1. Multilateralism vs. Regionalism

2. APEC and open Regionalism
EMERGENCE OF GATT SYSTEM

- 1944 Bretton Woods Conference: Birth of IMF/IBRD
- 1946 UN ECOSOC decided to establish International Trade Organization
- 1947 General Agreements on Tariffs and Trade
- 1948 Havana Charter was completed
  - ITO failed to launch due to US Congress‘ disapproval
  - Protocol of provisional application (PPA)
MULTILATERAL TRADE NEGOTIATION ROUNDS

- 1947 Geneva Round – 23 countries
- 1949 Annecy Round – 33 countries
- 1950-51 Torquay Round – 34 countries
- 1955-56 Geneva Round – 22 countries
- 1960-61 Dillion Round (A) – 45 countries
- 1963-67 Kennedy Round (B) – 48 countries
- 1973-79 Tokyo Round (C) – 99 countries
- 1986-94 Uruguay Round (D) – 124 countries
- 2001-04 (?) Doha Development Agenda – 145 countries
ESTABLISHMENT OF WTO

• WTO was established in 1995
  - Unlike the GATT, the WTO is an international organization with its own secretariat
  - Unlike the GATT, the WTO Agreements encompass trade in goods, services and IPRs

• Marrakesh Agreement establishing WTO
  - Annex 1: Annex 1A(Goods), 1B(Services), 1C(IPRs)
  - Annex 2: Understanding on Rules and Procedures Governing the Settlement of Disputes
  - Annex 4: Plurilateral Agreements(Procurement, Aviation, Bovine meat)
DEVELOPMENT OF RTAs

- **The first Regionalism (1960s-70s)**
  - European union and other economic integration bodies

- **The second Regionalism (late 1980s – 90s)**
  - Concerns about possible failure of UR and the challenges against the GATT as MTS
  - Changes of US posture (NAFTA, FTA with Canada etc)
  - Characteristics: Agreements among developed countries, Trade+ rules, Precipitation of liberalization

- **The third Regionalism (2000s)**
  - Competitive liberalization
TYPES OF RTAs

RTAs in force by type of Agreements

Customs union
Partial scope
Free trade

RTAs notified to the GATT/WTO (1948-2002)

Year
No. of RTAs

Establishment of the WTO

ECONOMICS OF RTAs

• **Trade creation vs. Trade diversion**
  - Trade creation: Trade is increased between or among RTA parties
  - Trade diversion: Trade with non-RTA parties generally decreases when a substantial portion of trade is diverted to RTA parties due to lower trade barriers

• **Building blocks vs. Stumbling blocks**
  - Building block: WTO is too slow to accommodate the needs for rapid liberalization; So RTAs can go beyond WTO purview
  - Stumbling block: Proliferation of inherently discriminative RTAs would burden coherent development of MTS
Regionalism in APEC Region

- Economic Regionalism
  - CER, AFTA, NAFTA, Bilateral FTAs
  - Driving Forces, Characteristics, Risks
- Political Regionalism
  - ASEAN, ARF, CSCAP, 6-Party Talks
- Open Regionalism
  - Open, Non-discriminatory, MFN based
  - New Experiment
APEC and Open Regionalism
BACKGROUND TO ESTABLISHMENT

- Multilateralism vs Regionalism
- Changes in US Policy
- Business Sector’s Demand
ORIGINS OF APEC

• Established in Canberra, Australia in 1989

• 12 Founding Members from Around the Pacific Rim

• Focus on Global Trade Liberalisation
AIM AND GOALS

• Aim – To Advance Economic Dynamism and Sense of Community within the Asia-Pacific Region

• Bogor Goals – Free and Open Trade and Investment in the Asia-Pacific by 2010 for Industrialised Economies and 2020 for Developing Economies
SCOPE OF WORK

• Trade and Investment Liberalisation and Facilitation

• Economic and Technical Cooperation

• New Challenges
  – Addressing the Security Agenda
  – Addressing the Regional Trade Arrangements
  – Making APEC more efficient (Reform)
DEVELOPMENT PROCESS

• Foundation Period (1989 -1992)
  – Informal Ministerial-Level Dialogue
  – Agreement on Modus Operandi

• Vision Setting (1993-1995)
  – First Economic Leaders’ Meeting
  – Bogor Goals of Free and Open Trade and Investment
  – Osaka Action Agenda Framework for Meeting the Bogor Goals

• Implementation (1996-2000)
  – Collective and Individual Action Plans
  – Action Plan for the New Economy

• New Courses (2001 – Present)
  – Shanghai Accord
  – Counter-Terrorism
GLOBAL COMPARISON

Population

Combined GDP and Global Trade
UNIQUE FEATURES

• Consultative process
• Committed to unilateral liberalisation
• Obligations undertaken on voluntary basis
• Decision making by consensus
• Small staff and budget
• Not a donor organisation
### CURRENT MEMBERSHIP

<table>
<thead>
<tr>
<th>Year</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>Australia, Brunei Darussalam, Canada, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, United States of America</td>
</tr>
<tr>
<td>1991</td>
<td>China, Chinese Taipei, Hong Kong, China</td>
</tr>
<tr>
<td>1993</td>
<td>Mexico, Papua New Guinea</td>
</tr>
<tr>
<td>1994</td>
<td>Chile</td>
</tr>
<tr>
<td>1998</td>
<td>Peru, Russia, Viet Nam</td>
</tr>
</tbody>
</table>
APEC Members are referred to as ‘Economies’. Members Cooperate as Economic Entities and not as Nations.

Leaders’ Meet at an Informal Leaders’ Meeting and not in a Leaders’ Summit.

Currently there is a Moratorium on Membership until 2007.
Each Year One of APEC’s Member Economies acts as Host Economy –

- 1993 USA
- 1994 Indonesia
- 1995 Japan
- 1996 The Philippines
- 1997 Canada
- 1998 Malaysia
- 1999 New Zealand
- 2000 Brunei Darussalam
- 2001 China
- 2002 Mexico
- 2003 Thailand
- 2004 Chile
HOW APEC OPERATES

Policy Level –

• Economic Leaders’ Meeting – Provides APEC Policy Direction Through Annual Declaration.

• Ministerial Meeting – Take Stock of the Year’s Activities and Provide Recommendations to Leaders.

• Sectoral Ministerial Meetings

• APEC Business Advisory Council
HOW APEC OPERATES

Working Level:

- Senior Officials’ Meeting
- Committee on Trade and Investment
- SOM Committee on Economic and Technical Cooperation
- Economic Committee
- Budget and Management Committee
• 1989/93 – Administration and Support Functions by Economies.

• 1993 – Permanent Secretariat Established in Singapore with Staff of 12.

• 2004 – Executive Director, Deputy Executive Director, 22 Seconded Program Directors and 27 Specialist/Support Staff

• Budget (2004)
  – Administration – US$3.5 Million
  – Operational – US$1.9 Million
  – Trade and Investment Liberalisation and Facilitation Special Account – US$4.2 Million
NEW CHALLENGES

• Fully Utilise the Potential of the Economic Leaders’ Meeting
• Address the Proliferation of Sub-Regionalism
  - Challenges for Open Regionalism
• Balancing of TILF and Ecotech
• Addressing Non-Trade Issues
  - Security, Health etc.
• APEC Reform
• Thank You!