

An Overview of ASEAN States' RTA Strategy

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Section 1. Summary

This report describes ASEAN states' general RTA strategy. It includes three sections. The first section discusses their RTA strategy in an ASEAN Free Trade Area (AFTA). AFTA is indeed the basis of RTA that ASEAN states proliferate. The second section describes the general characteristics of RTAs that ASEAN states have been proliferating. The third section discusses ASEAN states' positions on Asia Pacific trade arrangements. By understanding these three points, this report displays ASEAN states' general RTA strategy.

ASEAN states, in fact, have great export dependent to non-ASEAN states. In 2005, only one fourth of their exports were intra-regional. ASEAN states need to engage other states and keep their markets open. For this purpose, they take a multilayer approach to trade arrangement: AFTA in Southeast Asia region, ASEAN+1 and East Asia-wide RTAs in East Asia region, APEC trade arrangement in Asia-Pacific region and the WTO multilateral trade liberalization. Despite their relative weak powers, ASEAN states play significant role in Asia-Pacific. They are the original members of APEC. They also formed a network of ASEAN+1 Regional Trade Agreements (RTA) with their neighboring states and laid the foundation for the establishment of regional-wide RTA in East Asia region.

ASEAN was established in 1967 to deter confrontational dispositions among its members and politically balance the growing Communism in Vietnam and China. For these negative interests, ASEAN states did not envision regional economic integration between themselves. Diverse characteristics disallow them to set up a clear positive common goal.

The idea of free trade among ASEAN states was firstly expressed in early 1970s but only took a significant implementation in early 1990s. In 1992, ASEAN states agreed to form an ASEAN Free Trade Area. They took a selective and gradual trade liberalization approach to suit their domestic development strategies. ASEAN states subsequently agreed in 2003 to establish an ASEAN Economic Community (AEC) and make ASEAN be a single market and production base by 2015. Despite this ambitious project, the AEC does not liberalize all trade measures and is not equal to the European Union's standard of liberalization (Lloyd 2005). ASEAN states still maintain some protective measures, such as government procurement, national treatment, export incentives and production subsidies. Implementation problem also color this agreement. This does not only mean that ASEAN states may not fully establish a single market by 2015 as they previously envisioned and planned.

ASEAN states have been actively embracing RTAs since 2000. The number of physical RTAs they proliferated increases significantly from 5 to 33 between the periods of 2000-2010. ASEAN states tend to bundle RTA in goods and services and link trade issue with other issues, such as investment and economic development. Two third of their effective RTAs are bilateral. Bilateral RTA negotiation is indeed more flexible than plurilateral one. Widening the scope of trade cooperation increase the flexibility of RTA negotiation. This indicates ASEAN states view of RTA as a

means of development strategy. A flexible, selective and gradual liberalization approach is preferred for RTA establishment.

Singapore's role as a motor of RTA proliferation should be underlined. More than half of RTA that ASEAN states form involves Singapore. While most ASEAN states dispose to proliferate RTAs only with intra-regional partners and parties from immediate regions, Singapore reaches many partners belong faraway regions. Singapore's role as an entrepôt and domestic free market regime explain this strategic move.

ASEAN also anchors six ASEAN+1 RTAs and two proposed East Asia-wide RTAs. Six ASEAN states—i.e. Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand—are also the original members of Asia Pacific Economic Cooperation (APEC), which contribute to APEC's voluntary and gradual liberalization approach. This nevertheless does necessarily mean that ASEAN states drive the regional economic integration in Asia Pacific region. As the ASEAN+1 RTAs have different characteristics and as APEC set a certain deadline of liberalization, ASEAN states must also adjust themselves to their stronger partners' interests.

The Trans-Pacific Partnership Agreement (TPPA) then becomes another arena for trade arrangement. ASEAN states' current administrations have different view on TPPA. Singapore and Brunei are the original members of TPPA that prefer free market system. Malaysia joined the TPPA negotiation in 2010 in order to substitute the suspended Malaysia-US FTA negotiation. Vietnam, despite its non-market economy status, also joined the TPPA negotiation in 2010. It wants to lower the US' tariff rates for footwear and textiles/apparel. The Philippines wants to join the negotiation but faces constitutional barrier. Its constitution and regulations fully or partially prohibit foreign ownership participation in several services sectors and do not meet the US' demand. Without changing its constitution, the Philippines cannot join the TPPA. Thailand, despite the invitation, has not expressed any interest to join the TPPA negotiation. It still studies the potential effect of the TPPA and prioritizes the establishment of AEC. Indonesia does not have interested to join the TPPA. It prefers to complete the Doha round and ASEAN-driven regional initiatives. Indonesia also rejects the establishment of Free Trade Area of Asia Pacific (FTAAP).

Except for Singapore, strategic development and trade interest causes most ASEAN states to prefer for flexible, selective and gradual trade liberalization. Unlike the European Union, most ASEAN states dislike high standard, strictly binding and strongly enforced trade arrangements. Different level of development and trade interests hinder ASEAN states from performing ASEAN as a solid organization and establishing high standard RTAs. A flexible, selective and gradual trade liberalization approach still manifests as the most applicable approach for uniting all ASEAN states.

Section 2. ASEAN: Toward a Single Market?

In August 1967, five foreign ministers of Southeast Asian states met in Bangkok. They agreed to group Indonesia, Malaysia, the Philippines, Singapore and Thailand into an Association of Southeast Asian Nations (ASEAN). This regional grouping revived previously established similar regional grouping initiatives. The Association for Southeast Asia (ASA), which Malaya, the Philippines and Thailand established in 1961, was unsuccessful due to its close connection to the US-sponsored anti-communist Southeast Asia Treaty Organization (SEATO) and the Philippines' claim to Sabah in 1962. MAPHILINDO, which Malaysia, the Philippines and Indonesia formed in 1963, was dissolved because of the Indonesia's "Confrontation" policy against Malaysia. The expulsion of Singapore from the Malaysian federation intensified political tension in the region. The establishment of ASEAN, therefore, was partly intended to resolve regional political conflicts in the region. A domestic regime change in Indonesia from pro-communist regime to anti-communist one in 1966 also represents the ASEAN states' concern to communism. The formation of ASEAN was a response to the escalation of Vietnam War in the mid of 1960s and China's Cultural Revolution in 1966 (Frost 1990: 3-5). Political economic and security motivations underlie the establishment of ASEAN.

The three pages text of Bangkok Declaration, in fact, only mentions very general objectives of ASEAN establishment. In general, it states that ASEAN was established to "accelerate the economic growth, social, progress and cultural development" and to "promote regional peace and stability." In relation to trade, the declaration inscribes ASEAN states' intention to "collaborate more effectively for... the expansion of their trade" (ASEAN Secretariat 1967). Unlike the European Coal and Steel Community that was set up as "a first step in the federation of Europe," (Europa 2011), ASEAN was not initially intended to be an economic or political community.

The idea of a free trade area among ASEAN states was formally expressed for the first time in 1971, during the 4th ASEAN Ministerial Meeting. In his opening address, the President of the Philippines, Ferdinand Marcos called ASEAN states to set a "limited free trade area on a selective commodity basis" as an early step toward the "ultimate goal" of the establishment of an ASEAN Common Market (ASEAN Secretariat 1988a).

The liberal trade cooperation then started with some "selected food products." ASEAN Trade Negotiation Body was set up in 1975 to expand the coverage of liberalization to "all possible product." (ASEAN Secretariat 1988b, 1988c). Encouraged by the UN report on regional import substitution strategy (Ravenhill 1995: 851), the First ASEAN Summit agreed in to establish a PTA as a way to "promote development" and complement the cooperation on basic commodities and industry.¹ Several instruments—including, long-term quantity contracts, preference in government procurement, and extension of tariff preference— were employed. The PTA was set as "long term objective" through unspecified negotiation rounds. To

¹ The industrial cooperation included three components: ASEAN Industrial Projects (AIP), ASEAN Industrial Complementation (AIC), and the ASEAN Industrial Joint Venture (AIJV). These schemes were nevertheless relative unsuccessful. They suffered from several problems, such as unwillingness to share markets and open trade barriers, inadequate financial and technical support, improper preparation, discrepancy between bureaucratic and private-sector approaches, bureaucratic sluggishness, national competition, and so forth (Imada 1991:12-16; Ravenhill 1995: 851-853).

conform each state's development strategy and achieve "unanimous agreement," ASEAN states decided to gradually and selectively liberalize their trade (ASEAN Secretariat 1988d, 1988e, 1988f).

The agreement on Preferential Trading Arrangement (PTA) in February 1977 materialized ASEAN member states' interest in regional trade liberalization. The agreement required ASEAN states to liberalize selected basic commodities—rice and crude oil, in particular—, products of ASEAN industrial projects, products of long-term quantity contracts, and other products provided for preferentiality by the states. It rules a 50% Rules of Origin (ROO)—and 60%, in the case of Indonesia—for products not wholly produced or obtained in the states, and a cumulative 60% ROO for final products processed in more than one ASEAN states (ASEAN Secretariat 1988g). Seventy one items were included in the PTA (ASEAN Secretariat 1988h).

Nevertheless, the 1977 PTA was very limited and relatively ineffective in liberalizing trades. Rather than stimulating trade flows, the states took a "product-by-product" liberalization approach and disposed to provide preferential tariffs on products that were not regionally traded.² The agreement does not mention a definite margin of preferences, meaning that ASEAN member states may set their own tariff reduction levels. Limited coverage of products, broadly similar products being liberalized, low preferential tariff reductions, and non-tariff barriers added the limitation (Tan 1982: 3, 31, 45; Imada 1991:16-24; Ravenhill 1995: 853). Some econometric studies estimates that the PTA would have very small trade creation and trade diversion effects (see Tan 1982: 6-8, 31-44). Rather than stimulating complementarity among ASEAN member states, the PTA reinforced the existing pattern of regional specialization. This means, at a longer term, the PTA would only increase the intra-ASEAN trade of "a very limited number" of products (Tan 1982: x, 44-5). Limited liberalization indeed reduces the potential benefits of the PTA. Those agreements thus do not only reflect ASEAN member states' disposition toward gradual and selective trade liberalization, but moreover their lack of commitment to liberal trade cooperation. Despite their ASEAN memberships, ASEAN member states had not reached a high level of liberal trade cooperation.

