

**SPEECH BY MR LIM HNG KIANG, MINISTER FOR TRADE AND INDUSTRY,
AT THE PECC-SINCPEC-INCPEC CONFERENCE,
22 FEBRUARY 2013, 7:20 PM AT PAN PACIFIC HOTEL**

Ambassador Tang

Distinguished Guests

Ladies and Gentlemen

1. Good Evening. It is my pleasure to join you tonight at the conference dinner of this year's PECC-SINCPEC-INCPEC Conference. Let me also welcome our overseas guests to Singapore.

Overview of Regional Economic Integration

2. As we face uncertain economic times, the vision of an integrated, prosperous, and peaceful Asia Pacific region remains relevant.

- o Closer trade, investment, and financial ties through regional agreements increase the inter-dependence of regional economies.

- o With falling transport costs and greater ease of communications, businesses are able to divide their value chains and locate activities in multiple countries where it can be executed most efficiently. This results in increased intermediate trade. Intraregional trade of parts and components now account for more than half of manufacturing trade in developing Asia and East Asia.

- o This contributes to a vibrant and dynamic business environment, as supply chains compete in search of good suppliers and best practices. Investments will continue to pour in, in pursuit of opportunities in this part of the world. According to UNCTAD, global share of FDI inflow into East and Southeast Asia grew to 22 per cent in 2011, up from 12 per cent before the global financial crisis.

- o Regional economic integration needs to catch up with these trends in production. Improvements in cross-border flows of capital, goods and people will make it easier for economies to adapt to changing patterns of comparative advantage, and allow for technology transfers across borders. Economies will therefore be able to compete globally, with their companies adapting and moving up production value chains more quickly.

3. Regional Economic Integration has been largely driven by the emergence of regional forums and institutions such as ASEAN, APEC and East Asia Summit.

o ASEAN Member States are now working towards the timely implementation of their commitments to achieve the goal of an ASEAN Economic Community (AEC) in 2015. This will establish ASEAN as a single market and production base with free flow of goods, services, investments. AEC will transform ASEAN into a region of equitable economic development, fully integrated into the global economy.

o Many economies in the Asia-Pacific region have also made steps to facilitate economic integration. Under the auspices of APEC, efforts remain devoted to enhancing supply chain connectivity and addressing new and emerging trade and investment issues towards a Free Trade Area of the Asia-Pacific (FTAAP).

Development of RCEP and TPP

4. I want to touch on two significant developments in Regional Economic Integration that have captured our attention these past few years: RCEP and TPP.

o The Regional Comprehensive Economic Partnership (RCEP) aims to bring together ASEAN's individual FTAs with Australia, New Zealand, Japan, China, India and South Korea, into a single comprehensive agreement. It is envisioned to be one of the largest FTAs in the world. The RCEP could potentially transform the region into an integrated market comprising over 3 billion people, which is more than 45% of the world's population. It would integrate an area with a combined GDP of about US\$ 17.23 trillion. This is about a third of the world's current annual GDP.

o These figures are staggering and one cannot understate the magnitude of RCEP. That said, RCEP's potential is certainly tied to our commitment to ensuring a high quality outcome in the negotiations. It is important that we strive to make the RCEP a modern, high quality and comprehensive agreement with significant improvements over our current ASEAN+1 FTAs. This will ensure our future growth and regional integration.

5. The other development is the Trans-Pacific Partnership (TPP).

o The TPP is an ambitious agreement from the outset. It is a comprehensive, high-quality trade agreement that will provide members with comprehensive duty-free market access to each other's goods markets, and lift restrictions on services, investment and government procurement. It will also reduce behind-the-border non-tariff trade barriers, as well as enhance regional connectivity by promoting consistency in regulation across member countries.

o In particular, the TPP's facilitation of cross-border supply-chains will expand the reach of innovative and competitive Singapore-based companies. This includes those with strong and integrated production networks in growing Asian markets, as well as, fast-growing emerging markets in Latin America and key markets such as the US.

- o For small and medium enterprises, greater regulatory coherence across the broader Asia-Pacific region under the TPP will help them diversify their export destinations for enhanced growth and robustness.

On RCEP and TPP as mutually reinforcing pathways to FTAAP

6. In our vision of the Free Trade Area of the Asia Pacific (FTAAP), we have to see RCEP and TPP as complementary efforts.

- o The progress of one ensures that the other remains on track to achieve a high quality agreement. The TPP and RCEP are mutually-reinforcing parallel tracks for regional integration. The overlaps in membership between the two tracks will also make it easier to achieve an eventual FTAAP.

- o Both the RCEP and TPP are ambitious FTAs and will involve complex negotiations involving multiple parties[1] and sectors. As equally viable pathways to FTAAP, we should aspire to conclude high quality agreements in both instances. When both agreements are eventually completed, it will be one that we can all be proud of.

The Importance of the Multilateral Trading System

7. We must remember that even with the progress made on TPP and RCEP, they should not be seen as ends in and of themselves. Rather, success on those fronts should be seen as building momentum towards a longer term goal of reforming the multilateral trading system.

- o As such, as we push new frontiers with these agreements, we cannot abandon the work at the WTO. The WTO remains our best insurance against protectionism. Its rules provide transparency and predictability for traders and businesses from all countries, small and large, developed or developing.

- o We must ensure that WTO remains a credible institution. To this end, we cannot let progress that has been made in the Doha Development Agenda (DDA) falter.

Leveraging on APEC for an Outcome at WTO

8. This year, we find ourselves in a very unique and opportune place. Indonesia is playing a leading role in two important international economic fora – Chairmanship of APEC and host of the WTO 9th Ministerial Conference (MC9).

- o We can and should seek to leverage on the work at APEC to articulate and influence the work at WTO.

9. What I am suggesting is not without precedent. As a non-binding forum, APEC allows for the socializing of ideas and discourse that can provide a positive momentum for the trade agenda at WTO.
 - o For example, as work is being done in Geneva on the expansion of the Information Technology Agreement (ITA), it is easy to forget that it was in APEC that such an idea was first socialized and formulated.
 - o From APEC, the ITA was eventually ported to the WTO, where membership has grown from the initial 29 economies to 70 economies. In the same breathe, 2012 saw APEC Leaders endorsing the list of 54 Environmental Goods, surpassing by far, the progress on the same issue at WTO. These examples highlight the potential for good work to be done if we manage to find the right synergy between work at APEC and WTO.
10. We must look forward and think of new ways to reinvigorate the Doha Round and by extension, the WTO.
 - o We should not let the ghosts of past Doha Round negotiations dictate the future that we want to see. Synergies can and will be found between the work at APEC and WTO, hopefully leading to a credible outcome.
 - o Indeed, work has already begun on a strong statement of support for the WTO and DDA at the APEC Ministers Responsible for Trade (MRT) Meeting in Surabaya this coming April.
11. On that note, let me end by saying that the PECC-SINCPEC-INCPEC Conference provides a platform for government officials and leading academics to exchange ideas and build discourse on trade-related issues – and find new friends.
12. Over these two days, as you find “Pathways for Resilient and Inclusive Growth”, I hope you will gain new insights from navigating the sea of knowledge present here.
13. I wish you all a fruitful time at PECC-SINCPEC-INCPEC Conference 2013.
14. Thank you.