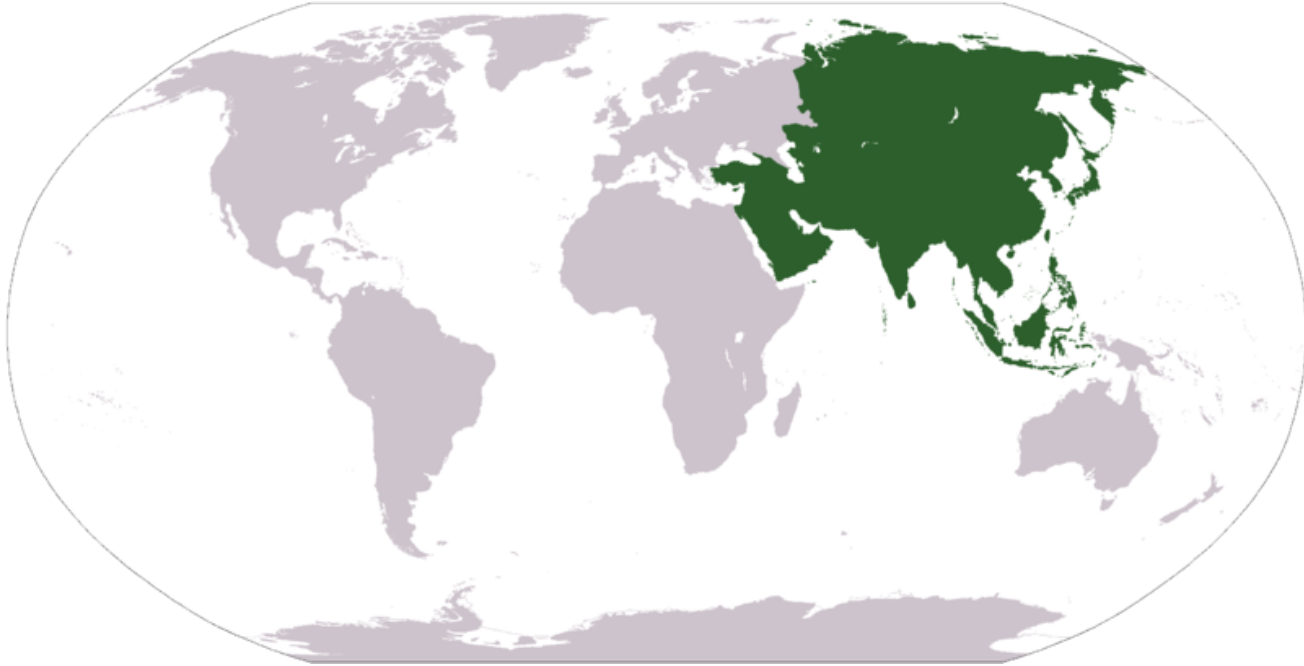


FTAs in ASIA



Razeen Sally

**European Centre for International Political Economy
London School of Economics**

FTAs IN ASIA

Papers

- FTAs and the prospects for regional integration in Asia, *ECIPE Working Paper*, 2006
- Trade policy in Asia, *ECIPE Policy Brief*, 2007
- Looking East: The European Union's New FTA Negotiations in Asia, *ECIPE Policy Essay*, 2007
 - Available at www.ecipe.org

Book

- Trade Policy, New Century: The WTO, FTAs and Asia Rising (London: Institute of Economic Affairs, 2008)
 - Available at www.iea.org.uk

FTAs IN ASIA

- New wave of global economic integration, but ...
- Asian trade policies: from non-discrimination (unilateralism and GATT/WTO) to discrimination (FTAs)
- Focus: east and south Asia (“globalising Asia”)
- What role for regional economic integration?

FTAs IN ASIA

- **Trade and FDI trends**
 - China; India; ASEAN; Japan; Korea; Taiwan; Hong Kong
 - Implications for comparative advantage and the emerging Asian/global division of labour

FTAs IN ASIA

■ Trade and FDI trends (cont.)

- East Asia: intra-regional trade substantial and growing; increasing intra-regional FDI
- Bottom-up market-led integration rather than top-down policy integration
- A case for policy integration through a region-wide FTA?
- East Asia highly dependent on “fragmentation” trade/regional production networks (e.g. ICT); driving force of increasing intra-regional trade, esp. parts and components
- But linked tightly to extra-regional final markets; *increasing* dependence on them
- Policy inference: prioritise global non-discriminatory policy rather than regional, discriminatory policy

Asian countries: economic and trade indicators 2006

Countries/ economy	GDP (US\$ bn)	GDP Growth (%)	Popu- lation (mn)	GDP Per Capita PPP (US\$)	GDP PPP (US\$ bn)	Mercha ndise Exports (US\$ bn)	Service Exports (US\$ bn)	Total Mercha ndise Trade (US\$ bn)	Service Trade (US\$ bn)	Trade/ GDP (%)	FDI Inflow (US\$ bn)	FDI Inflow/ GDP (%)	Inward FDI Stock (US\$ bn)	Inwar d FDI Stock / GDP (%)
World	48461.9	4.8	6538.1	9254.6	60507.3	12084.6	2830.3	24411.4	5506.0	61.7	1352.4	2.8	11998.8	24.8
EU	14557.0	3.1	490.3	*27902,5	12634.5	1455.5	539.2	3152.4	992.6	28.5	531.0	3.6	5434.3	38.0
US	13163.9	2.9	299.4	43967.8	13163.9	1038.3	418.8	2957.7	761.7	28.3	180.6	1.4	1789.1	13.5
China	2644.7	10.7	1311.8	4644.0	6092.0	968.9	92.0	1760.4	192.8	72.4	78.1	3.0	292.6	11.1
Indonesia	364.8	5.5	223.0	3454.4	770.5	103.5	11.5	183.8	33.1	56.9	5.6	1.5	19.1	5.2
Malaysia	150.7	5.9	26.1	12536.1	327.4	160.7	21.8	291.8	45.6	217.0	6.1	4.0	53.6	36.0
Philippines	117.6	5.4	86.3	3152.8	272.0	47.0	6.5	98.6	12.6	94.0	2.3	2.0	17.1	14.6
Singapore	132.2	7.9	4.5	44708.2	200.5	271.8	59.1	510.4	121.0	473.5	24.2	18.3	210.1	159.0
Thailand	206.3	5.0	63.4	7598.5	482.1	130.8	24.1	259.4	56.5	143.5	9.0	4.4	68.1	33.0
Vietnam	61.0	8.2	84.1	2363.1	198.8	39.6	5.0	84.0	11.2	150.3	2.3	3.8	33.5	54.8
ASEAN-6	1032.5	6.3	487.5	4618.1	2251.1	753.4	128.0	1428.1	280.0	165.4	49.5	4.8	401.4	38.9
India	911.8	9.2	1109.8	2468.9	2740.1	120.3	75.4	295.1	138.9	48.8	17.5	1.9	50.7	5.7
Japan	4368.4	2.2	127.8	31947.2	4081.4	649.9	117.3	1229.5	252.9	33.9	-6.8	-0.2	107.6	2.5
Korea	888.0	5.0	48.4	22988.1	1113.0	325.5	51.9	634.8	122.5	85.3	3.6	0.4	71.0	8.0
Taiwan, Ch.	365.5	4.6	22.9	*15291,8	*350,2	223.7	28.9	426.7	61.5	133.6	7.4	2.0	50.4	14.2
HongKong	189.8	6.8	6.9	39061.6	267.8	322.7	72.3	658.4	108.8	399.4	42.9	22.6	769.0	405.7
TOTAL	38121.6	5.9	3904.7	10865.4	42426.2	5858.1	1523.8	12543.1	2911.6	40.5	903.8	2.4	8966.1	23.5

