

ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC

Expert Group Meeting on the Asia-Pacific Trade Agreement and
Regional Economic Cooperation

12 November 2006
Kolkata

**ASIA PACIFIC TRADE AGREEMENT: IMPLICATIONS OF EXCHANGE OF
TRADE PREFERENCES FOR MEMBER AND PROSPECTIVE MEMBER
COUNTRIES**

Information paper

ASIA PACIFIC TRADE AGREEMENT: IMPLICATIONS OF EXCHANGE OF TRADE PREFERENCES FOR MEMBER AND PROSPECTIVE MEMBER COUNTRIES

Study Commissioned by the

**United Nations Economic and Social Commission for Asia and the Pacific
(UNESCAP)**

Indra Nath Mukherji*
imukherji@gmail.com

**Professor of South Asian Studies
School of International Studies
Jawaharlal Nehru University
New Delhi (India)**

November 2006

* The author is Professor of South Asian Studies, School of International Studies, Jawaharlal Nehru University, New Delhi, India. The author acknowledges the special assistance rendered by Dr. Nawal Kishore Paswan, Research Associate and Mr. Subrata K. Behera, Research Scholar. They have provided valuable inputs in organizing and formatting the vast data in a presentable form. The author also acknowledges the kind and timely help rendered by Mr. Subimal Das for programming the data for estimation of trade complementarity indices.

TABLE OF CONTENTS

List of Abbreviations and Synonyms	3
1. BACKGROUND	4
2. SCOPE AND METHOD OF STUDY.....	6
3. INTRA-APTA MEMBER COUNTRIES' PREFERENTIAL TRADE.....	7
3.1 Bangladesh	7
3.2 China	8
3.3 India	9
3.4 Korea.....	10
3.5 Lao PDR.....	11
3.6 Sri Lanka	12
3.7 Regional Analysis.....	13
4. PROSPECTIVE MEMBER COUNTRIES OF APTA	16
4.1 Country Report: Bhutan.....	16
4.1.1 APTA as Market	16
4.1.2 Exports of Products Offered Concessions.....	16
4.1.3 Trade Complementarities Between Bhutan's Exports and APTA Countries' Imports	16
4.1.4 Product-wise Market for Bhutan in APTA	17
4.2 Country Report : Cambodia.....	17
4.2.1 APTA as Market	17
4.2.2 Exports of Products Offered Concessions.....	18
4.2.3 Trade Complementarities Between Cambodia's Exports and APTA Countries' Imports	18
4.2.4 Product-wise Market for Cambodia in APTA	19
4.3 Country Report: Indonesia	19
4.3.1 APTA as Market	19
4.3.2 Exports of Products Offered Concessions.....	19
4.3.3 Trade Complementarities Between Indonesia's Exports and APTA Countries' Imports	20
4.3.4 Product-wise Market for Indonesia in APTA	20
4.4 Country Report : Mongolia	21
4.4.1 APTA as Market	21
4.4.2 Exports of Products Offered Concessions.....	21
4.4.3 Trade Complementarities Between Mongolia's Exports and APTA Countries' Imports	21
4.4.4 Product-wise Market for Mongolia in APTA.....	22
4.5 Country Report: Myanmar	22
4.5.1 APTA as Market	22
4.5.2 Exports of Products Offered Concessions.....	23
4.5.3 Trade Complementarities Between Myanmar's Exports and APTA Countries' Imports.....	23
4.5.4 Product-wise Market for Myanmar in APTA	24
4.6 Country Report : Nepal.....	24
4.6.1 APTA as Market	24
4.6.2 Exports of Products Offered Concessions.....	24
4.6.3 Trade Complementarities Between Nepal's Exports and APTA Countries' Imports	25
4.6.4 Product-wise Market for Nepal in APTA	25
4.7 Country Report : Pakistan	25
4.7.1 APTA as Market	25

4.7.2	Exports of Products Offered Concessions.....	26
4.7.3	Trade Complementarities Between Pakistan's Exports and APTA Countries' Imports.....	26
4.7.4	Product-wise Market for Pakistan in APTA.....	27
4.8	Country Report : Philippines.....	27
4.8.1	APTA as Market	27
4.8.2	Exports of Products Offered Concessions.....	27
4.8.3	Trade Complementarities Between Philippines' Exports and APTA Countries' Imports	28
4.8.1	Product-wise Market for Philippines in APTA	29
4.9	Country Report : Thailand	29
4.9.1	APTA as Market	29
4.9.2	Exports of Products Offered Concessions.....	29
4.9.3	Trade Complementarities Between Thailand's Exports and APTA Countries' Imports.....	30
4.9.4	Product-wise Market for Thailand in APTA.....	30
4.10	Country Report : Viet Nam	31
4.10.1	APTA as Market.....	31
4.10.2	Product-wise Market for Viet Nam in APTA	31
4.10.3	Trade Complementarities Between Viet Nam's Exports and APTA Countries' Imports	32
4.10.4	Product-wise Market for Viet Nam in APTA	32
5.	DEEPENING AND BROADENING THE SCOPE	33
6.	SUMMARY AND CONCLUDING OBSERVATIONS	36
	TECHNICAL APPENDIX	38

List of Abbreviations and Synonyms

APR	Asia Pacific Region
APTA	Asia Pacific Trade Agreement
ASEAN	Association for South East Asian Nations
BA	Bangkok Agreement
BIMSTEC	Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation
CARICOM	Caribbean Community
CPs	Contracting Parties
DDA	Doha Development Agenda
ECO	Economic Cooperation Organization
ESCAP	Economic and Social Commission for Asia Pacific
EU	European Union
FTAs	Free Trade Arrangements
GATS	General Agreement on Trade and Services
GATT	General Agreement on Tariff and Trade
HS	Harmonized System
Lao PDR	Peoples Democratic Republic of Lao
LDCs	Least Developed Countries
MFN	Most Favoured Nations
MOP	Margin of Preference
PC-TAS	Personal Computer Trade Analysis System
PMCs	Prospective Member Countries
SADC	South African Development Community
SAFTA	South Asia Free Trade Agreement
TRIPS	Trade Related Intellectual Property Rights
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
US	United States
USD	US Dollar
WTO	World Trade Organization

1. BACKGROUND

The First Agreement on Trade Negotiations among Developing Member Countries of Economic and Social Commission of Asia and Pacific (ESCAP), known as the Bangkok Agreement, was signed in July 1975 under the auspices of ESCAP. The original signatories to the Agreement were Bangladesh, India, Lao People's Democratic Republic, the Republic of Korea and Sri Lanka. Lao PDR has not issued customs notification on the tariff concessions granted, and hence to this extent, is not an effective participating member. Some other Members have however extended their concessions to include Lao PDR.

In an important recent event, China formally became a member of the Bangkok Agreement in 2001. China's accession has major implications for the Bangkok Agreement and for trade in Asia Pacific Region.¹ All developing Member Countries of ESCAP are eligible to accede to the Agreement.

The objectives of the Bangkok Agreement², as stipulated in Article 2, "is to promote economic development through a continuous process of trade expansion among the developing Member Countries of ESCAP and to further international economic cooperation through the adoption of mutually beneficial trade liberalization measures consistent with their respective present and future development and trade needs, and taking into account the trading interest of third countries, particularly those of other developing countries".

The Bangkok Agreement is essentially a preferential trading arrangement designed to liberalize and expand trade progressively in the ESCAP region through such measures as the relaxation of tariff and non-tariff barriers and trade-related economic cooperation.

The GATT Council approved the Bangkok Agreement in March 1978.

Recognizing that the international trading system has evolved substantially since the Agreement came into force in the mid-1970s, the Participating States of Bangkok Agreement have recently launched a process of revitalization within the Bangkok Agreement, requesting ESCAP, a the secretariat to the Agreement, to oversee the process.

The revitalization process consists of a number of measures such as

- Amended text of the Agreement: The text of the Bangkok Agreement has been amended to reflect changes that have taken place in the international trading system since the original text of the Agreement entered into force. The revised text has a preamble, eight chapters consisting of 39 Articles and two Annexes. Annex II provides for the common rules of origin.
- Ministerial Council: Member Countries have recently established Ministerial Council under the Bangkok Agreement to provide overall policy direction for the further negotiating agenda of the Agreement. The Standing Committee, consisting of the representatives of the countries participating in the Agreement, will continue to perform its existing functions of reviewing and implementing the Agreement.
- Engagement of the Business Sector: The Agreement is seeking modalities for government private sector dialogue to promote greater awareness of the benefits of trade liberalization.
- Expansion of Membership: The Member States are seeking to promote the accession of new Members so the full potential of the Agreement on a broader regional basis could be attained. Till to date three rounds of negotiations have been completed under the Agreement. The first round of negotiations was concluded in 1975, leading to the signing of the Agreement by the Participating States.

The First Session of the Ministerial Council was held on 2 November 2005 during which the name of the Bangkok Agreement was changed to Asia Pacific Trade Agreement (APTA). The Ministerial Declaration announced the change in the text of APTA to take into account the global development that has taken place in recent years. It mentioned the conclusion of Third Round

¹ Papua New Guinea accessed to the Agreement in December 1993, though the Agreement has yet to be ratified by the Government of Papua New Guinea. Pakistan notified its intension to accede to the Agreement in February 1998, and is in the process of accession.

² The present nomenclature of the Bangkok Agreement is Asia Pacific Trade Agreement as noted later in this section.

concessions, which would be put in place with effect from 1 July 2006, upon completion of internal procedures of all Participating States. The declaration directed the Committee to make suitable recommendations including the timing for launching the fourth round of negotiations for tariff liberalization, and suggest measures of cooperation for further enhancing the trade and investment flows, consistent with the objective of deepening and widening the scope of the Agreement. The Declaration also expressed the hope of exploring the possibilities of APTA to evolve into a common framework mechanism for all regional trade arrangements in the region.

The total number of products for which tariff preferences were extended after renegotiations was 93 items. Of 93 products the *ad valorem* duties of 80 products were reduced by an average of 23 per cent, and the tariff of 9 products were bound. In the case of the 4 remaining products, specific duties were reduced, ranging from 10-67 per cent. In addition, special concessions were granted to the two least developed countries- for Bangladesh on three product items and for Lao PDR on 16 items.

The results of the number of products offered tariff concessions by the participating states under the second and Third Rounds of the APTA with margin of preference is given in table 1. It will be observed that at the end of the Third Round, Participating States had exchanged concessions on a consolidated basis on 4,270 products (apart from 587 that were offered exclusively to LDCs). The concession offered for all counties nearly trebled from 1,721 products in the Second Round to 3,596 products in the third, while those offered to LDCs increased five times from 112 to 519 respectively. The average margin of preference in the Third Round was 30.2 per cent while this was doubled (62 per cent) as special concessions to LDCs. In the Third Round, the Republic of Korea offered concessions on the largest number of products, followed by China, but on a consolidated basis, China offers concessions on the largest number of products followed by the Republic of Korea. The margin of preference offered by China is the highest followed by Korea both for general and special products.

Table 1: Number of Products Offered Tariff Concession by Participating States under Second and Third Rounds of Bangkok Agreement with Margin of Preference

Concession Offering States	Second Round		Third Round		After Third Round (consolidation)	
	No. of Products	MOP (%)	No. of Products	MOP (%)	No. of Products ^a	MOP (%)
Bangladesh	129	13.96	86	13.5	210	14.1
China ^b	902 (18)	15.4 (55.1)	769 (138)	40.0 (80.9)	1,697 (161)	26.7 (77.9)
India	188 (33)	52.6 (32.2)	396 (24)	10.0 (50.0)	570 (48)	23.9 (39.7)
Rep of Korea	214 (29)	30.3 (38.2)	1,204 (291)	36.4 (66.3)	1,367 (306)	35.4 (64.6)
Sri Lanka	288 (32)	17.8 (14.0)	239 (48)	9.2(10.7)	427 (72)	14.0 (12.0)
Total	1,721 (112)	21.6 (32.2)	3,596 (519)	30.2(62.0)	4,270 (587)	26.8 (58.8)

Note: Figures in parenthesis relates to special concessions to LDCs. China already incorporated the Second Round concessions.

MOP: Margin of Preference estimated as simple average of all items.

a: In accordance with the consolidated concession lists which are part and parcel of the official revised text of the Agreement signed and ratified by the Participating States.

b. The number for China is the result of a consolidation of its accession schedules and Third Round concessions.

Source: ESCAP Secretariat

2. SCOPE AND METHOD OF STUDY

After introducing the main landmarks in the evolution of APTA, the paper examines the implications of the offer of concessions under the second and Third Rounds as also at the end of the Third Round (that is, the combined Second and Third Rounds) by five Participating States, i.e. Bangladesh, China, India, Republic of Korea, and Sri Lanka on intra-APTA trade as also its implications for ten prospective ESCAP Member Countries (PMCs) of APTA, i.e. Bhutan, Cambodia, Indonesia, Mongolia, Myanmar, Nepal, Pakistan, the Philippines, Thailand, and Viet Nam³. With respect to intra-APTA trade it is relevant to assess the impact of the Second Round, if any, since products offered concession under the Second Round have been liberalized for quite some time. An increasing share of imports in relation to world imports of negotiated products would indicate a positive impact of trade preferences offered by the concession offering country. With respect to products offered concessions under the Third Round, no impact assessment is possible since the concessions were only implemented as of September 2006. However, when viewed from the point of view of their value and share in world imports, their existing import coverage to some extent reflects their potential impact.

With respect to PMCs, first the aggregate imports of the Participating States from the PMCs as also their share in world imports are examined for the period 1990 to 2003 to assess the overall potential exports of the latter countries to the APTA Participating States. Next the imports of products offered concessions by the APTA Participating States under the second and Third Rounds and at the end of the Third Round from the PMCs compared to imports of the same products from the world for the period 1999-2003 are identified using the UNCTAD/WTO based Trade Analysis System on Personal Computer (PC-TAS) CD-ROM based on 6 -digit UN Harmonized System (HS) Rev.1 (1986) Comtrade data. Since the concessions offered by Bangladesh, India and Sri Lanka are also based on HS 6-digit classification, the two data sets are by and large, comparable. However the concessions offered by China and the Republic of Korea are more disaggregated at eight and ten digit HS classification. The advantage of Comtrade data is that they are comparable country-wise and generally available over five years. However data for Bangladesh and Pakistan are available only for 2003 while the data for Sri Lanka are available only for 1999, 2001 and 2002. The main limitation of these data is that those products having a traded value below US\$ 50,000 are excluded in case the benchmark level remains below this cut-off level in **all** the recorded years⁴. Also the data overstate trade flows particularly for imports from the Republic of Korea and China due to a higher level of aggregation, but also understates to the extent that it excludes products below the cut-off value.

