



Trade Bottlenecks in GTR

- Perspectives from Korean businesses

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1. Current Trade Trends in NEA

- The volume of the intra-regional trade in NEA has steadily increased over past decade.
- However it has not reached to the expected level, considering the potentials the region has.
- The intra-regional trade needs to further expand, which requires actions from both the government and the businesses.

[Table 1] Intra-regional Trade in NEA

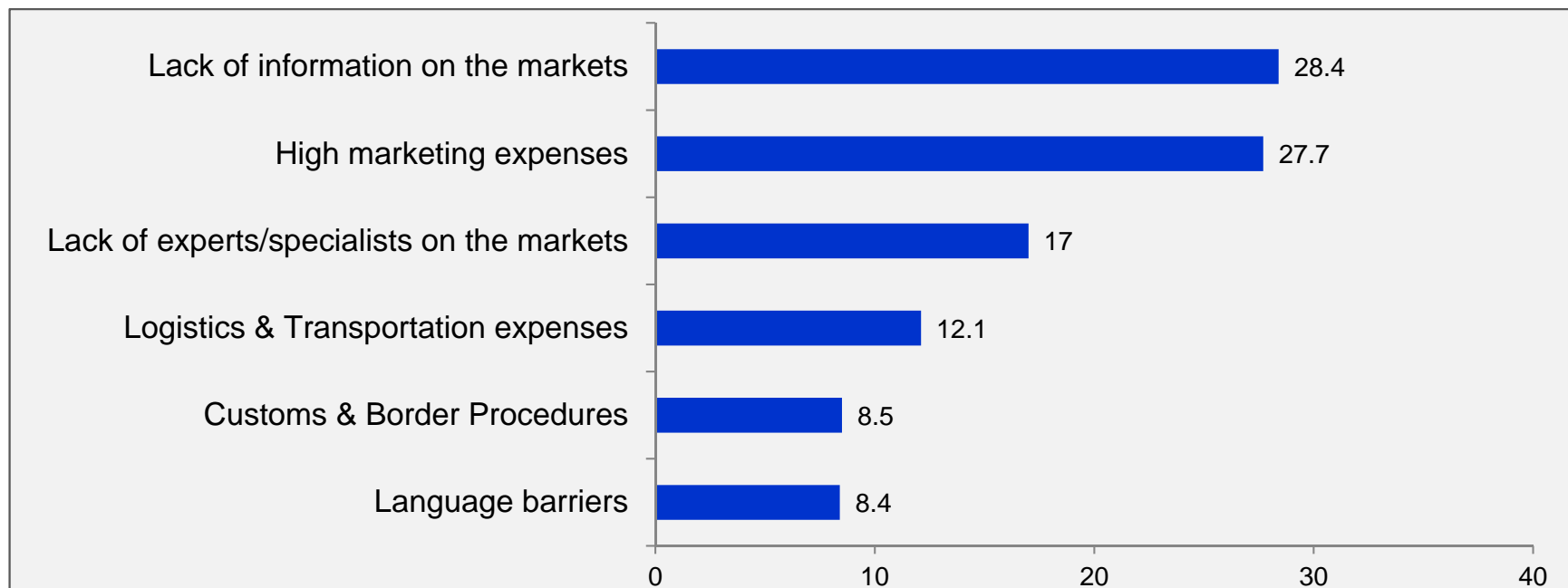
	intra-regional export (US\$ million)	intra-regional export growth	intra-regional import (US\$ million)	intra-regional import growth
2003	245,567	-	224,614	-
2004	321,010	30.72%	290,785	29.46%
2005	372,452	16.02%	332,195	14.24%
2006	426,237	14.44%	375,464	13.03%
2007	506,588	18.85%	423,183	12.71%
2008	592,820	17.02%	472,694	11.70%
2009	471,680	-20.43%	408,178	-13.65%
2010	634,718	34.57%	538,821	32.01%
2011	756,541	19.19%	640,353	18.84%
2012	748,419	-1.07%	640,527	0.03%

Source : Greater Tumen Trade Facilitation Study, 2015

2. Major Bottlenecks in Intra-regional Trade in GTR

- The major bottlenecks that the Korean firms experience during the intra-regional trade are identified as ;
 - ‘Lack of information on the markets’, ‘High marketing expenses’, and ‘Lack of experts/specialists on the markets’
- Korean firms also mentioned ‘Logistics & Transportation expenses’, ‘Customs & Border Procedures’, and ‘Language barriers’ as bottlenecks, but the portions were rather small.