Source: World Bank, WTO Statistical Database, UNCTAD WIR 2006, Eurostat and ADB

* Figures for 2005

Intra-Regional Trade Share 1980–2006 (%)

Region	1980	1985	1990	1995	2000	2001	2002	2003	2004	2005	2006
NIE (4) ²	8.6	9.2	11.9	15.5	15.5	15.3	15.8	15.2	14.6	13.9	13.6
ASEAN (10) ³	17.9	20.3	18.8	24	24.7	24.1	24.4	26.6	26.7	27.2	27.2
ASEAN + PRC; Korea; Hong Kong; Teipei (14)	22.7	27.2	33	39.1	40.6	41.1	43.4	44.7	45.2	45.5	45.8
ASEAN + 3 (13) ⁴	30.2	30.2	29.4	37.6	37.3	37.1	37.9	39	39.2	38.9	38.3
ASEAN + 3 + Hong Kong + Teipei (15)	36.8	39	43.1	51.9	52.1	51.9	53.8	55.4	55.9	55.4	54.5
ASEAN + 6 (16) ⁵	34.6	34.8	33.7	40.8	40.5	40.6	41.3	42.4	43	43.1	42.6
ASEAN + 6 + Hong Kong + Teipei (18)	40.5	42.7	46.3	54.5	54.6	54.5	56.3	57.7	58.5	58.4	57.6
NAFTA (3)	33.8	38.7	37.9	43.1	48.8	49.1	48.4	47.4	46.4	46.1	44.3
MERCOSUR	11.1	7.2	10.9	19.2	20.3	17.9	13.6	14.7	15.2	15.5	15.7
Old EU (15)	60.7	59.8	66.2	64.2	62.3	62.2	62.5	63	62.2	60.4	59.5
New EU (27)	61.5	60	66.8	66.9	66.3	66.7	67.4	68.1	67.6	66.2	65.8

Sources: Masahiro and Wignaraja (2008)

Emerging East Asia's Foreign Direct Investment (FDI) Inflows, 1995–2005

FDI Inflows to ¹	FDI Source						
	United States	European Union	Japan	NIEs	ASEAN 9	Total	
	%	%	%	%	%	%	\$ million
NIEs	16.8	15.8	8.1	5.2	3.9	100	437,999
Hong Kong	5.1	7.4	5.7	5.3	1.8	100	215,999
Korea, Rep of	22.4	40.1	13.3	4.1	7.4	100	55,975
Singapore	31.7	19.3	8.5	4	5.8	100	142,748
Taipei	19.9	13.1	15.5	14.2	2.5	100	23,277
ASEAN 9 ²	18.4	29.1	19.1	29.2	4.2	100	116,413
Indonesia	5.7	50.9	3.3	15	9.3	100	11,839
Malaysia	27.4	23.4	13.6	22	2.1	100	44,651
Philippines	23.4	10.3	23.1	16.9	1.1	100	13,709
Thailand	10.5	10.5	25.1	27.6	0.9	100	37,428
Vietnam	4.8	19.1	14.4	39.2	6.6	100	18,225
China	8.1	8.1	8.6	54	1.6	100	537,163
Total	13.9	14.7	10.5	34.9	3.1	100	992,516

Sources: Masahiro and Wignaraja (2008)

East Asia: Intra-regional trade in total trade

Country/ Year	1992 / 3	2004 / 5
East Asia	41.7	56.3
Developing Asia	38.7	50.1

**East Asia:
Intra-regional trade
excl. fragmentation trade in total trade**

Country/ Year	1992 / 3	2004 / 5
East Asia	46.2	44.2
Developing Asia	31.0	36.0

FTAs IN ASIA

▪ **Global / Asian policy trends**

- Slowdown of liberalisation in developing countries; no new liberalisation in OECD
- Also slowdown in emerging markets: China, ASEAN, India and others
- Sceptics and the Washington Consensus: arguments against liberalisation; worse climate for future liberalisation
- Case for further market reforms and global integration. Much unfinished business on border and especially non-border regulatory barriers

FTAs IN ASIA

- **Trade policy in Asia**

- Trends in countries and regions
- WTO
- FTAs
- China and unilateral liberalisation
- From non-discriminatory liberalisation (unilateral and GATT/WTO) to discrimination

Tariff Rates in Asia (World Bank)

Country/ economy	Year	Binding Coverage	Simple Mean Bound Rate	Simple Mean Tariff	Simple Mean Tariff	Simple Mean Tariff	Weighted Mean Tariff	Share of Lines with Int. Peaks	Share of Lines with Spec. Rates
		(All Goods)	(All Goods)	(Manu'tures)	(Agriculture)	(All Products)	(All Products)	(All Products)	(All Products)
EU	2005	100.0	4.2	1.7	7.9	2.7	2.0	6.7	9.0
US	2005	100.0	3.6	3.3	2.8	3.2	1.6	6.1	5.9
China	2005	100.0	10.0	9.2	8.8	9.2	4.9	19.1	0.0
India	2005	73.8	49.6	15.9	24.4	17.0	14.5	15.5	3.5
Japan	2005	99.7	3.0	2.3	8.4	3.3	2.5	8.1	2.7
Korea	2004	94.5	15.7	7.2	20.3	9.0	9.3	5.6	0.0
Taiwan	2005	100.0	5.8	4.9	8.5	5.5	2.4	8.0	0.0
Hong Kong	2005	45.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Singapore	2005	69.3	6.9	0.0	0.3	0.1	0.0	0.1	0.1
Malaysia	2005	83.7	14.5	8.2	3.4	7.5	4.4	22.4	0.0
Indonesia	2005	96.6	37.1	6.4	7.2	6.5	6.0	8.7	0.0
Philippines	2005	67.0	25.6	5.1	6.9	5.4	3.1	4.8	0.0
Thailand	2005	74.8	25.8	10.0	13.1	10.6	4.9	22.1	0.9
Vietnam	2005	12.3	17.7	13.2	13.6	34.1	0.0
Low and Middle Income Countries	-	76.2	34.8	9.4	9.0	12.3	6.1	17.8	0.9
High Income Non-OECD	-	67.3	21.3	3.7	6.3	4.1	1.2	5.0	0.8
High Income OECD	-	98.6	7.4	3.0	3.7	3.1	2.0	3.7	0.0

Average Applied Tarrifs (unweighted in %)

Country/ economy	1985	1990	1995	2000	2005
EU	-	8.7	4.3	2.2	2.5
US	-	6.3	4.3	3.6	3.0
China	a. 38,1	40.3	22.4	16.2	9.0
India	100.0	81.8	41.0	32.7	16.0
Japan	-	b. 6.9	3.1	2.5	2.7
Korea	c. 21.9	13.3	8.3	9.4	8.6
Taiwan	26.5	b. 12.3	11.2	7.3	5.3
Hong Kong	0.0	0.0	0.0	0.0	0.0
Singapore	d. 0.3	0.4	0.4	0.0	0.0
Malaysia	a. 15.8	16.9	f. 8.4	8.0	7.5
Indonesia	27.0	20.6	14.0	7.8	6.5
Philippines	27.6	27.8	19.8	7.1	5.4
Thailand	41.2	39.8	21.0	16.4	9.9
Vietnam	-	e. 11.0	c. 12.7	15.1	13.1

Source: World Bank. Numbers indicate one year forward or backward.

