REGIONAL WORKSHOP ON LEAST DEVELOPED COUNTRIES AND LEVERAGING TRADE AS A MEANS OF IMPLEMENTATION FOR THE 2030 AGENDA

2-4 AUGUST 2017, THIMPU, BHUTAN

Session 2: Trends and developments on trade, investment and integration in Asia and the Pacific (WTO, 2017 and Preliminary findings of APTIR 2017)

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ARTNeT

Outline of this presentation

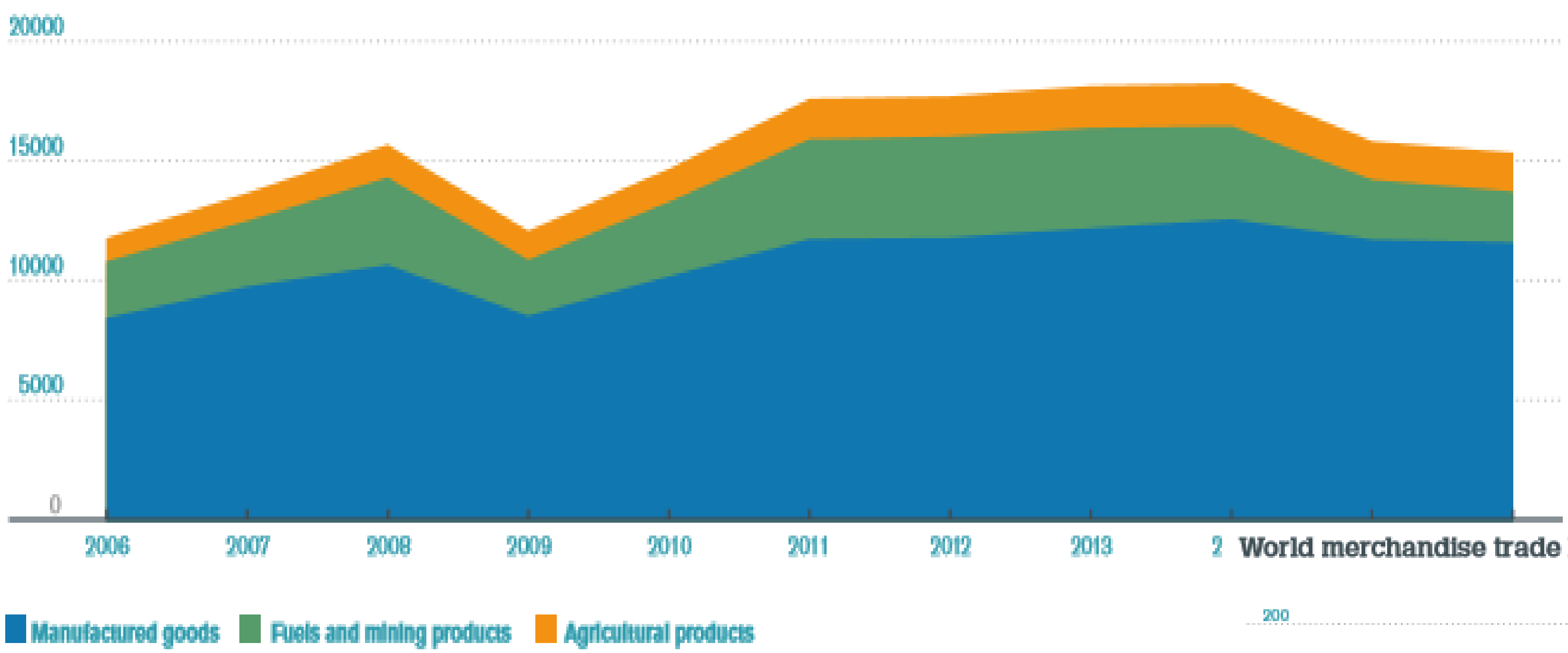
- Findings of World Trade Statistics (WTO, 2017)
- Some preliminary findings of APTIR 2017

WTO (2017)

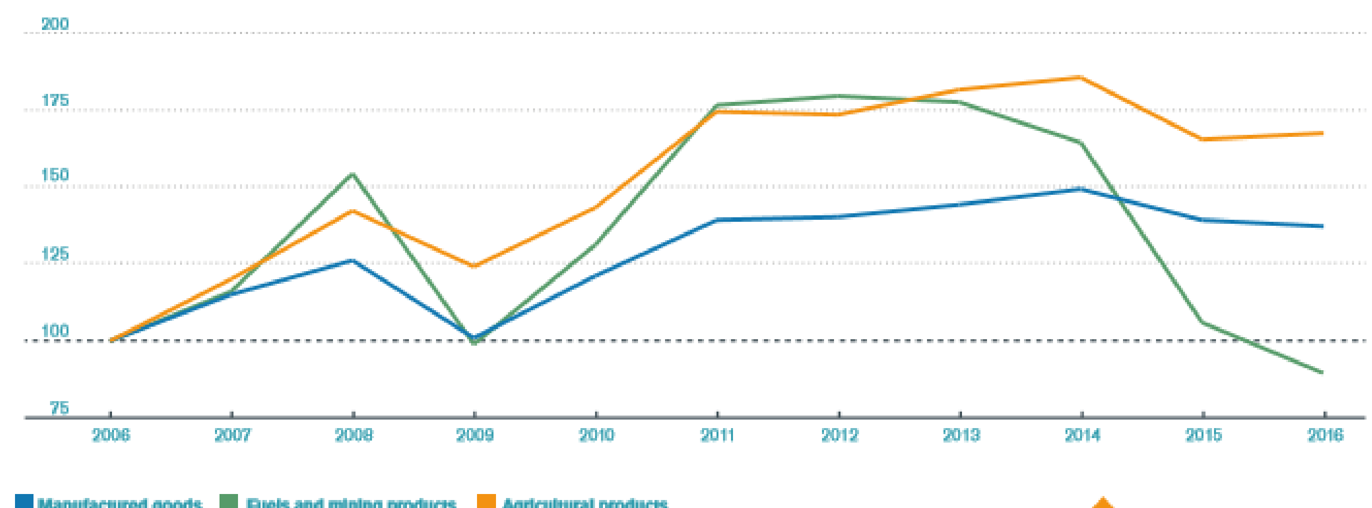
2006-2016 world trade in pictures

World exports of manufactured goods increased from US$ 8 trillion in 2006 to US$ 11 trillion in 2016.

World merchandise trade by major product grouping, 2006-2016 (US$ billion)



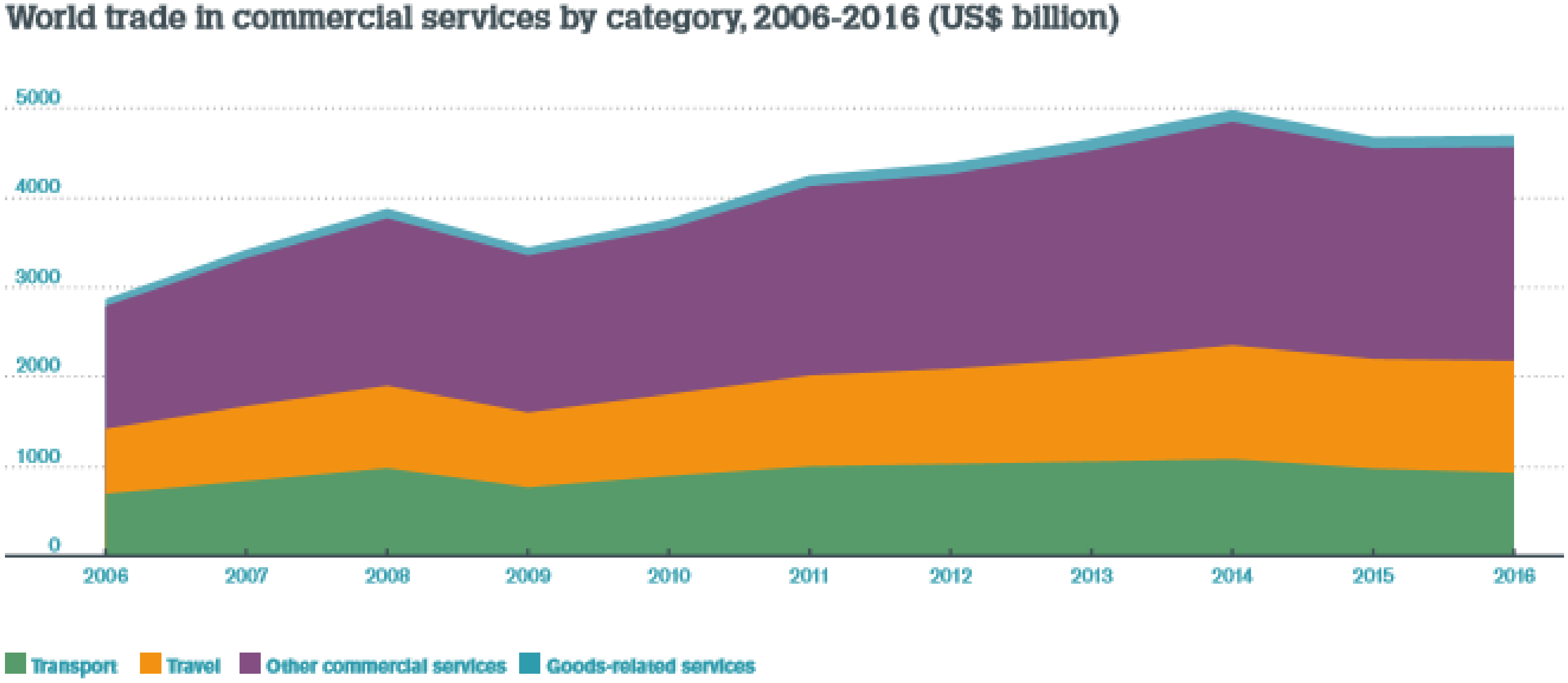
World merchandise trade by major product grouping, 2006-2016 (Index 2006 = 100)



World exports of agricultural products have increased by 70% since 2006.

