

The Emerging Role of APTA in Forging Asia-Pacific Integration

Training on Trade Defence Measures and Other Trade Related Issues

Trade Training Institute, Yangon
4-5 September 2014

Trade and Investment Division

Presentation Structure

Part I

- **Overview of RTAs in Asia and the Pacific**

Presenter: *Joong-Wan Cho*, Chief, APTA Secretariat, TID/UNESCAP

Part II

- **Overview of APTA**

- **Role of APTA in Promoting Trade and Regional Integration – Potential Benefits for Myanmar**

- **Accession Procedure**

Presenter: *Joong-Wan Cho*, Chief, APTA Secretariat, TID/UNESCAP

Part III

- **Market Access: Results of the Fourth Round Concessions under APTA**

- **Recent Developments on Rules of Origin (RoO), Including APTA RoO**

Presenter: *Rajan Sudesh Ratna*, Economic Affairs Officer, TID/UNESCAP

Part I

Overview of RTAs in Asia and the Pacific

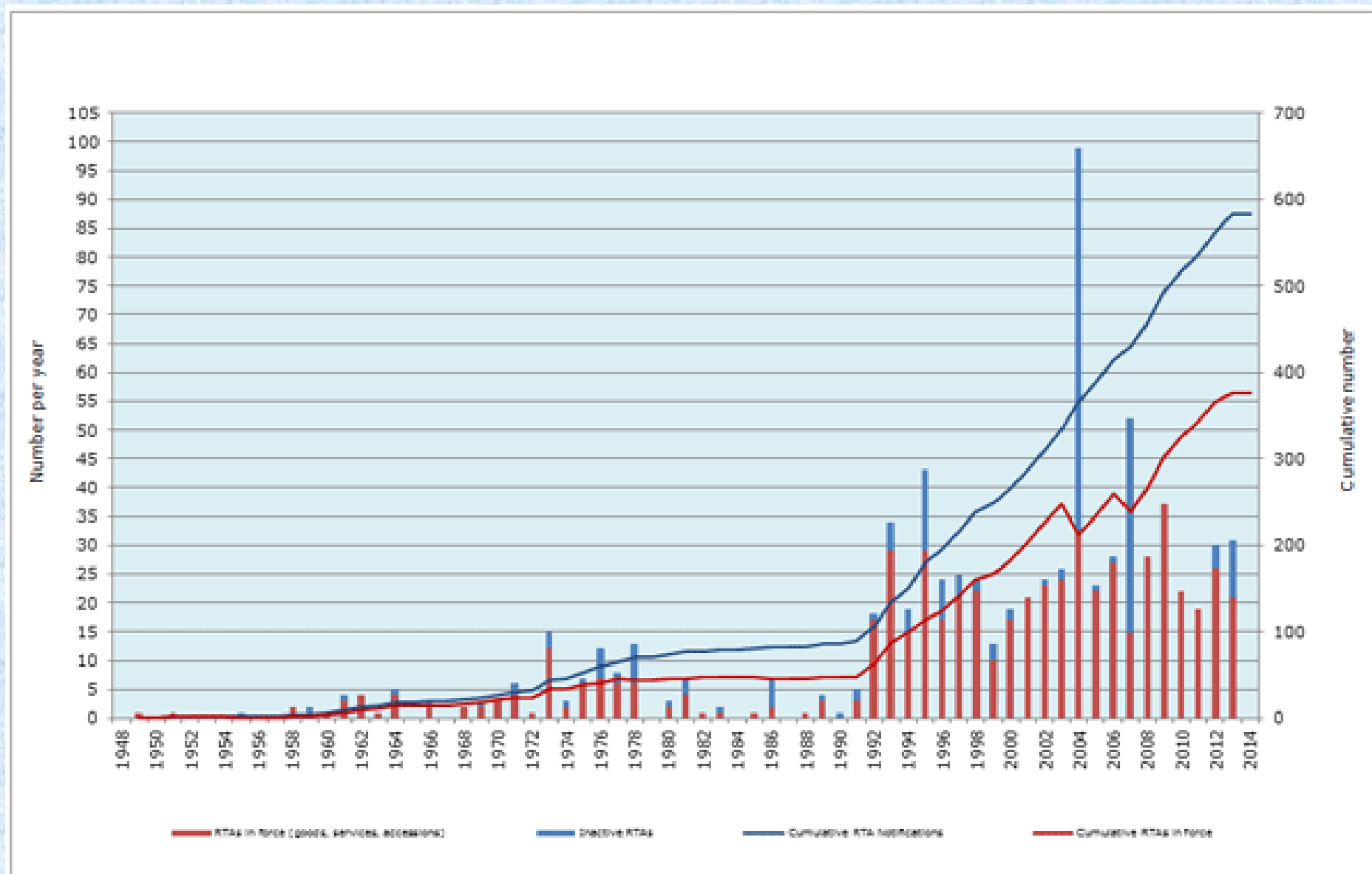
RTAs: Economic Rationale

- The provision for Regional Trade Agreements was built as exception to the WTO rule on Most Favored Nation; but now they are changing the global landscape.
- RTAs were seen as a ‘building block’– a stepping stone towards economic liberalization at multilateral level for:
 - A desire to obtain more secure, quick and preferential access to major markets.
 - Liberalising the economy with limited trade partners to test their waters.
 - Ultimately taking the multilateral route of economic liberalisation and thereby exposing firms and countries to seek efficiency through larger markets, increased competition, and access to foreign technologies and investment.

