



WORLD TRADE ORGANIZATION  
ORGANISATION MONDIALE DU COMMERCE  
ORGANIZACIÓN MUNDIAL DEL COMERCIO



# RTAs: Promoting RVCs and GVCs in Environmental Goods and Services

REGIONAL WORKSHOP ON TRADE AND ENVIRONMENT FOR  
ASIA AND PACIFIC ECONOMIES

***18-19 SEPTEMBER 2017, COLOMBO, SRI LANKA***

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# **PRESENTATION STRUCTURE**

- **DISCUSSIONS**
- **CONCEPTUAL FRAMEWORK**
- **ASIA-PACIFIC RTAs**
- **PROVISIONS IN RTAs**
- **SOME EVIDENCES**
- **WAY FORWARD**

# DISCUSSION POINTS

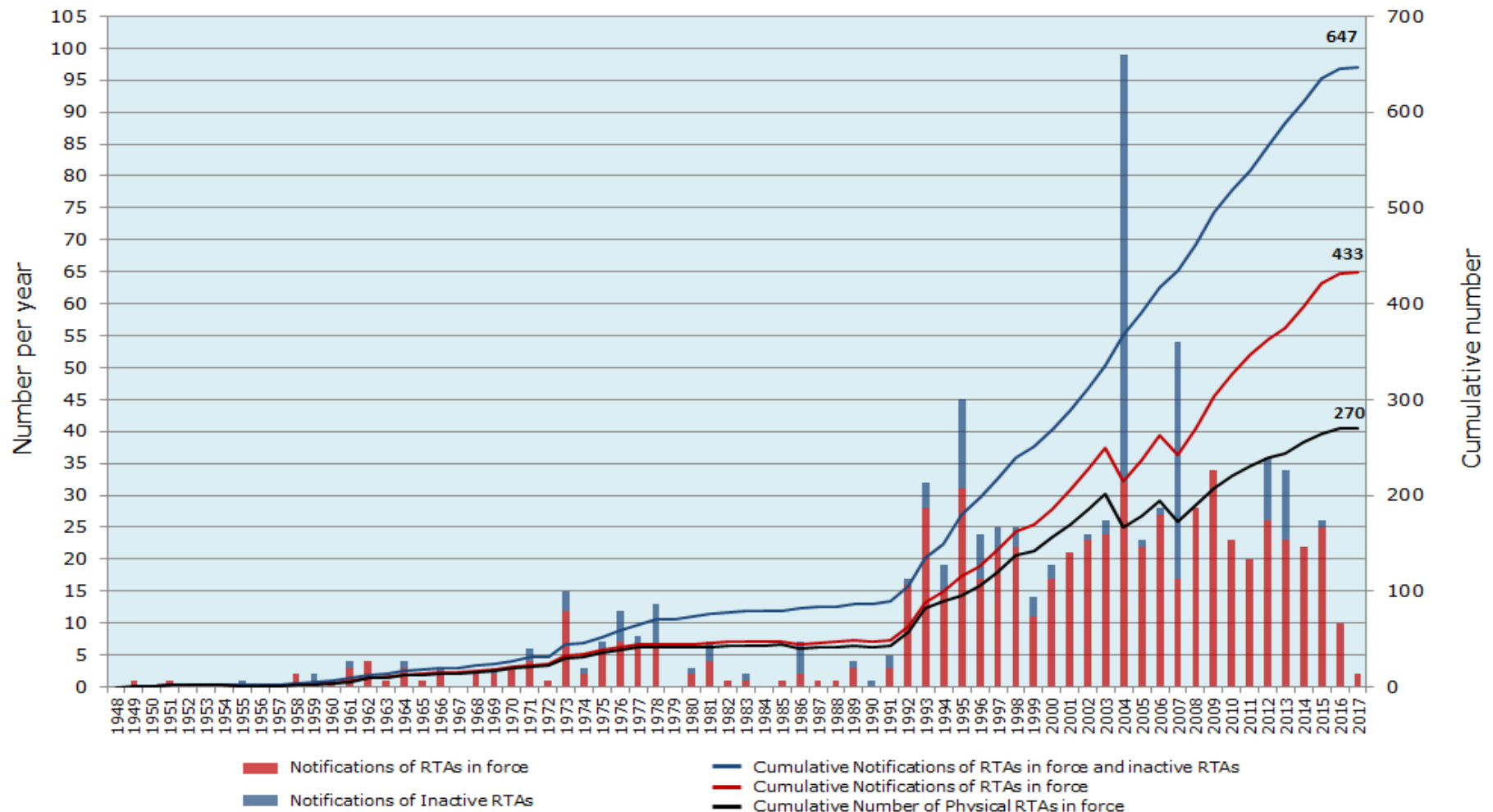
- **WHAT IS YOUR EXPERIENCE/OBSERVATION ABOUT RTA PROVISIONS ON ENVIRONMENT?**
- **DID YOU LOOK AT LIBERALISATION IN THE CONTEXT OF ENVIRONMENT OR GENERAL LIBERALISATION:**
  - **YOUR BILATERAL AGREEMENTS**
  - **ASEAN**
  - **ASEAN +1 AGREEMENTS**
  - **SAARC**
  - **RCEP**
  - **TPP**



# **RVCS AND GVCS**

- **MULTILATERAL AND REGIONAL TRADE LIBERALISATION CAN PROMOTE THE REGIONAL AS WELL AS GLOBAL VALUE CHAINS, AS THEY HAVE COMMITMENTS TO:**
  - **MARKET ACCESS:**
    - **GOODS**
    - **SERVICES**
    - **INVESTMENTS**
    - **COOPERATION AREAS**
  - **NON-TARIFF MEASURES**
- **RULES OF ORIGIN IN RTA**
- **INTRA-INDUSTRY TRADE**

## Evolution of Regional Trade Agreements in the world, 1948-2017

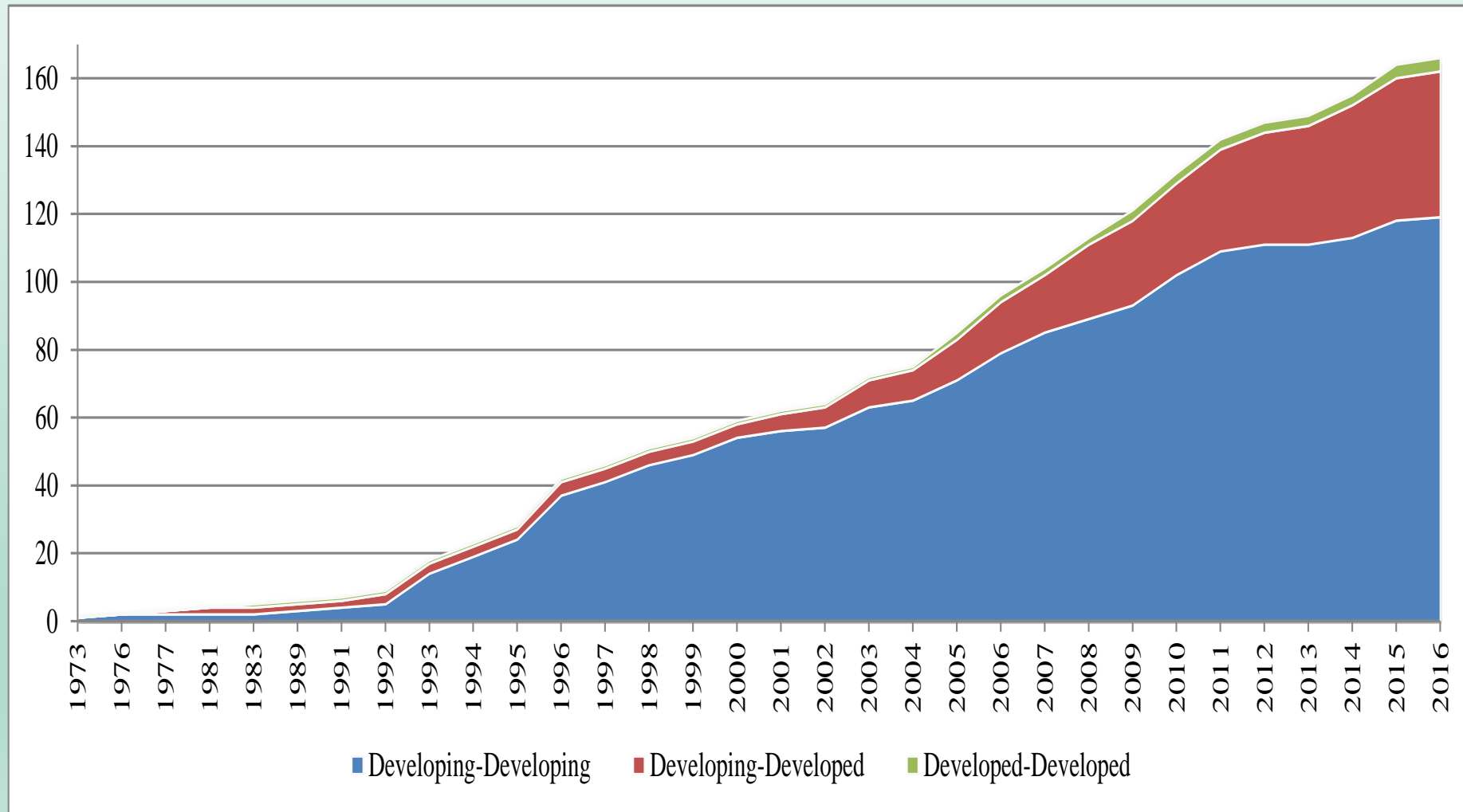


Note: Notifications of RTAs: goods, services & accessions to an RTA are counted separately. Physical RTAs: goods, services & accessions to an RTA are counted together. The cumulative lines show the number of notifications/physical RTAs that were in force for a given year.  
Source: WTO Secretariat.

