

# Utilization of FTA Networks in Asia

## -Lessons from ASEAN-

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# Contents

- Current FTA network in the world and within Asia  
Regional connectivity enhanced within Asia, but few FTAs between East Asia/Oceania and South Asia
- How are existing FTAs in ASEAN utilized, and has trade actually been created?
- How do Singapore-based companies utilize FTAs?  
Intermediary trade using back-to-back-CO plays important role in maximizing benefits of FTAs.
- Current state of FTAs in Sri Lanka  
FTAs/GSPs in which Sri Lanka is involved, possible impact of TPP on exports of Sri Lanka
- Summary/conclusion

Current FTA network in the world and  
within Asia

Regional connectivity enhanced within  
Asia, but few FTAs between East Asia/  
Oceania and South Asia

# FTAs in the world and within Asia

## ■ 286 FTAs in force around the world, 60 within Asia

A total of 286 FTAs are currently in effect as of November 2016, out of which 60 FTAs (56 FTAs within Asia + 4 cross regional FTAs including multiple Asian countries) are in force within Asia.

## ■ 4 FTAs concluded by Sri Lanka

The number of effective FTAs which Sri Lanka concluded comes to 4, which include the Asia-Pacific Trade Agreement (effective since 1976), India-Sri Lanka FTA (since 2000), Pakistan-Sri Lanka FTA (since 2005) and South Asian Free Trade Area (SAFTA, since 2006).

Sri Lanka is a member of BIMST-EC (The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperatio), under which member countries aims to establish free trade area.

## ■ ASEAN Economic Community and ASEAN+1 FTAs play important roles in Asia

The ASEAN Economic Community (AEC) and ASEAN+1 FTAs including the ASEAN-China FTA, ASEAN-Korea FTA, ASEAN-Japan FTA, ASEAN-Australia-NZ FTA and ASEAN-India FTA play important roles in enhancing and strengthening supply chains proliferated in Asia.

## ■ TPP signed by 12 members including 4 from Asia

The Trans Pacific Partnership (TPP) agreement was officially signed by 12 member countries in February 2016. TPP member countries include the US, Canada, Mexico, Peru, Chile, Australia, New Zealand, Singapore, Vietnam, Malaysia, Brunei and Japan across the Asia-Pacific region.

## 286 FTAs in force around the world, 60 within Asia

Number of FTAs which are in force by region and year (as of end of November 2016)

(Unit: Number)

	Asia/ Oceania	Americas	Europe	Middle East/ Africa	Russia/CIS	Cross- regional	Total
1955-89	4	6	3	3	0	5	21
1955-59			1	1			2
60-64		1	1	1			3
65-69							0
70-74		1	1			2	4
75-79	2					1	3
80-84	2	1					3
85-89		3		1		2	6
1990-99	4	8	8	10	19	7	56
90-94	4	1	5	1	5	1	17
95-99		7	3	9	14	6	39
2000-99	29	15	10	12	4	56	126
00-04	9	7	5	8	2	18	49
05-04	20	8	5	4	2	38	77
2010-16	19	14	7	0	2	41	83
10-14	13	11	6	0	1	34	65
2015	5	1	1	0	1	3	11
2016	1	2	0	0	0	4	7
Total	56	43	28	25	25	109	286

Source: JETRO (WTO, data from each government and organization)

# ASEAN's FTA coverage ratio reaches 60.3%

## FTA coverage ratios of major countries/regions (2015)

(Unit: %)

	FTA coverage ratio			FTA partner countries/regions						
	Two-way trade	Export	Import	1st	2nd	3rd				
Sri Lanka excluding APTA	19.9	8.7	25.9	SAFTA	19.9	-	-	-		
ASEAN	60.3	56.5	64.1	ASEAN	23.6	China	17.6	Japan	8.4	
Singapore	77.7	73.1	80.4	ASEAN	24.1	China	13.6	US	9.7	
Malaysia	63.3	63.2	63.5	ASEAN	27.4	China	15.7	Japan	8.7	
Vietnam	61.5	43.1	75.5	China	25.2	ASEAN	14.1	S. Korea	10.4	
Thailand	59.5	56.0	63.2	ASEAN	23.0	China	15.6	Japan	12.3	
Indonesia	64.3	60.0	68.8	ASEAN	24.8	China	15.2	Japan	10.7	
India	18.3	19.9	17.2	ASEAN	10.3	S. Korea	2.6	Japan	2.2	
Japan	22.7	21.1	24.2	ASEAN	15.2	Australia	3.7	Mexico	1.2	
China	29.0	22.4	38.5	ASEAN	12.0	S. Korea	7.1	Taiwan	4.9	
South Korea	67.3	71.1	62.7	China	23.6	ASEAN	12.4	US	11.8	
Australia	70.6	74.6	66.9	China	27.6	ASEAN	13.6	Japan	11.5	
New Zealand	48.2	48.0	48.5	China	18.9	Australia	13.8	ASEAN	12.5	
US	39.6	47.3	34.4	NAFTA	29.5	S. Korea	3.1	DR-CAFTA	1.4	
Canada	70.9	79.5	63.3	NAFTA	67.8	S. Korea	1.2	EFTA	0.9	
Mexico	80.2	93.5	67.3	NAFTA	66.5	EU	8.0	Japan	2.6	
Chile	92.1	90.6	93.8	China	24.6	US	16.0	EU	14.5	
Peru	90.4	92.1	88.9	China	22.4	US	18.1	EU	13.7	
EU28	Total trade	73.8	74.8	72.9	EU	63.1	Switzerland	2.7	Turkey	1.5
	Extra-regional trade	28.5	31.6	25.3	Switzerland	7.2	Turkey	4.0	EEA	3.3

Note: 1) The FTA coverage ratio is the ratio of trade with FTA partner countries as a proportion of total value of trade. 2) The figures are based on effective FTAs as of June 2016 and trade values in 2015. 3) China's figures exclude those of Hong Kong (8.8%) and Macau (0.1%). 4) ASEAN's figures were based on the total trade value with each member country although some have not yet issued FTAs. 5) Figures for Canada, Singapore and New Zealand were calculated by export statistics, which exclude re-exported trade.

Source: JETRO (Materials and trade statistics from each country's government, "DOT, May 2016" (IMF))

# List of FTAs in effect within Asia

FTAs	Effective year	FTAs	Effective year
Protocol on Trade Negotiations (PTA)	February 1973	China-Pakistan	July 2007
Asia-Pacific Trade Agreement (APTA)	June 1976	Japan-Thailand	November 2007
Australia-Papua New Guinea	February 1977	Malaysia-Pakistan	January 2008
South Pacific Regional Trade and Economic Cooperation Agreement	January 1981	Japan-Indonesia	July 2008
Australia-New Zealand	January 1983	Japan-Brunei	July 2008
Global System of Trade Preferences among Developing Countries	April 1989	China-New Zealand	October 2008
Laos-Thailand	June 1991	Japan-Philippines	December 2008
India-Nepal	December 1991	ASEAN-Japan	December 2008
ASEAN Free Trade Area (AFTA)	January 1993	Singapore-China	January 2009
Melanesian Spearhead Group (MSG) Trade Agreement	January 1994	Japan-Vietnam	October 2009
India-Sri Lanka	March 2000	ASEAN-Australia-New Zealand	January 2010
Singapore-New Zealand	January 2001	ASEAN-India	January 2010
Japan-Singapore	November 2002	South Korea-India	January 2010
Pacific Island Countries Trade Agreement (PICTA)	April 2003	Malaysia-New Zealand	August 2010
India-Afghanistan	May 2003	China-Taiwan	September 2010
Singapore-Australia	July 2003	Hong Kong-New Zealand	January 2011
ASEAN-China	January 2004	Malaysia-India	July 2011
China-Hong Kong	January 2004	Japan-India	August 2011
China-Macau	January 2004	D8	August 2011
Thailand-India (covering only 83 items under EH)	September 2004	Malaysia-Australia	January 2013
Thailand-Australia	January 2005	Indonesia-Pakistan	September 2013
Pakistan-Sri Lanka	June 2005	NZ-Taiwan	December 2013
Thailand-New Zealand	July 2005	Singapore-Taiwan	April 2014
Singapore-India	August 2005	South Korea-Australia	December 2014
South Asian Free Trade Area (SAFTA)	January 2006	Japan-Australia	January 2015
Singapore-South Korea	March 2006	South Korea-New Zealand	December 2015
Trans-Pacific Strategic Economic Partnership Agreement (P4)	May 2006	China-Australia	December 2015
Japan-Malaysia	July 2006	China-South Korea	December 2015
India-Bhutan	July 2006	South Korea-Vietnam	December 2015
ASEAN-South Korea	June 2007	Japan-Mongolia	June 2016

