



**Asia-Pacific
Economic Cooperation**

2018/SOM3/SYM/006

ASEAN and Free Trade Agreements: Global Engagement; Regional Integration

Submitted by: ASEAN Secretariat



**Symposium on How Free Trade
Agreements and Regional Trade
Agreements Can Contribute Towards
Economic Growth
Port Moresby, Papua New Guinea
18 August 2018**

ASEAN and Free Trade Agreements:

Global engagement; regional integration

SOM Symposium on RTAs/FTAs
18 August 2018, Port Moresby, PNG

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Five Characteristics of AEC Blueprint 2025

A Highly Integrated and Cohesive Economy

A Competitive, Innovative and Dynamic ASEAN

Enhanced Connectivity and Sectoral Cooperation

**A Resilient, Inclusive and People-Oriented,
People-Centred ASEAN**

A Global ASEAN

ASEAN's External Economic Relations

- Integration into the global economy through **Free Trade Agreements (FTAs)** and **Comprehensive Economic Partnerships (CEPs)**.
- Five (5) ASEAN Plus One FTAs with six Partners, namely **China, Korea, Japan, India, Australia and New Zealand**
 - Upgrading/review efforts underway for some.
 - Recently signed an FTA with **Hong Kong, China**, est. EIF 2019
 - Prospective partners: **European Union, Canada**
- **Regional Comprehensive Economic Partnership (RCEP)**, an ASEAN – led process between ASEAN and 6 FTA Partners.

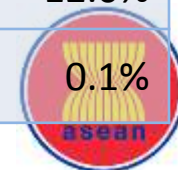
Further information on FTAs with Dialogue Partners:

<http://asean.org/asean-economic-community/free-trade-agreements-with-dialogue-partners/>



FTA partners: an overview

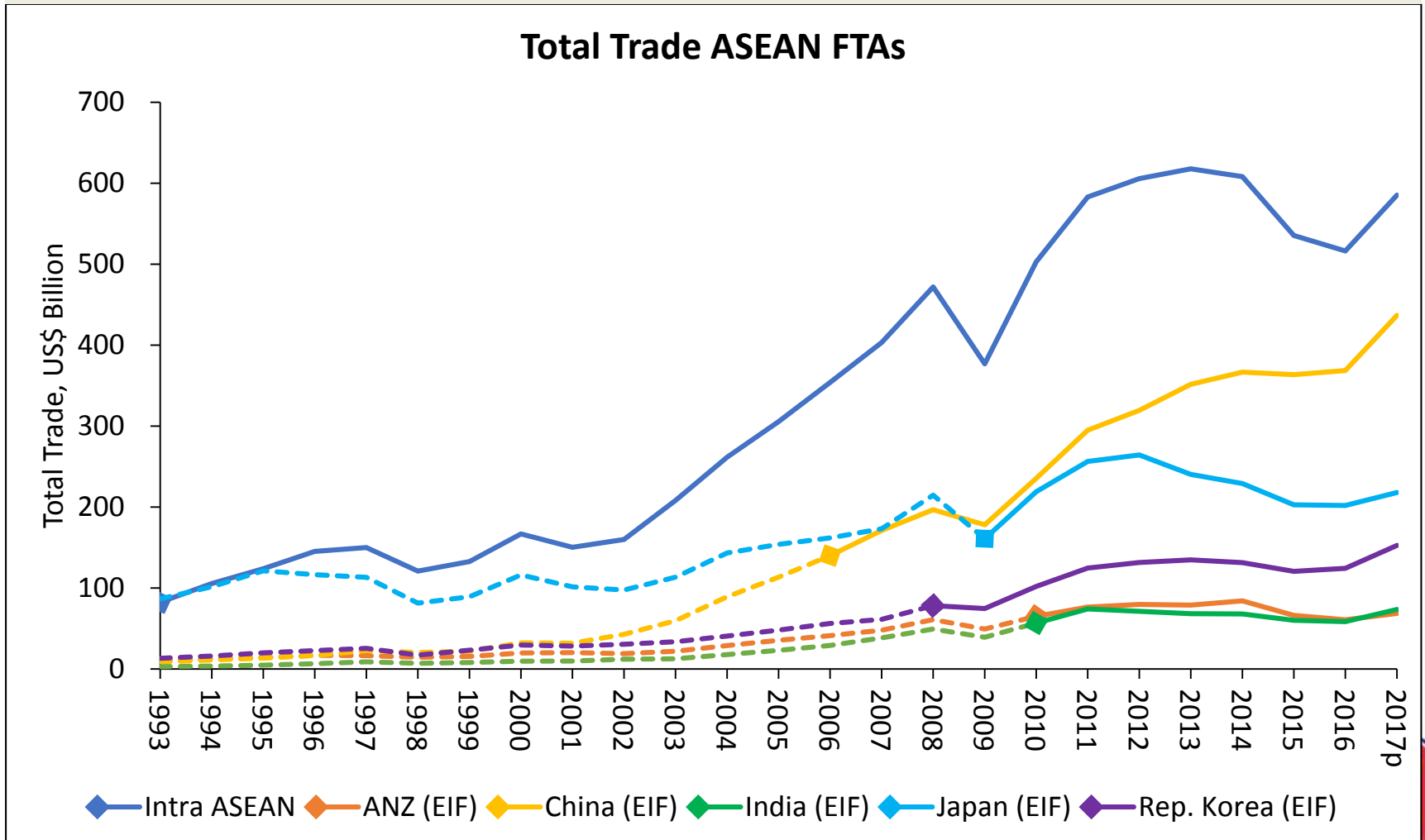
FTA Partners	Population (Million Person, 2017)	Nominal GDP (Million USD, 2017)	GDP CAGR (2010-2017)	Total Trade with ASEAN (Million USD, 2017)	Average Share of ASEAN Total Trade (2010-2017)	Total FDI to ASEAN (Million USD, 2017)	Average Share of ASEAN Total FDI Inflow (2010-2017)
ASEAN	643.46	2761.53	4.85%	585,277	24.0%	26,561	17.9%
ANZ	29.61	1,581.03	1.81%	68,563	3.0%	2,162	2.4%
China	1,390.08	12,014.61	10.25%	436,833	14.4%	11,295	6.4%
India	1,316.90	2,611.01	6.25%	73,490	2.8%	1,823	1.6%
Japan	126.75	4,872.14	-2.22%	217,955	9.7%	13,212	12.0%
Korea	51.45	1,538.03	4.98%	152,538	5.4%	326	0.1%