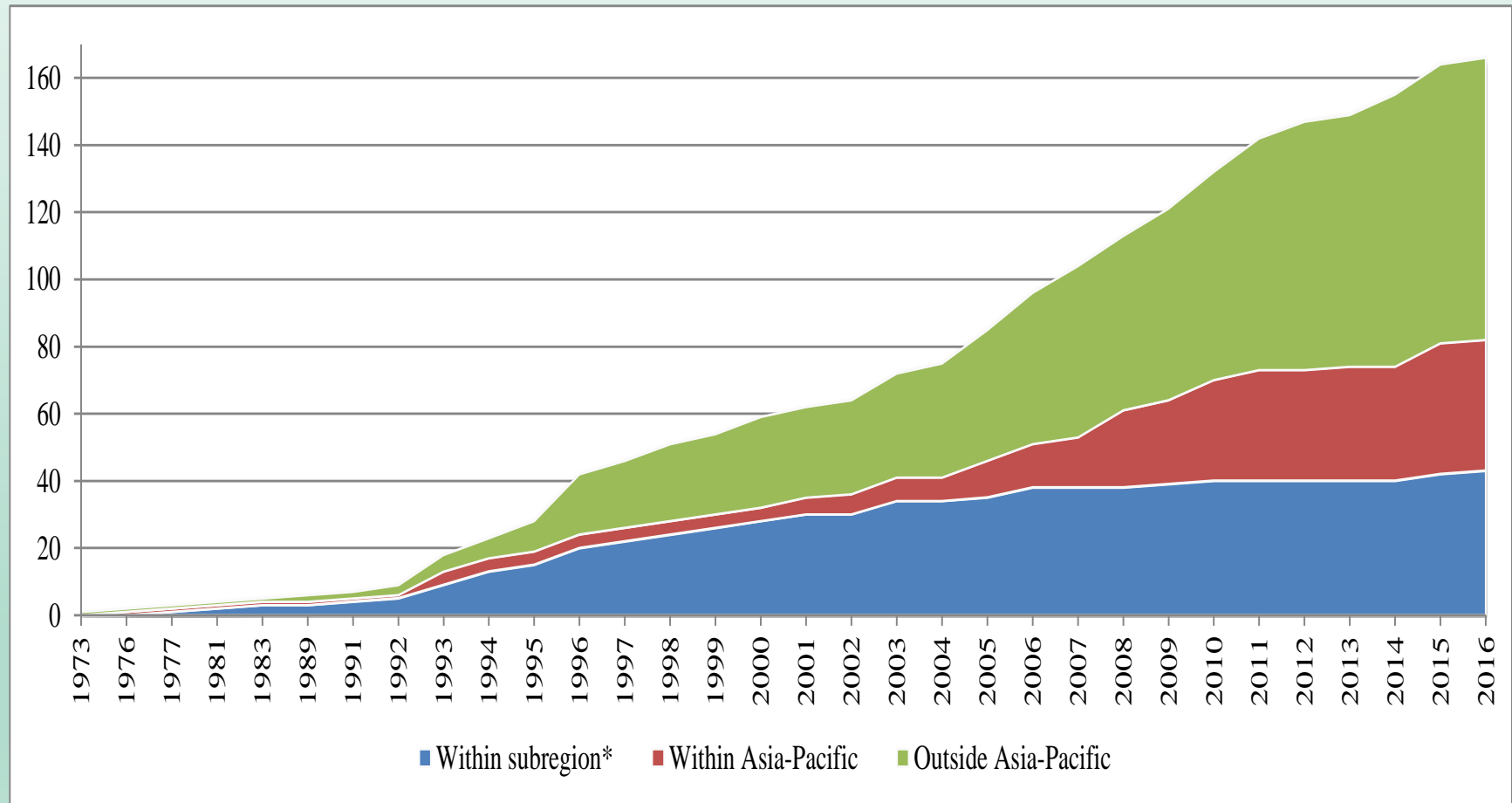
# **ASIA-PACIFIC RTAS**

- **AS OF JULY 2016, THERE WERE 260 RTAS IN ASIA-PACIFIC REGION WHICH ARE EITHER IN FORCE, SIGNED OR BEING NEGOTIATED.**
- **GLOBALLY 267 “PHYSICAL” RTAS IN FORCE, AND 169 (63%) ARE FROM AP**
- **12 - SIGNED BUT NOT IMPLEMENTED**
- **78 - UNDER DIFFERENT STAGES OF NEGOTIATIONS.**