Source: JETRO, Relevant governments

# Trade matrix and existing FTAs among Asian countries

輸入国 輸出国		East Asia/Oceania															South Asia					Export to the region / Intra regional trade	Export to countries with effective FTAs / Intra regional trade	
		Japan	China	Korea	Thailand	Indonesia	Malaysia	Philippines	Singapore	Brunei Darussalam	Vietnam	Cambodia	Laos	Myanmar	Australia	New Zealand	India	Pakistan	Bangladesh	Sri Lanka	Nepal			Maldives
East Asia / Oceania	Japan	-	5.2	2.1	1.3	0.5	0.6	0.5	0.9	0.0	0.6	0.0	0.0	0.1	0.6	0.1	0.4	0.1	0.1	0.1	0.0	0.0	13.1	5.5
	China	6.5	-	4.8	1.8	1.6	2.1	1.3	2.5	0.1	3.2	0.2	0.1	0.4	1.9	0.2	2.8	0.8	0.7	0.2	0.0	0.0	31.1	21.0
	Korea	1.2	6.5	-	0.3	0.4	0.4	0.4	0.7	0.0	1.3	0.0	0.0	0.0	0.5	0.1	0.6	0.0	0.1	0.0	0.0	0.0	12.5	11.2
	Thailand	0.9	1.1	0.2	-	0.4	0.5	0.3	0.4	0.0	0.4	0.2	0.2	0.2	0.5	0.1	0.2	0.0	0.0	0.0	0.0	0.0	5.7	5.6
	Indonesia	0.9	0.7	0.4	0.3	-	0.4	0.2	0.6	0.0	0.1	0.0	0.0	0.0	0.2	0.0	0.6	0.1	0.1	0.0	0.0	0.0	4.5	4.4
	Malaysia	0.9	1.2	0.3	0.5	0.4	-	0.2	1.3	0.0	0.2	0.0	0.0	0.0	0.3	0.0	0.4	0.1	0.0	0.0	0.0	0.0	6.0	5.9
	Philippines	0.6	0.3	0.1	0.1	0.0	0.1	-	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5	1.5
	Singapore	0.7	2.3	0.7	0.7	1.4	1.8	0.3	-	0.1	0.6	0.0	0.0	0.1	0.6	0.1	0.5	0.1	0.1	0.1	0.0	0.0	10.1	9.8
	Brunei	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3
	Vietnam	0.7	1.0	0.4	0.2	0.1	0.2	0.1	0.2	0.0	-	0.1	0.0	0.0	0.2	0.0	0.1	0.0	0.0	0.0	0.0	0.0	3.3	3.3
	Cambodia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2
	Laos	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2
	Myanmar	0.0	0.2	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5
	Australia	1.4	2.9	0.6	0.2	0.2	0.2	0.1	0.2	0.0	0.1	0.0	0.0	0.0	-	0.3	0.4	0.0	0.0	0.0	0.0	0.0	6.6	6.2
New Zealand	0.1	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	-	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.8	
South Asia	India	0.2	0.5	0.2	0.1	0.1	0.2	0.1	0.4	0.0	0.3	0.0	0.0	0.0	0.2	0.0	-	0.1	0.3	0.3	0.2	0.0	3.1	2.5
	Pakistan	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	0.0	0.0	0.0	0.2	0.2
	Bangladesh	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	0.0	0.0	0.1	0.0
	Sri Lanka	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	0.0	0.1	0.0
	Nepal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	0.0	0.0
	Maldives	0.0	0.0	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	0.0
Import from the region / Intra regional trade		14.3	22.5	10.0	5.8	5.2	6.4	3.2	7.5	0.2	6.9	0.7	0.3	1.0	5.2	1.0	6.1	1.3	1.4	0.7	0.2	0.0	100.0	79.0
Import from countries with effective FTAs / Intra regional trade		6.5	16.8	7.8	5.8	5.2	6.4	3.2	7.5	0.2	6.9	0.7	0.3	1.0	5.0	0.8	3.0	1.0	0.3	0.3	0.2	0.0	79.0	

Note: (1) The yellow-colored shading indicates trade between countries with FTAs in effect. (2) The share represents each country's trade as a share of total intraregional trade (21 countries) in 2015. (3) There are some pairs of countries which both bilateral FTA and regional FTAs have entered into force. (4) As for the Asia-Pacific Trade Agreement (APTA), the Protocol on Trade Negotiations (PTN), the Global System of Trade Preferences (GSTP) and D8 among developing countries, countries where this agreement has already become effective are defined as countries where FTAs have not come into effect yet. (5) SAFTA include not only India, Pakistan, Bangladesh, Sri Lanka, Nepal, Maldives but also Bhutan and Afghanistan. Source: "Direction of Trade" (IMF), JETRO.

# AEC eliminated almost all tariffs in ASEAN 6

## Tariff elimination ratios under AEC

	(%)	
	Percent of tariff lines with the tariff rate of zero percent	Percent of tariff lines with the tariff rate less than five percent
ASEAN6	99.2	99.4
Thailand	99.9	100.0
Indonesia	98.9	98.9
Malaysia	98.7	99.2
Philippines	98.6	99.4
Singapore	100.0	100.0
Brunei	99.3	99.3
CLMV	90.8	98.5
Vietnam	90.0	96.9
Cambodia	91.5	98.4
Laos	89.3	99.1
Myanmar	92.6	99.5
ASEAN	96.0	99.1

Source: Data from ASEAN Secretariat

## Focus area of AEC

	Contents
Trade in Tariff goods	Among the 10 ASEAN states, six states (Singapore, Thailand, Indonesia, Malaysia, the Philippines and Brunei) have eliminated tariffs of almost all items within the region since 2010. CLMV (Cambodia, Laos, Myanmar and Vietnam) have also eliminated tariffs on about 90% of items since 2015. Tariffs of remaining items will be eliminated in 2018 with a few exceptions.
Non-tariff	In 2014, the requirements of FOB values to be stated in certificates of origin (CO) was abolished under certain conditions. Negotiations are underway to introduce a self-certification system in CO procedures in ASEAN. Regarding the ASEAN Single Window, which aims at centralization/digitization of customs clearance procedures in ASEAN states, full-fledged implementation would commence following a pilot project for mutual exchange of CO (Form D) and customs clearance documents among a portion of states. ASEAN states launched ASEAN Trade Repository (ATR) centralizing trade-related information, which help improve transparency.
Services	The ASEAN Blueprint stipulates a policy to permit ASEAN investors to invest foreign capital up to 70% in other ASEAN members. The negotiation of AFAS (ASEAN Framework Agreement on Services) package 10 are underway. Though it is still uncertain how much liberalization will be achieved—for example, in some cases it might be limited to merely a promise to eventually liberalize a small portion of each service sector.
Investment	The ASEAN Comprehensive Investment Agreement (ACIA), which includes investment protection (prohibition of performance requirement, expropriation/compensation, and fair and equitable treatment, etc.) and investment liberalization in the manufacturing industry, became effective in March 2012. The revised protocol was signed in August 2014.
Movement of persons	Mutual recognition agreements (MRA) for professional service qualification are being promoted. To date, ASEAN concluded MRAs in eight fields (engineering, nursing care, architectural, surveyors, accounting, medical practitioners, dental practitioners and tourism experts). Operations commenced in engineering and construction services.

