



## PH urged to join more regional FTAs

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The APEC Business Advisory Council (ABAC) Philippines is pushing the country to take advantage of the regional economic partnerships such as the Regional Comprehensive Economic Partnership (RCEP), the Trans-Pacific Partnership (TPP) as well as the Pacific Alliance.

ABAC Philippines relayed this position in a memo sent to Department of Trade and Industry Secretary Ramon Lopez last May 15 where the group underscored concluding the RCEP which is targeted for the year.

ABAC Philippines also said the country should “seriously consider” joining the TPP and reaching out to the Pacific Alliance to maximize the opportunities from these agreements.

RCEP is a 16-economy trade pact between the Association of Southeast Asian Nation (Asean) states and its trade partners, Australia, China, India, Japan, Republic of Korea, and New Zealand.

Negotiations commenced six years ago, but member parties have yet to resolve contentious issues which include goods under each economy’s sensitive lists and movement of people. Once finalized, RCEP is poised to become the world’s largest trading bloc, as this accounts for almost half of the world’s population, makes up almost 30 percent of global GDP, and comprises over a quarter of the world’s exports.

Citing a 2016 study from Philippine Institute of Development Studies (PIDS), ABAC said the Philippines is projected to gain 3 percent in real GDP growth and increase in welfare by \$2 billion by 2023. RCEP is seen to benefit the local construction sector, as well as transport and machinery equipment, and services sectors, while notable improvements will be marked in agriculture and manufacturing.

TPP, now formally known as Comprehensive and Progressive Agreement on Trans-Pacific Partnership or CPTPP, is a trade deal among 11 economies signed early this year.

Originally including the United States before its withdrawal in 2017, the new TPP spans Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Viet Nam. Doors are open to interested parties wishing to join the economic bloc, according to a joint statement from CPTPP trade ministers.

Despite its reduced economic size – from 40 percent to 14 percent of global GDP – ABAC Philippines appeals that the government join CPTPP discussions once the next opportunity arises.

“These may help us gain preferential access from economies we do not have existing partnerships with, such as Canada, Chile, Mexico, and Peru,” according to member Guillermo Luz.

Economic experts also note that Philippine goods may face stiff competition from Malaysia and Viet Nam, which also export similar products to CPTPP economies such as Australia and Canada.

ABAC Philippines also calls for the Philippine government to reach out to Pacific Alliance, which is composed of Chile, Colombia, Mexico, and Peru.

In order to broaden the agreement’s reach in trade and investments, it has admitted Australia, Canada, New Zealand, and Singapore as “associate members”. Southeast Asian countries such as Indonesia and Thailand have also signed up as “observer” parties to the deal.

There is a big room for growth in Philippine and Latin American economic relations through Pacific Alliance. The bloc accounts for 37 percent of the Latin American population, 35 percent of its GDP, and about 50 percent of its exports and imports. However, trade with Pacific Alliance members has not been significant, accounting for less than 1 percent share in Philippine exports and imports.

“Establishing economic ties with our friends from Pacific Alliance may serve as the Philippines’ entry point to the entire Latin American market,” according to outgoing APEC senior official member for the Philippines Undersecretary Manuel Teehankee.

The RCEP and TPP (or CPTPP), as well as the Pacific Alliance, are dubbed as the “pathways” to the Free Trade Area of the Asia-Pacific (FTAAP). FTAAP is the envisioned integrated bloc of all APEC economies, which is being pursued by building on ongoing regional undertakings.

“We support these trade initiatives which will lead to a closer economic relationship with our Asia-Pacific peers. We enjoin the government to define the Philippine position in these regional agreements, and to work with the private sector in honing our country’s competitive advantage,” said ABAC PH chair Tomas Alcantara.