Benefits of RTAs

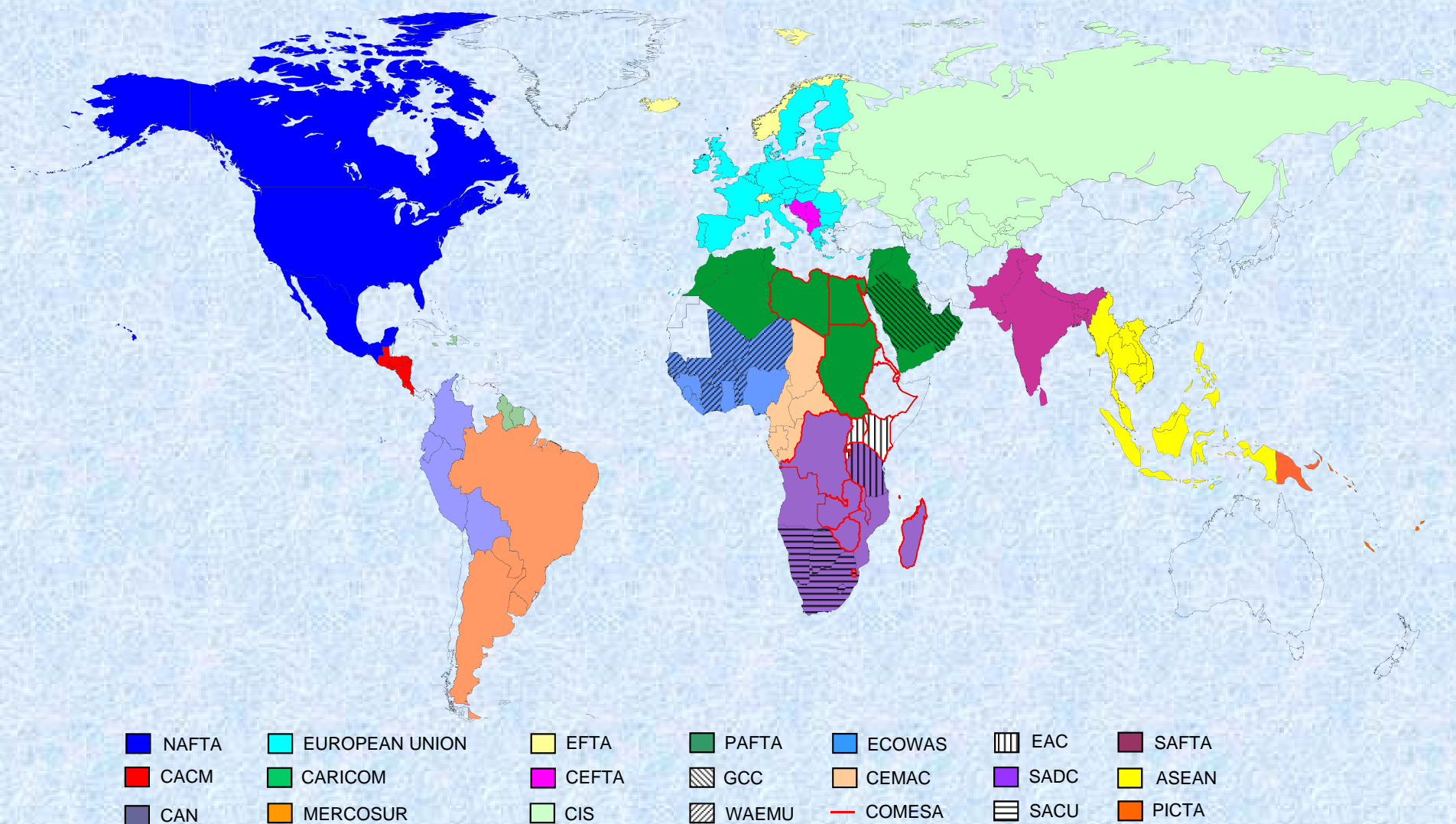
- Positive effects: bigger the membership in the RTA with deeper and wider commitments for integration.
- Indirect effects: economic and industrial restructuring; wider economic cooperation.
- Increased bargaining power in WTO and other forum, even though trade interests of all RTA members may not be the same.
- Benefits for LDCs, Small Island countries; Land-locked countries for trading with neighboring countries.
- Forge political alliances under the present geo-political situation.

RTAs notified to GATT/WTO (1948~2014)

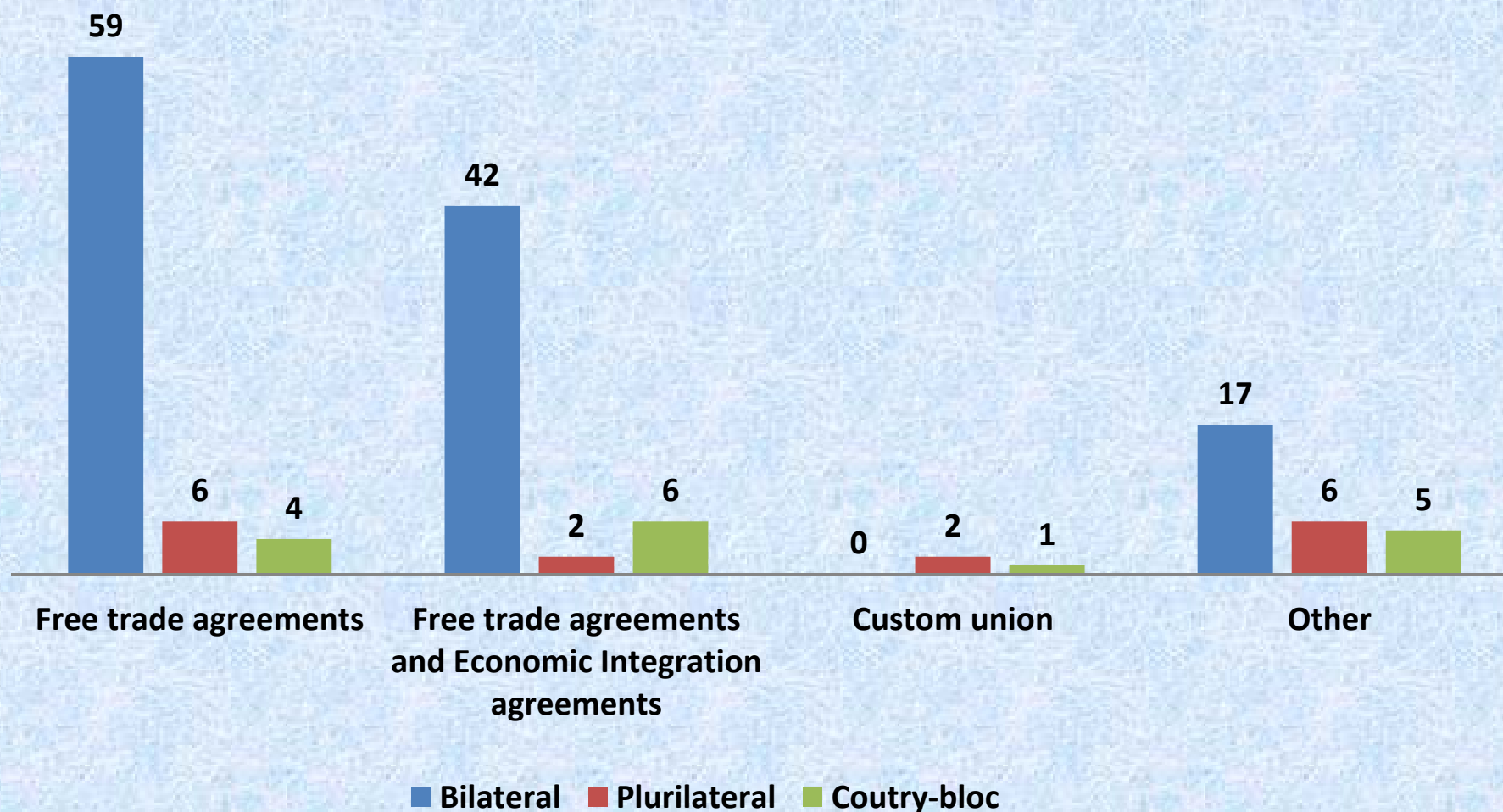


Source: WTO Secretariat.