The scope of liberalization was widened and deepened subsequently. The 6th ASEAN Economic Ministers (AEM) Meeting in June 1978 approved 755 additional items and agreed that each state would also offer at least 100 items in each subsequent round of negotiations. Five hundreds items were added in December 1978 and made the total number of items under the PTA became 1,326 (ASEAN Secretariat 1988i, 1988j). In April 1980, the number of items had reached 4,325 with a total value of US\$1.7 billion. A 20% "across-the-board" tariff reduction approach was supplemented for products imported under \$50,000 each in June 1978 and covered 4,508 items. The ceiling values was subsequently increased to \$500,000 in May 1981, which made the total number of items under the PTA became 8,563. In May 1984, the 16th AEM Meeting agreed to apply 20-25% across-the-board margins of preferences (MOPs) on import products valued beyond US\$10 million and to cover 18,341 items under the PTA (ASEAN Secretariat 1988k, 1988l, 1988m). States were nevertheless allowed to provide "exclusion lists" in order to protect certain domestic industries. States were also allowed to suspend preferentiality in order to safeguard domestic industries which suffered from "serious injury", cope balance-of-payments problems,

² For examples, Indonesia reduced tariffs on nuclear reactors; Malaysia—as a rubber producer—provided tariff cuts on rubber products; the Philippines included snow ploughs; Thailand reduced tariffs on wood products which were not produced regionally (see Tan 1982:45).

ensure sufficient domestic supplies, or retaliate defection (ASEAN Secretariat 1988m, Tan 1982: 4).

This selective liberalization consequently limits the effect of the PTA. According to the ASEAN Committee on Trade and Tourism (COTT), merely 337 items or 2.6% were granted with tariff preferences. Even though the import values of those items reached 42.5% of total import values of items under the PTA, only 19% of the values really enjoyed preferential tariff. Protectionistic measures, such as inclusion of non-traded items, implementation problems, ROOs, long exclusion lists, made the PTA relatively ineffective in liberalizing trades among ASEAN states (Pangestu, Soesastro, and Ahmad 1992: 335).

The negative effects of world recession during the first-half of 1980s pressured ASEAN member states to unilaterally liberalize their economies, including their trades. Following Singapore, Indonesia and Philippines changed their inward-oriented trade strategy to the outward-oriented one; whereas Malaysia and Thailand strengthened their outward-looking trade strategy. Several liberalization measures—such as reduction or elimination of import restriction, provision of export incentives, promotion of export-oriented foreign direct investment, exchange rate adjustment—were enacted (Chintayarangsan, Thongpakdee, and Nakornchai 1992: 356-371).

To resonate the economic recovery effects of such measures at regional level, ASEAN member states intended to revitalize and extend their tariff preferences. During the 19th AEM Meeting in July 1987, Singapore Prime Minister, Lee Kuan Yew, also called ASEAN member states to build “an open and fair trading system” (ASEAN Secretariat 1988n). An Extension of Tariff Preferences was subsequently agreed in the third ASEAN Summit in 1987. Within five years, the states would reduce the items in exclusion lists to less than 10% of the number of traded items and to less than 50% of intra-ASEAN trade value; include new items and apply a minimum of 25% MOP; deepen the tariff reduction of already included items to 50% MOP; reduce ROO to 35% on a case-by-case basis, with the exception of Indonesia to 42%. Indonesia and Philippines, nevertheless, were allowed to extend their 5 year tariff reduction program up to 7 years. ASEAN states signed a Memorandum of Understanding (MoU) on the reduction of Non-Tariff Barriers (ASEAN Secretariat 1988o, 1988p).

Despite the growing unilateral trade liberalization and the potential greater overall welfare improvements, ASEAN states did not fully commit to regionally liberalize their trades. Economic recovery that started in 1986 reduced the incentives for such regional liberal cooperation (Pangestu, Soesastro, and Ahmad 1992: 333-334). Beside the gradual liberalization approach, trade protection still widely colors intra-ASEAN trade. After two decades since the establishment of ASEAN, ASEAN membership is not a guarantee for the establishment of a free trade area between Southeast Asian states.

In October 1990, ASEAN Economic Ministers (AEMs) agreed to apply a Common Effective Preferential Tariff (CEPT) on selected industrial goods that initially covered cement, fertilizer, and pulp. Following the acceptance of Thailand's proposal to form an ASEAN Free Trade Area in October 1991, six ASEAN state leaders—from Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand—signed an agreement on the Common Effective Preferential Tariff Scheme for the ASEAN Free Trade Area (CEPT-AFTA) at the Fourth ASEAN Summit Meeting in Singapore in January 1992. The leaders agreed to start this Preferential

Trade Arrangement (PTA) in 1 January 1993 and make it fully effective in 2008. The agreement deepens ASEAN member states' previous PTA and its Extension of Tariff Preferences. The AFTA aims to accelerate "the liberalisation of intra-ASEAN trade", expand "investment and production opportunities", and subsequently promote economic development in ASEAN member states (ASEAN Secretariat 1992, 1994).

AFTA includes more than 90% items intra-regionally traded between ASEAN states. However, AFTA still adopts a selective approach in liberalizing trades. The scheme covered manufactured products—including capital goods and processed agricultural products—but excluded sensitive and unprocessed agricultural products. The CEPT Product Lists categorized a total of 44,991 tariff lines of six ASEAN member states into Inclusion List (IL), Temporary Exclusion List (TEL), and General Exception List (GEL). The IL and TEL covered 91.4% and 7.38%, respectively. While the tariff rates of products in IL would be reduced to 0%-5% within the reduction period, products in TEL would only enjoy the concession until being included into IL. At the time of agreement, Indonesia temporarily excluded the most with 1,654 tariff lines and Singapore had no products in TEL. The TEL would be reviewed in 2000 to decide the final Exclusion List. Based on the protocol of TEL agreed in 2000, states were allowed to deal with real problems by temporarily delaying the transfer of TEL products into IL, or temporarily suspending the concession they give to the transferred products (ASEAN Secretariat, 2000). The GEL covered 1.22% of the total tariff lines in 1993 and permanently excluded products for various reasons, such as national security, human protection, health, and so forth. An AEM meeting in 1995 made an amendment and set a new Sensitive List (SL). This list comprised 287 tariff lines of sensitive unprocessed agricultural goods, which would be under special liberalization measure (ASEAN Secretariat 1995a, 1996).

ASEAN states still took a gradual trade liberalization approach. Based on the 1992 CEPT-AFTA, states would reduce and eliminate import tariffs, quantitative restrictions, and other non-tariff barriers within a period of 15 years beginning 1 January 1993. On tariff reduction, states should reduce the initial existing tariff rates to 20% within the first reduction phase of 5 to 8 years. The second phase would reduce tariff rates from 20% or below to 0%-5% within a period of 7 years, with a minimum of 5% quantum per reduction. Goods with existing tariff rates of 20% or below automatically enjoyed the concessions and would also be reduced gradually. ASEAN member states would also gradually eliminate quantitative restrictions and other non-tariff barriers within 5 years after the goods enjoy the concessions (ASEAN Secretariat 1992).

ASEAN member states then agreed in 1995 to accelerate the full implementation of AFTA five years earlier from 2008 to 2003. The time frame was rescheduled again to 2002 at the Sixth ASEAN Summit in December 1998. According to these agreements, some of the products covered in TEL and GEL were phased into IL. For five ASEAN states—those are, Indonesia, Malaysia, Philippines, Singapore and Thailand—the total number of TEL items were reduced from 3,113 in 1992 agreement to 2,496 and 1,270 in 1995 and 1998 agreements, respectively. In the same way, the GEL items were reduced from 322 in 1992 to 311 and 256 in 1995 and 1998, respectively (Table 1.1).

**Table 1.1 Packages of CEPT Product Lists of Five ASEAN States
(Indonesia, Malaysia, Philippines, Singapore and Thailand)**

States	Inclusion List (IL)			Temporary Exclusion List (TEL)			General Exception List (GEL)		
	1992 CEPT-AFTA	1995 Amendment	1998 Amendment	1992 CEPT-AFTA	1995 Amendment	1998 Amendment	1992 CEPT-AFTA	1995 Amendment	1998 Amendment
Indonesia	7,355	7,910	6,622	1,654	1,317	541	50	47	45
Malaysia	8,777	10,494	8,621	627	470	276	98	83	63
Philippines	4,451	4,694	5,202	714	562	380	28	28	28
Singapore	5,722	5,708	5,739	0	0	0	120	123	120
Thailand	8,763	8,867	9,046	118	147	73	26	30	n.a
Total	35,068	37,673	35,230	3,113	2,496	1,270	322	311	256

- Notes:**
- Temporary Exclusion List (TEL) and General Exception Lists (GEL) cover the manufactured, the processed agricultural products, and the unprocessed agricultural products temporarily and permanently exempted from tariff reduction, respectively.
 - Data for 1998 amendment valid as of 6 October 1998; larger numbers of the 1995 ILs, compared to the 1992 IL, represent different digit of HS code used by the states.

- Sources:**
- ASEAN Secretariat (1995b, 1996, 1998: 3)

As shown in the ASEAN Vision 2020, prepared in 1997, ASEAN member states then committed “to moving towards closer cohesion and economic integration.” They envisioned establishing a region “in which there is a free flow of goods, services and investments, a freer flow of capital” (ASEAN Secretariat 1997). To realize this vision, ASEAN member states formally enhanced the objective of liberalization in 2003 to build an ASEAN Economic Community (AEC). Besides the AFTA, the AEC also includes the ASEAN Framework Agreement on Services (AFAS) and the ASEAN Investment Area (AIA) as its liberalization pillars. As stipulated in the 2003 Declaration of ASEAN Concord II, “The ASEAN Economic Community shall establish ASEAN as a single market and production base” by 2020. In the 2007 Summit, the target year of AEC was then accelerated by five year to 2015. Even though the declaration did not specifically clarify the liberalization approach should be taken to meet the goal, such enhanced end reflects ASEAN member states’ vision towards a higher level of regional economic integration (Hew 2007: 2). It was hoped that the liberal economic community would “create a stable, prosperous and highly competitive ASEAN economic region [with]... equitable economic development and reduced poverty and socio-economic disparities” (ASEAN Secretariat 2003a).

