

Training of Trainers

Enhancing Capacity on

Trade Policies and Negotiations

Session 3: ATIGA

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Structure

- **Institutional mechanism of ASEAN**
- **ATIGA – salient features**
- **Trade with ASEAN members**
- **Logic and rationale for maintaining sensitive or exclusive list**
- **Stakeholders in Lao PDR**

INSTITUTION



AEC

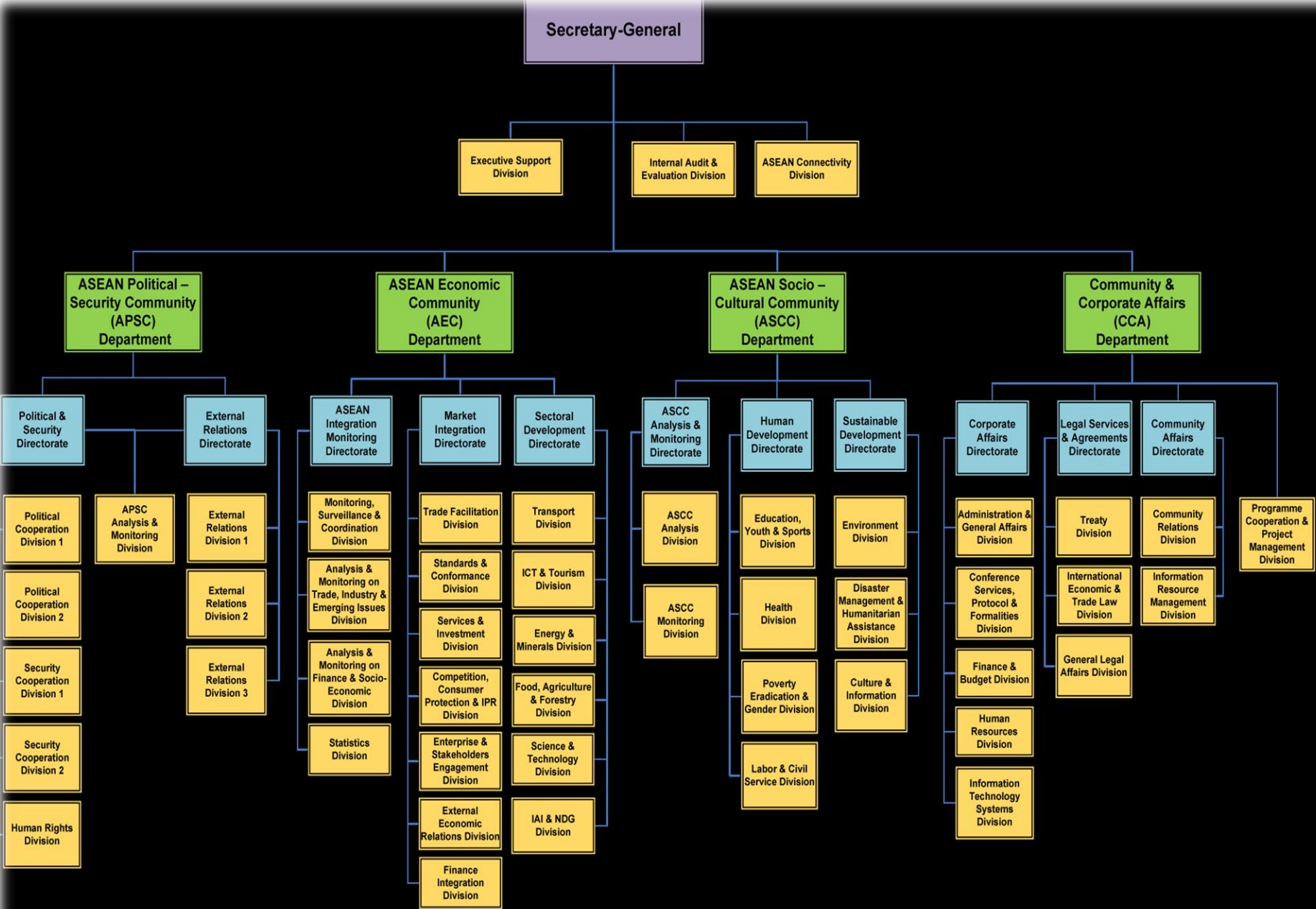
Free flows of goods

Free flows of services

Free flows of capital

Free flows of investment

Free flows of skilled labor



ASEAN

- **The goal of free flow of goods is a key element within the AEC's first pillar. The region has progressed significantly since the agreement to establish the ASEAN Free Trade Area (AFTA) was signed in 1992. Adoption of the AEC Blueprint in 2007 and the signing of the ASEAN Trade in Goods Agreement (ATIGA) in 2009 marked important milestones towards this goal.**

ATIGA

- **ASEAN Economic Ministers (AEM)**
- **AEM is supported by SEOM**
- **Coordinating Committee on the implementation of ATIGA (CCA)**
- **Technical bodies**
- **Committees**

ATIGA

AFTA (ASEAN Free Trade Area)

- **AFTA was initiated in 1992. It aims to enhance competitiveness of ASEAN as an important production base for global market through reduction of tariff and non-tariff barriers to trade.**
- **Goal:**
“Reduce tariffs for all imported products to 0-5% and eliminate non-tariff barriers for all products except products that affect moral, security and health of human, animals and plants. “

CEPT

- **The Common Effective Preferential Tariff Scheme (CEPT) set out the reciprocal tariff preferences to be provided by any two ASEAN members.**
- **In order to obtain tariff preferential (zero tariffs) with ASEAN, intra imported products must have local contents at least 40%**
- **Special and differential treatments are given to CLMV from six other ASEAN members by adopting ASEAN Integration System of Preferences (AISP) during CLMV transition period which is until December 31, 2009.**

