

The Future of the World Trading System: Asian Perspectives

Session on Free Trade Agreements

Conference organized by the ADBI and CTEI in collaboration
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Multilateralization of FTAs: An Asian Perspective

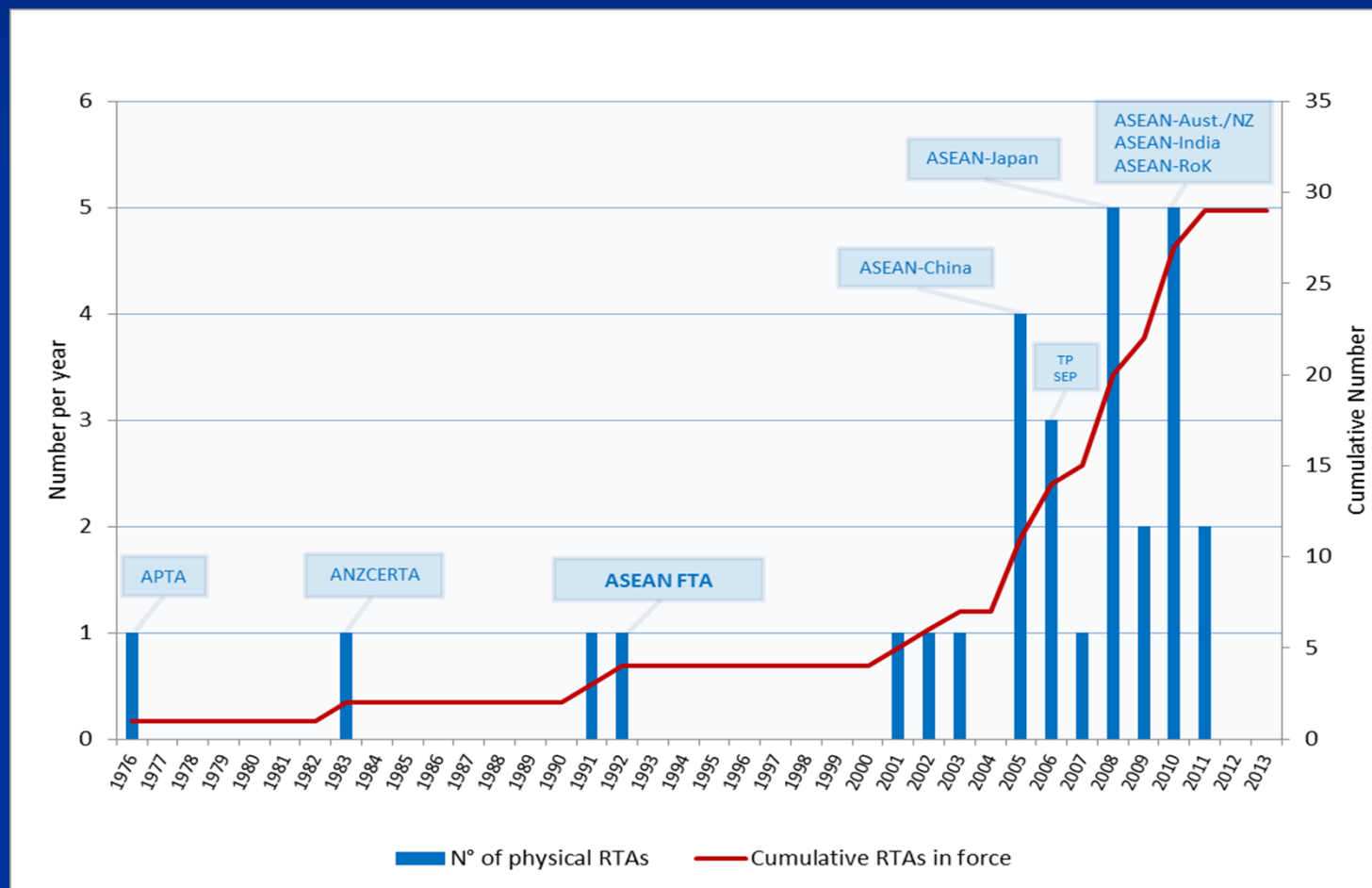
- Paper looks at negotiations to form the Regional Comprehensive Economic Partnership (RCEP Agreement)
- ASEAN+1 RTAs: RCEP Guidelines state: “negotiations will recognize ASEAN centrality”.
- Looks principally at:
 - existing commitments in goods (tariff liberalization)
 - Rules of origin in the existing FTAs
 - Services liberalization

Multilateralization of FTAs: An Asian perspective

- Some findings (grossly oversimplified):
 - In goods “reciprocity” is important in determining level of trade liberalization
 - In rules of origin there is wide variation but some use of co-equal rules such as CTH or RVC and common Roos across a significant share of lines.
 - In services again wide variation due to “reciprocity”.
- Concludes: given wide variation, may be useful to liberalize sequentially (eg as in the AFTA).