ASEAN member states, nevertheless, are still far from establishing a single market. Taking the European Union (EU) as a model of economic integration, Lloyd (2007:23, 30-31) shows how limited progress the states have achieved until 2005 in integrating their markets. Even in good markets (Table 1.2), which have been most liberalized, ASEAN member states were far from completely eliminating measures that impede trade integration. As indicated in the CEPT-AFTA, tariff reduction has been the frontline of ASEAN’s preferential liberalization. ASEAN member states have also worked with two other border measures—i.e. NTBs and agricultural trade distorting measures—but still leaved the other three border measures untouched. With regard to across-borders measures, ASEAN member states have addressed non-border cooperation in the CEPT, developed ASEAN standards for twenty priority goods, and signed the Framework Agreement on Mutual Recognition Arrangements (MRAs).

Beyond-the-border measures of national treatment and production subsidies were left behind without any commitments of liberalization. Capital markets enjoy the most advanced progress. In this markets ASEAN member states have liberalized several measures, including MFN treatment, repatriation of capital and profits, national treatments, investor protection, double tax investment.

The scope and depth of liberalization agreement for services, capital and labor markets are also still very limited. According to Llyod study in 2005, ASEAN states did not liberalize temporary movement of businesspersons and harmonize labor standards. Different level of development impedes these liberalization and harmonization. Singapore, for example, worries about migration of unskilled workers into its territory. Migrant worker issues—such as Indonesian and Filipino migrant workers in Malaysia—often disturb ASEAN states’ bilateral relations. For capital markets, although ASEAN states had liberalized some measures, they still maintained other measures that subsequently restrict free flow of capital in ASEAN region. Soesastro (2007: 52) says that AFAS has limited scope and depth, and AIA is formulized on the base of an outdated concept. To create a single market, he calls ASEAN states to adopt a new approach and a new liberalization scheme.

Table 1.2
Progress Towards an ASEAN Single Market (as of March 2005)

Trade Measures	EU	ASEAN
TOWARD A SINGLE GOODS MARKET		
Border measures		
Elimination of industrial tariffs	v	#
Elimination of industrial NTBs	v	#
Elimination of agricultural trade-distorting measures	v	#
Elimination of government procurement barriers	v	x
Prohibition of export incentives	v	x
Prohibition of anti-dumping actions	v	x
Beyond-the-border measures		
National Treatment	v	x
Prohibition of trade-distorting production subsidies	#	x
Across-borders measures		
Harmonization of product standards, convergence of product standards	v	#
Harmonization of product standards, mutual recognition of product standards	v	#
TOWARD A SINGLE SERVICES MARKET		
Border measures		
Market access	v	#
Temporary movements of business persons	v	x
Beyond-the-border measures		
National Treatment	v	#
Across-the-border measures		
Mutual recognition of labor standards	v	x
TOWARD A SINGLE CAPITAL MARKET		
Border measures		
MFN treatment	v	v
Rights of establishment	v	#
Repatriation of capital and profits	v	v
Beyond-the-border measures		
National Treatment	v	v
Prohibition of performance requirements	v	x
Prohibition of incentives to foreign investors	v	x
Investor protection	v	v
Across-the-border measures		

Table 1.2
Progress Towards an ASEAN Single Market (as of March 2005)

Trade Measures	EU	ASEAN
Harmonization of business laws	v	x
Taxes, double tax treaty/bilateral investment treaty	v	v
Taxes, harmonization of taxes on business	#	x
TOWARD A SINGLE LABOR MARKET		
Border measures		
Temporary movement of natural persons	v	x
Permanent movement of natural persons	v	x
Beyond-the-border measures		
Across-the-border measures		
Mutual recognition of labor standards	v	x
TOWARD A SINGLE MARKET: MULTI-MARKET MEASURES		
Border measures		
Regional competition law, convergence of competition laws	v	x
Regional competition law, bilateral cooperation agreement(s)	v	x
Intellectual property	v	v
Monetary Union	v	x
Unified fiscal system	#	x
Beyond-the-border measures		
Across-the-border measures		

Note:

- All measures are categorized by Lloyd (2007).
- The symbols represent depth of liberalization applied in an RTA. The symbol “v” means that an RTA demands for *full* liberalization of the addressed measure; the symbol “#” represents *partial* liberalization in the addressed measure; and the symbol “x” represents *no* liberalization demanded by the RTA on the pointed measure.

Source: Lloyd (2007: 23, table 2.1A).

Consensus-based decision-making process and non-binding nature of agreement are, indeed, the immediate cause of the enforcement problem. As there had not clear targets and schedules for the AEC formation, ASEAN states dispose to prioritize their domestic interest rather than realizing their agreement (Soesastro 2007: 48-9). Therefore, for Lloyd (2007:33), the limited progresses toward an ASEAN single market do not merely represent ASEAN member states’ “limited commitments” to the goal of a single market, but also the need of “fundamental change in thinking” towards liberalization.

Table 1.3 Core Elements of the AEC Blueprint

Single market and production base:	Competitive economic region:	Equitable economic development:	Integration into the Global Economy
<ul style="list-style-type: none"> • Free flow of goods • Free flow of services • Free flow of investment • Freer flow of capital • Free flow of skilled labor • Priority of integration sectors • Food, agriculture and forestry 	<ul style="list-style-type: none"> • Competition policy • Consumer protection • Intellectual property rights • Infrastructure development • Taxation • E-commerce 	<ul style="list-style-type: none"> • SME development • Initiative for ASEAN Integration (IAI) 	<ul style="list-style-type: none"> • Coherent approach towards external economic relations • Enhanced participation in global supply networks

Source: ASEAN Secretariat (2008)

During the 12th Summit in January 2007, ASEAN states’ leaders agreed the Cebu Declaration on the Acceleration of the Establishment of an AEC by 2015.

Consideration of the APEC's 2020 target of liberalization encourages ASEAN states to accelerate the realization of AEC five year earlier. An earlier realization will economically provide a gradual stepping stone for ASEAN states and politically solidify their relations. After a decade, ASEAN states translated its 1997 general vision into more detail goals. At the 13th Summit in November 2007, they adopted the ASEAN Economic Blueprint to guide the AEC formation. The blueprint states the core elements of AEC (Table 1.3) and includes strategic measures ASEAN states should meet in four phases by 2015 (2008-09, 2010-11, 2012-13, and 2014-15). The blueprint functions as a framework that allows ASEAN states to specify the integration-processes along the road.

However, the Blueprint does not mention clear details and targets. Its strategic schedules dispose to merely state qualitative measures, rather than quantitative ones, ASEAN states should meet till 2015 (see Appendix 1). On liberalization of goods market, the Blueprint includes several points, covering reduction and elimination of tariffs, elimination of Non-Tariff Barriers, reform and enhancement of Rules of Origin, establishment of Trade Facilitation Work Program, integration of customs structures, establishment of ASEAN Single Window, and harmonization of standards and conformance (ASEAN Secretariat 2008: 30-37). It does not mention liberalization measures on government procurement, national treatment, export incentives, and production subsidies.

Table 1.4 Restrictions on Trade in Services (%): Key Selected Sectors

Services	Brunei	Cambodia	Indonesia	Lao PDR	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam	Average
Restrictions on Trade in Air Transport Services – Total Prevalence (%)	40	44	32	55	51	38	22	6	19	61	37
A. Commercial presence	18	9	0	55	32	27	0	18	0	18	18
B. Cross-border trade	33	33	100	33	67	33	100	0	33	33	47
C. Movement of intra-corporate transferees	100	50	100	50	100	50	50	0	50	50	60
D. Ownership	54	73	45	67	72	44	26	2	24	80	49
E. Regulation	24	16	21	32	16	37	21	5	21	68	26
Restrictions on Trade in Maritime Services – Total Prevalence (%)	nc.	22	31	na.	19	42	32	18	27	41	29
C. Movement of intra-corporate transferees	nc.	72	33	na.	62	68	58	45	68	55	58
International Shipping (total)	nc.	14.3	28.6	na.	26.9	20	24.9	2.86	31.5	40	24
Cabotage (total)	nc.	13	26.2	na.	36.5	52.2	30.4	na.	27.8	54.3	34
Internal Waterways (total)	nc.	0	53	na.	23	73	40	na.	36	30	36
Port superstructure	nc.	42	17	na.	12	75	35	67	17	29	37
Cargo handling (total)	nc.	0	17	na.	12	17	10	67	17	29	15
Storage and warehousing (total)	nc.	0	17	na.	12	17	10	67	17	29	15
Freight forwarding (total)	nc.	0	17	na.	12	17	27	0	17	29	15
Pilotage, towing and tying (total)	nc.	92	50	na.	12	92	27	67	17	67	53
Maintenance and repair (total)	nc.	0	17	na.	12	17	18	0	17	29	14
Port operation	nc.	48	49	na.	6	50	58	17	36	52	40
Restrictions on Trade in Telecommunications Services – Total Prevalence (%)	21	35	19	87	25	85	26	8	19	21	35
Facilities-based services (total)	20	24	18	94	20	80	22	0	21	18	32
Resale-based services (total)	18	45	17	99	20	96	23	1	3	18	34
Leased-lines and private networks (total)	22	22	33	11	33	11	0	33	44	22	23
General (total)	34	42	23	59	52	92	58	44	52	43	50

Source: Dee (2009: 44, 58, 74; Table 2, Table 4, and Table 6)

Imitating the EU Internal Market Scorecard, ASEAN states created AEC Scorecard to identify specific measures or actions the states need to take to form AEC by 2015. It is a descriptive-based scorecard, which indicates whether the states

comply the agreements by issuing consistent policies or regulations (Rillo 2011: 3-4). It is not an “analytical-based scorecard,” which assess “evidence-based indicators, factors, or elements” that affect actual progress toward integration (Soesastro 2007: 59, en.1). Rillo (2007: 9), a staff at Macroeconomic and Finance Surveillance Office of ASEAN Secretariat, presents that ASEAN states achieved 82% implementation rate for the single market and production base element for the 2008-09 liberalization phase. Such a relatively high rate, nevertheless, cannot be verified because ASEAN Secretariat does not publish clear indications confirming such achievements. Moreover, ASEAN states’ poor implementation record makes such claim be dubious.