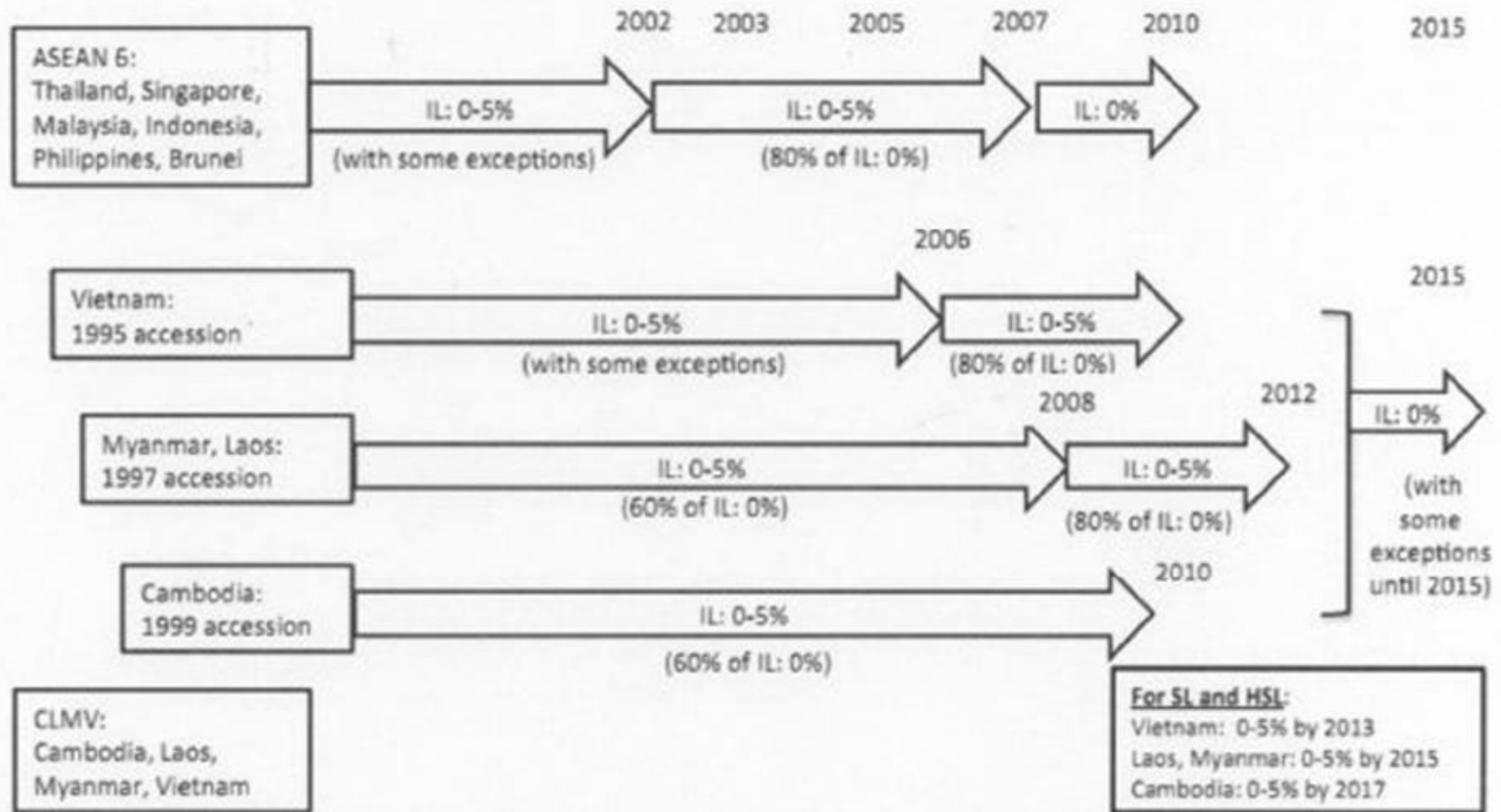
Tariff liberalisation

- **Fast Track:**
 - Tariffs on imported products were lowered to 0-5% within 2002
 - Rubber products, textiles, gems and jewelry, chemical products
- **Normal Track:**
 - Tariffs were reduced to 0-5% within 2007
- **Reciprocity principle**

Tariff liberalisation (2)

- In 2003, the Protocol to Amend the Agreement on CEPT-AFTA for the Elimination of Import Duties was adopted to push integration forward.
- Tariff lines in the Inclusion List (IL) were to be eliminated by 1 January 2010 for the ASEAN-6 (i.e. Brunei Darussalam, Indonesia, Malaysia, the Philippines, Thailand and Singapore) and by 1 January 2015 for the CLMV (i.e. Cambodia, Lao PDR, Myanmar and Viet Nam), with flexibility for some sensitive products for the CLMV by 1 January 2018.
- This timeline does not apply to products on the Sensitive List (SL) and Highly Sensitive List (HSL), which will be liberalised instead in accordance with the provisions of the Protocol

Tariff Schedule under the AFTA-CEPT



Note: IL = Inclusion List; SL = Sensitive List; and HSL = Highly Sensitive List

Source: Ngov (2011)

ATIGA

- **Introduced during the 21st AFTA Council meeting in the Philippines in August 2007**
 - **Need to improve and augment the CEPT scheme and to transform it into a comprehensive agreement**
 - **Tariff reduction alone is not enough to ensure the free flow of goods in the region**
 - **Need to address the issues of NTBs**
- **Signed in February 2009 at 14th Summit in Cha-Am Hua Hin, Thailand**

