



Asia-Pacific Economic Cooperation

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**2004/ASCC/055**  
Panel: 7

## **Sequencing Trade and Cooperation in the Asia-Pacific Region**

Purpose: Paper Presented to ASCC, PECC Trade Forum – LAEBA  
Conference

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Inter-American Development Bank



**APEC Study Centers Consortium  
Viña del Mar, Chile  
26 -29 May 2004**



**LAEBA**

# APEC Study Centers Consortium Meeting (ASCC)

Chile 2004

*Sequencing Trade and Cooperation  
in the Asia-Pacific Region*

Antoni Estevadeordal  
Integration and Regional Programs Department  
Inter-American Development Bank

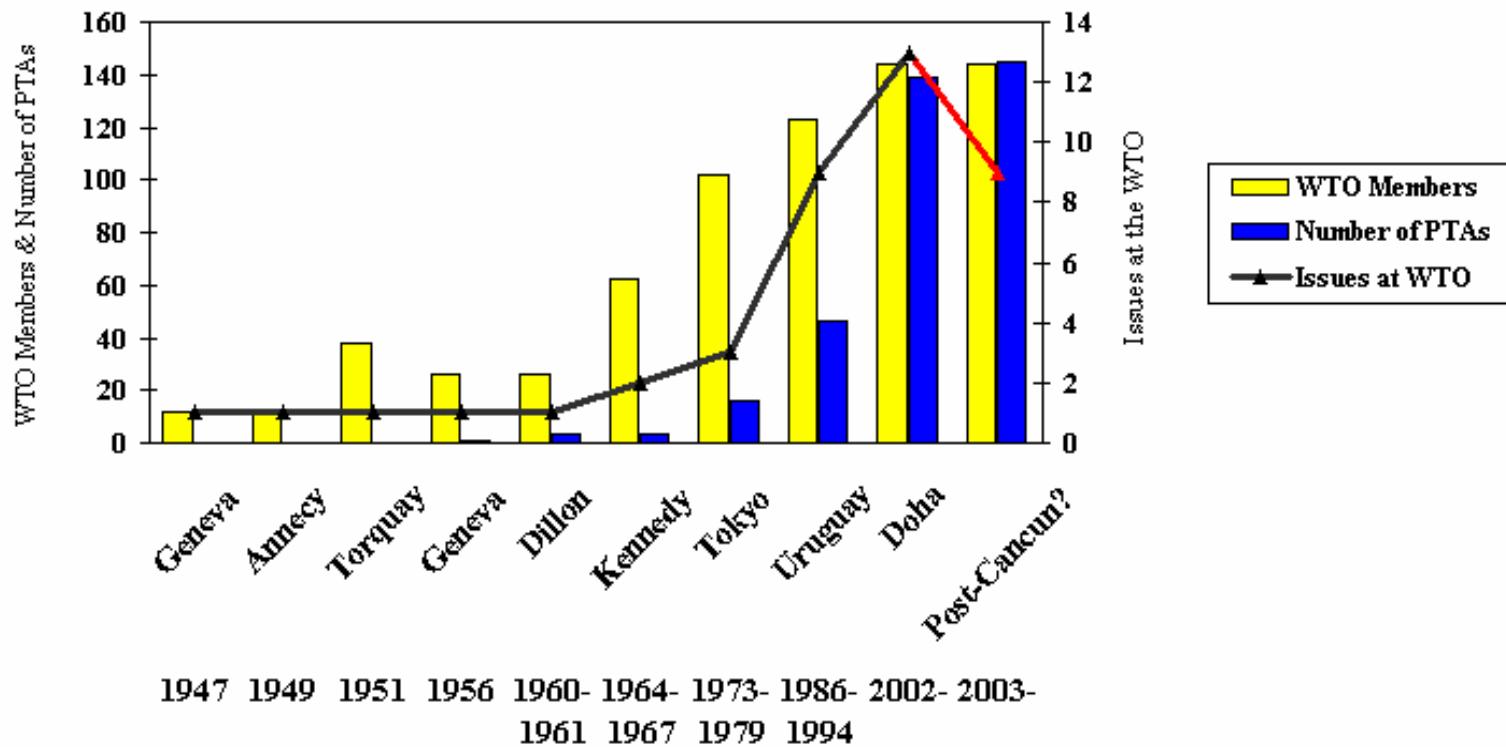
# Outline

- The Rise of Regionalism
- Sequencing Trade and Cooperation
- Lessons from The Americas
- APEC: Challenges and Opportunities

