

# Comparative analysis of scope and coverage of South-South RTAs in Asia

UNCTAD XII Pre-Event

Lessons learned from South-South Trade in Asia  
and Role of Regional Trade Agreements

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# Outline

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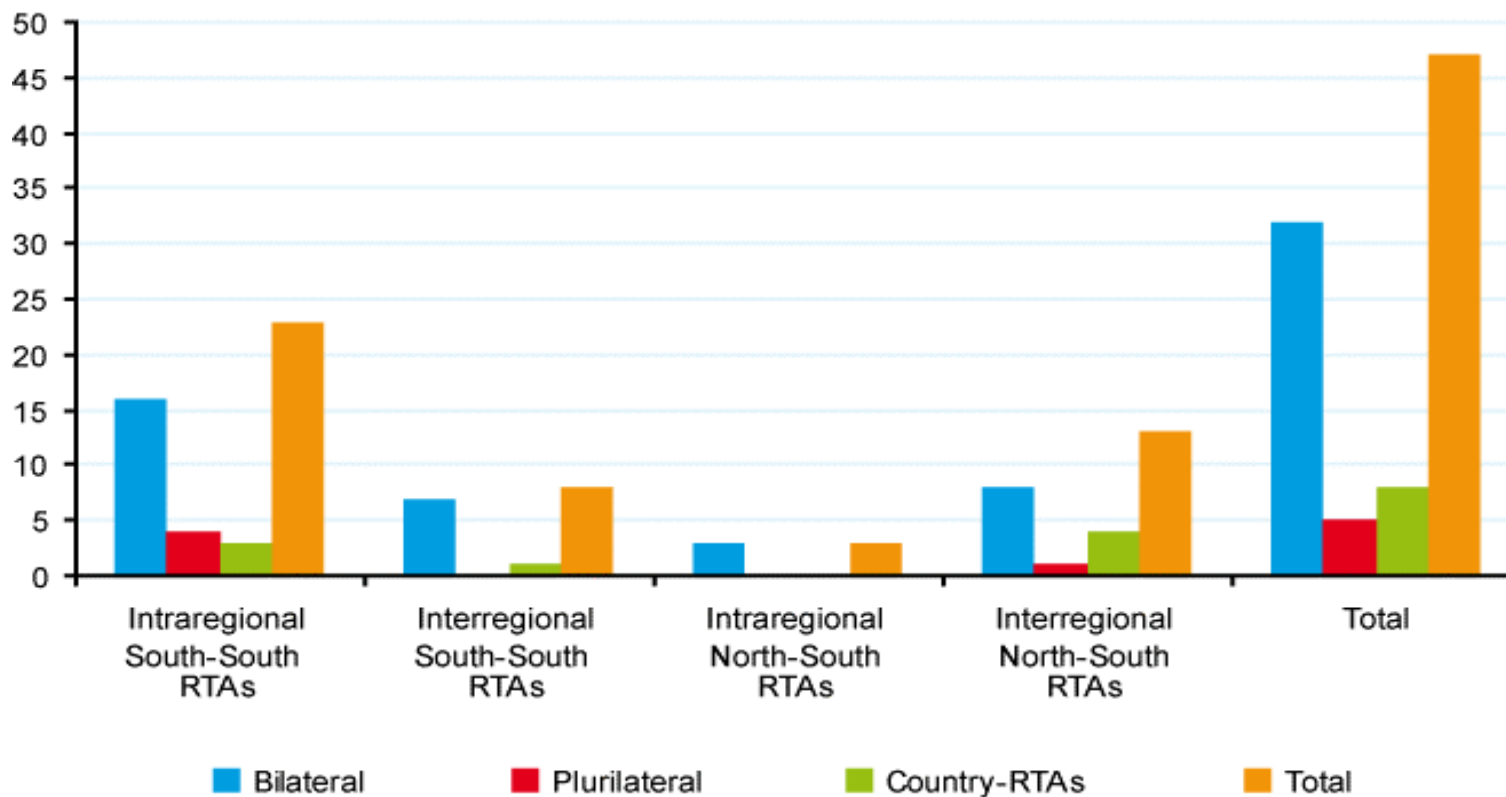
**III. Selected 15 South-South RTAs in Asia**

