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The fate of the original 12-nation TPP appeared to have been sealed when the US pulled out in January, almost as soon as US President Donald Trump started work in the White House Oval Office.

But in recent months, the remaining 11 members have floated the idea of moving forward with an agreement. Meeting in Da Nang, Vietnam, in November, the 11 nations — Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam — agreed to the “core elements” of a reworked agreement.

But even a reworked TPP-11 could fall within the much larger group of countries that may eventually make up the FTAAP.

Various studies have suggested that the FTAAP could generate economic gains three times as large as those generated by any other agreement. China has become its leading advocate.

The FTAAP would include the 21 members of the Asia-Pacific Economic Cooperation (APEC) forum, creating a massive free trade zone that would boost economic integration and eliminate the overlap created by the noodle bowl of FTAs. A report from the Pacific Economic Cooperation Council has estimated that the FTAAP, when realized, will add \$2.4 trillion to the global economy.

“When FTAAP is agreed and comes into force, it will have significant impact on trade in Asia Pacific

... However, terms will be key,” said Tony Nash, founder and CEO of data analytics firm Complete Intelligence.

But to benefit all participants most, the terms of the deal will have to be evenly enforced. “Unless participating countries are committed to adherence to a rules-based system, we won’t see the full benefits,” Nash said.

The FTAAP was first proposed in 2006 and a road map was endorsed at the 2014 APEC meeting in Beijing.

“Free trade will be good for the Asian region supply chain, which is already tightly integrated,” said Ben Simpfendorfer, an economist and CEO at Silk Road Associates in Hong Kong. “Free trade will initially benefit established countries, like Singapore, Malaysia and Vietnam. The frontier markets like Myanmar might still have challenges.”

The potential of RCEP, FTAAP and deals like the one between China and ASEAN is a major factor in the massive growth in global trade.

“Over the last few decades, economic globalization has contributed significantly to global growth,” said President Xi, speaking to the APEC summit in Da Nang on Nov 10. “Indeed, it has become an irreversible historical trend.”

“In pursuing economic globalization, we should make it more open, more inclusive, more balanced, more equitable and more beneficial to all,” Xi said.

Total global exports amounted to just \$61.8 billion in 1950, started growing exponentially after the

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1980s and increased more than 56 times to \$3.5 trillion by 1990. They almost doubled again by 2000 to \$6.45 trillion and peaked at \$19.4 trillion in 2014, more than 300 times larger than in 1950.

Through 2015 and 2016, however, globalization hit a snag and total global exports dropped to a little below \$16 trillion even as China’s own trade continued to rise to account for more than an eighth of the world total.

Despite all that growth, questions have arisen about the ideal balance between free trade and protectionism.

The debate has intensified recently at some of the most important global and regional trade, economic and policy forums. The question was front and center during November’s APEC summit in Vietnam and during a series of meetings held by ASEAN and its main partners at the EAS, which includes 18 countries and is traditionally held after the ASEAN leaders’ meetings.

On the face of it, APEC is generally committed to the idea of more open borders and globalization.

Yang from Jincheng Tongda & Neal said APEC members generally “oppose trade protection and encourage open markets. (They) promote free and open trade and investment, enhance trade inclusiveness, and support better market access opportunities.”

The push toward more comprehensive deals in the region is hap-

pening amid a backlash against free trade in places like the US and the United Kingdom.

In the meantime, however, Asian economies, led by China, have continued to build up the regional trade blocs, and there is much investment in infrastructure under the Belt and Road Initiative.

“Several ASEAN countries are also participating enthusiastically in the Belt and Road Initiative, which is facilitating China’s outward investment in these countries and generating trade,” said Palit from the Institute of South Asian Studies.

Timothy Barnes, president of Asia Pacific Consulting, said that China’s global trade position has shifted dramatically over the last 12 months, primarily due to Trump pulling out of the TPP.

“If we look back to late last year, the US had led a 12-nation TPP agreement binding key Asian countries, effectively leaving China out in the cold,” he said. “At the same time, the RCEP was on ice as it was widely believed the TPP was the better of the two (multilateral agreements), providing access to the US market.”

Barnes noted that once the US exited the TPP, the RCEP began to gain momentum.

“This, coupled with China’s (Belt and Road Initiative) and Xi’s open trade policy rhetoric, has put China at the forefront of Asian trade, and will only consolidate its position as the US takes a more protectionist stance.”



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