Non-Tariff Barrier (NTB) Frequency Coverage Ratio (Unweighted / Simple Averages in %)

Country	1984-87	1988-90	1991-93	1997-00	2001
China	10.6	23.2	11.3	5.7	7.6
India	80.7	65.4	62.6	-	34.7
Japan	-	-	-	-	5.6
Indonesia	94.7	9.4	2.7	3.1	1.8
Korea, Rep	8.8	4.0	2.6	1.5	2.4
Malaysia	3.7	2.8	2.1	2.3	2.5
Philippines	44.9	-	-	1.8	1.7
Thailand	12.4	8.5	5.5	2.1	4.0
Singapore	-	-	-	-	0.2
Hong-Kong	-	-	-	-	0.5
Taiwan	-	-	-	-	10.6
Vietnam	-	-	-	-	1.0

Source: Hoekman, Mattoo and Engels (2002) Development, Trade and the WTO: A Handbook, World Bank (Table A-4 Appendix) and WTO, Trade Policy Review – Country

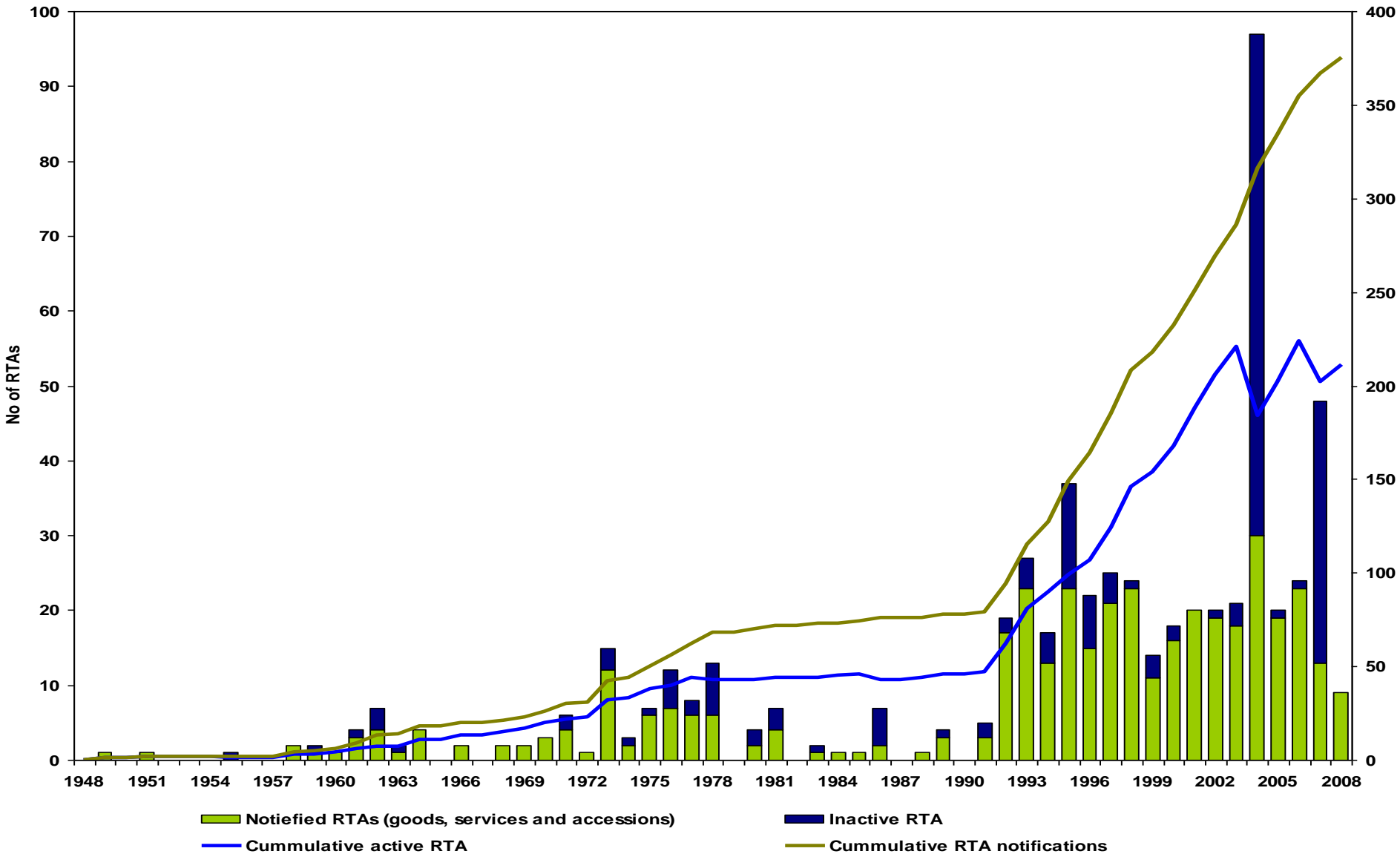
Report (various). Figures for 2001 come from World Bank: siteresources.worldbank.org/INTRES/Resources/469232-1107449512766/ntb2001.xls

FTAs IN ASIA

■ FTAs

- Proliferation in Asia; catch up with other regions
- Motives: foreign policy; WTO stalled
- Building blocks? WTO-plus FTAs dependent on economic strategy
- But exceptions, not the rule
- Trade-lite FTAs (except with USA and EU?)
- Future of Asian FTAs?

Regional Trade Agreements Notified to the GATT/WTO and in Force



FTAs IN ASIA

- Massive increase in Asian FTAs since 2000:
 - East Asia– 37 FTAs concluded, 103 FTA initiatives; Asia – 90 concluded, 198 initiatives
- WTO-plus in scope (est. 69%), but little depth:
 - trade-light
- Multiple, complex rules of origin:
 - threatens to raise business costs and delays; worrisome for fragmentation trade

Growth of FTAs in East Asia 1976–2007 (cumulative FTAs)

Year	No. of FTAs	Concluded ¹	Under Negotiation ²	Proposed ³
1976	1	1	0	0
1986	1	1	0	0
1996	4	3	0	1
2000	7	3	1	3
2001	10	5	2	3
2002	14	6	4	4
2003	23	9	5	9
2004	42	14	16	12
2005	67	21	30	16
2006	96	31	42	23
⁴ 2007	103	37	40	26

Sources: Masahiro and Wignaraja (2008)

Number of FTAs in East Asia (2007)

FTA by Status ¹		By Configuration ²		By Geographic Orientation ³	
	No. of FTAs	Bilateral	Plurilateral	Intra-East Asia	Extra-East Asia
Concluded	37	28	9	13	24
Under Negotiation	40	30	10	4	36
Proposed	26	18	8	4	22
Total	103	76	27	21	82