# CUMULATIVE NUMBER OF PTAS (NOTIFIED AND NON-NOTIFIED TO WTO) PUT INTO FORCE BY ASIA-PACIFIC ECONOMIES, 1971-JULY 2016

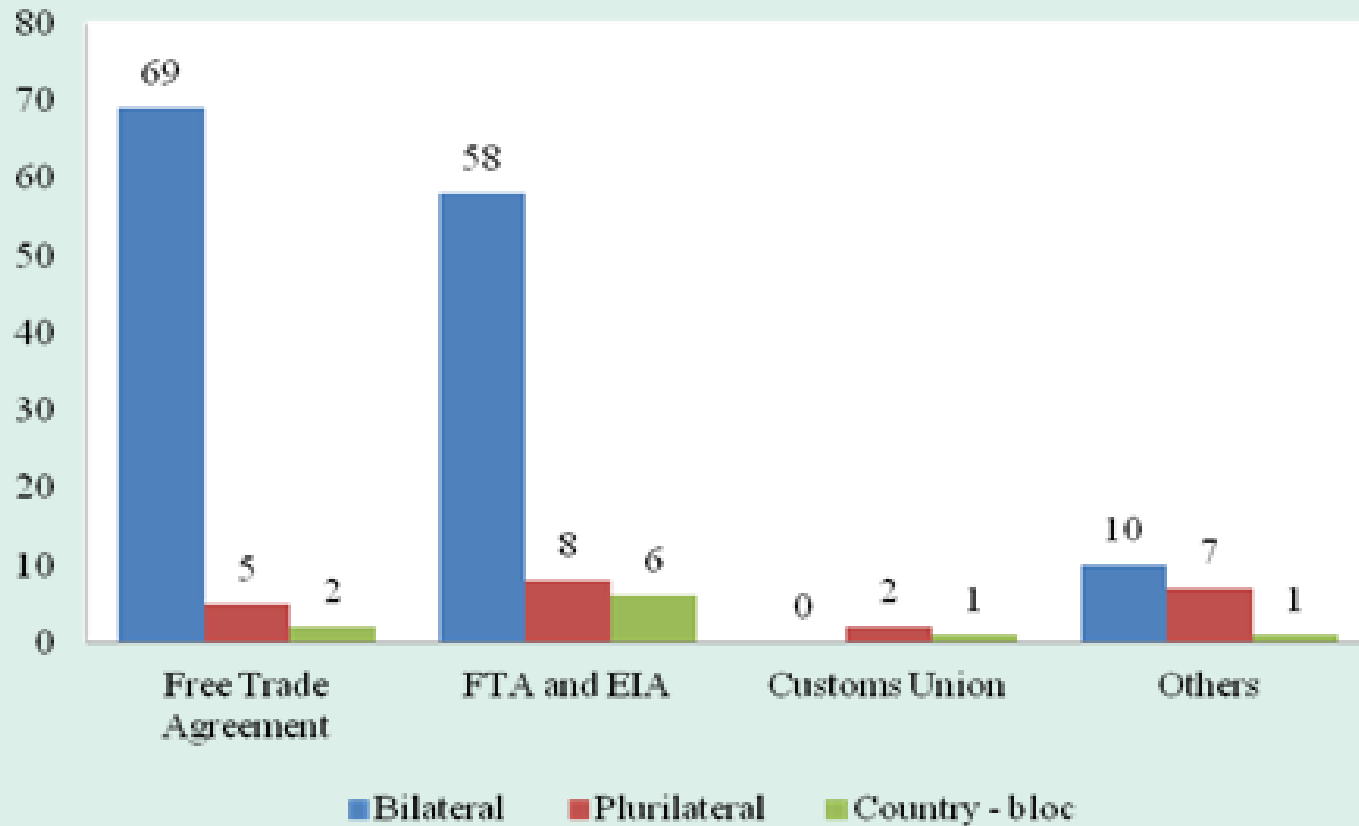


# CUMULATIVE NUMBER OF PTAS (NOTIFIED AND NON-NOTIFIED TO WTO) PUT INTO FORCE BY ASIA-PACIFIC ECONOMIES, 1971-JULY 2016

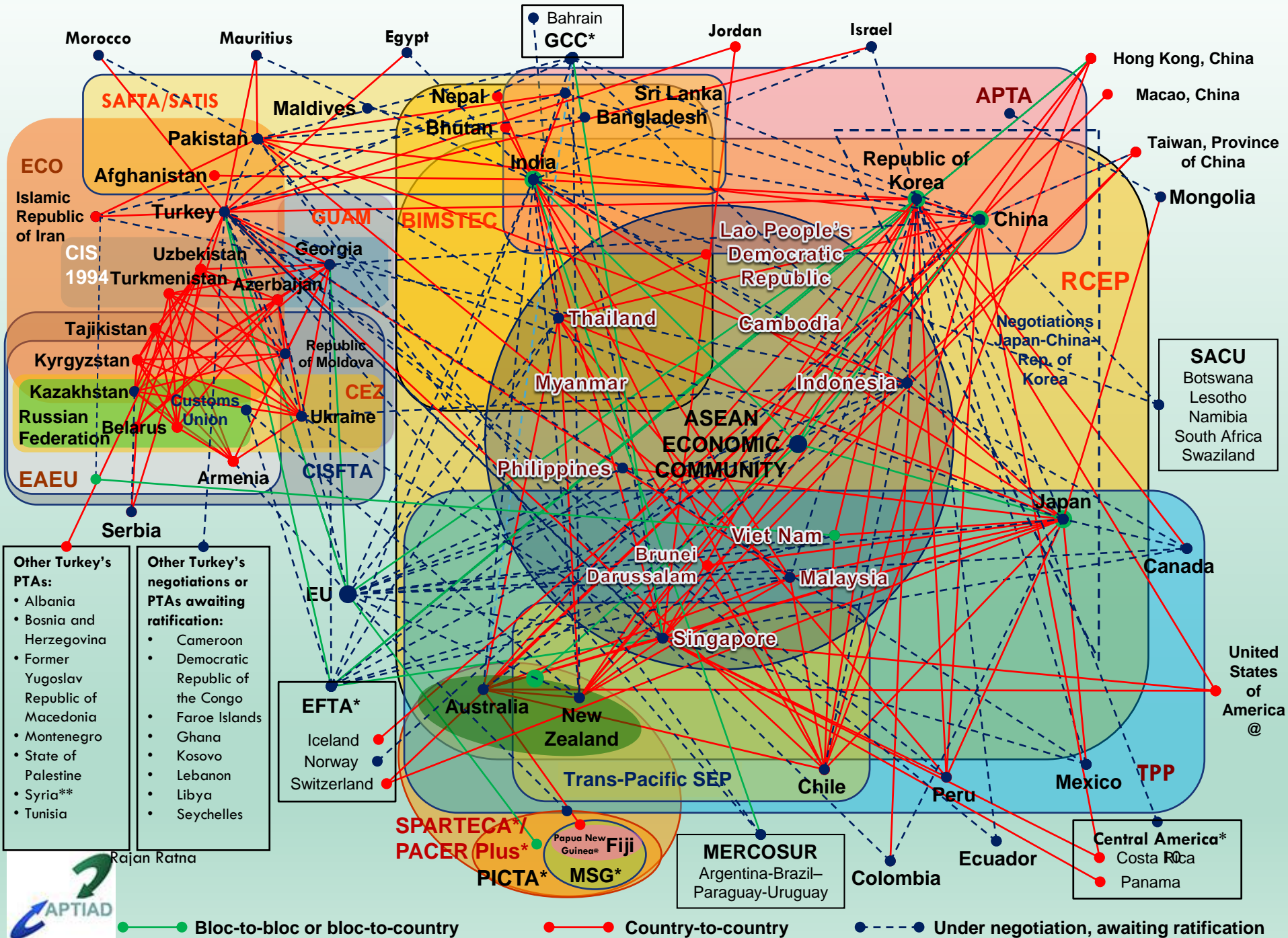




# BREAKDOWN OF TRADE AGREEMENTS, BY TYPE AND NUMBER OF PARTNERS

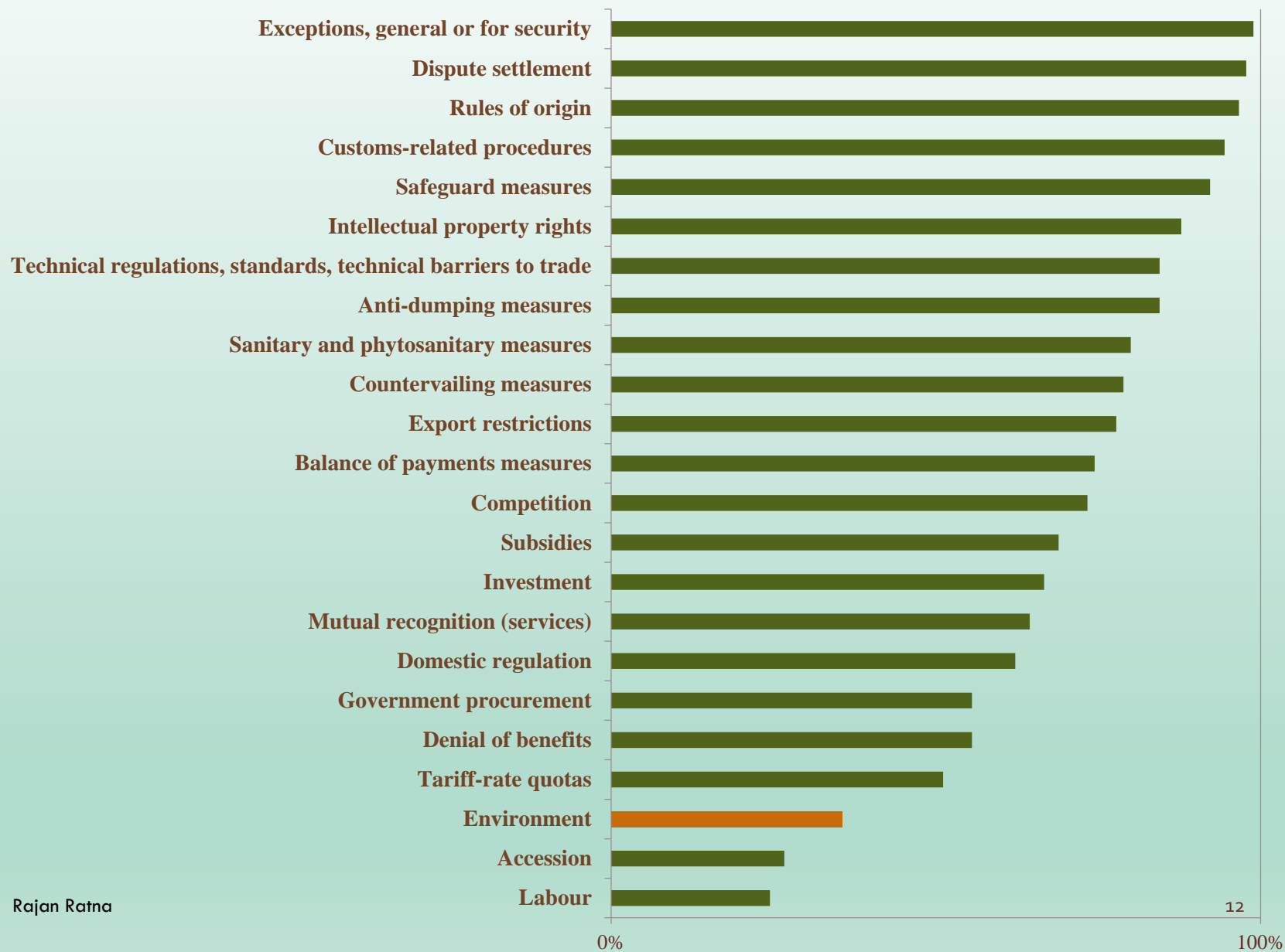


Source: ESCAP (APTIR 2016) - calculation based on data from APTIAD

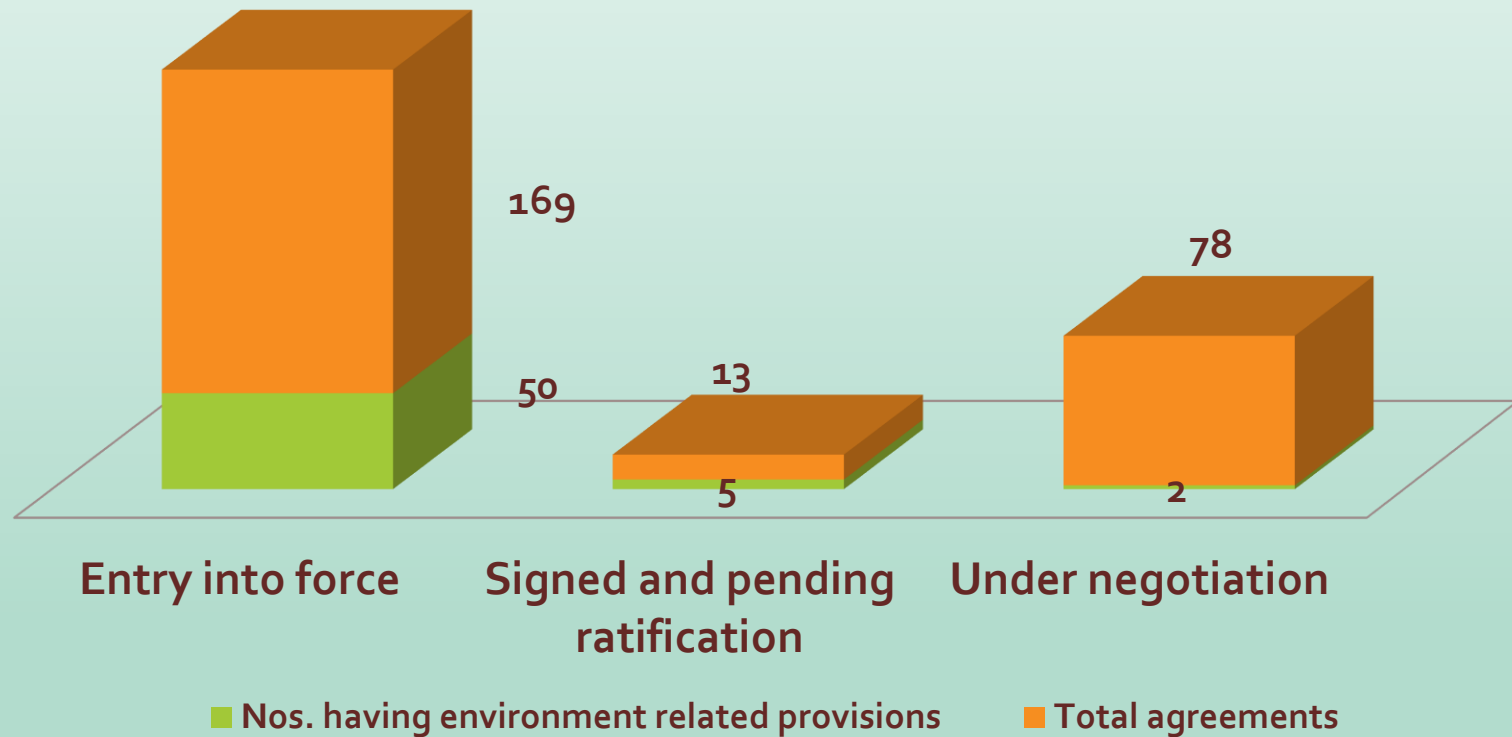


# PRESENT RTAs: ISSUES COVERED

<b>Goods</b>	<b>Services</b>	<b>Non-Tariff Barriers</b>	<b>Investment</b>
<b>Competition</b>	<b>Labour Mobility</b>	<b>Environment</b>	<b>Labour standards</b>
<b>Government Procurement</b>	<b>E-commerce</b>	<b>Intellectual Property Rights</b>	<b>Dispute Settlement</b>
<b>Customs cooperation/ Trade Facilitation</b>	<b>MRAs</b>	<b>Technical Assistance</b>	<b>Areas of cooperation</b>