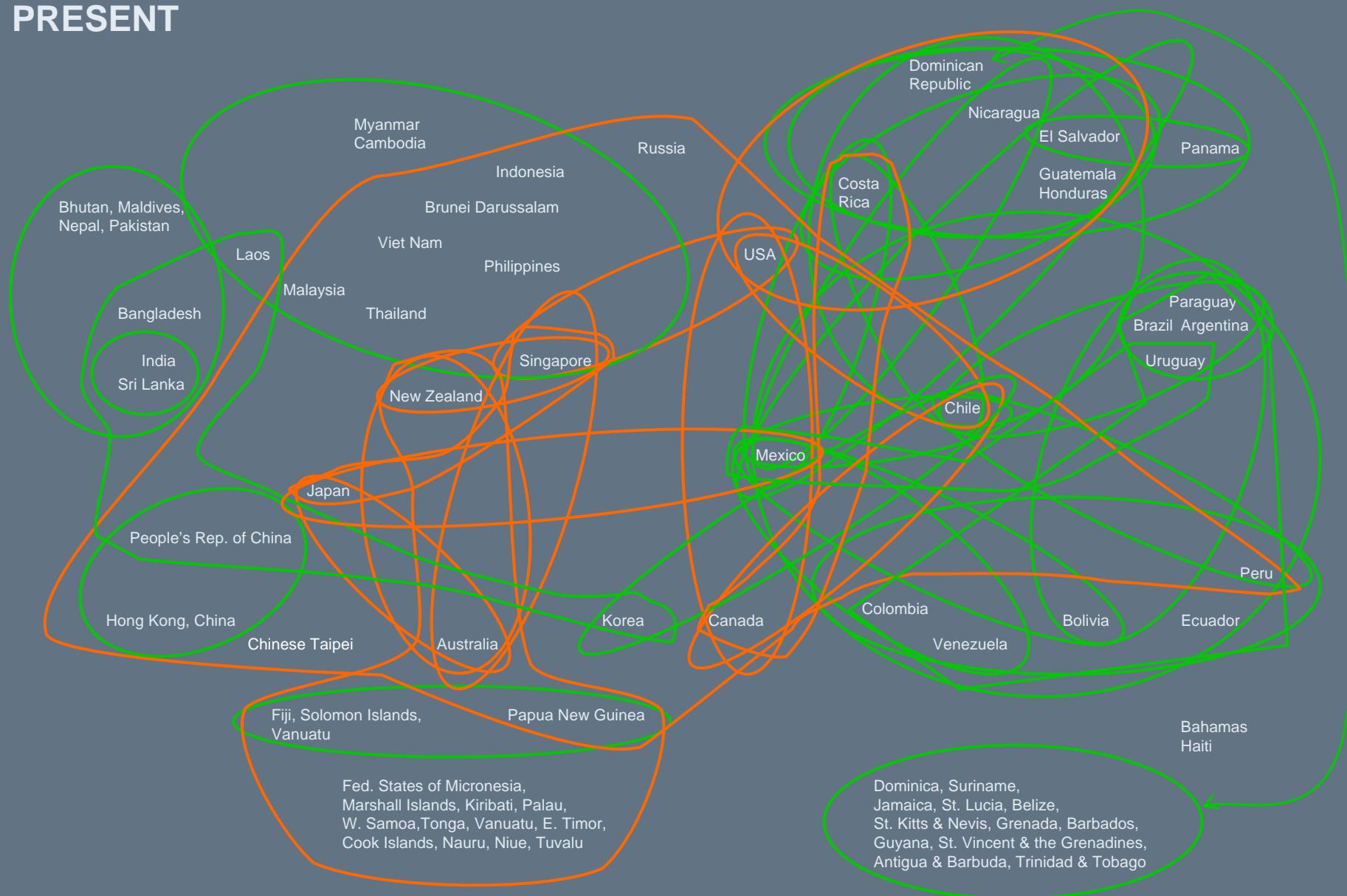
# The Rise of Regionalism

- Regionalism and Multilateralism
- The “spaghetti bowl” of RTAs and FTAs

# The Rise of Regionalism: Regionalism and Multilateralism



# PRESENT



ASIA

AMERICAS

# UNDER NEGOTIATION

The map illustrates the scope of negotiations across the globe, with dashed lines connecting numerous countries. The connections are color-coded: orange for the Americas and green for Asia.

**ASIA** (Left side of the map):

- Bhutan, Maldives, Nepal, Pakistan
- India
- Sri Lanka
- Bangladesh
- Laos
- Myanmar, Cambodia
- Indonesia
- Brunei Darussalam
- Viet Nam
- Philippines
- Thailand
- Malaysia
- Singapore
- New Zealand
- Japan
- People's Rep. of China
- Hong Kong, China
- Chinese Taipei
- Fiji, Solomon Islands, Vanuatu
- Papua New Guinea
- Australia
- Korea
- Canada
- Fed. States of Micronesia, Marshall Islands, Kiribati, Palau, W. Samoa, Tonga, Vanuatu, E. Timor, Cook Islands, Nauru, Niue, Tuvalu

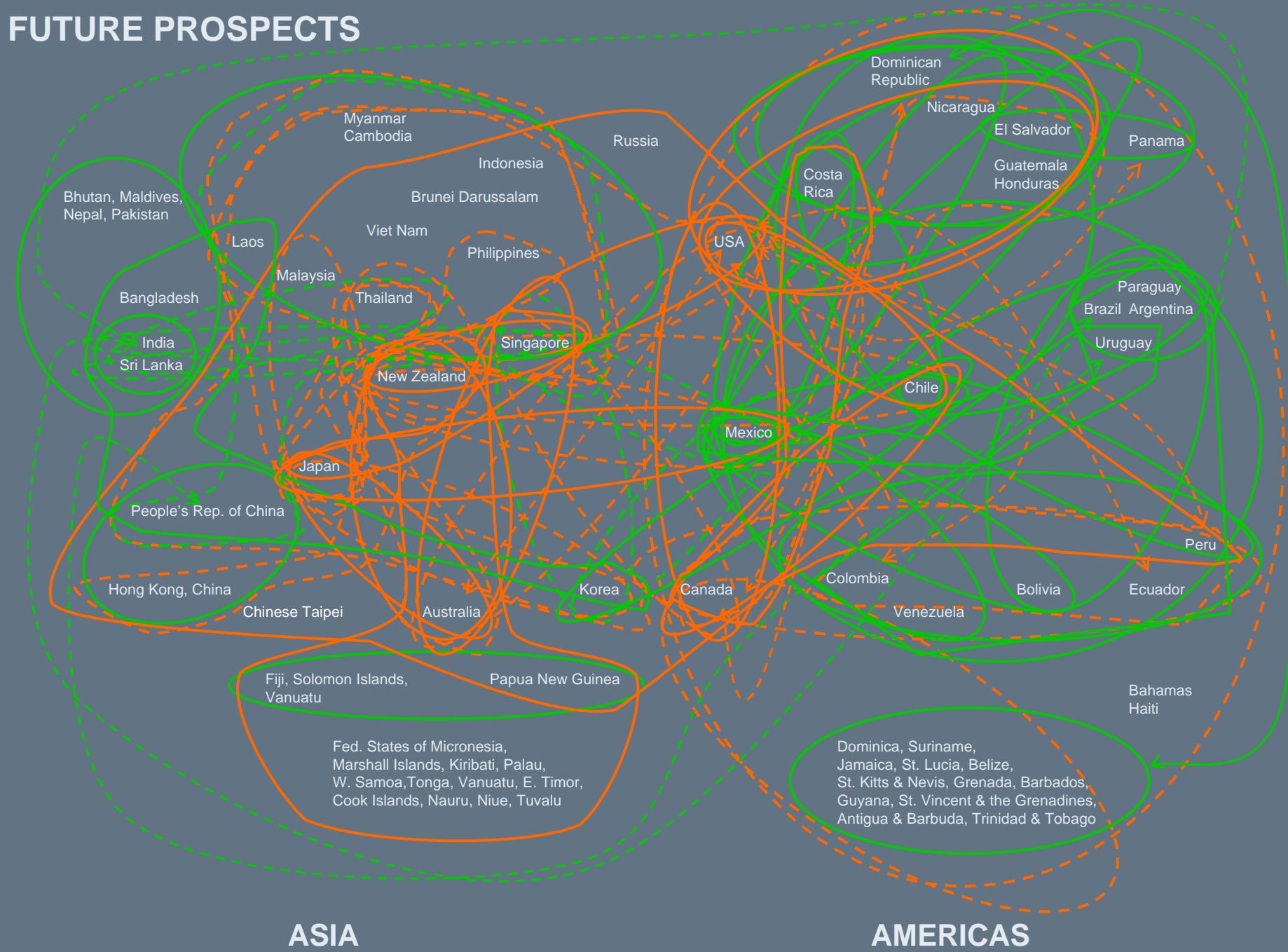
**AMERICAS** (Right side of the map):