After identifying the possibilities of trade (exports) for PMCs in all traded products, the study estimates cosine measures of export-import complementarities between prospective Members as exporters and the APTA Participating States as importers in all products at 6-digit level of classification⁵ using UN Comtrade data. The value of this measure has been estimated not only for all globally traded products (exports of prospective Members against imports of Agreement countries respectively), but also for all products included under different HS-two digit Chapters-in both cases at 6-digit level of classification⁶.

Further, by matching each country's global export of products at 6-digit HS level with each partner (prospective partner) country's global imports at the same level of aggregation, we have established the set of products having trade potential between the identified partner countries. The objective of this exercise is to assess the trade complementarity that exists between the APTA Participating States with the PMCs beyond those that are identified under the different rounds of negotiations so that new products can be considered for inclusion in a proposed subsequent Fourth Round of negotiations.

Since annex tables are too large to be included in the text of this paper, they are attached at the end of the paper while a hyperlink has been established from which the details of identified products may be examined (only through the electronic version of the paper). The study

³ The list of prospective countries was indicated under terms of reference of this study.

⁴ This implies that products of any value are reported in case the cutoff value of the product is > the USD 50,000 in any one of the reporting years.

⁵ See Technical Appendix for estimation of this measure.

⁶ This has been done to identify products with trade potential in sectors with high export-import complementarity which could be quite compatible with overall low complementarity for all products.

subsequently makes some comments on the modalities for expanding and broadening the scope of the Agreement so as to align it to the global trends. A summary of the study and the final conclusions are drawn at the end of the study.

3. INTRA-APTA MEMBER COUNTRIES' PREFERENTIAL TRADE

3.1 Bangladesh

Table 2: APTA Member Countries' Imports from Bangladesh & World: Products under National and Special Lists of Concession - Second Round (1999-2003)
(Value in Thousand US\$)

APTA Members	Imports From	1999	2000	2001	2002	2003
China (14)	Bangladesh	2,122	642	1558	11295	8066
	World	3152983	4351827	4301524	5086012	8401213
	Share (%)	0.07	0.01	0.04	0.22	0.10
India (9)	Bangladesh	7437	5757	4316	4181	5477
	World	91094	55599	80575	81201	104869
	Share (%)	8.16	10.35	5.36	5.15	5.22
Rep. of Korea (5)	Bangladesh	968	774	877	1061	1291
	World	94426	102951	50623	42980	34758
	Share (%)	1.03	0.75	1.73	2.47	3.71
Lao PDR	Bangladesh	na	na	na	na	na
Sri Lanka (1)	Bangladesh	2458	na	47	108	na
	World	2553	na	100	301	na
	Share (%)	96.28	---	47.00	35.88	---

Note: Figure in parenthesis indicates the Number of Products imported in 2003.
Source: Estimated from PC-TAS Database 2005.

Table 2 shows that the most important markets for products exported under the Second Round in order of importance were China, India, and the Republic of Korea. The share of Bangladesh in these countries' world imports showed an increase in case of China and the Republic of Korea, but a declining share in case of India and Sri Lanka.

Table 3 Shows that China, the Republic of Korea and India were Bangladesh's most important markets for products under the Third Round. The share of Bangladesh in Member Countries' world trade is quite marginal and shows a mildly declining trend.

When products under both rounds are combined, China, India and the Republic of Korea remain Bangladesh's most important markets in order of importance as may be seen in table 4.

The details of all products exported by Bangladesh under

Table 3: APTA Member Countries' Imports from Bangladesh & World: Products under National and Special Lists of Concession - Third Round (1999-2003)
(Value in Thousand US\$)

APTA Members	Imports From	1999	2000	2001	2002	2003
China (12)	Bangladesh	3658	7629	1508	1246	4480
	World	717773	1126061	1193831	1295655	1897681
	Share (%)	0.51	0.68	0.13	0.10	0.24
India (5)	Bangladesh	290	224	42	129	489
	World	93977	115877	124141	176169	164154
	Share (%)	0.31	0.19	0.03	0.07	0.30
Rep. of Korea (18)	Bangladesh	1909	1124	2242	1485	2422
	World	731420	954315	1182140	1535710	1716593
	Share (%)	0.26	0.12	0.19	0.10	0.14
Lao PDR	Bangladesh	na	na	na	na	na
Sri Lanka (1)	Bangladesh	83	na	0	0	na
	World	15422	na	11755	11878	na
	Share (%)	0.54	---	0.00	0.00	---

Note: Figure in parenthesis indicates the Number of Products imported in 2003.
Source: Estimated from PC-TAS Database 2005.

the two rounds to APTA Participating States are presented in ***Annex Tables 3.1.1 to 3.1.4.***

Table 4 : APTA Member Countries' Imports from Bangladesh & World: Products under National and Special Lists of Concession – End Third Round (1999-2003)

		(Value in Thousand US\$)				
APTA Members	Imports From	1999	2000	2001	2002	2003
China (26)	Bangladesh	5780	8271	3066	12541	12546
	World	3870756	5477888	5495355	6381667	10298894
	Share (%)	0.15	0.15	0.06	0.20	0.12
India (14)	Bangladesh	7727	5981	4358	4310	5966
	World	185071	171476	204716	257370	269023
	Share (%)	4.18	3.49	2.13	1.67	2.22
Rep. of Korea (23)	Bangladesh	2877	1898	3119	2546	3713
	World	825846	1057266	1232763	1578690	1751351
	Share (%)	0.35	0.18	0.25	0.16	0.21
Lao PDR	Bangladesh	na	na	na	na	na
Sri Lanka (2)	Bangladesh	2541	na	0	108	na
	World	17975	na	11855	12179	na
	Share (%)	14.14	---	0.00	0.00	---

Note: Figure in parenthesis indicates the Number of Products imported in 2003.

Source: Estimated from PC-TAS Database 2005.

3.2 China

The Republic of Korea was China's largest market for products under the Second Round followed by India, Sri Lanka and Bangladesh as may be seen in table 5. The share of China in all Member Countries' world imports shows a rising trend.

For products offered concessions under the Third Round, The Republic of Korea was China's largest market followed by India, Sri Lanka and Bangladesh as may be seen in table 6. The share of China in all these countries' world exports shows a rising trend.

Table 5: APTA Member Countries' Imports from China & World: Products under National Lists of Concession - Second Round (1999-2003)

		(Value in Thousand US\$)				
APTA Members	Imports From	1999	2000	2001	2002	2003
Bangladesh (14)	China	na	na	na	na	2091
	World	na	na	na	na	12491
	Share (%)	---	---	---	---	16.74
India (34)	China	22734	19739	21558	23962	45329
	World	211547	157985	144826	174478	260229
	Share (%)	10.75	12.49	14.89	13.73	17.42
Rep. of Korea (92)	China	128607	170287	189401	298037	379535
	World	1288909	1439936	1236853	1461357	1542841
	Share (%)	9.98	11.83	15.31	20.39	24.60
Lao PDR	China	na	na	na	na	na
Sri Lanka (23)	China	2057	na	2363	3289	na
	World	37369	na	37675	38094	na
	Share (%)	5.50	---	6.27	8.63	---

Note: Figure in parenthesis indicates the Number of Products imported in 2003.

Source: Estimated from PC-TAS Database 2005.

Table 6: APTA Member Countries' Imports from China & World: Products under National and Lists of Concession - Third Round (1999-2003)

		(Value in Thousand US\$)				
APTA Members	Imports From	1999	2000	2001	2002	2003
Bangladesh (25)	China	na	na	na	na	11164
	World	na	na	na	na	109443
	Share (%)	---	---	---	---	10.20
India (288)	China	148322	208037	308814	367261	401244
	World	7591412	7122308	6935846	8912906	10739138
	Share (%)	1.95	2.92	4.45	4.12	3.74
Rep. of Korea (388)	China	2997909	4164297	4587921	5519656	6866877
	World	3428485	51401691	44209617	44123732	51836500
	Share (%)	8.74	8.10	10.38	12.51	13.25
Lao PDR	China	na	na	na	na	na
	China	14653	na	20332	29408	na
	World	279506	na	279434	256565	na
Sri Lanka (79)	World	279506	na	279434	256565	na
	Share (%)	5.24	---	7.28	11.46	---

Note: Figure in parenthesis indicates the Number of Products imported in 2003.

Source: Estimated from PC-TAS Database 2005.

At the end of the Third Round, the Republic of Korea remained China's largest market followed by India, Sri Lanka and Bangladesh as may be seen in table 7.

The details of all products exported by China under the two rounds to Member Countries are presented in **Annex Tables 3.2.1 to 3.2.4.**

Table 7: APTA Member Countries' Imports from China & World: Products under National Lists of Concession – End Third Round (1999-2003)
(Value in Thousand US\$)

APTA Members	Imports from	1999	2000	2001	2002	2003
Bangladesh (na)	China	na	na	na	na	13255
	World	na	na	na	na	121934
	Share (%)	---	---	---	---	10.87
India (322)	China	171056	227776	330372	391223	446573
	World	7802959	7280293	7080672	9087384	10999367
	Share (%)	2.19	3.13	4.67	4.31	4.06
Rep. of Korea (480)	China	3126516	4334584	4777322	5817693	7246412
	World	3557376	52841627	45446470	45585089	53379341
	Share (%)	8.79	8.20	10.51	12.76	13.58
Lao PDR	China	na	na	na	na	na
Sri Lanka (527)	China	16710	na	22695	32697	na
	World	316875	na	317109	294659	na
	Share (%)	5.27	---	7.16	11.10	---

Note: Figure in parenthesis indicates the Number of Products imported in 2003.
Source: Estimated from PC-TAS Database 2005.

3.3 India

China was India's largest market for products offered concessions under the Second Round as may be seen in table 8. If we exclude the year 2001 (when China's world imports of such products marked an unusual decline), the share of India in China's world imports shows a slightly

Table 8: APTA Member Countries' Imports from India & World: Products under National Lists of Concession - Second Round (1999-2003)
(Value in Thousand US\$)

APTA Members	Imports From	1999	2000	2001	2002	2003
Bangladesh (12)	India	na	na	na	na	6850
	World	na	na	na	na	19126
	Share (%)	---	---	---	---	35.82
China (101)	India	41609	92906	194170	300060	393221
	World	1411447	17660865	1826853	20561324	26707330
	Share (%)	0.29	0.53	10.63	1.46	1.47
Rep. of Korea (43)	India	21820	21088	16161	16773	18182
	World	697793	746144	710371	825138	885025
	Share (%)	3.13	2.83	2.28	2.03	2.05
Lao PDR	India	na	na	na	na	na
Sri Lanka (33)	India	10168	na	9136	16872	na
	World	80714	na	91078	86690	na
	Share (%)	12.60	---	10.03	19.46	---

Note: Figure in parenthesis indicates the Number of Products imported in 2003.
Source: Estimated from PC-TAS Database 2005.

increasing trend. The share of India in Sri Lanka's world imports has also been increasing.

For products offered concessions under the Third Round, China was India's largest market, followed by the Republic of Korea and Sri Lanka as may be seen in table 9. The share of China and Sri Lanka shows a rising trend.

At the end of the Third Round, China and the Republic of Korea remained the largest markets for products offered concession as may be seen in table 10. Further, the share of India in China's and Sri Lanka's imports shows an increasing trend.

Table 9: APTA Member Countries' Imports from India & World: Products under National Lists of Concession - Third Round (1999-2003)
(Value in Thousand US\$)

APTA Members	Imports From	1999	2000	2001	2002	2003
Bangladesh (23)	India	na	na	na	na	14199
	World	na	na	na	na	118174
	Share (%)	---	---	---	---	12.02
China (226)	India	275092	449127	461554	550850	769281
	World	3388049	43229825	49166248	58678230	74898839
	Share (%)	0.81	1.04	0.94	0.94	1.03
Rep. of Korea (130)	India	122238	158096	115692	141581	176672
	World	2841055	43105077	36861950	35627007	41525636
	Share (%)	0.43	0.37	0.31	0.40	0.43
Lao PDR	India	na	na	na	na	na
Sri Lanka (112)	India	45796	na	40762	59232	na
	World	362030	na	364995	350565	na
	Share (%)	12.65	---	11.17	16.90	---

Note: Figure in parenthesis indicates the Number of Products imported in 2003
Source: Estimated from PC-TAS Database 2005.

Table 10: APTA Member Countries' Imports from India & World: Products under National Lists of Concession – End Third Round (1999-2003)
(Value in Thousand US\$)

APTA Members	Imports from	1999	2000	2001	2002	2003
Bangladesh (35)	India	na	na	na	na	21049
	World	na	na	na	na	137300
	Share (%)	---	---	---	---	15.33
China (327)	India	316701	542033	655724	850910	1162502
	World	47994969	60890690	50993101	79239554	101606169
	Share (%)	0.66	0.89	1.29	1.07	1.14
Korea (173)	India	144058	179184	131853	158354	194854
	World	29108351	43851221	37572321	36452145	42410661
	Share (%)	0.49	0.41	0.35	0.43	0.46
Lao PDR	India	na	na	na	na	na
Sri Lanka (145)	India	55964	na	49898	76104	na
	World	442744	na	456073	437255	na
	Share (%)	12.64	---	10.94	17.40	---

Note: Figure in parenthesis indicates the Number of Products imported in 2003.

Source: Estimated from PC-TAS Database 2005.

The details of all products exported by China under the two rounds to APTA Participating States are presented in [Annex Tables 3.3.1 to 3.3.4](#).

3.4 Republic of Korea

Table 11 reveals that China was by far the largest market for the Republic of Korea's export of products offered concessions under the Second Round, followed by India and Sri Lanka. While the share of the Republic of Korea in China's world imports remained stable at a little over 16 per cent, this share shows an increase in relation to India's world imports.

Table 11: APTA Member Countries' Imports from Rep. of Korea & World: Products under National Lists of Concession - Second Round (1999-2003)
(Value in Thousand US\$)

APTA Members	Imports From	1999	2000	2001	2002	2003	
Bangladesh (2)	Korea	na	na	na	na	148	
	World	na	na	na	na	350	
	Share (%)	---	---	---	---	42.29	
China (298)	Korea	2992386	3973951	4106719	4565721	6363817	
	World	18376056	23469905	24934647	28966867	37616338	
	Share (%)	16.28	16.93	16.47	15.76	16.92	
India (16)	Korea	6790	4994	7504	4570	14370	
	World	155609	111020	104628	123780	183160	
	Share (%)	4.36	4.50	7.17	3.69	7.85	
Lao PDR	Korea	na	na	na	na	na	
	Sri Lanka (15)	Korea	2891	na	2831	2243	na
		World	24345	na	24938	25233	na
Share (%)	11.88	---	11.35	8.89	---		

Note: Figure in parenthesis indicates the Number of Products imported in 2003.

Source: Estimated from PC-TAS Database 2005.