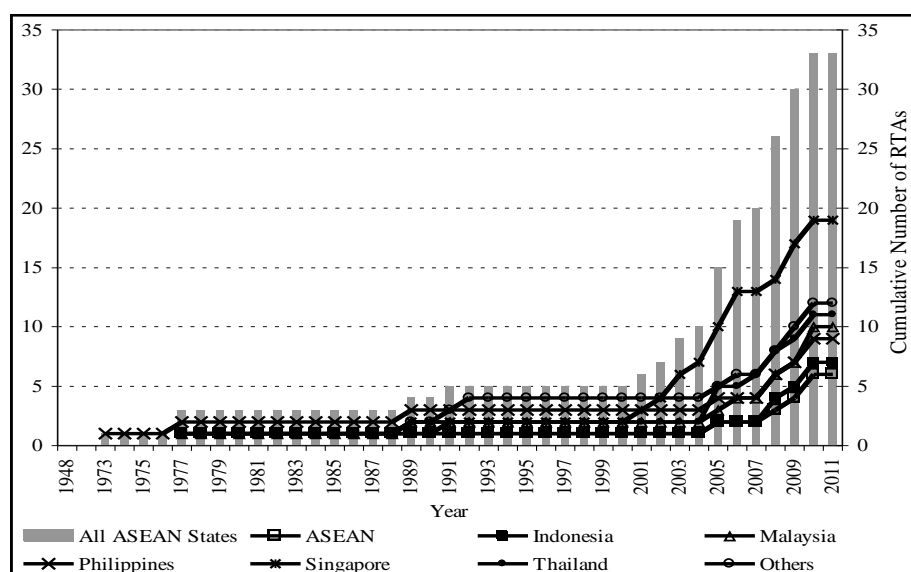
A study on liberalization in three key services sectors—air transport, maritime services, and telecommunications services—shows that most ASEAN states still maintain many restrictions and do not meet the Blueprint target. All the states signed the ASEAN Multilateral Agreement on Air Services in 2009, but only Singapore and Thailand ratified it. In air transport services, only Singapore allows at least 70% foreign equity participation by 2010; the states still impose various restrictions as Table 1.4 shows. ASEAN states have generally liberalized their maritime and telecommunication services. However, many ASEAN state do not permit at least 51% foreign equity participation in many sub-sectors of the maritime and telecommunication services, as the Blueprint requires (Dee 2009: 58, 70-71).

Such records reflect most ASEAN states’ wariness of trade liberalization. Strategic development policy and/or domestic political economic interests generate such wariness. ASEAN states gradually liberalized their trades but still maintain various restrictions. The problems are not only about the scope and depth of liberalization, but also its implementation. This does not necessarily means that ASEAN states will not actually establish a single market. However, as indicated above, ASEAN states may not fully form a single market by 2015 as they previously envisioned and planned.

Section 3. ASEAN States: Embracing RTAs?

The number of physical RTAs that ASEAN states proliferated increase significantly from 5 to 33 between the periods of 2000-2010. The states participate in 61% of RTAs that East Asian states established. The number may be double in this decade. There are also 4 RTAs signed and will be implemented in near future; 19 RTAs are under negotiation and 14 RTAs were proposed in the last decade (Table 3). ASEAN states, therefore, have significant contribution to the creation of a noodle bowl network of RTAs in East Asia region.

Chart 1
Cumulative Numbers of ASEAN States' Physical Regional Trade Arrangements (RTAs) in Force since 1948 (data as of April 2011)



Notes:

- Physical RTAs in force refer the actual RTAs notified to the WTO. They are calculated without double-counting the RTAs in goods and services and without including accessions to existing RTAs.

Data Sources:

- For data on RTAs, see "Trade and Investment," Asian Development Bank - Asian Regional Integration Center, 2010. Accessed 7 May 2011. <http://aric.adb.org/FTAbyCountryAll.php> "Regional Trade Agreements," World Trade Organization, 2011. Accessed 8 April 2011. <http://rtais.wto.org/UI/PublicMaintainRTAHome.aspx>.

Table 3. Numbers of ASEAN States' Physical Regional Trade Arrangements (RTAs) by Composition and Status since 1948 (data as of April 2011)

		Bilateral	Plurilateral	Total
Status	In force	22	11	33
	Signed	2	2	4
	Und. negotiation	14	5	19
	Proposed	10	4	14
Total		48	22	70

Notes:

- Physical RTAs in force refer the actual RTAs notified to the WTO. They are calculated without double-counting the RTAs in goods and services and without including accessions to existing RTAs.

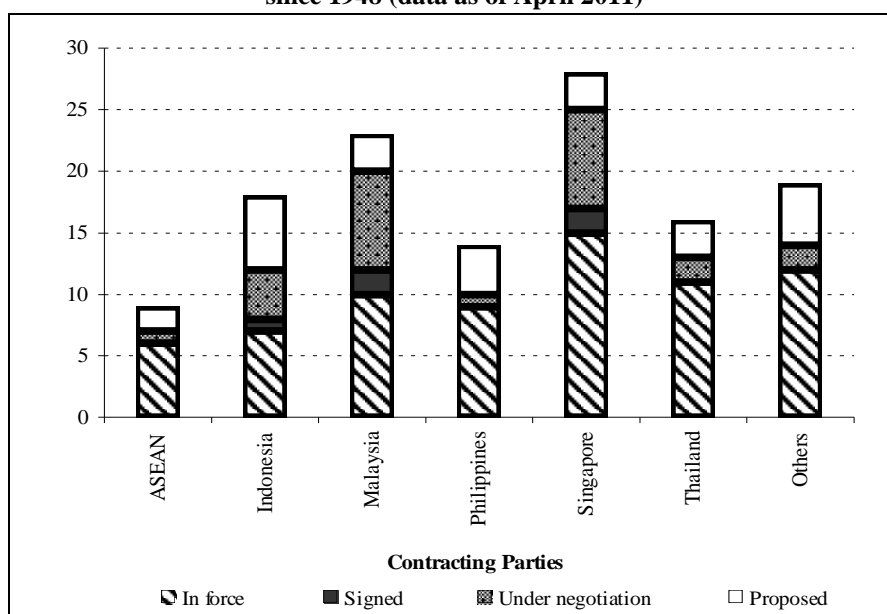
Data Sources:

- For data on RTAs, see "Trade and Investment," Asian Development Bank - Asian Regional Integration Center, 2010. Accessed 7 May 2011. <http://aric.adb.org/FTAbyCountryAll.php> "Regional Trade Agreements," World Trade Organization, 2011. Accessed 8 April 2011. <http://rtais.wto.org/UI/PublicMaintainRTAHome.aspx>.

Including AFTA, there have been 6 RTAs that include all ASEAN states. ASEAN becomes an anchor of ASEAN+1 RTAs. It links itself with its stronger neighbors, those China, Japan, Korea, India and Australia-New Zealand. It has been negotiating an ASEAN-EU RTA since 2007; it has 2 regional-wide proposed RTAs, which will fuse the already existing ASEAN+1 RTAs.

This does not necessarily mean that, as is often mentioned, ASEAN is on the driver seat in regional economic integration in East Asia region. In fact, it was China, Japan and Korea that proposed the formation of ASEAN-China, ASEAN-Japan, and ASEAN-Korea RTAs. ASEAN does not also determine the characteristics of the RTAs they established. ASEAN concluded a Partial Scope Agreement (PSA) with China, and a Free Trade Agreement (FTA) with Japan and Korea. Besides the ASEAN-Japan and ASEAN-Korea RTAs, Japan and Korea also established RTAs with individual ASEAN states. Although Thailand formed an RTA with Japan, it nevertheless did not establish an RTA with Korea. These different approaches to RTA weaken the ASEAN's driver seat argument. As a weaker and relatively dependent party, ASEAN may work as a taxi driver, which more or less complies its stronger partners' demands. ASEAN may not voluntarily embrace RTAs, but being conditioned to establish RTAs.

Chart 2
ASEAN5 States' Physical Regional Trade Arrangements (RTAs) by Status since 1948 (data as of April 2011)



Notes:

- Physical RTAs in force refer the actual RTAs notified to the WTO. They are calculated without double-counting the RTAs in goods and services and without including accessions to existing RTAs.

Data Sources:

- For data on RTAs, see "Trade and Investment," Asian Development Bank - Asian Regional Integration Center, 2010. Accessed 7 May 2011. <http://aric.adb.org/FTAbByCountryAll.php>
- "Regional Trade Agreements," World Trade Organization, 2011. Accessed 8 April 2011. <http://rtais.wto.org/UI/PublicMaintainRTAHome.aspx>.

As chart 2 indicates Singapore plays a key role in RTA proliferation. As of March 2011, Singapore established 19 RTAs, including 6 RTAs that involve all other

ASEAN states. It also has 2 signed RTAs that will be put into force in near future, 8 under negotiation RTAs, and 3 proposed ones. The failure of WTO negotiation in Seattle in 1999 triggered Singapore's active strategy in RTA proliferation. As a free market economy and trade dependent state, Singapore had a bold interest in trade liberalization. Such failure changed Singapore's strategy by proliferating RTA as insurance against the failure of Multilateral Trade Negotiation (MTN). The unclear prospect of the current MTN emboldens such Singapore's strategy. Singapore even induced other ASEAN states, and even other East Asian ones, in forming RTAs.

Other ASEAN states were less active than Singapore. Thailand follows Singapore with 11 RTAs in force, including the 6 ASEAN+1 RTAs. However, domestic regime change in Thailand in 2006 halted its active strategy in RTA proliferation. Although it did not stop the ongoing RTA negotiations, the subsequent administration is less liberal and takes a more protective approach to trade liberalization than its predecessor. Compared to Malaysia that currently is negotiating 8 RTAs, Thailand has only 2 under negotiation RTAs. Despite its fewer RTAs in force, Malaysia has become active in proliferating RTAs.

Indonesia has the fewest effective RTAs. Besides the 6 ASEAN+1 RTAs, it only has 1 bilateral RTA with Japan as its partner. However, Indonesia currently involve in 4 RTA negotiations. This makes Indonesia slightly more active than Philippines whose 9 effective RTAs and 1 under-negotiation RTAs. Indonesia's relative inactive stance on RTA proliferation may reflect its already relatively open economy and its current administration's preference for multilateral trade liberalization. But, on the other side, this also implies Indonesia's reluctance to bind itself to bilateral or plurilateral agreements. For Philippines, its inactive stance may reflect its protective trade regime.

