The ASEAN Trade in Goods Agreement and ASEAN Initiatives to Address Non-Tariff Measures

Submitted by: Philippines
THE ASEAN TRADE IN GOODS AGREEMENT (ATIGA) AND ASEAN INITIATIVES TO ADDRESS NON-TARIFF MEASURES

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CAPACITY BUILDING WORKSHOP ON ADDRESSING NON-TARIFF MEASURES IN FTAS/RTAS UNDER THE 3RD REI CBNI
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Outline of Presentation

• ASEAN Regional Economic Integration (ASEAN Economic Community or AEC)

• The ASEAN Trade in Goods Agreement (ATIGA)

• Ongoing Efforts on Addressing Non-Tariff Measures
ASEAN’s goal is to promote economic, political, socio-cultural cooperation ...

- Composed of 10 Member States, 7 of which are in APEC
- Combined GDP of US$ 2.6 T and total population of 634 people in 2016
- Total merchandise trade at US$ 2.2 T in 2016, with intra-ASEAN trade comprising 24%.
- Attracted US$ 96 B in FDI in 2016, with intra-ASEAN investments accounting 25%
ASEAN economic integration (AEC) is a continuous and progressive process...

• The AEC Blueprint articulates ASEAN goals and aspirations. The Consolidated Strategic Action Plan (CSAP) matches these with concrete actions and measures.

• AEC 2025 charts the path towards:
  1. A highly integrated and cohesive economy
  2. A competitive, innovative, and dynamic ASEAN
  3. Enhanced connectivity and sectoral cooperation
  4. A resilient, inclusive, people-oriented and people-centered region
  5. A global ASEAN
New AEC agenda targets NTMs to increase intra-regional trade...

A. A highly integrated and cohesive economy

A.1 Trade in Goods

Strategic Measures: Minimize trade protection and compliance costs in dealing with NTMs

- Explore imposing stringent criteria and sunset clause on trade-protective NTMs e.g. quotas and other quantity restrictions
- Embed good regulatory practice (GRP) in implementing domestic regulations and practices
- Strengthen coordination with private sector
- Explore alternative ways to address NTMs such as sectoral or value chain approaches
ATIGA sets out the rules governing intra-regional trade in goods....
Efforts to reduce intra-ASEAN tariffs have been met with success...

<table>
<thead>
<tr>
<th>Country</th>
<th>Tariff Lines at ATIGA 0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei Darussalam</td>
<td>99.03%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>98.66%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>98.68%</td>
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<tr>
<td>Philippines</td>
<td>98.63%</td>
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<tr>
<td>Singapore</td>
<td>100%</td>
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<tr>
<td>Thailand</td>
<td>99.84%</td>
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<table>
<thead>
<tr>
<th>Country</th>
<th>Tariff Lines at ATIGA 0% - 5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodia</td>
<td>98.53%</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>95.18%</td>
</tr>
<tr>
<td>Myanmar</td>
<td>99.28%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>99.68%</td>
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</table>

*Based on:
1. AFTA-CEPT Packages from the ASEAN Secretariat website
ATIGA sets out the NTM agenda....

- **Chapter 4 on NTMs** underlines commitment to:
  - Not adopt or maintain any prohibition or quantitative restriction, except in accordance with their WTO rights and obligations
  - Ensure that NTMs are transparent and do not create unnecessary trade obstacles
  - Notify and provide opportunity for prior discussions with other Member States
  - Establish an NTM database

- **Chapter 7 on Standards, Technical Regulations, and Conformity Assessment Procedures (STRACAP)** and **Chapter 8 on Sanitary and Phyto-Sanitary Measures (SPS)** have explicit objectives to these measures do not create obstacles to trade
ASEAN trade facilitation is also targeted at addressing NTMs.

- ASEAN Trade Facilitation Framework (ATFF) adopted by ASEAN Economic Ministers in 2016 supports the goal of a competitive, efficient and seamless movement of goods within the region.

- Objectives
- Principles
- Institutional Arrangement

Objective 2: To minimize the impact of NTMs and achieve the elimination of NTBs, fostering an effective and responsive regional approach to efficiently address NTMs with a view to pursuing legitimate policy objectives while reducing cost and time of doing business in ASEAN.
Several initiatives to address NTBs/NTMs are inscribed in ATIGA and relevant mandates...

- Increasing transparency through notification, publication, and accessibility of information

- Private-sector orientation
  - Platform to raise NTM issues/complaints
  - Regular consultations on private sector interests

- Mainstreaming of Good Regulatory Practice (GRP)
• **ATIGA Article 11 on Notification** commits AMS to notify changes and amendments to Annex 1 (List of Notifiable Measures)

  • Tariffs; Quotas; Surcharges; QRs; Other NTMs; Customs valuation; ROO; STRACAP; SPS Measures; Export taxes Licensing Procedures (imports and exports); Foreign exchange controls (imports and exports); Application of AHTN beyond 8-digit level
  • Notification to SEOM and ASEC at least sixty (60) days before an action or measure is to take effect
  • Notification requirement: (a) Description; (b) Rationale; and (c) Implementation date and duration
  • AMS to provide adequate opportunity for prior discussion with concerned AMS
Transparency through publication and accessibility of information...

Over the years, multilateral trade negotiations have helped to substantially reduce tariff rates. Non-tariff measures (NTMs) cover sanitary and phyto-sanitary standards (SPS), technical barriers to trade (TBT), import and export licensing, export restrictions, customs procedures, anti-dumping and safeguards measures, among others. While tariffs have been reduced, the number of NTMs is increasing and is often named as one of the main obstacles to international trade. Moreover, unlike tariffs, NTMs can be a source of revenues and can be easily used as a tool to protect domestic industries.

The Economic Research Institute for ASEAN and East Asia (ERIA) and UNCTAD developed the TRAINS database with the support of the ASEAN-UNCTAD Working Group on NTMs. The database contains information on NTMs imposed by ASEAN countries, including data on the number of measures, their text, and their effects on trade. The database is an important tool for policymakers, businesses, and researchers who need to understand the impact of NTMs on trade.

The TRAINS database is regularly updated and includes information on the NTMs that are imposed by each ASEAN country. This information is crucial for understanding the impact of NTMs on trade and for designing effective policies to reduce their impact. The TRAINS database is also a valuable tool for businesses and policymakers who need to make informed decisions about trade policies.
ASEAN Trade Repository (ATR) is a single point of access to the National Trade Repositories (NTRs) that provide and maintain the national-level trade-related information.

- Information is searchable by ‘topic’ and by ‘country’

Transparency through publication and accessibility of information...
Internal consultations on actual NTM issues raised....

- ATIGA also provides formal mechanisms to hear and resolve trade complaints – both through the **Matrix of actual Cases** and **ASEAN Solutions on Services, Investment, and Trade (ASSIST)**
Platform to raise NTMs faced by business....
Regular consultations on private sector interests....
Mainstream GRP to guide the design, implementation, and review of NTMs.

- **ASEAN GRP Guide (2009)** set out three elements, including transparency of non-tariff measures and removal of trade barriers.

- **ASEAN Work Plan on GRP 2016-2025**
  - Framework for the development and implementation of well-designed regulatory policies.
  - Improve process by which individual ASEAN members conceptualize, evaluate, consult, approve, and implement regulations.
Thank you...