objectives	Basic principles					Private rights actions	Notification	Cooperation in enforcement activities	Coordination of enforcement activities	Confidentiality of information	Consultation/ Regular meeting btw competition authority	DS	SOEs	State aids and subsidies	Consumer protection	Review mechanisms
Addressing anti-competitive activities	Non-discrimination	Transparency		Procedural fairness	Technical cooperation														
Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)	2018	2018	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
				Art. 16.1	Art. 16.1	Art. 16.7	Art. 16.2	Art 16.5	Art. 16.3	Art. 16.4	Art. 16.4	Art. 16.4		Art. 16.8	Art. 16.9	Chapter 17		Art. 16.6	

- ◆ Total population: about 500 million, 6.97% of world population
- ◆ Total GDP: about 10 trillion USD, 13.3% of global GDP
- ◆ Total amount of trade: about 5 trillion USD, 14.4% of global trade

(source: World Bank, 2015/2016)

“21st century rules” (typical examples)

Investment, Trade facilitation, E-commerce, SOEs and Intellectual property

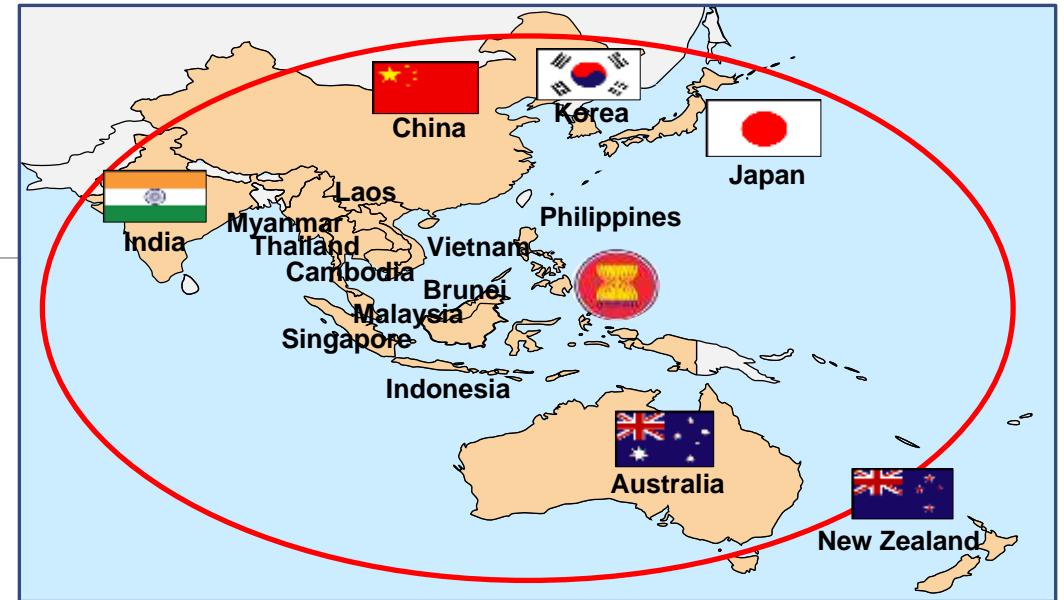
- The provisions included in the competition chapter make it clear that the intention of the parties is to offer a framework to promote free and fair competition and to defend consumers from fraudulent practices.
- CPTPP plans to promote competition through the adoption and maintenance of national competition laws, the maintenance of national competition authorities, and the adoption of provisions to ensure transparency and fairness in procedures related to competition law enforcement.

(Source: APEC Business Advisory Committee, Attribution: Juan Navarro (director and principal researcher at CMX Partnerships and associate faculty at Royal Roads University) (2018), “FTAAP: Next Generation Trade and Investments Issues – A Business Perspective”, p.46)

RCEP

SIGNIFICANCE OF RCEP

- RCEP would create an economic zone comprising approximately **half of the world's population**, and about **30% of the global GDP and world trade amount**. Amid the growing protectionism globally, RCEP would deliver a **strong message of promoting free trade** toward the international society.
- Involving the Asian Pacific region, a center of economic growth in the world, is essential in maintaining and accelerating economic growth. RCEP would make contributions such as the **efficient establishment of supply chains, through building a free and fair economic zone in this region**.
- RCEP would promote trade and investment in the region, through improving **market access** (tariff reduction, etc.). In addition, the partnership would support enterprises in **non-tariff areas**, by establishing **rules on custom procedures, intellectual property, electronic commerce**, etc.