Table 4. Numbers of ASEAN States' Physical Regional Trade Arrangements (RTAs) by Composition, Regional Composition, Status and Notification since 1948 (data as of March 2011)

		Region of Partner Parties											TOTAL	
		North America	Caribbean	Central America	South America	Europe	CIS	Africa	Middle East	East Asia	West Asia	Oceania		Multi-regions
Status	In force	1		1	1	1			1	16	4	5	3	33
	Signed			1	1				1				1	4
	Under negotiation	3			1	5	1	1	1		4	2	1	19
	Proposed	3			1	1	1			3	5			14
Total		7	0	2	4	7	2	1	3	19	13	7	5	70

Notes:

- Physical RTAs in force refer the actual RTAs notified to the WTO. They are calculated without double-counting the RTAs in goods and services and without including accessions to existing RTAs.
- The regional composition is defined according to the WTO's composition of regions. Multi-regional RTA means that the RTA involves parties or states distributed in more than two regions.

Sources:

- For data on RTAs, see "Trade and Investment," Asian Development Bank - Asian Regional Integration Center, 2010. Accessed 7 May 2011. <http://aric.adb.org/FTAByCountryAll.php> "Regional Trade Agreements," World Trade Organization, 2011. Accessed 8 April 2011. <http://rtais.wto.org/UI/PublicMaintainRTAHome.aspx>.

ASEAN states are mostly active in proliferating RTAs with intra-regional partners, and parties from immediate regions. In total, they have 19 effective, signed, negotiated and proposed RTAs with other East Asian parties; they also have 13 RTAs with West Asian partners in all status. However, ASEAN states are also active in

proliferating RTAs with parties belong to faraway regions. Twenty six or about one third of the effective, signed, negotiated and proposed RTAs ASEAN states proliferate are with parties belong to faraway regions (Table 4).

Table 5. Numbers of ASEAN States' Physical Regional Trade Arrangements (RTAs) by Composition, Regional Composition, Status and Notification since 1948 (data as of March 2011)

		Region of Partner Parties											Total		
		North America	Caribbean	Central America	South America	Europe	CIS	Africa	Middle East	East Asia	West Asia	Oceania			Multi-regions
States & Status	ASEAN	Force								4	1	1		6	9
		Signed												0	
		Nego					1							1	
		Pro								2				2	
	Indonesia	Force								5	1	1		7	18
		Signed										1		1	
		Nego					2				1	1		4	
		Pro	1			1	1			2	1			6	
	Malaysia	Force								6	2	1	1	10	23
		Signed				1						1		2	
		Nego	1				3				1	1	2	8	
		Pro								3				3	
	Philippines	Force								5	1	1	2	9	14
		Signed												0	
		Nego					1							1	
		Pro	1							2	1			4	
	Singapore	Force	1		1	1	1		1	7	2	3	2	19	32
		Signed			1				1					2	
		Nego	2				2	1	1		1			8	
		Pro								2	1			3	
Thailand	Force								7	1	3		11	16	
	Signed												0		
	Nego					1				1			2		
	Pro								2	1			3		
Others	Force								7	2	1	2	12	19	
	Signed												0		
	Nego				1	1							2		
	Pro	1					1		2	1			5		
Total												70			

Notes:

- Physical RTAs in force refer the actual RTAs notified to the WTO. They are calculated without double-counting the RTAs in goods and services and without including accessions to existing RTAs.
- The regional composition is defined according to the WTO's composition of regions. Multi-regional RTA means that the RTA involves parties or states distributed in more than two regions.

Data Sources:

- For data on RTAs, see "Trade and Investment," Asian Development Bank - Asian Regional Integration Center, 2010. Accessed 7 May 2011. <http://aric.adb.org/FTAByCountryAll.php> "Regional Trade Agreements," World Trade Organization, 2011. Accessed 8 April 2011. <http://rtais.wto.org/UI/PublicMaintainRTAHome.aspx>.

However, it is Singapore that is active in reaching partners from faraway regions. Singapore's active stance in RTA proliferation is also reflected in its diverse regional partners. As table 5 displays, 7 or about 40% of its RTAs in force were established with other East Asian partners; other 5 effective RTAs are formed with

parties belong to immediate regions; and 5 RTAs were created with parties of faraway regions. However, Singapore changes its focus from its close neighbors to faraway partners. Of 8 under negotiation RTAs Singapore has, 7 are with parties of faraway regions. Singapore's role as an entrepôt explains this strategic move.

Other ASEAN states, nevertheless, do not follow such Singapore's strategy. They only have a few number of RTAs with partners belong to faraway regions. This may signify their relative protective stance on trade liberalization or their preference for multilateral trade negotiation.

As table 3 and 6 show, ASEAN states dispose to form bilateral RTAs. Two third of effective RTAs are bilateral. The ratio of bilateral-plurilateral RTAs that ASEAN states proliferate may increase in the future because more than two third RTAs negotiated and proposed are bilateral ones. This will complicate the complex noodle bowl existing in East Asia region. Bilateral trade negotiation is indeed smoother than plurilateral one because member states have more flexibility to negotiate what products they want to protect and liberalize. This means that bilateral trade negotiation allows ASEAN states to apply their gradual and selective approach to trade liberalization, and to set RTAs as a means of their strategic economic development.

Table 6
ASEAN States' Physical Regional Trade Arrangements (RTAs) in Force by Composition, Regional Composition and Notification since 1948 (data as of April 2011)

	Bilateral		Plurilateral	
	East Asia Region	Non East Asia Region	East Asia Region	Non East Asia Region
WTO Notified	FTA & EIA 1) Singapore-Japan (2002) 2) Singapore-Korea (2006) 3) Malaysia-Japan (2006) 4) Thailand-Japan (2007) 5) Indonesia-Japan (2008) 6) Brunei-Japan (2008) 7) Philippines-Japan (2008) 8) Singapore-China (2009) 9) Vietnam-Japan (2009) PSA 10) Lao PDR-Thailand (1991)	FTA & EIA 1) Singapore-NZ (2001) 2) Singapore-Australia (2003) 3) Singapore-US (2004) 4) Thailand-Australia (2005) 5) Thailand-NZ (2005) 6) Singapore-India (2005) 7) Singapore-Jordan (2005) 8) Singapore-Panama (2006) 9) Malaysia-Pakistan (2008 & 2009) 10) Singapore-Peru (2009)	FTA & EIA 1) ASEAN-Korea (2010 & 2009) PSA & EIA 2) ASEAN-China (2005 & 2007) FTA 3) AFTA (1992) 4) ASEAN-Japan (2008)	FTA & EIA 1) Singapore-EFTA (2003) 2) Trans-Pacific Strategic Economic Partnership (2006) 3) ASEAN-Australia-NZ (2010) FTA 4) ASEAN-India (2010) PSA 5) Protocol on Trade Negotiations (1973) 6) Asia Pacific Trade Agreement (1977) 7) Global System of Trade Preferences among Developing Countries (1989)
	Not Notified	11) Thailand-China (2008)	11) Malaysia-NZ (2010)	

Notes:

- Physical RTAs in force refer the actual RTAs notified to the WTO. They are calculated without double-counting the RTAs in goods and services and without including accessions to existing RTAs.
- The year in the bracket indicates that when the status starts. Two years in a bracket indicates those when RTAs in goods and services were put into force, respectively.
- The regional composition is defined according to the WTO's composition of regions. Multi-regional RTA means that the RTA involves parties or states distributed in more than two regions.

Data Sources:

- For data on RTAs, see "Trade and Investment," Asian Development Bank - Asian Regional Integration Center, 2010. Accessed 7 May 2011. <http://aric.adb.org/FTAbByCountryAll.php> "Regional Trade Agreements," World Trade Organization, 2011. Accessed 8 April 2011. <http://rtais.wto.org/UI/PublicMaintainRTAHome.aspx>.

ASEAN states tend also to bundle RTA in goods and services. Of 33 physical

RTAs in force, 22 are RTAs in goods and services. This disposition is consistent with ASEAN states' view of RTA as a means of development strategy. Widening the scope of trade cooperation increase the flexibility of RTA negotiation. They also linked trade issue with other issues, such as investment and economic development, and formed WTO-plus RTAs.

Except for Singapore, all those characteristics of RTAs reflect ASEAN states' limited preferences for RTAs and full trade liberalization. They are not only selective in liberalizing their trades but also in choosing partner parties. Rather than voluntarily embracing RTAs, ASEAN states are conditioned by the domino effect of RTA proliferation. Only Singapore, which is basically a free market economy, voluntarily embraces RTAs. Strategic economic development regime still drives ASEAN states' strategy in RTA proliferation.

Section 4. ASEAN States: Dealing with Asia-Pacific-wide Trade Liberalization Arrangements

ASEAN states, in fact, had great export dependent to non-ASEAN states. In 1990, less than one fifth of ASEAN states' export was intra-regional. Although the share of ASEAN intra-regional export increased to one fourth in 2005, the states still extra-regionally exported most of their products. In 1990, more than 30% of ASEAN states' exports were shipped to China, Japan, Korea, Hong Kong and Taiwan; about 3% exports were directed to Australia, India and New Zealand; and about 19% exports were shipped to the US. In 2005, China, Japan, Korea, Hong Kong and Taiwan were still the major ASEAN states' export destinations with more than 30% share; Australia, India and New Zealand increased their shares to 6%; and the US's share declined to less than 15% (IMF Directions of Trade 1990, 2005, author's calculation). Although the establishment of AFTA in 1992 may stimulate ASEAN states to reduce their trade barriers and increase their intra-regional trades, ASEAN states were still very dependent on their extra-regional trade partners.

Table 7. Share of ASEAN-10 States' export dependence (%)

Export destination/ Year	1990	1995	2000	2005
ASEAN-5	18.1	22.3	21.2	23.1
ASEAN-10	18.9	24.5	23.0	25.3
ASEAN+3	43.0	44.7	43.9	48.3
East Asia-15	50.4	54.2	54.0	57.8
ASEAN+6	46.4	47.8	48.3	54.3
US	19.4	18.4	19.0	14.4
EU	16.0	14.7	15.0	12.7

Note: ASEAN-5 includes Indonesia, Malaysia, the Philippines, Singapore and Thailand; ASEAN-10 includes ASEAN-5 plus Brunei, Cambodia, Lao PDR, Myanmar and Viet Nam; ASEAN+3 includes ASEAN-10 plus China, Japan and Korea; East Asia-15 includes ASEAN+3 plus Hong Kong and Taiwan; ASEAN+6 includes ASEAN+3 plus Australia, India and New Zealand.