Source: Created based on materials of ASEAN

# ASEAN+1 FTAs

Tariff elimination ratios under ASEAN+1 FTAs (Unit : %)

	ASEAN- China	ASEAN- Korea	ASEAN- Japan	ASEAN- Australia -NZ	ASEAN- India
Singapore	100.0	100.0	100.0	100.0	100.0
Brunei	98.3	99.1	97.5	99.2	85.3
Philippines	92.5	89.6	97.1	95.1	80.9
Thailand	93.5	95.1	96.4	98.9	78.1
Malaysia	92.6	92.4	84.9	97.3	79.7
Cambodia	89.9	90.8	85.1	89.1	88.4
Vietnam	92.2	89.3	94.2	94.8	79.5
Laos	97.4	90.0	86.3	91.8	80.1
Myanmar	93.6	91.6	84.9	88.1	76.6
Indonesia	92.3	91.1	91.2	93.1	48.6
China	94.7				
South Korea		90.4			
Japan			91.9		
Australia				100.0	
NZ				100.0	
India					78.8
Average	94.3	92.7	92.6	95.6	79.6

Source: Fukunaga, Kuno "Toward a Consolidated Preferential Tariff Structure in East Asia: Going beyond ASEAN+1 FTAs", ERIA Policy Brief 2012-03,

Tariff reduction/elimination schedule of ASEAN+1 FTAs (Unit : Millions of dollars, %)

FTA	Status/Tariff reduction and elimination schedule	
ASEAN	China	Early harvest scheme covering agricultural and fisheries product(HS01-08) started in January 2004. Tariffs in non-agricultural and fisheries and on the remaining agricultural and fishery products began to be lowered in July 2005. China and the original ASEAN member countries have eliminated tariffs on a majority of products from 2010. CLMV eliminated tariffs on a majority of products in 2015.
	South Korea	Took effect in June 2007. South Korea and the original ASEAN member countries have eliminated tariffs on a majority of products in 2010. Vietnam eliminated tariffs on a majority of products in 2016. Cambodia, Laos and Myanmar commit to eliminate tariffs on a majority of products in 2018.
	Japan	Took effect in December 2008. In force for all of member countries except for Indonesia. Bilateral FTAs also in force between Japan and Singapore, Malaysia, Thailand, Indonesia, Brunei, the Philippines and Vietnam.
	Australia New Zealand	Took effect in January 2010. Australia and New Zealand have eliminated tariffs on a majority of products upon the enforcement of the agreement, while the original ASEAN member countries commit to eliminate tariffs on a majority of products from 2013.
	India	Took effect in 2010. India and the original ASEAN member countries excluding the Philippines eliminated tariffs on normal track 1 in the end of 2013 and eliminated tariffs on normal track 2 in the end of 2016. India and Philippines commit to eliminate tariffs on normal track 1 in the end of 2018 and eliminate tariffs on normal track 2 in the end of 2019.

Source: Relevant agreements.

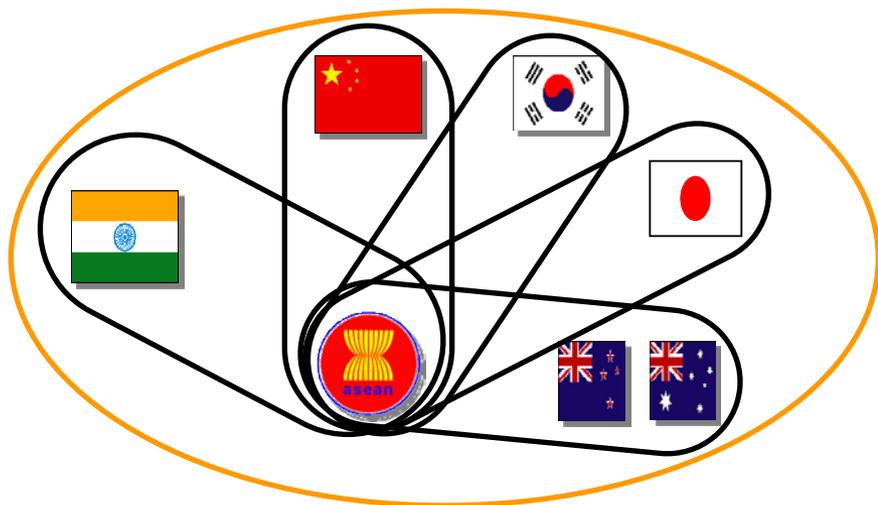
# Ongoing RCEP negotiations

## ■ What is RCEP ?

RCEP (the Regional Comprehensive Economic Partnership) is a framework with participation by a total of 16 countries. The official negotiations started at the ASEAN Summit in November 2012.

## ■ Countries participating in negotiations

The following 16 countries are participating in RCEP negotiations: Thailand, Indonesia, Malaysia, the Philippines, Vietnam, Cambodia, Myanmar, Laos, Singapore, Brunei, Japan, China, Korea, India, Australia and New Zealand.



## ■ Guiding principles and objectives for negotiations in RCEP

- 1) Consistency with WTO
- 2) Broader and deeper engagement with significant improvements over the ASEAN+1 FTAs.
- 3) Facilitation of trade and investment and enhancement of transparency in trade and investment.
- 4) Flexibility, including provision for special and differential treatment for LDCs.
- 5) The ASEAN+1 FTAs and the bilateral/plurilateral FTAs will continue to exist.
- 6) Open accession clause to enable the participation of any ASEAN FTA .
- 7) Technical assistance and capacity building.
- 8) Parallel negotiations on trade in goods, trade in services, investment and other areas.

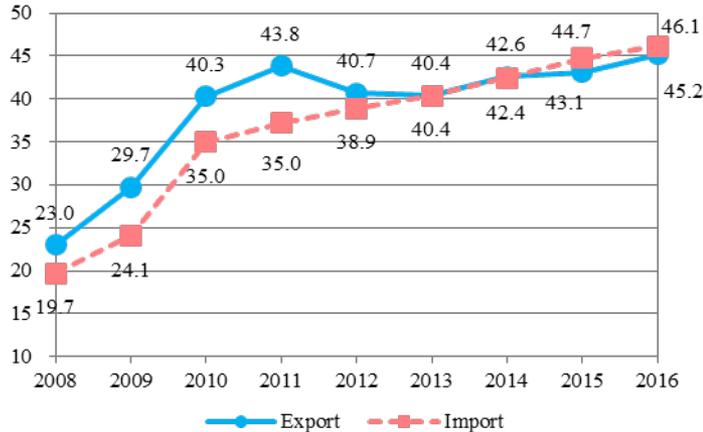
## ■ Coverage of negotiations

- 1) Trade in goods
- 2) Trade in services
- 3) Investment
- 4) Economic and technical cooperation
- 5) Intellectual property
- 6) Competition
- 7) Dispute settlement
- 8) Other issues

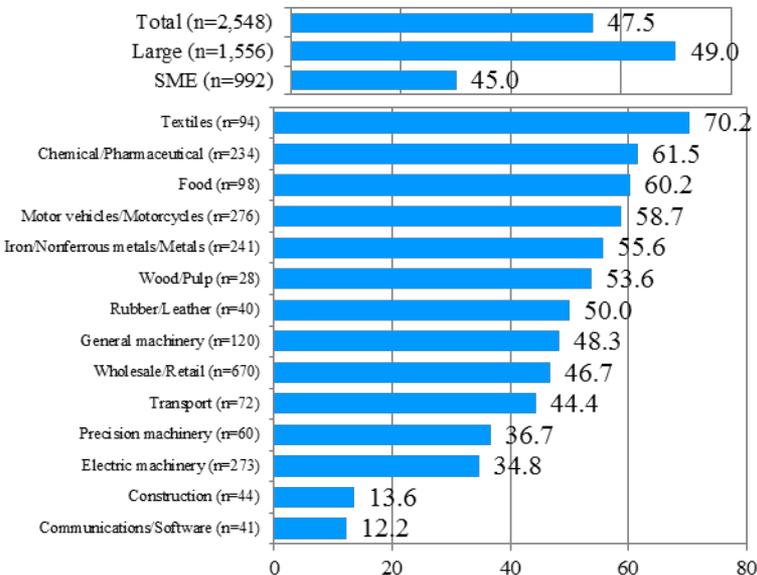
How are existing FTAs in ASEAN utilized, and has trade actually been created?