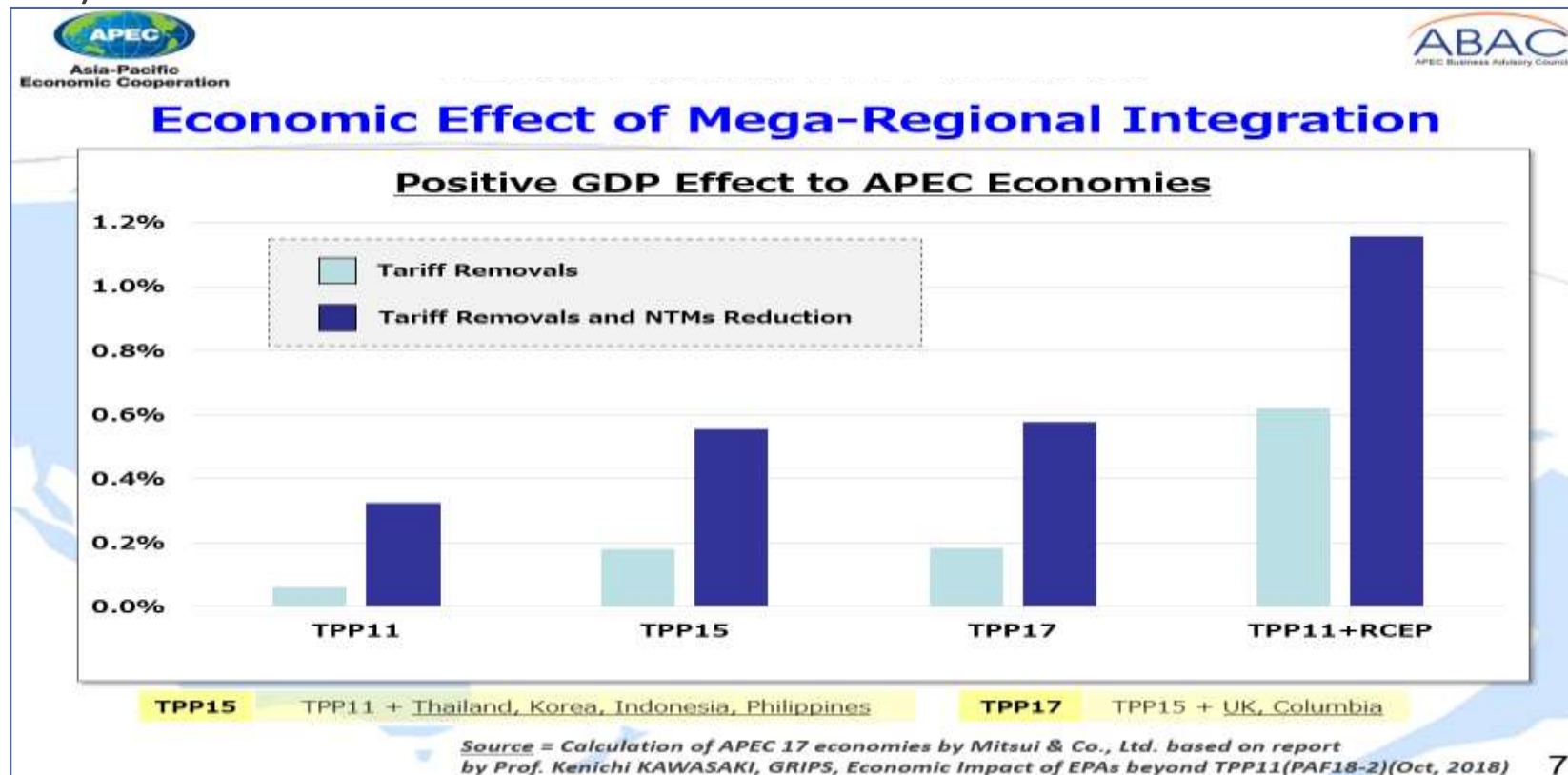
NEGOTIATING AREAS

Trade in Goods; Rule of Origin; Customs Procedures and Trade Facilitation; Sanitary and Phytosanitary (SPS); Standards, Technical Regulations and Conformity Assessment Procedures (STRACAP); Financial Services; Telecommunication Services; Professional Services; Small and Medium Enterprises; Economic and Technical Cooperation; Government Procurement; Institutional Issues; Trade Remedies; Trade in Services; Movement of Natural Persons; Investment; Competition; Intellectual Property; Electronic Commerce; Dispute Settlement, etc.

(The underlined chapters are those which have substantially concluded negotiations)

Economic effect of CPTPP + RCEP

Research conducted by Regional Economic Integration Working Group at APEC Business Advisory Council (ABAC)



Conclusion

- High-quality and comprehensive FTAs/EPAs are mostly concluded recent years.
 - ➡ Role/impact of high-quality and comprehensive competition policy provisions has been widely recognised by the APEC economies.
 - ➡ The competition authorities' role has being enhanced.
- Majority of FTAs/EPAs has desirable elements and covers part of optional elements, i.e., “consultation/regular meeting between competition authority”, “cooperation in enforcement activities” and “coordination of enforcement activities” etc.
 - ➡ Importance of desirable elements as well as optional elements has been widely recognised.
- CPTTP is the latest example of the high-quality and comprehensive agreement in the APEC region, incorporating a chapter with substantial provisions covering competition policy.
- Research shows a significant economic effect of mega regional FTAs/EPAs.

DISCLAIMER: The opinions expressed here do not necessarily represent those of the Government of Japan.