

# The New Trade Order in the Asia-Pacific and Mega-FTAs

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## Summary

This paper discusses the future of the new trade order in the Asia-Pacific region in the light of the negotiations for mega-FTAs. As the Doha Round of WTO negotiations continue to stagnate, moves toward mega-FTAs are accelerating. The best way of improving the business environment for companies, which contributes to smoother global supply chains, is to establish twenty-first century global trade rules, such as in the areas of intellectual property rights, competition policies, the environment, and labor. The world may be renewing the trade order with mega-FTA negotiations on the trade rules for the twenty-first century.

Negotiations for mega-FTAs in the Asia-Pacific region have been flourishing in recent years. The US-led TPP is the most important mega-FTA in this region. Expanding the TPP into the FTAAP will generate rules which are closer to being global. At this stage, it is almost impossible for China to take part in the TPP. The TPP negotiations led China, which feared the growing influence of the United States in the Asia-Pacific region, to launch negotiations for the RCEP. What does this mean for the future of the trade order in the Asia-Pacific region?

The United States and China are pushing competing visions for the FTAAP. Negotiations have started on two mega-FTAs that could become a foundation for the FTAAP. As the host of the 2014 APEC summit, China pushed actively for the realization of the FTAAP. The fear is that pursuing the FTAAP could derail the TPP by dissipating attention. The TPP could be challenged by a China-led “Beijing Roadmap” for the FTAAP, building on APEC rather than the TPP.

How does the Asia-Pacific region avoid a “spaghetti bowl” of mega-FTAs? Can APEC become an incubator for coordination on the TPP and the RCEP? Although APEC is not a platform for trade negotiations, it has an important role to play in facilitating the preparatory work toward the materialization of the FTAAP.