

# **REGIONAL ECONOMIC INTEGRATION: EVOLUTION, CHALLENGES & ROLE OF APEC**

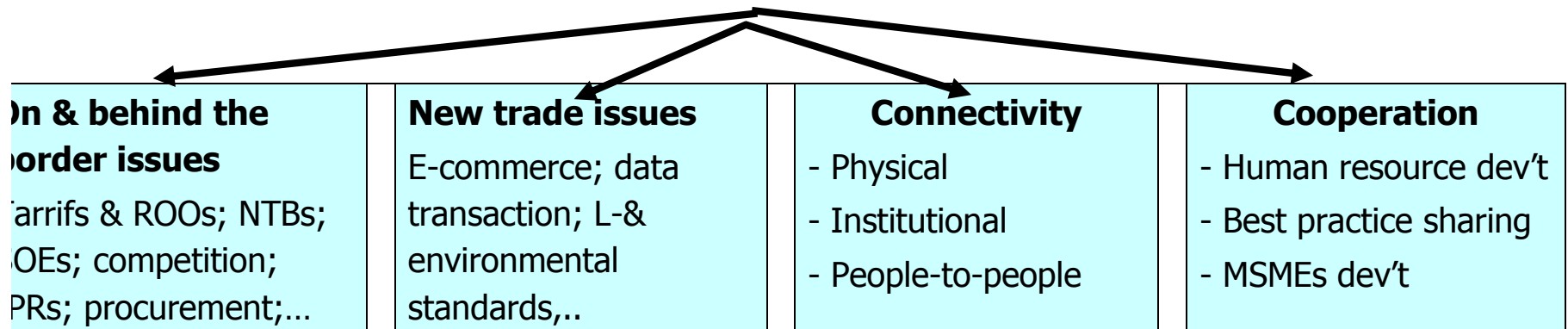
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# Evolution

- ❑ Support of multilateral system (WTO)
- ❑ Extension of cooperation (liberalization & sense of community promotion)
- ❑ Proliferation of FTAs. Two major tracks:
  - ASEAN integration & AEC, ASEAN +1 FTAs, RCEP
  - TPP: driven by US pivot toward Asia (a high quality FTA)
- ❑ Connectivity for a more effective integration: MPAC; APEC ACB; countries' initiatives (China's OBOR; Japan Fund Initiative...)

## Key aspects/dimensions



## ***Main ideas***

- ❑ Trade, investment, and services liberalization (*Business opportunities with a level playing field*)
- ❑ Facilitation & connectivity (*Easier access to new opportunities & Reduction of business transaction costs*)
- ❑ Cooperation (*Improvement of institutional and human capacity for exploiting efficiently new opportunities & being more resilient to various shocks/"non-traditional security issues*)
- ❑ Purposes: Prosperity + Inclusive, sustainable growth + Narrowing dev't gap

# Issues/Challenges

(despite many factors supporting new/mega FTAs such as open regionalism, market forces,...)

- ❑ Political will & leadership? (direction: populism, nationalism, anti-trade liberalization & protectionism)
- ❑ Inappropriate way in dealing with regional geo-political problems
- ❑ Benefit & income distribution? (between economies & within economy)
- ❑ New (4<sup>th</sup>) technology revolution & impacts (on services; income gap & production networks/GVCs)
- ❑ Industrialization/Modernization & getting out of “low cost labour trap” and overcoming “middle-income trap”?

# Role of APEC

- ❑ APEC is about liberalization of trade and investment (3 pillars: trade & investment liberalization; business facilitation; ECOTECH)
- ❑ Even with the key principles: consensus + non-binding (V-APEC), APEC can play a crucial role for promoting regional integration and sustainable development. There are some important institutional mechanisms:
  - APEC Summit (Leaders of 21 economies)
  - Pathfinders/Initiative Groups
  - The way of building up multi-year programs (e.g. structural reform; ACB 2015-2025; inclusive growth)
- ❑ APEC Vision beyond 2020? APEC support of FTAAP?

<b><i>Mega-trends over next 20 years (MPI&amp;WB, VN 2035)</i></b>	<b><i>Vision of ASEAN integration</i></b>	
	<b>By 2015</b>	<b>By 2025</b>
<ol style="list-style-type: none"> <li>1. Multi polar world; geo-political and middle-class pressure</li> <li>2. Aging population; urbanization (“green” and “smart” city)</li> <li>3. Artificial brain; 3-D printing; production upon request; new energy; SMAC; biotechnology.</li> <li>4. Super FTAs (TPP, TIIP, RCEP, FTAAP); regional &amp; global institutional reforms</li> <li>5. Resource competition (water, energy) and climate change</li> <li>6. Arising Asia (China, India)</li> <li>7. USD dominates then gradually decreases (Optimal currency group?)</li> </ol>	<p><u>4 pillars:</u></p> <ol style="list-style-type: none"> <li>1. Common prod base &amp; single market</li> <li>2. Competitive regional economy</li> <li>3. Equitable dev’t</li> <li>4. Integration into the global economy</li> </ol>	<p><u>5 pillars:</u></p> <ol style="list-style-type: none"> <li>1. A highly integrated &amp; cohesive economy</li> <li>2. A competitive, innovative &amp; dynamic ASEAN</li> <li>3. Enhanced connectivity &amp; sectoral cooperation</li> <li>4. A resilient, inclusive &amp; people-oriented, people-centred ASEAN</li> <li>5. A global ASEAN</li> </ol>

***Thank you!***