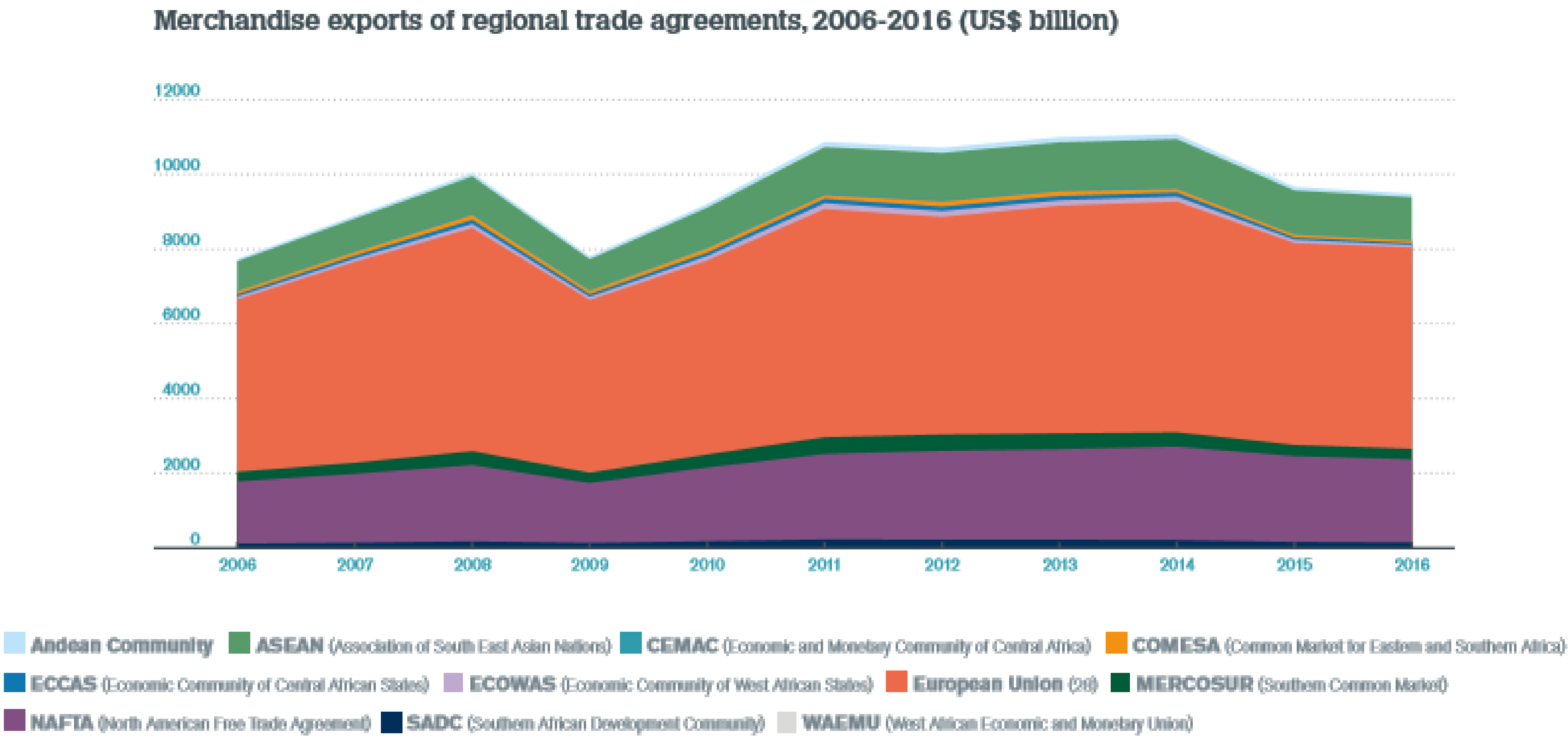
70%

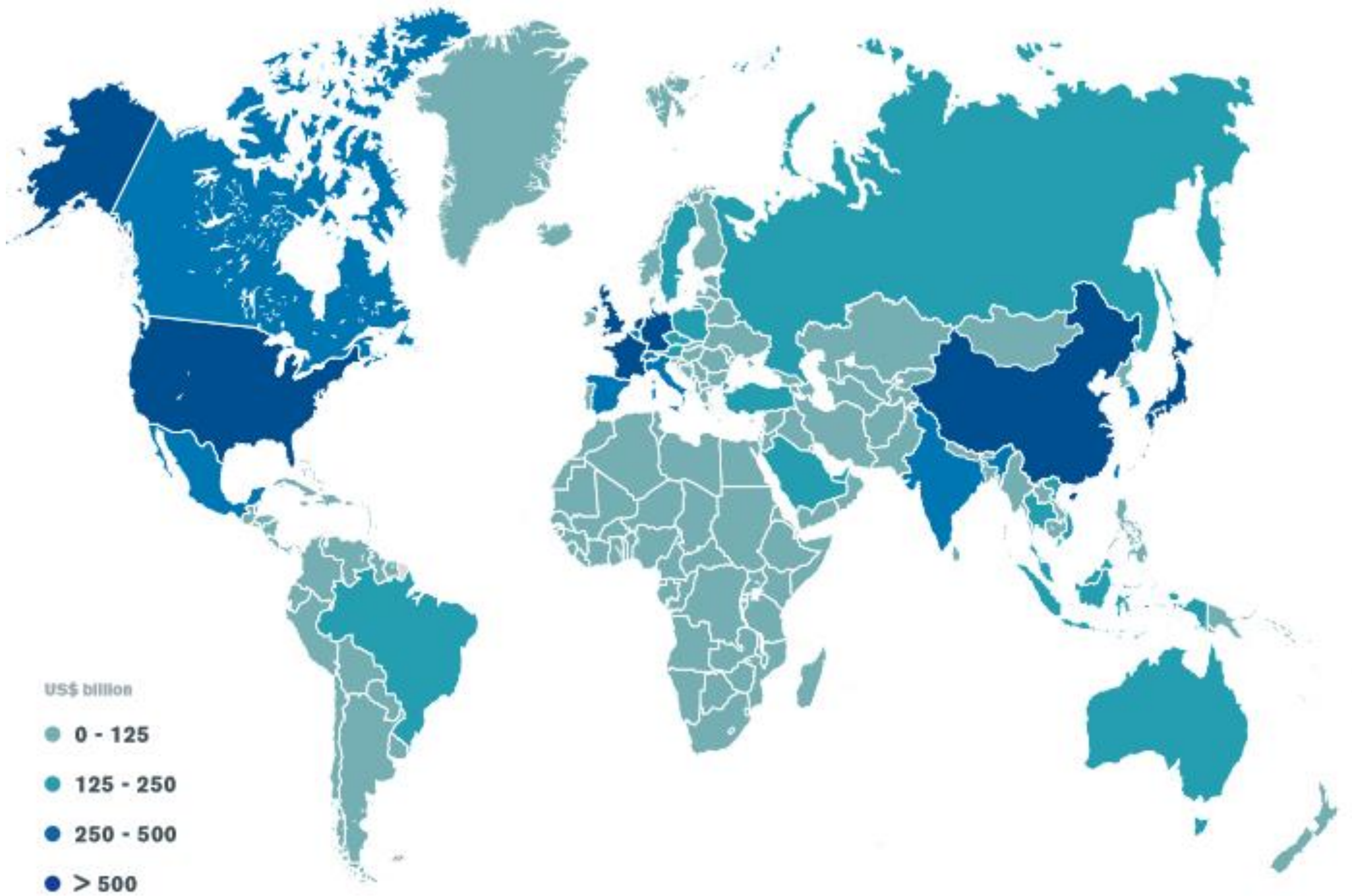
Trade in commercial services



Trade under RTAs

Trade within the EU represented 63% of all EU total exports in 2015. In NAFTA, ASEAN, SADC and MERCOSUR, intra-trade totalled 50%, 24%, 18% and 14% respectively. SAARC??





53%

The top 10 traders in merchandise trade account for a little over half of the world's total trade in 2016.

41%

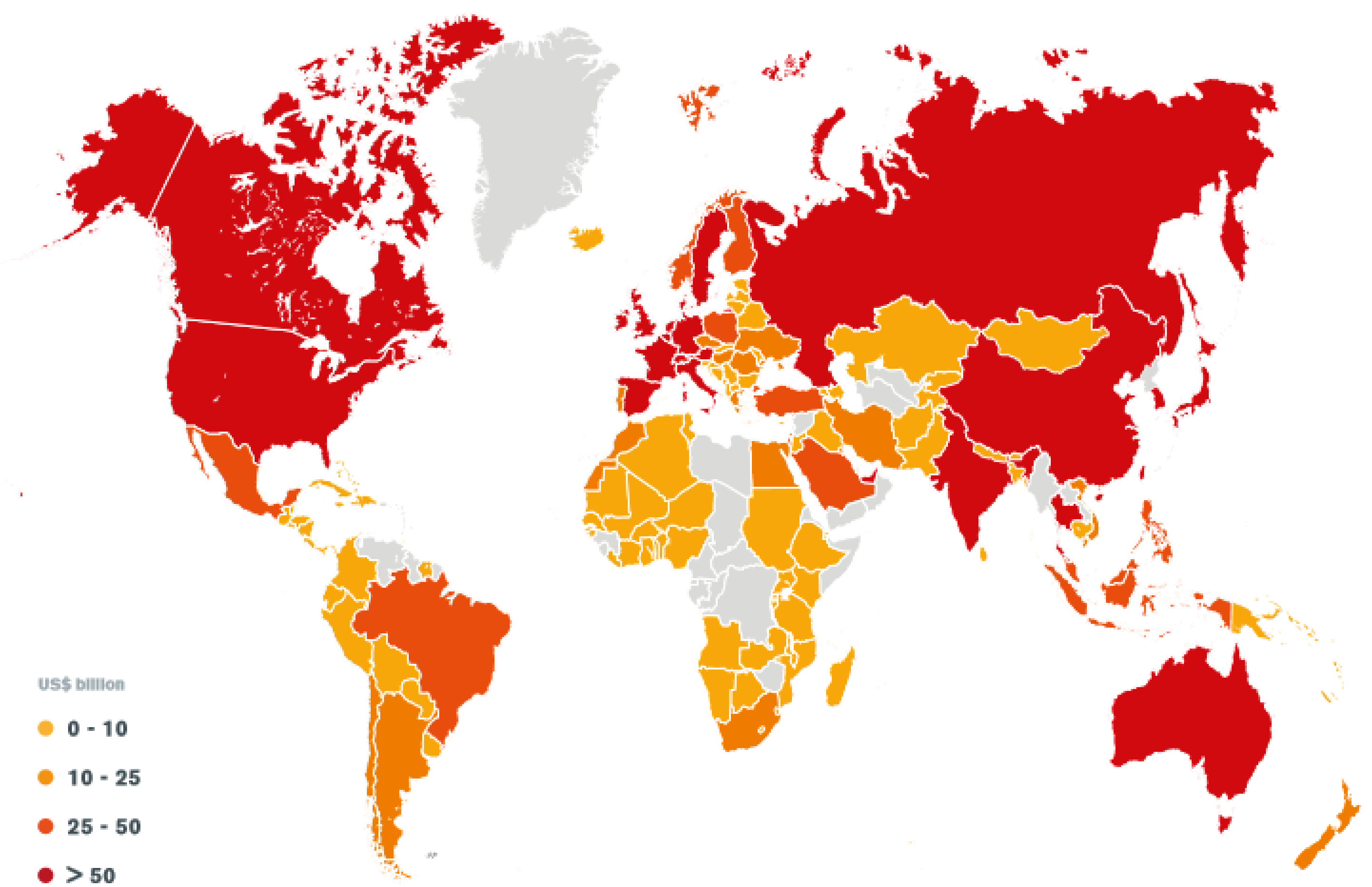
Developing economies had a 41% share in world merchandise trade in 2016.

53%

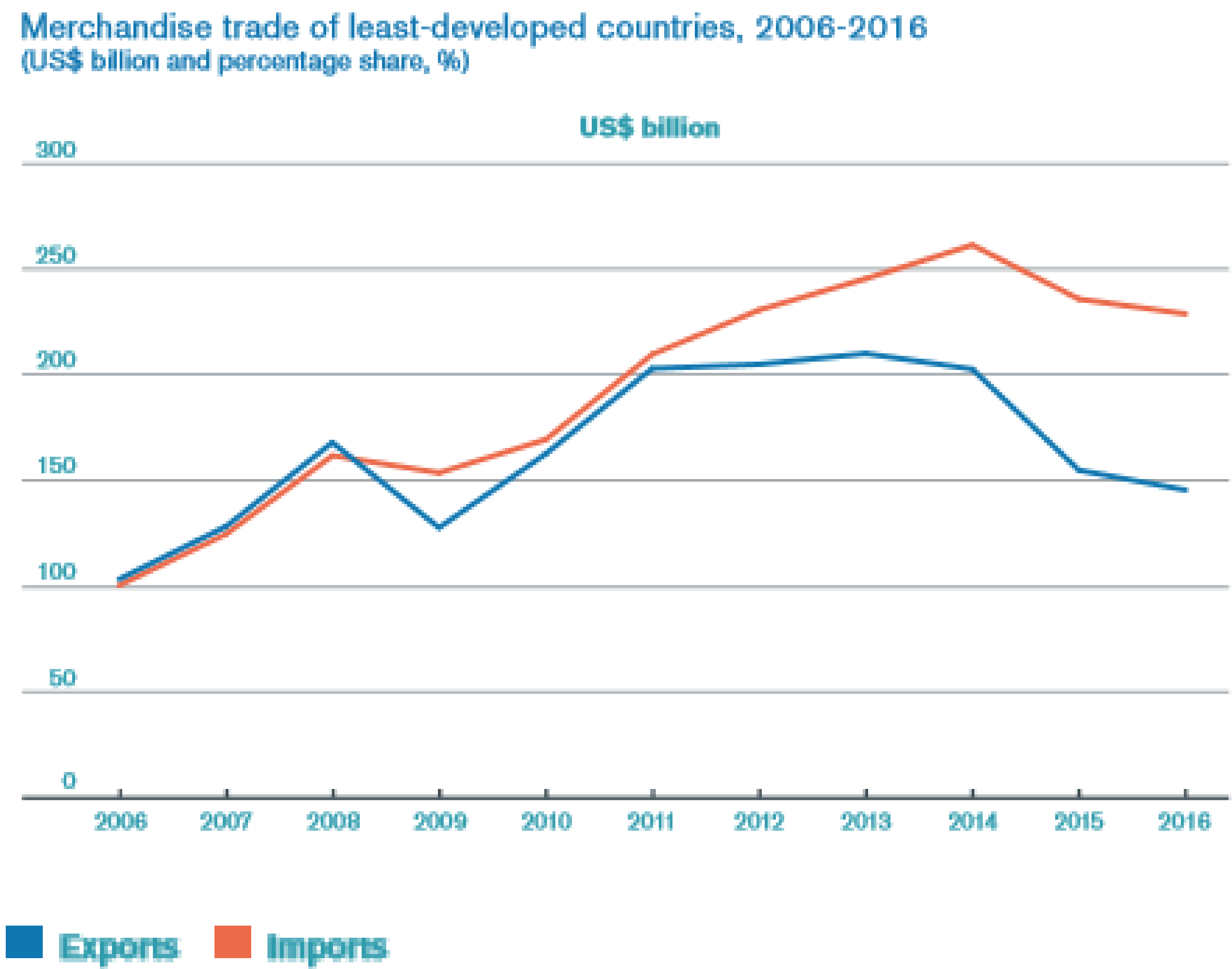
The top 10 traders in world commercial services represent more than half of the world's total trade in commercial services in 2016.

34%

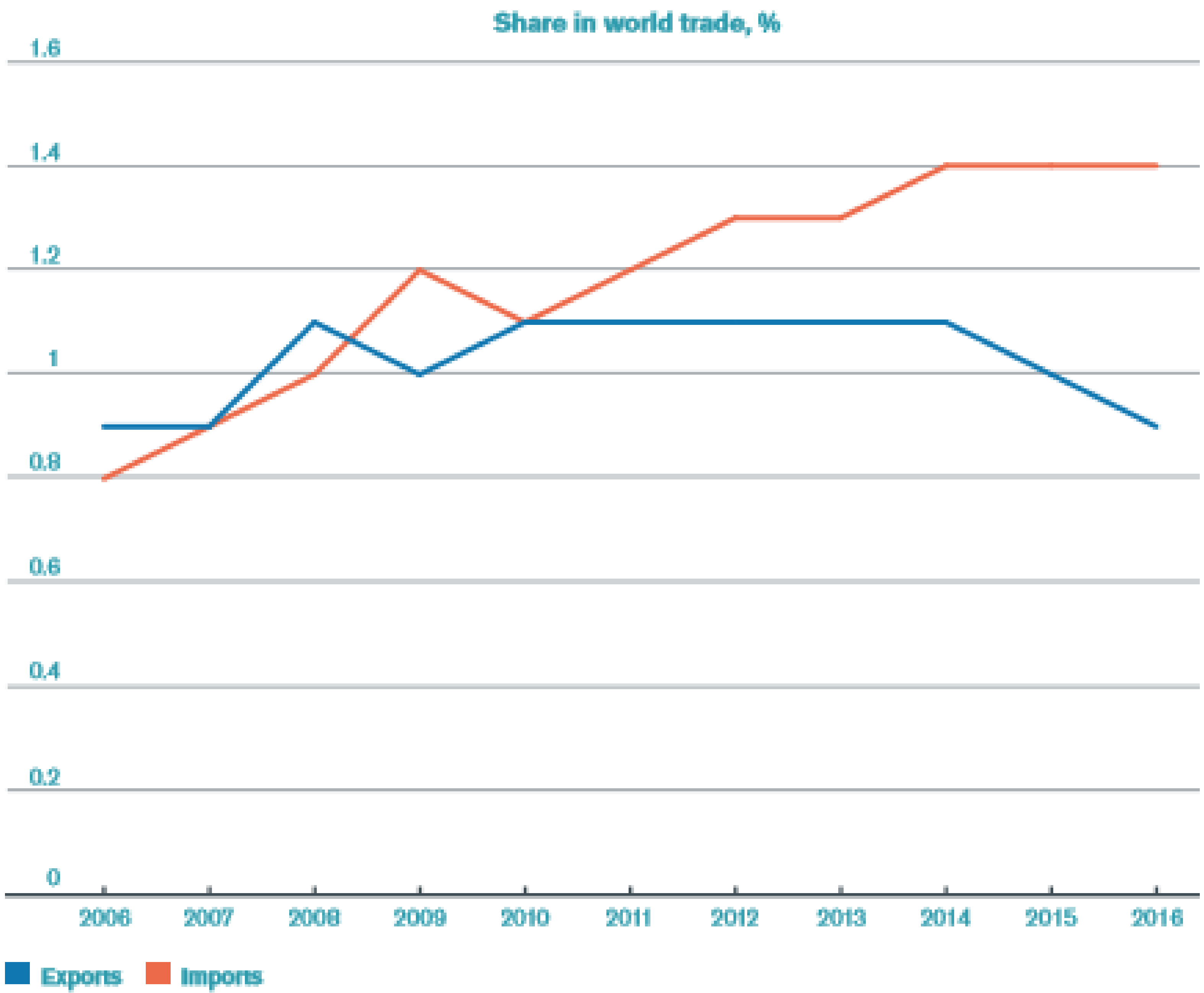
Developing economies accounted for 34% of total trade in commercial services in 2016.