In general, ASEAN's trade with FTA partners improved after FTA EIF

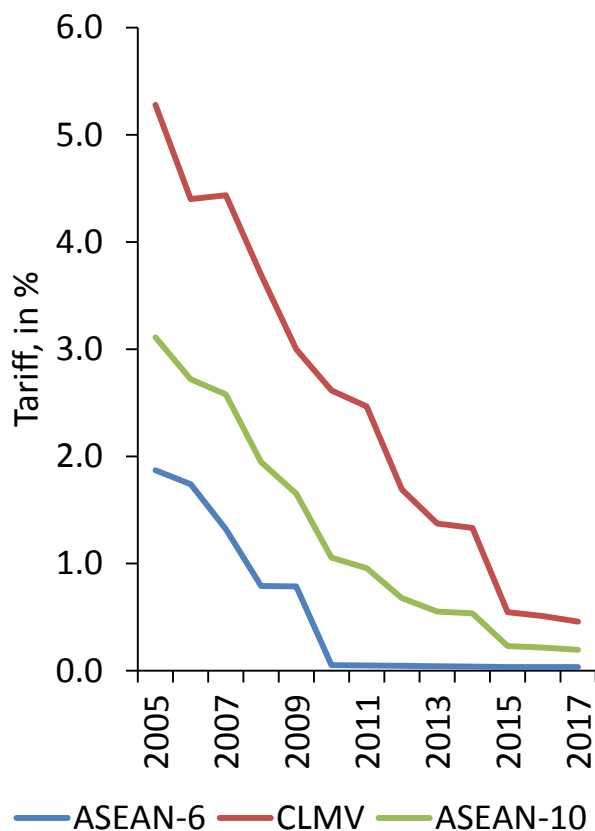
FTA Partner (EIF)	% of ASEAN Trade		Trade Intensity Index		Export average annual growth		Import average annual growth		% of ASEAN FDI inflows	
	EIF	2017	EIF	2016	2000 - EIF	EIF-2017	2000 -EIF	EIF-2017	EIF	2017
Intra-ASEAN	19.2	22.9	3.6	3.1	-	8.5	-	8.5	16.5	19.4
ANZ (2010)	3.2	2.7	2.2	1.9	15.4	-0.8	8.8	3.4	3.7	1.6
China (2005)	9.2	17.1	1.2	1.4	29.8	11.2	27.5	12.5	0.3	8.2
India (2010)	2.8	2.9	1.5	1.4	19.1	2.9	19.9	5.3	3.5	1.3
Japan (2008)	11.3	8.5	2.4	2.2	9.7	-0.1	6.5	0.4	11.2	9.6
Korea (2007)	3.8	6.0	1.7	1.9	10.7	6.4	11.1	11.9	0.1	0.2

Trade grew in higher magnitude after EIF



MFN tariffs of FTA partners have flattened in recent years

Average of the ATIGA Tariffs



ASEAN Member States	Tariff Rates on Extra-ASEAN Imports and from ASEAN FTA Partners (in %)							
	Extra-ASEAN (Rest of the World)				FTA Partners			
	Earliest Year		Latest Year		Earliest Year		Latest Year	
BN	5.21	2005	1.48	2014	8.1	2005	0.22	2014
KH	10.94	2005	5.96	2014	12.54	2007	2.3	2014
ID	4.09	2005	3.49	2013	5.99	2005	2.96	2012
LA	8.83	2005	10.46	2015	37.85	2005	14.23	2015
MY	3.12	2005	2.44	2014	5.64	2006	1.26	2014
MM	2.99	2005	4.15	2015	8.19	2007	4.53	2015
PH	2.59	2005	3.38	2013	5.89	2007	...	
SG	0.02	2005	0.17	2015	0.01	2005	0	2015
TH	4.09	2005	6.64	2015	7.08	2005	1.99	2015
VN	11.42	2005	4.93	2015	11.69	2005	2.59	2015

