Item 7: Evolution of the international trading system and its trends from a development perspective: Asia and the Pacific

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APTIR 2017: Early findings

- Regional merchandise trade bouncing back but timidly but forecasts optimistic
- Intra-regional trade still centers around China
- Rising concerns with economic policy uncertainties
  - How harmful to trade?
  - Are all exporters hurt the same?
- Dog that does not bark (yet)- protectionist rhetoric still not followed up with actions
- Knowing your enemy: Non-tariff measures
- Recommendations: Enhancing regional cooperation
Trade bouncing back slowly ...

Growth of merchandise trade – Asia and the Pacific 2007-2016
But optimistic outlook

- From Nov 2016, modest recovery in monthly values of global and regional trade
- Recovery of China’s trade of particular interest due its size in both global and regional trade
  - In first 6 months of 2017, China’s imports grew by 18.9% (y-o-y)
  - Exports rose by 8.5% (y-o-y) during same period

- Projections for the region for 2017 and 2018 growth:
  - 2017 exports volume growth of 4%, import volume growth 5.5%; developing Asia-Pacific numbers are 4.8% and 3.3%, respectively
  - 2018 might see slower growth: exports 3.5% and imports by less than 3%
Intraregional trade still centres around China

- Asia-Pacific maintains its leading position in world trade: 40% of global exports and 35% of global imports
- East and Northeast Asia contributed most of that trade: 64% (exports and 59% (imports)
- Intraregional trade takes 56% on export side and 58% on import side
Rising concerns with economic policy uncertainties

- Since 2009, a series of uncertainties, but current period marked with the unprecedented level of anti-globalization sentiment and threats of free-trade policy reversals.

- Uncertainty deters spending by investors and consumers preventing a recovery of global demand.

- Particularly harmful to exporters due to higher fixed costs, does damage also persistent.

- Estimates pick that uncertainties in Asia-Pacific are surging faster and that intra-regional demand might be more sensitive – poor prospects for South-South cooperation.
Protectionist rhetoric vs. actions

- The last seven months saw the world-wide moderation of new trade-restrictiveness measures.
- Asia and the Pacific contributed 27 per cent of the new trade-restrictive measures introduced globally.

Effectively applied tariffs of Asia and the Pacific and selected major economies, simple average.
However non-tariff measures (NTMs) persisting

- NTMs accounted 56 and 55 per cent of new trade restrictive measures introduced globally and regionally during the past 18 months.
- In the Asia-Pacific region, 370 sanitary and 355 phytosanitary measures and technical-barriers to trade, were initiated in 2016.
Some policy recommendations to promote intraregional trade

- To improve intraregional trade: support consolidation and/or harmonization of rules of origins of overlapping preferential trade agreements
- Limit the replacement of tariff barriers by much less transparent non-tariff measures, including by promoting mechanisms to lower compliance costs
- Promote the implementation of trade facilitation measures, including transit facilitation and border cooperation measures, in line with the WTO TFA
- Promote new channels of trade including through Facilitation of Cross-border Paperless Trade in Asia and the Pacific
Thank you

Q&A

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