LDCs’ trade

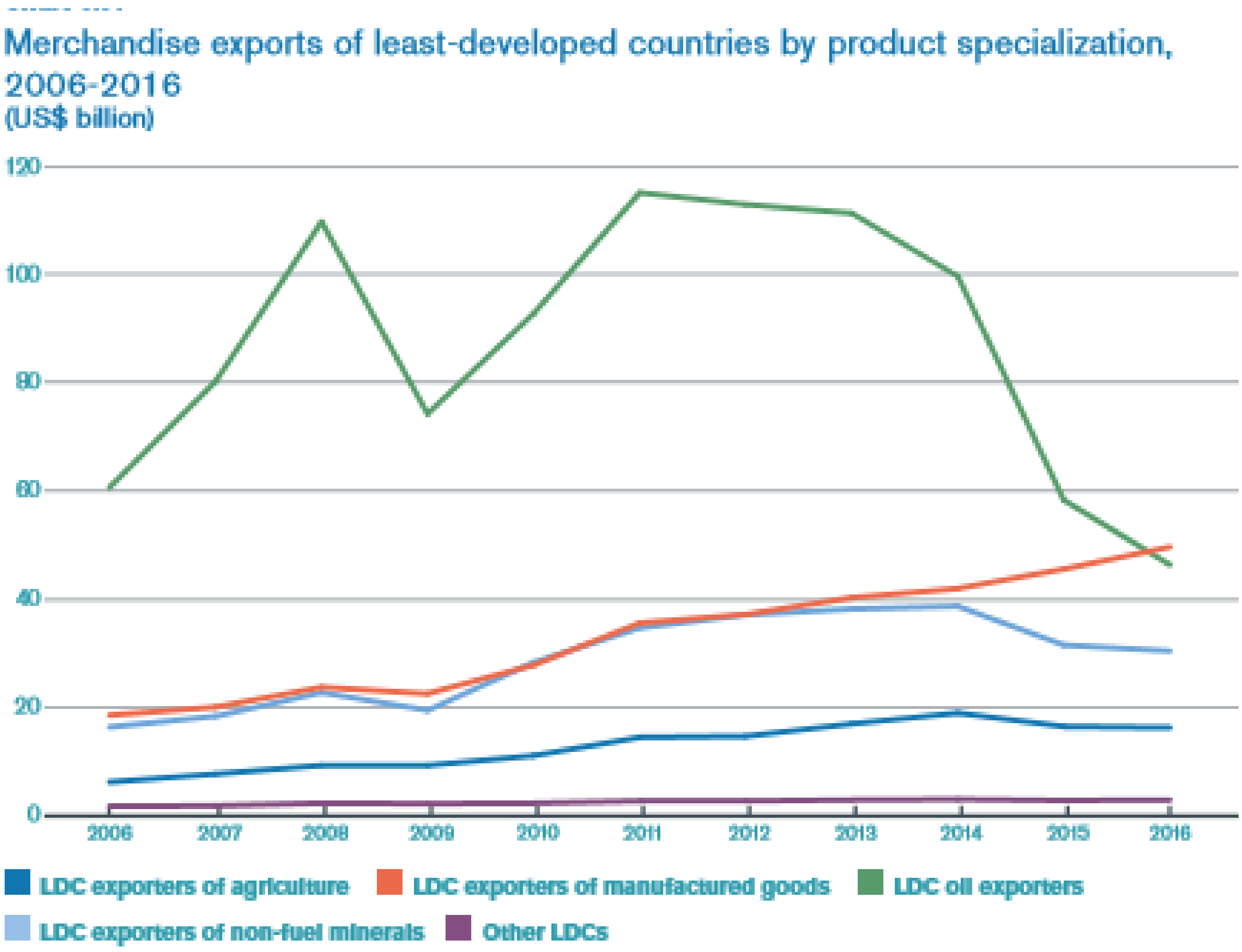

Merchandise trade of least-developed countries, 2006-2016
(US$ billion and percentage share, %)
US$ billion
300
250
200
150
100
50
0
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
Exports
Imports

LDCs’ share

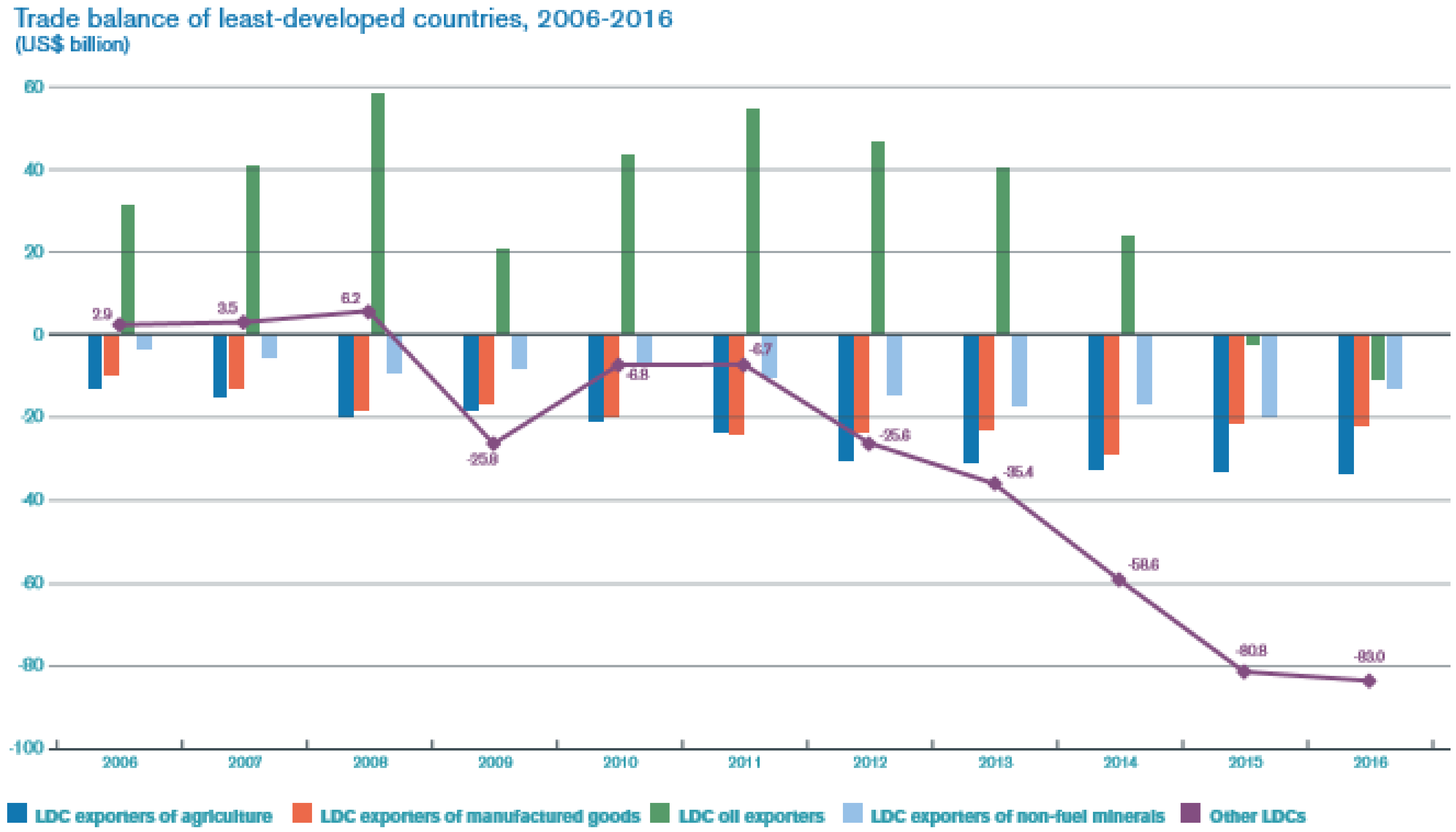


Share in world trade, %
1.6
1.4
1.2
1
0.8
0.6
0.4
0.2
0
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
Exports
Imports

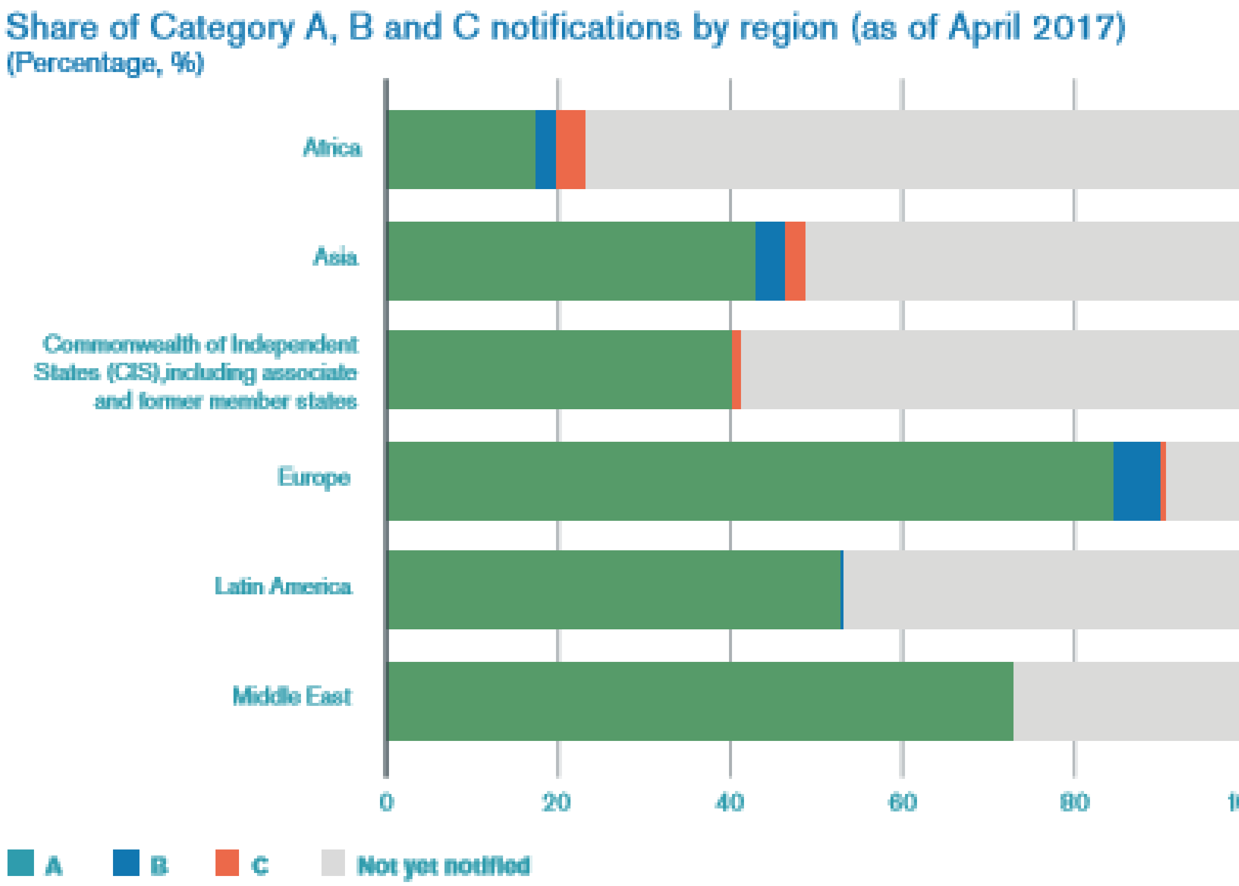
Economic diversification

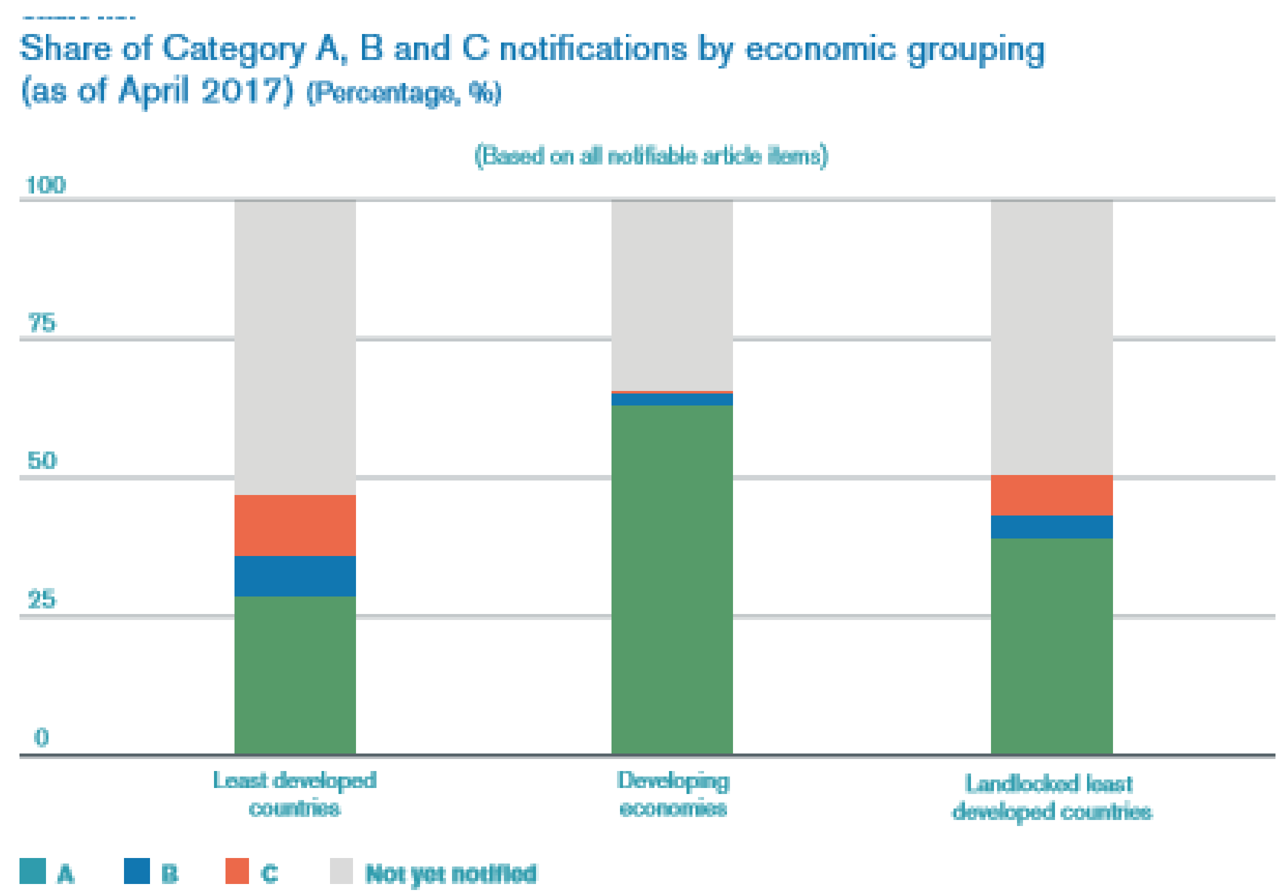


Trade balance



Trade facilitation (WTO TFA)





