



# New Directions in Asia-Pacific Economic Integration

*Ambassador Tang Guoqiang*

*Peter A. Petri*

EDITORS

China National Committee for Pacific  
Economic Cooperation (CNCPEC)

*and the* United States Asia  
Pacific Council (USAPC)



EAST-WEST CENTER

COLLABORATION • EXPERTISE • LEADERSHIP

**NEW DIRECTIONS IN ASIA-PACIFIC ECONOMIC INTEGRATION**

### **China National Committee for Pacific Economic Cooperation (CNCPEC)**

The China National Committee for Pacific Economic Cooperation is a national organization established in 1986 in accordance with the PECC Charter, which comprises tripartite representatives from government, business and industry, academic and other intellectual circles, all participating in their private capacities. The objective of the National Committee is to seek and promote economic cooperation and prosperity within the Pacific region. The CNCPEC secretariat is located in Beijing at the China Institute for International Studies.

### **United States Asia Pacific Council (USAPC)**

A network of private American citizens, the United States Asia Pacific Council promotes the constructive engagement of the United States with the Asia-Pacific region. An East-West Center-sponsored and administered program, established with the encouragement of the Department of State, the Council provides the framework for US engagement in the Pacific Economic Cooperation Council.

### **East-West Center**

The East-West Center promotes better relations and understanding among the people and nations of the United States, Asia, and the Pacific through cooperative study, research, and dialogue. Established by the US Congress in 1960, the Center serves as a resource for information and analysis on critical issues of common concern, bringing people together to exchange views, build expertise, and develop policy options. The Center has research, residential, and conference facilities in Honolulu, and a Washington, DC, office that focuses on preparing the United States for an era of growing Asia Pacific prominence.

# New Directions in Asia-Pacific Economic Integration

*Ambassador Tang Guoqiang*

*Peter A. Petri*

EDITORS

China National Committee for Pacific Economic Cooperation  
(CNCPEC)

United States Asia Pacific Council (USAPC)



EAST-WEST CENTER

COLLABORATION • EXPERTISE • LEADERSHIP

Copyright © 2014 by the East-West Center

New Directions in Asia-Pacific Economic Integration  
Ambassador Tang Guoqiang and Peter A. Petri, editors

ISBN 978-0-86638-250-2 (print) and 978-0-86638-251-9 (electronic)

The views expressed in this volume are those of the authors and not necessarily those of the sponsors or the publisher.

Free electronic files of the volume are available on the East-West Center website.  
[EastWestCenter.org/Publications](http://EastWestCenter.org/Publications)

Publications Office  
East-West Center  
1601 East-West Road  
Honolulu, Hawai'i 96848-1601  
Tel: 808.944.7145

[EWCBooks@EastWestCenter.org](mailto:EWCBooks@EastWestCenter.org)

Find the East-West Center website at [EastWestCenter.org](http://EastWestCenter.org)

# Contents

## Introduction / 1

*Ambassador Tang Guoqiang, Chair, China National Committee  
for Pacific Economic Cooperation*

## THE TRANS-PACIFIC PARTNERSHIP NEGOTIATION

### 1 The Trans-Pacific Partnership: Looking Ahead to Next Steps / 9

*Deborah Kay Elms, Director, Asian Trade Centre in Singapore*

### 2 Japan's Approach to the TPP / 23

*Masahiro Kawai, Project Professor, Graduate School  
of Public Policy, University of Tokyo*

### 3 Canada and the TPP: Short-Term Tactics and Long-Term Strategy / 44

*Hugh Stephens, Vice Chair, Canadian National Committee  
on Pacific Economic Cooperation*

### 4 Chile and the TPP: Waiting for Outcomes / 54

*Rodrigo Contreras, Chile's former lead TPP negotiator*

### 5 How Far Away Is China from the TPP? / 66

*Zhang Jianping, Director, Institute for International Economic  
Research at the National Development and Reform Commission*

- 6 The TPP, China, and FTAAP: The Case for Convergence / 78  
*Peter A. Petri, Professor of International Finance,  
Brandeis International Business School*  
*Michael G. Plummer, Eni Professor of International  
Economics, The Johns Hopkins University, SAIS*  
*Fan Zhai, Managing Director and Head of the Asset Allocation and  
Strategic Research Department, China Investment Corporation*

THE REGIONAL COMPREHENSIVE ECONOMIC  
PARTNERSHIP NEGOTIATION

- 7 The Regional Comprehensive Economic Partnership:  
An Initial Assessment / 93  
*Ganesan Wignaraja, Director of Research,  
Asian Development Bank Institute*
- 8 East Asian Multi-Track Regional Partnership / 106  
*Djisman Simandjuntak, Senior Economist and  
Chairman of the Board of Directors, Center for Strategic  
and International Studies Foundation*
- 9 A Stages Approach to Regional Economic Integration  
in Asia Pacific: The RCEP, TPP, and FTAAP / 119  
*Shujiro Urata, Professor of International Economics,  
Waseda University*
- 10 The RCEP: A Chinese Perspective / 131  
*Quan Yi, Editor-in-Chief, Asia-Pacific Economic Review*
- 11 South Korea's Recent FTA Policy: A Personal Viewpoint / 138  
*Inkyo Cheong, Professor of Economics, Inha University*
- 12 Australia's Free Trade Agreements with Japan  
and South Korea: Lessons for the Future / 150  
*Christopher Findlay, Executive Dean of the Faculty  
of the Professions, University of Adelaide*