As for products offered concessions under the Third Round, China continued to remain the Republic of Korea's most important market, followed by India as may be seen in table 12. The share

Table 12: APTA Member Countries' Imports from Rep. of Korea & World: Products under National Lists of Concession - Third Round (1999-2003)
(Value in Thousand US\$)

APTA Members	Imports From	1999	2000	2001	2002	2003
Bangladesh (18)	Korea	na	na	na	na	18637
	World	na	na	na	na	112152
	Share (%)	---	---	---	---	16.62
China (474)	Korea	4183635	5658146	6221862	10702131	16612740
	World	46081190	57261545	64074399	83784852	116096893
	Share (%)	9.08	9.88	9.71	12.77	14.31
India (174)	Korea	95981	79842	83901	137639	733323
	World	6891820	6408543	6246016	7968899	9214571
	Share (%)	1.39	1.25	1.34	1.73	7.96
Lao PDR	Korea	na	na	na	na	na
Sri Lanka (89)	Korea	61611	na	56862	40286	na
	World	349885	na	358467	331300	na
	Share (%)	17.60	---	15.86	12.16	---

Note: Figure in parenthesis indicates the Number of Products imported in 2003.

Source: Estimated from PC-TAS Database 2005.

of the Republic of Korea and India in China's world imports also shows an increase. At the end of the Third Round, China continued to remain the Republic of Korea's most important market, followed by India as may be seen in table 13.

The details of all products exported by China under the two rounds to APTA Participating States countries are presented in **Annex Tables 3.4.1 to 3.4.4.**

APTA Members	Imports from	1999	2000	2001	2002	2003
Bangladesh (20)	Korea	na	na	na	na	18785
	World	na	na	na	na	112502
	Share (%)	---	---	---	---	16.70
China (772)	Korea	7176021	9632097	10328581	15267852	22976557
	World	64457246	80731450	89009046	112751719	153713231
	Share (%)	11.13	11.93	11.60	13.54	14.95
India (190)	Korea	102771	84836	91405	142209	747693
	World	7047429	6519563	6350644	8092679	9397731
	Share (%)	1.46	1.30	1.44	1.76	7.96
Lao PDR	Korea	na	na	na	na	na
Sri Lanka (104)	Korea	64502	na	59693	42529	na
	World	374230	na	383405	356533	na
	Share (%)	17.24	---	15.57	11.93	---

Note: Figure in parenthesis indicates the Number of Products imported in 2003.
Source: Estimated from PC-TAS Database 2005.

3.5 Lao PDR

China was the only country importing one product offered concessions in the Second Round from Lao PDR as may be seen in table 14. Its share in China's world exports increased significantly from negligible in 2000 to 5.07 percent in 2003.

APTA Members	Imports From	1999	2000	2001	2002	2003
China (1)	Lao PDR	0	68	224	1428	2205
	World	85529	265610	224721	285871	43526
	Share (%)	0	0.03	0.10	0.50	5.07

Note: Figure in parenthesis indicates the Number of Products imported in 2003.
Source: Estimated from PC-TAS Database 2005.

In table 15 we notice that again China was the only importer of one product offered concessions in the Third Round. Its share in world imports has declined during the reference period.

At the end of the Third Round we notice an increasing share of China's imports of products offered concessions under the Second and Third Rounds as may be seen in table 16.

APTA Members	Imports From	1999	2000	2001	2002	2003
China (1)	Lao PDR	632	586	584	360	534
	World	8541	8210	9565	17101	17648
	Share (%)	7.40	7.14	6.11	2.11	3.03

Note: Figure in parenthesis indicates the Number of Products imported in 2003.
Source: Estimated from PC-TAS Database 2005.

APTA Members	Imports From	1999	2000	2001	2002	2003
China (2)	Lao PDR	632	654	808	1788	2739
	World	94070	273820	234286	302972	61174
	Share (%)	0.67	0.24	0.34	0.59	4.48

Note: Figure in parenthesis indicates the Number of Products imported in 2003.
Source: Estimated from PC-TAS Database 2005.

The details of products imported from Lao PDR are presented in **Annex Table 3.5.1**

3.6 Sri Lanka

For products offered concessions under the Second Round, India was Sri Lanka's most important market, followed by China and the Republic of Korea as may be seen in table 17. The share of Sri Lanka in world imports of other Member Countries shows a decline.

Table 17: APTA Member Countries' Imports from Sri Lanka & World: Products under National Lists of Concession - Second Round (1999-2003)
(Value in Thousand US\$)

APTA Members	Imports From	1999	2000	2001	2002	2003
Bangladesh (3)	Sri Lanka	na	na	na	na	1381
	World	na	na	na	na	8666
	Share (%)	---	---	---	---	15.94
China (12)	Sri Lanka	910	1846	2583	4099	4555
	World	113045	1536643	1517773	1758429	2240797
	Share (%)	0.80	0.12	0.17	0.23	0.20
India (12)	Sri Lanka	4874	4278	23010	17473	11142
	World	29928	24594	76615	61832	100013
	Share (%)	16.29	17.39	30.03	28.26	11.13
Rep. of Korea (111)	Sri Lanka	1313	1041	1337	1863	1914
	World	93051	106903	110594	144591	171261
	Share (%)	1.41	0.97	1.21	1.29	1.12
Lao PDR	Sri Lanka	na	na	na	na	na

Note: Figure in parenthesis indicates the Number of Products imported in 2003.
Source: Estimated from PC-TAS Database 2005.

As for products offered concessions under the Third Round, in 2003 China was Sri Lanka's largest market, followed by the Republic of Korea and India as may be seen in table 18.

Table 18: APTA Member Countries' Imports from Sri Lanka & World: Products under National Lists of Concession - Third Round (1999-2003)
(Value in Thousand US\$)

APTA Members	Imports From	1999	2000	2001	2002	2003
Bangladesh (1)	Sri Lanka	na	na	na	na	1023
	World	na	na	na	na	2023
	Share (%)					50.57
China (23)	Sri Lanka	4414	5885	2099	5774	9456
	World	2706285	3637623	3631525	4501055	520142
	Share (%)	0.16	0.16	0.06	0.13	1.82
India (33)	Sri Lanka	794	879	3552	3732	1244
	World	615645	636817	587855	946165	1888535
	Share (%)	0.13	0.14	0.60	0.39	0.07
Rep. of Korea (32)	Sri Lanka	6109	6497	4405	3852	2951
	World	1665112	2085172	1796988	1963701	2132187
	Share (%)	0.37	0.31	0.25	0.20	0.14
Lao PDR	Sri Lanka	na	na	na	na	na

Note: Figure in parenthesis indicates the Number of Products imported in 2003.
Source: Estimated from PC-TAS Database 2005.

At the end of the Third Round, China became Sri Lanka's largest market in 2003, followed by India and the Republic of Korea as may be seen in table 19.

The details of all products exported by Sri Lanka under the two rounds to Member Countries are presented in [Annex Tables 3.6.1 to 3.6.4](#).

Table 19: APTA Member Countries' Imports from Sri Lanka & World: Products under National Lists of Concession - End Third Round (1999-2003)
(Value in Thousand US\$)

APTA Members	Imports from	1999	2000	2001	2002	2003
Bangladesh (4)	Sri Lanka	na	na	na	na	2404
	World	na	na	na	na	10689
	Share (%)	---	---	---	---	22.49
China (35)	Sri Lanka	5324	7731	4682	9873	14011
	World	2819330	5174266	5149298	6259484	2760939
	Share (%)	0.19	0.15	0.09	0.16	0.51
India (45)	Sri Lanka	5668	5157	26562	21205	12386
	World	645573	661411	664470	1007997	1898548
	Share (%)	0.88	0.78	4.00	2.10	0.65
Rep. of Korea (143)	Sri Lanka	7422	7538	5742	5715	4865
	World	1758163	2192075	1907582	2108292	2303448
	Share (%)	0.42	0.34	0.30	0.27	0.21
Lao PDR	Sri Lanka	na	na	na	na	na

Note: Figure in parenthesis indicates the Number of Products imported in 2003.
Source: Estimated from PC-TAS Database 2005.

3.7 Regional Analysis

Table 20 presents regional and world imports of APTA Participating States countries during the Second Round. Barring Bangladesh (for which time series data are not available), it is of interest to note that import shares of all the APTA Participating States showed an increasing trend between 1999-2003. The share of APTA-6 Member Countries increased from 8.43 per cent to 9.27 per cent over this period.

	No. of Products	1999	2000	2001	2002	2003
Bangladesh	31	0	0	0	0	10470
World		0	0	0	0	40633
% Share		0.00	0.00	0.00	0.00	25.77
China	425	3037027	4069345	4305030	4881175	6769659
World		35756561	47019240	32580797	56372632	74965678
% Share		8.49	8.65	13.21	8.66	9.03
India	71	41835	34768	56388	50186	76318
World		488178	349198	406644	441291	648271
% Share		8.57	9.96	13.87	11.37	11.77
Rep. of Korea	251	152708	193190	207776	317734	400922
World		2174179	2395934	2108441	2474066	2633885
% Share		7.02	8.06	9.85	12.84	15.22
Sri Lanka	72	17574	0	14377	22512	0
World		144981	0	153791	150318	0
% Share		12.12	0.00	9.35	14.98	0.00
Total APTA-6:	850	3249144	4297303	4583571	5271607	7257369
World		38563899	49764372	35249673	59438307	78288467
% Share		8.43	8.64	13.00	8.87	9.27

Source: Estimated from PC-TAS CDROM 2005.

Table 21 presents the import value coverage of products offered concessions in the Third Round. Again we notice an increasing share of imports for products conceded concessions in this Round in relation to world imports of conceded products. This indicates that the nature of products offered concessions were buoyant in terms of exports to concession offering countries (since liberalization of these products is pending as customs notifications have yet to be issued).

	No. of Products	1999	2000	2001	2002	2003
Third Round:						
Bangladesh	67	0	0	0	0	45023
World		0	0	0	0	341792
% Share		0.00	0.00	0.00	0.00	13.17
China	735	4466799	6120787	6687023	11260001	17395957
World		83385740	105255054	118066003	148259792	193413555
% Share		5.36	5.82	5.66	7.59	8.99
India	500	245387	288982	396309	508761	1136300
World		15192854	14283545	13893858	18004139	22006398
% Share		1.62	2.02	2.85	2.83	5.16
Rep. of Korea	568	3128165	4330014	4710260	5666574	7048922
World		65091941	97546255	84050695	83250150	97210916
% Share		4.81	4.44	5.60	6.81	7.25
Sri Lanka	281	122143	0	117956	128926	0
World		1006843	0	1014651	950308	0
% Share		12.13	0.00	11.63	13.57	0.00
Total APTA-6:	2151	7962494	10739783	11911548	17564262	25626202
World		164677378	217084854	217025207	250464389	312972661
% Share		4.84	4.95	5.49	7.01	8.19

Source: Estimated from PC-TAS CDROM 2005.

When the products offered concessions under the Second and Third Rounds are combined, the trends in import shares show an increasing share as expected as may be seen in table 22.

End Third Round	No. of Products	1999	2000	2001	2002	2003
Bangladesh	59	0	0	0	0	55493
World		0	0	0	0	382425
% Share		0.00	0.00	0.00	0.00	14.51
China	1160	7503826	10190132	10992053	16141176	24165616
World		119142301	152274294	150646800	204632424	268379233
% Share		6.30	6.69	7.30	7.89	9.00
India	571	287222	323750	452697	558947	1212618
World		15681032	14632743	14300502	18445430	22654669
% Share		1.83	2.21	3.17	3.03	5.35
Rep. of Korea	819	3280873	4523204	4918036	5984308	7449844
World		67266120	99942189	86159136	85724216	99844801
% Share		4.88	4.53	5.71	6.98	7.46
Sri Lanka	251	139717	0	132286	151330	0
World		1151824	0	1168442	1100626	0
% Share		12.13	0.00	11.32	13.75	0.00
Total APTA-6:	2860	11211638	15037086	16495072	22835761	32883571
World		203241277	266849226	252274880	309902696	391261128
% Share		5.52	5.64	6.54	7.37	8.40

Source: Estimated from PC-TAS CDROM 2005.

Table 23 shows a section-wise distribution of the value of products conceded concessions at the end of the Third Round that were imported by APTA as a whole from each APTA Participating State as percentage of total imports from the world in the conceded products. This will give us an idea as to the relative importance of products exported by the Participating States to the APTA region. It will be observed that except for Bangladesh, the shares for all the sections combined (I-XXI) increased for all Participating States. APTA imports from China show that the import shares relative to world imports of similar products improved for most of the sections except for animal and animal products. APTA imports from India showed increasing shares for vegetable products, footwear, pearls, base metals, but declining shares for most of the other sections. APTA imports from the Republic of Korea show increasing shares for wood pulp products, machinery and mechanical appliances, and instruments. APTA imports from Sri Lanka showed increasing shares for animal or vegetable fats, wood pulp products, articles of stones, plaster, cement and asbestos. The details of the section-wise APTA imports by Participating States for the period 1999-2003 are presented in **Annex table 3.7**.

**Table 23: Section-Wise Distribution of Products Conceded Concessions at the
End of the Third Round for the Region and the World : 1999 and 2003
(Percent of World Imports)**

Sections	Product Description	Chapters	Bangladesh		China		India		Korea		Sri Lanka	
			1999	2003	1999	2003	1999	2003	1999	2003	1999	2003
I	Animal & Animal Products	01-05	1.54	0.70	53.63	46.80	0.81	1.83	2.80	2.33	0.00	0.00
II	Vegetable Products	06-14	0.00	0.60	2.39	6.45	5.31	17.68	5.43	3.04	46.50	25.52
III	Animal or Vegetable fats	15	--	--	--	--	0.00	2.72	--	--	0.00	12.38
IV	Prepared Foodstuffs	16-24	4.53	2.59	--	--	9.87	0.82	2.56	1.43	0.16	0.03
V	Mineral Products	25-27	--	--	0.99	1.45	0.33	0.52	17.98	23.77	--	9.23
VI	Chemical Products	28-38	0.49	0.08	14.63	17.11	1.48	2.30	17.39	17.46	0.64	1.27
VII	Plastic & Rubber	39-40	0.01	0.00	5.04	11.58	0.13	1.33	18.12	15.94	0.23	0.41
VIII	Hides & Skins	41-43	0.17	0.36	32.99	47.43	0.38	0.82	2.62	2.60	0.55	0.17
IX	Wood & Wood Products	44-46	96.28	35.88	29.25	32.14	0.70	0.78	0.43	0.00	0.00	0.57
X	Wood Pulp Products	47-49	--	--	1.33	2.23	26.15	7.14	10.99	28.52	1.25	4.51
XI	Textiles & textile Articles	50-63	0.95	0.66	30.85	51.42	2.62	2.06	20.27	15.44	0.42	0.25
XII	Footwear, Headgear	64-67	0.23	0.76	69.40	71.40	5.12	11.42	31.48	31.90	15.51	0.00
XIII	Article of Stone, Plaster, Cement, Asbestos	68-70	--	--	8.39	19.91	0.88	0.45	18.65	15.28	1.47	32.84
XIV	Pearls, Precious or Semi-Precious Stones, Metal	71	--	--	0.58	0.94	23.39	29.78	0.47	0.43	0.36	0.17
XV	Base Metals, Article thereof	72-83	0.00	0.00	12.03	18.78	0.85	2.35	15.07	14.59	0.14	0.11
XVI	Machinery & Mechanical Appliances	84-85	0.00	0.00	10.26	20.08	0.09	0.17	5.43	11.55	0.10	0.11
XVII	Transportation Equipment	86-89	--	--	0.30	0.64	4.11	0.43	3.70	6.67	0.00	0.01
XVIII	Instruments-Measuring, musical	90-92	0.28	0.42	18.21	20.43	0.11	0.28	3.79	26.25	0.00	0.06
XIX	Arms & Ammunition	93	--	--	--	--	--	--	--	--	--	--
XX	Miscellaneous	94-96	--	--	18.14	31.83	0.88	0.55	19.87	15.90	0.63	2.23
XXI	Works of Art	97-99	--	--	--	--	--	--	--	--	--	--
	All Commodities:	01-99	0.39	0.18	7.58	11.94	0.67	1.00	10.30	14.29	0.30	0.38

Note: ---- indicates Data Not Available

Source: Estimated from PC-TAS Database CDROM, 2005.