Source: TFAD (Trade Facilitation Agreement Database) www.tfadatabase.org

APTIR (2017)

Asia-Pacific Trade and Investment Report 2017

- Annual flagship publication of ESCAP's Trade, Investment and Innovation Division.
- Comprehensive assessment of recent trends and developments in regional trade; FDI; trade policy; trade facilitation; trade agreements.
- Country and subregional briefs.
- Every second year – a thematic part. This year: Channeling Trade and Investment into Sustainable Development.
- Supplementary regional and country briefs

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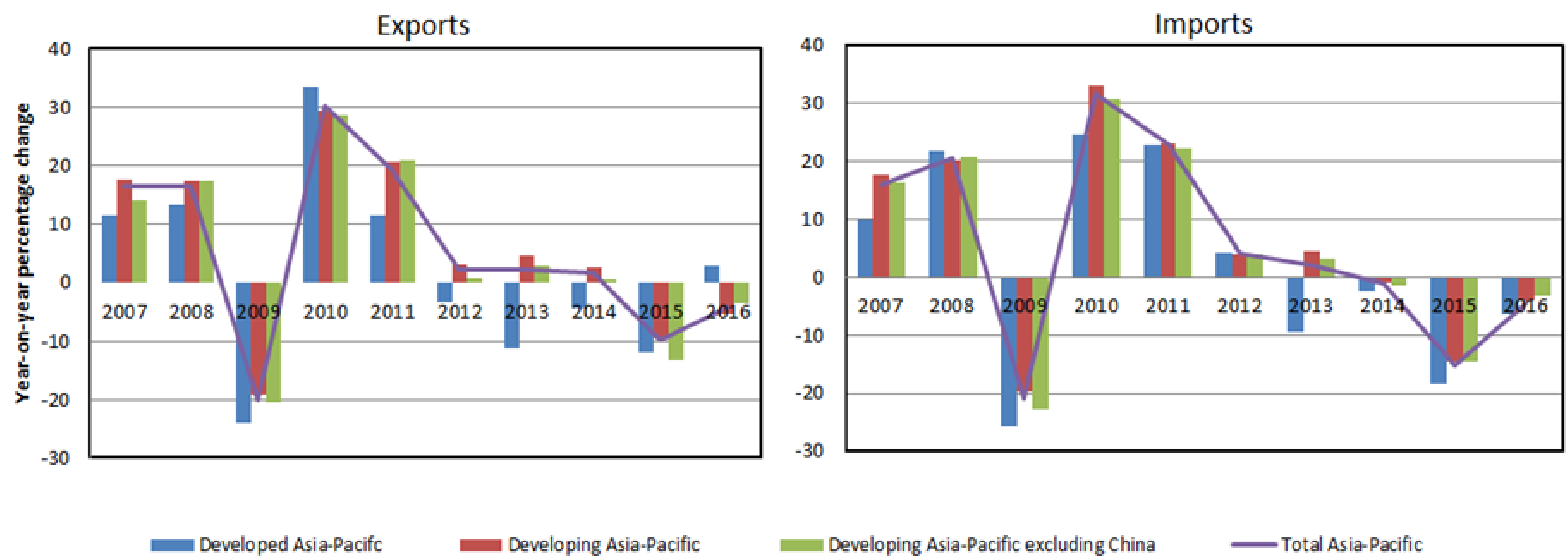
Merchandise Trade

IS 2016 MARKING THE END OF A 7 YEAR WEAK GROWTH OF MERCHANDISE TRADE?



- Global trade in 2016 decreased by 3%, but it picked up during the last two months of the year.
- Regional exports fell by 4.3% in 2016. Export contraction in China was a major factor for the poor performance. China, whose exports contributed one-third of regional merchandise exports, registered export contraction by 7.7%.
- The rest of developing Asia-Pacific region also decreased their exports by 3.6%.
- In contrast, exports from developed countries (esp. Japan) registered positive export growth.
- The region is the largest trading region, contributing 40% of world exports and 35% of world imports

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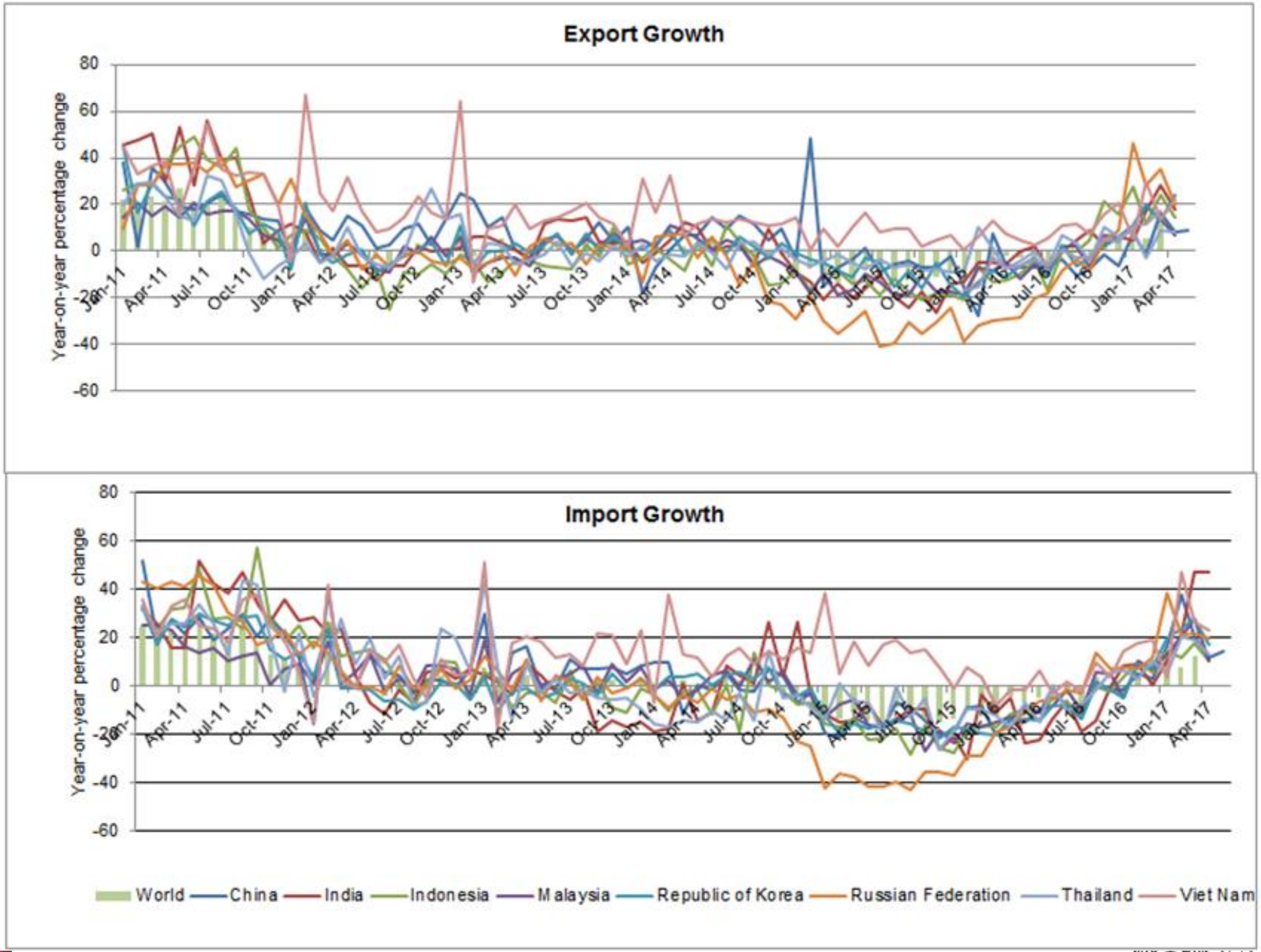
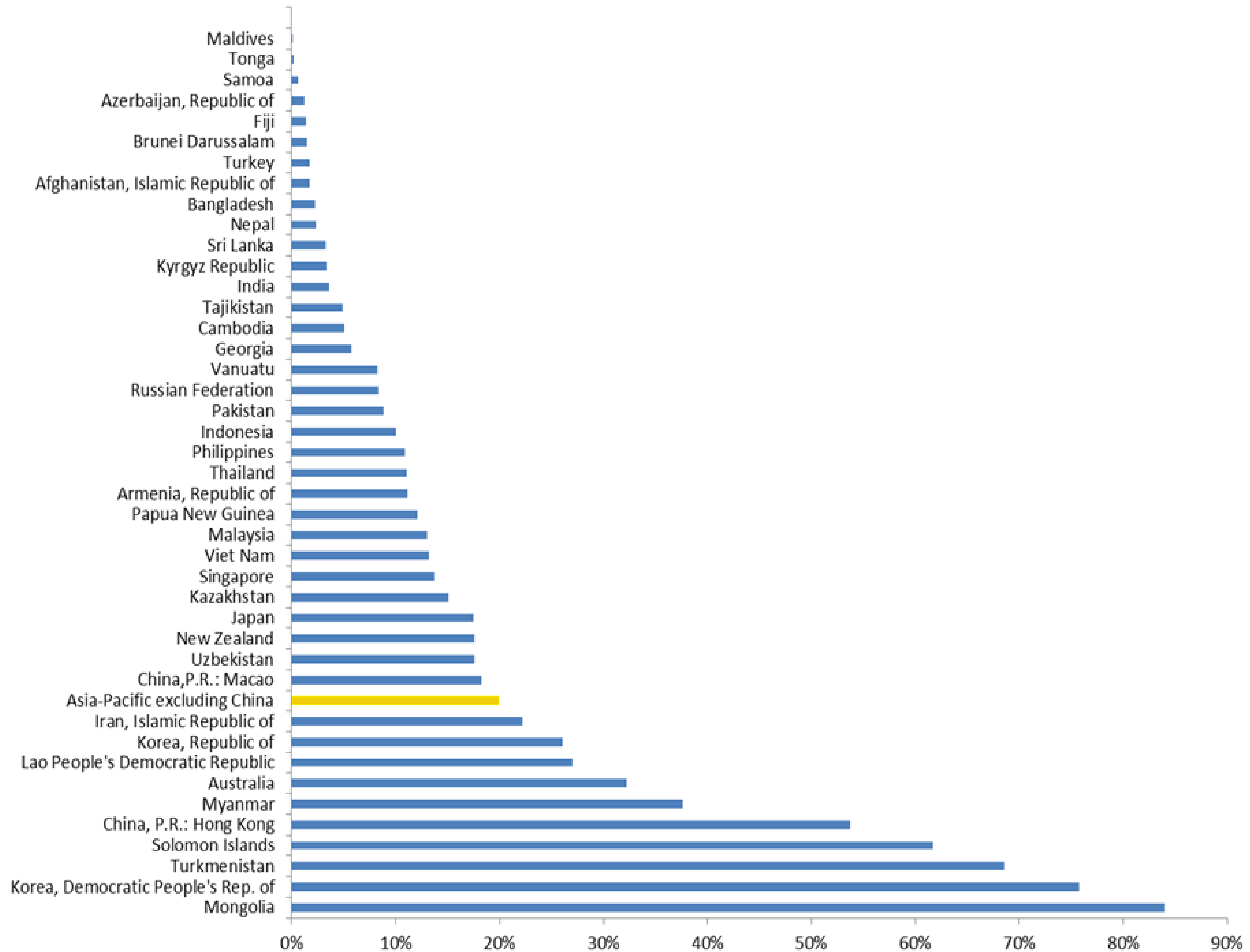
Recent monthly changes – a cause for optimism?



During the first three months of 2017, global trade grew about 10% from the same period of last year.

