

# **Regional Economic Integration: Principles, Pathways and Vision**

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- FTAAP has been tested empirically to have necessary conditions for positive and net trade creation effect of an RTA and that FTAAP can be desirable RTA for members.

- The critical question is what is the modality or approach to get to the FTAAP goal?
- There are possible two pathways/tracks to reach that goal.

- The first approach is to let the existing TPP process and RCEP process run in parallel and independently.
- At a point, the two pathways would converge and to form the FTAAP.

- The second pathway/track is to allow the parallel process of TPP and RCEP but at the same time to provide a negotiating framework right from the start whereby the TPP and RCEP would identify the common denominators on trade and investment, behind borders and cross-cutting issues as the two sides can build a gradual consensus based the TPP and RCEP processes that can be built upon overtime towards FTAAP negotiations modality.

- I personally consider that we need to examine carefully the second pathway with the guiding principles of the following:
- Comprehensive application of tariff elimination in goods trade without any excluded sectors
- Liberalization of trade in services
- Enhancing trade facilitation and technical cooperation
- High quality and comprehensive agreement for maximum economic output, cross-cutting and behind border issues
- A liberalization and facilitation process based on wide APEC consensus, inclusive and sustainable.

- APEC Trade Ministers Statement in Qingdao in May 2014 provides very important policy statements and guidelines for a serious and comprehensive feasibility study to provide a roadmap towards FTAAP.
- APEC has a critical role to play in shaping and nurturing regional economic integration
- APEC Leaders' commitment to an eventual FTAAP as a major instrument to further APEC's regional economic integration agenda.
- The establishment of a new Committee on Trade and Investment (CTI) Friends of the Chair Group on strengthening REI and advancing FTAAP is an important milestone in the process towards FTAAP.