# Utilization of existing FTAs in effect

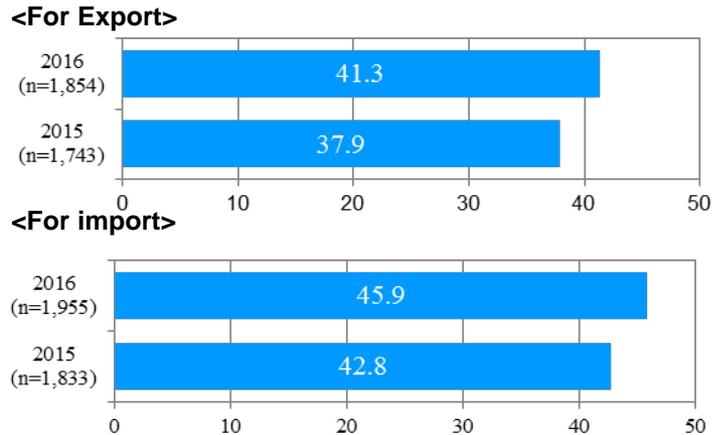
Trends in FTA/EPA utilization by Japanese-affiliated firms in ASEAN



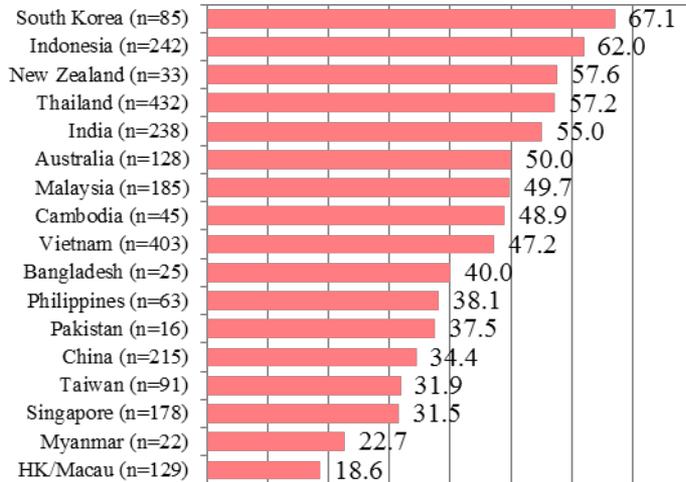
Proportions of firms utilizing FTAs/EPAs (total, by company size and industry)



Proportions of firms utilizing FTAs/EPAs in 2015 and 2016 (by export/import)



Proportions of firms utilizing FTAs/EPAs (by country/region)



Source: "Survey of Japanese-Affiliated Firms in Asia and Oceania (FY2014 Survey)", JETRO

- A total of 47.5% of firms engaged in trade are using FTAs/EPAs, up 3% from the 2015 survey.
- Large enterprises (49.0%) are more likely to be using FTAs/EPAs than SMEs (45.0%).
- By industry, the textile and chemical/pharmaceutical industries use FTAs/EPAs more than other industries.
- By country/region, FTA/EPA use by Japanese-affiliated firms is the highest in South Korea at 67.1%, followed by Indonesia, New Zealand, Thailand, India, and Australia at over 50%, respectively.
- FTA/EPA use increased from the 2015 survey both in imports and exports.
- FTA/EPA use by Japanese-affiliated firms in ASEAN increased by about 2% from the 2015 survey both in imports and exports.

# Major ASEAN countries enjoying trade creation effect

## Gravity model to examine trade creation effects

$$\ln(EX_{ti}) = \beta_0 + \beta_1 \ln(\text{Distance}_{ij}) + \beta_2 \ln(\text{GDP}_{ti}) + \beta_3 \ln(\text{GDPperCapita}_{ti}) + \beta_4 \text{FTA dummy}_{ti} + \epsilon$$

Dependent variable: Volume of exports of relevant countries in the period of 1990 – 2014

### Results of gravity model estimation

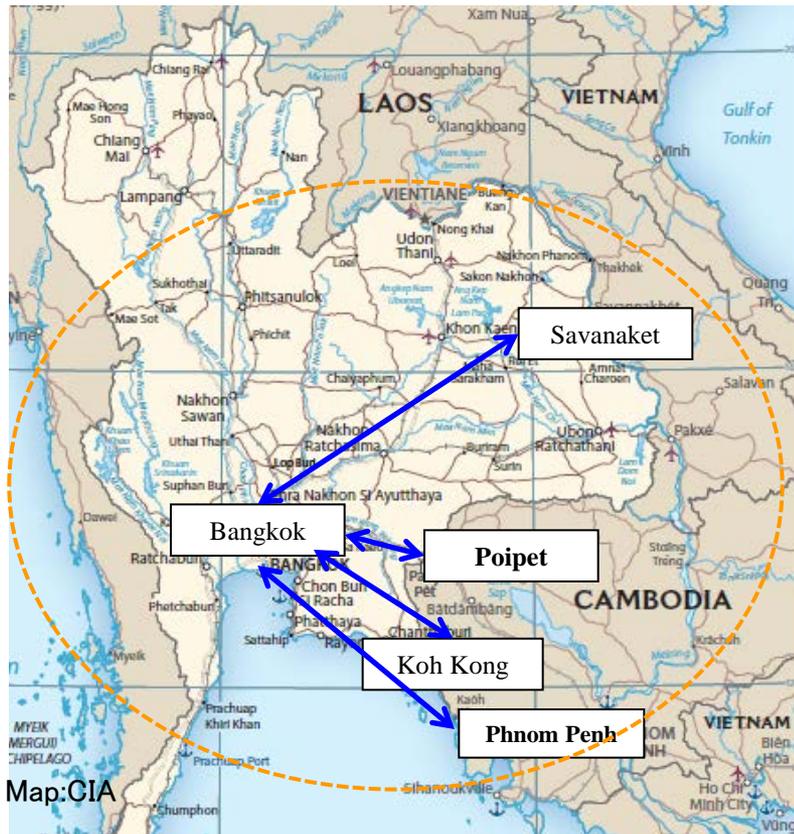
	Thailand		Singapore (Domestic Export)		Malaysia		Indonesia	
	Fixed	Random	Fixed	Random	Fixed	Random	Fixed	Random
Distance	–	–1.523*** (–10.95)	–	–1.162*** (–4.65)	–	–1.307*** (–7.37)	–	–1.450*** (–7.07)
GDP	2.176*** (12.08)	1.050*** (15.23)	1.126*** (4.86)	0.653*** (6.56)	2.074*** (11.08)	1.067*** (12.61)	1.271*** (8.40)	1.026*** (12.04)
GDP per capita	–0.429* (–2.34)	0.194** (2.83)	–0.464* (–2.11)	–0.00571 (–0.05)	–0.644*** (–3.44)	0.0168 (0.18)	0.0055 (0.04)	0.0345 (0.39)
FTA dummy	0.352*** (4.50)	0.427*** (5.52)	0.183** (2.91)	0.193** (3.13)	0.189* (2.35)	0.223** (2.80)	0.170* (2.38)	0.202** (2.90)
Year dummy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R <sup>2</sup> (within)	0.6791	0.6663	0.4203	0.4163	0.5693	0.558	0.6741	0.6726
n	1175		768		1175		1125	

# Components: Expanding supply chain to Cambodia and Laos

## Expanding supply chain to Cambodia and Laos

Labor market conditions in Thailand have led to expansion in supply chains to neighboring countries. Some Japanese companies established factories in Cambodia and Laos, manufacturing labor-intensive products which are to be supplied to their mother factories in Bangkok. The AEC, together with the improvement in connectivity in Mekong area including the Southern and the West Economic Corridors, contribute to expanding supply chains.