ATIGA (2)

- **Built on the AFTA-CEPT**
 - **CEPT focused on tariffs, but ATIGA contains broader and more specific provisions on RO, NTMs, trade facilitation, and SPS**
- **Emphasizes the importance of nurturing domestic economies**

Key provisions of ATIGA

- **Creation of an ASEAN Trade Repository and the ASEAN Single Window**
- **Tariff liberalization and removal of quantitative restrictions on importation**
- **Rules of Origin**
- **Non-tariff measures**
- **Sanitary and Phytosanitary Measures**
- **Trade facilitation**
- **Standards, technical regulations and conformity assessment procedures**
- **Trade remedy measure**
- **Special treatment of rice and sugar**

Creation of an ASEAN Trade Repository and the ASEAN Single Window

- **ATIGA provides for the creation of an ASEAN Trade Repository that will contain all information on trade as well as custom laws and procedures of all ASEAN members.**
- **It will promote trade by improving transparency as well as predictability in members' trade policy regimes.**
- **Trade info:**
 - **MFN tariff rates**
 - **NTMs**
 - **RO**
 - **custom laws, rules, procedures and documentary requirements**

Tariff liberalization and removal of quantitative restrictions on importation

- **Provides for the elimination of import duties on all products traded within ASEAN by 2010 for ASEAN 6.**
- **Provides for a longer tariff elimination schedule for CLMV**
 - » Up to 2015, with flexibility up to 2018
- **Priority Integration Sectors**
 - Textiles and clothing
 - Agro-processing
 - Rubber-based products
 - Automotive
 - Healthcare
 - Fisheries
 - Wood-based products

Non-tariff measures

- **ATIGA provides for elimination of non-tariff measures.**
- **Countries are required to review ASEAN's current database on non-tariff measures with the objective of elimination of NTMs.**

Country	Schedule of removal of NTMs (in three times)
Brunei Darussalam, Indonesia, Malaysia, Thailand and Singapore	1 January of 2008, 2009 and 2010
The Philippines	1 January of 2010, 2010 and 2012
Cambodia, Laos, Myanmar and Vietnam	1 January of 2013, 2014 and 2015

Trade remedy measure

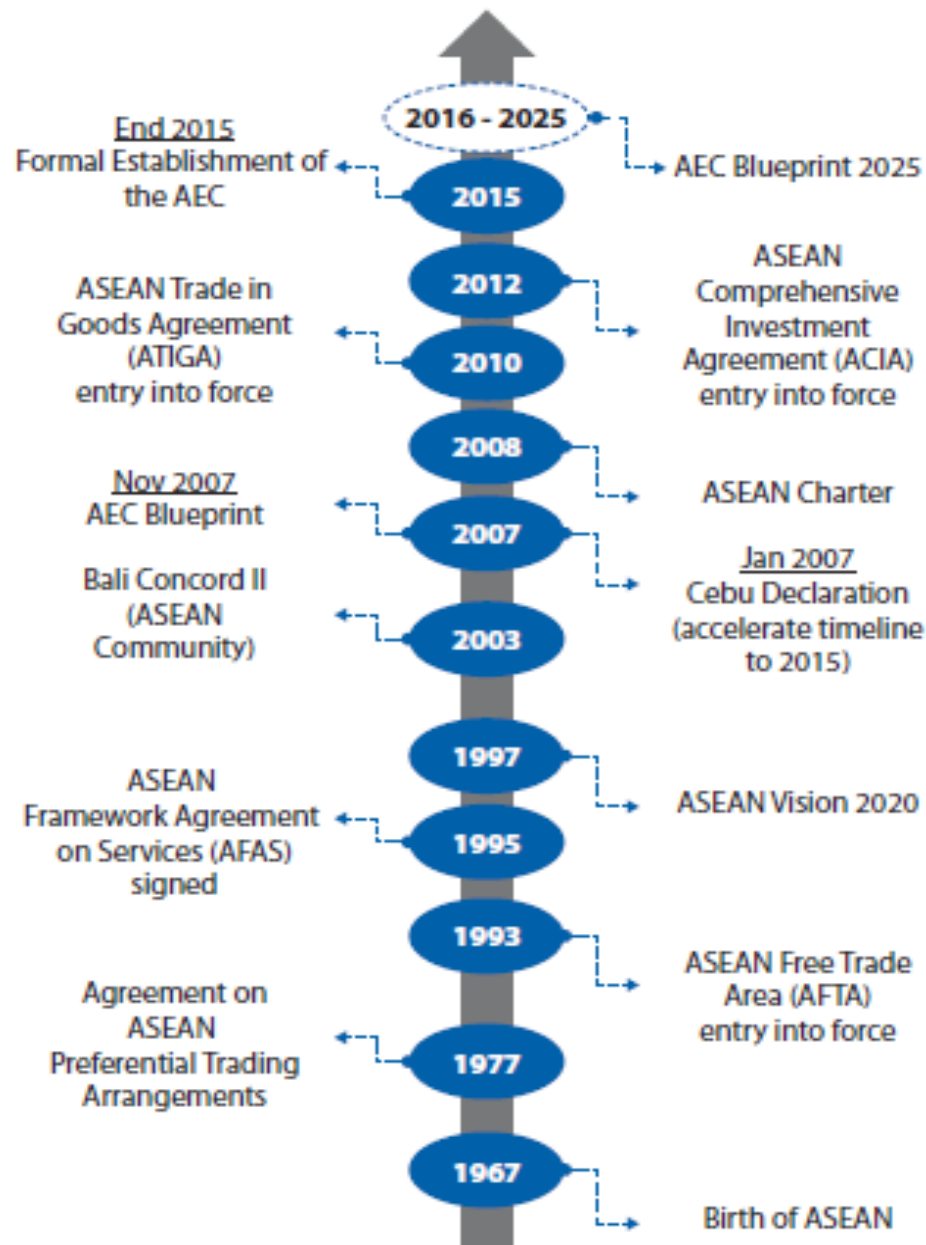
- **The agreement retains the trade remedy measures prescribed in the various relevant agreements in WTO.**
- **It maintains members' rights to use the safeguard measures as well as the use of anti-dumping and countervailing duties provided in GATT.**