# ASIA-PACIFIC RTAS AND ENVIRONMENT PROVISIONS





# Environment provisions in Asia - Pacific RTAs

# **ENVIRONMENT: WHAT IS IN THE ASIA-PACIFIC RTAS**

- **PREAMBLE**
- **BINDING COMMITMENTS:**
  - **MARKET ACCESS IN GOODS AND SERVICES**
- **DISPUTE RESOLUTION**
- **COOPERATION**
- **TECHNICAL ASSISTANCE**
- **TRANSFER OF TECHNOLOGY**



# **ASEAN**

- **DO YOU FIND EGS IN CEPT OR ATIGA TEXT?**
- **HAS THE GOODS TARIFF LIBERALISATION PROGRAMME DEALT THE ENVIRONMENTAL GOODS THROUGH A SEPARATE MODALITY?**
- **HOW DID ASEAN BRING THE EGS ON AGENDA?**

# ATIGA

- ATIGA TEXT DOES NOT HAVE A WORD **'SUSTAINABLE'**.
- THE WORD 'ENVIRONMENT' ONLY APPEARS ONCE AT ARTICLE 45:  
WORK PROGRAMME ON TRADE FACILITATION AND ITS OBJECTIVES

***“MEMBER STATES SHALL DEVELOP AND IMPLEMENT A COMPREHENSIVE ASEAN TRADE FACILITATION WORK PROGRAMME, WHICH SETS OUT ALL CONCRETE ACTIONS AND MEASURES WITH CLEAR TARGETS AND TIMELINES OF IMPLEMENTATION NECESSARY FOR CREATING A CONSISTENT, TRANSPARENT, AND PREDICTABLE ENVIRONMENT FOR INTERNATIONAL TRADE TRANSACTIONS THAT INCREASES TRADING OPPORTUNITIES AND HELP BUSINESSES, INCLUDING SMALL AND MEDIUM SIZED ENTERPRISES (SMES), TO SAVE TIME AND REDUCE COSTS.”***

# **AEC & SAFTA**

- **ASEAN ECONOMIC COMMUNITY 2025 CONSOLIDATED STRATEGIC ACTION PLAN ENDORSED BY THE AEM AND AEC COUNCIL ON 6 FEBRUARY 2017 HAS MANY PROVISIONS RELATING TO 'ENVIRONMENT' BUT NOTHING ON EGS.**
- **HOWEVER, THERE ARE MANY PROVISIONS WHICH CAN BE INDIRECTLY CORRELATED TO EGS.**
- **SAFTA: THE WORD 'ENVIRONMENT' IS NOT THERE IN TEXT.**

# **COMMITMENTS - BEYOND COOPERATION**

- **SINGAPORE – US (2003)**
- **AUSTRALIA – US (2004)**
- **NEW ZEALAND – THAILAND (2005)**
- **REPUBLIC OF KOREA – US (2007)**
- **MALAYSIA – NEW ZEALAND (2009) – SEPARATE  
AGREEMENT ON ENVIRONMENT**
- **REPUBLIC OF KOREA – EU (2010)**
- **TPP (2016) – CHAPTER 20**

# COOPERATION

- JAPAN – MALAYSIA (2005)
  - CHINA – NEW ZEALAND (2008)
  - ASEAN – JAPAN (2008)
  - ASEAN – ANZ (2009)
- 
- **MANY AGREEMENTS EITHER DO NOT MENTION ANYTHING OR JUST REITERATE THE WTO ARTICLE XX ON ENVIRONMENT.**

# APEC

- **IN SYDNEY IN 2007 APEC LEADERS COMMITTED, THROUGH WIDE-RANGING AND AMBITIOUS ACTIONS, AS SET OUT IN THE SYDNEY ACTION AGENDA, “TO ENSURING THE ENERGY NEEDS OF THE ECONOMIES WHILST ADDRESSING THE ISSUE OF ENVIRONMENTAL QUALITY AND CONTRIBUTING TO THE REDUCTION OF GREENHOUSE GAS EMISSIONS.” LEADERS ALSO AFFIRMED THAT “AN OPEN GLOBAL TRADE AND INVESTMENT SYSTEM IS CENTRAL TO OUR CLEAN DEVELOPMENT OBJECTIVES AND MARKET OPENING IN THE WORLD TRADE ORGANIZATION (WTO) WOULD ADVANCE OUR CLIMATE AND ENERGY SECURITY GOALS.” AND RECOGNIZED THAT “JOINT RESEARCH, DEVELOPMENT, DEPLOYMENT AND TRANSFER OF LOW AND ZERO EMISSION TECHNOLOGIES WILL BE CRUCIAL IN OUR SHARED EFFORTS TO ADDRESS CLIMATE CHANGE.”**
- **THE APEC EGS PROGRAMME FRAMEWORK WAS ENDORSED BY MINISTERS AT THE 2008 AMM. THE OBJECTIVES OF THE FRAMEWORK ARE TO SUPPORT THE DEVELOPMENT OF THE EGS SECTOR IN APEC AND TO PROVIDE A COHERENT SETTING FOR THE WORK UNDER WAY IN VARIOUS APEC BODIES. THE FRAMEWORK HAS FOUR COMPONENTS: (A) RESEARCH AND DEVELOPMENT, (B) SUPPLY, (C) TRADE AND (D) DEMAND.**

# **APEC (2)**

- **13 NOVEMBER 2011, HONOLULU, USA (LEADER'S DECLARATION: ANNEX C):**

- **"IN 2012, ECONOMIES WILL WORK TO DEVELOP AN APEC LIST OF ENVIRONMENTAL GOODS THAT DIRECTLY AND POSITIVELY CONTRIBUTE TO OUR GREEN GROWTH AND SUSTAINABLE DEVELOPMENT OBJECTIVES, ON WHICH WE ARE RESOLVED TO REDUCE BY THE END OF 2015 OUR APPLIED TARIFF RATES TO 5% OR LESS, TAKING INTO ACCOUNT ECONOMIES' ECONOMIC CIRCUMSTANCES, WITHOUT PREJUDICE TO APEC ECONOMIES' POSITIONS IN THE WTO.**
- **ELIMINATE, CONSISTENT WITH OUR WTO OBLIGATIONS, EXISTING LOCAL CONTENT REQUIREMENTS THAT DISTORT ENVIRONMENTAL GOODS AND SERVICES TRADE IN THE REGION BY THE END OF 2012, AND REFRAIN FROM ADOPTING NEW ONES, INCLUDING AS PART OF ANY FUTURE DOMESTIC CLEAN ENERGY POLICY."**

- **THE EG PRODUCT LIST WAS NEGOTIATED FROM MARCH TO SEPTEMBER, 2012.**

# **APEC (3)**

- **ENVIRONMENTAL PRODUCTS WERE IDENTIFIED ON 54 ITEMS OF THE HARMONIZED SYSTEM (HS). IT WAS AGREED TO BRING TARIFFS AT OR BELOW 5 PERCENT, REDUCING TARIFFS AS NEEDED BY JANUARY 1, 2016.**
- **COUNTRIES WITH TARIFFS ALREADY AT OR BELOW 5% IN 2012: AUSTRALIA, HONG KONG, JAPAN, NEW ZEALAND, AND SINGAPORE**
- **COUNTRIES TO REDUCE TARIFFS: BRUNEI, CANADA, CHILE, CHINA, INDONESIA, KOREA, MALAYSIA, MEXICO, PAPUA NEW GUINEA, PERU, THE PHILIPPINES, RUSSIA, THAILAND, THE UNITED STATES, AND VIETNAM**
- **COUNTRIES REDUCED TARIFFS ON A TOTAL OF 375 PRODUCT LINES.**



**SOME EVIDENCES**

# GOODS - LISTS

- **ENVIRONMENTAL GOODS:**
  - OECD (132)
  - WTO (480, 153, REQUEST LIST)
  - APEC (54)
- **CLIMATE FRIENDLY LIST**
  - WORLD BANK (43)
- **CLIMATE SMART GOODS AND TECHNOLOGIES**
  - UNESCAP (64)