Global RTA Landscape

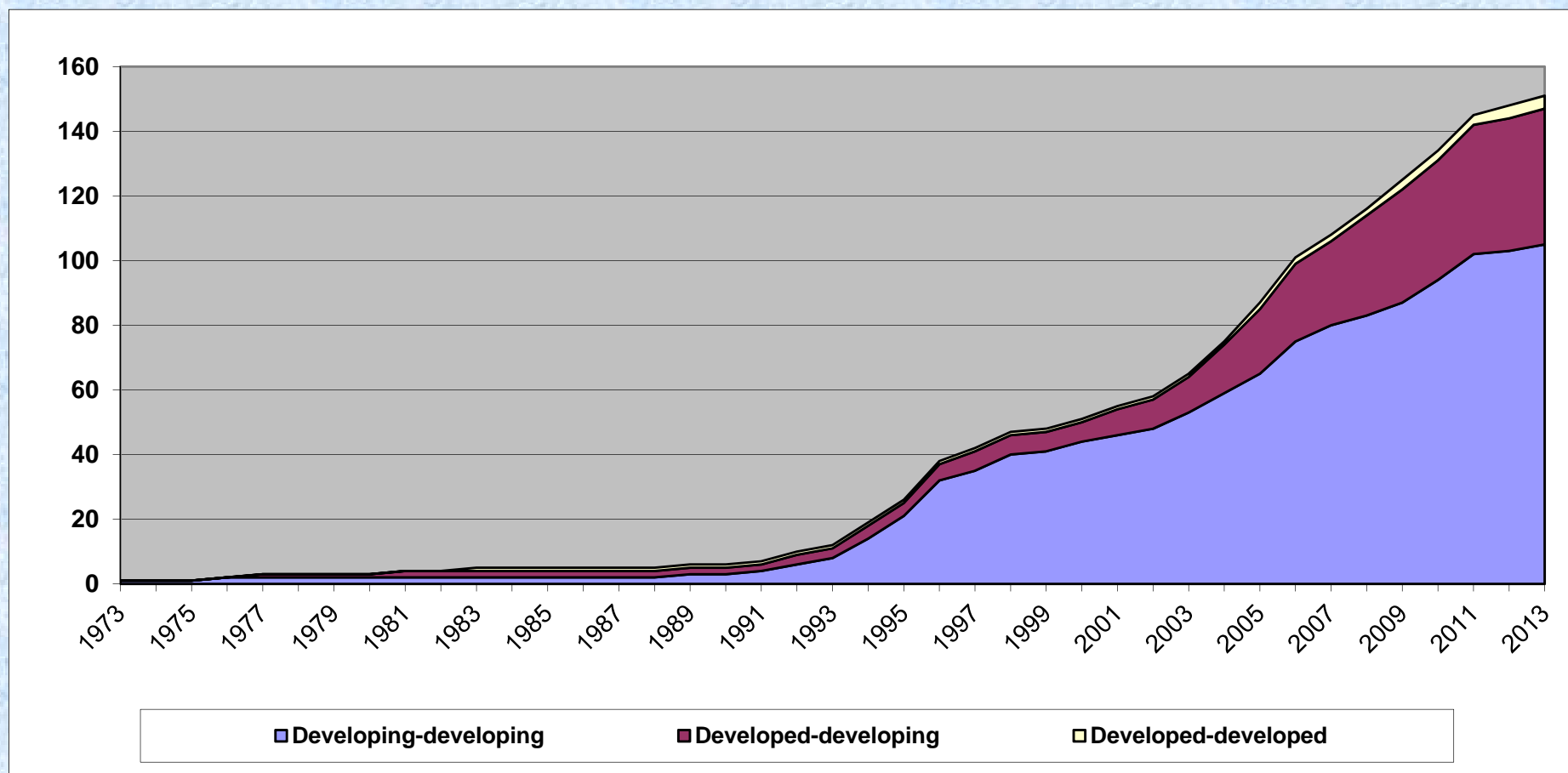


RTAs in Asia and the Pacific



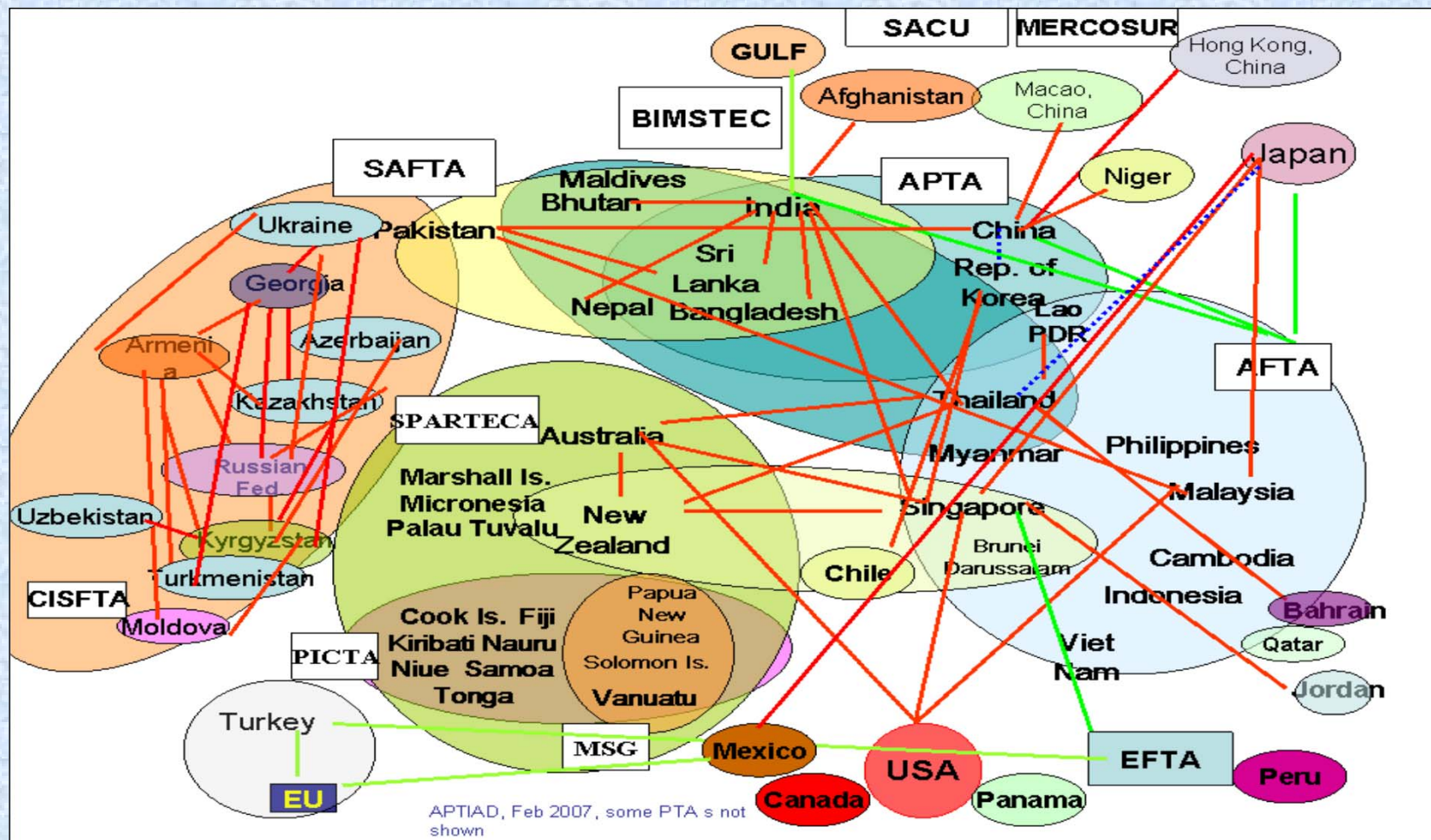
Source: APTIR (2013) - based on data from APTIAD.