- USA
- Mexico
- Costa Rica
- Dominican Republic
- Nicaragua
- El Salvador
- Guatemala
- Honduras
- Panama
- Paraguay
- Brazil
- Argentina
- Uruguay
- Chile
- Colombia
- Venezuela
- Bolivia
- Ecuador
- Peru
- Bahamas
- Haiti
- Dominica, Suriname, Jamaica, St. Lucia, Belize, St. Kitts & Nevis, Grenada, Barbados, Guyana, St. Vincent & the Grenadines, Antigua & Barbuda, Trinidad & Tobago

ASIA

AMERICAS

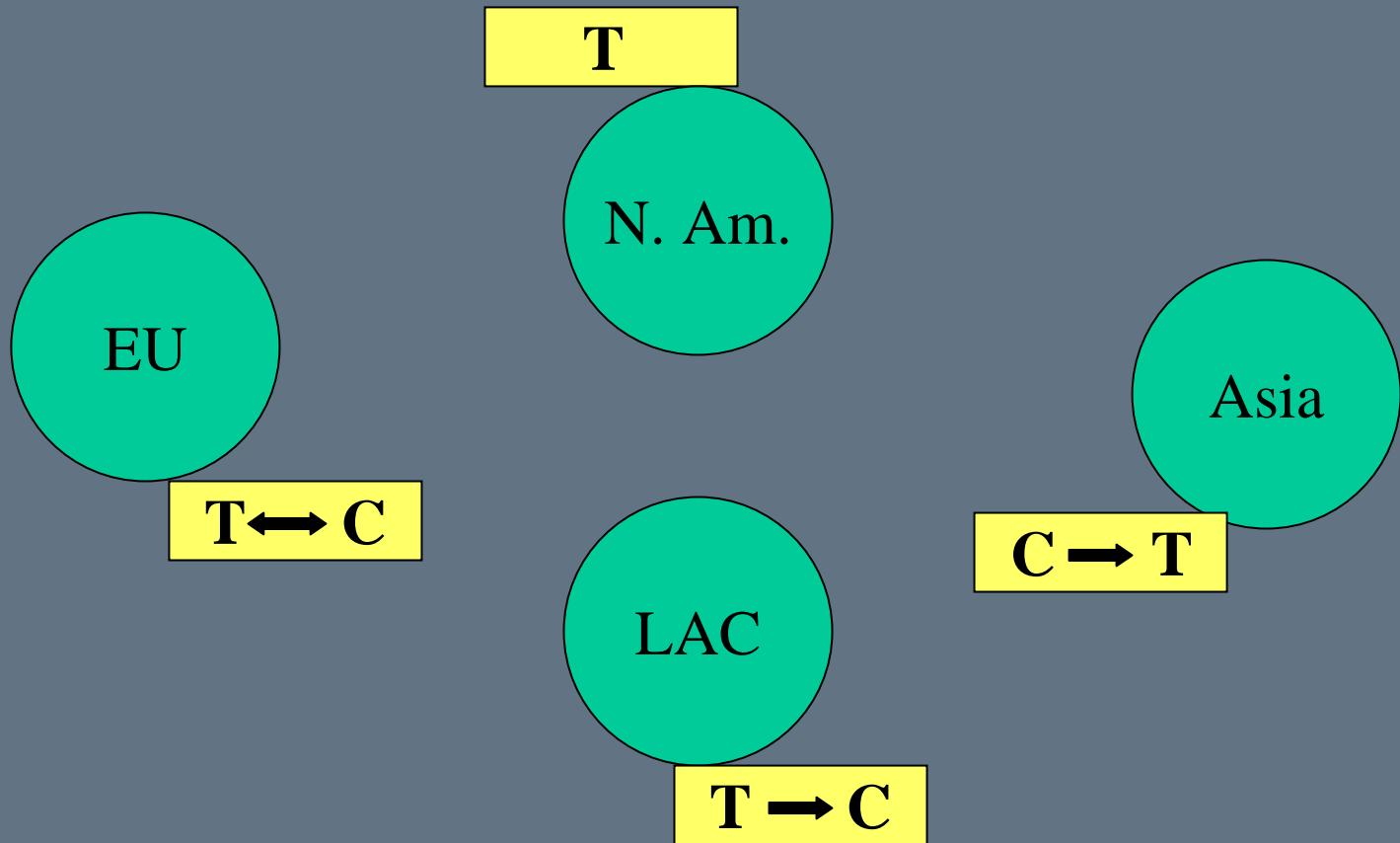
# FUTURE PROSPECTS



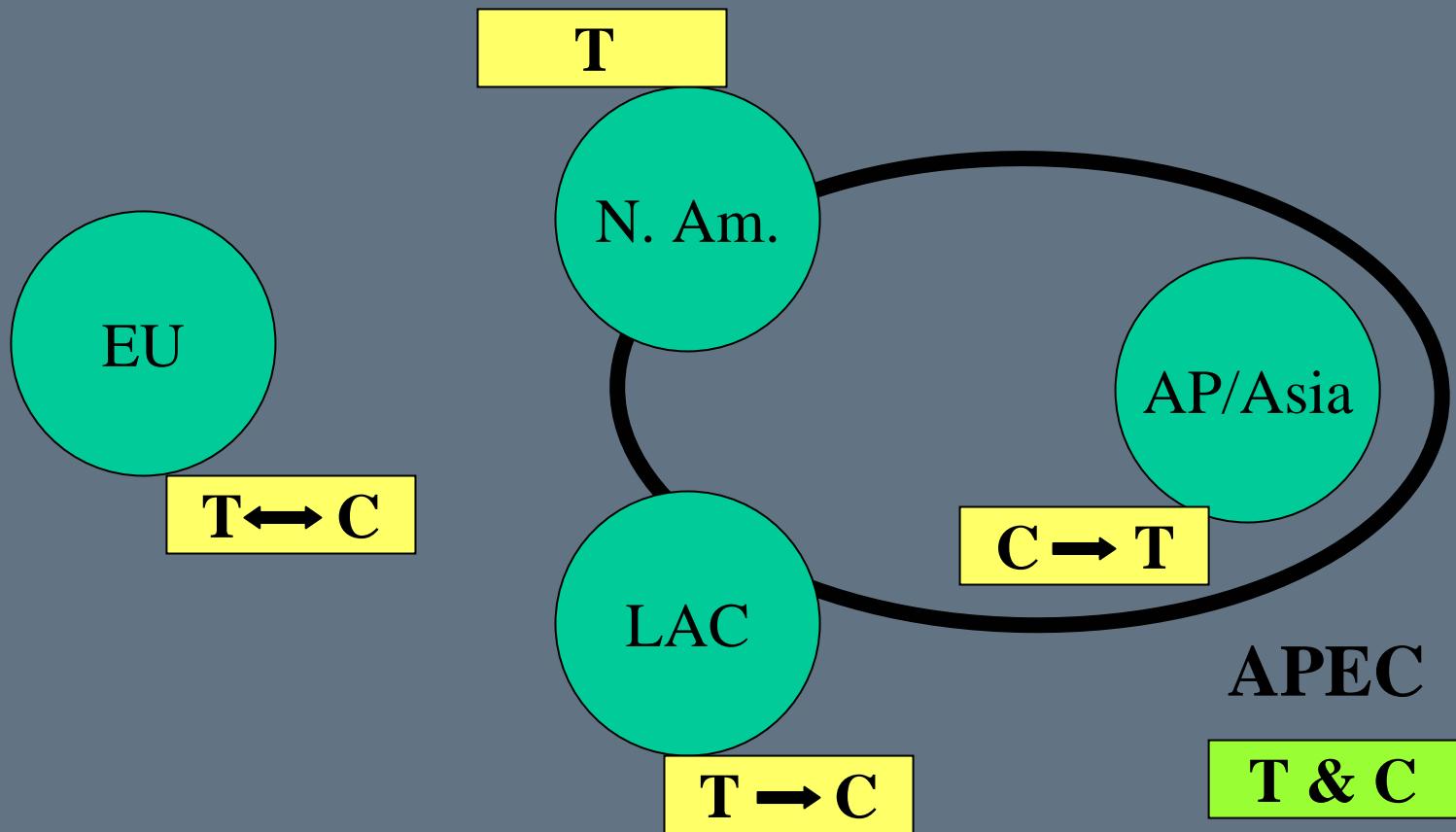
# Sequencing Trade and Cooperation

- “Tasting” the spaghetti: Trade (T) and Cooperation (C) Models
- Trade and Cooperation Linkages

