

FTAAP:

Next Generation Trade and Investments Issues - A Business Perspective

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October 2019

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

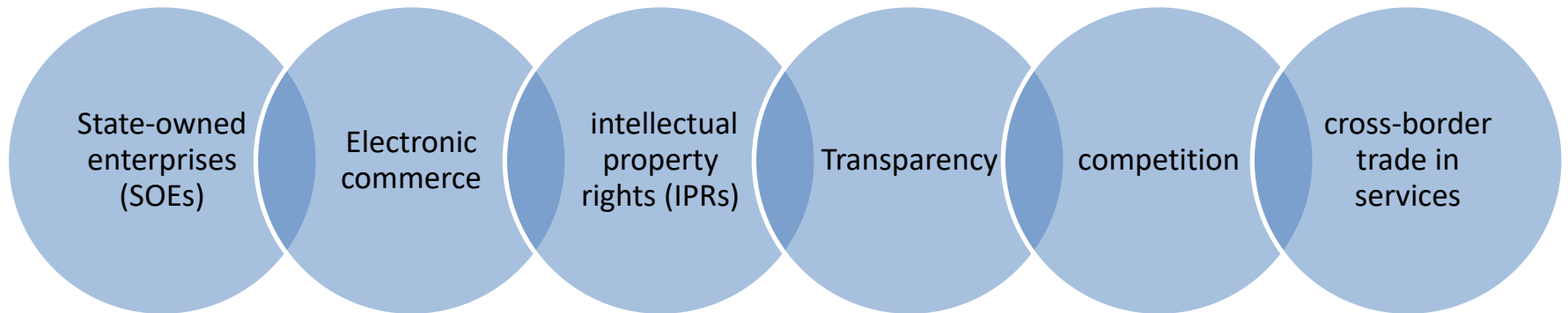
- The benefits of open and free trade as tools to create sustainable growth, prosperity and well-being
 - This debate has been useful to enhance the transparency of each government's position with respect to free trade
 - This debate has been occurring in all the regions around the globe, and the Asia 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

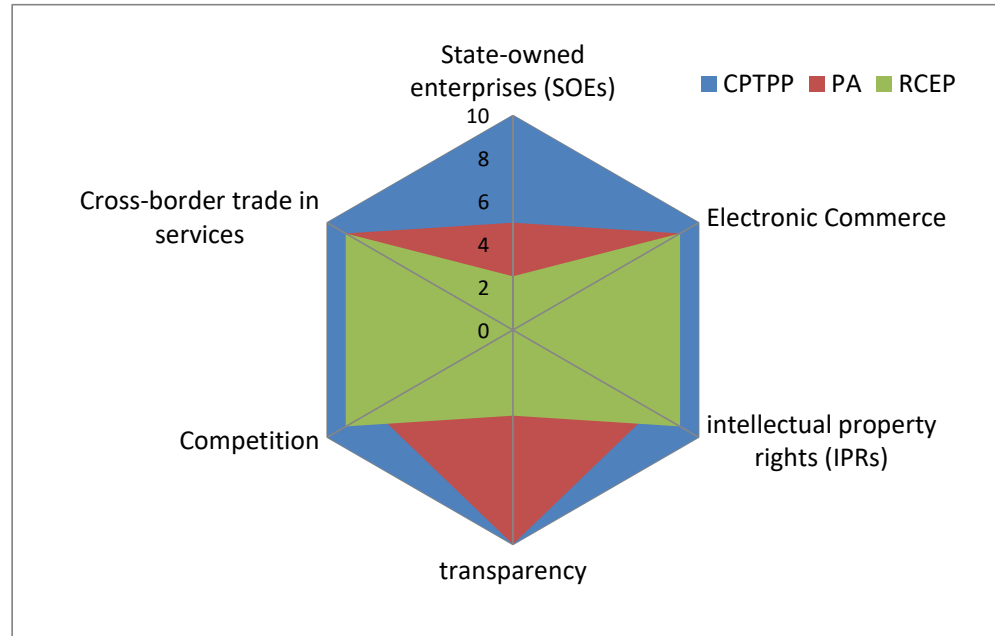
CPTPP, PA and RCEP

Provisions	CPTPP	Pacific Alliance	RCEP ^a
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