### Expanding supply chains between Thailand, Cambodia and Laos



### Thai import in wire harnesses

(Unit:%)

	2010	2013	2014	2015	2016
Import Value	77	247	261	361	365
Import from Cambodia	0	36	57	74	87
Share (%)	0.0	14.6	22.0	20.4	23.7

Source: Trade statistics of Thailand

# Changing comparative wage structures in Asian cities

Wages by major cities in Asia (2005)

(Unit: US\$, %)

	Worker		Managers	
	Wage(Monthly)	Index	Wage(Monthly)	Index
Guangzhou	146	100.0	622	100.0
Dhaka	45	31.1	420	67.5
Colombo incl. surrounding EPZ	85	57.9	418	67.3
Vientiane	-	-	-	-
Hanoi	122	83.2	556	89.5
Ho Chi Minh	148	101.4	813	130.8
Phnom penh	-	-	-	-
Jakarta	131	89.7	618	99.4
Karachi	173	118.5	907	145.9
Chennai	-	-	-	-
Bangkok	146	100.0	584	94.0
Manila	182	124.7	649	104.4
New Delhi	172	117.8	978	157.4
Kuala Lumpur	205	140.4	1,643	264.4
Singapore	530	362.7	2,993	481.5

Source: The 17th Comparative Survey of Investment-Related Costs in 31 Major Cities and Regions in Asia and Oceania

Wages by major cities in Asia (2015)

	Worker		Managers	
	Wage (Monthly)	Index	Wage (Monthly)	Index
Guangzhou	561	100.0	1,581	100.0
Dhaka	100	17.8	658	41.6
Yangon	127	22.6	951	60.2
Phnom penh	162	28.9	664	42.0
Vientiane	179	31.9	1,005	63.6
Colombo incl. surrounding EPZ	143	25.5	759	48.0
Hanoi	181	32.3	871	55.1
Karachi	185	33.0	1,145	72.4
Ho Chi Minh	193	34.4	736	46.6
Bengaluru	163	29.1	1,070	67.7
Chennai	214	38.1	1,080	68.3
Jakarta	257	45.8	912	57.7
Manila	317	56.5	1,023	64.7
Bangkok	348	62.0	1,401	88.6
New Delhi	245	43.7	1,659	104.9
Kuala Lumpur	317	56.5	1,445	91.4
Singapore	1,608	286.6	5,337	337.6

Source: The 26th Comparative Survey of Investment-Related Costs in 31 Major Cities and Regions in Asia and Oceania

How do Singapore companies utilize FTAs?

Intermediary trade using back-to-back  
CO plays important role to maximize benefits  
of FTAs

# Current state of FTAs in Singapore

(Unit:US\$ Million, %)

Export				Import					
	Country/Region	Value	Share	Status of FTAs		Country/Region	Value	Share	Status of FTAs
1	China	47,709	13.8	ASEAN-China, China-Singapore	1	China	42,112	14.2	ASEAN-China, China-Singapore
2	Hong Kong	39,666	11.4		2	EU28	37,756	12.7	EU-Singapore(not effective)
3	Malaysia	37,770	10.9	AEC	3	United States	33,198	11.2	U.S.-Singapore
4	Indonesia	28,367	8.2	AEC	4	Malaysia	33,062	11.1	AEC
5	EU28	28,138	8.1	EU-Singapore(not effective)	5	Taiwan	24,673	8.3	Taiwan-Singapore
6	United States	21,708	6.3	U.S.-Singapore	6	GCC	22,916	7.7	Singapore-GCC
7	Japan	15,219	4.4	Japan-Singapore, ASEAN-Japan	7	Japan	18,593	6.3	Japan-Singapore, ASEAN-Japan
8	Korea South	14,499	4.2	Korea-Singapore,ASEAN-Korea	8	Korea South	18,192	6.1	Korea-Singapore,ASEAN-Korea
9	Taiwan	14,446	4.2	Taiwan-Singapore	9	Indonesia	14,379	4.8	AEC
10	Thailand	13,764	4.0	AEC	10	Thailand	7,784	2.6	AEC
11	Vietnam	12,127	3.5	AEC	11	India	5,784	1.9	India-Singapore,ASEAN-India
12	Australia	11,486	3.3	Australia-Singapore,ASEAN-Australia-NZ	12	Russia	5,175	1.7	
13	India	10,619	3.1	India-Singapore,ASEAN-India	13	EFTA	5,162	1.7	Singapore-EFTA
14	GCC	6,828	2.0	Singapore-GCC	14	Philippines	4,532	1.5	AEC
15	Philippines	6,411	1.8	AEC	15	Vietnam	3,603	1.2	AEC
16	Panama	5,448	1.6	Singapore-Panama	16	Australia	3,218	1.1	Australia-Singapore,ASEAN-Australia-NZ
-	EFTA	2,059	0.6	Singapore-EFTA	-	NZ	720	0.2	NZ-Singapore,ASEAN-Australia-NZ, TPP(P4)
-	NZ	1,731	0.5	NZ-Singapore,ASEAN-Australia-NZ, TPP(P4)	-	Chile	86	0.0	TPP(P4)
-	Jordan	86	0.0	Singapore-Jordan	-	Costa Rica	72	0.0	Singapore-Panama
-	Chile	58	0.0	TPP(P4)	-	Peru	16	0.0	Singapore-Peru
-	Peru	55	0.0	Singapore-Peru	-	Jordan	14	0.0	Singapore-Jordan
-	Costa Rica	28	0.0	Singapore-Costa Rica	-	Panama	8	0.0	Singapore-Costa Rica
-	ASEAN	102,685	29.6	AEC	-	ASEAN	63,791	21.5	AEC
	World	346,701	100.0			World	296,799	100.0	
	FTA coverage ratio	254,607	73.4			FTA coverage ratio		80.3	

Note: 1)The FTA coverage ratio is the ratio of trade with countries/regions with which FTAs are in force as a proportion of total value of trade. 2) GCC includes Saudi Arabia, U.A.E., Kuwait, Bahrain, Oman and Watar. 3) EFTA includes Switzerland, Norway, Iceland and Liechtenstein.

Source: Trade statistics of Singapore, relevant governments

# Re-exports occupy about 50% of Singapore exports

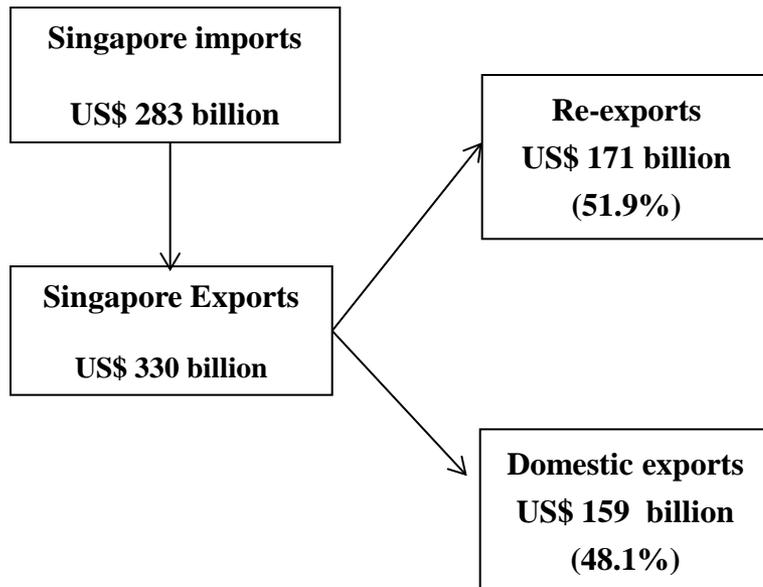
## What are re-exports?

Re-exports are exports of foreign-origin goods which are first imported into intermediate countries (e.g. Singapore) for transshipment or breaking bulk in stock for onward shipment to other destinations.

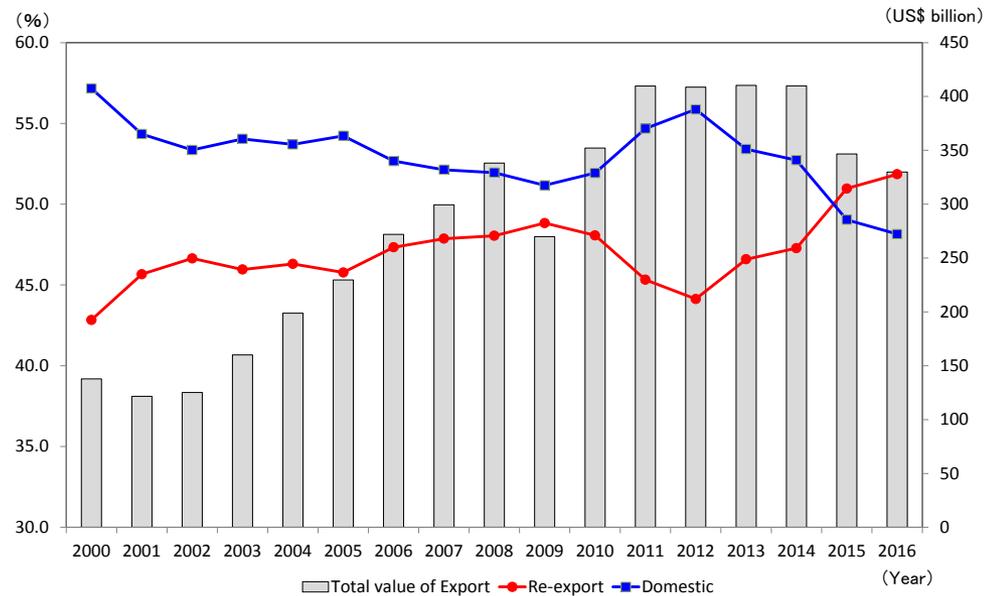
## Re-exports occupy about 50% of Singapore exports

The value of re-exports of Singapore in 2015 was US\$ 171 billion, occupying 52% of the total exports. Singapore works as logistics hub in the Asian region.