THE ASIA-PACIFIC ECONOMIC COOPERATION FORUM

- 13 APEC in 2014: Meeting New Challenges / 163  
*Zhang Yunling, Director of International Studies,  
Chinese Academy of Social Sciences*
  
- 14 US Economic Strategy in the Asia-Pacific Region:  
Promoting Growth, Rules, and Presence / 169  
*Matthew P. Goodman, William E. Simon Chair in Political  
Economy, Center for Strategic and International Studies*
  
- 15 Where to with Cooperation Across Asia and the  
Pacific Now? / 180  
*Peter Drysdale, Emeritus Professor of Economics,  
The Australian National University*
  
- 16 Placing Increased Priority on Services in APEC / 193  
*Sherry Stephenson, Senior Fellow, International Centre  
for Trade and Sustainable Development*
  
- 17 Connecting APEC Economies Through Infrastructure,  
Governance, and Social Inclusion / 208  
*Tan Khee Giap, Co-Director, Asia Competitiveness Institute, Lee  
Kuan Yew School of Public Policy, National University of Singapore  
Yap Xin Yi, Research Assistant, Asia Competitiveness Institute, Lee  
Kuan Yew School of Public Policy, National University of Singapore*
  
- 18 APEC's Role in Promoting Asia-Pacific Regional  
Economic Integration / 224  
*Liu Chenyang, Director and Professor of APEC  
Study Center of China, Nankai University*

TOWARD CONVERGING FRAMEWORKS

- 19 The TPP and RCEP: Prospects for Convergence / 235  
*Robert Scollay, Director, New Zealand APEC Study Centre*



- 20 Asia-Pacific Economic Integration: Projecting the  
Path Forward / 246  
*Jeffrey J. Schott, Senior Fellow, Peterson Institute  
for International Economics*
- 21 Regional Economic Integration Strategy of South Korea / 254  
*Sangkyom Kim, Senior Research Fellow (on leave),  
Korea Institute for International Economic Policy*
- 22 How to Push the WTO Doha Round in the Current  
RTA Talks? / 267  
*Winichai Chaemchaeng, Director of the International Institute  
for Asia-Pacific Studies, Bangkok University*
- 23 The Asia-Pacific Cooperation Agenda: Moving from  
Regional Cooperation Toward Global Leadership / 279  
*Charles E. Morrison, President, East-West Center*
- Contributors / 287

# Acronyms

ACI	Asia Competitiveness Institute
ADB	Asian Development Bank
AEC	ASEAN Economic Community
AIIB	Asian Infrastructure Investment Bank
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
BIT	bilateral investment treaty
BOT	build-operate-transfer agreement
CEPEA	Comprehensive Economic Partnership in East Asia
CETA	Canada-EU Trade Agreement
CGE	computable general equilibrium
CJK FTA	China-Japan-Korea FTA
CMIM	Chiang Mai Initiative Multilateralization
CSIS	Center for Strategic and International Studies
DSM	dispute settlement mechanism
EA	East Asia
EAFTA	East Asia Free Trade Area
EAS	East Asia Summit
EFTA	European Free Trade Association
EG list	APEC List of Environmental Goods
EPA	economic partnership agreement
EU	European Union
FDI	foreign direct investment
FTA	free trade agreement
FTA	free trade area
FTAAP	Free Trade Area of the Asia-Pacific

GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GCC	Gulf Cooperation Council
GDP	gross domestic product
G-20	Group of Twenty Finance Ministers and Central Bank Governors
GVC	global value chain
IP	intellectual property
IPR	intellectual property rights
ISDS	investor-state dispute settlement
ITA	Information Technology Agreement
KORUS FTA	Korea-US FTA
LDEs	least-developed or less-developed economies
MAFF	Ministry of Agriculture, Forestry, and Fishery
MDB	multilateral development bank
MERCOSUR	South American Common Market
METI	Ministry of Economy, Trade, and Industry
MFN	most-favored nation
MNC	multinational corporation
MTS	multilateral trading system
NAFTA	North American Free Trade Agreement
NAMA	nonagricultural market access
NGO	nongovernmental organization
OECD	Organisation for Economic Co-operation and Development
PECC	Pacific Economic Cooperation Council
P4	Pacific 4 (Chile, Brunei, New Zealand, and Singapore)
R&D	research and development
RCEP	Regional Comprehensive Economic Partnership
REI	regional economic integration
ROO	rules of origin
RTA	regional trade agreement
S&D	special and differential treatment
S&T	science and technology
SME	small- and medium-sized enterprises

SOE	state-owned enterprise
SPS	sanitary and phytosanitary measures
TBT	technical barriers to trade
TPA	trade promotion authority
TPP	Trans-Pacific Partnership
TRQ	tariff rate quota
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
TTIP	Transatlantic Trade and Investment Partnership
UNESCO	United Nations Educational, Scientific, and Cultural Organization
USTR	Office of the US Trade Representative
WTO	World Trade Organization