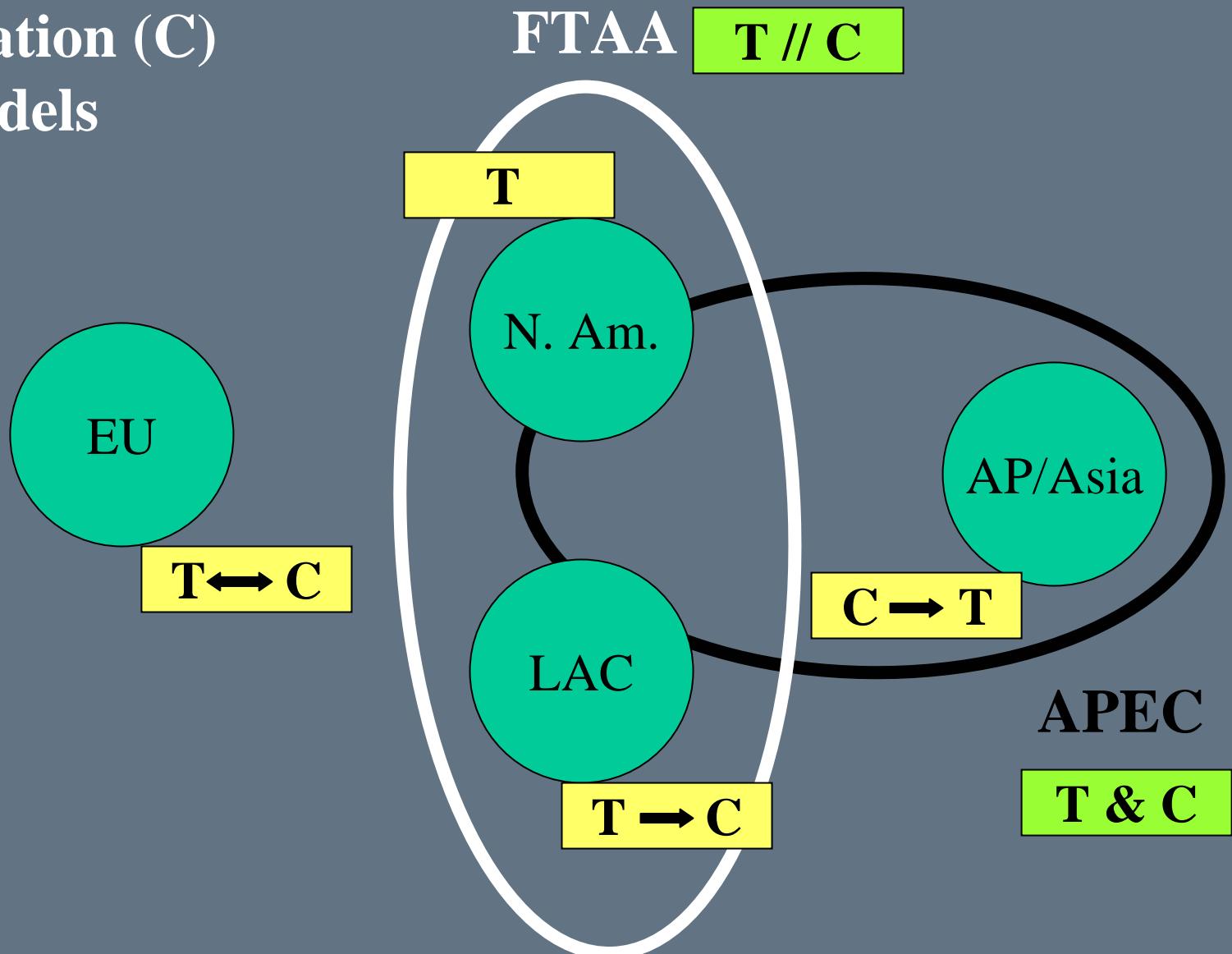
# Trade (T) and Cooperation (C) Models



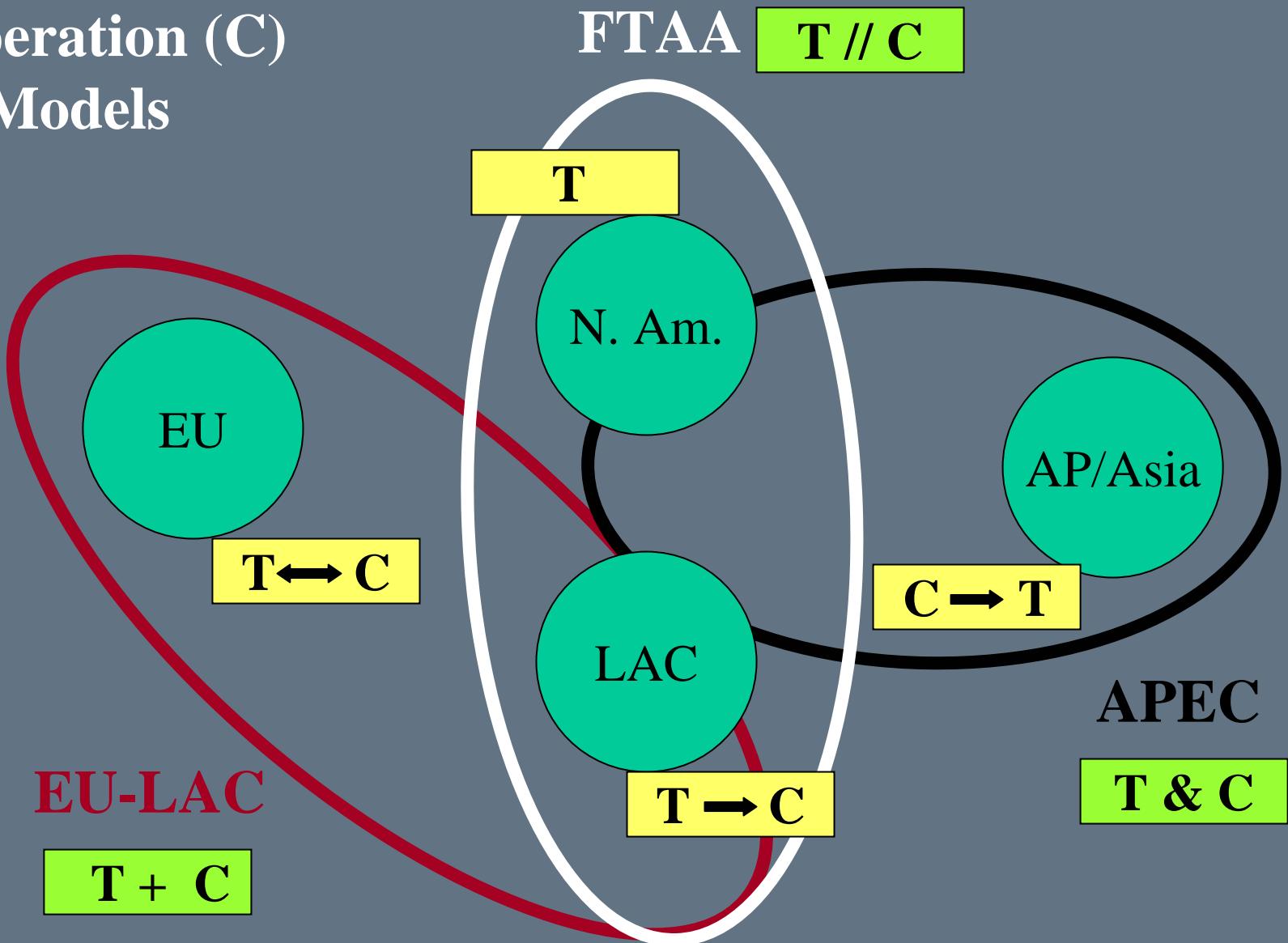
# Trade (T) and Cooperation (C) Models



# Trade (T) and Cooperation (C) Models



# Trade (T) and Cooperation (C) Models



# T and C Linkages

MODEL:	T	★	C
Regional Initiative	Objectives and Degree of Deepening	Relationship between T and C: Instit. Dev.	Objectives and Degree of Regional