Source: World Bank World Integrated Trade Solution: <http://wits.worldbank.org>

Notes: '...' = no data available; MFN rate is used for extra-ASEAN (rest of the world); Preferential tariff is used for FTA partners (Australia, New Zealand, China, India, Japan, Korea)

Current FTA Assessment

Area	ACFTA	AKFTA	AJCEP	AIFTA	AANZFTA	AHKFTA
Negotiation Approach	Sequential	Sequential	Single undertaking	Sequential	Single undertaking	Single undertaking
EIF	ACTIA: 2005; ACSA= 2007; ACIA= 2010	AKTIGA=2007; AKTISA=2007; AKIA = 2009	Goods: 2008 Services, Investment - forthcoming	AITIGA= 2010; AITISA= 2015; AIIA= 2015	2010	EIF is targeted on 1 Jan 2019
ROO	Co-equal of RVC 40% or CTH (for 46 chapters) RVC 40% for the rest; and PSRs	Co-equal of RVC 40% or CTH; and PSRs	Co-equal of RVC 40% or CTH; and PSRs	RVC 35% plus CTSH; and PSRs	Co-equal of RVC 40% or CTH; and PSRs	RVC 40%; and PSRs
CPTF	General obligations in customs cooperation					
Services	All positive list No sectoral annexes, except AK (Financial services), AJ and AANZ (Financial and telecommunication services)					
MNP	None. Only [JP] and AANZ have separate chapters					
Investment	Discussion on liberalisation and protection under WP of upgrading (AC); schedule of reservations under WP					
IP	All but AK reaffirms TRIPS. AANZ further built on it; AHK standalone chapter					
Competition	None, except AANZ recognition of the importance of co-operation and to curtail anti-competitive practices					
E-Commerce	None, except AANZ, separate chapter					
ECOTECH	All in broad scope, except AANZ and AHK focus on implementation of agreement					
DS	Provisions under Trade in Goods, AANZ and AHK has a separate chapter					



Upgrading/Review of ASEAN+1 FTAs

ASEAN+1 FTAs	Upgrading Status
ASEAN-China FTe A	<ul style="list-style-type: none">• Upgraded the ROO provisions Customs Procedures and Trade Facilitation (CPTF)• Finalised the third package of commitments in trade in services expanded to 6 services sector• Revised the Investment Agreement to deepen investment cooperation• Expanded ECOTECH provisions
ASEAN-Japan CEP	<ul style="list-style-type: none">• Incorporation of Services (including FIN, TEL, MNP) and Investment Chapters
ASEAN-ANZ FTA	<ul style="list-style-type: none">• General Review of the Agreement
ASEAN-Korea FTA	<ul style="list-style-type: none">• Further liberalisation of sensitive products under AKTIG Agreement
ASEAN-India FTA	<ul style="list-style-type: none">• Review of AITIGA



Regional Comprehensive Economic Partnership (RCEP)

GLOBAL SHARE OF NOMINAL GDP, POPULATION, TRADE VOLUME OF RCEP, TPP 11 IN 2015 (in percent)



Source: IMF

CONTRIBUTION TO GLOBAL GDP OF TPP 12, TPP 11 IN 2015 (in percent)



Source: IMF

(Nominal basis)

- Objective: to achieve a modern, comprehensive, high-quality, and mutually beneficial economic partnership agreement (*Guiding Principles and Objectives for Negotiating the RCEP*)
- Comprehensive: Trade in goods, ROO, CPTF, SPS, STRACAP, Trade remedies, Trade in Services, Financial Services, Telecommunication Services, MNP, Investment, Competition, IP, e-Commerce, SME, Ecotech, Government Procurement, Dispute Settlement.
- 23 rounds, 6th Ministerial Meeting coming up, Ministers recently agreed to achieve substantial conclusion by year end.



Towards a Global ASEAN

- Translating regional **commitments into** national **implementation**. Reforms may be needed.
- Working on the **must-haves**: improving infrastructure development and connectivity, services, trade facilitation, GRP and updated regulatory frameworks.
- Amidst backlash to globalisation and growing protectionism – make use of ASEAN-led/centric frameworks to ensure **ASEAN centrality** such as in RCEP and EAS.
- Preparing for **global megatrends** e.g. geo-strategic shifts, Industry 4.0, urbanisation challenges, inclusivity and sustainability, resilience, and innovation.
- **Pro-active role in global arena**, including multilateral and other platforms.





THANK YOU!

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