Asia and the Pacific: Cumulative RTAs (1973-2013)



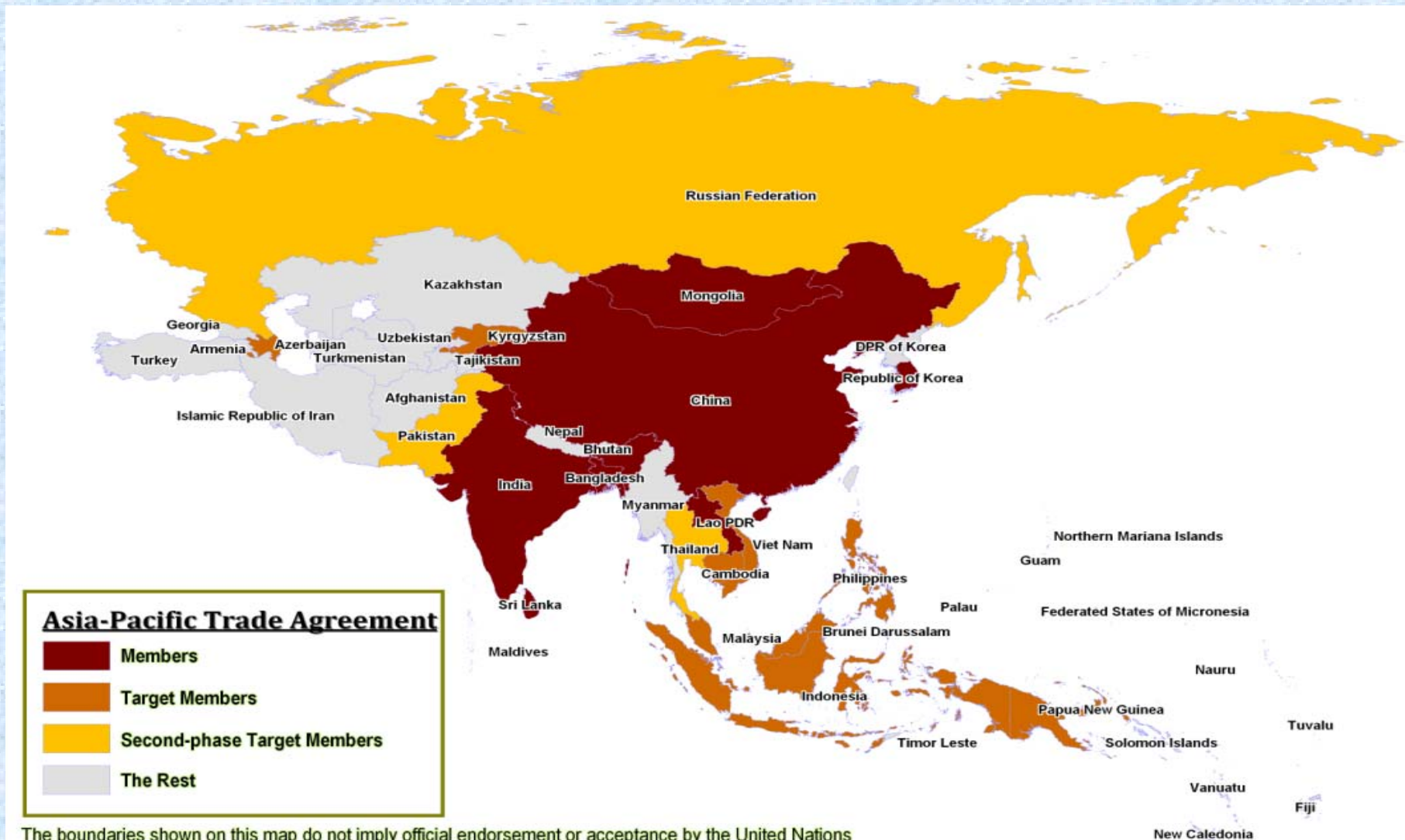
Source: ESCAP calculation, based on data from Asia-Pacific Trade and Investment Database (APTIAD).

Asia-Pacific Spaghetti Bowl

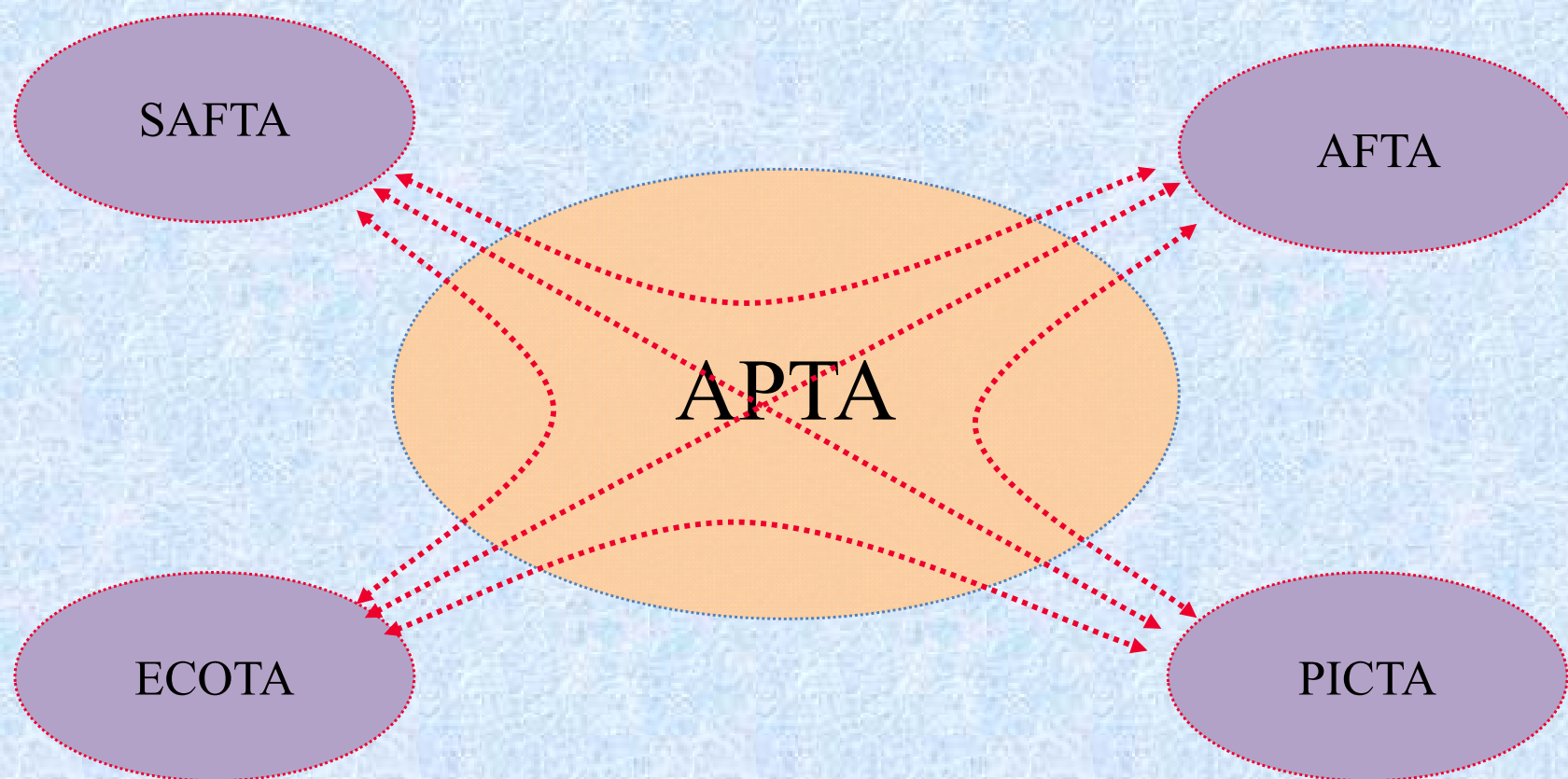


Source: ESCAP calculation, based on data from APTIAD.