**III-1. Tariff elimination/reduction**

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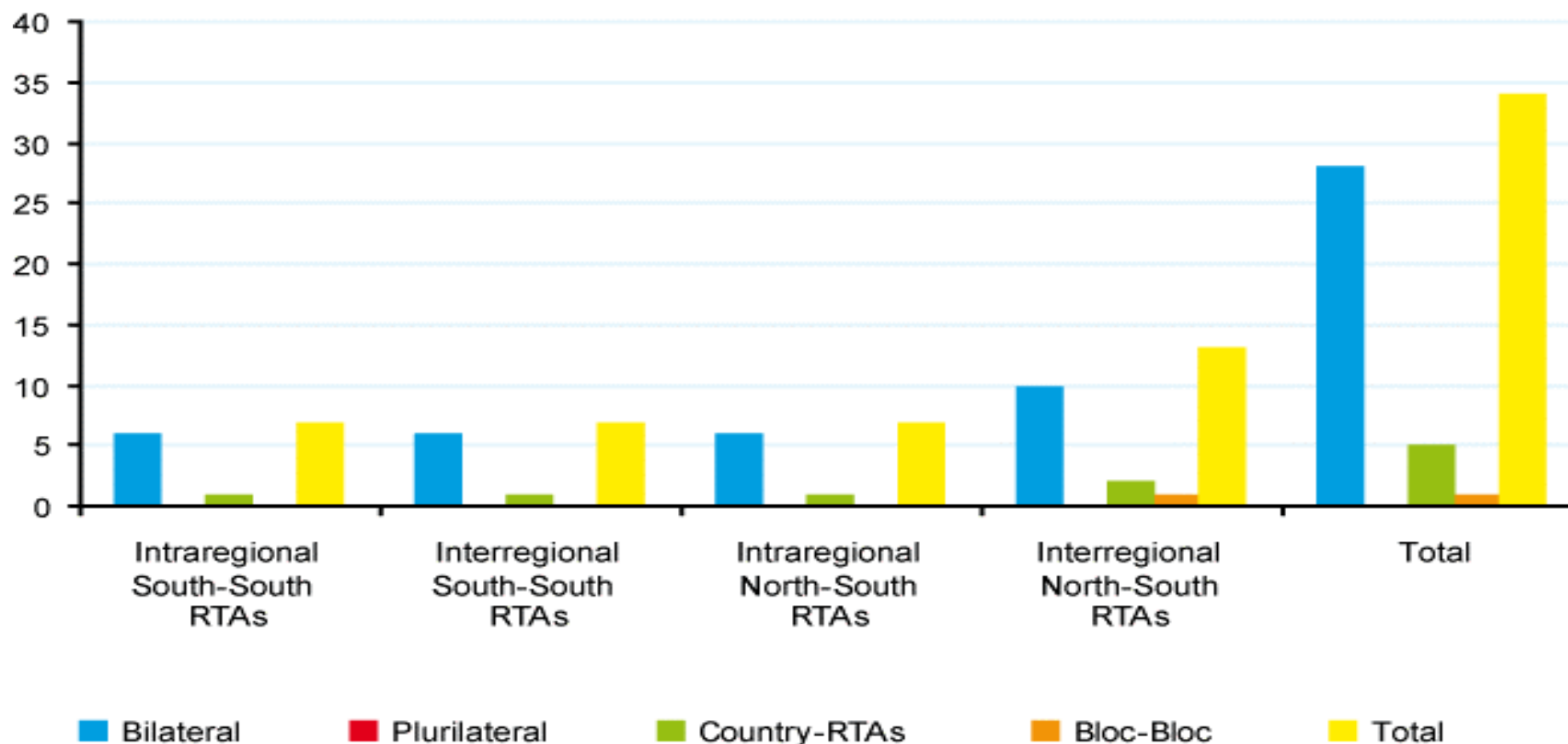
# I. RTAs in Asia: Typology

## Number of RTAs enforced in Asia



# I. RTAs in Asia: Typology

Number of **FTAs** under negotiation/ratification



**Table II.4. Scope and coverage of agreements: Intra-Asian South-South RTAs**  
(Framework agreements and preferential agreements are not included)