EU	“Full” T Integration	“High” Institutionality → “Community Way” “Multilevel Issue”	RPGs
FTAA (Summit)	“Classical” FTA +	“Low” Institutionality	GPGs
APEC	Open Regionalism Principles	“Medium” Institutionality	Mix RPGs and GPGs

**Legend:**

- EU:** T ↔ C
- FTAA (Summit):** T // C
- APEC:** T & C

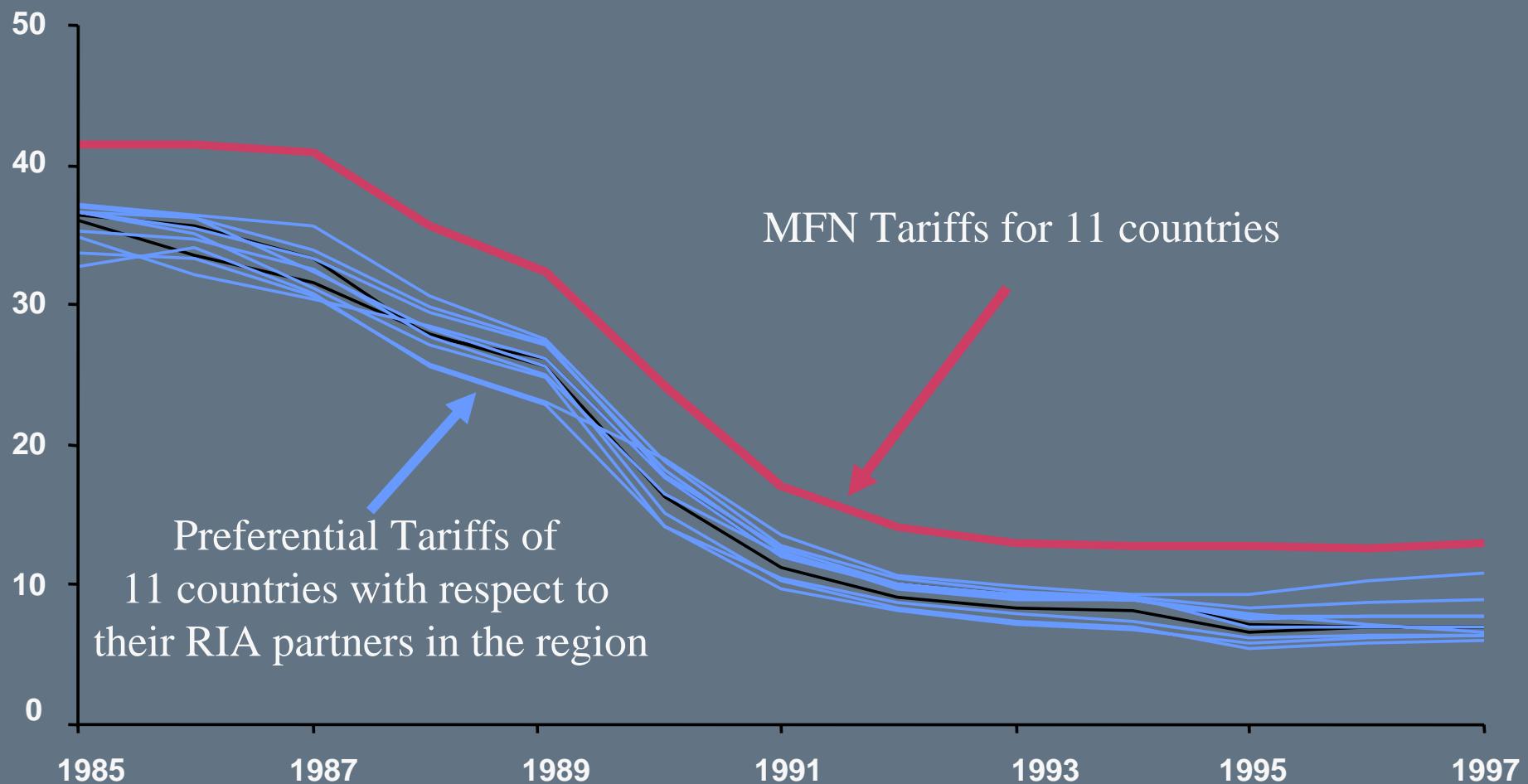
# Lessons from the Americas

- Regionalism in The Americas and APEC principles: Different Routes, Same Goals?
- From T to C in The Americas ?