Special treatment of rice and sugar

- **Rice and sugar are highly sensitive products in many ASEAN members.**
- **A member may request for a waiver for the implementation of the liberalization schedule for any of these two commodities.**
 - **Philippines has issued a request to waive the removal of quantitative restrictions on rice, and its replacement with low tariffs. The country is allowed to maintain quantitative restriction on rice until 2012.**
- **There is a need for consultation among members**

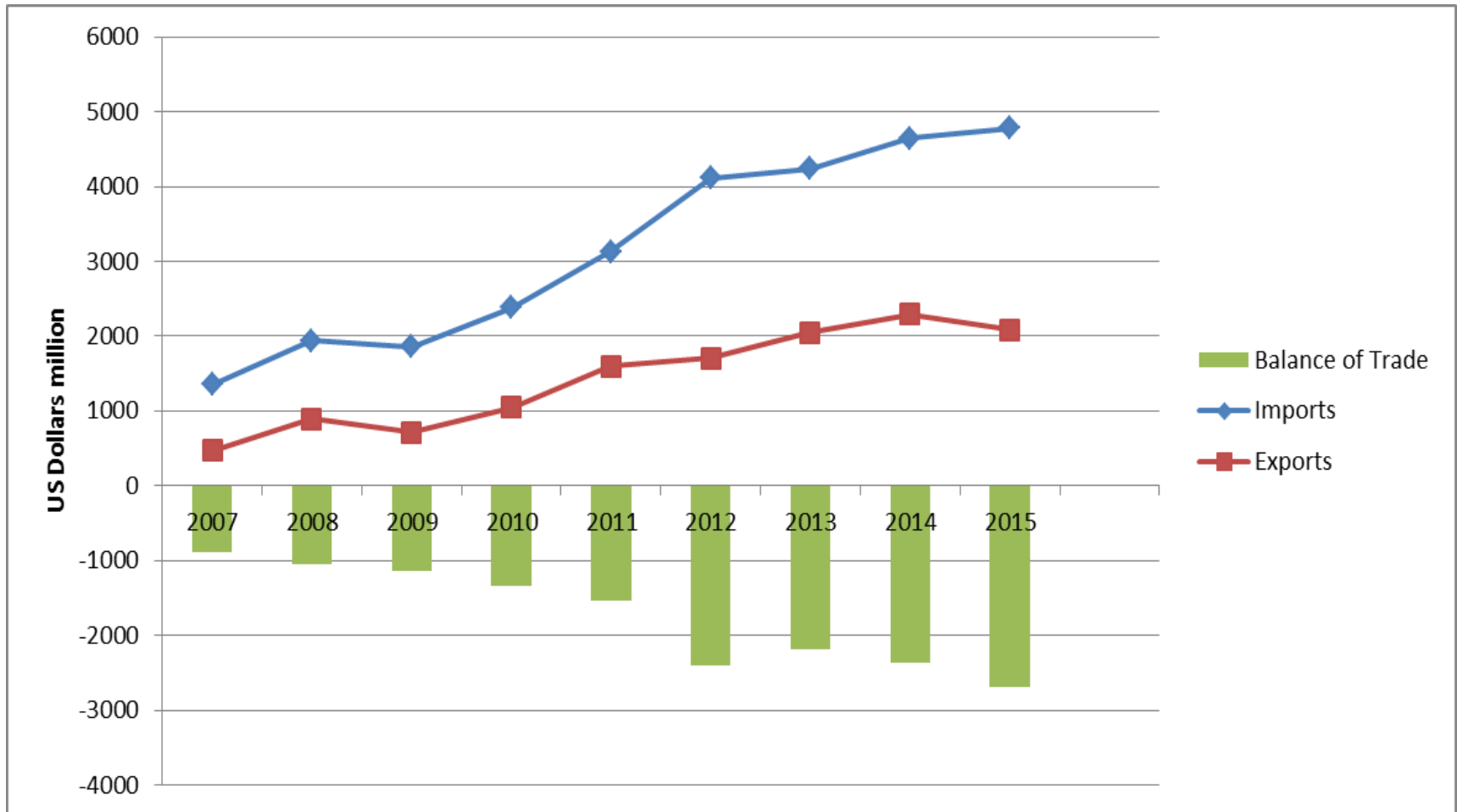
- The AEC Blueprint, signed in 2007 in Singapore by the Leaders of all 10 AMS, reaffirms the goal of regional economic integration declared at the Bali Summit in October 2003. The Blueprint carries into operation ASEAN's vision for developing the economic community. The AEC's remit is broad and multi-faceted, spanning a large spectrum of policy themes within four pillars, each with layers of strategic policies and varying implementation timelines.
- The four pillars of the AEC comprise:
 - (i) A Single Market and Production Base;
 - (ii) A Competitive Economic Region;
 - (iii) Equitable Economic Development; and
 - (iv) ASEAN's Integration into the Global Economy. As broad and multidimensional as these are, the goals of the AEC have been met on many fronts.