		Tariff reduction (year: year of tariff elimination)	Services	Rules of origin	Contingency measures (AD, CVD and SG) <sup>1</sup>	Standards- related measures (TBT, SPS)	Intellectual property rights	Trade facilitation	Competition	Investment	Government procurement	Dispute settlement	Labour standards	Environment standards	Labour mobility	Technology transfer	Capacity- building
<b>Bilateral</b>	Republic of Korea-Singapore FTA	Yes Positive list, 2016	Yes	Yes	Yes: AD, CVD, SG	Yes (TBT, SPS)	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No	No	Yes
	Malaysia-Pakistan FTA <sup>2</sup>	Yes	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No
	Pakistan-Sri Lanka FTA	Yes Negative list	No	Yes	Yes: SG	No	No	No	No	No	No	Yes	No	No	No	No	No
	India-Sri Lanka FTA	Yes Pos/Neg list	No	Yes	Yes: SG	No	No	No	No	No	No	Yes	No	No	No	No	No
	India-Bhutan FTA	? List not available	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
	India-Singapore FTA	Yes	Yes	Yes	Yes: AD, CVD, SG	Yes (TBT, SPS)	Yes	Yes	No	Yes	No	Yes	No	No	Yes	No	No
	China-Thailand FTA	Limited to 188 agriculture products	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	?	?	?	?	?	?
	China-Pakistan	Yes	No	Yes	Yes: AD, CVD, SG	Yes (TBT, SPS)	No	Yes	No	Yes	No	Yes	No	No	No	No	No
	China-Hong Kong, China	Yes Positive list	Yes	Yes	Yes: AD, CVD, SG	No	No	Yes	No	No	No	No	No	No	No	No	No
	China-Macao, China	Yes Positive list	Yes	Yes	Yes: AD, CVD, SG	No	No	Yes	No	No	No	No	No	No	No	No	No
<b>Plurilateral</b>	ASEAN Free Trade Agreement	Yes Positive/ nega- tive list 2010	Yes	Yes	Yes: SG	Yes	Yes	Yes	No	Yes	No	Yes	No	No	No	No	No
	SAFTA (South Asia Free Trade Agreement)	Yes 2013-2016	No	Yes	Yes: SG	n.a.	No	Yes	Yes	Yes	Yes	Yes	No	No	Yes	No	No
<b>Country-RTA<sup>3</sup></b>	China-ASEAN FTA	Yes 2010-2015	Yes	Yes	Yes: SG	No	Yes	No	No	Yes	No	No	No	No	No	No	No

Notes:

Yes: covered, No: no coverage

<sup>1</sup> AD: Anti-dumping, CVD: Countervailing duties, SG: Safeguard.

<sup>2</sup> The Malaysia-Pakistan FTA is an Agreement on the Early Harvest Programme for FTA.

<sup>3</sup> The Republic of Korea-ASEAN FTA enforced in 2007 is not covered in this table.

**Table II.5. Scope and coverage of agreements: Interregional South-South RTAs**  
(Framework agreements and preferential agreements are not included)

		Tariff reduction (year: year of tariff elimination)	Services	Rules of origin	Contingency measures (AD, CVD and SG)	Standards- related measures (TBT, SPS)	Intellectual property rights	Trade facilitation	Competition	Investment	Government procurement	Dispute settlement	Labour standards	Environment standards	Labour mobility	Technology transfer	Capacity- building
Bilateral	China-Chile	Yes	No	Yes	Yes: AD, CVD, SG	Yes (TBT, SPS)	Yes (only GI)	No	No	No	No	Yes	No	No	No	No	No
	Rep. of Korea-Chile	Yes Positive list	Yes	Yes	Yes: AD, CVD, SG	Yes (TBT, SPS)	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No
	Singapore-Jordan	Yes Positive list	Yes	Yes	Yes: AD, CVD, SG	No	Yes	No	No	Yes	No	Yes	No	No	No	No	No
	Singapore-Panama	n.a.	Yes	Yes	n.a.	n.a.	No	No	No	No	No	Yes	No	No	No	No	No

**Table II.6. Scope and coverage of agreements: Intra-Asian North-South RTAs**  
(Framework agreements and preferential agreements are not included)

		Tariff reduction (year: year of tariff elimination)	Services	Rules of origin	Contingency measures (AD, CVD and SG)	Standards- related measures (TBT, SPS)	Intellectual property rights	Trade facilitation	Competition	Investment	Government procurement	Dispute settlement	Labour standards	Environment standards	Labour mobility	Technology transfer	Capacity- building
Bilateral <sup>1</sup>	Japan-Malaysia	Yes Positive list	Yes	Yes	n.a.	n.a.	Yes	No	Yes	Yes	No	Yes	Yes	Yes	No	No	No
	Japan-Singapore	Yes Positive list	Yes	Yes	Yes: CVD, SG	Yes: CVD, SG	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No

*Notes:*

AD: Anti-dumping, CVD: Countervailing duties, SG: Safeguard

<sup>1</sup> The Japan-Thailand FTA enforced in 2007 is not covered in this table.