Source: IMF Directions of Trade (DOTs), various years, author's calculation

Such numbers represent the importance of trade arrangements with non-ASEAN states. All ASEAN states had adopted export-oriented industrialization since the mid 1980s (Chintayarangsan, Thongpakdee, and Nakornchai 1992: 356-371). They indeed enjoyed the benefits of relatively open trading system. They need to keep open market access to the US and other East Asian states (Hufbauer 1996: 11). Moreover, trades with them were important because they were sources of trade-oriented Foreign Direct Investment to ASEAN states. As Wanandi (1989: 24) says, "a consultative forum is the least" that ASEAN states need "in order to be able to manage this interdependence"

Such a need was critical in 1990s. A potential shift to discriminatory and protectionism also characterized the late 1980s era. During that period, there was a possibility and wariness that the European Community becoming a "Fortress Europe". The US also concluded a bilateral FTA with Canada and, thus, relinquished its role as leader of non-discriminatory trade arrangement (Elek 2005: 67). Trades with the US became more critical because of its growing protectionistic unilateralism. Indonesia, Malaysia and the Philippines, for examples, were on the "priority watch list" or the

“watch list” under Super 301, which the US often imposed to Japan and NIEs (Imada-Iboshi, Plummer and Naya 1996: 158-160).

To compensate such negative development, in early 1990s, ASEAN states dealt with four layers of trade arrangements. In Southeast Asia region, ASEAN states extended its preferential trade arrangement and signed AFTA in 1992. At East Asia regional level, following the failure of agricultural trade negotiation in Uruguay Round and the growing regionalism in Europe and North America, Malaysian Prime Minister Mahathir Mohamad proposed the establishment of an East Asian Economic Group or Caucus (EAEG/EAEC) in 1990. At trans-regional level, ASEAN states cooperated with six states in Asia-Pacific region and emboldened the Asia-Pacific Economic Cooperation (APEC) trade arrangement. At multilateral level, they were involved in Uruguay Round that subsequently concluded with the formation of the WTO. As rivalries between the US, Japan and China grew, proactive initiatives would level up ASEAN states position. Indeed, making ASEAN to be an anchor or bridging actor would not make ASEAN states dominate international political economy. However, this makes ASEAN states’ assent more significant in the establishing of post-Cold War international regimes in Asia-Pacific region.

In January 1989, without suggesting the formation of a “Pacific trading bloc,” Australia proposed the establishment of “intergovernmental vehicle for regional cooperation.” Australia proposed to convene a ministerial-level meeting in late 1989s (Elek 2005: 66, 71). During the ASEAN post-ministerial meeting in July 1989, ASEAN states officially announced their endorsement and participation in a “exploratory meeting” in November 1989 (Elek 2005: 74) that would discuss the continuation of the cooperation. However, ASEAN states expressed two conditions that need be met to make the meeting successful. The first condition covers several points, comprising that the regional cooperation should (1) be based on independence, mutual respect and equality, (2) not undermine ASEAN’s regional role and activities, (3) strengthen multilateral system, maintain a stable and open trading system, and not become an exclusive economic bloc, (4) take a gradual approach, (5) aim for common prosperity. For the second condition, ASEAN states wanted the meeting to be held within ASEAN post-ministerial framework. In relation to this, it should be noted that five of the twelve original members of APEC—i.e. Australia, Canada, Japan, New Zealand, the US—were in fact ASEAN’s dialogue partners (Wanandi 1989: 24).

As developing states, some ASEAN states were wary of being dominated by developed states, particularly the US and Japan, and pressured to liberalize their protected sectors. Despite this fact, some ASEAN states wanted to include the US. ASEAN states preferred a consensus-based and non-binding forum. They were also alerted if the Asia-Pacific institution would overshadow ASEAN. Indonesia was interested in the potential economic benefit of the cooperation, but suggested some political considerations—such as the above conditions. Singapore was uninterested in establishing an EC-like institution. ASEAN states expressed their interests in becoming main actors in the APEC (Akashi 1997). A decision to hold an APEC meeting in an ASEAN state at every second represents ASEAN states’ important position in the APEC process (Elek 2005: 78).

A 1988 report of Australia’s Department of Foreign Affairs and Trade (DFAT) might somehow assure ASEAN states to join the APEC meeting. The report mentions the principles of openness, equality and evolution, which more or less meet most ASEAN states’ preferences. Openness refers to outward looking arrangement;

equality implies mutual benefits to all members; and evolution refers to a gradual, pragmatic, voluntary and consensus-base approaches. Richard Woolcott's—the Secretary of DFAT—consultations with ASEAN states and a senior official meeting held in Sydney in September 1989 assured ASEAN states to join the APEC ministerial meeting (Elek 2005: 70-72, 75). The senior official meeting agreed to adopt ASEAN states' view, made ASEAN and the Pacific Economic Cooperation Council (PECC) as the foundation of APEC, and invited the ASEAN Secretariat, PECC and the South Pacific Forum as observers at the APEC meetings. With the support of all six ASEAN states—i.e. Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand—the Australia's proposal was subsequently to be realized as the first APEC meeting in November 1989.

The first four meetings only declared the general principles, the scope and the secretariat of APEC. The general principles cover “respect for diversity, equal participation, mode of opinion exchange (informal consultation)” (Ahn 2002: 194-196), meaning that they allowed ASEAN states to maintain their relative autonomy in choosing their paces of trade liberalization.

However, the fifth meeting in Seattle in 1993 was controversial. After successfully concluding the Uruguay Round negotiation and establishing NAFTA, Clinton administration wanted to formalize APEC. It promoted APEC to be a binding institution and a free trade area. Australia supported such an initiative and suggesting APEC to be renamed to the Asia Pacific Economic Community. The Eminent Person Group formed in the fourth meeting adopted this suggestion into its recommendations.

Most ASEAN states disagreed with a quick transformation of APEC to be a formal and binding institution. For their development interests, they wanted APEC to be a relatively loose consultative grouping. Malaysia rejected the US initiative and boycotted the 1993 Seattle meeting. Maintaining APEC to be a loose consultative forum allows it to maintain its strategic development and trade policies. Malaysia was also irritated with the US's resistance to its proposal of EAEG as an exclusive East Asian grouping. Indonesia preferred APEC to a forum for negotiating trade liberalization in selected sectors but was uninterested in the formal institutionalization of APEC. It disfavored the exclusivity of EAEC and preferred an inclusive approach. Thailand was unenthusiastic about APEC. It preferred AFTA and considered APEC as too large for regional trade liberalization but too small to be an alternative to GATT. Its geographical position disposes it to make closer and strategic relations with China. Singapore suggested a compromise by making EAEC as a caucus within APEC (Low 1996: 57-67; Hufbauer 1993: 13). This controversy is basically about the degree of liberalization commitment ASEAN states wanted to make. As AFTA has relatively low profile liberalization commitment compared to NAFTA, making APEC to be a loose grouping would also consistent with AFTA.

The 1994 Bogor Declaration indeed cemented APEC members' commitment toward free trade and investment. Developed states agreed to liberalize their trade and investment by 2010, whereas developing states by 2020. Despite this declaration, the subsequent arrangement met most ASEAN states' preference for flexible, selective and gradual liberalization. APEC still adopted a voluntary liberalization approach, rather than a binding one. The Individual Action Plan (IAP) and Early Voluntary Sectoral Liberalization (EVSL) then became two main instruments of liberalization measures. The IAP merely included insignificant progress beyond the UR commitment. Although Chile and Mexico rejected the EVSL initiative and preferred a

comprehensive approach, Japan's refusal of fishery and forest liberalization backed up most ASEAN states' position (Ahn 2002: 199-201). This kind of arrangement more or less meets most ASEAN states' interest to make APEC to be an unbinding institution. These facts mean that it is not membership issue per se that is contentious but the different institutional approaches that the member states want to apply to APEC.

Although APEC is not a negotiating institution, as Morrison, a co-chair of the PECC, says, it may nurture common understanding among its members (see *Jakarta Post* 2010) and provide an opportunity for its members for initiating an RTA. During the 2002 APEC Summit in Mexico, Singapore engaged in an RTA negotiation with New Zealand and Chile. Brunei joined into the negotiation in April 2005. The four states concluded their negotiation and establish a Trans-Pacific Strategic Economic Partnership (TPP) in June 2005. As its name connotes, the TPP is a WTO-Plus, covering many issues from market access, government procurement, intellectual property, labor, to Small and Medium Enterprises (SME). It scheduled the immediate elimination of almost 99% of all domestic exports by 2009. Regarding trade in services, it covers many sectors, including education, construction and transportation. Based on Lloyd's (2005) categorization, the TPP covers all markets—i.e. goods market, services market, capital market, labor market and multi-market—and all trade measures—i.e. border measures, beyond-the-border measures, and across the border measures. Small trade flows among the states, nevertheless, minimizes the effect of liberalization. Being influenced by the US, other four additional states (i.e. Australia, Malaysia, Peru and Vietnam) subsequently intended to join the TPP and establish a Trans-Pacific Partnership Agreement (TPPA). They launched the first negotiation in February 2010 and had engaged in six round until April 2011. As APEC intended to establish a Free Trade Area of Asia Pacific (FTAAP) in 2006, despite the different approaches applied in APEC and in the TPPA, the formation of TPPA may become a “concrete” step “toward realization of an FTAAP” (APEC 2010).

Of ten ASEAN states, only three involve in TPPA process. While Singapore has involved since 2002, Vietnam and Malaysia joined in 2009 and 2010, respectively. This membership issue indicates that ASEAN states have different position in relation to the TPPA.

Singapore's view on the TPP is quite clear. As an entrepôt and liberal market economy, Singapore aims to widen access to South American market and deepen the liberalization commitments of New Zealand and Brunei. It also already has RTAs with the all the five additional states, which are currently negotiating the TPPA. Small trade flows between the four original TPP members made Singapore celebrate US decision to join TPP. Singapore may enjoy much larger benefits should the TPPA negotiation be concluded to be high standard trade agreement than what it can reap from the TPP. Considering those realities, there may only be insignificant opposition—if exists—to the TPP and TPPA in Singapore.³

Different from Singapore, Malaysia's involvement in TPPA negotiation reemerges oppositions that were previously directed to the Malaysia-US trade negotiation. Opposition parties and NGOs complain about lack of transparency. They demand government to invite public participation and conduct a thorough study on the potential impact of TPPA. Although without any scientific estimation, they argue

³ References for states' views on TPPA are noted in appendix 2.

that agreements on the Intellectual Property Rights and investor protection will disadvantage domestic economic actors. They demand government to maintain (1) government procurement requirement in order to assist *bumiputera* and disadvantaged communities, (2) 40% tariff on US rice, (3) monetary regulatory financial system necessary for preventing financial crisis, (4) the provision of affordable medicines and a compulsory license for patented HIV/AIDS medicines, (5) genetically modified (GM) food labeling; infant industry tariff protections necessary for moving up the value chain, and (6) protections to national motor vehicle, and (7) to negotiate the removal of US agricultural subsidies.

