

FTAAP:

# Next Generation Trade and Investments Issues - A Business Perspective

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# What has been at the centre of international debate for the past few years?

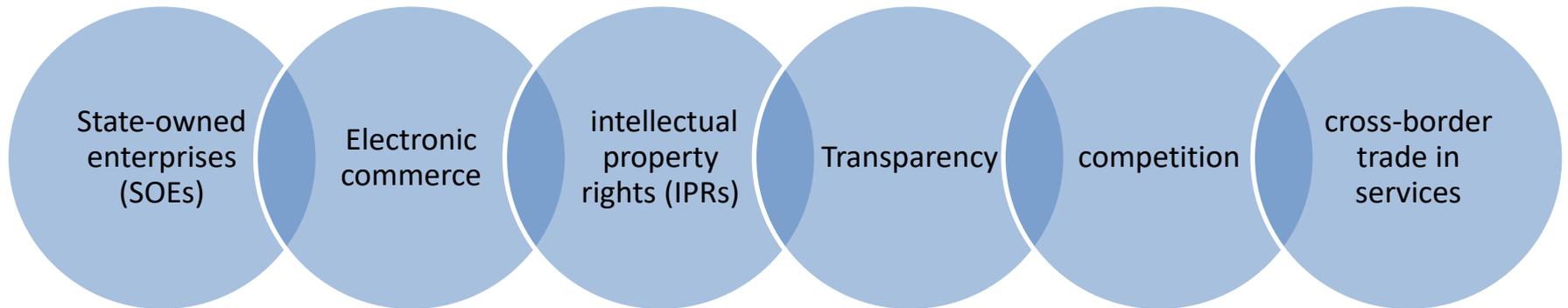
- The benefits of open and free trade as tools to create sustainable growth, prosperity and well-being
  - This debate has been useful to enhance the transparency of each government's position with respect to free trade
  - This debate has been occurring in all the regions around the globe, and the Asia Pacific is no exception.
  - APEC members have actively participated in this debate through:
    - Promotion and commitment to the liberalization of trade & investment
    - The Lima Declaration 
      - New framework to achieve the eventual realization of Free Trade Area of Asia Pacific (FTAAP) and
      - Incorporate and address Next Generation Trade & Investment Issues (NGeTI)

# What are the Next Generation Trade and Investments Issues (NGeTI)?

- Issues that have been affecting trade and investments historically, and issues that have arisen in recent years as part of the emergence of technological progress in society
- Disciplines that can contribute to allow all the economies and businesses to participate and reap the benefits of free trade
- Issues that need to be incorporated in trade pacts with a business perspective, so that these can reach their fullest potential
- Issues that need more attention about their relevance and have to be included in bilateral and/or mega-regional dialogues
- Issues that if not addressed now with proper regulations, these will leave businesses including Micro, Small and Medium Enterprises (MSMEs) far behind in competitive markets
  - MSMEs account for between 60 and 80 percent of the jobs and over 97 per cent of all business across APEC economies

# Our study: NGeTI - A Business Perspective

- Analyze the presence of the NGeTI in three of the FTAs considered as pathways of the FTAAP: CPTPP, PA and RCEP
- The list of NGeTI that might significantly contribute towards the realization of the eventual FTAAP is certainly broad
- The six NGeTI that this study analyzes are:



# Why high standard provisions and regulations on these six NGeTI?

- **State-owned enterprises (SOEs):** It is needed to offer certainty, a level playing field for businesses to compete with SOEs and a non-discriminatory environment
- **Electronic commerce:** Digital economy has changed the business game, e.g. the Online services has achieved the largest share of the total digital market
- **Intellectual property rights (IPRs):** IPRs have the capacity to promote innovation, to attract more investments, and to improve the business environment
- **Transparency:** It has positive multiplier effects, offering certainty, increasing the flow of trade, attracting new investments, and reducing costs for business
- **Competition:** It increases productivity, eliminates entry barriers, reduces possibilities for corruption and promotes an effective business environment
- **Cross-border trade in services :** flows of services and data together are playing a key role to boost the global economy beyond the traditional way. High standard rules would help to unleash the potential of this sector and include MSMEs in global supply chains