## Trade flow of Singapore (2016)



## Trend of re-exports in Singapore



Source: Trade statistics of Singapore

## Intermediary trade using back-to-back certificates of origin

### ■ Intermediary trade using back-to-back certificates of origin

Intermediary trade (stock operation) is a mode of transaction in which goods manufactured in exporting member countries are held in stock for a period at warehouses in intermediate countries, with part of the stock is re-exported to final importing member countries. A back-to-back certificate of origin is a second certificate of origin issued by authorities of intermediate countries, based on the first original certificate of origin issued by the first exporting country.

In most FTAs which have adopted third-party-certification systems in Asia, back-to-back certificates of origin are issued when exporting countries, intermediate countries and final importing countries are members of the same FTA.

### **Stock operation and direct consignment rule**

Forwarding part of a stock of goods imported from the first exporting member country is likely to violate the direct consignment clause of FTAs, making the first certificate of origin invalid. Hence, in order to apply preferential tariffs at the importing member countries under the same FTA, it is required that exporters acquire a second certificate of origin from the authorities in the intermediate country, based on the first original certificate of origin issued by the first exporting member country.

### ■ Why firms conduct intermediary trade (stock operation)?

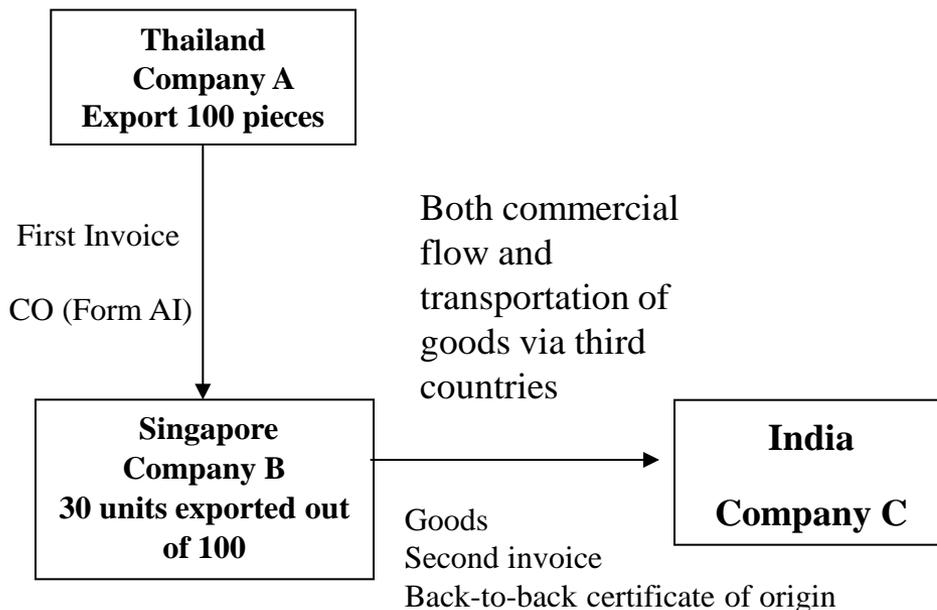
The objective of stock operation in general is to reduce lead time to customers from manufactures/exporters. By keeping inventories at the most convenient place, instead of countries in which products are manufactured, goods can reach customers in the shortest possible period of time.

## Example: Stock operation using ASEAN-India FTA

### ■ Illustration using ASEAN-India FTA

100 units of a product exported by Company A in the first exporting member country (Thailand) are kept in stock at bonded warehouses in an intermediate member country (Singapore), with final purchases yet to be fixed. At this stage, the first certificate of origin issued by the relevant authority in Thailand is sent to Company B in Singapore by Company A. Company C in the final importing member country (India) places an order for 30 pieces of the product to Company B, and Company B re-exports them to India with a second certificate of origin issued by the authority of Singapore.

### Example of stock operation using ASEAN-India FTA



### ■ Articles related to back-to-back certificate of origin under ASEAN-India FTA

Article 11, Operational Certification Procedures for the rules of origin for AIFTA (a) Notwithstanding paragraph (b) of Article 7, Articles 13 and 14 (b), the Issuing Authority of the intermediate Party may issue a back-to-back AIFTA Certificate of Origin if an application is made by the exporter of that Party while the product is passing through that Party's territory,

provided that:

(i) - (viii)

Current state of FTAs in Sri Lanka

FTAs/GSPs in which Sri Lanka is involved,  
Possible impact of TPP on exports of  
Sri Lanka

# Current state of FTAs/GSPs in Sri Lanka

## FTA coverage ratio of Sri Lanka (2015)

(Unit:US\$ Million, %)

Export					Import				
	Country/Region	Value	Share	Status of FTAs		Country/Region	Value	Share	Status of FTAs
1	EU28	3,022	29.6	EU GSP	1	India	4,284	22.5	India-Sri Lanka FTA, SAFTA
2	United States	2,802	27.4	US GSP	2	China	3,725	19.6	
3	India	645	6.3	India-Sri Lanka FTA, SAFTA	3	EU28	1,806	9.5	
4	China	296	2.9		4	Japan	1,392	7.3	
5	UAE	274	2.7		5	UAE	1,076	5.7	
6	Japan	214	2.1	Japan GSP	6	Singapore	922	4.9	
7	Russia	194	1.9		7	Malaysia	511	2.7	
8	Turkey	181	1.8		8	Thailand	498	2.6	
9	Canada	180	1.8	Canada GSP	9	United States	471	2.5	
10	Australia	159	1.6	Australia GSP	10	Taiwan	460	2.4	
11	Iran	155	1.5		11	Indonesia	435	2.3	
12	Hong Kong	118	1.2		12	Hong Kong	380	2.0	
13	Israel	107	1.1		13	Korea South	308	1.6	
14	Mexico	106	1.0		14	Pakistan	297	1.6	SAFTA
15	Iraq	105	1.0		15	Canada	293	1.5	
-	Bangladesh	93	0.9	SAFTA	16	Australia	270	1.4	
-	Maldives	77	0.8	SAFTA	-	Pakistan	297	1.6	Pakistan-Sri Lanka FTA, SAFTA
-	Pakistan	73	0.7	Pakistan-Sri Lanka FTA, SAFTA	-	Bangladesh	38	0.2	SAFTA
-	Nepal	4	0.0	SAFTA	-	Nepal	0	0.0	SAFTA
-	Bhutan	0	0.0	SAFTA	-	Afghanistan	0	0.0	SAFTA
-	Afghanistan	0	0.0	SAFTA	-	Bhutan	0	0.0	SAFTA
-	ASEAN	279	2.7		-	ASEAN	2,661	14.0	
	World	10,225	100.0			World	18,999	100.0	
	FTA coverage ratio	892	8.7			FTA coverage ratio	4,916	25.9	

Note: 1)The FTA coverage ratio is the ratio of trade with countries/regions with which FTAs are in force as a proportion of total value of trade. 2)SAFTA includes India, Pakistan, Bangladesh, Sri Lanka, Nepal Bhutan, Maldiv and Afganistan. 3) As for APTA, countries where this agreement has already become effective are defined as countries where FTAs have not come into effect yet.

