

Asia-Pac FTA is next up after RCEP: Swee Keat

Think tanks' research can improve understanding of the region and make S'pore a trusted base for businesses, he says

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Singapore
RIDING on the wave of recently inked regional trade agreements, Singapore is now looking towards realising a 16-party free-trade agreement (FTA) as the next step to creating a pact encompassing the entire Asia Pacific region, said Finance Minister Heng Swee Keat on Thursday.

And even as Singapore continues to push for a region wide FTA, he suggested that think tanks in Singapore help enhance the country's knowledge economy and turn it into a "trusted home base" for companies looking to benefit from deeper regional integration.

Speaking at the 2015 Asian Competitiveness Institute Annual Conference, he said: "I believe and hope that the next step we can take will be the Free-Trade Area for the Asia Pacific, once we are able to do the Regional Comprehensive Economic Partnership (RCEP).

"I hope Singapore can play a modest role in creating an environment of mutual trust and cooperation amid the competitive dynamics of economies... Knowledge is the basis of the new economy."

News of a growing line-up of trade deals and agreements has hogged the headlines in the past few weeks, with plans to create the Asean Economic Community (AEC) being the latest.

When fully operational, the AEC will create a single market and a sin-



Mr Heng said that amid the free-trade deals signed lately, Singapore can build a niche as a knowledge hub or "trusted home base" for companies looking to deepen their connections to Asia. The research by think tanks will be key in furthering knowledge – and mutual trust – in this regard.

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gle production base of more than 600 million people within South east Asia.

Negotiations for the Trans Pacific Partnership (TPP) Agreement were also concluded just last month. It now awaits ratification in the 12 countries party to it, including Singapore, the US, Japan and Vietnam.

On top of these, China has been promoting its "One Belt, One Road" initiative and the newly-formed Asian Infrastructure Investment Bank, both of which are expected to boost trade links between China and South east Asia.

The feather in cap for the region would be the RCEP.

An Asean initiative, it aims specifically to rope in Australia, China, India, Japan, South Korea and New Zealand into a more advanced free trade pact that will lead to broader economic integration in the region.

Even though talks on it kicked off in May 2013, officials have failed to wrap up negotiations, which had been targeted to end this year.

In a joint statement issued at the recent 27th Asean Summit, the 10 Asean leaders said: "We instruct our ministers and negotiators to intensify their efforts, and we look forward to the conclusion of the RCEP negotiations in 2016."

While Mr Heng acknowledged that these different initiatives were far from perfect, he encouraged businesses and governments to latch on to them and to explore new paths for development.

This way, their efforts can then "inject momentum" into trade liberalisation and deepen integration in the region.

At the same time, fresh opportunities for investment would be created; Asian companies can benefit from

bigger markets and achieve economies of scale, and consumers can benefit from having more competitive products.

"I hope that over time, we should seek to multi-lateralise all these different regional deals," he said.

Amid this patchwork of agreements, Singapore can work on its niche in becoming a reliable hub, or "trusted home base", where companies can deepen their connections to Asia, said Mr Heng.

Think tanks are crucial in helping Singapore remain relevant on this front, he said, as their research give all parties a deeper understanding of the region and in turn, build trust between stakeholders.

"With trust, we can weave stronger long term bonds with our stakeholders, enable closer dialogue between our partners and reinforce the image of Asia as a trusted and sustainable economic entity," he said.