Is consolidation of RTAs Possible?



APTA: Bridge to other RTAs



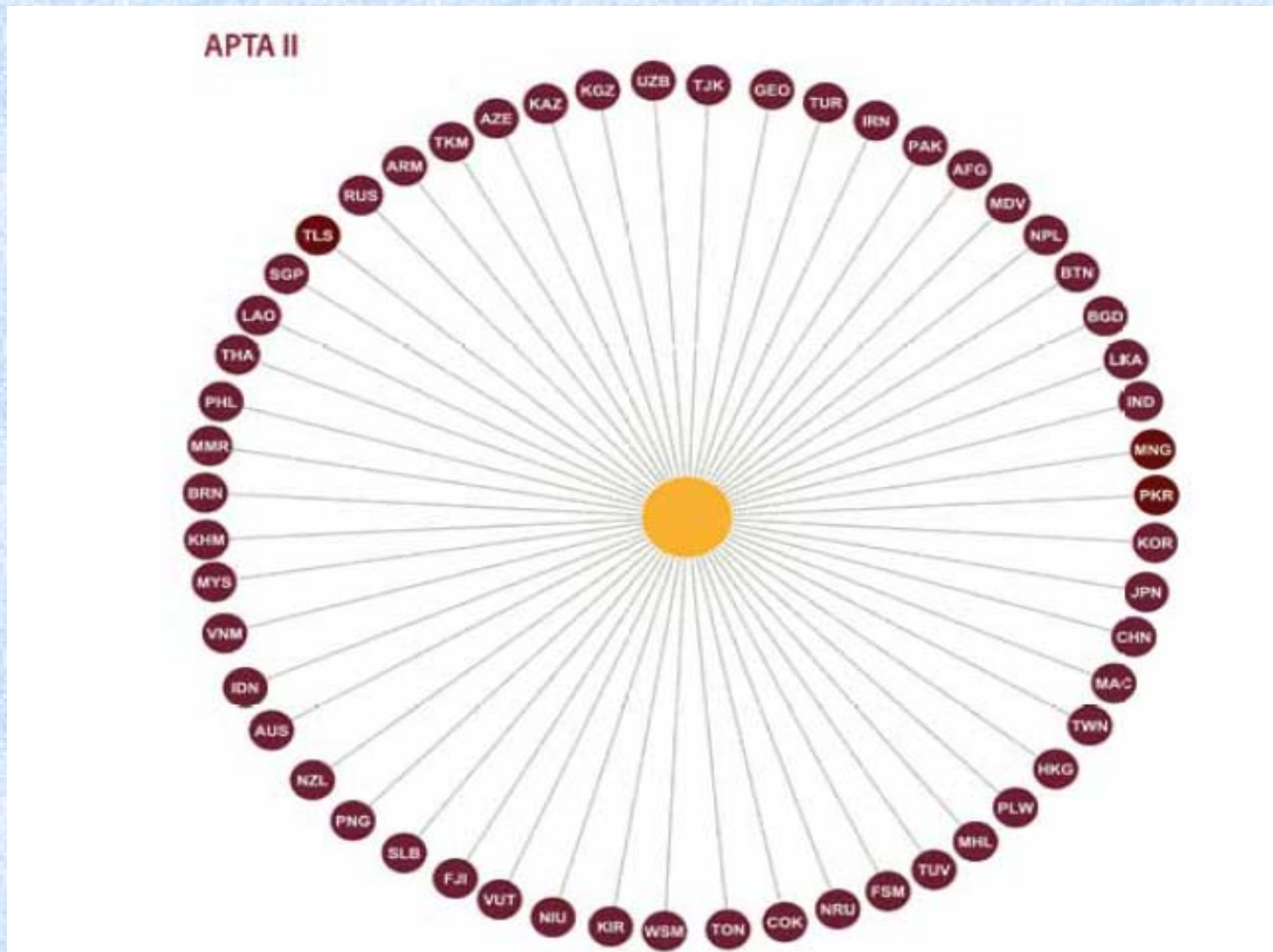
AFTA: ASEAN Free Trade Area (Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Viet Nam)

SAFTA: South Asian Free Trade Area (Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka, Bangladesh, Afghanistan)

ECOTA: Economic Cooperation Organization Trade Agreement (Afghanistan, Azerbaijan, Iran, Kazakhstan, Pakistan, Tajikistan, Turkey, Turkmenistan, Uzbekistan, Kyrgyzstan)

PICTA: Pacific Islands Countries Trade Agreement (Cook Island, Fiji, Kiribati, Nauru, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga, Vanuatu)

Consolidation of RTAs in Asia-Pacific



Source: *Growing Together*, ESCAP, 2012

Part II

- **Overview of APTA : History**
- **Role of APTA in Promoting Trade and Regional Integration – Potential Benefits for Myanmar**
- **APTA : Accession Procedure**