Facing such criticisms, Malaysian government claims that the TPPA is beneficial. US involvement in TPPA will increase 11.7% of Malaysia's global preferential trade and eliminate tariffs the US imposed on various products (particularly, cocoa products, petroleum oils, textiles and apparels, footwear, metal products and clock and watches). Malaysia will not need to pay 37.5% and 32% tariffs for its footwear and textile-and-apparel products, respectively. Government even promises to negotiate for flexibilities in sensitive areas, i.e. government procurement, competition policy, IPR, labor and environment. Expecting export opportunities, business actors support government's decision to join TPPA.

The US invitation to Vietnam and Vietnam's decision to join TPPA is unexpected. The US does not recognize Vietnam as a market economy and may impose anti-dumping/countervailing measures. As it promote high standard TPPA, it does not have intention to form a two-tier preferential trade agreement and grant Vietnam some flexibilities. Vietnam government argues that participation in the TPPA may stimulate domestic economic reform and widen export opportunities, particularly for footwear and textiles/apparel products that become the subjects of 37.5% and 32% tariffs, respectively. Massive support of business actors still does not eliminate the question of how relatively protective Vietnam will meet the high standard TPPA. Moreover, considering Vietnam's level of development, accepting the US's TRIPS+ demand is unfeasible and violate Vietnam's interests.

In September 2010, the Philippines expressed its interest in joining TPPA negotiation. Since the US is the Philippines' biggest trading partner and about one fifth of its exports were directed to the US, the Philippines wants to widen access to US market. However, joining high standard TPPA is very problematic. Philippines' constitution and domestic regulations fully or partially prohibit foreign ownership participation in several services sectors, including utilities, media, transportation, retail trade, procurement, SMEs, education. On the other side, the US demands the Philippines to open its financial, telecommunications, computer and distribution sectors. Although the Philippines government wants to amend its constitution, it is clearly very difficult to realize such interest. Its aspiration for easier and flexible terms of agreement is also inconsistent with the high standard TPPA approach. Moreover, without any invitation from the current member, the Philippines will not be able to join the TPPA negotiation.

Slow progresses of the existing regional initiatives make Thailand view the TPPA as an option of regional-wide trade arrangement. In November 2010, Thailand became interested to study the TPPA process. It was invited to join the negotiation in April 2011. Thailand business lobbies also urge Thailand government to join TPPA. They want to maintain their competitiveness against Vietnam that has already joined the negotiation. Academic circles urge the government to join in order to revive

Thailand's economy and win international competition. Despite these supports, Thailand government prioritizes the establishment of an ASEAN Economic Community in 2015. It has not expressed its intention to join the TPPA.

Indonesia negatively views the TPPA process. Considering Indonesia's relative uncompetitiveness, Indonesia prefers to complete the Doha Round first. It also prioritizes ASEAN-driven regional initiative based on the arguments that the TPPA may crowd out the existing regional initiatives or even shift the focus from them. Using the existing initiatives as a foundation of Asia-Pacific arrangement is also considered to be a better alternative. Consistent with this position, Indonesia also rejects the establishment of FTAAP or, at least, prefers its formation as a vague and long-term goal. Indonesia needs to upgrade its capacity and competitiveness in exchange for more open trade arrangement.

Rather than having similar views, ASEAN states take different stances regarding the TPPA processes. Except for Singapore, strategic development and trade interest causes most ASEAN states to prefer for flexible, selective and gradual trade liberalization. Different level of development and trade interests hinder ASEAN states from performing ASEAN as a solid organization and involving all ASEAN states into the high standard Trans-Pacific RTA. A flexible, selective and gradual trade liberalization approach still manifests as the most applicable approach for uniting all ASEAN states.

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APPENDIX 1
ASEAN Economic Community (AEC) Blueprint-Schedule and Scorecard
for a Single Services Market and Production Base

Strategic Approach	Blueprint's Priority Actions				Scorecard (2008-2009)	
	2008-2009	2010-2011	2012-2013	2014-2015	Measures to be Implemented	Actions Required
Free Flows of Services						
Service liberalization under AFAS*	<ul style="list-style-type: none"> • Schedule at least 10 new sub-sectors (2008) • No restrictions for Modes 1 and 2, with exceptions due to bona fide regulatory reasons (2008). • At least 51% foreign equity participation for the 4 priority services sectors (2008). • At least 49% foreign equity participation for logistics services (2008). • At least 49% foreign equity participation for other services sectors (2008). • Progressively remove market access limitations for Mode 3 as endorsed by the AEM. • Complete the compilation of an inventory of barriers to services by August 2008. • Set parameters of liberalization for national treatment limitations, Mode 4 and limitations in the horizontal commitments for each round (2009). 	<ul style="list-style-type: none"> • Remove substantially all restrictions on trade in service for the 4 priority services sectors¹ (2010). • Schedule at least 15 new sub-sectors (2010). • At least 70% foreign equity participation for the 4 priority services sectors (2010). • At least 51% foreign equity participation for logistics services (2010), • At least 51% foreign equity participation for other services sectors (2010). • Schedule commitments according to agreed parameters for national treatment limitations, Mode 4 and limitations in the horizontal commitments set in 2009. 	<ul style="list-style-type: none"> • Remove substantially all restrictions on trade in service for logistic services sectors (2013). • Schedule at least 20 new sub-sectors (2012). • At least 70% foreign equity participation for logistics services (2013), 	<ul style="list-style-type: none"> • Remove substantially all restrictions on trade in service for all other services sectors by 2015. • Schedule at least 20 (2014) and 7 (2015) new sub-sectors (2010). • At least 70% foreign equity participation for other services sectors (2015). 	<ul style="list-style-type: none"> • Completion of the 7th packaged of trade in services liberalization commitments • Entry into force of the ASEAN Multilateral Agreement on Air Services (MAAS). • Entry into force of the ASEAN Multilateral Agreement on the Full Liberalization of Air Freight Services (MAAFS). 	<ul style="list-style-type: none"> • To schedule sectors that meet higher foreign equity participation levels and other commitments • To ratify MAAS and its Protocol. • To ratify MAAFS and its Protocols.
Mutual Recognition Arrangements (MRAs)	<ul style="list-style-type: none"> • Complete MRAs currently under negotiation, i.e. architectural services, accountancy services, surveying qualifications, medical practitioners (2008). • Implement the completed MRAs. 	<ul style="list-style-type: none"> • Identify and develop MRAs for other professional services by 2012. 		<ul style="list-style-type: none"> • Full implementation of completed MRAs (2015) 		
Financial services sector	<ul style="list-style-type: none"> • Develop the list of "pre-agreed flexibilities" that can be maintained by each member country for the sub-sectors identified for 	<ul style="list-style-type: none"> • Agree on the list of "pre-agreed flexibilities" that can be maintained by each member country for the sub-sectors identified for 	<ul style="list-style-type: none"> • Develop the list of "pre-agreed flexibilities" that can be maintained by each member country from 2020. 	<ul style="list-style-type: none"> • Substantially remove³ restrictions for the insurance, Banking and Capital Market sub-sectors by 2015 as identified by member 		

	liberalization by 2015.	liberalization by 2015.		countries in Annex 1. <ul style="list-style-type: none"> • By 2017, agree on the list of "pre-agreed flexibilities" that can be maintained by each member country from 2020. • Substantially remove⁴ restrictions on trade in services for all remaining sectors by 2020. 	
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Note: (1) The 4 priority services sectors include air transport, e-ASEAN, healthcare and tourism; (2) The approaches shall be subject to flexibility as provided in the Blueprint; (3) Members may maintain restrictions as negotiated and agreed in the list of "pre-agreed flexibilities" for 2015; (4) Members may maintain restrictions as negotiated and agreed in the list of "pre-agreed flexibilities" for 2020.

Sources: ASEAN Secretariat (2008: 38-39; 2010: 16)

APPENDIX 2
ASEAN States' View of Trans Pacific Partnership Agreement: Selected States

