

**New issues of regional trade and investment liberalization: Political, Social Issues and Regional Options to Move Ahead**

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Key discussion points:

My comments will focus on options for Asia in the wake of the US presidential election. My analysis is that the Trans Pacific Partnership (TPP), led by the USA is in limbo for the immediate to medium term. The question arises what options are there for Asians to consider.

While some will turn their attention to other FTAs, especially the Regional Comprehensive Economic Partnership (RCEP), I believe these have their own challenges and will not, in any event, come close to the level of economic integration of the TPP.

I suggest that there are three efforts that Asians and should make.

The first is at the national level for reform in line with each government's effort to attract more and higher quality investments in a world that is short of growth factors. Reformers in each country must however deal with nationalist/ protectionist sentiments.

This brings me to the second effort to be made. Reforms towards a more liberal and open economy must be tied with efforts towards more inclusive and growth strategies at the domestic level. The case must be made and proven that economic reform and opening will benefit the majority of ordinary people and improve their lives, whether directly or through state intervention and fiscal policy. The populist sentiment that was felt in the US general election is by no means unknown in Asia and ASEAN.

The third necessity for Asians is at the regional effort to consider how economic integration can and should proceed. For ASEAN *inter se*, with its 2025 agenda, the post-Trump imperative is to keep focused and move forward and to try to harmonize efforts made by different ASEAN members according to their own national reform and opening efforts. The key country for this will be Indonesia, not as a pace setter but the center of gravity; if Indonesia can move forward even incrementally, as the Jokowi administration seems to be doing, ASEAN will move. The group can witness progress through parallel and coordinated national reform.

For the RCEP, the task will be harder as several large economies are to a considerable degree in competition for investments and growth. RCEP has been delayed and, even more important, there seems to be a relatively low level of ambition amongst key members.

A third option to consider is for a major Asian economy to take the initiative towards an agreement with higher standards, even if among a more limited group. Asians should be to consider a “TPP minus” initiative – utilizing the TPP agreement that has been negotiated as a template but with the flexibility to include fewer members and with levels of ambition that are reduced (and yet still ahead of RCEP or other existing FTAs).