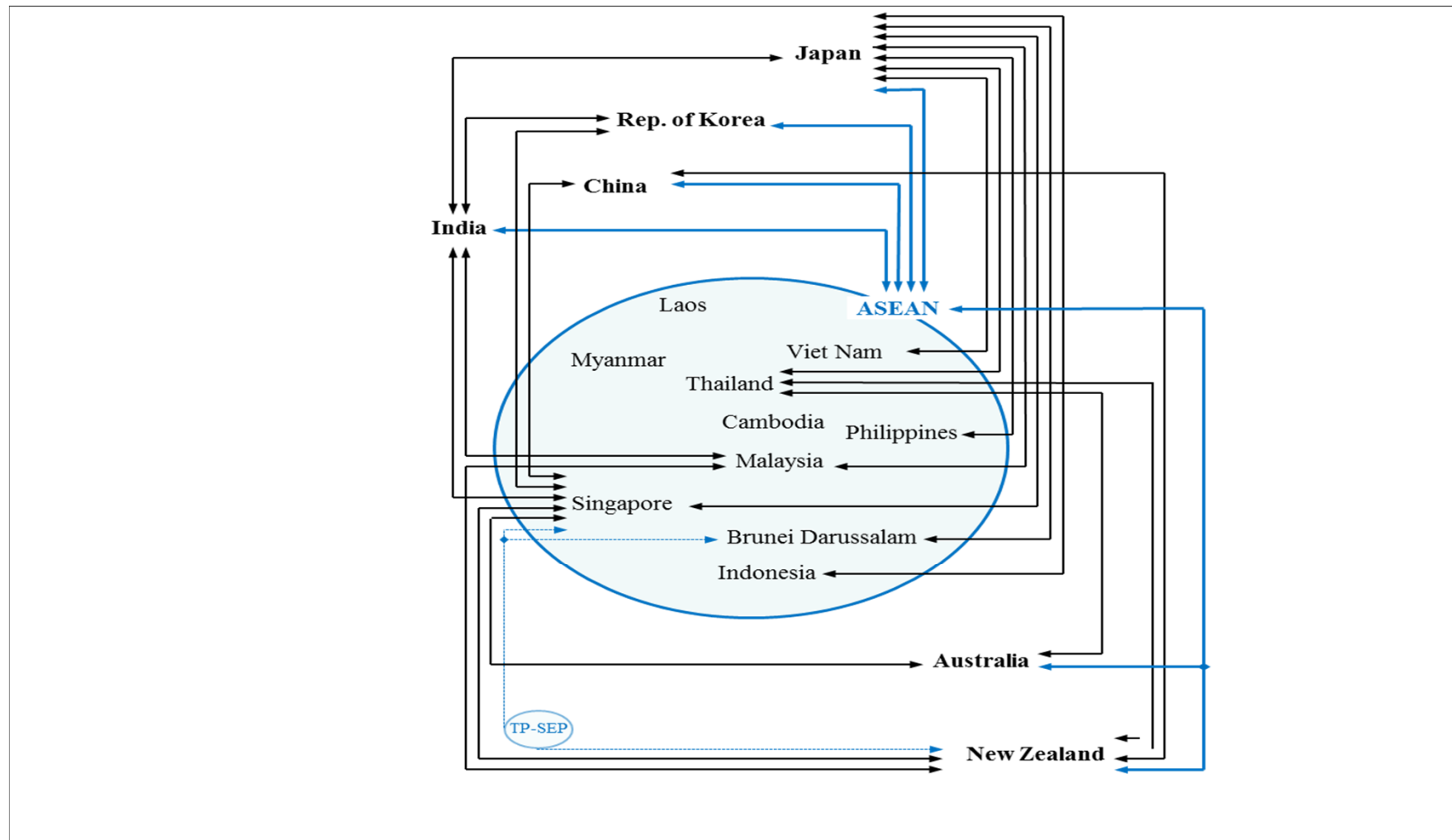
RTA proliferation in the Asia-Pacific

Rapid growth since end 1990s:



Source: WTO Secretariat

Complex Relations: Existing RTAs among RCEP parties



Source: WTO Secretariat

Existing bilateral/plurilateral relations between RCEP parties

Agreements in force and under negotiation between the RCEP parties

	ASEAN	China	Korea	Japan	India	Australia	New Zealand
ASEAN		✓ +2	✓ +1	✓ +7	✓ +3	✓ +2	✓ +4
China	✓ +2		✓ +1		✓ +1	Under neg	✓
Korea	✓ +1	✓ +1			✓		Under neg
Japan	✓ +7				✓		
India	✓ +3	✓	✓	✓			Under neg
Australia	✓ +2	Under neg					✓
New Zealand	✓ +4	✓	Under neg		Under neg	✓	

Numbers show additional bilateral relationships.