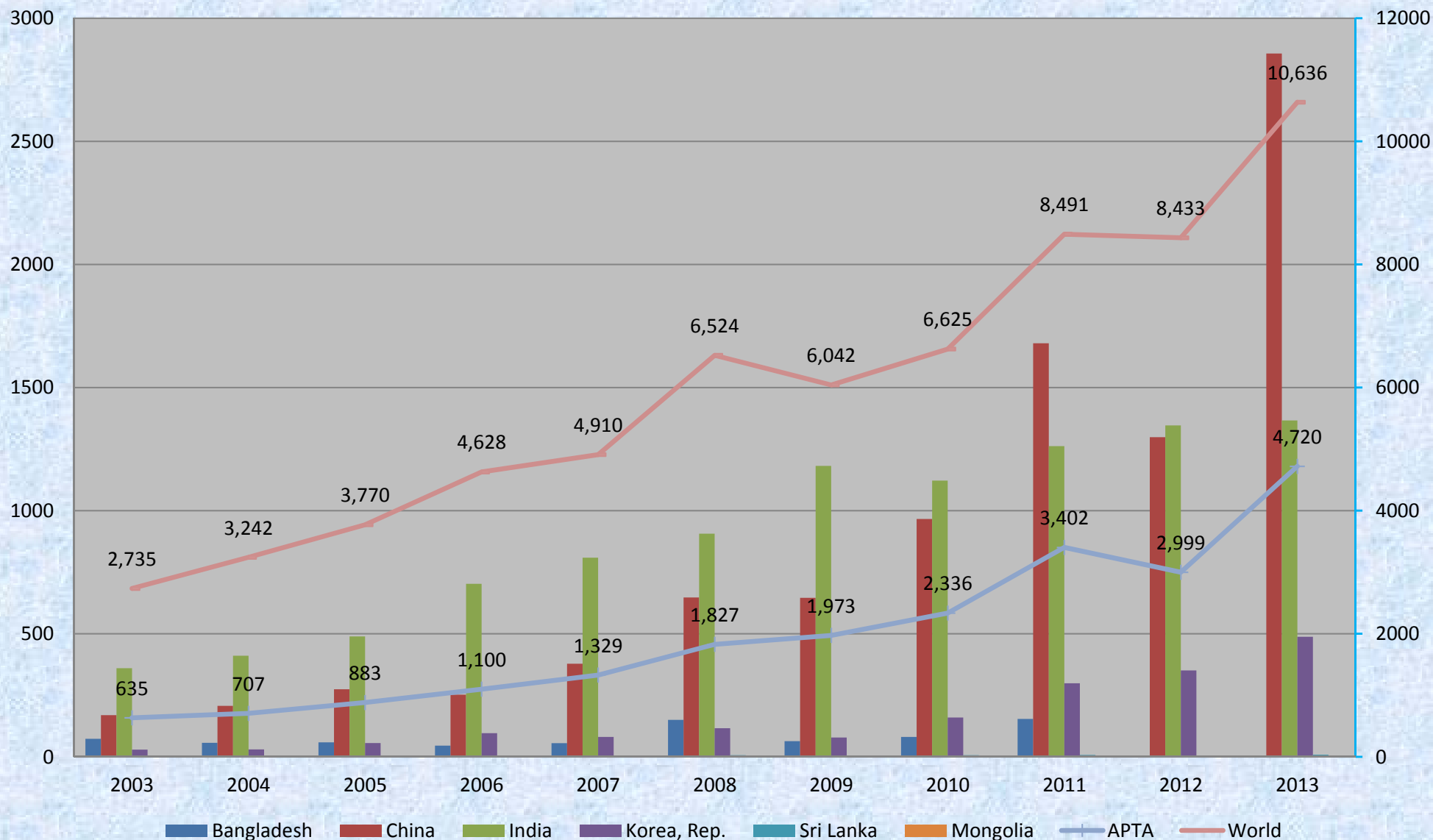
Overview of APTA : History

- The oldest preferential trade agreement among developing countries in the Asia- Pacific.
(Predecessor: *The Bangkok Agreement*), signed in 1975.
- China joined in 2001, providing fresh momentum.
- Renamed as the Asia-Pacific Trade Agreement (APTA) in 2005.
- Current members include Bangladesh, China, India, Lao PDR, Republic of Korea and Sri Lanka. Mongolia will become the 7th member of APTA during the fourth (4th) session of APTA Ministerial Council scheduled for last quarter of 2014.

Overview of APTA: History (Cont'd)

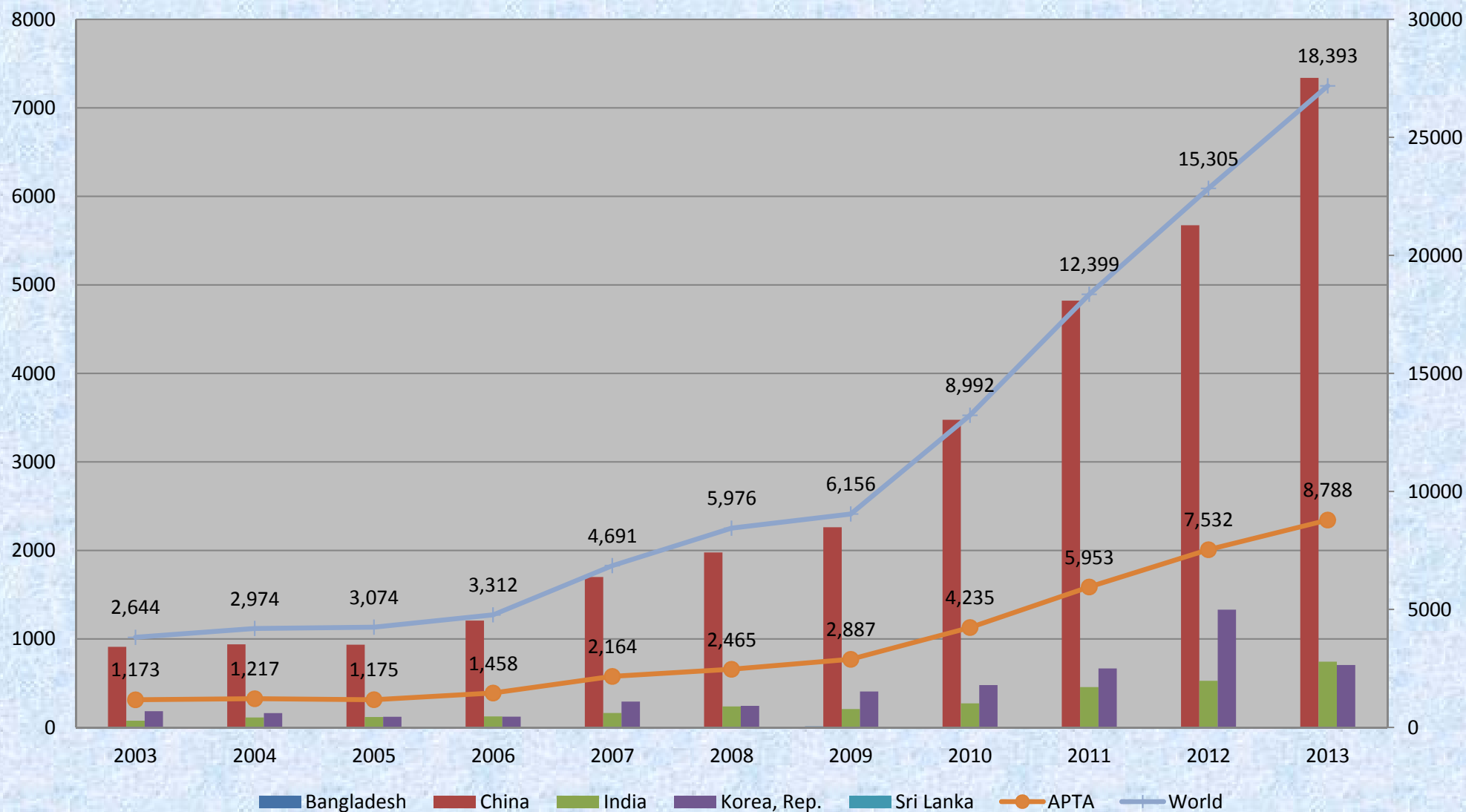
- ❑ Other important features of APTA include:
 - i) The only operational RTA linking China and India, two locomotives of economic growth with a consumer base of 2.6 billion people. Both showed higher growth in imports from Asia-Pacific during the recent global economic crisis;
 - ii) Special and differential treatment for LDC members;
 - iii) No membership fee, open to all UNESCAP developing member countries.