Sources: Masahiro and Wignaraja (2008)

Scope of Concluded FTAs in East Asia (2001 & 2007) (Cumulative FTAs)

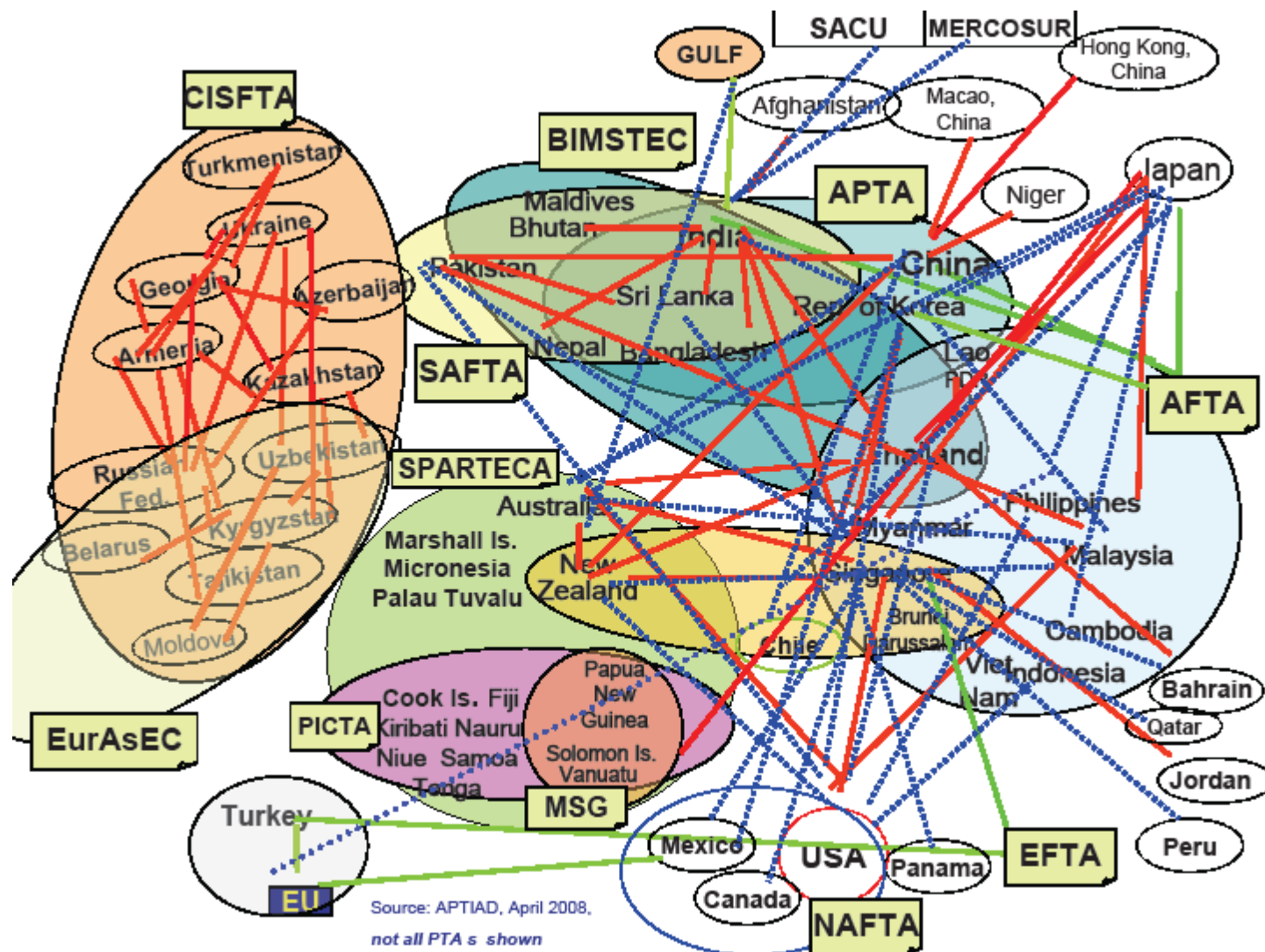
Scope of FTAs ¹	No. of concluded FTAs		By Configuration (Oct. 2007) ²	
	Dec. 2001	Oct. 2007	Bilateral	Plurilateral
Goods	3	8 ⁶	4	4
Goods + Services	0	3 ⁷	2	1
Goods + Services + Singapore Issues ³	2	9 ⁸	7	2
Goods + Services + Singapore Issues + Cooperation Enhancement ⁴	0	15 ⁹	14	1
Total	5	35 ⁵	27 ⁵	8

Sources: Masahiro and Wignaraja (2008)

PTAs by economy - Include agreements with at least one party from the UNESCAP region

Economy	Total number of Agreements	Agreements in Force	Agreements under Negotiation	Notified uner Enabling Clause	Notified under GATT or GATS	Not Notified
EU	4	3	1	0	1	3
US	14	9	4	0	1	10
China	11	8	2	3	2	4
India	18	13	3	3	0	14
Hong Kong, China	2	1	1	0	0	1
Singapore	33	21	11	3	0	20
Sri Lanka	7	6	1	4	0	3
Philippines	15	11	3	3	0	12
Malaysia	21	14	5	3	0	16
Indonesia	16	12	3	3	0	13
Japan	13	7	4	0	0	8
Korea, Rep.	14	8	5	1	0	10
Thailand	20	16	3	4	1	12
Vietnam	15	12	3	3	0	12
Brunei	14	11	2	3	0	10
Myanmar	13	12	1	3	0	10
Macao, China	1	1	0	0	0	0

FTAs in Asia, as of 2008



FTAs IN ASIA

■ China and FTAs

- 9 FTAs; 30 under discussion/negotiation
- China-ASEAN: increasing complementary trade but competing sectors
- Encouraging results on tariffs and rules of origin; WTO-compatible but not significantly WTO-plus; weak in other areas, esp. regulatory barriers
- WTO-plus FTAs with HK and Macau
- Negotiations with Aus and FTA with NZ
- PTAs with SACU, India and others?
- Overall: trade-light FTAs
- Dangers of foreign-policy driven trade-light FTAs (unlike China in WTO); sends signals to others

Established/ Proposed RTAs China

Partner country	Type	Status
ASEAN	CECA	Under Implementation
Asia-Pacific	PTA	Under Implementation
Costa Rica	FTA	Proposed/Under consultation and study
ASEAN+3	FTA	Proposed/Under consultation and study
ASEAN+6	FTA	Proposed/Under consultation and study
New Zealand	FTA	Signed
Australia	FTA	FA signed/FTA Under Negotiation
Chile	FTA	Under Implementation
Gulf Cooperation	FTA	Under Negotiation
Hong Kong	CEPA	Under Implementation
Iceland	FTA	FA signed/FTA Under Negotiation
India	RTA	Proposed/Under consultation and study
Japan-Korea	FTA	Proposed/Under consultation and study
Korea	FTA	Proposed/Under consultation and study
Macao	CEPA	Under Implementation
Norway	FTA	Proposed/Under consultation and study
Pakistan	FTA	Under Implementation
Peru	FTA	Proposed/Under consultation and study
Singapore	FTA	Under Negotiation
South Africa	FTA	Proposed/Under consultation and study
South African Customs Union	CU/FTA	Under Negotiation
Thailand	FTA	Under Implementation
Shanghai Cooperation Organization	FTA	Proposed/Under consultation and study

