

Trade-led Growth in Times of Crisis
Asia-Pacific Trade Economists' Conference
2-3 November 2009, Bangkok

Session 5

Revisiting Sectoral Liberalization:
An Alternative to the FTAAP? Implications
on the Philippines

George Manzano and Myrene Bedaña

Asia-Pacific Research and Training Network on Trade

www.artnetontrade.org

Revisiting Sectoral Liberalization

An Alternative to FTAAP?

George Manzano
and
Myrene Bedano

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Session 5: Design of inclusive trade policies
ESCAP, Bangkok, Thailand
2 November 2009

Objectives

1. Discuss rationale and feasibility of the FTAAP
2. Present alternative modality for trade liberalization in APEC
3. Assess relative position of individual APEC members in the proposed liberalization scheme: Philippines as a case study

Merits of the FTAAP

To energize APEC trade goals
As catalyst to the Doha Round
Need for a back-up plan to DDA
At least that is the idea...

Features:

Far more ambitious endeavor
than the WTO

Requires the elimination of
tariffs on 'substantially all
trade' ~ 90% of tariff lines?

Must be 'high quality'

Demands more negotiating
resources

Feasibility of the FTAAP

Serious questions about the feasibility of the FTAAP in the foreseeable future

Sheer number and heterogeneity of participants

Divergent priorities and approaches to trade treatise

Persistence of sticky issues

Weak political salability

Sensitive political dynamics among members

An Alternative Strategy?

If one were to push the trade liberalization agenda in APEC, on an MFN basis, how would you do it?

An alternative approach:

Open Regionalism?

- Liberalization on an MFN basis
- Liberalization on a sectoral basis
- Key is to have an analytical basis for the choice of the sector

Politically acceptable

Minimize 'free riders'

ISSUE: How do you choose the sector?

The 'Free Rider' Problem

What sectors should you liberalize?

Concerns of 'free-riding' by non-APEC members as tariff reductions are automatically extended via the MFN principle

Wonnacott addressed the issue of 'free riding' in 1995

The 'Principal supplier' or 'dominant supplier' approach

tariff reduction only on goods where APEC is a dominant supplier

Intuitively, the benefit of tariff reductions on these goods would only accrue to APEC members, simply, because non-APEC members do not export them

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_8155



cal
ion

rential Club

Woodland (2006)

A variant of 'open regionalism'

A group of countries that agree to coordinate their non-discriminatory tariff policies and to undertake internal income transfers.

Improve the efficiency of the resource allocation and welfare of the members of the club, at the same time leave the welfare of the non-members untouched, i.e. a Pareto-improvement.

An important feature though is that the 'coordinated tariff reforms' of the club members requires some members to raise their tariffs and some to fall or even allow subsidies

Consistent with the spirit of the WTO in that whatever arrangements members make to improve their welfare, does not harm the welfare of the rest of the world