# TARIFFS

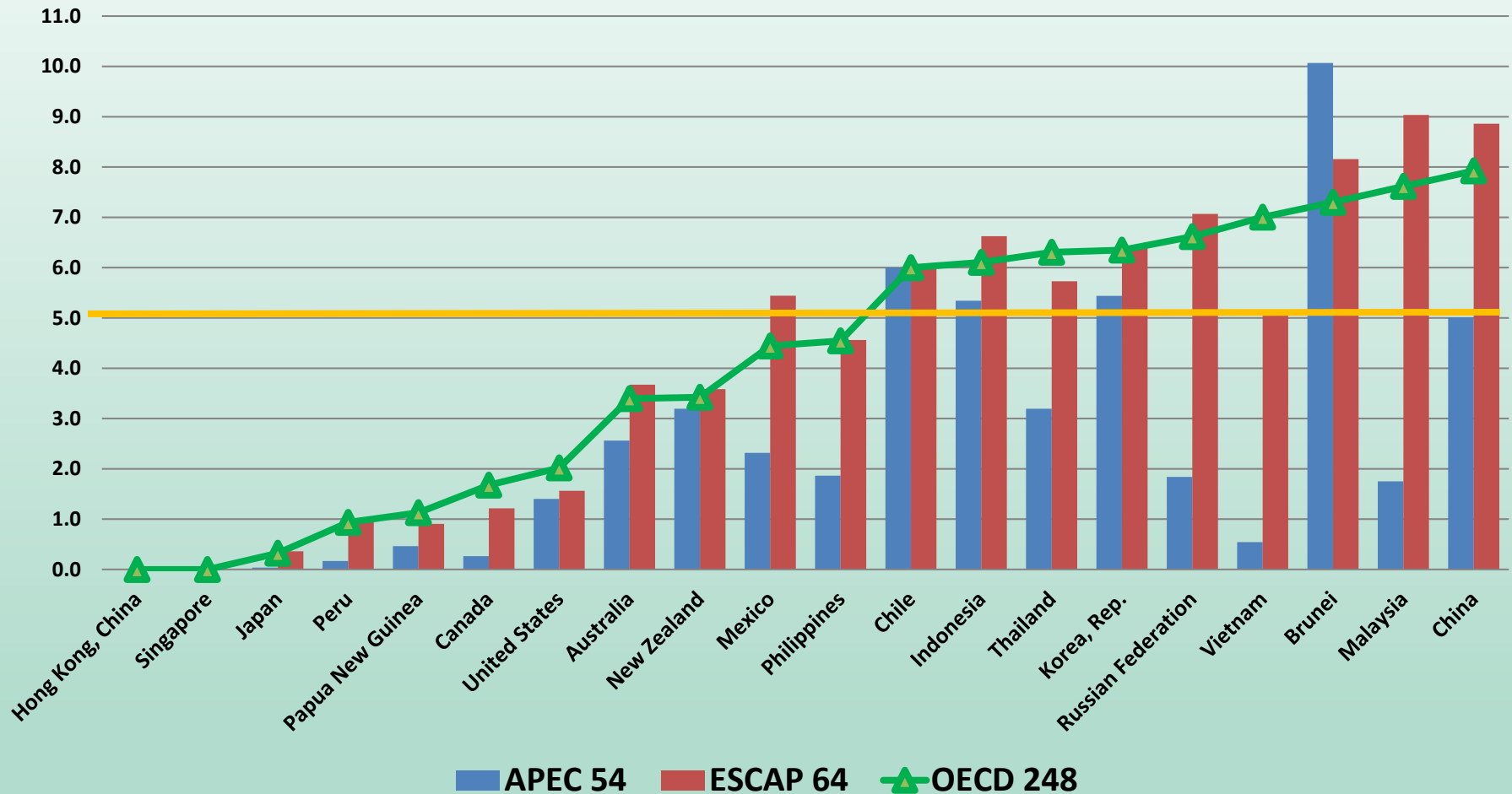
- **DOHA ROUND: REDUCTION AND ELIMINATION OF EGS BEING DISCUSSED.**
- **APEC LIST OF 54 ITEMS: AUTONOMOUSLY DECIDED TO BRING DUTIES TO 5% LEVEL.**
- **IN VARIOUS PTAS/FTAS COUNTRIES ARE UNDERTAKING COMMITMENTS TO ELIMINATE DUTIES ON SUBSTANTIALLY COVERED ITEMS INCLUDING ENVIRONMENTAL GOODS.**
- **NTBS AND TRANSFER OF TECHNOLOGY IS AN ISSUE....**

# **ENVIRONMENTAL GOODS**

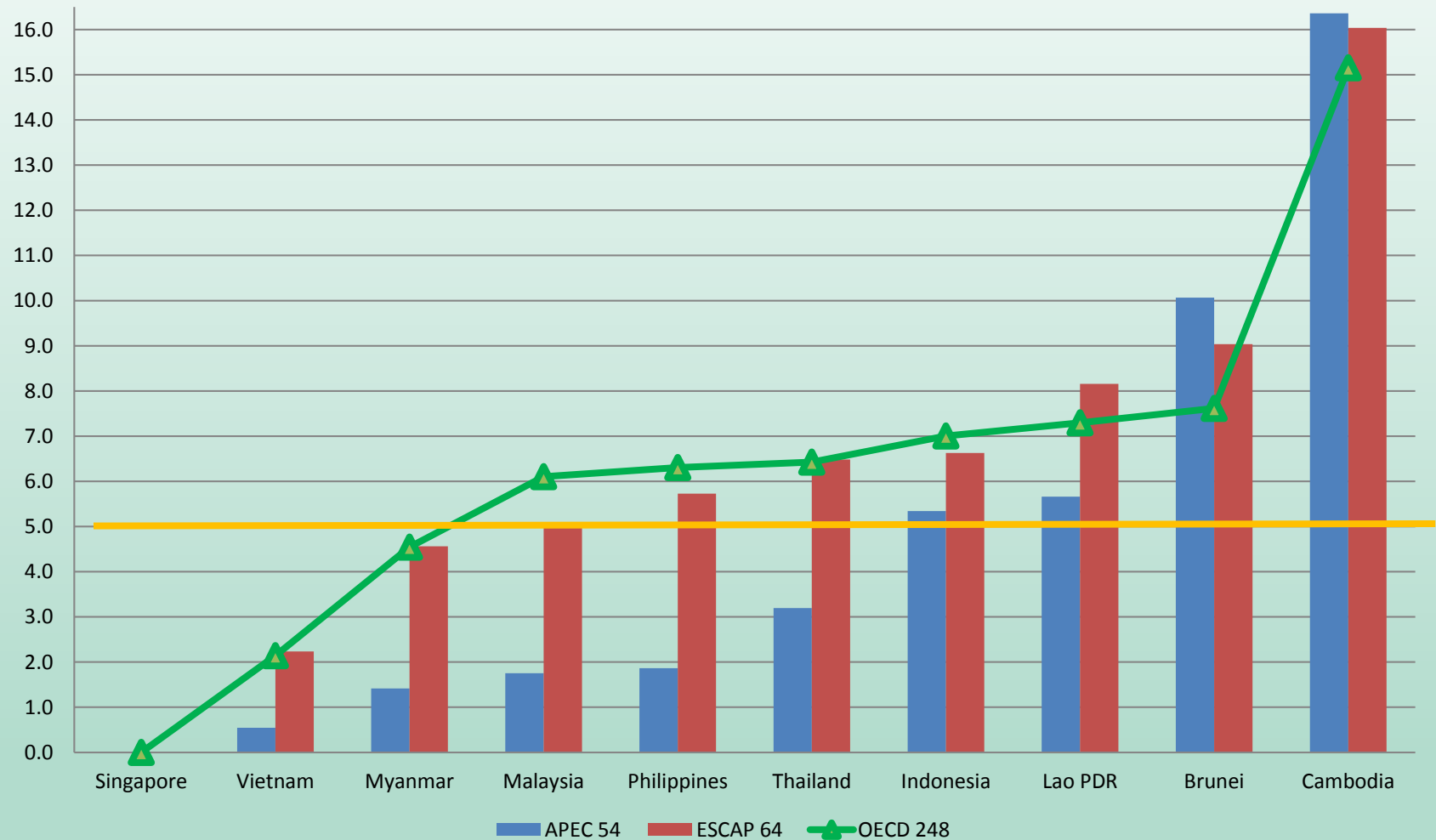
- **WTO – EGS NEGOTIATIONS**
  - **PLURILATERAL LIBERALIZATION BEING DISCUSSED**
- **APEC LIST – 54 ITEMS**
- **ESCAP LIST – 64 ITEMS (CLIMATE SMART GOODS AND TECHNOLOGIES)**
- **OECD LIST – 248 ITEMS**
- **NO CLEAR-CUT DEFINITION - DEBATED**