Established/ Proposed RTAs

Chinese Taipei

Partner country	Type	Status
Dominican Republic	FTA	Under Negotiation
Guatemala	FTA	Under Implementation
Nicaragua	FTA	Under Implementation
Panama	FTA	Under Implementation
Paraguay	FTA	FA signed/FTA Under Negotiation
El Salvador-Honduras	FTA	Signed
United States	FTA	Proposed/Under consultation and study

Established/ Proposed RTAs

Hong Kong

Partner country	Type	Status
New Zealand	CEPA	Under Negotiation
China	CEPA	Under Implementation

FTAs IN ASIA

▪ Southeast Asia and FTAs

- Singapore's FTAs: misleading indicator for region
- Thailand a better indicator: all politics, no economic strategy; trade-light
- Bilateral FTAs take priority over ASEAN-plus FTAs (ROO complications)
- ASEAN FTAs: relatively weak

Liberalisation Timeframe for Major Economic Groups in East Asia

Group/ FTA (year of full negotiation completed)	For Partner Countries	Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand	Cambodia, Lao PDR, Myanmar, Vietnam
APEC (voluntary and unilateral)	2010	2020	2020
ASEAN (1992)	-	2003 (0% tariff by 2010)	2006-10 (0% tariff by 2015)
		<i>ASEAN Economic Community to be launched by 2015</i>	
ASEAN + PRC (2010)	2007 (PRC)	2007	2010
ASEAN + Korea (2008)	2008 (Korea)	2010 (excl. Thailand)	2015 (flexibility allowed)
ASEAN + Japan (2007)	2010 (Japan)	2012	2018
ASEAN + India (2011)	2011 (India)	2011 (excl. Philippines)	2016 (incl. Philippines)
ASEAN + CER (Australia and NZ) (2009)	2010 (CER)	2017	2017

Sources: Masahiro and Wignaraja (2008)

Established/ Proposed RTAs

Singapore (i)

Partner country	Type	Status
ASEAN	FTA	Under Implementation
ASEAN-Australia and New Zealand	FTA	Under Negotiation
ASEAN-China	CECA	Under Implementation
ASEAN-EU	FTA	Under Negotiation
ASEAN-India	RTIA	FA signed/FTA Under Negotiation
ASEAN-Japan	CEPA	Signed
ASEAN-Korea	CECA	Under Implementation
Canada	FTA	Under Negotiation
Sri Lanka	CEPA	Proposed/Under consultation and study
ASEAN+3	FTA	Proposed/Under consultation and study
ASEAN+6	FTA	Proposed/Under consultation and study
EFTA	FTA	Under Implementation
Gulf Cooperation Council	FTA	Under Negotiation
India	CECA	Under Implementation
Japan	EPA	Under Implementation

Established/ Proposed RTAs

Singapore (ii)

Korea	FTA	Under Implementation
New Zealand	CEP	Under Implementation
Pakistan	FTA	Under Negotiation
China	FTA	Under Negotiation
Australia	FTA	Under Implementation
Egypt	CECA	Under Negotiation
Jordan	FTA	Under Implementation
Mexico	FTA	Under Negotiation
Panama	FTA	Under Implementation
Peru	FTA	Signed
Ukraine	FTA	Under Negotiation
Trans-Pacific	SEPA	Under Implementation
United States	FTA	Under Implementation

Established/ Proposed RTAs

Malaysia

Partner country	Type	Status
ASEAN	FTA	Under Implementation
ASEAN-Australia and New Zealand	FTA	Under Negotiation
ASEAN-China	CECA	Under Implementation
ASEAN-EU	FTA	Under Negotiation
ASEAN-India	RTIA	FA signed/FTA Under Negotiation
ASEAN-Japan	CEPA	Signed
ASEAN-Korea	CECA	Under Implementation
ASEAN+3	FTA	Proposed/Under consultation and study
ASEAN+6	FTA	Proposed/Under consultation and study
Japan	EPA	Under Implementation
Australia	FTA	Under Negotiation
Chile	FTA	Under Negotiation
India	CECA	Proposed/Under consultation and study
Korea	FTA	Proposed/Under consultation and study
New Zealand	FTA	Under Negotiation
Pakistan	CEPA	Under Implementation
Group of Eight Developing Countries	PTA	Signed
Organization of the Islamic Conference	PTS	FA signed/FTA Under Negotiation
United States	FTA	Under Negotiation

Established/ Proposed RTAs

Thailand (i)

Partner country	Type	Status
ASEAN	FTA	Under Implementation
ASEAN-Australia and New Zealand	FTA	Under Negotiation
ASEAN-China	CECA	Under Implementation
ASEAN-EU	FTA	Under Negotiation
ASEAN-India	RTIA	FA signed/FTA Under Negotiation
ASEAN-Japan	CEPA	Signed
ASEAN-Korea	CECA	Under Implementation
Bay of BIMSTEC	FTA	FA signed/FTA Under Negotiation
ASEAN+3	FTA	Proposed/Under consultation and study
ASEAN+6	FTA	Proposed/Under consultation and study
India	FTA	FA signed/FTA Under Negotiation
Japan	EPA	Under Implementation

Established/ Proposed RTAs

Thailand (ii)

Korea	FTA	Proposed/Under consultation and study
Laos	PTA	Under Implementation
Pakistan	FTA	Proposed/Under consultation and study
China	FTA	Under Implementation
Australia	FTA	Under Implementation
Bahrain	FTA	FA signed/FTA Under Negotiation
Chile	FTA	Proposed/Under consultation and study
EFTA	FTA	Under Negotiation
MERCOSUR	FTA	Proposed/Under consultation and study
New Zealand	EPA	Under Implementation
Peru	FTA	FA signed/FTA Under Negotiation
United States	FTA	Under Negotiation

Established/ Proposed RTAs

Indonesia

Partner country	Type	Status
ASEAN	FTA	Under Implementation
ASEAN-Australia and New Zealand	FTA	Under Negotiation
ASEAN-China	CECA	Under Implementation
ASEAN-EU	FTA	Under Negotiation
ASEAN-India	RTIA	FA signed/FTA Under Negotiation
ASEAN-Japan	CEPA	Signed
ASEAN-Korea	CECA	Under Implementation
ASEAN+3	FTA	Proposed/Under consultation and study
ASEAN+6	FTA	Proposed/Under consultation and study
India	CECA	Proposed/Under consultation and study
Australia	FTA	Proposed/Under consultation and study
EFTA	FTA	Proposed/Under consultation and study
Japan	EPA	Under Implementation
Pakistan	FTA	FA signed/FTA Under Negotiation
Group of Eight Developing Countries	PTA	Signed
United States	FTA	Proposed/Under consultation and study