4. PROSPECTIVE MEMBER COUNTRIES OF APTA

4.1 Country Report: Bhutan

4.1.1 APTA as Market

Since the nineties, Bangladesh's imports from Bhutan have varied between US\$ 3 and 8 million as may be seen in table 20. India provides the largest market for Bhutanese goods. India's imports from Bhutan increased from US\$ 1 million in 1991 to US\$ 47 million in 2003.

**Table 20: APTA Member Countries' Imports from Bhutan
(Value in US\$ Million and Percentage Share of World Imports)**

APTA Members	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Value in Million USD														
Bangladesh	7	4	4	3	8	4	5	4	5	4	5	5	3	4
China	0	0	0	0	0	0	0	0	0	0	0	0	0	0
India	0	1	1	3	3	16	17	19	8	15	20	22	24	47
Rep. of Korea	0	0	1	6	1	0	0	0	0	0	0	0	0	0
Sri Lanka	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Percentage Share														
Bangladesh	0.20	0.11	0.11	0.06	0.18	0.06	0.07	0.06	0.07	0.05	0.05	0.06	0.04	0.04
China	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
India	0.00	0.00	0.01	0.01	0.01	0.05	0.05	0.05	0.02	0.03	0.04	0.04	0.04	0.07
Rep. of Korea	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sri Lanka	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Source: IMF - Direction of Trade Statistics CD-ROM; April 2005.

4.1.2 Exports of Products Offered Concessions

For products offered concessions at the end of the Third Round Bhutan would benefit mainly from imports from India as may be seen in table 21. However since Bhutan already has duty free entry to the Indian market under a bilateral agreement with India, these benefits are believed to be limited.

**Table 21: APTA Member Countries' Imports from Bhutan: Products under National and Special Lists of Concession – End of Third Round (1999-2003)
(Value in Thousand US\$)**

APTA Members	Imports from	No of Products	1999	2000	2001	2002	2003
India	Bhutan	7	7238	7747	9260	11627	11293
	World		50094	48590	46566	62070	80004
	Share (%)		14.45	15.94	19.89	18.73	14.12

Note: No match between Bhutan's exports and Bangladesh, China, Korea and Sri Lanka's imports.

Source: Calculated from PC-TAS, 2005.

The details of products imported from India are presented in [Annex Table 4.1.1](#).

4.1.3 Trade Complementarities between Bhutan's Exports and APTA Countries' Imports

Table 22 presents Bhutan's trade complementarity⁷ as a supplier to APTA Member Countries. It will be seen that Bhutan has good export-import complementarity with Sri Lanka only. However for selected two-digit HS products Bhutan has high complementarity with APTA Members in products listed below. Figures in brackets show the measure of complementarity.

⁷ Henceforth trade complementarity refers to index of cosine measure. For concept and definition see Technical Appendix 1.

China: Furniture, Bedding, Cushions, Lamps & Lighting Fit (0.998); Coffee, Tea, Mate & Spices (0.964); Preparations of Vegetables, Fruits, Nuts, Etc. (0.878); Edible Fruits & Nuts, Peel Of Citrus/Melons (0.850) and Plastics & Articles Thereof (0.771).

India: Preparations of Vegetables, Fruits, Nuts, etc. (0.999); Coffee, Tea, Mate & Spices (0.832); Plastics & Articles Thereof (0.639); Beverages, Spirits & Vinegar (0.265); and Edible Vegetables (0.146).

APTA Members	Cosine Index Value
Bangladesh	n.a
China	0.035
India	0.016
Rep. of Korea	0.096
Sri Lanka (2002)	0.650

Source: Estimated from PC-TAS, 2005.

Rep. of Korea: Preparations of Vegetables, Fruits, Nuts, etc. (0.995); Milling Industry Products (0.991); Iron & Steel (0.985); Furniture, Bedding, Cushions, Lamps & Lighting Fit (0.960); and Edible Vegetables (0.906).

Sri Lanka : Salt, Sulphur, Earth & Stone, Lime & Cement (0.996); Made-Up Textile Articles Nes, Needlecraft Sets, (0.815); Edible Fruits & Nuts, Peel Of Citrus/Melons (0.740); Plastics & Articles Thereof (0.613); and Furniture, Bedding, Cushions, Lamps & Lighting Fit (0.526).

Annex Table 4.1.2 presents the trade complementarities index value between Bhutan's exports and APTA-5 imports at the HS 2-digit level of disaggregation.

4.1.4 Product-wise Market for Bhutan in APTA

Table 23 shows the total value of matched products at HS 6-digit classification with Bhutan as supplier and APTA Members as markets. The details of such matched products from APTA Member Countries are presented in **Annex Table 4.1.3 to 4.1.6**.

Markets	No. of Matched Products	Bhutan as Supplier ('000 US\$)	APTA Member as Market ('000 US\$)
Bangladesh	n.a	n.a	n.a
China	55	114896	2001750
India	36	37642	1207007
Rep. of Korea	58	67977	3607350
Sri Lanka	41	51268	118962

Source: Calculated from PC-TAS, 2005.

4.2 Country Report: Cambodia

4.2.1 APTA as Market

It may be observed in table 24 that China was Cambodia's largest destination for exports of all APTA Member Countries. China's imports from Cambodia increased from a negligible value in 1990 to US\$ 26 million in 2003. The Republic of Korea was Cambodia's second largest destination of all APTA Members with total imports amounting to US\$ 4.2 million in 2003.

Table 24: APTA Member Countries' Imports from Cambodia (Value in US\$ Million and Percentage Share of World Imports)

APTA Members	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Value in Million US\$														
Bangladesh	0	0	0	0	0	0	0	0	0	1	1	0	0	0
China	0	0	0	1	1	6	7	45	48	56	52	35	25	26
India	0	0	3	2	0	29	0	1	2	1	1	0	0	0
Rep. of Korea	0	0	0	0	0	0	0	1	1	5	2	7	3	4
Sri Lanka	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Percentage Share														
Bangladesh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.00	0.00
China	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.03	0.03	0.02	0.01	0.01	0.01
India	0.00	0.00	0.01	0.01	0.00	0.08	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00
Rep. of Korea	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00
Sri Lanka	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Source: IMF - Direction of Trade Statistics CD-ROM; April 2005.

4.2.2 Exports of Products Offered Concessions

For products offered concessions in both rounds, China would remain by far the largest market as is illustrated in table 25. However China's import value has been declining. Imports to the Republic of Korea were modest for the period 1999-2001.

Table 25: APTA Member Countries' Imports from Cambodia: Products under National and Special Lists of Concession -End of Third Round (1999-2003)
Value in Thousand US\$

APTA Members	Imports from	No. of Products	1999	2000	2001	2002	2003
China	Cambodia	9	51505	42284	47198	2630	3214
	World		647918	439221	929784	1095752	1312309
	Share (%)		7.95	9.63	5.08	0.24	0.24
Rep. of Korea	Cambodia	10	823	795	645	---	---
	World		2030221	3933100	2668136	2319478	2391848
	Share (%)		0.04	0.02	0.02	---	---

Source: Calculated from PC-TAS, 2005.

The details of products that could benefit Cambodia from concessions are presented in **Annex Tables 4.2.1 to 4.2.2.**

4.2.3 Trade Complementarities between Cambodia's Exports and APTA Countries' Imports

Table 26 reveals that Cambodia has good trade complementarity with Sri Lanka and Bangladesh and moderately good complementarity with India and the Republic of Korea. Some products in which Cambodia has good export- import complementarity are shown at HS 2-digit level. The details of products in each category are indicated in **Annex Table 4.2.3.**

Table 26: Trade Complementarities Between Cambodia's Exports and APTA's Imports (2003)

APTA Members	Cosine Index Value
Bangladesh	0.548
China	0.176
India	0.393
Rep. of Korea	0.257
Sri Lanka (2002)	0.655

Source: Estimated from PC-TAS, 2005.

Bangladesh: Silk, Inc. Yarns & Woven Fabrics Thereof (0.998); Ships, Boats, & Floating Structures (0.998); Made-Up Textile Articles Nes, Needlecraft Sets, (0.988); Zinc & Articles Thereof (0.987); and Sugars & Sugar Confectionery (0.986).

China: Residues From Food Industries, Animal Feed (0.999); Headgear & Other arts (0.999); Manufacture of Straw, Esparto, or Other Plaiting Material (0.998); Pearls, Stones, Precious Metals, Imitation Jewelry, (0.997) and Mineral Fuels, Oils, Waxes & Bituminous Substances (0.996).

India: Mineral Fuels, Oils, Waxes & Bituminous Sub (9.998); Residues from Food Industries, Animal Feed (9.987); Clocks & Watches & Parts Thereof (0.977); Albuminoidal Sub, Starches, Glues, Enzymes (0.975); and Made-Up Textile Articles Nes, Needlecraft Sets, (0.966).

Rep. of Korea: Mineral Fuels, Oils, Waxes & Bituminous Sub (0.999) Milling Industry Products (0.999); Live Animals (0.989); Misc. Edible Preparations (0.977) and Animal or Vegetable Fats, Oils & Waxes (0.959).

Sri Lanka: Pearls, Stones, Precious Metals, Imitation Jewelry, (0.999); Zinc & Articles Thereof (0.999); Pharmaceutical Products (0.983); Animal or Vegetable Fats, Oils & Waxes (0.969); and Cereals (0.969).

4.2.4 Product-wise Market for Cambodia in APTA

Table 27 reveals that a large number of products of export interest to Cambodia match with the

Markets	No. of Matched Products	Cambodia as Supplier ('000 USD)	APTA Member as Market ('000 USD)
Bangladesh	1160	1646971	4488736
China	1560	2010346	241008622
India	1965	1996034	21327407
Rep. of Korea	1540	1967748	82728924
Sri Lanka (2002)	1160	1234142	4105939

Source: Calculated from PC-TAS, 2005.

import needs of APTA Member Countries. The trade potential in value terms is presented in this table. The details of Cambodia's exportable products at HS 6-digit level that match the import requirements of APTA Member States are

presented in **Annex Table 4.2.4 to 4.2.8.**

4.3 Country Report: Indonesia

4.3.1 APTA as Market

In 2003, China and the Republic of Korea provided the largest market for Indonesian exports to APTA Member Countries as may be seen in table 28. India provided the third largest market. It can also be seen that imports of Indonesian products to most APTA countries increased rapidly since the nineties.

Table 28: APTA Member Countries' Imports from Indonesia (Value in US\$ Million and Percentage Share of World Imports)

APTA Members	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Value in Million US\$														
Bangladesh	54	25	53	58	58	71	84	154	185	159	193	180	172	209
China	849	1403	1554	1446	1589	2053	2289	2674	2462	3051	4125	3888	4501	5748
India	173	67	73	88	283	384	578	698	805	926	1159	1432	1917	
Rep. of Korea	1601	2052	2292	2588	2843	3325	4013	4099	3070	3986	5287	4474	4723	5212
Sri Lanka	39	41	66	86	85	97	109	133	182	172	172	143	147	163
Percentage Share														
Bangladesh	1.48	0.74	1.43	1.45	1.27	1.09	1.21	2.24	2.51	1.90	2.15	1.99	2.19	2.16
China	1.58	2.20	1.90	1.40	1.37	1.55	1.65	1.88	1.75	1.84	1.83	1.60	1.52	1.39
India	0.72	0.34	0.32	0.41	1.11	1.11	1.60	1.71	1.91	1.93	1.83	1.95	2.13	2.75
Rep. of Korea	2.15	2.51	2.76	2.99	2.78	2.46	2.67	2.83	3.29	3.33	3.29	3.17	3.11	2.91
Sri Lanka	1.49	1.34	1.91	2.15	2.01	2.16	2.30	2.52	2.91	2.75	2.57	2.49	2.45	2.45

Source: IMF - Direction of Trade Statistics CD-ROM; April 2005.

4.3.2 Exports of Products Offered Concessions

At the end of the Third Round, the Republic of Korea was the largest market for Indonesian exports, followed by China and India as may be seen in table 29.

Table 29: APTA Member Countries' Imports from Indonesia: Products under National and Special Lists of Concession - End of Third Round (1999-2003) (Value in Thousand US\$)

APTA Members	Imports from	No. of Products	1999	2000	2001	2002	2003
Bangladesh	Indonesia	3	---	---	---	---	3839
	World		---	---	---	---	53782
	Share (%)		---	---	---	---	7.14
China	Indonesia	290	449109	674624	735081	862805	954888
	World		46450143	59510079	64841541	78591195	105824547
	Share (%)		0.97	1.13	1.13	1.10	0.90
India	Indonesia	120	60092	44828	56794	277953	104696
	World		6680104	6081637	6044826	7774525	9203713
	Share (%)		0.90	0.74	0.94	3.58	1.14
Rep. of Korea	Indonesia	198	948469	1347365	1386399	1379007	1372768
	World		30538908	46345602	39654362	38932199	45596122
	Share (%)		3.11	2.91	3.50	3.54	3.01
Sri Lanka	Indonesia	41	10468	---	14208	12390	---
	World		267262	---	292706	257030	---
	Share (%)		3.92	---	4.85	4.82	---

Source: Calculated from PC-TAS, 2005.

The details of products that could benefit from concessions are presented in **Annex Tables 4.3.1 to 4.3.5.**

4.3.3. Trade Complementarities between Indonesia's Exports and APTA Countries' Imports

Indonesia's export-import complementarity is good with Sri Lanka, Republic of Korea and India and moderately good with China as may be seen in table 30.