Source: WTO Secretariat

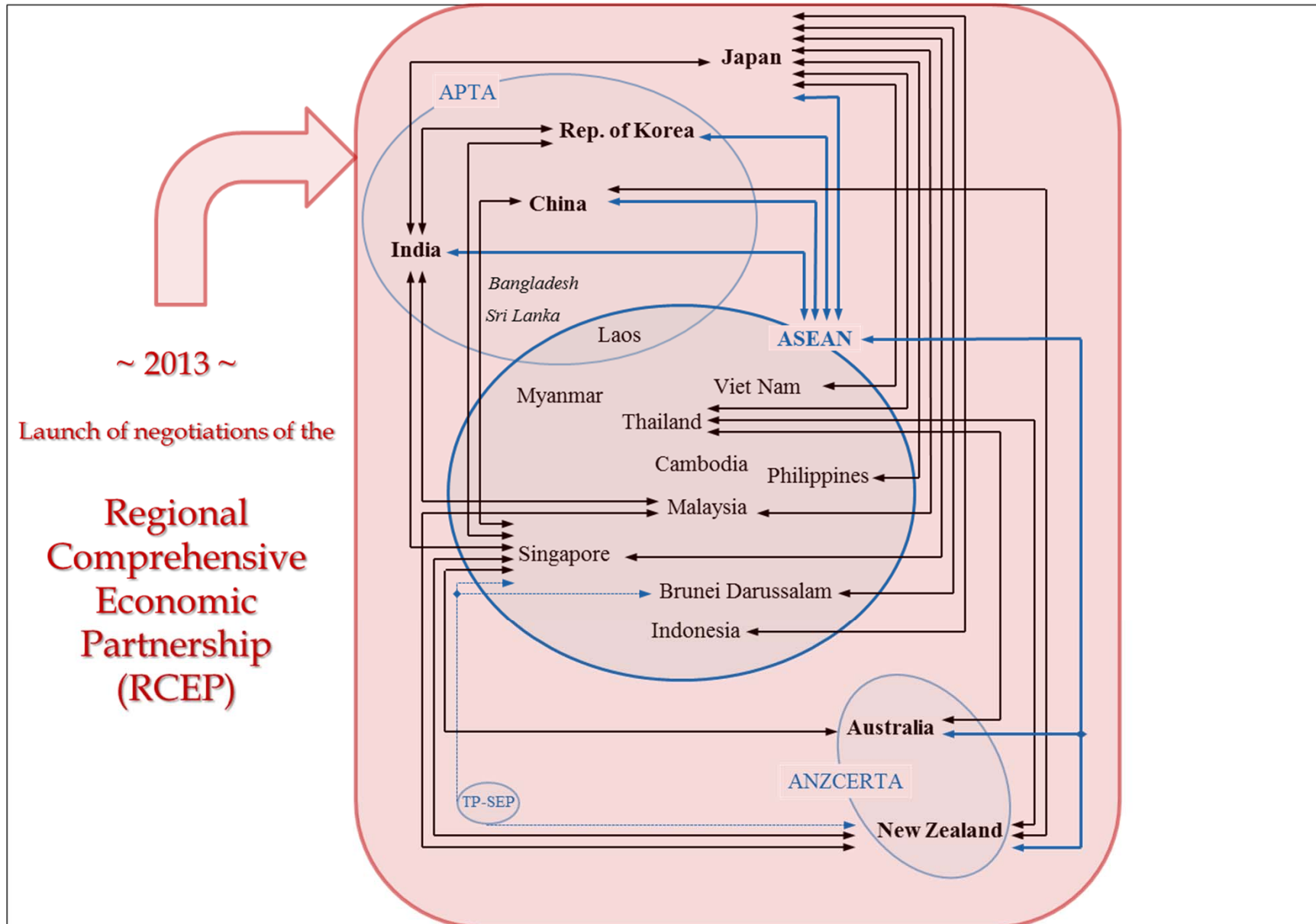
A few questions...

- Given complexity of trade liberalization is there a trade off between trade liberalization and the transition period?
 - Eg. Longer transition period for tariff elimination but with the requirement that substantially all trade (including on sensitive and highly sensitive products) be eliminated at the end of transition.

Noodle bowl

- Does the RCEP propose to resolve the “noodle bowl” effect?
- Apparently not -- RCEP guidelines:
 - “The ASEAN+1 FTAs and the bilateral/plurilateral FTAs between and among participating countries will continue to exist and no provision in the RCEP agreement will detract from the terms and conditions in these bilateral/plurilateral FTAs between and among the participating countries.”

Noodle Bowl: from bad to worse?



Source: WTO Secretariat

Multilateralization

- Accession provisions: RCEP is limited to accession by other (current and future) ASEAN FTA partners (currently ASEAN members have agreements or are negotiating with the EU, EFTA, US, Chile, Pakistan, Turkey...also GSTP)
- But still not open to all...
- Another area to explore is MFN provisions

Thank you

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WTO