**Table II.7. Scope and coverage of agreements: Interregional North-South RTAs**  
(Framework agreements and preferential agreements are not included)

		Tariff reduction (year: year of tariff elimination)	Services	Rules of origin	Contingency measures (AD, CVD and SG)	Standards- related measures (TBT, SPS)	Intellectual property rights	Trade facilitation	Competition	Investment	Government procurement	Dispute settlement	Labour standards	Environment standards	Labour mobility	Technology transfer	Capacity- building
<b>Bilateral</b>	Singapore- New Zealand	Yes	Yes	Yes	Yes: AD, CVD and SG	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No	Yes
	Singapore-Australia	Yes Negative list	Yes	Yes	Yes: AD, CVD	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	No	No
	Singapore- United States	Yes Positive list	Yes	Yes	Yes: AD, CVD and SG	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
	Thailand-Australia	Yes Positive list	Yes	Yes	Yes: AD, CVD and SG	Yes	Yes	Yes	Yes	Yes	No	Yes	No	No	Yes	No	No
	Thailand-New Zealand	Yes Positive list	Yes	Yes	Yes: AD, CVD and SG	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No	No	No
<b>Plurilateral</b>	TRANS-PACIFIC Strategic Economic Partnership Agreement	Yes Negative list	Yes Nega- tive list	Yes	Yes: AD, CVD and SG	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	No	Yes
<b>Country-RTA</b>	Singapore-EFTA	Yes Positive list	Yes	Yes	Yes: AD and SG	Yes	Yes	No	Yes	Yes	Yes	Yes	No	No	No	No	No
	Rep. of Korea-EFTA	Yes Positive list	Yes	Yes	Yes: AD and SG	Yes	Yes	No	Yes	Yes	Yes	Yes	No	No	No	No	No

# II. RTAs in Asia: Scope and Coverage Findings

## Asian South-South RTAs

- **Trade in goods: Most dominant issue**
- **Trade in services: Only about half cover**
- **"Beyond-tariff" issues under the coverage of the WTO Agreements:**
  - **Rules of origin and contingency protection measures (i.e. anti-dumping, countervailing duties and safeguards) are covered by most of them**
  - **Standards-related measures and intellectual property rights are taken up by less than half of them**
- **"Singapore issues" (i.e. trade facilitation, investment, government procurement and competition policy):**  
**Attention mostly on trade facilitation followed by investment**

## **III. Selected 15 South-South RTAs in Asia**

- **Korea-Singapore FTA, 2006**
- **Malaysia-Pakistan FTA, 2006**
- **Pakistan-Sri Lanka FTA, 2005**
- **India-Sri Lanka FTA 2001**
- **India-Bhutan FTA 2006**
- **India-Singapore FTA 2005**
- **China-Pakistan FTA, 2007**
- **China-Hong Kong, China FTA, 2004**
- **China-Macao, China FTA, 2004**
- **AFTA (ASEAN Free Trade Agreement)**  
Goods:1993, Services:1996
- **SAFTA (South Asia Free Trade Agreement), 2006**
- **ACFTA: China-ASEAN FTA, 2005**  
Goods, 2004, Services, 2007
- **China-Chile FTA, 2006**
- **Korea-Chile FTA, 2004**
- **Singapore-Jordan FTA, 2005**

# III-1. Selected 15 South-South RTAs in Asia

## Tariff elimination/reduction

### Findings (1)

**The level of preferential trade liberalization is relatively modest**

#### (Ex.) SAFTA

	<b>MFN duties simple average</b>	<b>Preferential duties simple average</b>
<b>Bangladesh</b>	<b>16.8%</b>	<b>15.1%</b>
<b>Sri Lanka</b>	<b>12.1%</b>	<b>10.8%</b>
<b>India</b>	<b>16.9%</b>	<b>14.5%</b>
<b>Pakistan</b>	<b>9.4%</b>	<b>8.4%</b>