Source: Trade statistics of Sri Lanka, relevant governments, UNCTAD

# Overview of Japanese, EU and US GSPs

## Japan

### ■ GSP

☑ GSP beneficiaries: 97 countries/regions (excluding those for GSP-LDC)

☑ GSP items: About 3,600 items

☑ Tariff exemption, reduction

### ■ GSP-LDC

☑ GSP-LDC beneficiaries: 47 countries

☑ GSP-LDC items: About 6,000 items (About 98% of total items are duty-free, including non-taxable items on an MFN)

☑ Tariff exemption

## EU

### 1. Former GSP

☑ GSP beneficiaries: 176 countries

☑ General GSP, GSP Plus, EBA (Everything But Arms)

### 2. New GSP (implemented in January 2014)

#### ■ Standard GSP

☑ GSP beneficiaries: 30 countries (excluding those for GSP Plus and EBA)

☑ Standard GSP items: About 66% of total items

☑ Tariff exemption, reduction

#### ■ GSP Plus

☑ GSP Plus beneficiaries: 13 countries (excluding those for General GSP and EBA)

☑ Further preference is given to countries meeting certain requirements (including compliance with human rights and environmental treaties, diversity standards, and import share standards)

☑ GSP Plus items: About 66% of total

☑ Tariff exemption

#### ■ EBA (Everything But Arms)

☑ EBA beneficiaries: 49 countries

☑ EBA items: All items other than arms

☑ Tariff exemption

## U.S.

### ■ GSP

☑ GSP beneficiaries: 79 countries (excluding those for GSP-LDC)

☑ GSP items: About 3,500 items (on an HS 8-digit basis)

☑ Tariff exemption

### ■ GSP-LDC

☑ GSP-LDC beneficiaries: 43 countries

☑ GSP-LDC items: About 5,000 items (on an HS 8-digit basis)

☑ Tariff exemption

■ Most textile products, garments, footwear are not subject to GSP

# Which Asian countries enjoy GSP benefits?

## Asian countries benefiting from GSPs with Japan, EU and US

	U.S.	Japan	EU
Cambodia	○ (LDC)	○ (LDC)	○ (EBA)
Bangladesh	Suspended in 2013 (LDC)	○ (LDC)	○ (EBA)
Myanmar	Reinstated in November 2016 (LDC)	○ (LDC)	Reinstated in July 2013 (EBA)
Laos	not granted	○ (LDC)	○ (EBA)
Pakistan	○ (standard)	○ (standard)	○ (GSP+)
India	○ (standard)	FTA in effect, some items eligible to GSP	○ (Standard)
Vietnam	not granted	FTA in effect, some items eligible to GSP	○ (Standard)
Sri Lanka	○ (standard)	○ (standard)	○ (Standard)
Philippines	○ (standard)	FTA in effect, some items eligible to GSP	○ (GSP+)
Indonesia	○ (standard)	FTA in effect, some items eligible to GSP	○ (Standard)
Thailand	○ (standard)	FTA in effect, some items eligible to GSP	not granted (graduated in 2015)
China	not granted	○ (standard)	not granted (graduated in 2015)
Malaysia	not granted	FTA in effect, some items eligible to GSP	not granted (graduated in 2014)
Brunei	not granted	not granted	not granted (graduated in 2014)

Note: ○ means that GSP is granted. GSP+ in EU is the scheme to provide additional preferential market access provided that beneficiaries of standard GSP meet criteria in terms of ratifying and implementing international conventions relating to human/labor rights and environment etc.

Source: The governments of Japan, EU and the U.S.

# Export Structure of Sri Lanka

(Unit : MillionUS\$, %)

	HS code	Total Export Value	Share	U.S.	EU28	Japan	ASEAN	China	India
Garments	61-63	4,620	45.2	20.8	18.9	0.4	0.3	0.5	0.3
Food	1-11, 16-24	2,504	24.5	1.5	3.6	0.7	0.8	0.4	2.8
Chemicals	28-40	1,011	9.9	3.1	3.2	0.2	0.4	0.1	0.4
Electrical equipment	85	212	2.1	0.1	0.3	0.1	0.1	0.1	0.4
Textiles	50-60	317	3.1	0.2	0.6	0.1	0.1	0.2	0.3
Transport equipment	86-89	244	2.4	0.0	0.3	0.0	0.0	1.2	0.7
Footwear	64	86	0.8	0.0	0.1	0.0	0.4	0.2	0.0
General machinery	84	82	0.8	0.3	0.3	0.0	0.0	0.0	0.0
Total Export		10,225	100.0	27.4	29.6	2.1	2.7	2.9	6.3

Note: Each share is as p proportion to total export.

Source: Trade statistics of Sri Lanka

# Overview of TPP

## ■ What is the TPP?

The Trans-Pacific Partnership (TPP) is an economic partnership agreement involving 12 Asia-Pacific countries. Negotiations on the TPP Agreement started in 2010, produced a broad agreement in October 2015 and was signed on February 4, 2016.

## ■ TPP negotiation participants (12 countries)

Singapore, Brunei, New Zealand, Chile, US, Australia, Peru, Vietnam, Malaysia, Mexico, Canada, Japan,

## ■ Chronicle of TPP negotiations

May 2006: The Trans-Pacific Strategic Economic Partnership Agreement (P4) between Singapore, New Zealand, Chile and Brunei takes effect.

March 2010: The United States, Australia, Peru and Vietnam join the P4 participants to launch eight-nation TPP negotiations.

October 2010: Malaysia joins the TPP negotiations.

November 2011: Agreements are made on a TPP outline.

December 2012: Canada and Mexico join the TPP negotiations.

July 2013: Japan joins the TPP negotiations.

June 2015: The U.S. Trade Promotion Authority Act is enacted.

October 2015: A broad agreement is reached.

February 2016: An agreement is signed

## ■ Chapters

- Chapter 1 Initial Provisions & General Definitions
- Chapter 2 National Treatment and Market Access for Goods
- Chapter 3 Rules of Origin and Origin Procedures
- Chapter 4 Textiles & Apparel
- Chapter 5 Customs Administration & Trade Facilitation
- Chapter 6 Trade Remedies
- Chapter 7 Sanitary & Phytosanitary (SPS) Measures
- Chapter 8 Technical Barriers to Trade (TBT)
- Chapter 9 Investment
- Chapter 10 Cross-Border Trade in Services
- Chapter 11 Financial Services
- Chapter 12 Temporary Entry for Business Persons
- Chapter 13 Telecommunications
- Chapter 14 Electronic Commerce
- Chapter 15 Government Procurement
- Chapter 16 Competition Policy
- Chapter 17 State-Owned Enterprises and Designated Monopolies
- Chapter 18 Intellectual Property
- Chapter 18 Labor
- Chapter 20 Environment
- Chapter 21 Cooperating & Capacity Building
- Chapter 22 Competition & Business Facilitation
- Chapter 23 Development
- Chapter 24 Small & Medium-Sized Businesses
- Chapter 25 Regulatory Coherence
- Chapter 26 Transparency & Anti-corruption
- Chapter 27 Administrative & Institutional Provisions
- Chapter 28 Dispute Settlement
- Chapter 29 Exceptions and General Provisions
- Chapter 30 Final Provisions

# Trade matrix and existing FTAs among TPP member countries

## Existing FTAs among TPP members Asian and between TPP members and non-TPP members

(Unit: %)