Myanmar Export 2003~2013 (million USD)



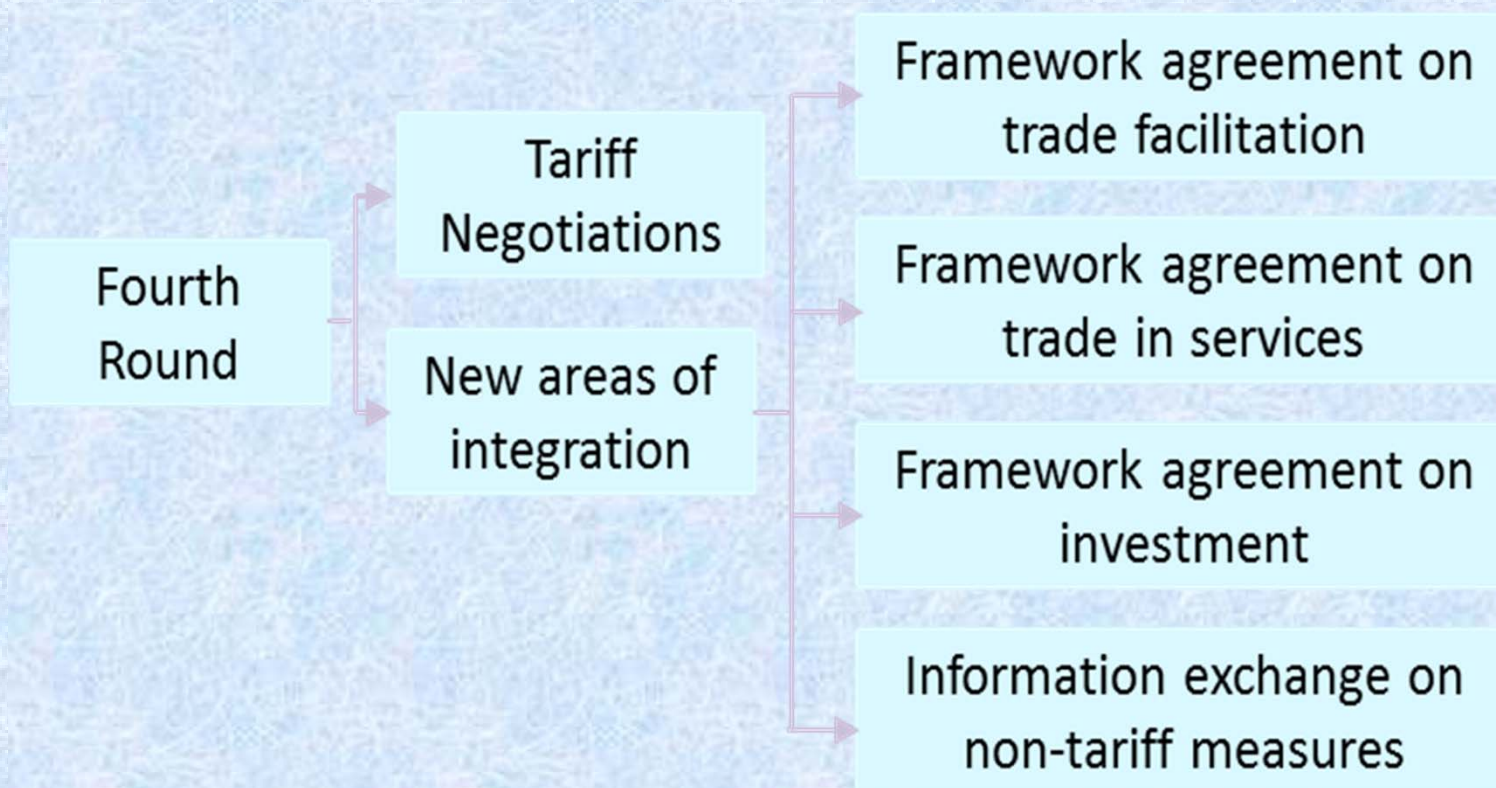
Source: ESCAP calculation, based on UN Comtrade data downloaded from WITS database and APTIAD

Myanmar Import 2003~2013 (million USD)



Source: ESCAP calculation, based on UN Comtrade data downloaded from WITS database and APTIAD

APTA : New Areas of Cooperation



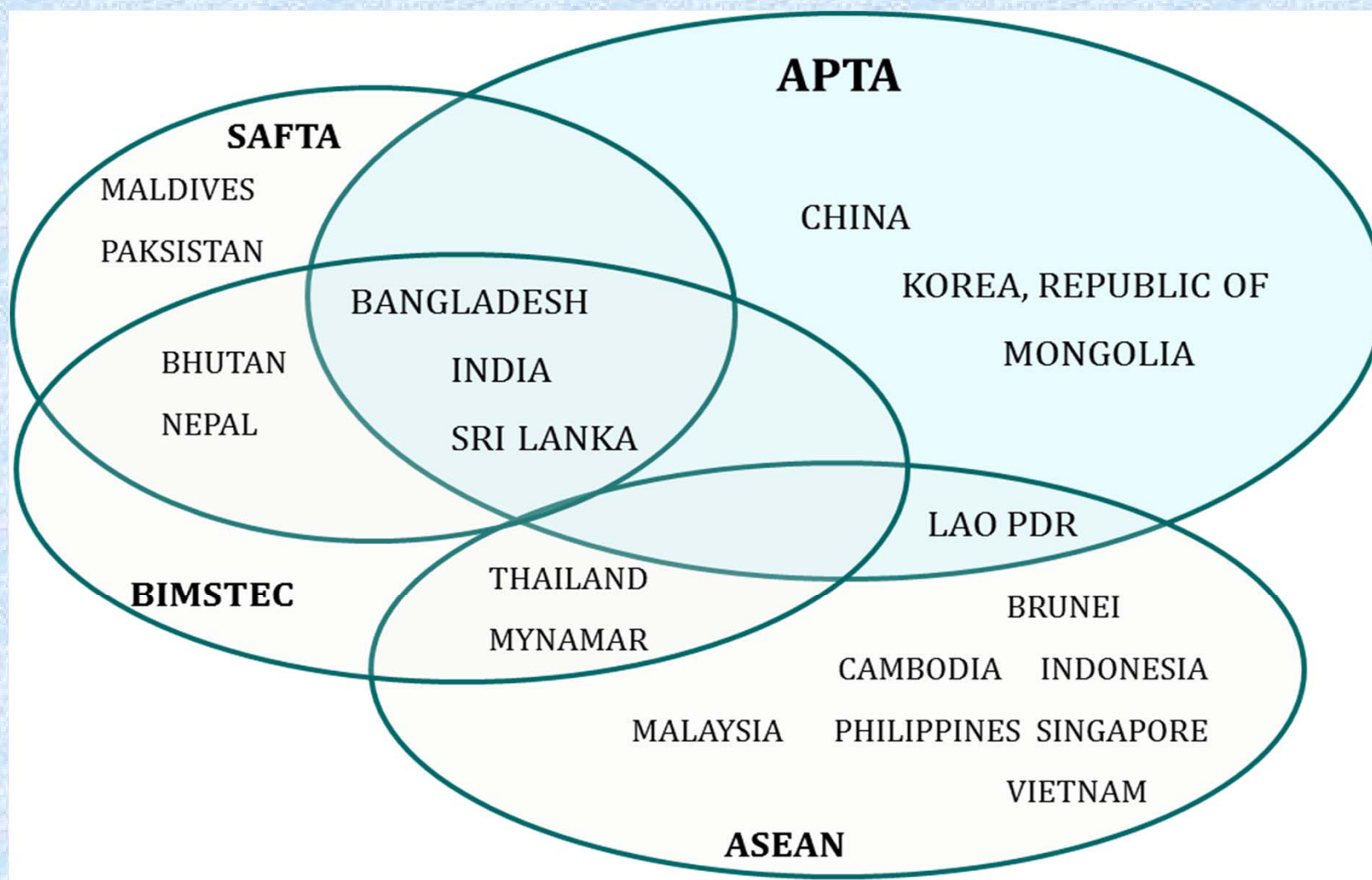
The Role of APTA in Promoting Trade and Regional Integration