Established/ Proposed RTAs

Philippines

Partner country	Type	Status
ASEAN	FTA	Under Implementation
ASEAN-Australia and New Zealand	FTA	Under Negotiation
ASEAN-China	CECA	Under Implementation
ASEAN-EU	FTA	Under Negotiation
ASEAN-India	RTIA	FA signed/FTA Under Negotiation
ASEAN-Japan	CEPA	Signed
ASEAN-Korea	CECA	Under Implementation
ASEAN+3	FTA	Proposed/Under consultation and study
ASEAN+6	FTA	Proposed/Under consultation and study
Japan	EPA	Signed
Pakistan	FTA	Proposed/Under consultation and study
United States	FTA	Proposed/Under consultation and study

Established/ Proposed RTAs

Brunei

Partner country	Type	Status
ASEAN	FTA	Under Implementation
ASEAN-Australia and New Zealand	FTA	Under Negotiation
ASEAN-China	CECA	Under Implementation
ASEAN-EU	FTA	Under Negotiation
ASEAN-India	RTA	FA signed/FTA Under Negotiation
ASEAN-Japan	CEPA	Signed
ASEAN-Korea	CEPA	Under Implementation
ASEAN+3	FTA	Proposed/Under consultation and study
ASEAN+6	FTA	Proposed/Under consultation and study
Japan	FTA	Signed
Pakistan	FTA	Proposed/Under consultation and study
Trans-Pacific	SEPA	Under Implementation
United States	FTA	Proposed/Under consultation and study

Established/ Proposed RTAs

Vietnam

Partner country	Type	Status
ASEAN	FTA	Under Implementation
ASEAN-Australia and New Zealand	FTA	Under Negotiation
ASEAN-China	CECA	Under Implementation
ASEAN-EU	FTA	Under Negotiation
ASEAN-India	RTIA	FA signed/FTA Under Negotiation
ASEAN-Japan	CEPA	Signed
ASEAN-Korea	CECA	Under Implementation
Chile	FTA	Under Negotiation
ASEAN+3	FTA	Proposed/Under consultation and study
ASEAN+6	FTA	Proposed/Under consultation and study
Japan	EPA	Under Negotiation

Established/ Proposed RTAs

Cambodia

Partner country	Type	Status
ASEAN	FTA	Under Implementation
Australia and New Zealand	FTA	Under Negotiation
ASEAN-China	CECA	Under Implementation
ASEAN-EU	FTA	Under Negotiation
ASEAN-India	RTIA	FA signed/FTA Under Negotiation
ASEAN-Japan	CEPA	Signed
ASEAN-Korea	CECA	Under Implementation
ASEAN+3	FTA	Proposed/Under consultation and study
ASEAN+6	FTA	Proposed/Under consultation and study

Established/ Proposed RTAs

Laos

Partner country	Type	Status
ASEAN	FTA	Under Implementation
ASEAN-Australia and New Zealand	FTA	Under Negotiation
ASEAN-China	CECA	Under Implementation
ASEAN-EU	FTA	Under Negotiation
ASEAN-India	RTIA	FA signed/FTA Under Negotiation
ASEAN-Japan	CEPA	Signed
ASEAN-Korea	CECA	Under Implementation
Asia-Pacific Trade Agreement	FTA	Under Implementation
ASEAN+3	FTA	Proposed/Under consultation and study
ASEAN+6	FTA	Proposed/Under consultation and study
Thailand	PTA	Under Implementation

Established/ Proposed RTAs

Myanmar

Partner country	Type	Status
ASEAN	FTA	Under Implementation
ASEAN-Australia and New Zealand	FTA	Under Negotiation
ASEAN-China	CECA	Under Implementation
ASEAN-EU	FTA	Under Negotiation
ASEAN-India	RTIA	FA signed/FTA Under Negotiation
ASEAN-Japan	CEPA	Signed
ASEAN-Korea	CECA	Under Implementation
Bay of BIMSTEC	FTA	FA signed/FTA Under Negotiation
ASEAN+3	FTA	Proposed/Under consultation and study
ASEAN+6	FTA	Proposed/Under consultation and study

FTAs IN ASIA

- **India and FTAs**

- Problems with SAFTA
- Outside south Asia: trade light; foreign policy not economic policy; fear of China
- Part of overall trade-policy profile (stalled unilateral liberalisation and WTO defensiveness)

Established/ Proposed RTAs

India (i)

Partner country	Type	Status
ASEAN	RTIA	FA signed/FTA Under Negotiation
Asia-Pacific	FTA	Under Implementation
Bay of BIMSTEC	FTA	FA signed/FTA Under Negotiation
ASEAN+6	FTA	Proposed/Under consultation and study
Afghanistan	PTA	Signed
Australia	FTA	Proposed/Under consultation and study
Bhutan	FTA	Signed
Chile	PTA	Signed
Colombia	PTA	Proposed/Under consultation and study
Egypt	PTA	Under Negotiation
EFTA	FTA	Under Negotiation
EU	FTA	Under Negotiation
Gulf Cooperation Council	FTA	FA signed/FTA Under Negotiation
Indonesia	CECA	Proposed/Under consultation and study
Israel	PTA	Proposed/Under consultation and study
Korea	CEPA	Under Negotiation

Established/ Proposed RTAs

India (ii)

MERCOSUR	PTA	Signed
Mauritius	CECPA	Under Negotiation
Russian Federation	CECA	Proposed/Under consultation and study
Singapore	CECA	Under Implementation
Southern African Customs Union	CU/PTA	FA signed/FTA Under Negotiation
Sri Lanka	FTA	Under Implementation
Thailand	FTA	FA signed/FTA Under Negotiation
Uruguay	PTA	Proposed/Under consultation and study
Venezuela	PTA	Proposed/Under consultation and study
Nepal	FTA	Under Implementation
Japan	EPA	Under Negotiation
Malaysia	CECA	Proposed/Under consultation and study
New Zealand	FTA	Proposed/Under consultation and study
China	RTA	Proposed/Under consultation and study
South Asian	FTA	Under Implementation

Established/ Proposed RTAs

Sri Lanka

Partner country	Type	Status
Asia-Pacific	FTA	Under Implementation
Bay of BIMSTEC	FTA	FA signed/FTA Under Negotiation
Singapore	CEPA	Proposed/Under consultation and study
India	FTA	Under Implementation
Pakistan	FTA	Under Implementation
South Asian	FTA	Under Implementation
Iran	PTA	Signed
United States	FTA	Proposed/Under consultation and study

FTAs IN ASIA

- **Japan and FTAs**
 - Japan-ASEAN:
bilaterals take priority; agriculture carve outs;
unambitious on other market access; ROO
restrictiveness
 - Trade light and reactive compared with China

Established/ Proposed RTAs

Japan

Partner country	Type	Status
ASEAN	CEPA	Signed
ASEAN+3	FTA	Proposed/Under consultation and study
ASEAN+6	FTA	Proposed/Under consultation and study
Australia	EPA	Under Negotiation
Brunei	FTA	Signed
Canada	FTA	Proposed/Under consultation and study
Chile	CEPA	Under Implementation
Gulf Cooperation Council	FTA	Under Negotiation
India	EPA	Under Negotiation
Indonesia	EPA	Under Implementation
Korea	FTA	Under Negotiation
Malaysia	EPA	Under Implementation
Mexico	EPA	Under Implementation
Philippines	EPA	Signed
Singapore	EAP	Under Implementation
Switzerland	EPA	Under Negotiation
Thailand	EPA	Under Implementation
Vietnam	EPA	Under Negotiation
China-Korea	FTA	Proposed/Under consultation and study