Share of exports from selected economies to China, 2016



- China absorbed 20.5% of Asia-Pacific exports
- Its imports recovered due to increase in exports (8.7%) in the first 4 months of 2017
- Commodity prices

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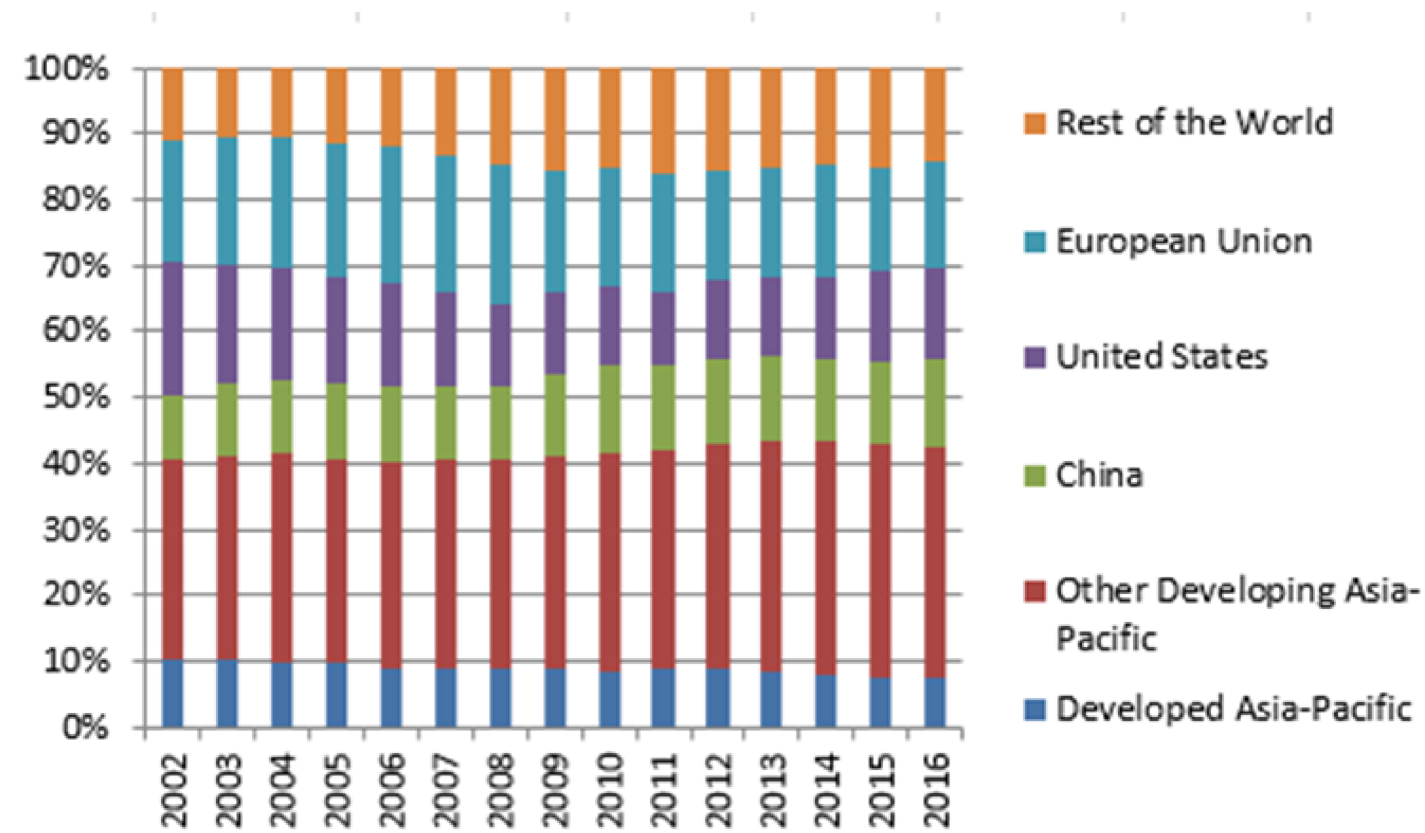
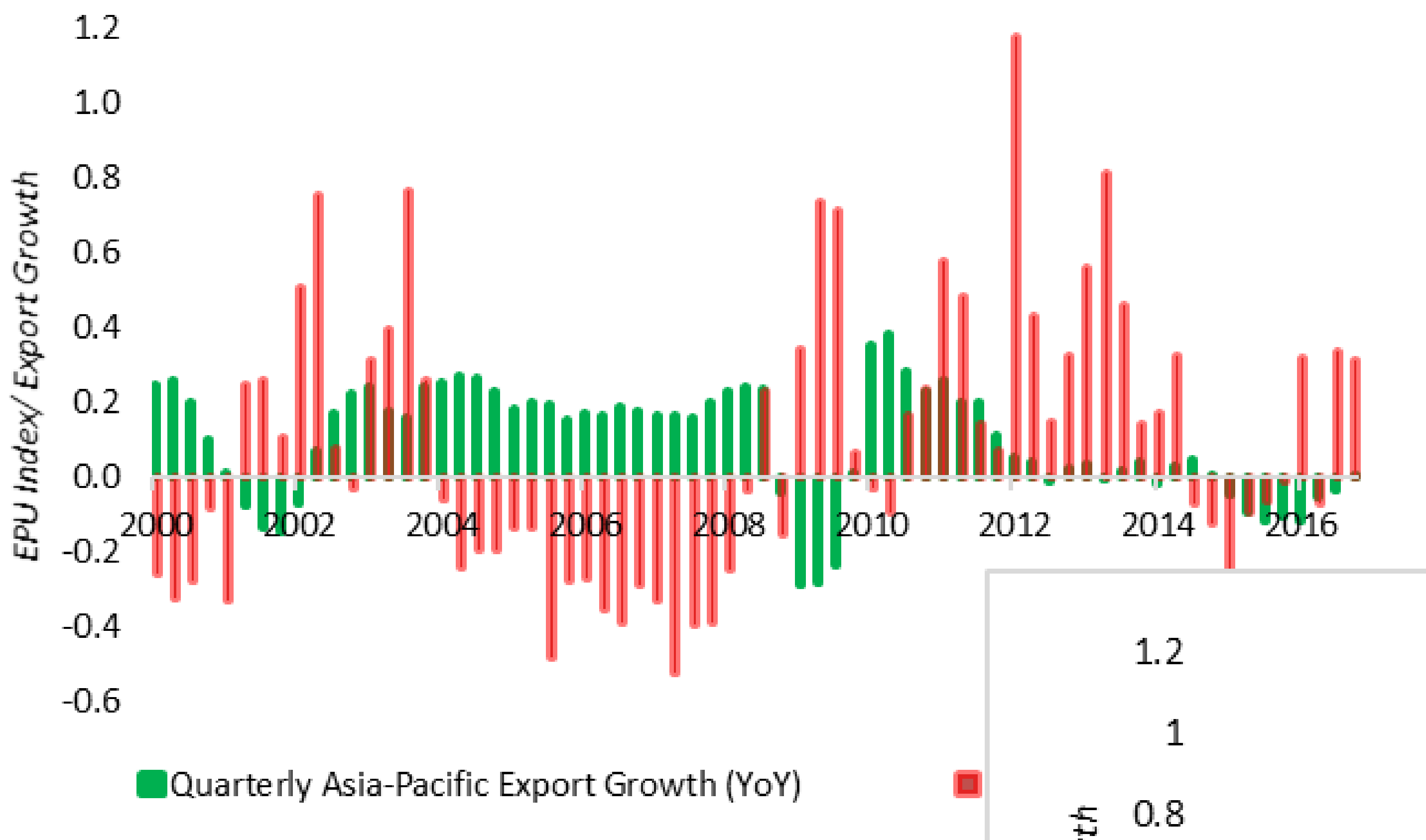
Merchandise Trade

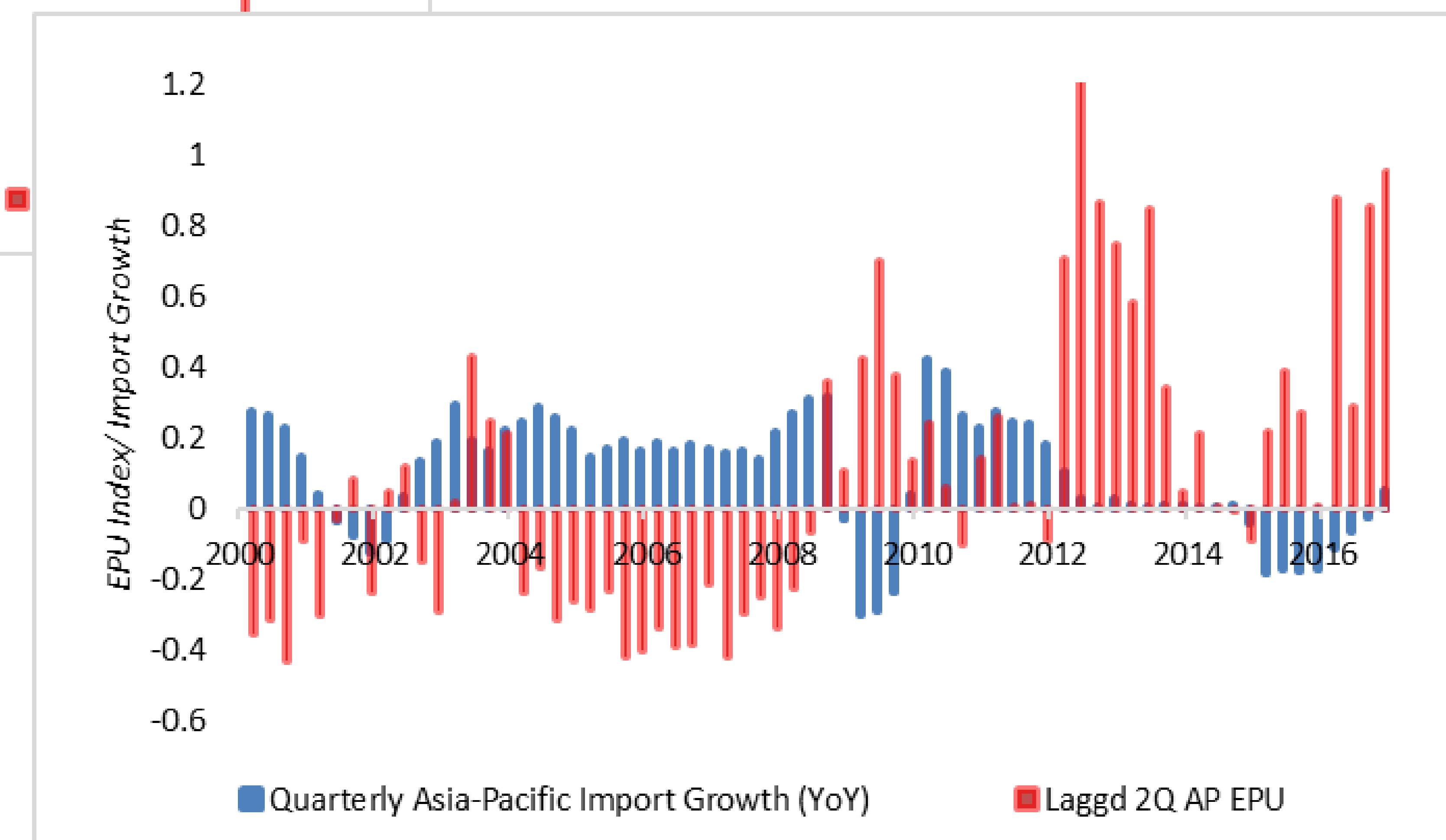
INTRAREGIONAL TRADE IS DOMINATED BY TRADE WITH EAST AND NORTH-EAST ASIA

- 56% of exports were intraregional, intraregional import share settled at 58%.
- ENEA still contributing more than 60% of Asia-Pacific trade.
- NCA growth and share rapidly falling in recent years.
- SSWA also relatively disengaged from the region in terms of exports.
- China accounted for nearly 20% of total exports by the rest of the region.
- Exports to EU and US close to 30%, and imports from them 21% of Asian total.



Rising concerns of economic policy uncertainties – “free-trade policy reversal”





Correlations between trade policy uncertainty and other policy uncertainties in different periods

Category/Periods	2000-09	2010-2015	2016-2017
1. Economic Policy Uncertainty [1]	0.2566	0.3459	**0.8001**
2. Monetary Policy	0.3585	0.2455	0.5002
3. Fiscal Policy	0.1670	0.2719	**0.7685**
4. Taxes	0.1655	0.2548	**0.7902**
5. Government Spending	0.1407	0.2420	0.7345
6. Health Care	0.0605	0.3264	**0.8624**
7. National Security	0.2091	0.3165	**0.7788**
8. Entitlement Programs	0.1801	0.2823	0.7042
9. Regulation	0.1052	0.4548	0.7211
10. Financial Regulation	-0.0178	0.2364	0.6170
11. Sovereign Debt, Currency Crises	0.3612	0.2606	0.0074

[1] The Economic Policy Uncertainty category in the first row of table 1.4 refer to the frequency of articles contains only "Economic" and "Uncertainty" or similar terms but drop the "Policy" terms. Other categories look up additionally for policy-specific terms in each category. (For more information, please visit http://www.policyuncertainty.com/categorical_terms.html)

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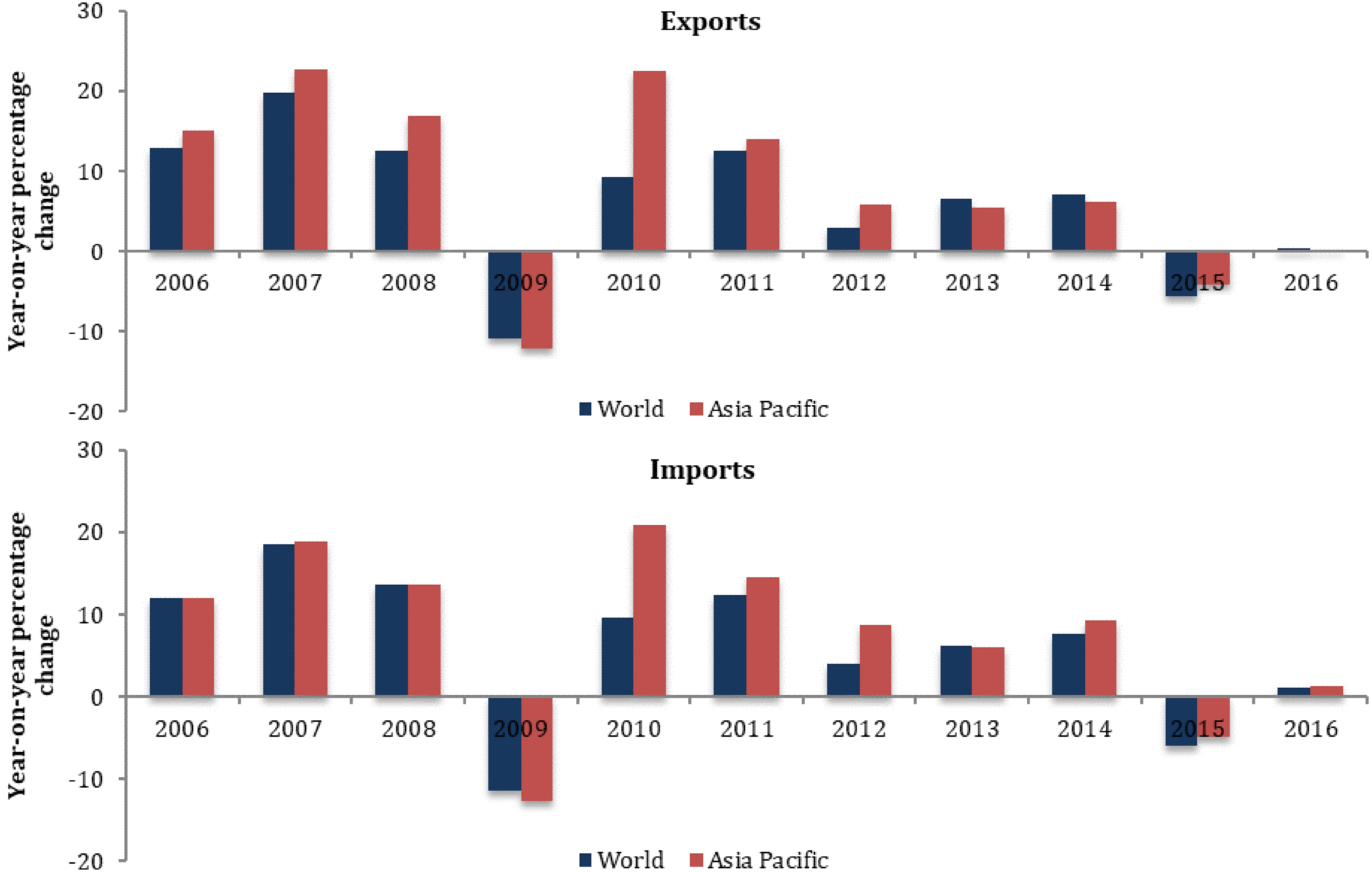
What is really going on with protectionism?