The HS 2-digit level classification of products includes Indonesia's exports at the HS 6-digit level that relate well with imports from APTA Members. The HS 2-digit level aggregated products that have good complementarity with APTA Members have been listed below. The detailed list of such products may be seen in **Annex Table 4.3.6.**

Bangladesh: Railway or Tramway Locomotives, Rolling Stock, (0.997); Products of Animal Origin (0.951); Copper & Articles Thereof (0.941); Preparations of Vegetables, Fruits, Nuts, etc. (0.927); and Aircraft, Spacecraft, & Parts Thereof (0.920).

China: Meat & Edible Meat Offal (0.995); Vegetable Plaiting Materials (0.957); Aircraft, Spacecraft, & Parts Thereof (0.951); Explosives, Matches, Pyrotechnic Products (0.948) and Coffee, Tea, Mate & Spices (0.880).

India: Ores Slag & Ash (0.996); Tin & Articles Thereof (0.993); Tobacco & Manufacture of Tobacco Substitutes (0.990); Inorganic Chemicals, Organic/Inorganic Compounds of Precious (0.981) and Cereals (0.958).

Rep. of Korea: Tin & Articles Thereof (0.999); Fertilizers (0.997); Manu. of Straw, Esparto, or Other Plaiting Material (0.993); Pearls, Stones, Precious Metals, Imitation Jewelry, (0.989); and Ores Slag & Ash (0.988).

APTA Members	Cosine Index Value
Bangladesh	0.088
China	0.364
India	0.610
Rep. of Korea	0.638
Sri Lanka (2002)	0.665

Source: Estimated from PC-TAS, 2005.

4.3.4 Product-wise Market for Indonesia in APTA

The number of matched products as also their value has been presented in table 31 below. This also shows the enormous trade potential of Indonesian exports to APTA markets.

Market	No. of Matched Products	Indonesia as Supplier ('000 US\$)	APTA Member as Market ('000 US\$)
Bangladesh	2102	42277346	5926593
China	3714	58018682	371608858
India	3394	54699769	62268992
Rep. of Korea	3725	57039069	158023866
Sri Lanka (2002)	41	51268	118962

Source: Calculated from PC-TAS, 2005.

The details of Indonesia's exportable products at HS 6-digit level that match the import requirements of APTA Member States are presented in **Annex Tables 4.3.7 to 4.3.11.**

4.4 Country Report: Mongolia

4.4.1 APTA as Market

It may be observed in table 32 that China is the largest market for Mongolia of all APTA Member Countries. China's imports increased from US\$ 11 million in 1990 to US\$ 284 million in 2003. The next important market is the Republic of Korea whose imports increased from a negligible value in 1990 to US\$ 4 million in 2003.

**Table 32: APTA Member Countries' Imports from Mongolia
(Value in US\$ Million and Percentage Share of World Imports)**

APTA Members	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Value in Million US\$														
Bangladesh	0	0	0	0	0	0	0	0	0	0	0	0	0	0
China	11	20	48	69	76	101	126	188	181	194	229	240	223	285
India	2	0	0	0	0	0	0	0	0	0	0	0	0	1
Rep. of Korea	0	0	2	4	5	10	2	2	5	5	2	2	6	4
Sri Lanka	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Percentage Share														
Bangladesh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00
China	0.02	0.03	0.06	0.07	0.07	0.08	0.09	0.13	0.13	0.12	0.10	0.10	0.08	0.07
India	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rep. of Korea	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00
Sri Lanka	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Source: IMF - Direction of Trade Statistics CD-ROM; April 2005.

4.4.2 Exports of Products Offered Concessions

At the end of the Third Round both China and the Republic of Korea could provide a market for the conceded products. However, the import values are quite modest as can be seen in table 33. The detailed products list is presented in [Annex Tables 4.4.1 to 4.4.2](#).

**Table 33: APTA Member Countries' Imports from Mongolia: Products under National and Special Lists of Concession – End of Third Round (1999-2003)
(Value in Thousand US\$)**

APTA Members	Imports from	No. of Products	1999	2000	2001	2002	2003
China	Mongolia	32	2963	5479	9641	10184	9727
	World		1264355	2005646	1969953	2033934	2048317
	Share (%)		0.23	0.27	0.49	0.50	0.47
Rep. of Korea	Mongolia	4	22	148	10	33	1478
	World		242924	259997	253163	321144	354856
	Share (%)		0.01	0.06	0.00	0.01	0.42

Source: Calculated from PC-TAS, 2005.

4.4.3 Trade Complementarities between Mongolia's Exports and APTA Countries' Imports

Mongolia has good export-import complementarity with China and the Republic of Korea as may be seen in table 34. The products that have good complementarity are presented below. The details of products may be seen in [Annex Table 4.4.3](#).

Bangladesh: Beverages, Spirits & Vinegar (0.976); Raw Hides & Skins & Leather (0.860); Salt, Sulphur, Earth & Stone, Lime & Cement (0.824); Vehicles Other Than Railway or Tramway Rolling (0.724); and Mineral Fuels, Oils, Waxes & Bituminous Sub (0.554).

China: Beverages, Spirits & Vinegar (0.999); Furniture, Bedding, Cushions, Lamps & Lighting Fit (0.999); Ores Slag & Ash (0.998); Aluminum & Articles Thereof (0.981); Products of Animal Origin (0.955).

India: Ores Slag & Ash (0.997), Aluminum & Articles Thereof (0.996); Fur Skins & Artificial Fur, Manufactures (0.950); Fish & Crustaceans (0.927); Beverages, Spirits & Vinegar (0.920).

Rep. of Korea: Aluminum & Articles Thereof (0.999); Plastics & Articles Thereof (0.997); Furniture, Bedding, Cushions, Lamps & Lighting Fit (0.994); Fur skins & Artificial Fur, Manufactures (0.991); and Copper & Articles Thereof (0.951).

Sri Lanka: Wool & Fine Or Coarse Animal Hair, Inc. Yarns & Wool (0.992); Iron & Steel (0.977); Meat & Edible Meat Offal (0.852); Wood & Articles Of Wood, Wood Charcoal (0.818); and Fish & Crustaceans (0.725).

APTA Members	Cosine Index Value
Bangladesh	0.184
China, PR	0.863
India	0.111
Rep. of Korea	0.689
Sri Lanka (2002)	0.029

Source: Estimated from PC-TAS, 2005.

4.4.4 Product-wise Market for Mongolia in APTA

It will be observed that quite a number of products Mongolia exports are being imported by APTA Member Countries as may be seen in table 35. The trade potential appears to be appreciable. The details of matched products are presented in **Annex Tables 4.4.4 to 4.4.8.**

Market	No. of Matched Products	Mongolia as Supplier ('000 US\$)	APTA Member as Market ('000 US\$)
Bangladesh	97	94133	770394
China	215	461751	55450583
India	170	568926	30805775
Rep. of Korea	215	594270	43567635
Sri Lanka (2001)	123	115309	807914

Source: Calculated from PC-TAS, 2005.

4.5 Country Report: Myanmar

4.5.1 APTA as Market

India offers the largest market to Myanmar of all APTA Member Countries, as may be seen in table 36. Its imports have increased from US\$ 90 million in 1990 to US\$ 391 million in 2003. China offers the next largest market for Myanmar. Chinese imports from Myanmar increased from US\$ 95 million in 1990 to US\$ 169 million in 2003. During the same period Bangladesh's imports increased from a negligible value to US\$ 33 million while imports to the Republic of Korea increased from US\$ 4 million to US\$ 29 million. Imports from Sri Lanka amounted to only US\$ 2 million in 2003.

Table 36: APTA Member Countries' Imports from Myanmar (Value in US\$ Million and Percentage Share of World Imports)

APTA Members	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Value in Million US\$														
Bangladesh	0	0	1	7	8	5	4	3	12	14	22	20	24	33
China	95	106	131	165	143	150	137	73	62	101	123	134	137	170
India	90	51	104	117	120	160	148	212	186	172	179	197	214	391
Rep. of Korea	4	5	6	14	11	13	18	17	13	16	23	51	56	29
Sri Lanka	6	0	3	7	1	1	12	6	1	1	1	1	1	2
Percentage Share														
Bangladesh	0.01	0.00	0.02	0.16	0.16	0.07	0.05	0.04	0.17	0.16	0.24	0.22	0.30	0.34
China	0.18	0.17	0.16	0.16	0.12	0.11	0.10	0.05	0.04	0.06	0.05	0.06	0.05	0.04
India	0.38	0.26	0.45	0.55	0.47	0.47	0.41	0.52	0.44	0.36	0.36	0.33	0.32	0.56
Rep. of Korea	0.00	0.01	0.01	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.04	0.04	0.02
Sri Lanka	0.24	0.00	0.09	0.17	0.02	0.02	0.25	0.11	0.02	0.01	0.02	0.02	0.02	0.03

Source: IMF - Direction of Trade Statistics CD-ROM; April 2005.

4.5.2 Exports of Products Offered Concessions

At the end of the Third Round China, the Republic of Korea and India continued to remain the main markets for products offered concessions as may be seen in table 37. The detailed list of products exported by Myanmar under various rounds to the APTA Members under the national list of concessions is presented in **Annex Tables 4.5.1 to 4.5.3.**

**Table 37: APTA Member Countries' Imports from Myanmar: Products under National and Special Lists of Concession – End of Third Round (1999-2003)
(Value in Thousand US\$)**

APTA Members	Imports from	No. of Products	1999	2000	2001	2002	2003
China	Myanmar	36	22456	26695	22411	10235	21953
	World		2188576	3900068	3865253	4751373	5657019
	Share (%)		1.03	0.68	0.58	0.22	0.39
India	Myanmar	19	2170	2050	1847	1210	1871
	World		153197	106036	431410	129907	203589
	Share (%)		1.42	1.93	0.43	0.93	0.92
Rep. of Korea	Myanmar	21	3903	4142	32621	30684	2641
	World		15877075	26529712	22710427	20880484	25248589
	Share (%)		0.02	0.02	0.14	0.15	0.01

Source: Calculated from PC-TAS, 2005.

4.5.3 Trade Complementarities Between Myanmar's Exports and APTA Countries' Imports

Myanmar has good export-import complementarity with China and the Republic of Korea as may be seen in table 38. The products having high complementarity are listed below.

Bangladesh: Beverages, Spirits & Vinegar (0.976); Raw Hides & Skins & Leather (0.860); Salt, Sulphur, Earth & Stone, Lime & Cement (0.824); Vehicles Other Than Railway or Tramway Rolling Stock (0.724); and Mineral Fuels, Oils, Waxes & Bituminous Sub (0.554).

China: Beverages, Spirits & Vinegar (0.999), Furniture, Bedding, Cushions, Lamps & Lighting Fit (0.999); Ores Slag & Ash (0.998); Aluminum & Articles Thereof (0.981); Products Of Animal Origin (0.955).

India: Ores Slag & Ash (0.997); Aluminum & Articles Thereof (0.996); Fur skins & Artificial Fur, Manufactures (0.950); Fish & Crustaceans (0.927); Beverages, Spirits & Vinegar (0.920).

Rep. of Korea: Aluminum & Articles Thereof (0.999); Plastics & Articles Thereof (0.997); Furniture, Bedding, Cushions, Lamps & Lighting Fit (0.994); Fur skins & Artificial Fur, Manufactures (0.991); and Copper & Articles Thereof (0.951).

Sri Lanka: Wool & Fine Or Coarse Animal Hair, Inc. Yarns & Wool (0.992); Iron & Steel (0.977); Meat & Edible Meat Offal (0.852); Wood & Articles Of Wood, Wood Charcoal (0.818); and Fish & Crustaceans (0.725).

The details of Myanmar's export products that have good matching with APTA Members are found in **Annex Table 4.5.4.**

Table 38: Trade Complementarities Between Myanmar's Exports and APTA's Imports (2003)

APTA Members	Cosine Index Value
Bangladesh	0.526
China	0.202
India	0.499
Rep. of Korea	0.264
Sri Lanka (2002)	0.814

Source: Estimated from PC-TAS, 2005.

4.5.4 Product-wise Market for Myanmar in APTA

The total number of Myanmar's export products that match the import needs of APTA Members and the trade value underlying this are presented in table 39. The details of the matched products may be viewed in ***Annex Tables 4.5.5 to 4.5.9.***

Markets	No. of Matched Products	Myanmar as Supplier ('000 US\$)	APTA Member as Market ('000 US\$)
Bangladesh	1565	2235512	5467057
China	2212	2678044	284778469
India	2133	2592452	31005583
Rep. of Korea	2201	2651498	111460699
Sri Lanka (2002)	1811	1981431	5012624

Source: Calculated from PC-TAS, 2005.

4.6 Country Report: Nepal

4.6.1 APTA as Market

India provides the largest market for Nepalese products of all APTA Member Countries as may be seen in table 40. It will be seen that India's imports have risen from US\$ 15 million in 1990 to US\$ 274 million in 2003. The next important market is offered by China whose imports were US\$ 5 million in 2003. During this period the imports of Bangladesh also increased from US\$ 2 million to US\$ 5 million. Korean imports from Nepal were only US\$ 1 million in 2003.

**Table 40: APTA Member Countries' Imports from Nepal
(Value in US\$ Million and Percentage Share of World Imports)**

APTA Members	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Value in Million US\$														
Bangladesh	2	0	0	0	1	4	6	11	14	9	4	4	5	5
China	5	1	1	2	2	0	3	10	5	8	7	5	5	5
India	15	19	23	19	14	27	49	87	132	178	238	262	285	274
Rep. of Korea	1	1	1	1	0	0	1	0	0	0	4	1	1	1
Sri Lanka	0	0	24	0	1	1	0	5	1	0	0	0	0	0
Percentage Share														
Bangladesh	0.04	0.00	0.01	0.01	0.01	0.06	0.09	0.16	0.19	0.11	0.04	0.05	0.07	0.05
China	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.01	0.00	0.00	0.00	0.00
India	0.06	0.10	0.10	0.09	0.05	0.08	0.14	0.21	0.31	0.37	0.47	0.44	0.42	0.39
Rep. of Korea	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sri Lanka	0.00	0.00	0.68	0.00	0.02	0.02	0.00	0.09	0.02	0.00	0.00	0.00	0.00	0.00

Source: IMF - Direction of Trade Statistics CD-ROM; April 2005.

4.6.2 Exports of Products Offered Concessions

At the end of the Third Round India remained the main market for products offered concessions under both rounds as may be seen in table 41. Nepal needs to negotiate new products concessions from APTA Members to ensure meaningful participation in the Agreement.