AEC Milestones



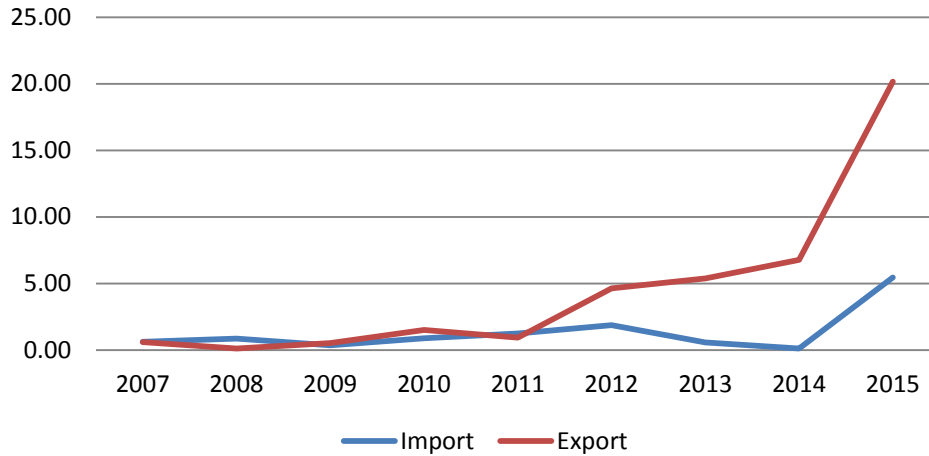
LAO PDR AND ASEAN

Trade with ASEAN

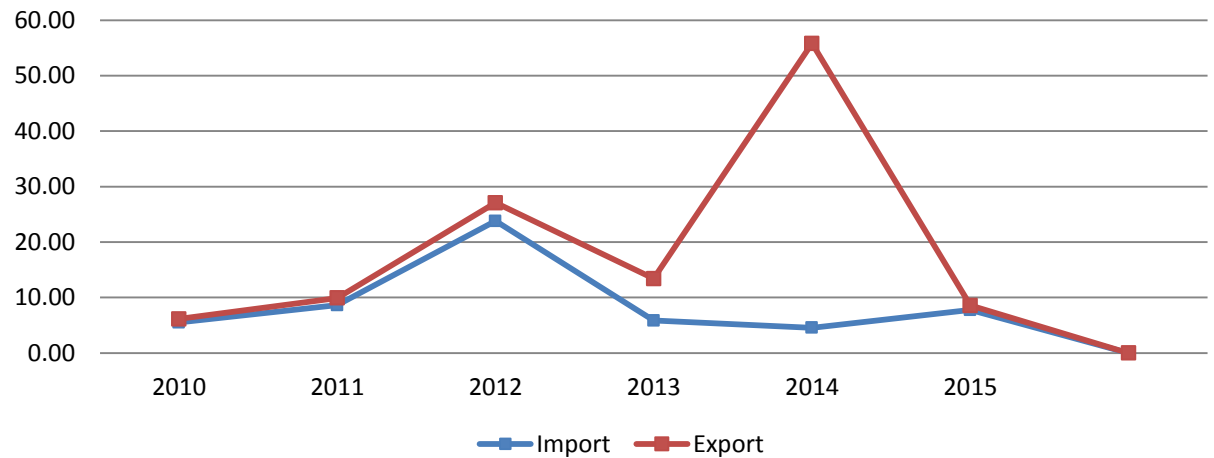


Trade with ASEAN (US \$ Million)