# TARIFFS AND INTRA INDUSTRY TRADE

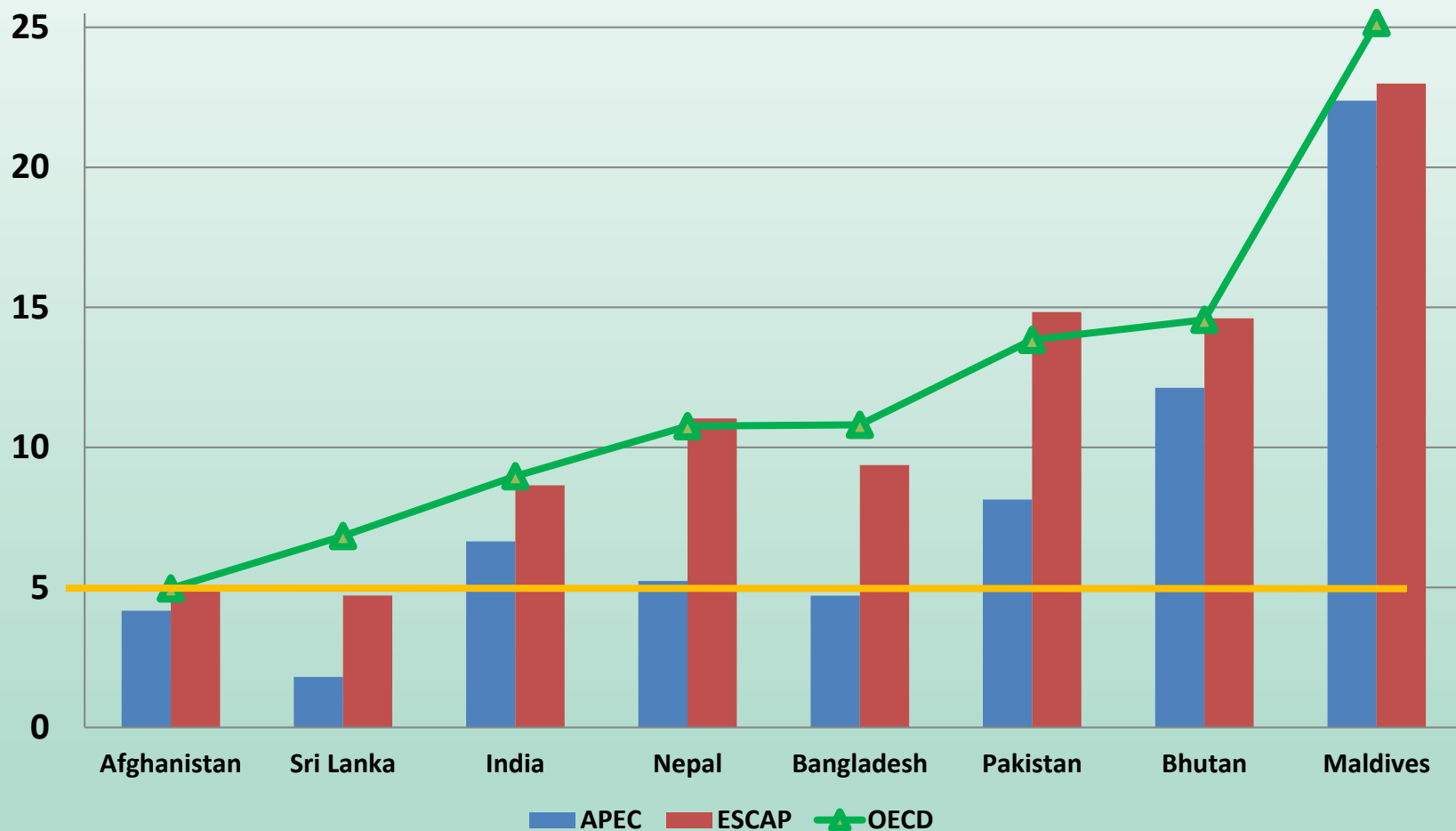
# APEC AVERAGE MFN TARIFF



## ASEAN Average MFN Tariff

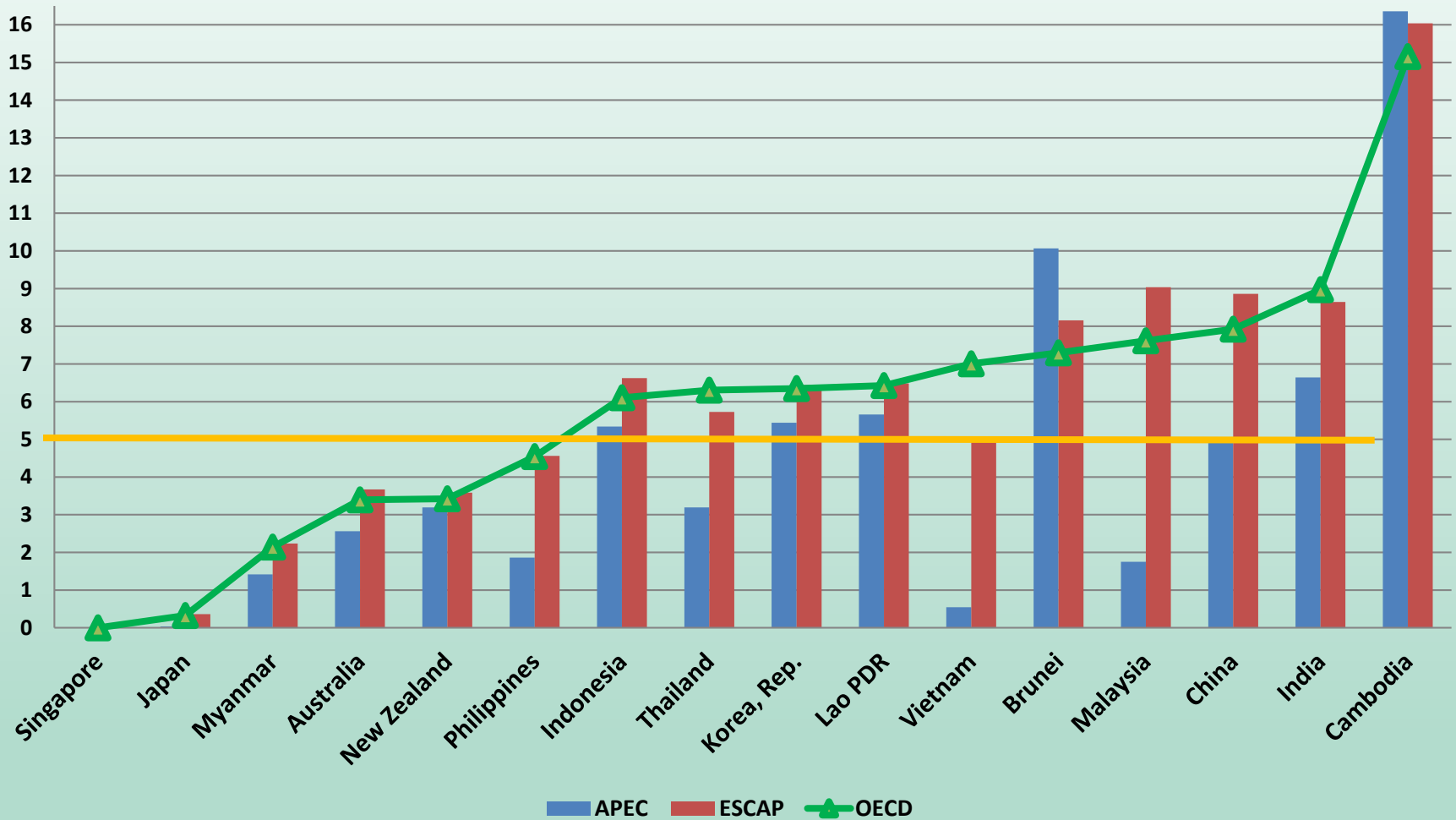


## SAARC Average MFN Tariff





## RCEP Average MFN Tariff



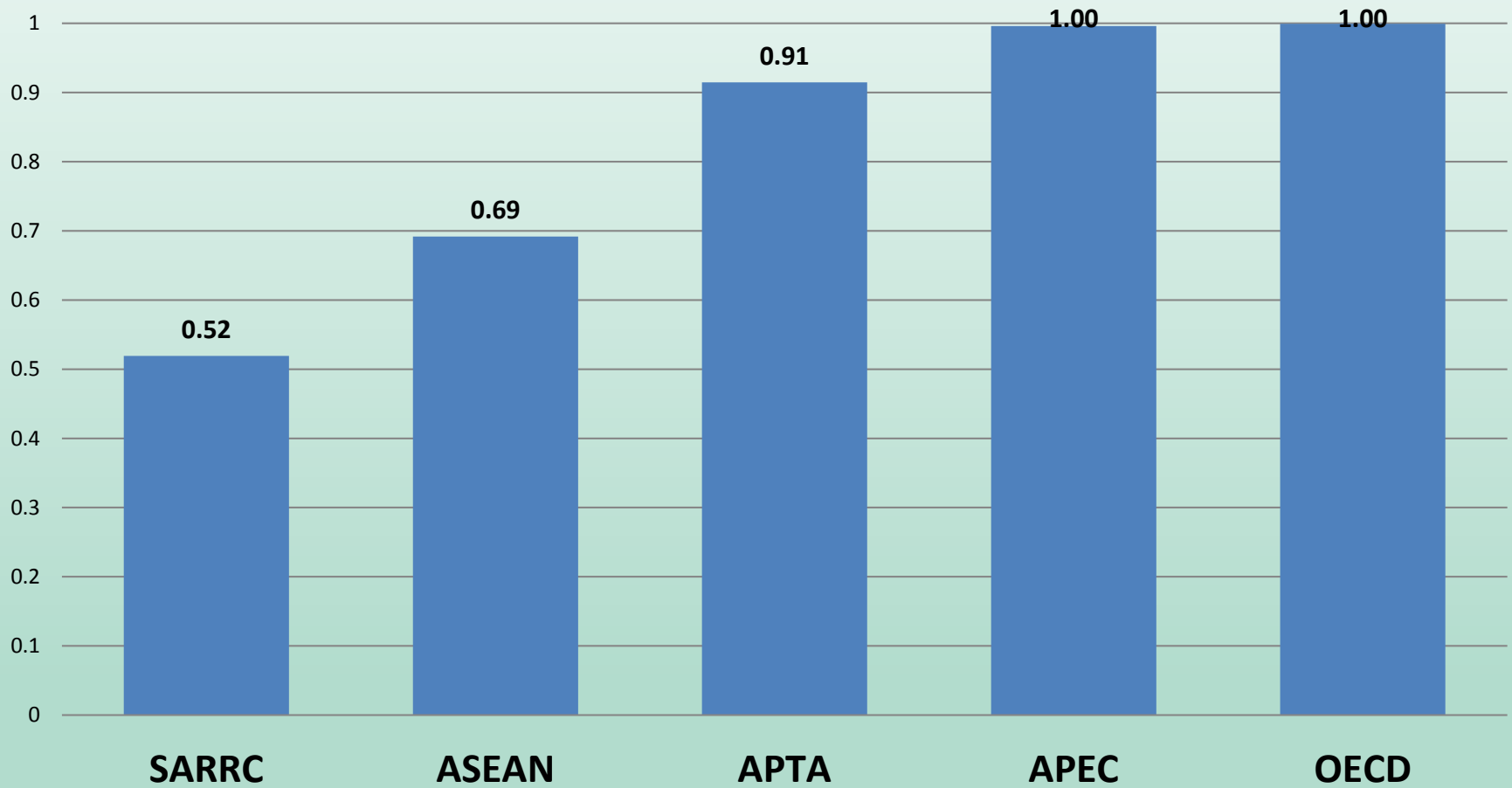
## ■ Intra-industry Trade Index (T):