**Table 41: APTA Member Countries' Imports from Nepal: Products under National and Special Lists of Concession – End of Third Round (1999-2003)
(Value in Thousand US\$)**

APTA Members	Imports from	No. of Products	1999	2000	2001	2002	2003
China	Nepal	9	657	800	8531	168	297
	World		1484181	1824564	2010328	2356145	2491267
	Share (%)		0.04	0.04	0.42	0.01	0.01
India	Nepal	30	38592	49195	47148	35745	15351
	World		190823	185269	209959	218070	277741
	Share (%)		20.22	26.55	22.46	16.39	5.53
Rep. of Korea	Nepal	1	---	---	---	---	---
	World		---	---	---	---	---
	Share (%)		---	---	---	---	---

Source: Calculated from PC-TAS, 2005.

The details of products exported by Nepal are presented in **Annex Tables 4.6.1 to 4.6.3.**

4.6.3 Trade Complementarities Between Nepal's Exports and APTA Countries' Imports

Table 42 reveals that Nepal has good export-import complementarity with both India and China. The specific products in which Nepal has high trade complementarity are listed below.

China: Photographic or Cinematographic Goods (0.999); Miscellaneous Chemical Products (0.997); Pharmaceutical Products (0.996); Dairy, Eggs, Honey, & Edible. Products (0.993); and Wood & Articles of Wood, Wood Charcoal (0.940).

APTA Members	Cosine Index Value
Bangladesh	n.a
China, PR	0.576
India	0.694
Korea, Rep	0.064
Sri Lanka (2002)	0.059

Source: Estimated from PC-TAS, 2005.

India: Miscellaneous Chemical Products (0.999); Pharmaceutical Products (0.961); Headgear & Other Parts (0.952); Wood & Articles Of Wood, Wood Charcoal (0.952); Oils & Resinoids, Perfumery, Cosmetic Or Toilet Products (0.950).

Rep. of Korea: Miscellaneous Chemical Products (0.998); Soaps, Waxes, Scouring Products, Candles, Modeling (0.970); Photographic Or Cinematographic Goods (0.960); Dairy, Eggs, Honey, & Edible. Products (0.957); and Wood & Articles Of Wood, Wood Charcoal (0.931).

Sri Lanka: Articles of Leather, Saddlery & Harness, Travel Goods (0.999); Cereals (0.998); Animal or Vegetable Fats, Oils & Waxes (0.995); Articles of Iron or Steel (0.991); Miscellaneous Chemical Products (0.991).

The detailed 2-digit products which have high complementarity are presented in **Annex Table 4.6.4.**

4.6.4 Product-wise Market for Nepal in APTA

Table 43 shows the number of export products that match APTA Members imports. Nepal needs to negotiate trade exchanges in products other than those with India.

Market	No. of Matched Products	Nepal as Supplier ('000 US\$)	APTA Member as Market ('000 US\$)
Bangladesh	n.a	n.a	n.a
China	183	536583	4579565
India	149	511132	60598
Rep. of Korea	192	547328	2853978
Sri Lanka (2000)	211	476164	564437

Source: Calculated from PC-TAS, 2005.

The details of products that match Nepal's exports with imports of APTA Members may be seen in **Annex Tables 4.6.5 to 4.6.8.**

4.7 Country Report: Pakistan

4.7.1 APTA as Market

Pakistan's imports from China increased from US\$ 85 million in 1990 to US\$ 575 million in 2003. The next important market for Pakistan is the Republic of Korea. The Republic of Korea's imports increased from US\$ 172 million in 1990 to US\$ 231 million in 2003. India's imports from Pakistan have been fluctuating. It was valued at US\$ 54 million in 2003. In 2003 Bangladesh and Sri Lanka imported US\$ 95 and US\$ 71 million respectively from Pakistan. China is the largest market of all APTA Members for products from Pakistan as may be seen in table 44.

**Table 44: APTA Member Countries' Imports from Pakistan
(Value in US\$ Million and Percentage Share of World Imports)**

APTA Members	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Value in Million US\$														
Bangladesh	70	57	88	90	110	138	90	69	73	85	93	86	60	95
China	85	89	92	96	162	223	342	379	390	390	456	582	557	575
India	45	58	146	47	47	37	39	42	172	105	65	73	54	54
Rep. of Korea	172	292	210	179	239	280	283	222	150	211	263	320	267	231
Sri Lanka	51	74	67	55	61	52	69	38	91	95	72	74	66	71
Percentage Share														
Bangladesh	1.92	1.68	2.36	2.25	2.40	2.12	1.30	1.00	1.00	1.02	1.04	0.95	0.76	0.99
China	0.16	0.14	0.11	0.09	0.14	0.17	0.25	0.27	0.28	0.24	0.20	0.24	0.19	0.14
India	0.19	0.30	0.63	0.22	0.19	0.11	0.11	0.10	0.41	0.22	0.13	0.12	0.08	0.08
Rep. of Korea	0.23	0.36	0.25	0.21	0.23	0.21	0.19	0.15	0.16	0.18	0.16	0.23	0.18	0.13
Sri Lanka	1.93	2.41	1.93	1.38	1.44	1.16	1.46	0.72	1.45	1.51	1.08	1.29	1.09	1.06

Source: IMF - Direction of Trade Statistics CD-ROM; April 2005.

4.7.2 Exports of Products Offered Concessions

In case Pakistan was to join APTA, its main market for products offered concessions under the two rounds would be Bangladesh, followed by the Republic of Korea and China as may be seen in table 45.

**Table 45: APTA Member Countries' Imports from Pakistan: Products under National Lists of Concession – End of Third Round (1999-2003)
(Value in Thousand US\$)**

APTA Members	Imports from	No. of Products	1999	2000	2001	2002	2003
Bangladesh	Pakistan	32	---	---	---	---	49961
	World		---	---	---	---	5865096
	Share (%)		---	---	---	---	---
China	Pakistan	53	271541	366452	431324	408277	401081
	World		5617280	6781162	6662629	9866496	10422350
	Share (%)		4.83	5.40	6.47	4.14	3.85
India	Pakistan	5	---	---	---	---	---
	World		---	---	---	---	---
	Share (%)		---	---	---	---	---
Korea	Pakistan	33	28133	---	30878	28097	---
	World		139694	---	1277071	1536882	---
	Share (%)		20.14	---	2.42	1.83	---
Sri Lanka	Pakistan	9	---	---	---	---	---
	World		---	---	---	---	---
	Share (%)		---	---	---	---	---

Source: Calculated from PC-TAS, 2005.

The details of products on which Pakistan could avail of concessions under the different rounds are presented in **Annex Tables 4.7.1 to 4.7.5**.

4.7.3 Trade Complementarities Between Pakistan's Exports and APTA Countries' Imports

Table 46 indicates that Pakistan has poor export-import complementarity with all APTA Member Countries except Bangladesh with which it has moderate complementarity. However, those products in which it has high complementarity with APTA Members are presented below.

Bangladesh: Cereals (0.999); Animal or Vegetable Fats, Oils & Waxes (0.999); Lac, Gums, Resins, Etc. (0.995); Mineral Fuels, Oils, Waxes & Bituminous Sub (0.991); and Glass & Glassware (0.964).

Table 46: Trade Complementarities Between Pakistan's Exports and APTA's Imports (2003)

APTA Members	Cosine Index Value
Bangladesh	0.309
China	0.060
India	0.030
Rep. of Korea	0.055
Sri Lanka (2002)	na

Source: Estimated from PC-TAS, 2005.

China: Ores Slag & Ash (0.999); Musical Instruments, Parts & Accessories (0.999); Products of Animal Origin (0.990); Organic Chemicals (0.985); Tobacco & Manufacture of

Tobacco Substitutes (0.958).

India: Musical Instruments, Parts & Accessories (0.995); Pharmaceutical Products (0.958); Live Trees & Other Plants (0.951); Lac, Gums, Resins, Etc. (0.943); and Impregnated, Coated, Covered, or Laminated Textile (0.941).

Rep. of Korea: Musical Instruments, Parts & Accessories (0.999); Arms & Ammunition, Parts & Accessories (0.991); Manufacture of Straw, Esparto, or Other Plaiting Materials (0.983); Animal or Vegetable Fats, Oils & Waxes (0.981) and Pharmaceutical Products (0.978).

Sri Lanka: Musical Instruments, Parts & Accessories (0.999); Arms & Ammunition, Parts & Accessories (0.991); Manufacture of Straw, Esparto, or Other Plaiting Materials (0.983); Animal or Vegetable Fats, Oils & Waxes (0.981) and Pharmaceutical Products (0.978).

The detailed HS 2-digit level products for which high complementarity has been established are listed in **Annex Table 4.7.6.**

4.7.4 Product-wise Market for Pakistan in APTA

The number of export products that match the imports of APTA Members is presented in

Market	No. of Matched Products	Pakistan as Supplier ('000 US\$)	APTA Member as Market ('000 US\$)
Bangladesh	778	7148550	3816884
China	1265	12076310	133749436
India	1267	12074041	71574783
Rep. of Korea	1117	11345726	34866738
Sri Lanka (2002)	n.a	n.a	n.a

Table 47 below. The underlying global trade is also indicated.

The details of matched products are presented in **Annex Tables 4.7.7 to 4.7.10.**

Source: Calculated from PC-TAS, 2005.

4.8 Country Report: Philippines

4.8.1 APTA as Market

It will be observed in table 48 that in recent years China has become the largest market for exports from the Philippines, followed by the Republic of Korea and India. The import shares of China and the Republic of Korea have also risen.

Table 48: APTA Member Countries' Imports from the Philippines (Value in US\$ Million and Percentage Share of World Imports)

APTA Members	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
	Value in Million US\$													
Bangladesh	1	5	5	1	5	5	0	7	4	6	15	8	6	10
China	62	128	114	167	164	209	328	244	344	575	663	793	1356	2145
India	2	17	9	226	13	20	179	34	38	42	64	71	89	102
Rep. of Korea	230	228	176	220	291	442	371	436	509	1032	1173	1044	1339	1314
Sri Lanka	3	3	2	4	7	9	0	9	12	12	8	7	8	9
	Percentage Share													
Bangladesh	0.01	0.05	0.05	0.01	0.04	0.03	0.00	0.03	0.01	0.02	0.04	0.02	0.02	0.03
China	0.75	1.45	1.16	1.48	1.22	1.20	1.60	0.97	1.17	1.62	1.74	2.47	3.85	5.92
India	0.03	0.19	0.09	2.00	0.10	0.12	0.87	0.13	0.13	0.12	0.17	0.22	0.25	0.28
Rep. of Korea	2.80	2.58	1.79	1.96	2.17	2.55	1.81	1.73	1.72	2.91	3.07	3.25	3.80	3.63
Sri Lanka	0.04	0.03	0.02	0.03	0.05	0.05	0.00	0.04	0.04	0.03	0.02	0.02	0.02	0.02

Source: IMF - Direction of Trade Statistics CD-ROM; April 2005.

4.8.2 Exports of Products Offered Concessions

Table 49 shows that at the end of the Third Round, China, the Republic of Korea and India were the main markets for the Philippines in descending order of importance.

Table 49: APTA Member Countries' Imports from the Philippines: Products under National List of Concession – End of Third Round (1999-2003)
(Value in Thousand US\$)

APTA Members	Imports from	No. of Products	1999	2000	2001	2002	2003
Bangladesh	Philippines	147	--	--	--	--	959
	World	--	--	--	--	--	7827
	Share (%)	--	--	--	--	--	--
China	Philippines	154	175786	324184	360709	405566	626670
	World	--	42407853	54253998	59358512	73450096	102771513
	Share (%)	--	0.41	0.60	0.61	0.55	0.61
India	Philippines	47	3330	4441	5119	4965	6373
	World	--	937704	924714	787460	979859	994263
	Share (%)	--	0.36	0.48	0.65	0.51	0.64
Rep. of Korea	Philippines	101	280594	382479	178562	194957	108384
	World	--	26983638	42357842	36019098	34647046	40784965
	Share (%)	--	1.04	0.90	0.50	0.56	0.27
Sri Lanka	Philippines	1	na	--	--	52	na
	World	--	1417	--	1294	1945	na
	Share (%)	--	0	--	0	2.67	na

Source: Calculated from PC-TAS, 2005.

The details of products exported by the Philippines to APTA Members are presented in **Annex Tables 4.8.1. to 4.8.5.**

4.8.3 Trade Complementarities Between the Philippines' Exports and APTA Countries' Imports

The Philippines' export-import complementarity with APTA Member Countries is presented in table 50. Even though the overall index of Philippines' complementarity does not appear to be very favourable, some products under HS 2-digit code show good complementarity. The list of such products is presented below

Bangladesh: Silk, Inc. Yarns & Woven Fabrics Thereof (0.999); Ships, Boats, & Floating Structures (0.999); Lac, Gums, Resins, Etc. (0.999); Mineral Fuels, Oils, Waxes & Bituminous Sub (0.997) and Wool & Fine Or Coarse Animal Hair, Inc. Yarns & (0.997).

China: Ships, Boats, & Floating Structures (0.999); Misc. Edible Preparations (0.983) Sugars & Sugar Confectionery (0.970); Pharmaceutical Products (0.954); and Animal or Vegetable Fats, Oils & Waxes (0.953).

India: Tobacco & Manufacture of Tobacco Substitutes (0.989); Paper & Paperboard, Articles of Paper Pulp (0.980); Sugars & Sugar Confectionery (0.961); Cereals (0.939); and Headgear & Other Parts (0.9386).

Rep. of Korea: Ships, Boats, & Floating Structures (0.999); Misc. Edible Preparations (0.989); Headgear & Other Parts (0.981); Copper & Articles Thereof (0.972); and Sugars & Sugar Confectionery (0.970).

Sri Lanka: Fur skins & Artificial Fur, Manufactures (0.994); Vegetable Textile Fibers Nes, Yarns & Woven Etc. (0.991); Residues From Food Industries, Animal Feed (0.984); Products Of Animal Origin (0.980); Milling Industry Products (0.958).

The detailed HS 2-digit level products for which high complementarity has been established are presented in **Annex Table 4.8.6.**

Table 50: Trade Complementarities Between Philippines's Exports and APTA's Imports (2003)

APTA Members	Cosine Index Value
Bangladesh	0.156
China, PR	0.146
India	0.026
Korea, Rep	0.044
Sri Lanka (2002)	0.083

Source: Estimated from PC-TAS, 2005.

4.8.1 Product-wise Market for the Philippines in APTA

The Philippines has a large number of exportable products that match with the imports of APTA countries. The trade values are quite high as may be seen in table 51.

The details of matched products may be seen in **Annex Tables 4.8.7 to 4.8.11.**

Market	No. of Matched Products	Philippines as Supplier ('000 US\$)	APTA Member as Market ('000 US\$)
Bangladesh	1162	14566260	1837889
China	1949	32857112	296907674
India	1777	31853466	47276141
Rep. of Korea	1977	32594192	126652694
Sri Lanka (2002)	1552	1979991	3589515

Source: Calculated from PC-TAS, 2005.