States	General information and backgrounds	Pro		Government	Opposition
Indonesia		<p>Academics Hadi Soesastro (Center for Strategic and International Studies)</p>	<ul style="list-style-type: none"> Suggesting the TPPA to be coordinated with and established on the base of the existing regional initiatives.ⁱ 	<p>Government President Ministry of Trade Coordinating Ministry for Economic Affairs</p>	<ul style="list-style-type: none"> Considering Indonesia's relative uncompetitiveness, Indonesia prefers "to complete the Doha Round first before jumping to the Trans Pacific agreement."ⁱⁱ Prioritizing ASEAN-driven regional cooperation.ⁱⁱⁱ TPPA crowds out the existing regional initiatives or even shifts the focus from them. Using the existing regional initiatives as a foundation is a better alternative.^{iv} Rejecting the establishment of FTAAP,^v or at least preferring the establishment of FTAAP as a vague and long-term goal.^{vi} Demanding capacity building in exchange for more open trade arrangement.^{vii}
Malaysia	<ul style="list-style-type: none"> Nov. 2009 → Being invited to join negotiation and responding that Malaysia need to conduct a study. Feb. 2010 → Becoming interested to join.^{viii} Oct. 2010 → Joining at the 3rd round of TPP negotiations in Brunei in October 2010.^{ix} Malaysia Vision 2020 Malaysia's domestic reform programs (New Economic Model, Government Transformation Programme, and Economic Transformation Programme).^x Suspended Malaysia-US FTA negotiation in 2008. The US has 19.7% share in Malaysia's total export. Its main exports cover electrical and electronics, wood products, textiles and clothing, optical and scientific equipment and rubber products; the US was top investor in 2005.^{xi} Malaysia established Intellectual Property Court in all states in July 2007; it eliminated 30% requirement for bumiputera ownership in 27 services sub-sectors in April 2009; it allowed 70% foreign equity participation in investment banks and insurance firms.^{xii} 	<p>Government Ministry of International Trade and Industry</p>	<ul style="list-style-type: none"> TPP is "a positive step towards deeper integration".^{xiii} TPP will widen market access and attract FDI. US involvement would increase 11.7% of Malaysia's global preferential trade; would eliminated tariffs imposed on 12.4% exports (particularly, cocoa products, petroleum oils, textiles and apparels, footwear, metal products and clock and watches). Malaysia's footwear and textile-and-apparel products pay 37.5% and 32%, respectively.^{xiv} Malaysia wants to negotiate for flexibilities in sensitive areas, i.e government procurement, competition policy, IPR, labour and environment.^{xv} Malaysia's interests in "horizontal issues," which include development and Small and Medium Enterprises (SMEs).^{xvi} 	<p>Parties & NGOs: Democratic Action Party, 2) Parti Islam Semalaysia, 3) Parti Sosialis Malaysia, 4) Dewan Muslimat PAS Pusat, 5) Lajnah Pengguna & Alam Sekitar PAS Pusat.</p> <p>1) Aliran Kesedaran Negara, 2) All Women Action Society, 3) Ampang Socialist Arts Club, 4) Student Progressive Front Universiti Utara Malaysia, 5) Community Action Network, 6) Community Development Centre, 7) Consumer Association of Penang, 8) Gerakan Mahasiswa Maju Universiti Putra Malaysia, 9) Gerakan Menuntut Pendidikan Percuma, 10) Health Equity Initiatives, 11) Jaringan Rakyat Tertindas, 12) Jawatankuasa Bekas Pekerja CHG, 13) Third World Network (TWN), 14) The Coalition against Free Trade Agreement, 15) Jawatankuasa Ladang Semenyih, 16) Kesatuan Sekerja Dekor Panel Emas Sdn Bhd, Rawang, 17) Student Progressive Front Universiti Sains Malaysia, 18) Positive Malaysian Treatment Access & Advocacy Group (MTAAG+), etc.^{xvii}</p>	<ul style="list-style-type: none"> Complaining previous FTAs that disposed to benefit special interests and multinational companies, rather than Malaysian people.^{xviii} Claiming that high costs overcome limited gains and that TPP will worsen economic crisis^{xix}; that an FTA is not necessary for increasing textile export.^{xx} Arguing that IPR agreement in TPP will increase medicine prices and make patented medicines 1,044% more expensive than their generic equivalents; that investor protections may lift environmental and health regulations; that the Investment Guarantee Agreements (IGAs) is inadequate to maintain domestic producers' competitiveness if FTA is put into force.^{xxi} Resisting a binding agreement and demanding government to maintain Malaysia's autonomy; demanding government to halt the TPPA negotiations.^{xxii} Demanding transparency and public participation, and demanding government to conduct thorough studies on the effect of all FTAs.^{xxiii} Demanding government to maintain (1) 40% tariff on US rice and exclude rice out of negotiation, (2) genetically modified (GM) food labeling; (3) the provision of affordable medicines and a compulsory license for patented HIV/AIDS medicines,^{xxiv} (4) infant industry tariff protections necessary for moving up the value chain, (5) monetary regulatory financial system necessary for preventing financial crisis,^{xxv} (6) government procurement requirement in order to assist <i>bumiputera</i> and disadvantaged communities, (7) loose Intellectual Property regulations,^{xxvi} (8) protections to national motor vehicle; demanding (9) the removal of US agricultural subsidies.^{xxvii}
		<p>Academics Benny Guan (University Sains Malaysia)</p>	<ul style="list-style-type: none"> TPP would benefit Malaysia, widening access to US market and negotiating with Australia and Chile at once. Malaysia has to deal with agricultural, services sector liberalization, government procurement, intellectual property rights and the discrimination policy. Malaysia should take a "wait-and-see" approach on the timing of participation. However, early participation allows Malaysia to participate in setting negotiation agenda. Malaysia should consider the political implications of TPP on ASEAN states' position and East Asian-wide FTA initiatives.^{xxviii} 		

		<p>Business lobbies: 1) The Federation of Malaysian Manufacturers, 2) Malaysian Textile Manufacturers' Association,^{xxx} 3) American Malaysian Chamber of Commerce, 4) Malaysian International Chamber of Commerce and Industry, 5) The US-ASEAN Business Council, 6) US-Malaysia Business Coalition,</p>	<ul style="list-style-type: none"> • Support Malaysia-US FTA (MUSFTA) and TPP. Claiming that TPP will increase Malaysia's competitive advantage against China and other ASEAN states, increase its comparative advantage against the US, and attract US FDI into Malaysia.^{xxx} • Claiming that strong agreement on IPR will attract FDIs in research, software, pharmaceutical, biotechnology and technology-based industries. • Ensuring that the TPP provides mutual benefits and cover beyond trade and investments (e.g. capacity building, R&D, training and information exchange) • Expecting lower tariffs, particularly for footwear, textile/fabric, apparel and ceramic tableware. • Establishing a Private Sector Task Force on FTA 	<p>Business lobbies: The Federation of Malaysian Manufacturers</p>	<ul style="list-style-type: none"> • Being wary with the US intention to extend patents beyond TRIPs,
The Philippines	<ul style="list-style-type: none"> • Sep 2010 → Being interested in joining the TPPA.^{xxxii} • Has not been invited. • The US is the Philippines' biggest trading partner—with almost 15% share—and is interested in accessing the Philippines' financial, telecommunications, computer and distribution sectors.^{xxxiii} 	<p>Government</p>	<ul style="list-style-type: none"> • Being interested in joining TPPA negotiation, but facing constitutional barrier. Philippines' "Foreign Investment Negative List" restricts foreign ownership participation in some service sectors—such as utilities, media, transportation, retail trade, procurement, SMEs, education.^{xxxiii} • Wanting to amend constitution. • Being wanted to widen market access to the US^{xxxiv} and open South American market. • Studying the requirements for joining the TPPA.^{xxxv} • Aspiring easier and flexible terms if it is invited to join TPPA.^{xxxvi} 	Government	<ul style="list-style-type: none"> • Preferring the establishment of FTAAP as a vague and long-term goal.^{xxxvii}
		<p>Business lobbies 1) The Philippines Chamber of Commerce and Industry 2) Roberto R. Romulo (Chairman of Philam Insurance, Inc. & Senior Adviser to the President on International Competitiveness)</p>	<ul style="list-style-type: none"> • Being interested in FTAs and demanding Philippines government to be proactive and explain the benefits of FTAs. • FTA s benefits many sectors, including agricultural, electronics, garments, automotive and transportation part and equipments.^{xxxviii} • Demanding a thorough study before joining the TPPA and preferring a voluntary and consensual approach.^{xxxix} 		
Singapore	<ul style="list-style-type: none"> • 2000 → initiative for a TPP between Singapore, Chile and New Zealand • 2002 → The first negotiation of TPP was launched at the APEC Summit. • TPP was agreed in June 2005 and entered into effect for Singapore on 1 May 2006. 	Government	<ul style="list-style-type: none"> • Widening access to South American market, deepening existing liberalization commitments, attracting FDI • Celebrating the expansion of TPP to be TPPA^{xi} and preferring high standard TPPA. • Considering US involvement as a guarantee for secure and stable environment.^{xii} 		
Thailand	<ul style="list-style-type: none"> • Nov 2010 → Interested to see the progress of TPPA.^{xiii} • Apr 2011 → Being invited to join TPPA negotiation^{xiii} • Suspended Thai-US free trade talks in 2008. 	Government	<ul style="list-style-type: none"> • Prioritizing the establishment of ASEAN Economic Community in 2015.^{xiv} • Considering the slow progress of the existing regional initiatives, Thailand views TPPA as an option of regional-wide trade agreement. • Wanting to maintain competitiveness against neighboring states.^{xiv} 		

		<p>Business lobbies Thai Garment Manufacturers Association</p> <ul style="list-style-type: none"> • Urging government to join TPPA negotiation in order to maintain competitiveness against Vietnam. Increased minimum wages stimulated garment industry to move their production to Vietnam, which may enjoy preferential treatment under TPPA.^{xvi} • Asking the Federation of Thai Industries and the Board of Trade to study the effect of TPPA on Thailand.^{xvii} 		
		<p>Academics Chalongphob Sussangkorn (Development Research Fund)</p> <ul style="list-style-type: none"> • Urging government to join the TPPA negotiation in order to revive domestic economy and win international competition; supporting domestic economic reform.^{xviii} 		
Vietnam	<ul style="list-style-type: none"> • Sep. 2008 → Being invited to join TPPA negotiation. • Nov. 2008 → Attending as an observer. • Mar. 2009 → Becoming “partnering member” of TPP • Mar. 2010 → Participating in the 1st TPPA negotiation in Australia.^{xix} • Jun. 2011 → Will held the 7th TPPS negotiation • The US does not recognize Viet Nam as a market economy (currency convertibility, international worker rights/free bargaining for wages, foreign investment, government control of production factors and allocation of resources, etc) and may apply anti-dumping and countervailing measures.ⁱ • Having discriminatory regulations, preferential lending, lack of reliable information, government procurement investment barriers, IPR problems.ⁱⁱ • Bilateral Trade Agreement with the US • The US does not support a two-tier preferential arrangement in TPPA.ⁱⁱⁱ 	<p>Government:</p> <ul style="list-style-type: none"> • Removing US anti-dumping/countervailing duties measures; widening export opportunities, particularly those of footwear and textiles/apparel, which are under the frame tax of 0-37.5% and 0-32%, respectively.ⁱⁱⁱ • Domestic economic reform (privatization of SOEs, open procurement market, efficiency, etc.).^{liv} <p>Business lobbies & Academics:</p> <ul style="list-style-type: none"> • Vietnam Chamber of Commerce and Industry (VCCI) • Nguyen Thi Thu Trang & Pham Chi Lan (VCCI researchers) • 96% of businesses polled by the Vietnam Chamber of Commerce and Industry (VCCI) support Vietnam membership in TPPA.^{lv} • Although the TPPA may not benefit largely, smaller benefits are better than none. • With the elimination of trade barriers, business actors can import technologies at cheaper prices. • TPPA will not necessarily benefit Vietnam, if it does not meet Vietnam’s interests. • Allowing Vietnam to demand the US to recognize Vietnam’s market economy status.^{lvii} 	<p>Business lobbies & Academics: Tran Huu Huynh (VCCI researcher)</p> <ul style="list-style-type: none"> • Accepting TRIPS+ is unfeasible. Vietnam needs to upgrade its capability to meet the TRIPS+ standards.^{lv} 	

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