FTAs IN ASIA

- **South Korea and FTAs**
 - Defensive on agriculture, but more serious than other Asian players
 - US-Korean FTA; negotiations with EU

Established/ Proposed RTAs Korea

Partner country	Type	Status
ASEAN	CECA	Under Implementation
Asia-Pacific	FTA	Under Implementation
Australia	FTA	Proposed/Under consultation and study
ASEAN+3	FTA	Proposed/Under consultation and study
ASEAN+6	FTA	Proposed/Under consultation and study
India	CEPA	Under Negotiation
Japan	FTA	Under Negotiation
Canada	FTA	Under Negotiation
Chile	FTA	Under Implementation
EFTA	FTA	Under Implementation
EU	FTA	Under Negotiation
Gulf Cooperation Council	FTA	Proposed/Under consultation and study
MERCOSUR	PTA	Proposed/Under consultation and study
Mexico	SECA	Under Negotiation
Singapore	FTA	Under Implementation
South Africa	FTA	Proposed/Under consultation and study
Thailand	FTA	Proposed/Under consultation and study
United States	FTA	Signed
Malaysia	FTA	Proposed/Under consultation and study
New Zealand	CEP	Proposed/Under consultation and study
China-Japan	FTA	Proposed/Under consultation and study
China	FTA	Proposed/Under consultation and study

FTAs IN ASIA

- **USA, EU and FTAs in Asia**

- US negotiations in Asia: strongly WTO-plus – “deep- integration” FTAs; Thailand and Malaysia (stalled), Korea (negotiated but not ratified)
- Changes in US trade policy: greater defensiveness; more difficult to negotiate agreements; FTAs stalled in Democrat Congress
- EU’s new Asian FTA policy: WTO-plus but not as much as US FTAs
- EU negotiations: India, Korea, ASEAN
- EU-China: High Level Strategic Economic Dialogue; PCA

FTAs IN ASIA

■ Regional economic integration

- APEC: a better yesterday; FTAAP unlikely
- ASEAN: Visions galore, but where's the beef? CEPT progress; AFAS, AIA weak; little progress on regulatory barriers; AEC and ASEAN Charter
- Wider regional integration initiatives: Northeast Asian FTA; ASEAN plus 1; ASEAN plus 3; ASEAN plus 6; EAEC, AEC. Any common denominators? Empty talk?
- FTAs unlikely to contribute much to regional economic integration; reliance on bilateral FTAs; disintegration dangers (ROO etc)

FTAs IN ASIA

- **Regional economic integration (cont.)**
 - Weak economic case for region-wide FTA (fragmentation trade, global networks, dangers of discrimination)
 - Political and economic divisions in Asia unlikely to allow for strong FTA; rather weak, trade-light plurilateral FTAs likely to emerge with noodle-bowl complications
 - What should be done? Prioritise unilateral reforms and multilateral rules; clean up FTAs (e.g. harmonise rules of origin, APEC best-practice model); caution with further FTA initiatives

FTAs IN ASIA

■ Asia in the WTO

- India: defensive, but slightly more flexible than before
- China: pragmatic, flexible but low key
- ASEAN: mixed; distracted with FTAs
- Japan/Korea: defensive, passive, punching below weight
- Asia needs effective WTO; but distracted with FTAs