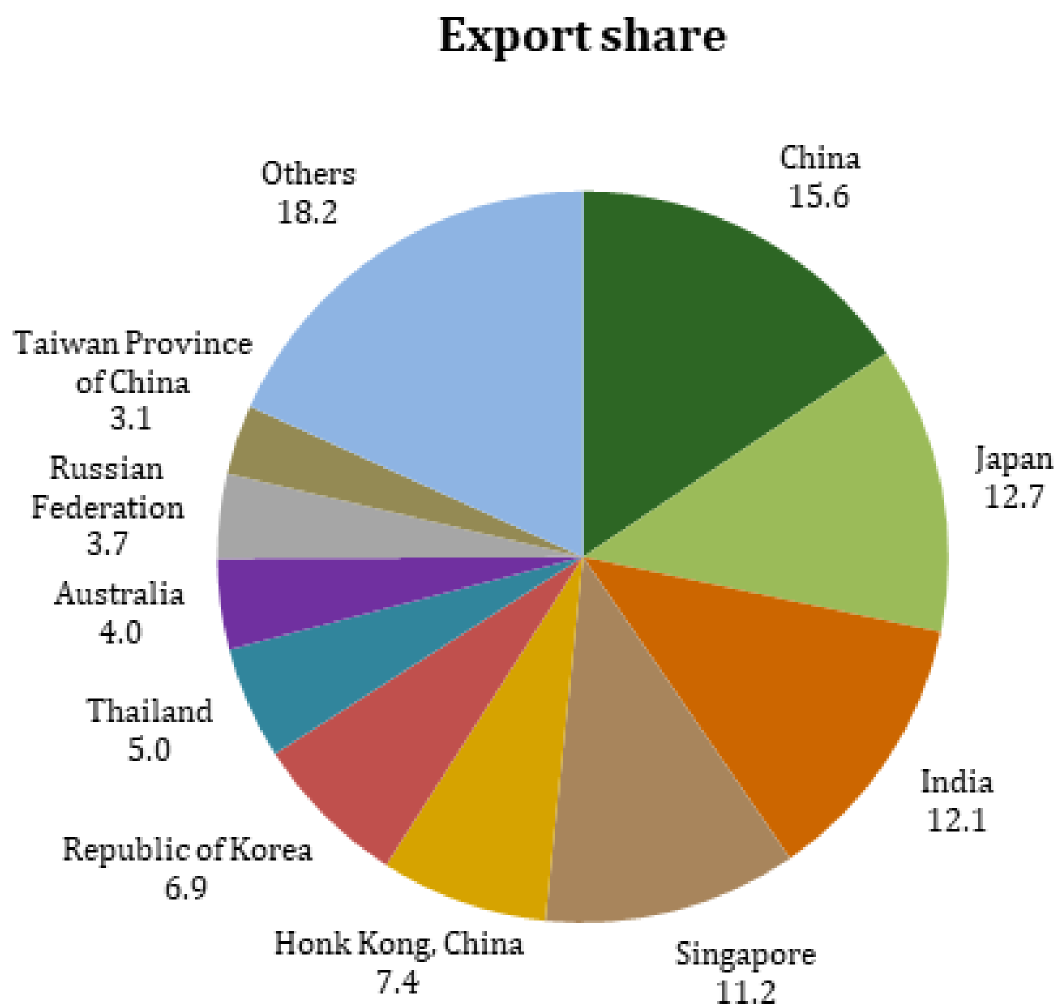
We use two sources:

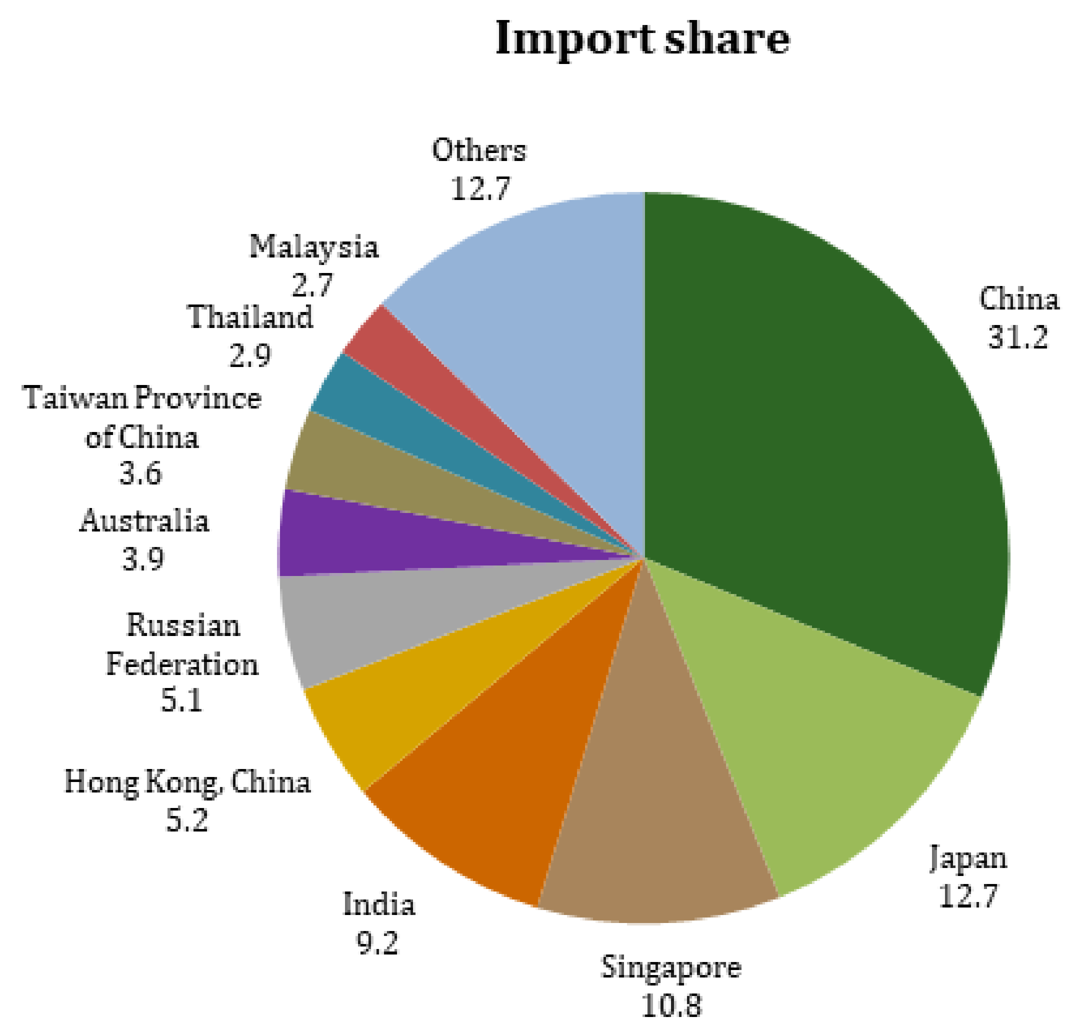
- WTO (monitoring)
- GTA
- Also attempt to quantify coverage/impact , not only number of measures
- Case studies (steel, aluminum)
- Link of public policy and protectionism (health- SDGs)