# Regionalism in The Americas and APEC principles: Different Routes, Same Goals?

## Non-Discrimination / MFN liberalization

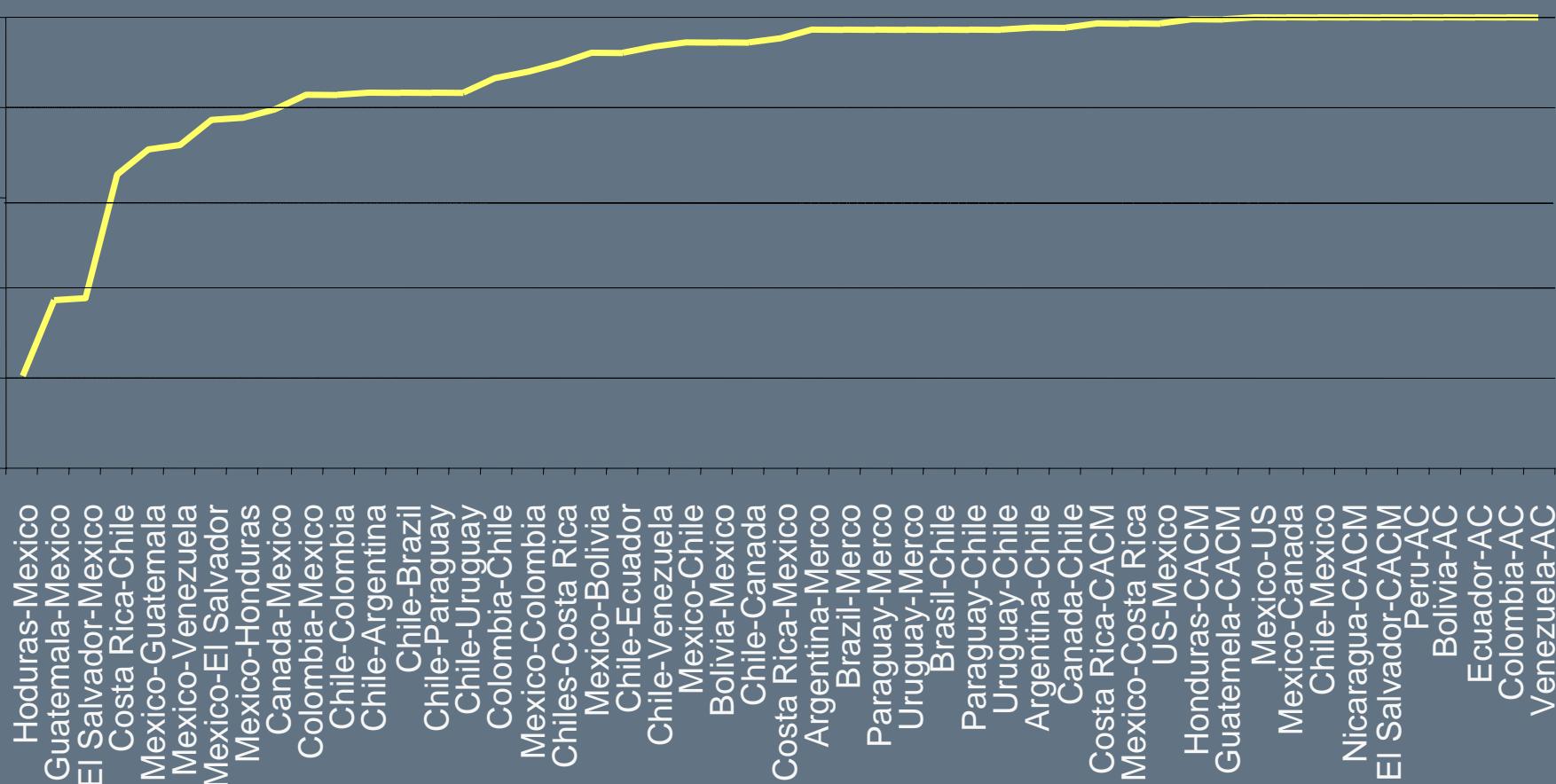
Simultaneous Preferential and MFN Liberalization in Latin America