Cambodia

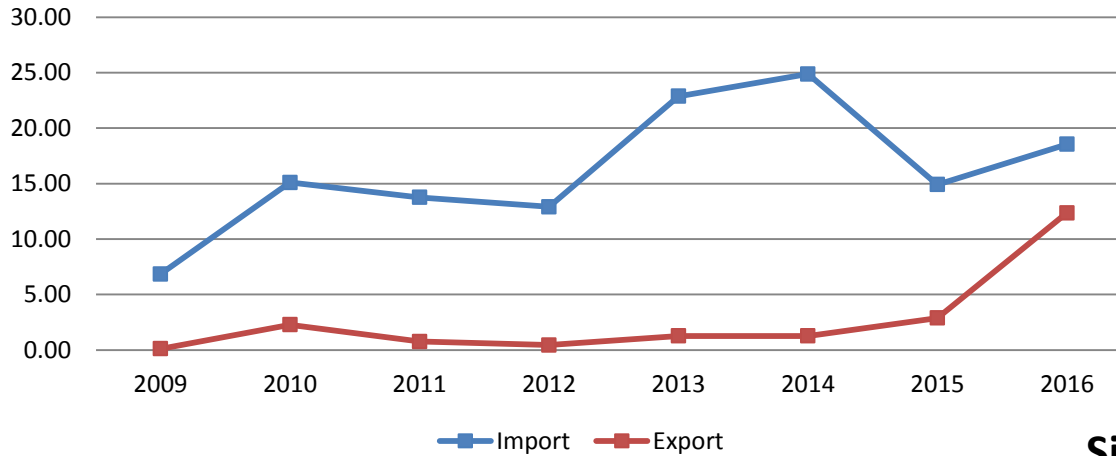


Indonesia

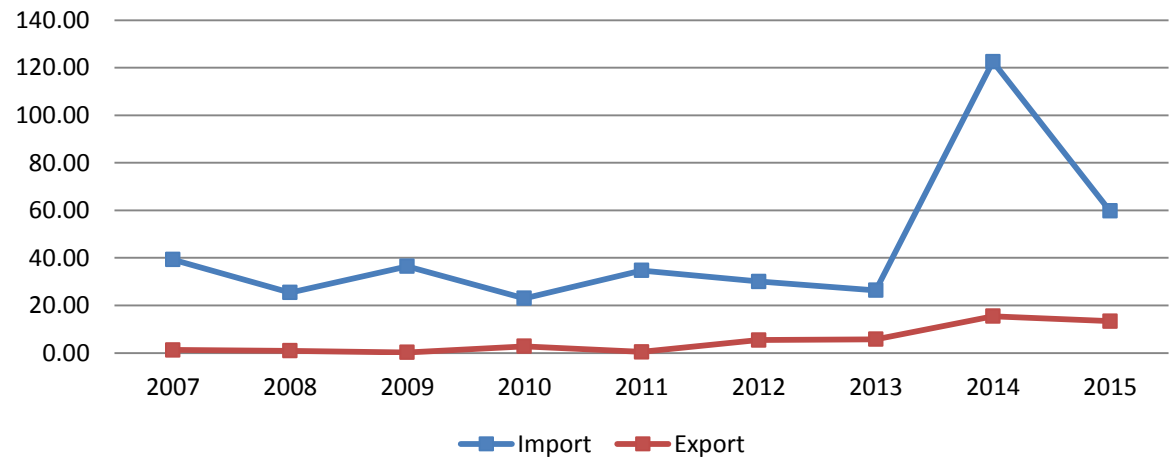


Trade with ASEAN(US \$ Million)

Malaysia

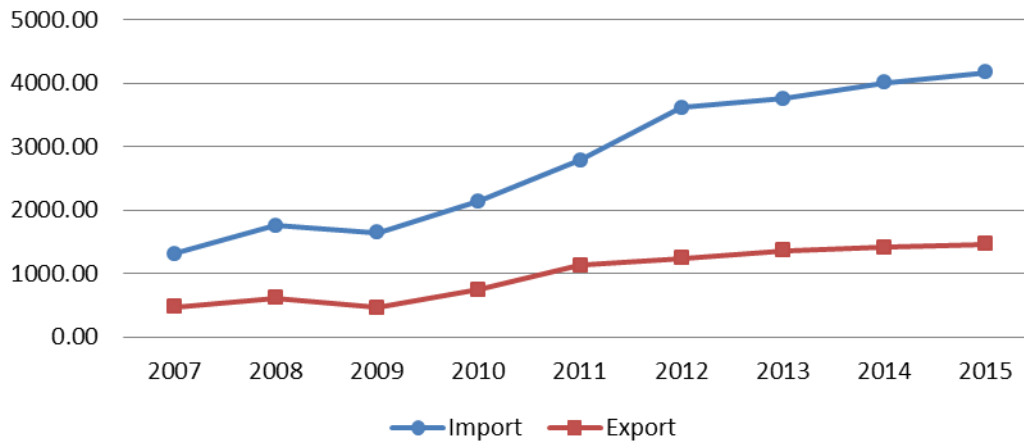


Singapore

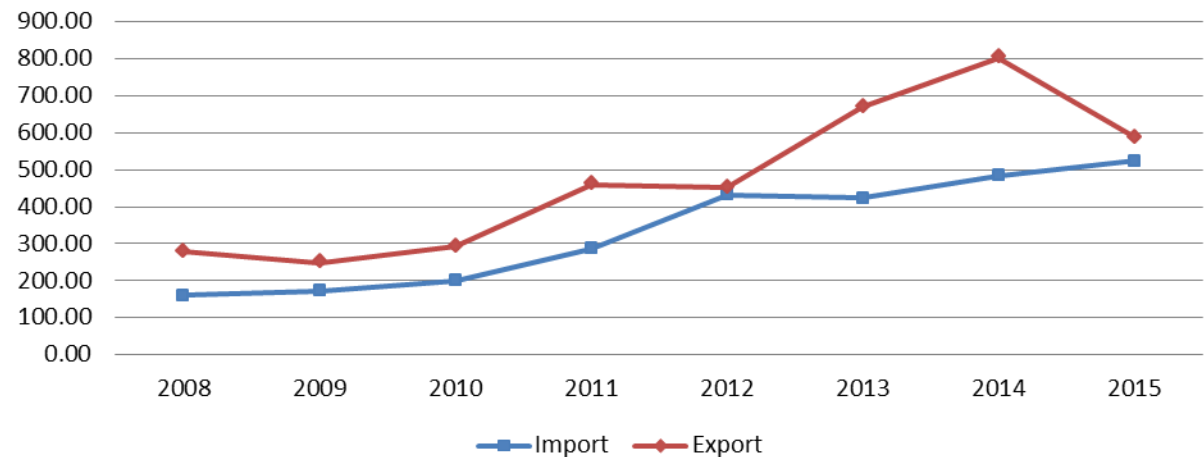


Trade with ASEAN(US \$ Million)