- The only truly region-wide trading arrangement;**
- Open membership with huge market potential;**
- Bridge to other RTAs;**
- Simple and operational;**
- WTO consistent;**
- New momentum since the Goa meeting in 2007; the recent conclusion of the 4th Round; and ratification of the APTA Framework Agreements on TF, Investment, and Services Trade, respectively.**



Big Potential for Economic Integration in Asia-Pacific

APTA: Bridge to other RTAs



RTAs/FTAs of APTA Member Countries

Country	PTAs/Bilateral FTAs	Signed	Entered into Force
Bangladesh	APTA	1975	1976
	GSTD	1988	1989
	SAFTA	2004	2006
China	APTA	2001	2001
	ASEAN	2004	2005
	CHILE	2005	2006
	COSTA RICA	2010	2011
	HONG KONG, China	2003	2003
	MACAO, China	2003	2003
	NEW ZEALAND	2008	2008
	PAKISTAN	2006	2007
	PERU	2008	2009
	THAILAND	2003	2003
India	APTA	1975	1976
	ASEAN	2009	2010
	GSTD	1988	1989
	SAFTA	2004	2006
	PTN	1971	1973
	AFGHANISTAN	2003	2003
	BHUTAN	2006	2006
	CHILE	2006	2007
	JAPAN	2011	2011
	Rep. of KOREA	2009	2010
	MALAYSIA	2011	2011
	MERCOSUR	2004	2009
	NEPAL	2009	2009
	SINGAPORE	2005	2005
	SRI LANKA	1998	2001

RTAs/FTAs of APTA Member Countries (cont'd)

Country	Partner	Signed	Entered into Force
Republic of Korea	APTA	1975	1976
	ASEAN	2006	2010
	GSTD	1988	1989
	PTN	1971	1973
	CHILE	2003	2004
	EFTA	2005	2006
	EU	2010	2011
	PERU	2011	2011
	SINGAPORE	2005	2006
	TURKEY	2012	2013
	US	2007	2012
Laos	APTA	1975	1976
	ASEAN	1992	1992
	ASEAN-AUSTRALIA-NEW ZEALAND	2009	2010
	THAILAND	1991	1991
	US	2003	2005
Sri Lanka	APTA	1975	1976
	GSTD	1988	1989
	SAFTA	2004	2006
Mongolia	APTA	2014	2014

Technical Assistance under APTA

UNESCAP/APTA Secretariat provides technical assistance to the countries desiring to accede to APTA through:

- i) Providing assistance to and commissioning research studies;
- ii) Organizing capacity building programs;
- iii) Support member countries in preparing their national concession list;
- iv) Assist in organizing national/subregional workshops.

APTA : Accession Procedure

The applicant country notifies the Executive Secretary of UNESCAP of its intention to accede to the Agreement.



ES informs the applicant country's intention for accession to the APTA members, and the APTA Secretariat prepares a negotiation programme for the members' approval.



Bilateral negotiations



Multilateralization of agreed concessions



The Agreement comes into force for a newly acceded country on the date it deposits the corresponding instrument of accession accompanied by the National List of Concessions and the related administrative notification (e.g., Government notification such as a customs notification) to the Executive Secretary of UNESCAP.

Part III

- **Market Access: Results of the Fourth Round Concessions under APTA**
- **Recent Developments on Rules of Origin (RoO), including the APTA RoO**

Market Access: Results of the Fourth Round Concessions under APTA

Results of the Fourth Round: Deeping and Widening of Concessions

	Before 4th Round	After 4th Round
of products under concession	4,270 (587)	10,548 (1,151)
MoP (%)	26.8 (58.8)	31.7 (89.74)

Notes: (1) Numbers in the brackets indicate special concessions for the LDCs.

(2) Margin of Preference (MoP) is the percentage of applied MFN tariff to be exempted, estimated as a simple average of all the items under concession.

- The Fourth Round, launched in October 2007, led to tariff concessions over 10,000 items, compares to 4,270 items under the Third Round
- Scheduled in force by the Fourth Ministerial Council meeting, this Round widens the coverage of preference of total tariff lines for each member state and deepens the tariff concessions by at least 20-25 per cent of total intra-regional trade under APTA

Recent Developments on Rules of Origin: APTA

A. General Rule (agreed earlier):

- 45% for Developing Participating States
- 35% for Least Developed Participating States

B. Co-equal Rule (Agreed at 34th SC meeting – yet to implement):

- CTH + 35% for Developing Participating States
- LDCs: under discussion

C. Product Specific Rules: 1,057 items at 6 digit HS

Recent Developments on Rules of Origin:

APTA

A model of Multilateral RoOs dataset

HS 2007	Description	India			Lao PDR		RoOs		
		MFN (%)	MOP(4th, %)	MOP for LDC	MFN (%)	MOP(4th, %)	General RoO for developing PSs	General RoO for LDC PSs	PSR
1011010	-- Horses	30	40				45%	35%	
1011020	-- Asses	30	40				45%	35%	
1011090	-- Other	30	40				45%	35%	
1019010	-- Horses for polo	30	40				45%	35%	
1019020	-- Asses, Mules and hinnies livestock	30	40				45%	35%	
1019090	-- Other	30	40				45%	35%	
1021010	-- Bulls, adult	30	40				45%	35%	
1021020	-- Cows, adult	30	40				45%	35%	
1021030	-- Buffaloes, adult and calves	30	40				45%	35%	
1021090	-- Other	30	40				45%	35%	
1029010	-- Bulls, adult	30	40		10	35	45%	35%	
1029020	-- Buffaloes, adults and calves	30	40		10	35	45%	35%	
1029090	-- Other	30	40		10	35	45%	35%	

NOTES: (1) PSR: Product Specific Rules of Origin.

(2) Excluding Sri Lanka's concession list .

Recent Developments on Rules of Origin: APTA (cont'd)

A Model of NTMs Dataset

HS 2007	Description	China					
		SPS	objective	Doc link	TBT	objective	Doc link
4021000	Milk & cream in solid forms of $\leq 1.5\%$ fat	Announcement of the Regulation on Management of Sanitary Certificate of Import of Dairy Products The purpose of the notified regulation is to unified regulate the management of import of dairy products, and ensure the quality and safety of import of dairy products.	Animal health Food safety Human health Transmissible Spongiform Encephalopathy (TSE) Animal diseases Zoonosis	docs			
84342000	Dairy machinery				Circular of the State Tobacco Monopoly Administration on Modifying Requirement for Tar Limit in Cigarette Mainstream Smoke Labeled on Packages (1 page, in Chinese) It is decided that all cigarettes produced after 1 January 2011, with tar content in the mainstream of smoke labeled on packages of cigarettes more than 12mg/piece, are not allowed to be sold on the domestic market. This decision applies to imported cigarettes equally.	Food safety Human health	docs

NOTES: (1) SPS/TBT based on WTO I-TIP database.
(2) Under APTA 4th Round concession.

Thank You!



APTA official website:

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