# Regionalism in The Americas and APEC principles: Different Routes, Same Goals?

## Timetable / Comprehensiveness / Flexibility

Percentage of items free by 2005

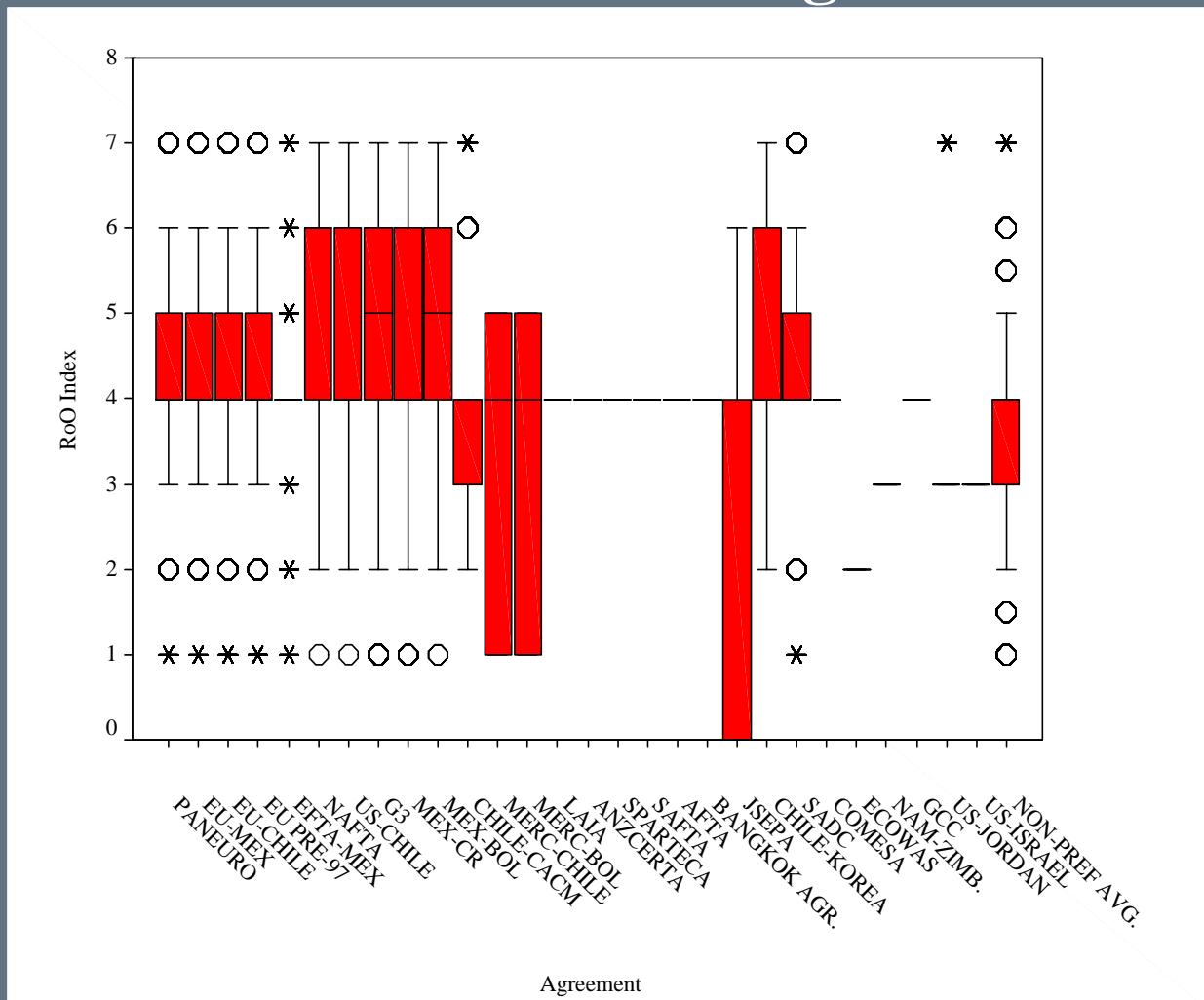


Bilateral Relations in RIAs

# Regionalism in The Americas and APEC principles: Different Routes, Same Goals?

## Non-Discrimination / MFN liberalization

### ....but Rules of Origin



# Regionalism in The Americas and APEC principles: Different Routes, Same Goals?

## Impact of Rules of Origin

- Growing theoretical analysis: RoO used as protectionist devices and potential for distorting trade, investment, and production patterns
- Growing empirical evidence: RoO have an economic impact on
  - Trade, investment and production patterns
  - Customs and Firms' administrative costs
  - Utilization of trade preferences

# From “T” to “C” in The Americas?

- “Spaghetti Bowl” in “T” as a “wiring” or “building block” for Cooperation “C”
- Rationale: RTAs / FTAs as incentives for the provision of RPGs, based on:
  - Negotiating considerations
  - Efficiency considerations
  - Institutional considerations
  - Jurisdictional considerations
  - Aid considerations

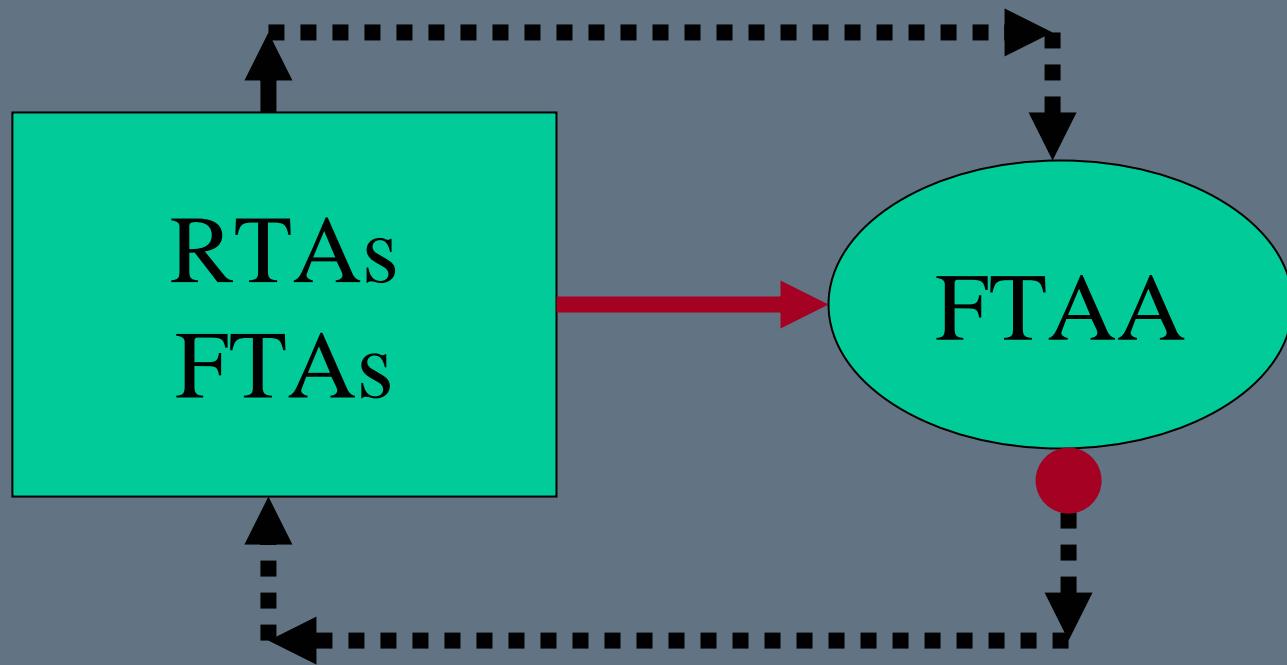
# APEC: Challenges and Opportunities

- Regional Integration in the Americas:  
The Role of the FTAA
- Regional Integration in Asia-Pacific”:  
The Role of APEC
- Some Final (optimistic) Thoughts