4.9 Country Report: Thailand

4.9.1 APTA as Market

It may be observed from table 52 that China is by far the largest market of all APTA Member Countries for Thailand.

APTA Members	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Value in Million US\$														
Bangladesh	36	19	32	43	59	76	67	86	124	141	188	180	163	177
China	386	422	424	601	864	1611	1890	2005	2423	2780	4019	4713	5599	8827
India	62	49	67	54	146	146	176	224	263	314	335	530	454	552
Rep. of Korea	464	562	638	539	620	936	1219	1280	809	1068	1631	1589	1703	1898
Sri Lanka	85	99	98	109	123	114	129	153	146	136	169	147	146	146
Percentage Share														
Bangladesh	0.98	0.56	0.85	1.07	1.29	1.17	0.96	1.25	1.69	1.69	2.09	1.99	2.08	1.83
China	0.72	0.66	0.52	0.58	0.75	1.22	1.36	1.41	1.73	1.68	1.79	1.93	1.89	2.14
India	0.26	0.25	0.29	0.25	0.57	0.42	0.49	0.55	0.62	0.66	0.67	0.89	0.68	0.79
Rep. of Korea	0.62	0.69	0.77	0.62	0.61	0.69	0.81	0.89	0.87	0.89	1.02	1.13	1.12	1.06
Sri Lanka	3.23	3.24	2.83	2.73	2.91	2.54	2.72	2.90	2.33	2.18	2.52	2.57	2.42	2.19

Source: IMF - Direction of Trade Statistics CD-ROM; April 2005.

China's imports from Thailand increased from US\$ 386 million in 1990 to US\$ 8,827 million in 2003. The next important market for Thailand is the Republic of Korea. Korean imports from Thailand increased from US\$ 464 million in 1990 to US\$ 1,898 million in 2003. India's imports also increased from US\$ 62 million in 1990 to US\$ 552 million in 2003. During the same period Bangladesh's imports from Thailand increased from US\$ 36 million to US\$ 177 million while Sri Lanka's imports from Thailand rose from US\$ 85 million to US\$ 146 million.

4.9.2 Exports of Products Offered Concessions

At the end of the Third Round China, the Republic of Korea, India and Sri Lanka remained the most important markets for Thailand as may be seen in table 53.

The details of products under concession that could be exported by Thailand under the two rounds are presented in **Annex Tables 4.9.1. to 4.9.5.**

Table 53: APTA Member Countries' Imports from Thailand: Products under National Lists of Concession – End of Third Round (1999-2003)
(Value in Thousand US\$)

APTA Members	Imports from	No. of Products	1999	2000	2001	2002	2003
Bangladesh	Thailand	5	---	---	---	---	2666
	World		---	---	---	---	48337
	Share (%)		---	---	---	---	5.52
China	Thailand	479	1042259	1693975	1659304	2032139	2649947
	World		55840246	24570414	76041344	94252872	97832987
	Share (%)		1.87	6.89	2.18	2.16	2.06
India	Thailand	135	19420	21609	33747	34713	47270
	World		7074527	6429887	6237985	7947126	9313891
	Share (%)		0.27	0.34	0.54	0.44	0.51
Rep. of Korea	Thailand	212	191123	350257	333218	381851	366810
	World		29371189	45022197	38423939	37798924	44244103
	Share (%)		0.65	0.78	0.87	1.01	0.83
Sri Lanka	Thailand	60	21546	---	---	28128	---
	World		292811	---	---	299122	---
	Share (%)		7.36	---	---	9.40	---

Source: Calculated from PC-TAS, 2005.

4.9.3 Trade Complementarities Between Thailand's Exports and APTA Countries' Imports

Table 54 reveals that Thailand has good export-import complementarity with China and moderate trade complementarity with the Republic of Korea. A list of products in which Thailand has good trade complementarity with APTA Members is presented below.

Table 54: Trade Complementarities Between Thailand's Exports and APTA's Imports (2003)

APTA Members	Cosine Index Value
Bangladesh	0.221
China, PR	0.558
India	0.157
Korea, Rep	0.325
Sri Lanka (2002)	0.182

Source: Estimated from PC-TAS, 2005.

Bangladesh: Tobacco & Manufacture of Tobacco Substitutes (0.997); Railway or Tramway Locomotives, Rolling Stock, (0.996); Products of Animal Origin (0.995); Headgear & Other Parts (0.987), Cereals (0.986).

China: Tobacco & Manufacture of Tobacco Substitutes (0.994); Cereals (0.991); Misc. Edible Preparations (0.985); Meat & Edible Meat Offal (0.985); and Live Animals (0.980).

India: Arms & Ammunition, Parts & Accessories (0.997); Tin & Articles Thereof (0.994); Impregnated, Coated, Covered, or Laminated Textile (0.969); Headgear & Other Parts (0.945); and Lead & Articles Thereof (0.926).

Rep. of Korea: Tin & Articles Thereof (0.993); Misc. Edible Preparations (0.988); Pulp Of Wood, Waste & Scrap Of Paper (0.981); Headgear & Other Parts (0.975); Vegetable Plaiting Materials (0.943).

Sri Lanka: Ores Slag & Ash (0.996); Live Animals (0.994); Vegetable Plaiting Materials (0.967); Salt, Sulphur, Earth & Stone, Lime & Cement (0.949); and Pharmaceutical Products (0.945).

Complementarity Index values of Thailand exports and APTA imports (at the HS 2-digit level) are presented in **Annex Table 4.9.6**.

4.9.4 Product-wise Market for Thailand in APTA

Table 55 reveals that Thailand has quite a number of export products that match with the imports of APTA Members. The trade values are also significant.

The detailed list of matched products may be seen in **Annex Tables 4.9.7 to 4.9.11**.

Markets	No. of Matched Products	Thailand as Supplier ('000 US\$)	APTA Member as Market ('000 US\$)
Bangladesh	2063	55610692	6083887
China	3561	77634989	379044582
India	3281	72734042	68611940
Rep. of Korea	3585	77999869	153831690
Sri Lanka (2001)	2715	53846883	4989824

Source: Calculated from PC-TAS, 2005.

4.10 Country Report: Viet Nam

4.10.1 APTA as Market

China is the largest market among APTA Member Countries for Vietnamese exports as may be seen in table 56. China's imports from Viet Nam increased from US\$ 1 million in 1990 to US\$ 1,456 million in 2003. Korean imports also increased from a negligible value in 1990 to US\$ 511 million in 2003. India's imports were valued at US\$ 36 million in 200

**Table 56: APTA Countries Imports from Vietnam
(Value in US\$ Million and Percentage Share of World Imports)**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Value in US\$														
Bangladesh	0	0	1	1	5	1	1	6	2	7	11	3	3	2
China	1	11	73	123	191	332	308	357	217	354	929	1010	1115	1456
India	59	38	59	44	50	15	1	7	9	11	12	50	57	36
Rep. of Korea	0	41	58	91	114	193	232	226	184	264	322	386	470	511
Sri Lanka	12	0	36	0	3	0	19	3	7	7	9	8	5	8
Percentage Share														
Bangladesh	0.00	0.00	0.02	0.02	0.10	0.02	0.01	0.09	0.02	0.08	0.12	0.03	0.04	0.03
China	0.00	0.02	0.09	0.12	0.17	0.25	0.22	0.25	0.15	0.21	0.41	0.41	0.38	0.35
India	0.25	0.20	0.25	0.21	0.20	0.04	0.00	0.02	0.02	0.02	0.02	0.08	0.09	0.05
Rep. of Korea	0.00	0.05	0.07	0.11	0.11	0.14	0.15	0.16	0.20	0.22	0.20	0.27	0.31	0.29
Sri Lanka	0.45	0.00	1.02	0.00	0.07	0.00	0.40	0.06	0.12	0.10	0.14	0.14	0.09	0.12

Source: IMF - Direction of Trade Statistics CD-ROM; April 2005.

4.10.2 Product-wise Market for Viet Nam in APTA

At the end of the Third Round the most important markets for Viet Nam remained China, the Republic of Korea and India as may be seen in table 57.

Table 57: APTA Member Countries' Imports from Viet Nam: Products under National and Special Lists of Concession – End of Third Round (1999-2003)
(Value in Thousand US\$)

APTA Members	Imports from	No. of Products	1999	2000	2001	2002	2003
China	Vietnam	182	42670	70116	90110	141734	211089
	World		16852835	30605699	31326598	36554227	46148896
	Share (%)		0.25	0.23	0.29	0.39	0.46
India	Vietnam	14	2184	1348	1227	2050	2288
	World		164931	168497	230863	254486	362188
	Share (%)		1.32	0.80	0.53	0.81	0.63
Rep. of Korea	Vietnam	144	82713	92394	101747	111805	135629
	World		23276507	37378240	31450610	29922092	34936148
	Share (%)		0.36	0.25	0.32	0.37	0.39
Sri Lanka	Vietnam	6	1078	---	---	---	---
	World		56872	---	52614	57190	---
	Share (%)		1.90	---	---	---	---

Source: Calculated from PC-TAS, 2005.

The details of products exported by Viet Nam are given in **Annex Tables 4.10.1 to 4.10.4.**

4.10.3 Trade Complementarities Between Viet Nam's Exports and APTA Countries' Imports

Table 58 reveals that Viet Nam has good export-import complementarity with Bangladesh and Sri Lanka. The products in which it has good export-import complementarity are listed below.

Bangladesh : Zinc & Articles Thereof (0.995); Salt, Sulphur, Earth & Stone, Lime & Cement (0.994); Mineral Fuels, Oils, Waxes & Bituminous Sub (0.987); Lead & Articles Thereof (0.980) and Nickel & Articles Thereof (0.979).

China: Umbrellas, Sun Umbrellas, Walking-Sticks, Whips, (0.994); Nickel & Articles Thereof (0.993); Preps. Of Cereals, Flour, Starch Or Milk (0.986); Silk, Inc. Yarns & Woven Fabrics Thereof (0.985); Knitted Or Crocheted Fabrics (0.982).

Table 58: Trade Complementarities Between Viet Nam's Exports and APTA's Imports (2003)

APTA Members	Cosine Index Value
Bangladesh	0.568
China	0.267
India	0.105
Rep. of Korea	0.225
Sri Lanka (2002)	0.642

Source: Estimated from PC-TAS, 2005.

India : Tin & Articles Thereof (0.990); Nickel & Articles Thereof (0.988); Fur skins & Artificial Fur, Manufactures (0.975); Misc. Edible Preparations (0.942); Arms & Ammunition, Parts & Accessories (0.934) and Explosives, Matches, Pyrotechnic Products (0.917).

Rep. of Korea: Live Trees & Other Plants (0.994); Nickel & Articles Thereof (0.993); Tin & Articles Thereof (0.993); Misc. Edible Preparations (0.976); Pulp of Wood, Waste & Scrap of Paper (0.972).

Sri Lanka: Explosives, Matches, Pyrotechnic Products (0.987); Oils & Resinoids, Perfumery, Cosmetic or Toilet (0.978); Pharmaceutical Products (0.976); Residues from Food Industries, Animal Feed (0.935); and Lead & Articles Thereof (0.932).

Table 59: Viet Nam as Supplier and APTA as Market (2003)

Markets	No. of Matched Products	Viet Nam as Supplier ('000 US\$)	APTA Member as Market ('000 US\$)
Bangladesh	2224	17876084	6564348
China	3707	20677348	399368625
India	3505	20560983	73457112
Rep. of Korea	3683	20680382	163343006
Sri Lanka (2002)	2797	14802429	5831265

Source: Calculated from PC-TAS, 2005.

The detailed HS 2-digit level products for which high complementarity has been established is presented in **Annex Table 4.10.5.**

4.10.4 Product-wise Market for Vietnam in APTA

It can be observed in table 59 that quite a number of exports of Viet Nam match with the imported products of APTA Members. The value of trade in these products is also considerable.

The detailed list of Viet Nam's export products that match the imports of APTA countries is presented in **Annex Table 4.10.6 to 4.10.10.**

5. DEEPENING AND BROADENING THE SCOPE

As noted earlier, APTA has in the recent past been subject to several revitalization measures under which major institutional changes have been made to provide it with greater legitimacy and relevance.

As a preferential trading arrangement based on a product-by-product positive list⁸ approach, APTA reflects the mildest form of regional integration. This is an anomalous situation at a time when most regional trading arrangements the world over are moving to free trade agreements or areas (FTA) on the basis of a negative list approach and even higher forms of regional integration. Further, considerable multilateral trade liberalization is in process within the context of the Doha Development Agenda (DDA) under the World Trade Organization (WTO). This is definitely going to erode preferential margins (presently quite slim under APTA) in all regional trading arrangements. Thus to be relevant, APTA must transform itself into a free trade area within a relatively shorter transition period than other competing regional arrangements.

It must be noted that the benefit to PMCs from accession would be only incidental to the concessions exchanged among present APTA Members based on their request and offer lists. The PMCs need to do a similar exercise targeting their own export capabilities. This study provides an illustrative list of such products in which their export capabilities could be matched with the import needs of APTA Members, which would become relevant in case a Fourth Round of negotiations is undertaken.

It must be recognized further that most APTA Members as well PMCs have competing, multiple membership in other regional/bilateral trading arrangements, possibly offering them more favourable market access than APTA⁹. Thus, unless APTA is able to offer better opportunities in terms of market access, interest in APTA may be limited.

Article 6 of the Agreement refers to the obligation of Participating States to make information on non-tariff measures existing on conceded products available to one another on a transparent basis. In practice, however, the National List of Concessions only mentions the tariff measures while no mention is made of non-tariff measures when existing on such products. This is a serious limitation of the negotiations and unless tariff measures are considered in tandem with non-tariff ones, the real magnitude of removal of trade restrictions remains ambiguous.

Further, in keeping with the current trends in all regional trading arrangements, APTA must quickly transcend its limited scope and engage in new areas such as investment and services and related facilitation measures.

Table 57 presents a comparative synoptic picture of different types of agreements on services, investment and intellectual property under various regional trading arrangements. Most North-South agreements, notably the bilateral FTAs of the United States and the European Union have been important drivers. Most regional trading arrangements provide national as well as most favoured nation (MFN) treatment (including fair and equitable treatment) to agreements on services and investment¹⁰. Furthermore, in case of most South-South agreements, a requirement of establishment to provide services and a positive list approach to pre-establishment limitation in case of services and investment and WTO compatible performance requirements have been provided for. However, most of these arrangements do not provide for TRIPS related provisions. Given the

⁸ Under a positive list approach negotiations take place on a product-by-product basis whereas under the negative list approach all products are liberalized with exceptions.