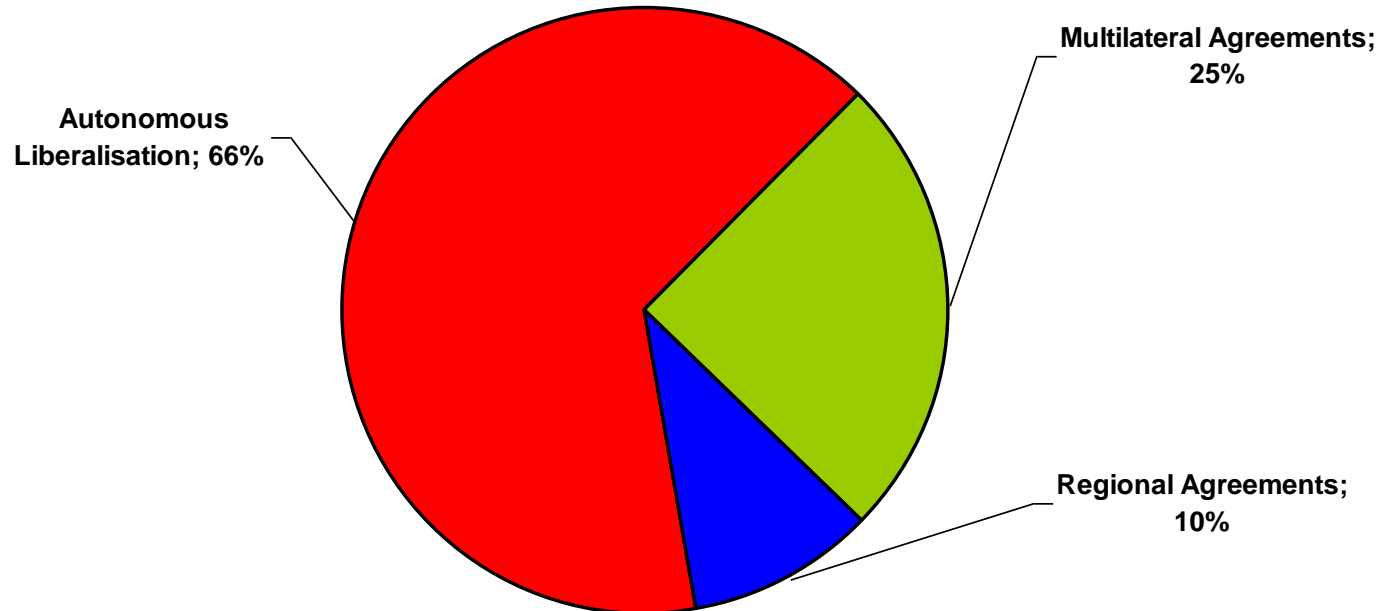
ASIA, GLOBALISATION, TRADE POLICY

Unilateral liberalisation – role of China

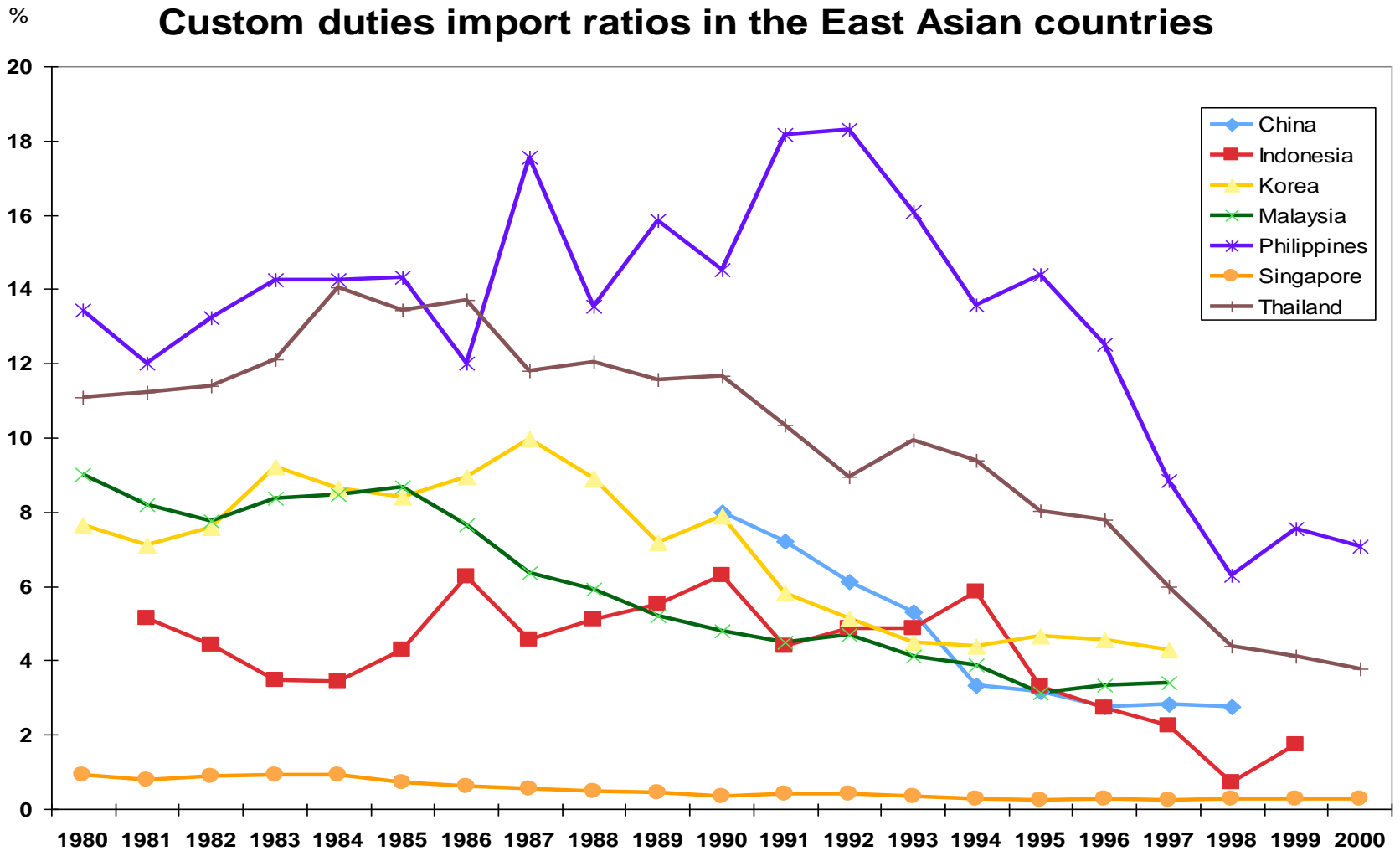
- WTO, FTAs and diminishing returns to trade negotiations
- Rely more on unilateral reforms and competitive emulation; the Chinese engine
- But leaves gaps, e.g. agriculture and rules

Share of total tariff reduction, by type of liberalization (1983–2003)

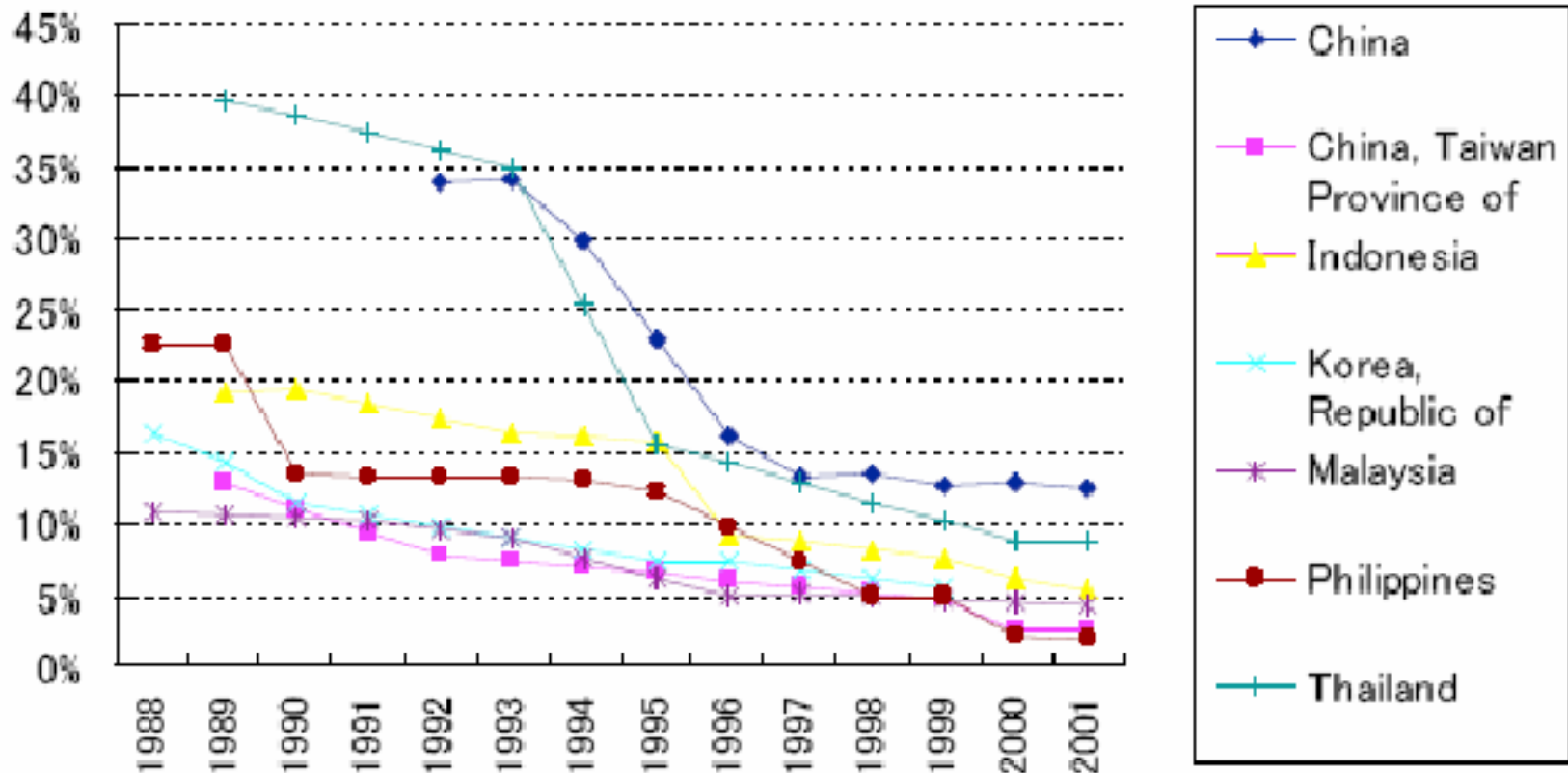
Share of Total Tariff Reduction, by Type of Liberalisation (1983-2003)



Unilateral Tariff Cutting



Formal unilateralism; reductions in applied MFN tariffs on machinery trade



ASIA, GLOBALISATION, TRADE POLICY

- **Three Post-Doha priorities**
 - WTO
 - FTAs
 - China-led unilateral liberalisation