

Free Trade Agreements (FTAs) of the Philippines

Status and updates



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RP Mandate

- **The Philippine Medium and Long Term Development Plans**
 - Appropriate international engagements, including Free Trade Agreements (FTAs) and similar arrangements.
 - Such endeavors shall increasingly take place in the context of our membership in the ASEAN
- **Executive Orders 133 and 292**
 - DTI to spearhead such engagements

Reasons for RP Participation

- Means to promote trade and investment flows
- Ensure continued and enhanced market access for ASEAN's exports
- Draw greater and sustained inflows of FDI
- Mutual support on issues of common interest in international fora
- Maintain competitiveness
- Portfolio diversification
- Cross-border industrial complementation
- Advantages of geographic proximity
- Leverage in FTAs

FTAs of the Philippines

The Only Full FTA that the Philippines is Party to

Intra-ASEAN Integration is composed of:

1. Liberalization

- Common Effective Preferential Tariff (CEPT) and Priority Integration Sectors (PIS)
- ASEAN Framework Agreement on Services
- ASEAN Investment Area

2. Facilitation

- e-Customs/Single Window; Standardization and Harmonization; multi-modal transport; logistics; e-commerce

3. Cooperation

- Bridging Development Gaps
- Sub-Regions/Growth Areas





ASEAN Economic Community (AEC)

- One of the three key pillars of the envisaged ASEAN Community
- End goal of economic regional integration as declared by the ASEAN Leaders at the Bali Summit in October 2003 (Bali Concord II)
- To be established by **2015** as agreed by the ASEAN Leaders at the 12th ASEAN Summit

Characteristics of the AEC

These characteristics are inter-related and mutually reinforcing.

- A single market and production base
- A highly competitive economic region
- A region of equitable development
- A region fully integrated into the global economy



Status

- Preferential tariff concessions under the **Trade in Goods Agreement** being implemented.
- ASEAN and China have initiated the process of eliminating non-tariff barriers (NTBs). First activity is to exchange information on NTMs of both Parties.
- **Trade in Services Agreement** including first package of commitments signed in January 2007. ASEAN and China currently negotiating a second package of improved commitments.
- Negotiations on the **Investment Agreement** have concluded, with agreement scheduled for signing at the ASEAN-DP Summit in early April 2009.
- Conducted a mid-term review of the TIG Agreement. The mid-term review of the TIG focused on the implementation of tariff commitments made under the TIG and the early harvest program, the bilateral trade between ASEAN and China prior to and after the implementation of the TIG and the utilization of the certificates of origin Form E.



ASEAN – Japan Comprehensive Economic Partnership Agreement

- **Modality on Trade in Goods**
 - Normal Track: 10 years upon entry into force
 - Sensitive Track: 0-5% in 10 years
 - Cumulative rules of origin
- **Provisions for possible future negotiations in services and investment next year; in the meantime, commitments in bilateral EPAs and BITS will apply**
- **Final Stages**
 - All parties have signed as of 12 April 2008
 - Will enter into force with respect to ratifying parties two months after IOR is deposited with secretariat



ASEAN – Korea Free Trade Agreement

1. Trade in Goods now operational

- Provides for the substantial reduction/elimination of tariffs and other barriers to trade by 2010, with flexibility up to 2012.
- It covers the following tracks:
 1. Normal Track (2006-2010)
 2. Sensitive Track (2012-2016)
- Bonus: Korea waives reciprocity requirement for \$28M RP exports

2. Trade in Services now operational

3. Investment Agreement being negotiated



ASEAN – Australia – New Zealand Free Trade Agreement

Recently signed at the 14th ASEAN Summit in Hua Hin Thailand last February 27, 2009.

- A comprehensive single undertaking FTA

Includes:

- 1. Trade in Goods Chapter** (ROO, Customs, SPS, STRACAP, Safeguard Chapters)
 - Normal Track: by 2013
 - Sensitive Track: 0-5% by 2020
 - Exclusion: subject to bilateral negotiations
- 2. Trade in Services** (including financial and telecommunication services annexes)
- 3. Electronic Commerce Chapter**
- 4. Movement of Natural Persons Chapter**
- 5. Intellectual Property Chapter**
- 6. Competition Chapter**
- 7. Economic Cooperation Chapter**



1. Trade in Goods Agreement

- Negotiations for the modality for tariff reduction/elimination for the ASEAN-India FTA completed. However, recent issues have been raised regarding the implementation of the TIGA which has delayed the signing of the agreement.

2. Trade in Services and Investment Agreement

- Simultaneous negotiations for services and investments have started. Then again, negotiations have been put on hold given the current situation with the TIGA.



ASEAN – European Union Free Trade Agreement

- Started exchange of views relating to various FTA elements (guiding principles, modalities for tariffs, services and investment liberalization, etc) under the ASEAN-EU FTA.
- Has also established seven expert groups (tariffs and non-tariff barriers; ROO; services and establishment; DSM; SPS; TBT and customs and trade facilitation)
- However, negotiations have currently been put on hold given the involvement of Myanmar in the FTA. Although both sides are reflecting on possible ways to move forward (by studying different possible methods of approach of tackling the FTA).



Thank you.

The floor is now open for your questions.