⁹ To illustrate, India, Bangladesh and Sri Lanka and Pakistan are Members of SAFTA while the former three countries are also Members of BIMSTEC. Further, India has bilateral free trade agreements with Bhutan, Nepal and Sri Lanka in South Asia and with ASEAN, Thailand and Singapore in South-East Asia. Similarly China has FTAs with ASEAN, and is negotiating one with India. The Republic of Korea has bilateral agreements with Japan; Hong Kong, China; and Chile. Pakistan is a member of the Economic Cooperation Organization (ECO) and has bilateral free trade agreement with Sri Lanka. Among PMCs, Bhutan is a Member of BIMSTEC while the Philippines has bilateral free trade agreement with Japan, and Thailand has one with Australia, to name only a few.

¹⁰ The exceptions to national and most favoured nation treatment in case of services are EU-South Africa, SADC and Japan-Singapore. In case of investment agreements the exceptions are EU-South Africa, EU-Mexico, CARICOM, and SADC.

diverse nature of membership of ESCAP, consisting of LDCs, developing and developed countries, the common features of South-South agreements would be more appropriate than those contained in North-South or North-North agreements.

In the context of widening the scope of APTA, particular reference could be made to the ASEAN model. Under the ASEAN Framework Agreement on Services, one of its objectives is to liberalize trade in services by expanding the depth and scope of liberalization beyond those undertaken by Member States under GATS with the aim to realizing an FTA in services (Article I c). Under the Agreement, two or more Member States may proceed first if other Member States are not yet ready to implement these provisions (Article II.1). It adopts a positive list approach by providing for negotiations on measures affecting trade in specific service sectors (Article IV.1). The Agreement provides for mutual recognition of "the education or experience obtained, requirements met, or licenses or certifications granted in another Member State, for the purpose of licensing or certification of service suppliers. Such recognition may be based upon an agreement or arrangement either the Member State concerned or may be accorded autonomously"¹¹.

The ASEAN Member States earlier signed an Agreement for the Promotion and Protection of Investments in 1987. This Agreement provides for fair and equitable treatment and a treatment no less favourable than that granted to investors of the most favoured nation. It permits two or more Contracting Parties to negotiate to accord national treatment within the framework of this Agreement (Article IV). The Agreement provides that investment of nationals or companies of any Contracting Party shall not be subject to expropriation, nationalization or any other measure equivalent to, except for public use or public purpose on a non-discriminatory manner and upon payment of adequate compensation (Article VI). It provides for the repatriation the capital, net profits, dividends, royalties, etc. accruing from any investments of the nationals or companies of the Contracting Parties (Article VII)¹².

¹¹ For details see ASEAN Framework Agreement on Services, in <www.aseansec.org>.

¹² For details, see Agreement Among the Government of Brunei Darussalam, the Republic of Indonesia, Malaysia, the Republic of the Philippines, the Republic of Singapore, and the Kingdom of Thailand for promotion and Protection of Investments in <www.aseansec.org>

Table 60: Services, Investment and Intellectual Property Rights in Regional Trading Arrangements

Agreements	SERVICES						INVESTMENT				INTELLECTUAL PROPERTY
	National & MFN/ Treatment Market Access ^a	Rule Of Origin (Non-Restrictive) ^b	Pre Establishment & Limitation Market Access Exceptions	Right to Provide Services W/o Establishment ^d	Ratchet Mechanism ^e	National Treatment /MF Post Establishment	Ownership Limitation	Pre Establishment Limitation ^f	Ban on Performance Requirement	Inter-State Dispute Settlement	Intellectual Property
	1	2	3	4	5	6	7	8	9	10	11
US:											
US-Jordan	Yes	Yes	Negative List	No	No	Yes	Negative List	Negative List	TRIMS ⁺	Yes	Yes ^h
US-Chile	Yes	Yes	Negative List	Yes	Yes	Yes	Negative List	Negative List	TRIMS ⁺	Yes	TRIPS ⁺
US-Singapore	Yes	Yes	Negative List	Yes	Yes	Yes	Negative List	Negative List	TRIMS ⁺	Yes	TRIPS ⁺
US-Australia	Yes	Yes	Negative List	Yes	Yes	Yes	Negative List	Negative List	TRIMS ⁺	Yes	TRIPS ⁺
US-CAFTA	Yes	Yes	Negative List	Yes	Yes	Yes	Negative List	Negative List	TRIMS ⁺	Yes	TRIPS ⁺
US-Morocco	Yes	Yes	Negative List	Yes	Yes	Yes	Negative List	Negative List	TRIMS ⁺	Yes	TRIPS ⁺
NAFTA	Yes	Yes	Negative List	Yes	Yes	Yes	Negative List	Negative List	TRIMS ⁺	Yes	TRIPS ⁺
EU :											
EU-South Africa	No	No	No	No	No	No	No	No	No	No ⁿ	Yes ⁱ
EU-Mexico	Yes	Yes	Standstill ^g	No	No	No	No	No	No	No ⁿ	Yes ⁱ
EU-Chile	Yes	Yes	Positive List	No	No	Yes	No	Positive List	No	No ⁿ	Yes ⁱ
South-South											
MERCOSUR	Yes	Yes	Positive List	No	No	Yes	No	Negative List	TRIMS ⁺	Yes	No ^j
Andean Community	No	Yes	Positive List	No	No	--	No	Positive List	TRIMS ⁺	No	No ^k
CARICOM	Not Specified	Yes	Negative List	No	No	No	Yes	Positive List	No	Yes	No
ASEAN	Yes	Yes	Positive List	No	Yes	Yes	Yes	Positive List	No	No	No ^j
SADC	No	No	--	--	--	No	No	None	No	No	TRIPS
COMESA	Yes	No	Positive List	--	--	No	No	Positive List	No	No	No ^m
Others :											
Japan-Singapore	No	Yes	Positive List	No	No	--	--	--	--	Yes	Yes
Canada-Chile	Yes	Yes	Negative List	Yes	Yes	--	--	--	--	Yes	--
Chile-Mexico	Yes	Yes	Negative List	Yes	Yes	--	--	--	--	No	--

Note: **a.** Includes fair and equitable treatment. **b.** Denial benefits only to juridical person that do not conduct "substantial business" in one of the Member Countries. **c.** Provides for future negotiation of commitments à la GATS. **d.** Right of non-establishment, that is no establishment required to supply a service. **e.** Autonomous liberalization is automatically incorporated into the agreement. **f.** Limits on equity shareholdings for companies in sectors other than those excluded from pre-establishment limitations. **g.** COMESA does grant fair and equitable treatment to Members, but not to non-Members. **h.** The IP provisions are considered TRIPS Plus. However the chapter coverage is less specific and comprehensive than other subsequent U.S. free trade agreements. **i.** Requires only adherence to international conventions. **j.** The MERCOSUR agreement does not include IP, but provides for inter-parliamentary committees to begin work on harmonization of IP laws. **k.** Andean community regulates all patents. **l.** ASEAN has a framework agreement. **m.** Act 128(e) calls for adoption of new patent laws. **n.** EU bilateral investment treaties provide for investor-state dispute resolution.

Sources: Legal treaties; Mattoo and Sauve 2004; te Velde and Fahnbulleh 2003; Mann and Cosbey 2004; Szepesi 2004a, 2004b; Abbott 2004a and 2004b; OECD 2003; information provided by governments provided in World Bank (2005): Global Economic Prospects, Table 5.1, P.99.

6. SUMMARY AND CONCLUDING OBSERVATIONS

On the whole, intra-APTA trade in products offered preferential concessions under the Second Round appears to be buoyant for most of the Participating States during the reference period of this study. In case of Bangladesh, both value and value shares from other APTA Members have been showing an upward trend, except with Sri Lanka. China's imports, both in terms of value and value shares have also been showing an upward trend. The same can be said of India's imports from other APTA Member Countries (except Bangladesh). The Republic of Korea's import value and value share with India has also risen and remains stable with China. From the limited data however, it is difficult to ascertain positively whether the improved buoyancy in trade has been due to tariff preferences offered under APTA or those offered under other regional trading arrangements or due to other unspecified general factors related to improving trade complementarities.

For Bangladesh, the most important markets for products under the Second Round were those of China, India and the Republic of Korea while under the Third Round China, Republic of Korea and India were its most important markets. For China, the most important markets were the Republic of Korea, India and Sri Lanka for products under both the Second and Third Rounds. For India, the most important markets for conceded products under the two rounds were China, Republic of Korea and Sri Lanka. For the Republic of Korea, the most important markets under both the Second and Third Round were China, India and Sri Lanka. For Sri Lanka, the most important markets for products under both the Second and Third Rounds were India, China and the Republic of Korea.

Countries matching good export-import complementarities include Bhutan with Sri Lanka; Cambodia with Bangladesh and Sri Lanka; Indonesia with all APTA Members except China; Mongolia with China and the Republic of Korea; Thailand with China; and Viet Nam with China and the Republic of Korea. Countries having moderate export-import complementarities include Pakistan with Bangladesh; Thailand with the Republic of Korea; and Viet Nam with China and the Republic of Korea.

Bhutan has good export-import complementarity with Sri Lanka; Cambodia with Bangladesh and Sri Lanka; Indonesia with all APTA Member Countries, except China; Mongolia with China and the Republic of Korea; Thailand with China and Viet Nam with China and the Republic of Korea. Pakistan has moderate export-import complementarity with Bangladesh; Thailand with the Republic of Korea, and Viet Nam with China and the Republic of Korea.

Even for countries with overall low export-import complementarity, there are groups of products contained under each chapter that have good complementarity.

Thailand and Indonesia have the largest number of export products matching with world import products of APTA Member Countries, followed by Cambodia, the Philippines and Pakistan. Bhutan and Nepal have a smaller number of matched products. Generally, the largest number of matched products is with China, followed by the Republic of Korea and India. The largest markets for these matched products are also generally in these three countries.

The countries most likely to benefit from acceding to the APTA are those, which meet the following conditions

- Existing market in APTA countries is good and growing
- Good market opportunities for products offered concessions under the Second and Third Rounds,
- The existing share of PMCs in total and preferential imports of APTA Members is low,
- Export-import complementarity and trade potential are favourable,
- The depth of preferential margins is high and not neutralized by non-tariff barriers.

Taking note of the above considerations, the most favourable conditions for PMCs in order of importance may be classified as below

- Most favourable: Thailand, Indonesia, the Philippines and Viet Nam;
- Moderately favourable: Pakistan, Myanmar, and Mongolia;
- Least favourable: Cambodia, Bhutan and Nepal.

The study highlights that even in PMCs for which conditions are less favourable, particular sectors of high export-import complementarity with APTA Members can be identified.

APTA has taken far too long to arrive at the present level of liberalization. However with its revitalization and the accession of China to the Agreement, there are enhanced opportunities for deeper trade liberalization. The study has clearly revealed that considerable opportunities exist for new countries to accede to the Agreement. The PMCs of the Agreement may find that the large markets of China, Republic of Korea and India offer opportunities to expand their regional market. The product-by-product analysis of products offered concessions under the Third Round of the Agreement shows that nearly all PMCs stand to gain substantially from accession to the Agreement. It has been observed that a large number of products offered concessions under the Third Round are being imported in large values to the concession-offering countries even without the actual implementation of the preferences. The high preferential margins being offered by China and the Republic of Korea would allow these countries to increase even further their market shares in APTA Member Countries. At a later stage, ESCAP, being a wide regional grouping, could act as a bridge between other regional groupings such as ASEAN, BIMSTEC, SAARC, etc. The study further demonstrates the favourable export-import complementarities that exist in the PMCs which are also ESCAP Member States in identified products with markets in APTA Member Countries. Their accession to APTA would enable them to target their export opportunities in a more focused manner to the markets of the original Participating States.

While APTA has to some extent been revitalized in the context of global changes, which is reflected in its amended Agreement, its scope and objectives continue to be defined by traditional approaches to regional integration that emphasize primarily the lowering of customs tariffs. Even this limited area has not been adequately addressed by not factoring in the incidence of non-tariff barriers, and the very slow and protracted nature of negotiations based on the positive list approach. It is time for the Member States to move speedily to an FTA instead of moving to yet another round of negotiations under a positive list approach. While doing so, it needs to widen its scope and objectives along the lines of South-South regional trading arrangements. This study emphasizes the relevance of the ASEAN experience in this regard.

Perhaps the most important potential of APTA lies in the very broad region-wide framework of ESCAP which consists of 53 Members and 9 Associate Members. In the context of Asian regionalism it therefore could constitute a building block for region-wide integration.

The current study has been limited to countries that have shown interest in joining the Agreement and whose benefits, should they join the Agreement, would be incidental and not directed. It is recommended to undertake a similar study analyzing the potential benefits for all Members of ESCAP from potential APTA Member Countries, in particular those countries which are currently engaged in various other existing regional trade arrangements. A database highlighting best practices could also be set up to facilitate such analysis and to effectively achieve truly region-wide trade integration.

TECHNICAL APPENDIX

Cosine Measure of Complementarity

The degree of complementarity and competitiveness in the production and trade structure of Member Countries of a regional group has been discussed widely in literature on international trade particularly in the context of formation of the customs union. It is generally believed that a customs union creates a more beneficial impact among complementary economies rather than competitive ones. This hypothesis is based on the assumption that the complementary economies have different production structure but the competitive economies have similar production structure.

One measure or index designed to estimate complementarity of trade between pairs of countries is known as "**Cosine measure**" (COS) of trade complementarity developed by Linnemann¹³(1966). The index is estimated on the basis of the cosine of the angle between the vector of exports of one country with the imports of another country or *vice versa* in an **n**-dimensional commodity space. In other words, it gives an idea of the extent to which the export structure of one country matches with the import structure of another and vice-versa. The formula of index is:

Export-Import Similarity (EIS):

$$\sum_k X_{ik} * M_{jk} / \sqrt{(X_{ik}^2 * M_{jk}^2)}$$

or

Import-Export Similarity (IES):

$$\sum_k M_{ik} * X_{jk} / \sqrt{(M_{ik}^2 * X_{jk}^2)}$$

Where X_{ik} = exports of *i*th country in commodity class *k* to the world and M_{jk} = imports of *j*th country in commodity class *k* from the world

The value of the measure lies between 0 and 1. In the absence of any complementarity and in the presence of perfect complementarity, the measure takes the extreme value of zero and one. The movement from 0 to 1 is an indication of the increasing trade complementarity between the two countries. The cosine measure could also be considered as an indicator of the extent of competitiveness between the two countries. Lower value of the cosine measure would indicate that the two countries have potential competitiveness rather than potential complementarity.

Generally for the purpose of classification we may consider

- (i) **Low Potential** (LP) as under the range of more than 0.001 but less than 0.250;
- (ii) **Moderate Potential** (MP) as under the range of more than 0.250 but less than 0.550; and
- (iii) **High Potential** (HP) as under the range between 0.550 to 1.000.

¹³ Linnemann, H., *An Econometric Study of International Trade Flows*, North Holland, Amsterdam, 1996.