# Provisions on Cross-Border trade in Services

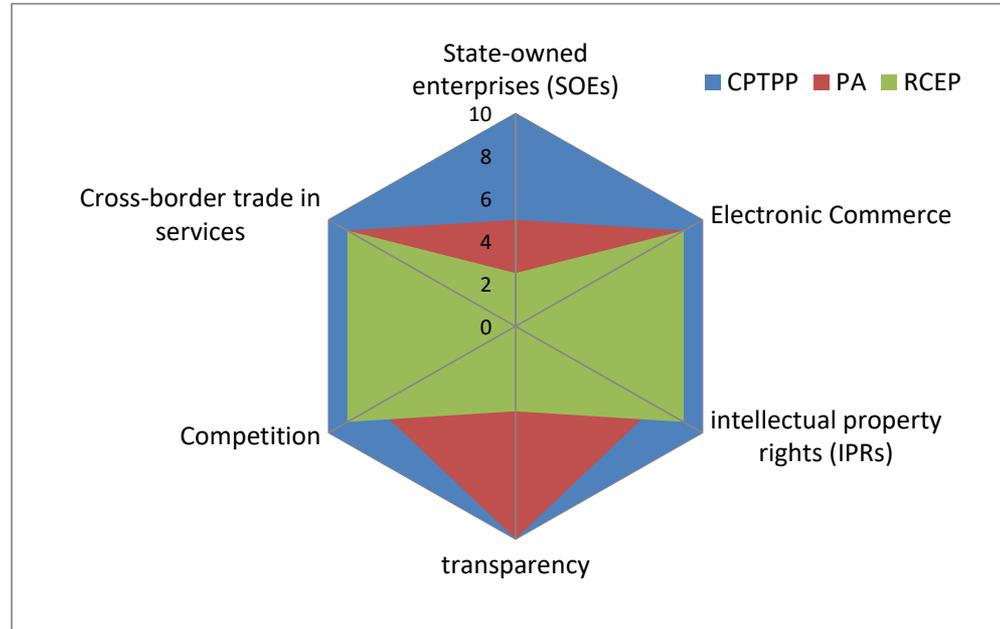
## CPTPP, PA and RCEP

Provisions	CPTPP	Pacific Alliance	RCEP <sup>a</sup>
Chapter	✓ Chapter 10	✓ Chapter 9	✓
Approach	✓ Negative List approach	✓ Negative List approach	✓ Positive List approach
Definition on cross-border trade in services	✓ Art. 10.1	✓ Art. 9.1	✓
Modes of supply or delivery the services	✓ Art. 10.1 It covers three Modes of delivery	✓ Art. 9.1 It covers three Modes of delivery	✓ Based on GATS
National treatment, Most-Favoured-Nation Treatment, Market and Local Presence	✓ Art. 10.3, 10.4, 10.5 & 10.6	✓ Art. 9.3, 9.4, 9.5 & 9.6	✓
Transparency	✓ Art. 10.11	✓ Art. 9.8	✓
Domestic regulation	✓ Art. 10.18	✓ Art. 9.9	✓
Non-Conforming Measures	✓ Art. 10.7	✓ Art. 9.7	✓
Provision pertaining to recognitions	✓ Art. 10.9	✓ Art. 9.10	✓
permit transfers and payments that relate to the cross-border supply of services	✓ Art. 10.12	✓ Art. 9.13	✓
facilitating movement of natural persons	✓ Annex 10-A and Ch. 12	✓ Annex 9.10 × no chapter	✓ Chapter on movement of natural persons
Other chapters on services	✓ Financial services (Ch. 11) and Telecommunications (Ch. 13)	✓ Financial services (Ch. 11), Telecommunications (Ch. 14) services and Maritime Services (Ch. 12)	✓ Financial services and Telecommunications

Because RCEP is still under negotiations some information is estimated by Author

# Presence of six selected NGeTI as stand-alone chapters in CPTPP, PA and RCEP

NGeTI	CPTPP	PA	RCEP
State-owned enterprises (SOEs)	✓	X	X
Electronic Commerce	✓	✓	✓
intellectual property rights (IPRs)	✓	X	✓
transparency	✓	✓	X
Competition	✓	X	✓
Cross-border trade in services	✓	✓	✓



- CPTPP is the agreement that covers more extensively the six NGeTI and It achieved advances in the NGeTI agenda by adding provisions that go beyond previous RTA
- PA and RCEP are also adding meaningful contributions towards the eventual FTAAP

# Conclusion

- 1) NGeTI are not issues that will occur in the future, these issues are happening now
- 2) FTAAP remains a powerful vehicle to advance economic integration and create prosperity across the region
- 3) CPTPP, RCEP and PA are not in competition but they are complementary to a possible FTAAP
- 4) CPTPP has produced high quality achievements in covering NGeTI but there is still room for improvement
- 5) Should new NAFTA be considered another pathway toward FTAAP?
- 6) Business environment in the region must be fair, inclusive and non-discriminatory
- 7) APEC must continue to play an incubator role to advance NGeTI discussion to respond to next-generation business needs