$$T = 1 - \frac{|X - M|}{X + M}$$

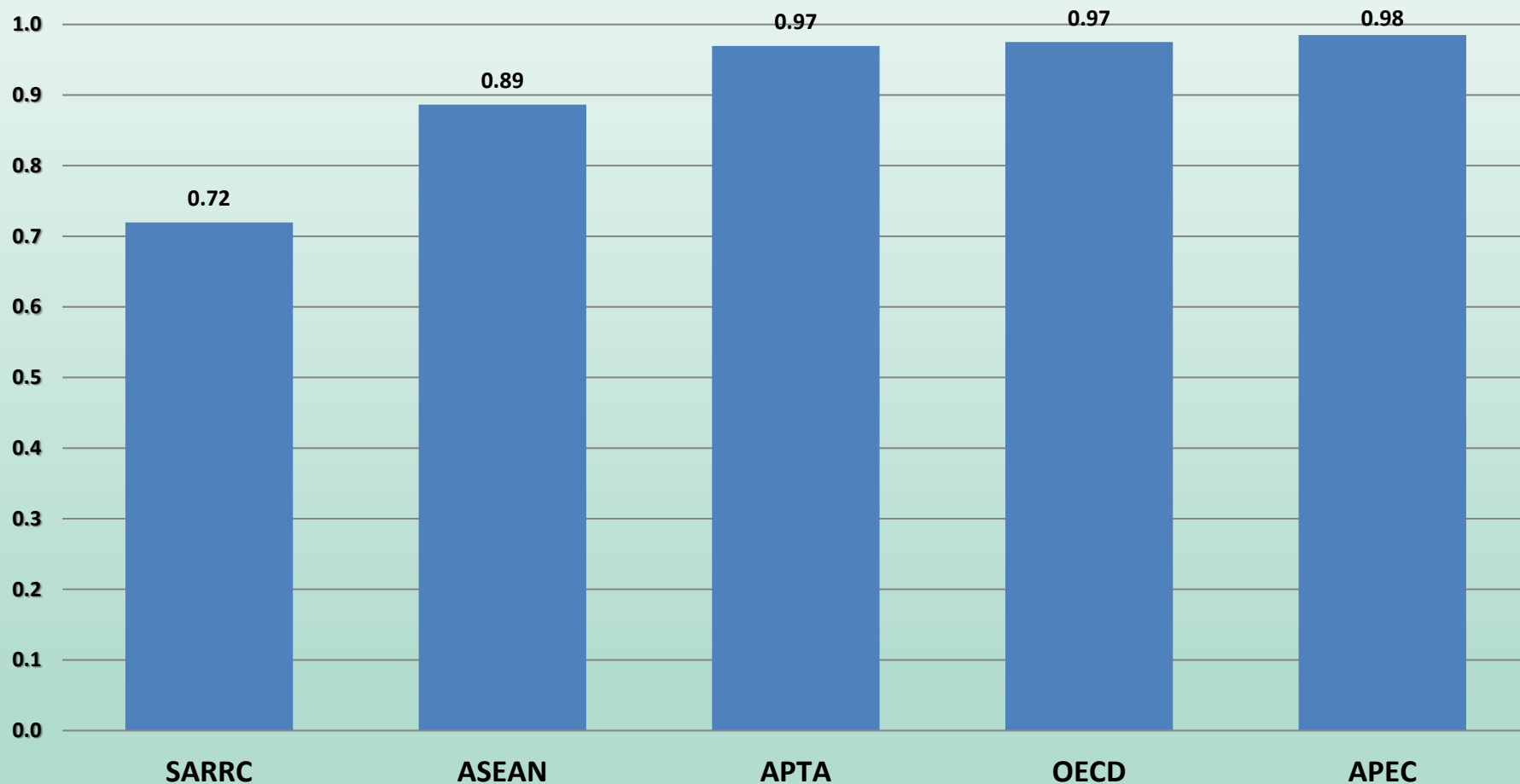
- $X$  = exports
- $M$  = imports
- Numerator is absolute value
- $T$  ranges from 0 to 1
- $T=0$  when nation only imports or exports the good
- $T=1$  when exports = imports.

**An intra-industry trade (IIT) index was calculated using the Grubel-Lloyd method, with the index ranging between 0 and 1. A higher IIT indicated an existence of international production network (IPN).**

