



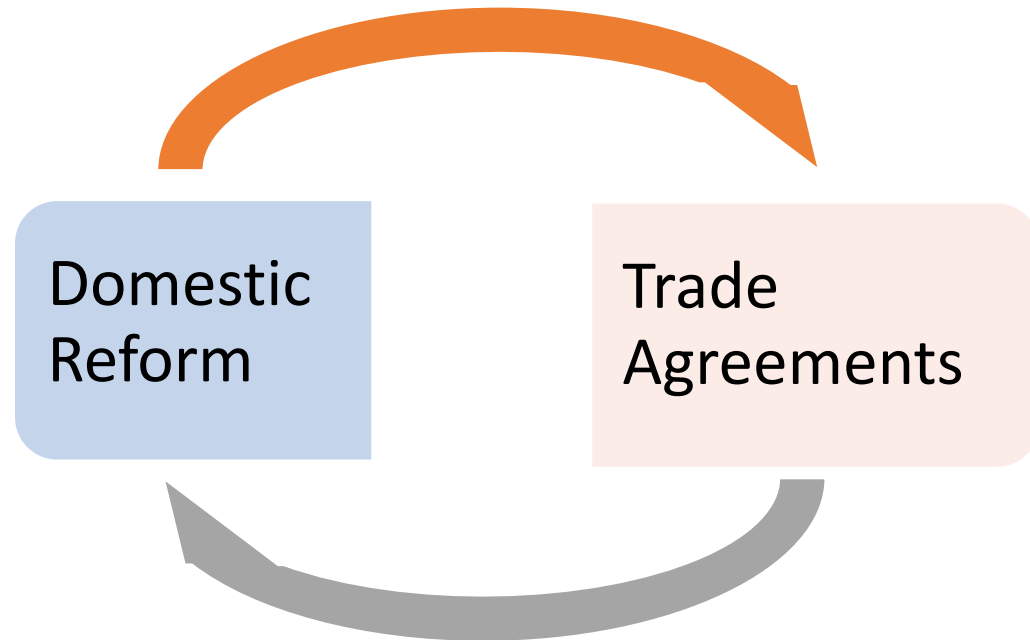
CENTRE FOR
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Trade Agreements and Domestic Reform

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FTA and Domestic Reform: Two Ways Interaction



- Trade agreements have been used to push for economic reforms in many countries
 - FTAs as commitment device
 - To increase credibility of reform
 - To provide time consistency
- Several empirical studies confirm positive effect of international commitments to economic reform, especially on trade policy (Limao and Tovar, 2009; Baccini and Urpelanen 2014)
 - Depends on implementation mechanisms
 - Depends on international institution
- But domestic reform also increases the benefits of liberalization

Why FTAs Address Domestic Regulations?

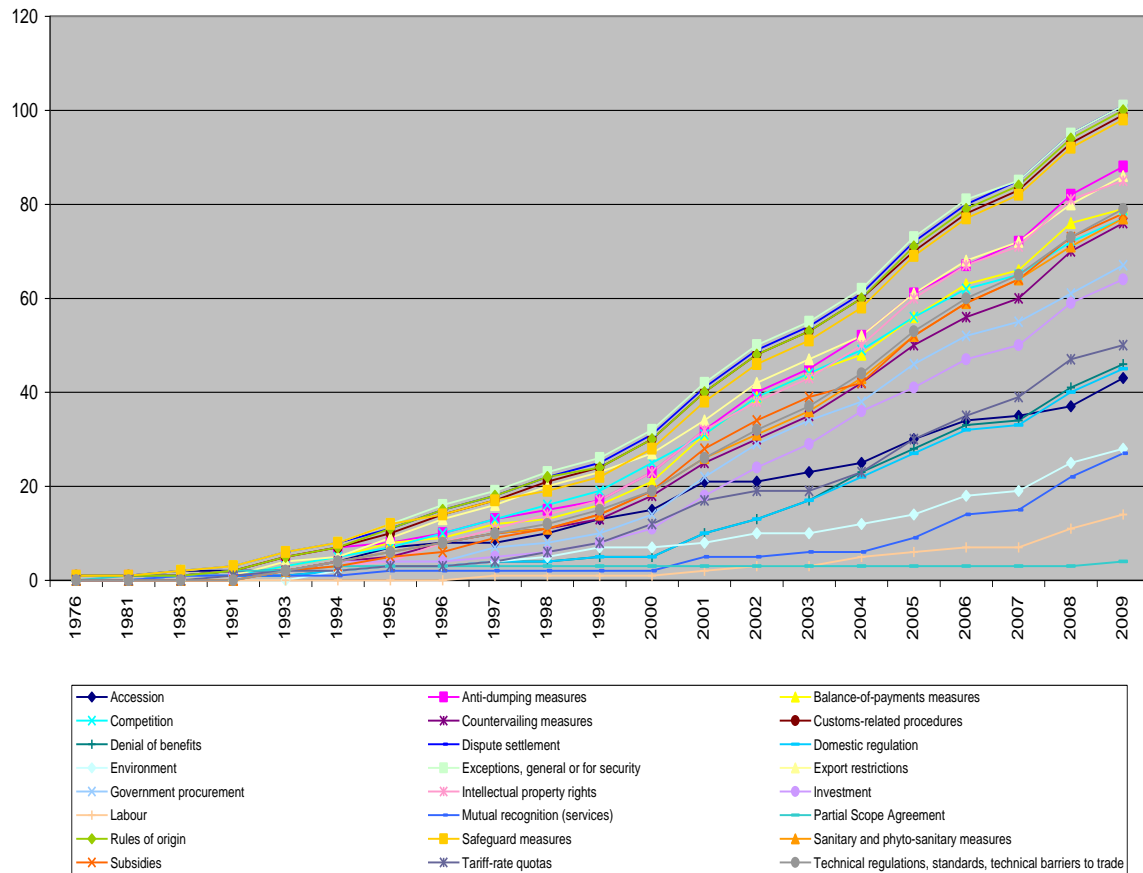
Regulatory and political uncertainty in other countries