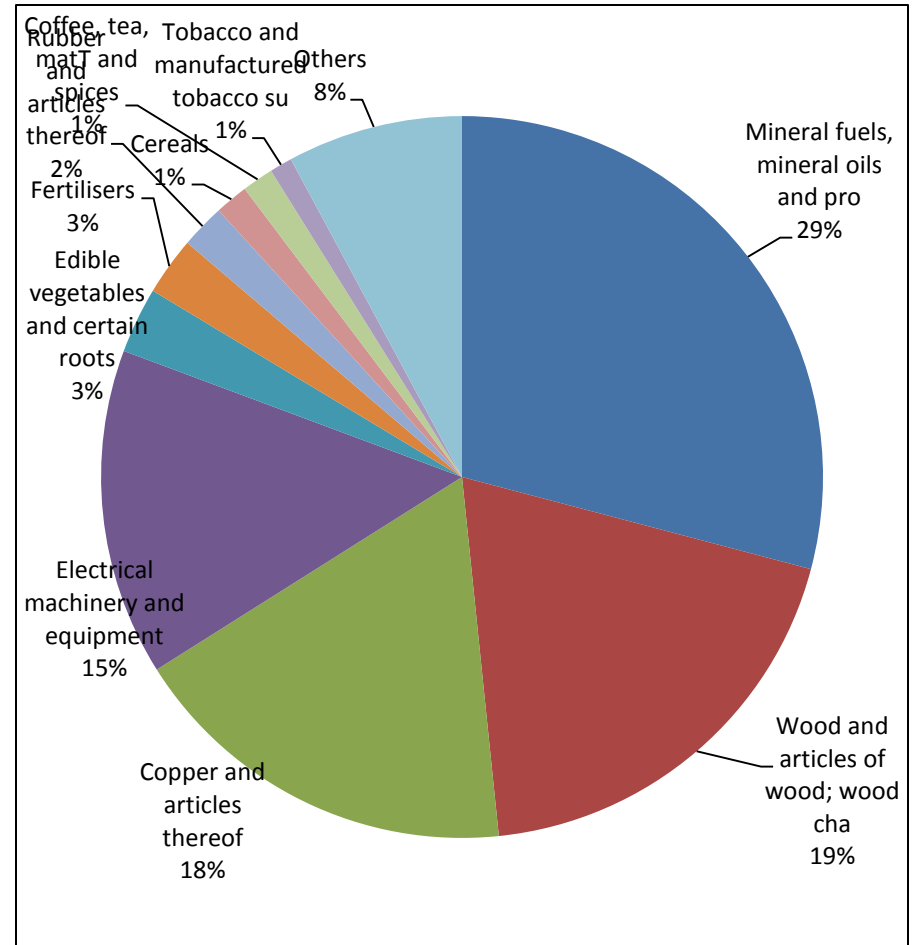
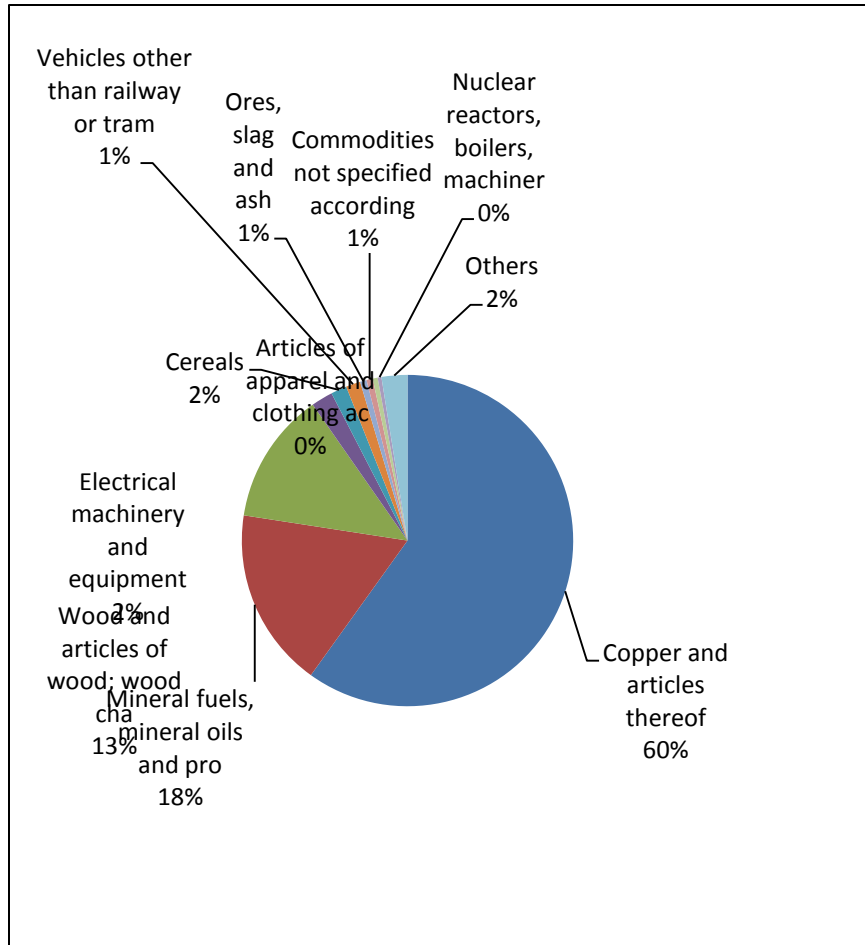
Thailand