Trade in commercial services

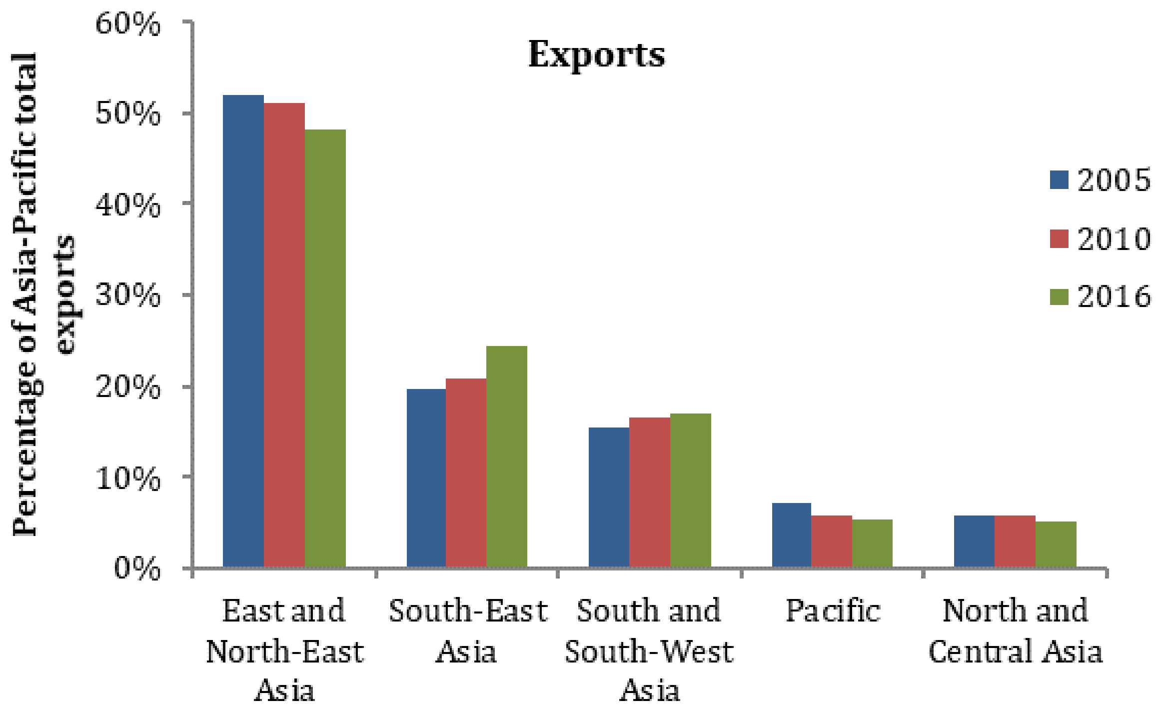


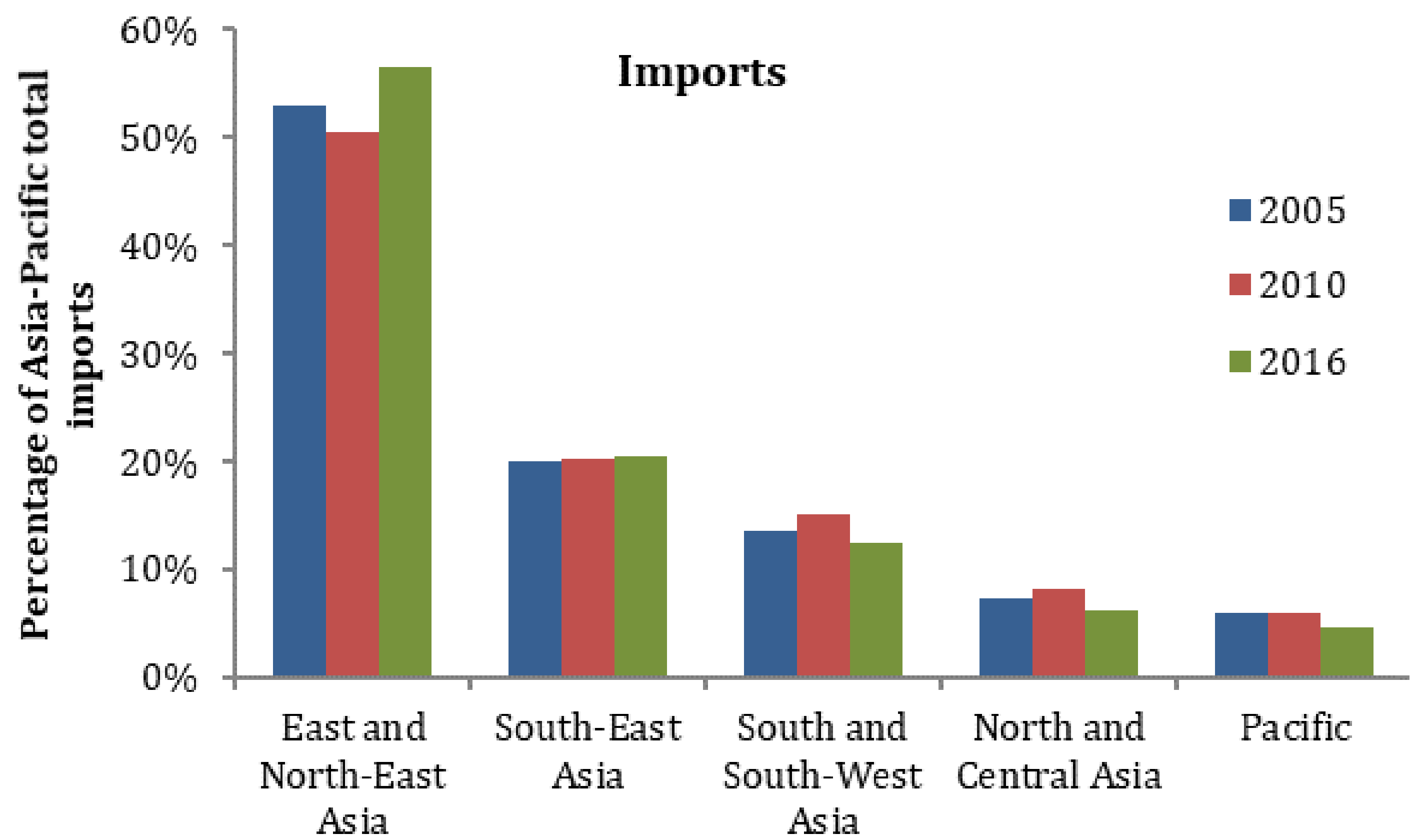
Geographical structure





Subregional trade in commercial services





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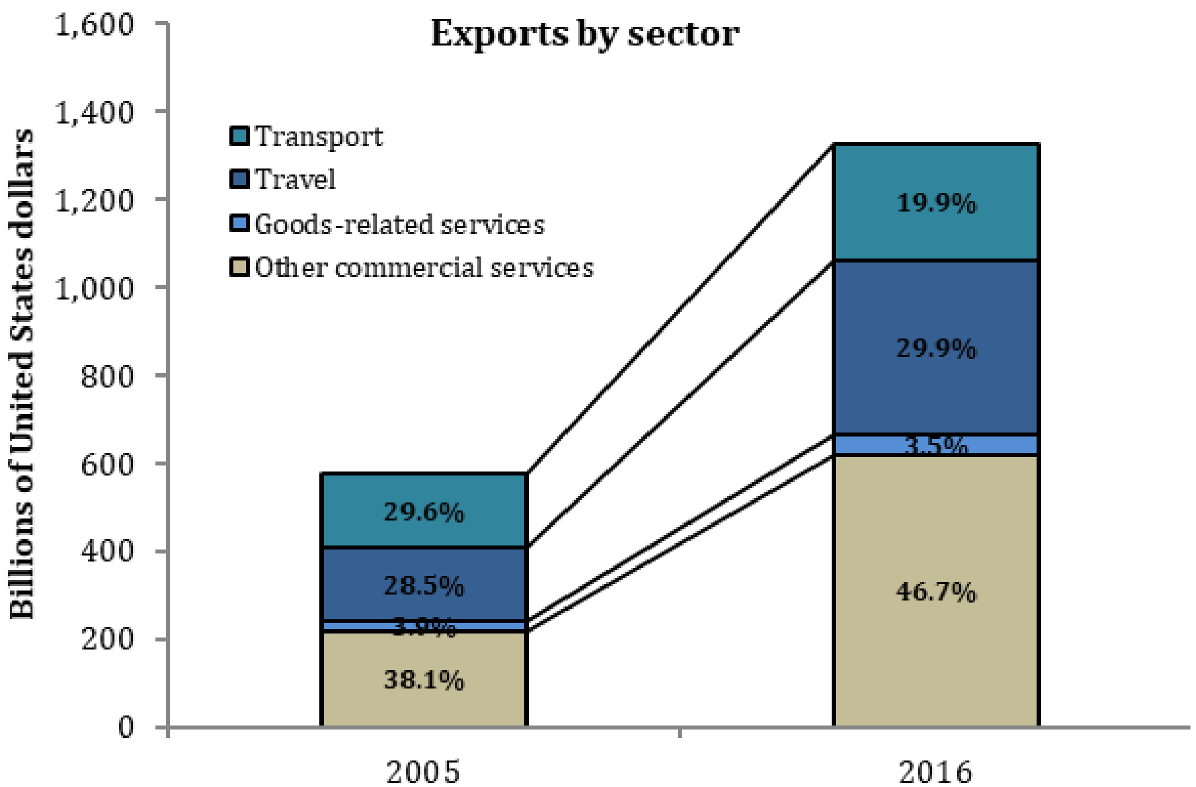
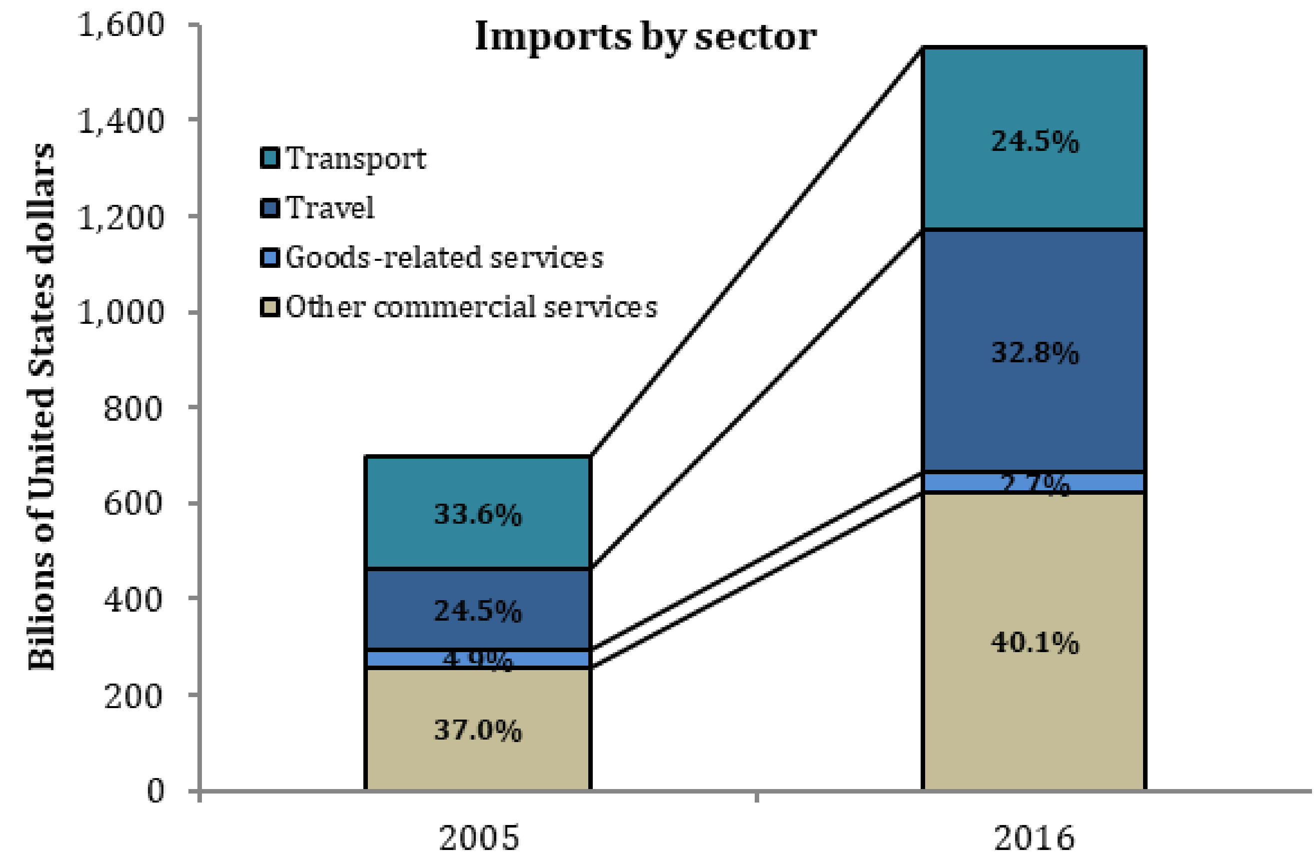
Other commercial and travel services





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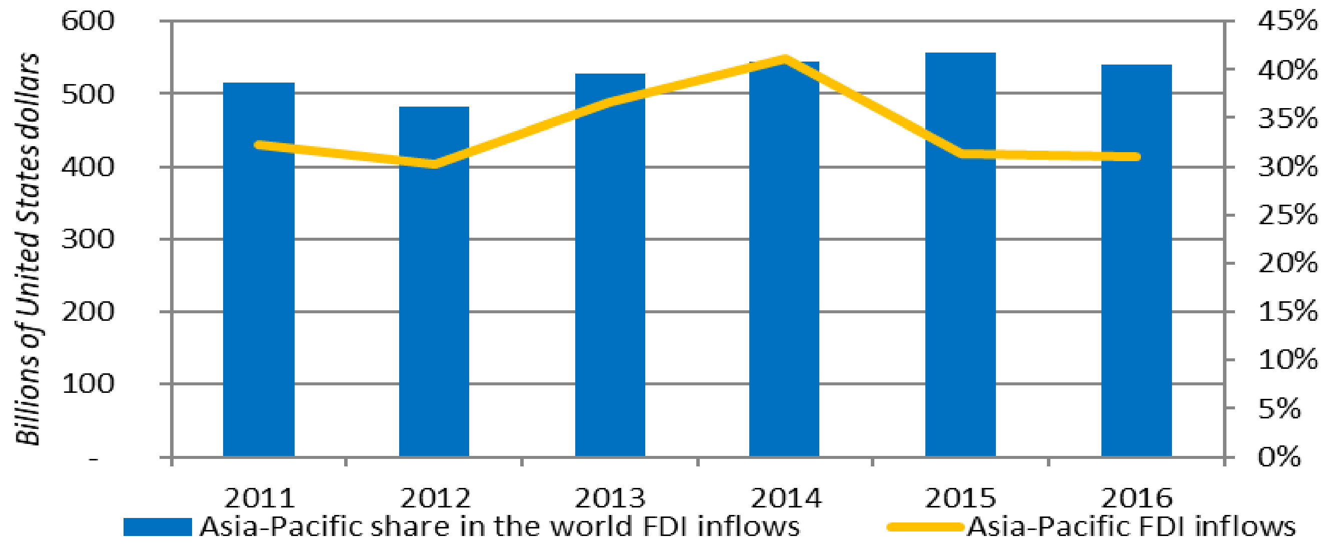
Regulation in services trade

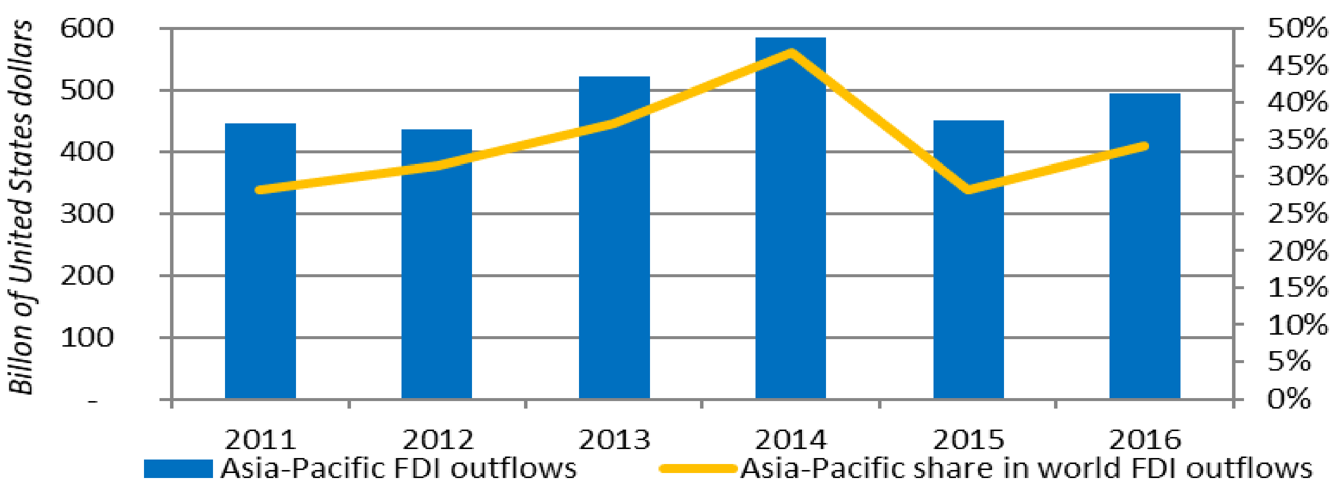
- Looking at the updated STRI
- Some case studies

Foreign Direct Investment

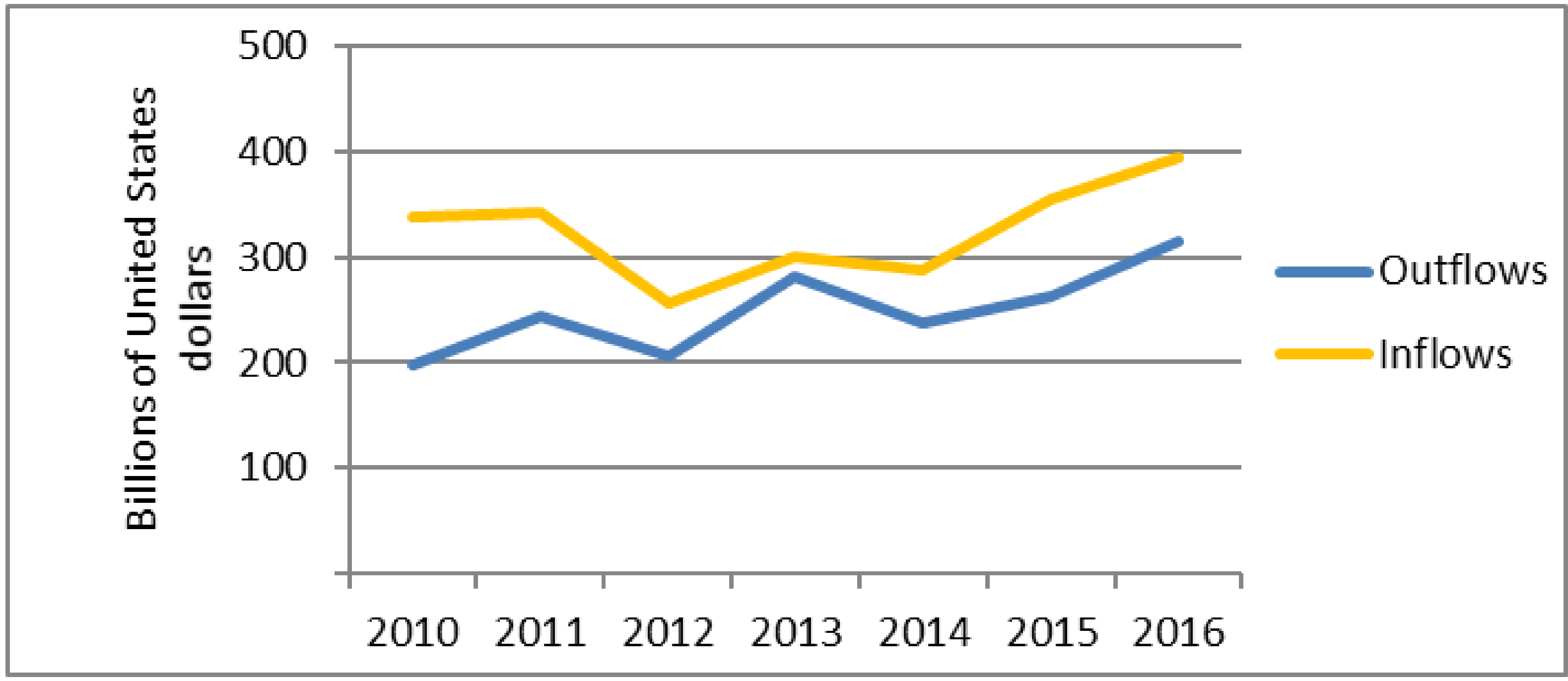
FDI MAKES A MODEST COME BACK AND A SHARP RISE IN GREENFIELD FDI INFLOWS

- After a surge in 2015, FDI flows dropped globally by 2% to $1,746 billion in 2016.
- The Asia-Pacific region attracted $541 billion of FDI in 2016; a fall of 3%, and its share of global inflows dropped to 31%.
- Asia-Pacific still captures 74% of total developing country focus.