Transparency in policy formulation

Reducing discriminatory actions

Improving greater coherences

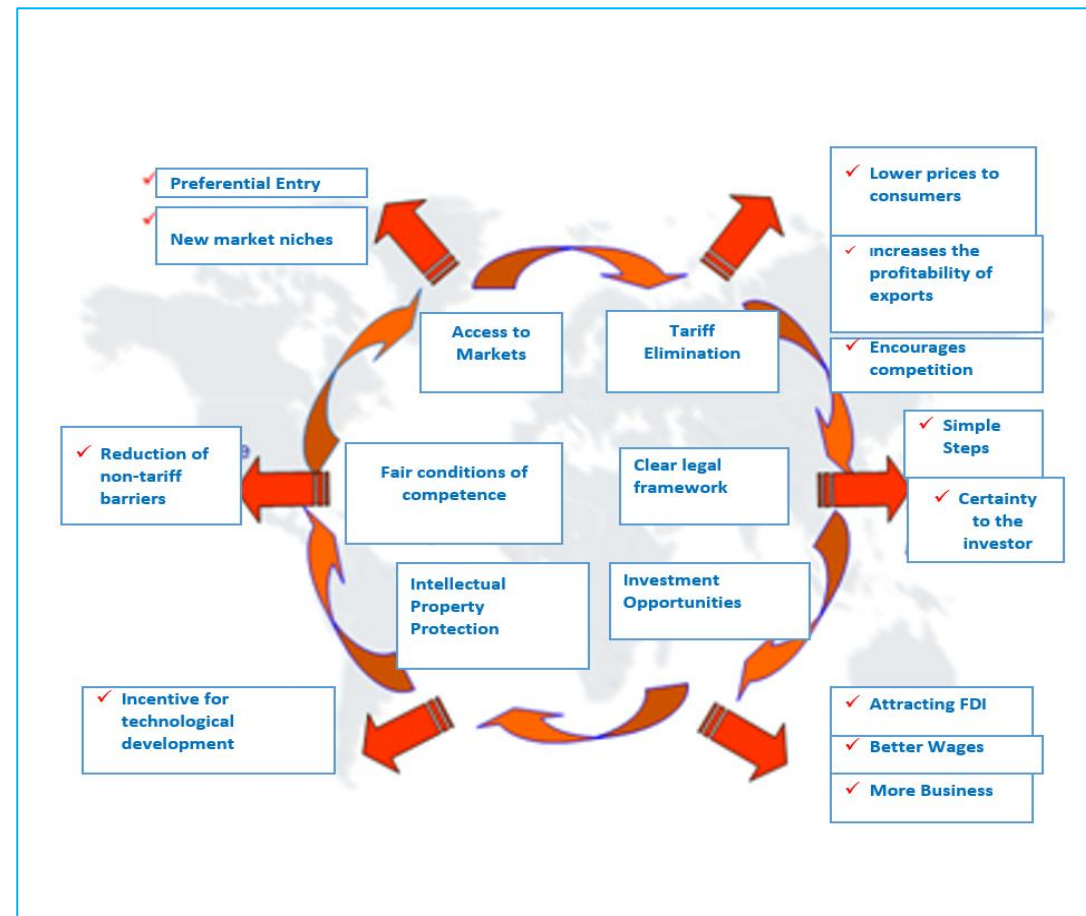
More and more prevalent...



- Domestic reform and FTAs
- Commercial regulation aspects
 - Investment rights and protection
 - Intellectual property rights (IPR)
 - Government procurement
 - Competition policy
 - Domestic regulations of services
- Other aspects
 - Labour standards
 - Environmental standards
 - Economic co-operation

Behind-border initiatives in East Asia...

Column1	Singapore	Malaysia	Philippines	Brunei	Indonesia	Thailand	Vietnam	ASEAN
Border Issues								
Tariff elimination	√	√	√	√	√	√	√	√
Rules of origin	√	√	√	√	√	√	√	√
Services trade	√	√	√	√	√	√	√	√
Customs cooperation and trade facilitation	√	√	√	√	√	√	√	√
Sanitary and phytosanitary measures	√	√					√	√
TBTs and standard conformity	√	√					√	√
Behind-Border Issues								
Intellectual property	√	√	√	√	√	√	√	
Investment	√	√	√	√	√	√		
Government procurement	√		√	√	√	√		
Competition policy	√	√	√		√	√	√	
Environment standards								
Sustainable development								
Labour standards								
Financial services	√	√	√	√	√		√	
Telecommunications	√							
E-commerce	√							
Economic Co-operation	√	√	√	√	√	√	√	√



Issues in FTAs and Domestic Reform

Approaches to Commitments

- Regulatory uniformity or cooperation
 - Experiences tell us that setting a set of guidelines is difficult to implement
 - Coherences based on cooperation and basic principles
- Scope and areas of commitments and cooperation
- Whose standards to be adopted?
 - Roles of “private” standards

Implementation Mechanisms

- Supranational body
 - Not always effective
 - Monitoring and evaluation are important
- Legalistic approach or voluntary basis
 - Ratification and incorporation
 - Naming and shaming
- Multilevel government implementation
 - The authority in charge

Thank You