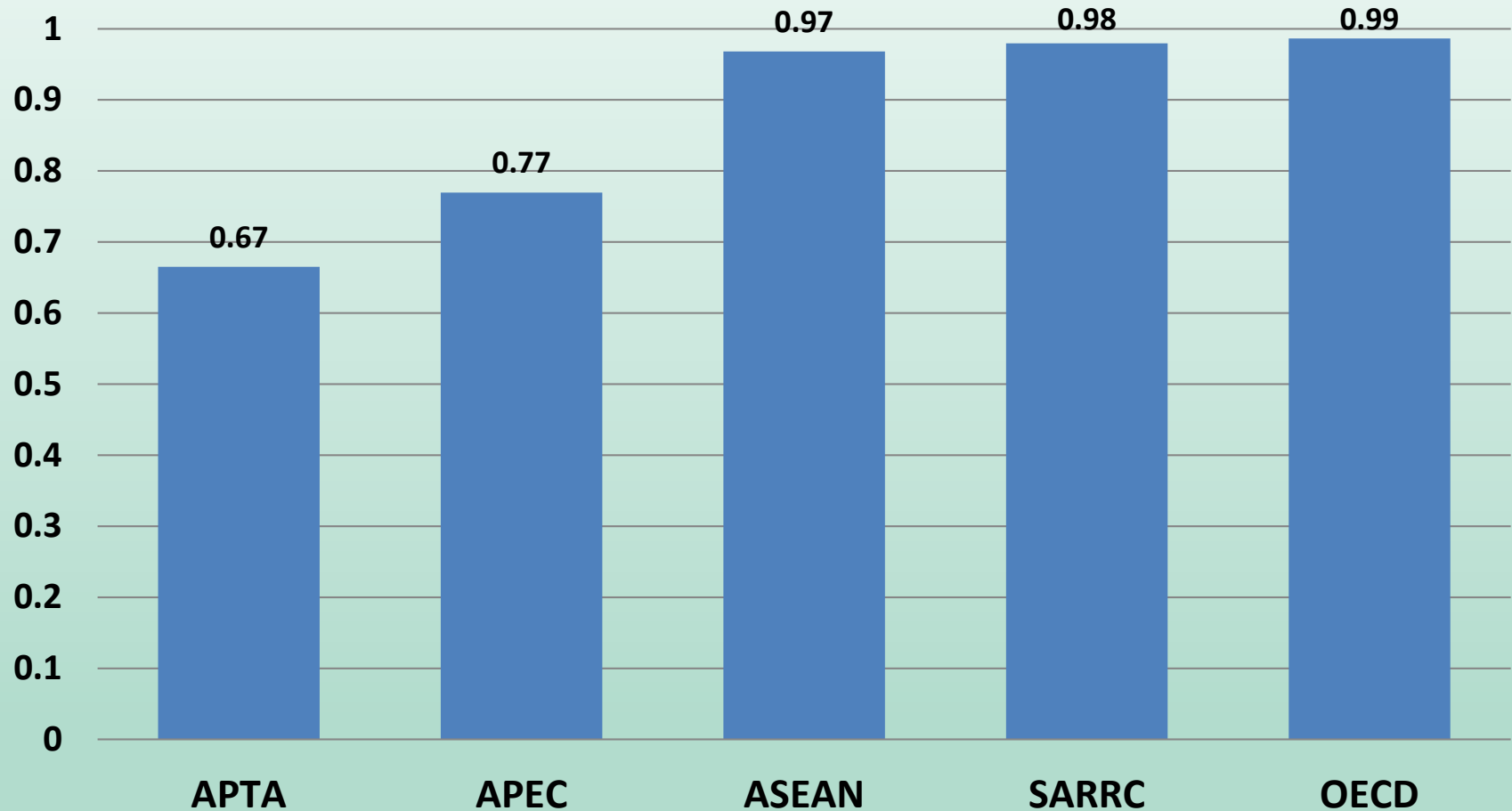
# INTRA-INDUSTRY TRADE: APEC LIST



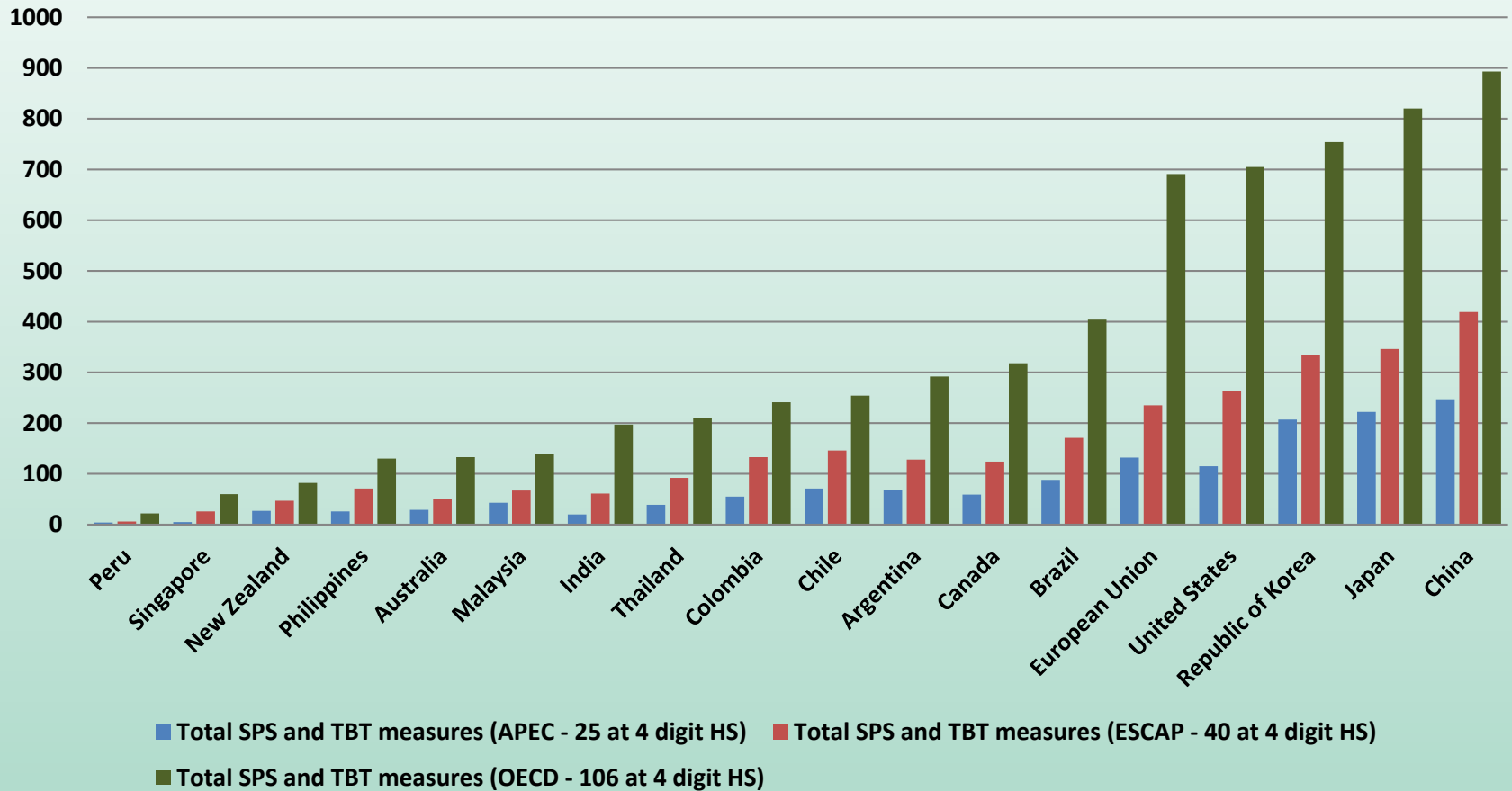
# INTRA-INDUSTRY TRADE: ESCAP LIST



# INTRA-INDUSTRY TRADE: OECD LIST

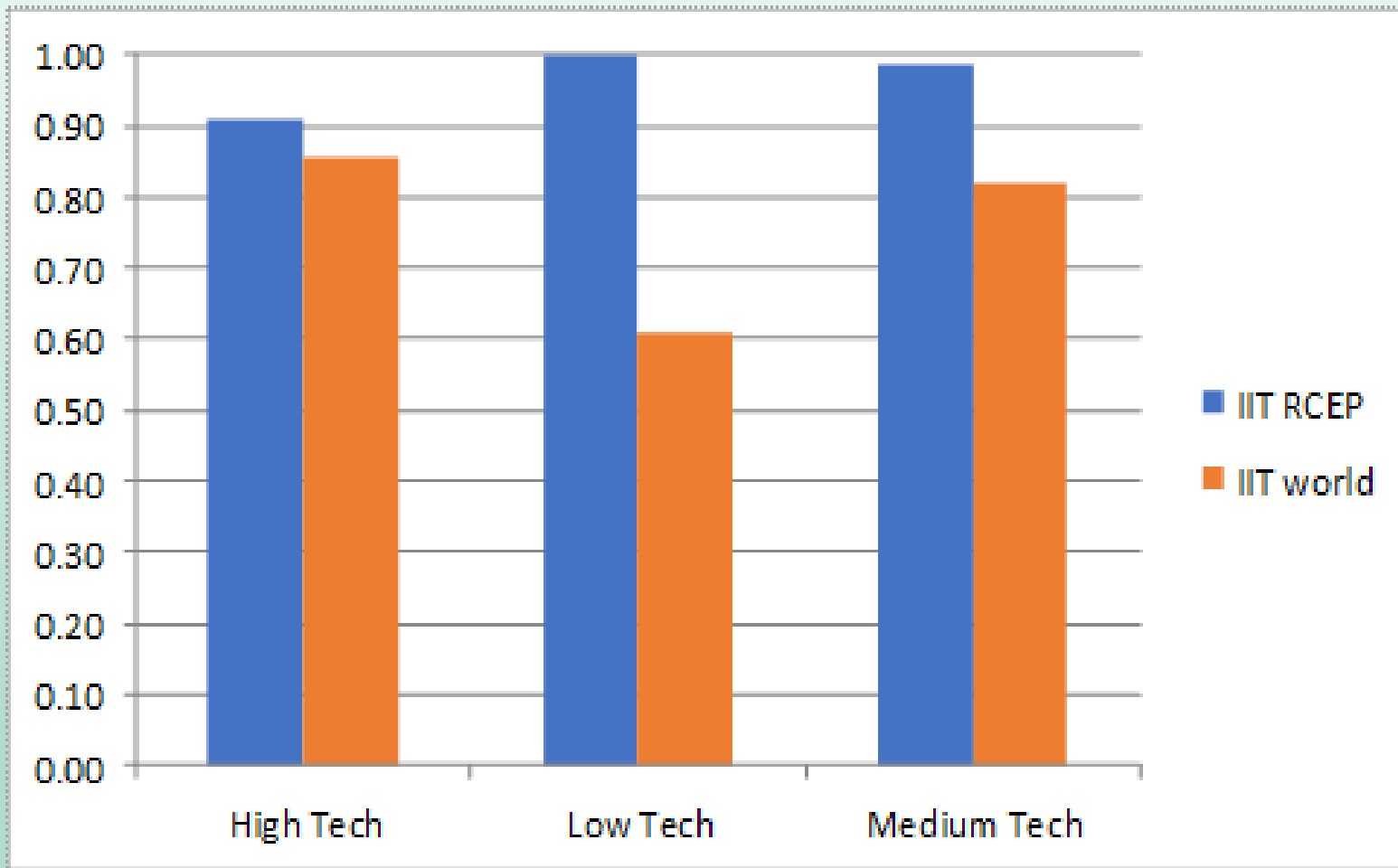


# WTO: NOTIFIED SPS AND TBT MEASURES



Source: Compiled on the basis of Centre for WTO Studies, India database on SPS and TBT

# RCEP: INTRA-INDUSTRY TRADE (AVERAGE OF 2013 TO 2016)



# **RULES OF ORIGIN**

- **CUMULATION PROVISIONS FOSTER RVCS.**
- **OPEN AND FULL CUMULATION PROVISIONS WILL PROMOTE THE RVCS AND GVCS.**
- **EXAMPLES:**
  - **NAFTA – TEXTILES AND AUTOMOBILE FOR USA AND MEXICO**
  - **INDIA – SRI LANKA FTA (WIR 2003)**



# **SERVICES**

- **THE FRAMEWORK EXISTS IN RTAS BUT EFFECTIVE MARKET ACCESS IN SERVICES IS YET TO BE ACHIEVED IN ASEAN OR SAARC.**
- **SOME BILATERAL OR ASEAN + 1 AGREEMENTS HAVE THE COMMITMENTS, EVEN THOUGH THEY ARE WTO PLUS, AT BEST THEY ARE AT THE EXISTING LEVEL OF AUTONOMOUS LIBERALISATION.**
- **IN A FEW SECTORS THERE EXISTS RVC ESPECIALLY IN TOURISM AND COMMERCIAL PRESENCE - FINANCIAL SECTOR (MODE 3).**

# **SERVICES, INVESTMENTS AND TOT**

- **NOT MUCH PROGRESS IN WTO NOR IN FTAS**
- **IMPORTANT SECTORS:**
  - **PROFESSIONAL SERVICES (ARCHITECTURAL SERVICES, URBAN PLANNING AND LANDSCAPE ARCHITECTURAL SERVICES, OTHER)**
  - **RESEARCH AND DEVELOPMENT SERVICES**
  - **OTHER BUSINESS SERVICES (BUILDING-CLEANING SERVICES)**
  - **ENVIRONMENTAL SERVICES (SEWAGE, REFUGE DISPOSAL, SANITATION AND SIMILAR SERVICES, OTHER)**

# **SERVICES AND INVESTMENT**

- **ENVIRONMENTAL SERVICES (SEWAGE, REFUGE DISPOSAL, SANITATION AND SIMILAR SERVICES, OTHER)**
- **PROFESSIONAL SERVICES (ARCHITECTURAL SERVICES, URBAN PLANNING AND LANDSCAPE ARCHITECTURAL SERVICES, OTHER)**
- **RESEARCH AND DEVELOPMENT SERVICES**
- **OTHER BUSINESS SERVICES (BUILDING-CLEANING SERVICES)**
- **ISSUES:**
  - **IS IMPORT BAD ALWAYS?**
  - **IF NO DOMESTIC PLAYER PRESENT, WHAT PREVENTS LIBERALISATION?**
  - **HOW TO PROMOTE INVESTMENT?**
  - **HOW TO ATTRACT TECHNOLOGY AND INNOVATION?**

# **WAY FORWARD**

- **RTAS CAN FACILITATE RVCS WHILE MULTILATERAL LIBERALISATION CAN FACILITATE THE GVCS.**
- **AVOID DUPLICATION OF RTAS WITH SAME COUNTRIES**
- **APPROPRIATE RULES OF ORIGIN – CUMULATION**
- **IF ITEMS ARE LIBERALISED IN RTAS; SHOULD THERE BE PROBLEMS IN LIBERALIZING UNDER WTO OR UNILATERALLY?**
- **EXAMINE HOW BEST IT CAN BE USED AS A TOOL TO ADDRESS THE NON-TARIFF MEASURES.**

# REFERENCES

- PALIT, AMITENDU (2014). *REGIONAL SUPPLY CHAINS IN ASIA: EXAMINING INDIA'S PRESENCE AND POSSIBILITIES IN RCEP*, WORKING PAPER NO. CWS/WP/200/20, CENTRE FOR WTO STUDIES, NEW DELHI.
  - RATNA, RAJAN SUDESH (2016). *PREFERENTIAL ROO: FACILITATORS OF REGIONAL AND GLOBAL VALUE CHAINS*. JOURNAL OF INTERNATIONAL TRADE, VOLUME 1 (2016), 29-46; CENTRE FOR WTO STUDIES, NEW DELHI.
  - UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (2003). *WORLD INVESTMENT REPORT* AVAILABLE AT [HTTP://UNCTAD.ORG/EN/DOCS/WIR2003LIGHT\\_EN.PDF](http://unctad.org/en/docs/WIR2003LIGHT_EN.PDF)
  - UNITED NATIONS, ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC (2013). *ASIA-PACIFIC TRADE AND INVESTMENT REPORT 2013: TURNING THE TIDE: TOWARDS INCLUSIVE TRADE AND INVESTMENT*. SALES NO. E.14.II.F.2. AVAILABLE FROM [WWW.UNESCAP.ORG/TID/TI\\_REPORT2013/HOME.ASP](http://WWW.UNESCAP.ORG/TID/TI_REPORT2013/HOME.ASP)
- \_\_\_\_\_ APTIAD BRIEFING NOTE 8 (AUGUST 2016)  
[HTTP://WWW.UNESCAP.ORG/SITES/DEFAULT/FILES/APTIAD-BRIEF-AUGUST2016.PDF](http://WWW.UNESCAP.ORG/SITES/DEFAULT/FILES/APTIAD-BRIEF-AUGUST2016.PDF)
- \_\_\_\_\_ ASIA-PACIFIC TRADE AND INVESTMENT PREFERENTIAL AGREEMENTS DATABASE – APTIAD:  
[WWW.UNESCAP.ORG/TID/UPTIAD](http://WWW.UNESCAP.ORG/TID/UPTIAD)
- WTO RTA DATABASE [HTTPS://WWW.WTO.ORG/ENGLISH/TRATOP\\_E/REGION\\_E/REGION\\_E.HTM](https://WWW.WTO.ORG/ENGLISH/TRATOP_E/REGION_E/REGION_E.HTM)

# THANK YOU