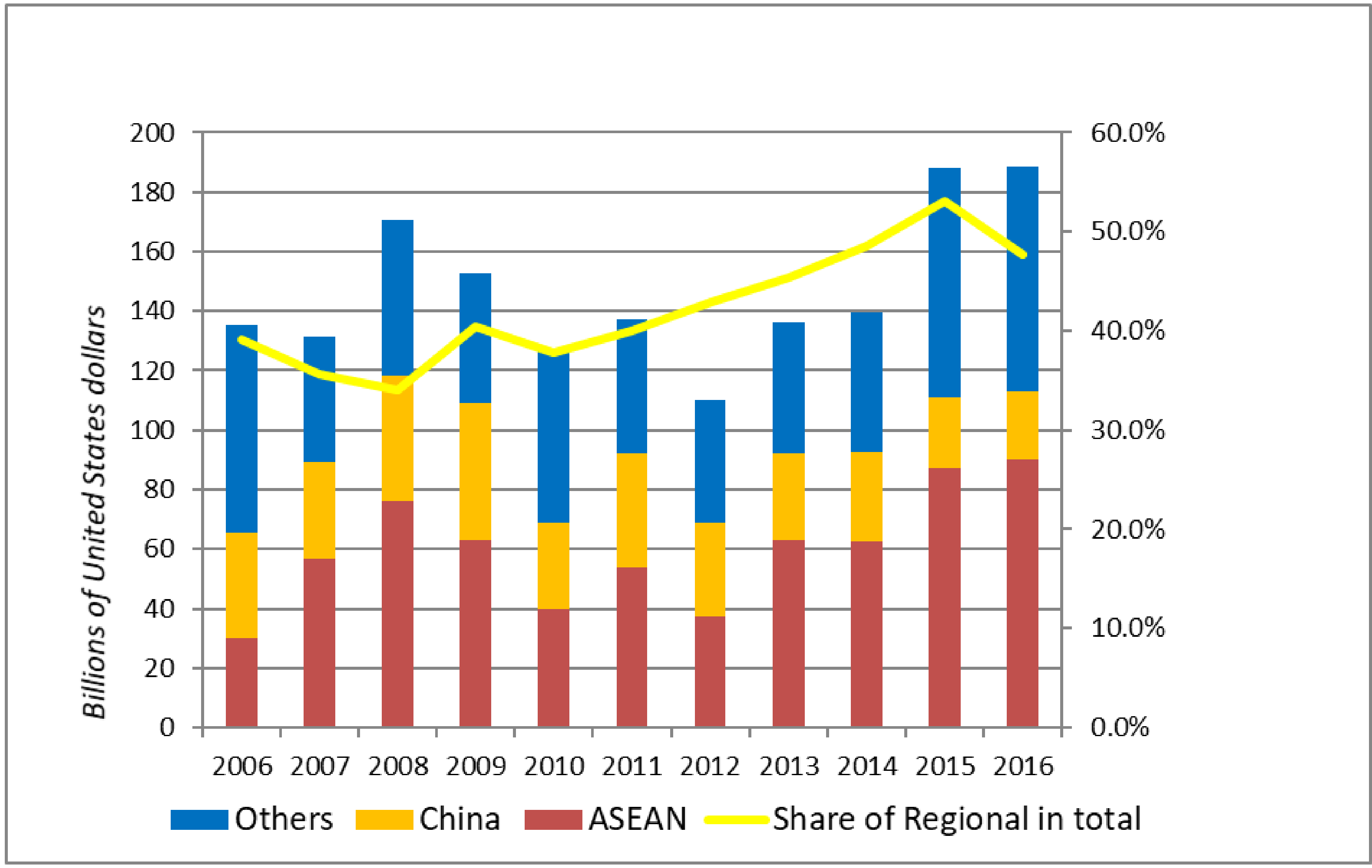




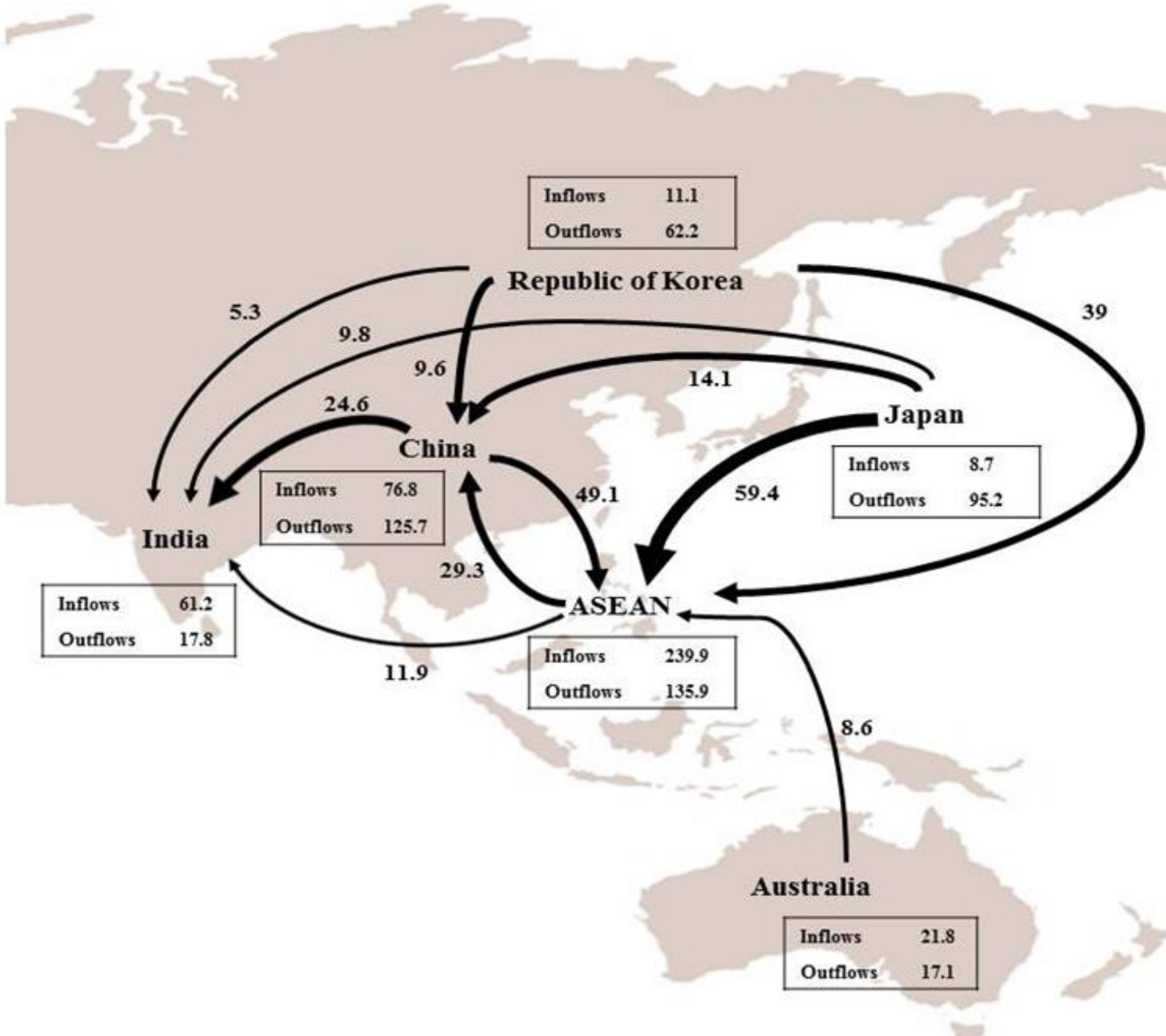
Greenfield FDI



Intra-regional greenfield



Foreign Direct Investment flows in the region



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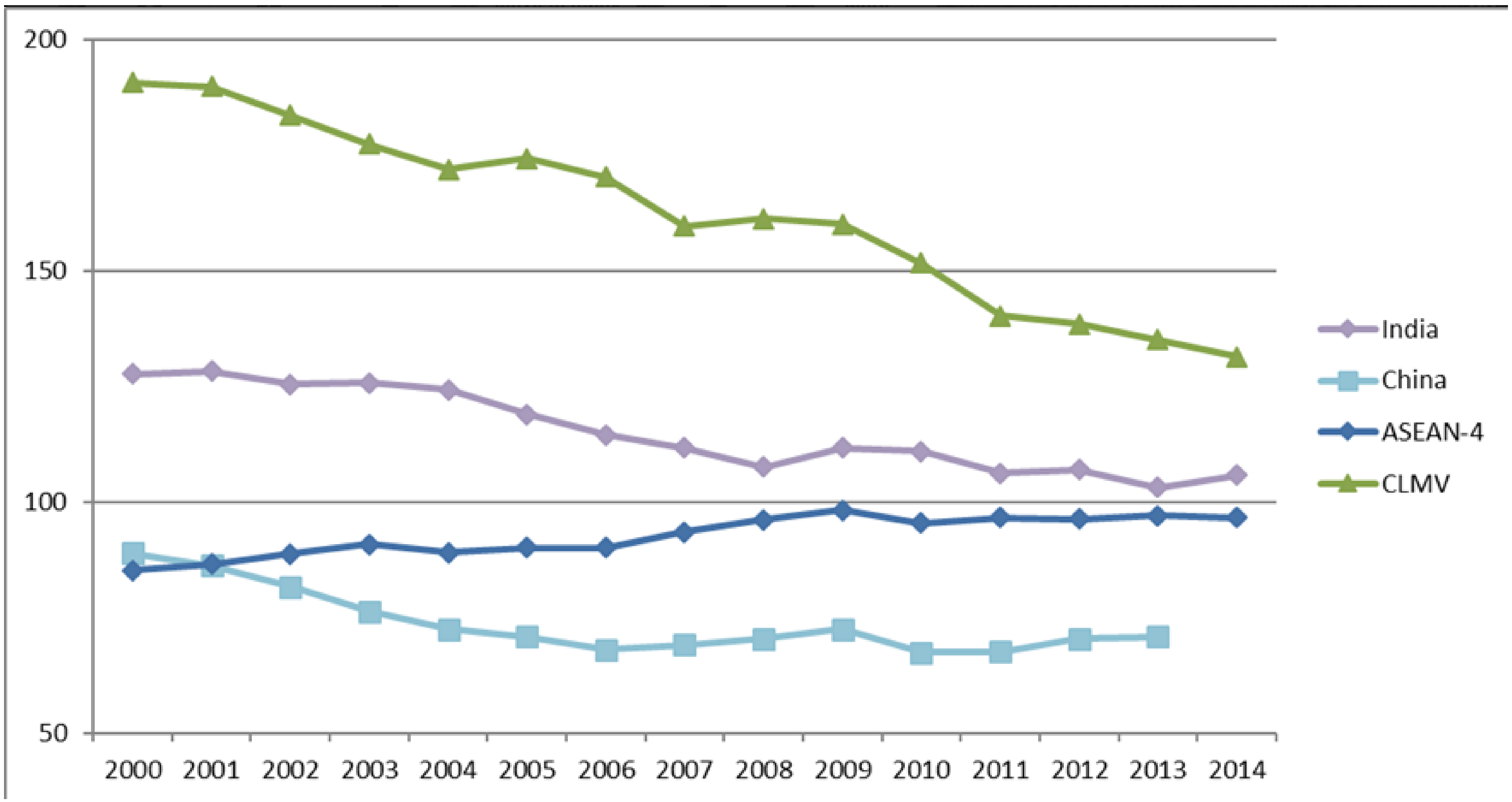
Changes in national regulation and IIAs

- Tracking some of the key countries with respect to tehir national regulation
- Summary of IIAs developments

Trade Facilitation

PROGRESS IN TRADE COSTS REDUCTION

- Trade facilitation and reduction of trade costs remain urgent priorities for the region.
- Trade costs remain heterogeneous across subregions.
- Trade costs in NCA excessively high, but NCA also made relatively good progress in reducing trade costs.
- Pacific small island developing states exhibit high costs limiting opportunities from intraregional trade



Trade Facilitation

CROSS-BORDER PAPERLESS TRADE MAY INCREASE EXPORTS BY $36 - $257 BILLION ANNUALY

- The new **Framework Agreement on Facilitation of Cross Border Paperless Trade in Asia and the Pacific** can provide a useful mechanism to support members towards more efficient and less costly cross-border trade.

- Framework Agreement opened for signature until 29 Sep 2017 (more information https://goo.gl/9ujweN)

Trade Agreements

REGION IN NEED OF MORE CONSOLIDATION OF TRADE AGREEMENTS

- 66% of all trade agreements in force globally involve Asia-Pacific economies. About 49% of their trade is done with PTA partners around the globe and in the region.
- Recent agreements increasingly include WTO+ (and WTO++) areas, such as competition, government procurement and investment.
- Mega-regionals should be used as an opportunity to review of benefits of existing PTAs and to consolidate them.
- More efforts in assisting businesses to utilize PTAs/ still improve RoO negotiations.

Thank you

Full report and country briefs will be available at www.unescap.org