# APEC: Challenges and Opportunities

## Regional Integration in the Americas:

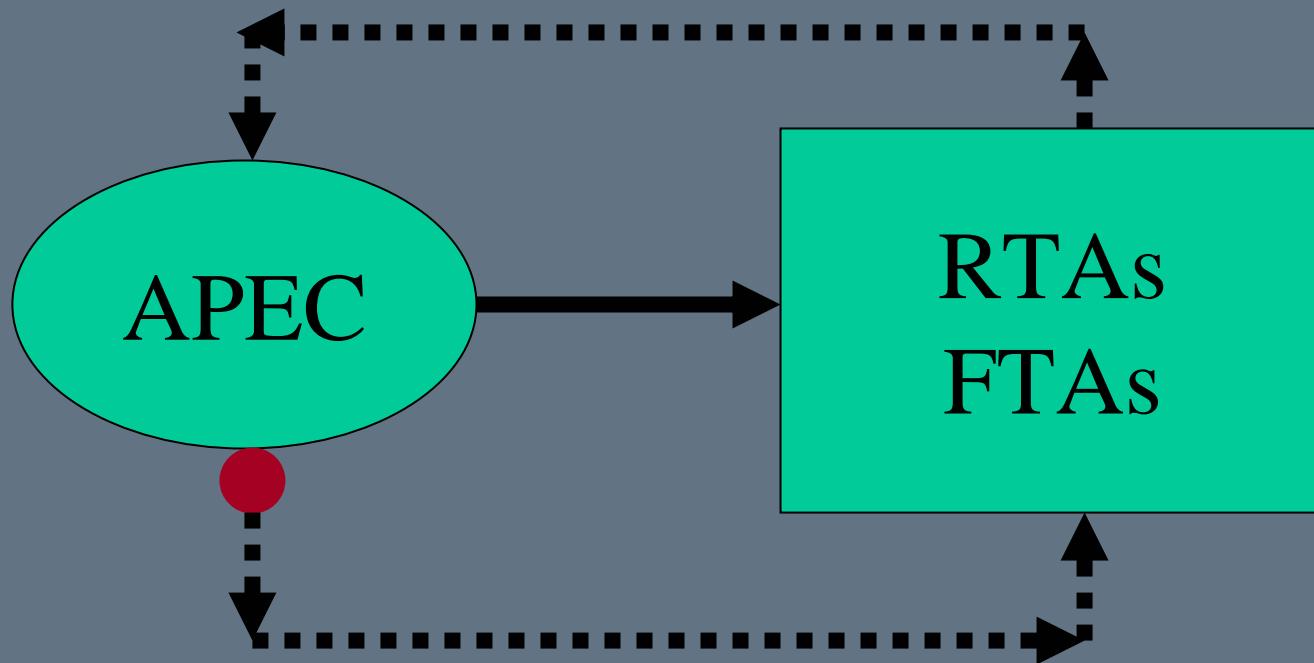
### The Role of the FTAA



Is the FTAA still the “Center of Gravity” in  
The Americas?

# APEC: Challenges and Opportunities

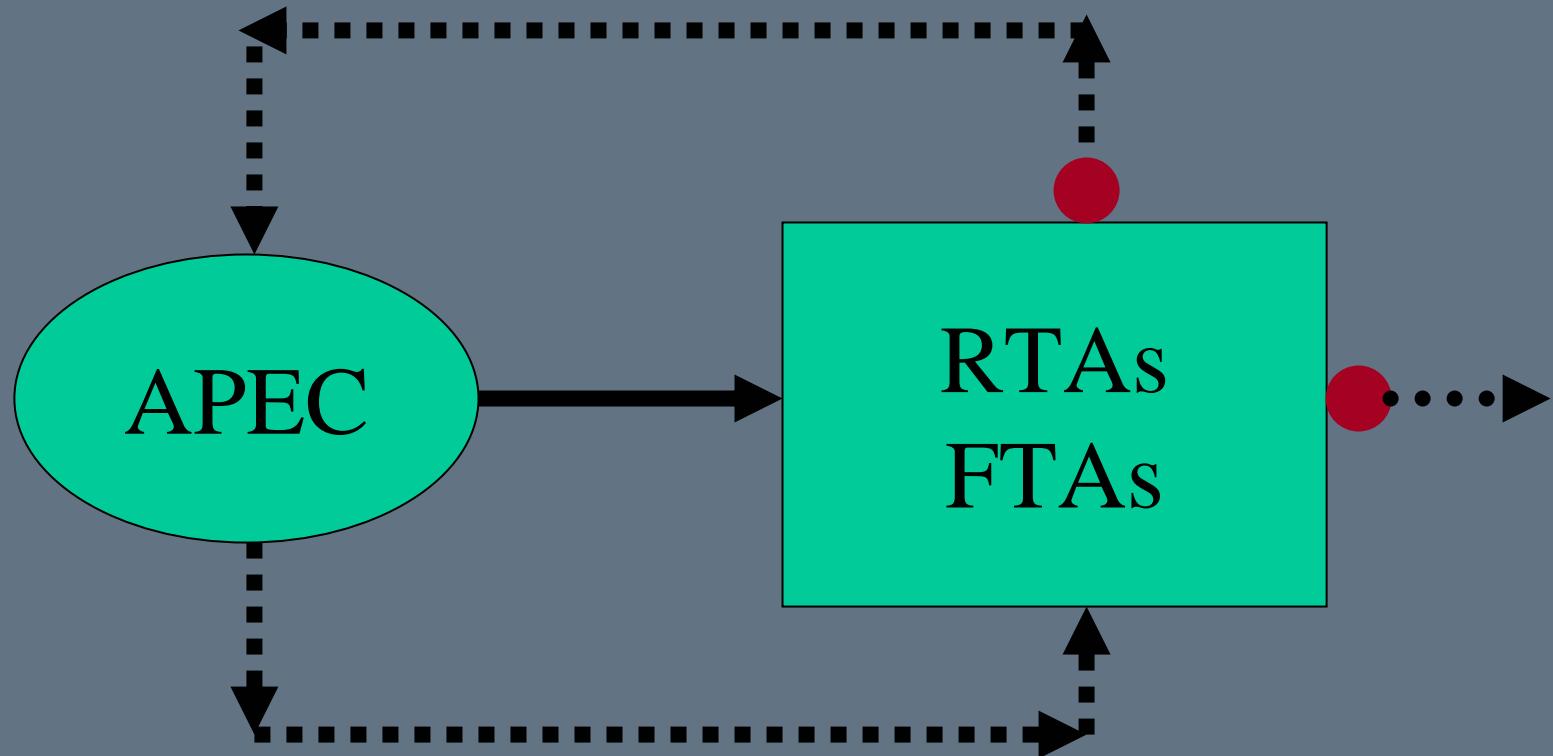
## Regional Integration in Asia-Pacific: The Role of APEC



APEC Common Understanding on RTAs  
“Pathfinder”

# APEC: Challenges and Opportunities

## Regional Integration in Asia-Pacific: Achieving APEC vision?



The “Center of Gravity” moves to RTAs/FTAs  
An FTAAP (Free Trade Area of Asia-Pacific)?  
What Future for APEC vision?

# APEC: Challenges and Opportunities

## Some Final (optimistic) Thoughts

- More “T” maybe be positive: Take advantage of APEC as an “organizing force” with explicit commitments to open regionalism
- Existing infrastructure for “C”: Take advantage of APEC institutional infrastructure to further enhance regional cooperation

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