Source :TRAINS database

# III-1. Selected 15 South-South RTAs in Asia

## Tariff elimination/reduction

### Findings (2)

**Tariff lines coverage and preferential margins varies depending on the type and signatory countries of RTAs**

**Ex. South-South Bilateral RTAs: Tariff coverage is wider than Plurilateral RTAs (i.e. AFTA and SAFTA)**

#### Tariff lines coverage

Korea-Chile FTA ➡ Korea 93% (2006)

India-Sri Lanka FTA ➡ India 92.7% (2005)

Pakistan-Sri-Lanka FTA ➡ Pakistan 89.5% (2006)

AFTA (ASEAN Free Trade Agreement)

➡ Malaysia 84.2%, Thailand 89.7%, Indonesia 84.6%, Philippines 91.5%,  
Vietnam 72.2%, Cambodia 37%,  
Brunei Darussalam 54.1%, Myanmar 28.3% (2006)

# **III-1. Selected 15 South-South RTAs in Asia**

## **Tariff elimination/reduction**

### **Findings (3)**

**Only a limited number of RTAs can be regarded as genuine "Free Trade Agreements" at this stage**

- **Ex. SAFTA**
  - Coverage remains below 10% for all members
  - Preferential margin is below 3% for all SAFTA members
- **Ex. AFTA**
  - Average of coverage is 75%
  - Preferential margins are much larger than those of SAFTA
- **Ex. Korea-Singapore FTA**
  - 100% coverage (Singapore), 91.6% coverage (Korea)

## **III-2. Selected 15 South-South RTAs in Asia Beyond tariff issues**

### **Issues covered by the WTO Agreements**

- **Rules of origin**
- **Trade remedies**
- **Standard-related measures (TBT, SPS)**
- **Intellectual property rights**
- **Trade in services**

### **Singapore issues**

- **Investment**
- **Trade facilitation**
- **Competition**
- **Government procurement**

# III-2. Selected 15 South-South RTAs in Asia

## Beyond tariff Issues

### Findings (1)

#### Rules covered by the WTO Agreements

- **WTO consistency:**  
Contingency protection measures, standards-related measures, and intellectual property rights are playing **complementary role to the WTO** (WTO Agreements are incorporated into the RTA provisions)  
Some provisions includes **"WTO plus"** containing more detailed rules than the WTO Agreements
- **Regulatory and institutional cooperation in standards-related measures and intellectual property rights:**  
RTA parties aims at facilitating trade and investment through **regulatory and institutional cooperation**
- **Rules of origin is a matter of concerns:**  
Variety of rules of origin might deteriorate regional trade and investment flows

## III-2. Selected 15 South-South RTAs in Asia Beyond tariff Issues Findings (2)

### Trade in services

- **GATS type approach:**  
Influenced by the GATS in terms of their design, structure, approach to liberalization, and rules and disciplines
- Some can be regarded as **"GATS plus"**:  
Includes detailed rules in some areas (i.e. professional services, mutual recognition, and temporary movement of natural persons) and the level of commitments

# III-2. Selected 15 South-South RTAs in Asia

## Beyond tariff Issues

### Findings (3)

#### "Singapore issues"

- **Trade facilitation:**  
Highly aware of positive effects on trade (i.e. enhancing transparency, harmonization and simplification of procedures, and cooperation among parties for simplicity and efficiency)
- **Investment:**  
Two types: (i) Minimum protection of investors, (ii) investment promotion or liberalization
- **Competition:**  
Little attention. Focus on cooperation between competition authorities
- **Government procurement:**  
Little attention. Only WTO Government Procurement Agreement signatories (Korea and Singapore) include provisions

# Conclusions

- **Scope/coverage and comprehensiveness of Asian RTAs varies substantially and reflects the level of economic development of participating countries**
- **Scope/ coverage of North-South is wider than that of South-South**
- **Asian developing countries are still in the process of finding their own "templates" and degree of sophistication in comparison with the scope and coverage of comprehensive existing North-North and North-South RTAs**

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**THANK YOU!**

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