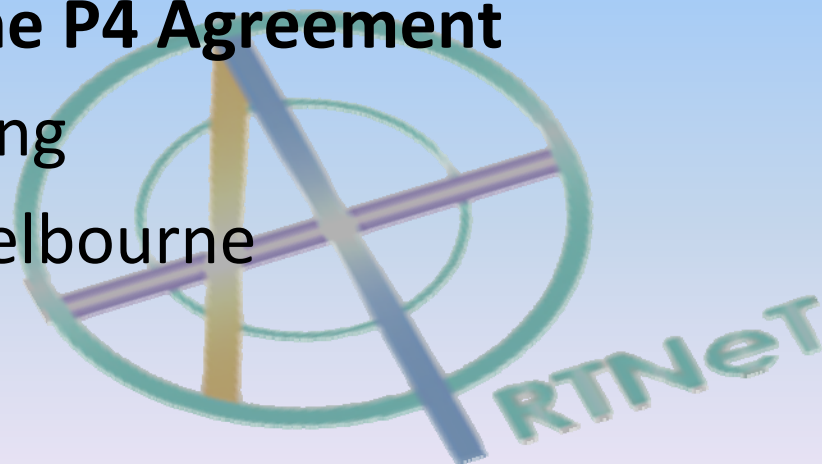


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**Multilateralising PTAs in the Asia-Pacific
Region: A Comparison of the ASEAN-
Australia-NZ FTA and the P4 Agreement**

Ann Capling
University of Melbourne



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Context

- Rapid proliferation of PTAs
- Broadly contesting PTA 'models'
- Proposals for broader regional economic architecture -- ASEAN-centred
- FTAAP to avoid 'split down the middle'
- APEC interest in various measures to develop larger regional arrangements

Purpose and overview

1. The paper assesses the AANZFTA and P4 agreements as building blocks to broader non-discriminatory liberalisation
2. Outlines recent thinking about how the structure and design of PTAs can advance or inhibit the multilateralisation of regionalism
3. Provides background on both agreements
4. Outlines and evaluates their key features using legal texts and existing analyses
5. Concludes



Taming the tangle of PTAs?

PTAs are here to stay.

APEC initiatives include:

1. non-binding 'model measures'
2. analytical work on merging and docking PTAs
3. Negotiation of PTAs that are supportive of 'multilateralising regionalism', eg P4

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Multilateralising Regionalism?

- Focus has been on trade in goods
- Recent work examines NTBs and finds that they may promote multilateralisation
- Through inclusion of MFN provisions for rules/policies by design or because it is unfeasible to discriminate; 3rd party MFN clauses etc

(Baldwin, Evenett, Low 09)

Why AANZFTA and P4?

1. Neither involves a hegemon that can impose its preferences
2. Both include developed and developing countries in the region
3. Both touted by their architects as high quality, WTO-plus PTAs that could be building blocks for greater integration

Trans-Pacific Economic Partnership Agreement (P4)

- Emerged from Chile's interest in PTAs with Singapore and NZ
- Became an APEC project in 2002
- Brunei joined near end of negs in 2005
- Has accession clause
- In 2008, US, Australia, Peru and Vietnam signalled interest in joining a new TPP



AANZFTA

- Strategic priority for Australia
- Economic significance: 600 million people with annual GDP of \$1.9 trillion USD
- ASEAN's most comprehensive PTA
- WTO-plus provisions on services and IP
- But no GP, and market access commitments in investment are not yet scheduled

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AANZFTA and P4: ROOS

- Main problems with ROOs are their restrictiveness and divergence (Estevadeordal et al 09)
- ROOS in East Asia region are generally less restrictive than elsewhere
- But divergence of ROOs regimes is problematic with competing models (East Asian VC and NAFTA CTC models)

ROOs and ROCs, cont'd

- P4 uses CTC and additional rules to determine origin
- AANZFTA manages divergence by allowing 'co-equal' approach – VC or CTC
- novel and promising development
- Both have relatively permissive rules of cumulation (regional)



Trade in Services

- Both have (modest) WTO-plus liberalisation
- P4 is 'friendlier' to multilateralism
- Upward ratcheting of policy bindings
- Third party MFN as of right
- Negative list approach
- 'Necessity test' for domestic regulatory regimes

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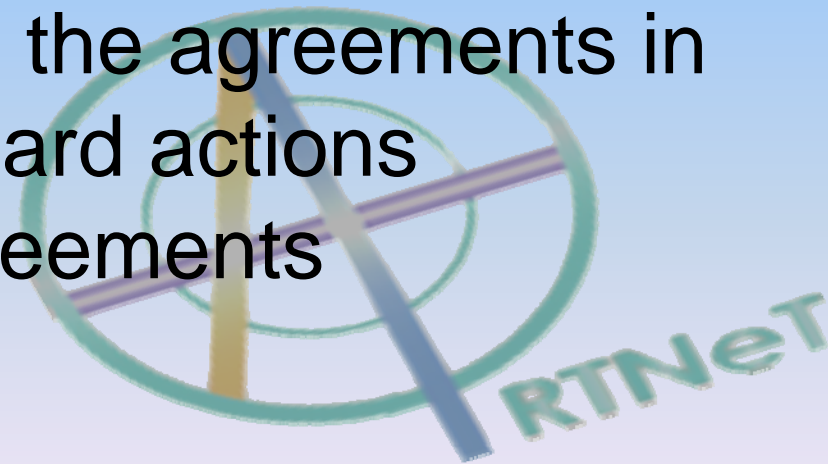
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Competition Policy

- Highly divergent approaches to treatment of competition policy in Asia-Pacific
- P4 has strong provisions on core principles of non-discrimination, transparency and due process
- AANZFTA is much weaker, reflecting weak competition policy regimes in ASEAN

TBTs & Trade Remedies

- TBT chapters in both agreements are consistent with trend for PTAs to reinforce WTO rules
- In both agreements, no additional rights are granted to parties to the agreements in relation to global safeguard actions allowed under WTO agreements



At a glance, P4 is better

	AANZFTA	P4
ROOs	✓✓	✓
Services	✓	✓✓
Comp Policy		✓
Trade Remedies	✓	✓
TBTs	✓	✓

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But P4 may not be the better building block in the Asia-Pacific

- AANZFTA of greater economic significance but lacks many key elements of a WTO-plus PTA
- An expanded P4 could be attractive, but political economy factors weight against it
- BUT, neither is terribly harmful to multilateralism and both reinforce or advance non-disc liberalisation and WTO rules & norms