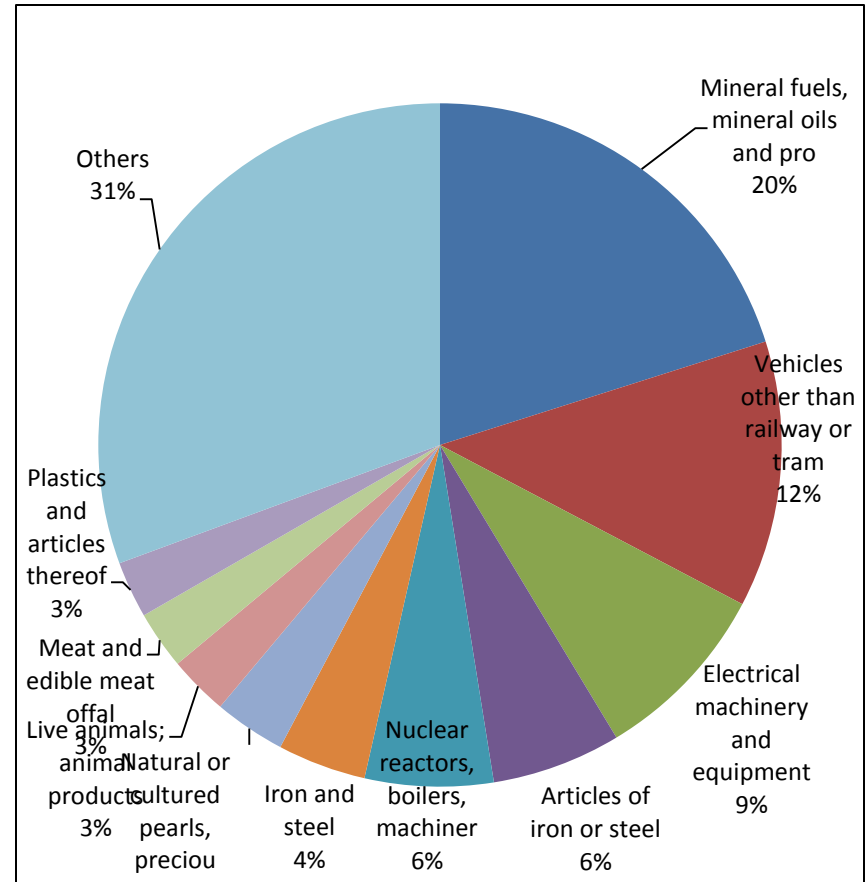
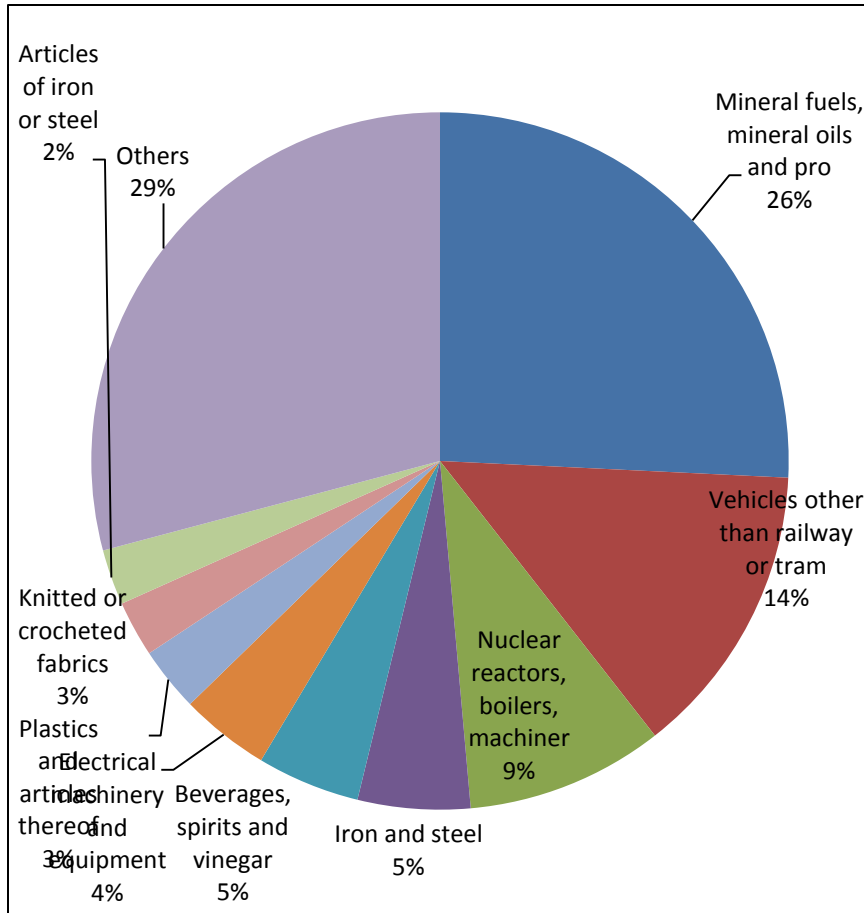
Viet Nam



Exports to ASEAN (2007 and 2015)



Imports from ASEAN (2007 and 2015)



Discussions

- **What benefit Lao PDR gets by being a member of ASEAN?**
- **How has Lao PDR benefitted from ATIGA?**
- **What needs to be done for product diversification and enhanced trade?**

Lao's imports in Flexibility and HSL (US \$ '000)

	58 items from ASEAN	7% duty items imports from ASEAN (378 items)	total imports from ASEAN	58 items total trade in ASEAN / total import in AESAN	7% duty items imports from ASEAN/ total import in AESAN
2013	8661.824	1480980.1	4236278.015	0.20%	35.0%
2014	3243.564	1498882.413	4648332.852	0.07%	32.2%
2015	28704.278	1381140.252	4774921.978	0.60%	28.9%
	58 items from World	7% duty items imports from ASEAN	total imports from World	58 items total trade in World / total import in World	7% duty items imports from World/ total imports from World
2013	100107.414	1562133.361	6632892.974	1.51%	23.6%
2014	52553.9	1570598.753	7181046.815	0.73%	21.9%
2015	183746.557	1456924.907	6505985.994	2.82%	22.4%

Lao's imports in Flexibility and HSL (US \$ '000) (2)

	58 items imports from ASEAN / 58 items import from World	7% duty items imports from ASEAN / 58 items import from ASEAN
2013	8.65%	94.80%
2014	6.17%	95.43%
2015	15.62%	94.80%

Discussions

- **What is the reason for keeping items in exclusion list i.e. Sch – H?**
- **How effective is the Sch – H?**
- **What benefit Lao PDR gets by protecting these items?**
- **How about the flexibility items?**
- **What needs to be done for future liberalisation or protection?**

Thank You