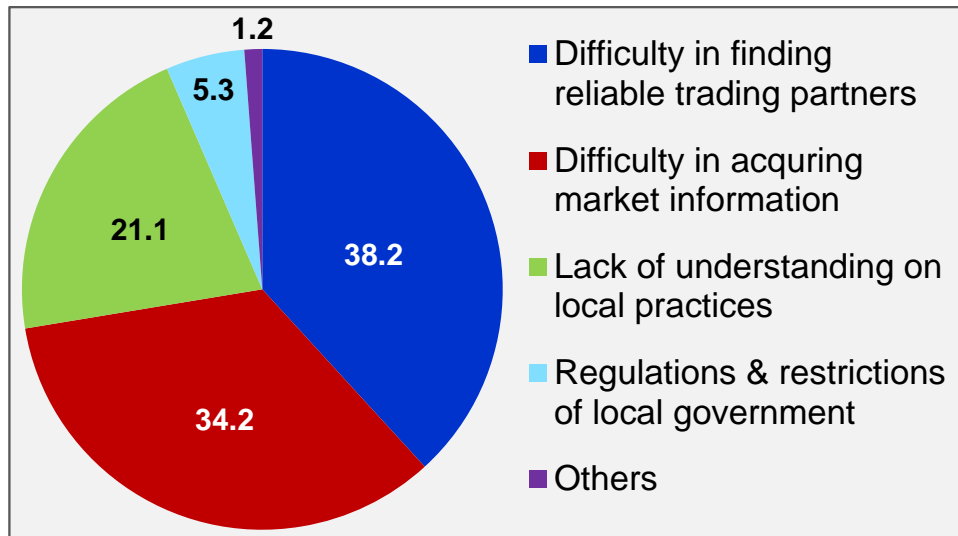
[Figure 1] Bottlenecks in Intra-regional Trade in NEA (% , plural responses)



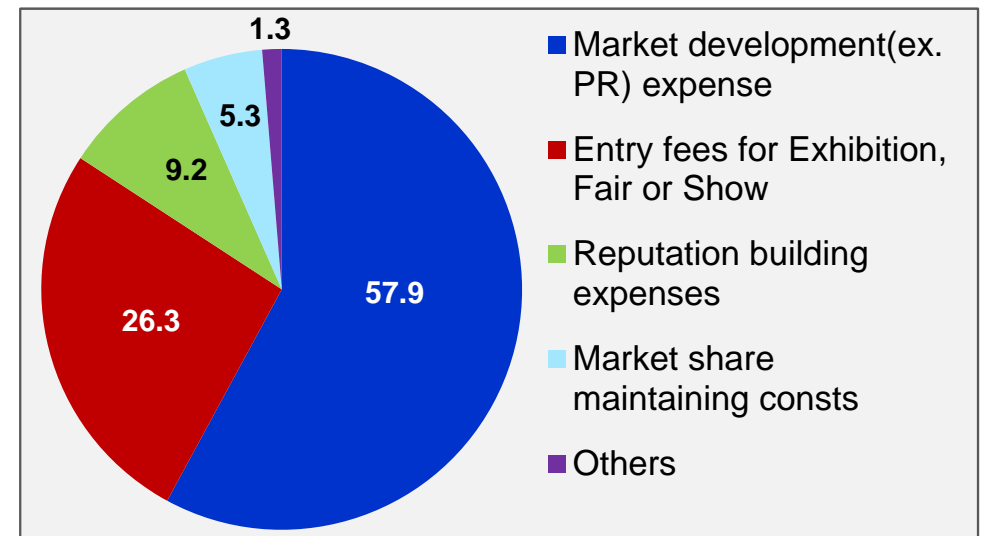
3. Trade Bottlenecks by Sub-categories

- Related to 'Market Information', 'Difficulty in finding reliable trading partners' and 'Difficulty in acquiring market information' are identified as major difficulties.
 - Also, 'Lack of understanding on local trading practices' is found to be functioning as a hindrance.
- Concerning 'Marketing expenses', the Korean firms pointed out 'Market development expenses' as an obstacle.
 - Korean firms also mentioned 'Entry fees for Exhibition, Fair or Show' as a burden for continuing trade and investment in GTR.

[Figure 2] Bottlenecks in Market Information (%)



[Figure 3] Bottlenecks in Marketing expenses (%)



4. Implications

- Korean firms pointed out ‘Market Information’ and ‘Overseas Marketing’ as trading difficulties.
 - It suggests that the Korean firms have problems in understanding and penetrating into GTR markets.
 - It is important to ensure them that the markets are accessible and the potentials are promising.
- So far, many past researches have pointed out that business environment such as ‘customs & border management’ and ‘logistics & transportation’ is the key bottleneck in promoting trade and investment in GTR.
- However, there are other areas that require attention and improvement efforts such as;
 - Provide relevant market information
 - Hold regular exhibitions, fairs and shows, and support the participation of companies
 - Hold business networking events (ex. 1:1 business meetings)

5. Policy Recommendations

- The respective governments within GTR should pay more attention to those ‘soft’ aspects of trading and investing bottlenecks.
 - Those above mentioned areas are comparably easier, cheaper, and faster to implement.
 - The efforts to provide such support can be done in cooperation with the private sectors.
 - Particularly, ‘NEA Chambers Association’ can contribute to improvement of such areas.
- The efforts to improve the business environment of GTR should be continued and further enhanced.
 - The respective governments within GTR should take more interest and cooperate in improving the regulatory and physical environment of the region including customs & border management, and logistics.
 - The economic potentials of GTR can be realized only when the private sectors feel safe and comfortable in doing businesses in the region.