	Ratio of export toward TPP member countries (value of export to each country/total export value)														Total export value (Unit: Million\$)
	U.S.	Canada	Mexico	Peru	Chile	Australia	New Zealand	Singapore	Malaysia	Vietnam	Brunei	Japan	Total for TPP	Total for new FTA or no FTA	
TPP members	U.S.	18.7	15.7	0.6	1.0	1.7	0.2	1.9	0.8	0.5	0.0	4.2	45.2	5.7	1,502,572
	Canada	76.8	1.3	0.2	0.2	0.4	0.1	0.3	0.2	0.1	0.0	1.9	81.2	2.9	410,081
	Mexico	81.1	2.8	0.4	0.5	0.3	0.0	0.1	0.0	0.0	0.0	0.8	86.1	0.5	380,789
	Peru	15.1	7.0	1.6		0.3	0.1	0.0	0.1	0.2	0.0	3.3	31.0	0.7	33,536
	Chile	13.4	2.1	2.1	2.5		0.1	0.1	0.1	0.4	0.0	8.9	30.5	0.0	62,042
	Australia	5.4	0.6	0.2	0.0	0.1	3.3	2.7	1.8	1.4	0.0	15.9	31.6	0.9	187,687
	New Zealand	11.8	1.4	0.7	0.3	0.3	16.9	2.2	1.9	1.1	0.0	6.0	42.6	20.2	34,359
	Singapore(Domestic)	7.1	0.2	0.5	0.0	0.0	3.6	0.6	11.2	3.1	0.2	4.3	30.9	0.7	169,996
	Malaysia	9.4	0.4	0.8	0.0	0.1	3.6	0.5	13.9		2.2	0.3	40.9	10.7	199,959
	Vietnam	20.7	1.5	1.0	0.1	0.4	1.8	0.2	2.0	2.2		0.0	38.6	23.2	162,017
	Brunei	0.8	0.0	0.0	0.0	0.0	3.5	5.2	3.5	4.6	0.7		54.8	0.8	6,353
	Japan	20.1	1.2	1.7	0.1	0.3	2.1	0.3	3.2	1.9	2.0	0.0	33.0	21.7	624,889
TPP-non-members	China	18.0	1.3	1.5	0.3	0.6	1.8	0.2	2.3	1.9	2.9	0.1	36.8	26.7	2,280,541
	South Korea	13.3	0.9	2.1	0.2	0.3	2.1	0.2	2.8	1.5	5.3	0.1	33.6	6.9	526,757
	Thailand	11.2	0.6	1.3	0.2	0.3	4.6	0.6	4.1	4.8	4.2	0.0	41.2	13.1	210,865
	Indonesia	10.8	0.5	0.5	0.1	0.1	2.5	0.3	8.4	5.1	1.8	0.1	42.2	12.0	150,393
	Philippines	15.0	1.0	0.8	0.1	0.1	0.8	0.1	6.2	2.0	1.2	0.0	48.3	16.9	58,648
	Cambodia	25.0	6.5	0.7	0.1	0.2	1.0	0.1	0.7	1.6	2.2	0.0	44.7	32.5	8,542
	Laos	0.9	0.4	0.0	0.0	0.0	0.1	0.1	0.3	0.1	17.6	0.0	21.4	1.4	4,374
	Myanmar	1.0	0.2	0.0	0.0	0.0	0.3	0.0	0.9	1.3	1.0	0.0	10.9	1.2	12,652
	India	15.0	0.8	1.0	0.3	0.2	1.2	0.1	2.9	1.8	2.0	0.0	27.2	18.4	267,930
	Bangladesh	13.9	2.6	0.4	0.0	0.1	1.8	0.2	0.4	0.4	0.2	0.0	22.0	22.0	29,925
	Pakistan	16.6	1.0	0.5	0.1	0.3	0.8	0.2	0.9	0.8	1.3	0.0	23.2	22.4	22,089
	Sri Lanka	27.4	1.8	1.0	0.2	0.4	1.6	0.2	0.8	0.3	0.7	0.0	36.5	36.5	10,225

Notes: 1) Cells in light (yellow) color indicate countries which bilateral or regional FTAs have already entered into force. 2) Cells in orange color indicate countries which TPP will be the first FTA. 3) Cells in green color indicate countries which FTAs have not concluded. 4) The figures are based on statistics in 2015. 5) Singapore (domestic) means exports excluding re-exports. 6) Statistics of Laos, Myanmar and Bangladesh are based on DOT. Others were based on trade statistics of respective countries. 7) As for the Global System of Trade Preferences (GSTP) among developing countries, countries where this agreement has already become effective are defined as countries where FTAs have not come into effect yet.

Source: JETRO, Trade statistics of respective countries, "DOT August 2016" (IMF)

# Higher duties on textiles/garments and transport equipment

Simple average applied tariff rates in TPP-members and Asian non-members

(Unit: %)

		TPP-members											Sri Lanka	
		U.S.	Canada	Mexico	Peru	Chile	Australia	New Zealand	Singapore	Malaysia	Vietnam	Brunei		Japan
Food	1-11,16-24	14.0	3.8	19.0	2.6	6.0	1.1	1.7	0.0	2.6	20.1	0.0	8.2	23.1
Ore	26	0.1	0.0	0.0	0.0	6.0	0.0	0.0	3.5	0.0	3.5	0.0	0.0	0.0
Mineral fuels etc.	27	0.5	0.7	0.1	0.0	6.0	0.3	0.2	3.5	0.4	2.9	0.0	0.8	2.8
Coal	2701	0.0	0.0	0.0	0.0	6.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0
Natural gas	2711	0.0	1.8	0.0	0.0	6.0	0.0	0.0	0.0	0.0	3.6	0.0	1.5	0.0
Petroleum products	2708-10, 2712-13, 2715	1.1	0.6	0.2	0.0	6.0	0.8	0.6	0.0	1.3	3.4	0.0	0.7	7.0
Chemicals	28-40	2.2	2.3	4.0	2.2	6.0	2.4	1.4	0.0	5.8	6.0	1.5	1.9	7.3
Chemical products	28-38	2.1	2.4	4.0	2.4	6.0	2.1	1.2	0.0	4.1	5.7	1.4	1.9	6.5
Plastic, rubber	39-40	2.9	1.4	4.0	1.5	6.0	4.5	2.6	0.0	15.0	8.1	1.8	1.9	11.4
Textiles, Garments	50-63	6.8	4.6	10.8	5.7	6.0	3.6	3.2	0.0	6.5	10.7	0.9	5.6	5.1
Textiles	50-60	6.0	1.5	8.4	4.3	6.0	3.4	2.0	0.0	7.7	8.6	0.9	5.0	2.4
Garments	61-63	9.9	16.2	19.4	10.8	6.0	4.4	7.7	0.0	2.1	18.3	1.2	7.9	14.8
Footwear	64	10.5	12.1	12.8	11.0	6.0	3.6	5.9	0.0	1.6	27.3	4.9	16.4	6.9
Steel	72-73	0.8	0.7	1.6	1.0	6.0	4.2	2.7	0.0	9.2	7.3	0.1	0.4	10.3
General machinery	84	1.2	0.3	2.7	0.4	6.0	2.8	3.0	0.0	3.3	3.1	2.7	0.0	1.7
Electrical equipment	85	1.6	1.2	3.5	1.3	6.0	2.7	2.6	0.0	4.1	7.9	5.0	0.1	6.8
Transport equipment	86-89	2.3	6.7	6.4	0.6	5.0	2.7	2.5	0.0	6.0	8.3	1.0	0.0	3.9
Automobiles	8702-05	6.1	5.3	22.2	1.5	5.7	5.0	4.4	0.0	22.9	34.0	0.0	0.0	1.8
Automobile parts	8707-08 840731-34	1.8 0.5	3.9 0.0	0.9 0.9	0.0 0.0	6.0 6.0	4.3 1.5	5.6 2.5	0.0 0.0	18.3 13.1	19.8 33.9	9.2 20.0	0.0 0.0	11.7 15.0
Precision equipment	90-91	2.6	2.0	1.2	1.8	6.0	0.6	0.7	0.0	0.7	10.3	3.6	0.2	7.9

Notes: 1) The average applied tariff rates of Thailand, Cambodia, Laos and Pakistan are based on statistics in 2014. Malaysia, Myanmar and Bangladesh are based on statistics in 2013. The rest of countries are based on statistics in 2015. 2) Cells are highlighted if average applied tariff rates of TPP members are more than 5%.

Source: World Tariff Online

# Summary & conclusions

## ■ FTAs have proliferated within Asia, but few FTAs exist between South Asia and East Asia.

FTAs have proliferated throughout the world as well as within Asia. FTAs cover most pairs of countries in East Asia/Oceania as well as in South Asia. However, most pairs of countries are not covered by any FTA between East Asia and South Asia.

## ■ FTAs are widely utilized, playing important roles in enhancing supply chains.

About half of firms engaged in trade in Asia are using FTAs, and existing FTAs in major ASEAN countries brought a positive impact on exports of those ASEAN countries. FTAs play important roles in enhancing and strengthening supply chains in Asia.

## ■ Intermediary trade using a back-to-back CO has expanded re-exports of Singapore.

As Singapore is party to most regional FTAs in effect in Asia, Singapore-based firms can use FTAs even when they re-export a portion of goods in stock which were previously imported, using a back-to-back CO issued by the authority of Singapore.

## ■ Negative impacts of the TPP are likely to be larger in sectors not covered by the US GSP.

If the Trans Pacific Partnership (TPP) agreement comes into effect, a negative impact is likely to be larger on exports of TPP-non-members to the US in garments and footwear, because the US GSP scheme does not cover most of those sectors.

# Thank you for your kind attention

Utilization of FTA network in Asia -Lessons from ASEAN-

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