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REVIEW OF MARITIME TRANSPORT 2010

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Chapter 7



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7

REVIEW OF REGIONAL DEVELOPMENTS IN ASIA AND THE PACIFIC

CHAPTER 7

This chapter follows up on the developments in international transport and trade in the Asia-Pacific region reported in the Review of Maritime Transport 2007. It examines regional developments from 2007 to 2009, and gives special consideration to landlocked developing countries in the region. In contrast with the last review period of 2004 to 2006, when economic growth and trade in the region were booming, the current review period is characterized by a downturn in economic growth and trade. Reflecting the wide geographical spread of the global economic crisis of late 2008 and subsequent recession, GDP growth in the Asia-Pacific region decelerated to 4 per cent in 2009, its lowest level in 8 years. Consequently, growth in international merchandise trade in the region decelerated in 2008, and trade volumes contracted in 2009 with merchandise exports falling at the double-digit rate of about 12 per cent. Container trade volumes on the trans-Pacific and the Asia–Europe trades plummeted in 2009 due to a sharp decline in developed countries’ import demand for consumer and manufactured goods – the main exports of the region – as did intra-Asian container volumes and the Asia-Pacific port container throughput. By mid-2010, economic indicators were showing a recovery in the region’s economic growth and trade, with some economies already displaying signs of a return to pre-crisis growth and export levels. However, the potential for recovery should be viewed with caution. Recovery is subject to the assumption that the world remains on the same stabilization path, that the region continues to experience strong domestic demand, that debt positions do not deteriorate, that commodity prices remain relatively stable, and that Asian policymakers continue to enact fiscal stimulus packages. In other words, recovery remains fragile and is subject to downside risks.

A. ECONOMIC SITUATION AND PROSPECTS

The vast Asia-Pacific region is home to nearly 4 billion people or more than half the world's population. This region is characterized by wide diversity and disparities. It contains some of the world's largest and smallest countries, and comprises some of the most – and least – advanced economies. The level of development varies considerably across the region, and there are differences in geography, size, culture, historical background and systems of government, among other things.

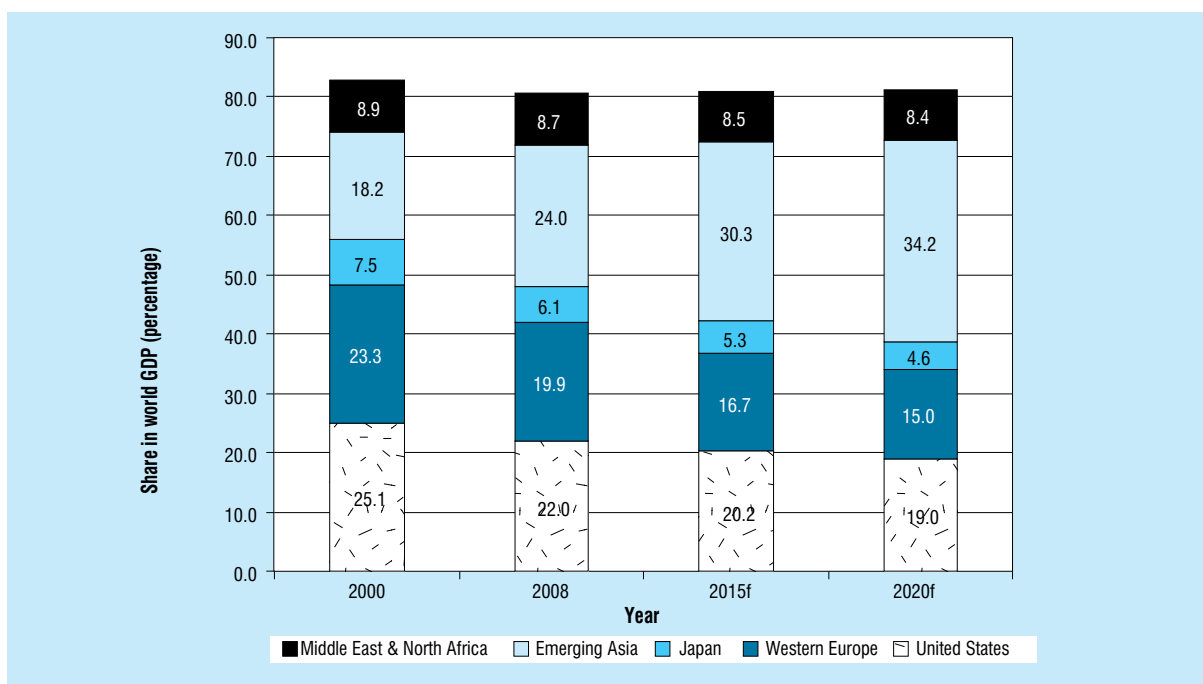
Measured by the size of the nominal GDP, Japan remains the largest economy in the region. In terms of purchasing power parity (PPP), China is the region's leading economy, followed by Japan, India, the Republic of Korea, and Indonesia.¹ Over the last decade, China and India have been growing rapidly, with an average annual growth rate of 10.0 per cent for China and around 6.0 per cent for India. Emerging Asia – which includes China, China (Hong Kong SAR), China (Taiwan Province of), India, Indonesia, Malaysia, the Philippines, the Republic of Korea, Singapore, Thailand and Viet Nam – has been growing in importance, with its share in global GDP

rising from 18.2 per cent in 2000 to 24 per cent in 2008.² Existing growth forecasts for emerging Asia are pointing to a share of 34.2 per cent by 2020 (see fig. 7.1).³

The last review of the Asia-Pacific region (which covered the period 2004–2006)⁴ highlighted the rapid growth in the global economy (i.e. in GDP) and in international trade. The current review highlights a major shift in trends, reporting on the very different economic situation in Asia-Pacific that has resulted from the global financial crisis of late 2008 and the subsequent world recession.

In 2007, economic growth and trade, both at the global and the Asia-Pacific level, continued unabated. By the end of 2008, however, a reversal in growth had been recorded, with global GDP decelerating in 2008 and then contracting in 2009. In the Asia-Pacific region, economic growth did not contract, but it decelerated sharply – from 5.8 per cent in 2007 to 2.6 per cent in 2008, and then to only 0.1 per cent in 2009. In line with the overall regional trends, developed Asia-Pacific suffered significant contractions in GDP in 2008 and 2009. Developing Asia-Pacific fared better than developed Asia-Pacific, with GDP decelerating from 8.8 per cent in 2007 to 5.7 per cent in 2008, and then to 3.9 per cent in 2009.

Figure 7.1. Share of world GDP, 2000–2020



Source: KCIC (2009). See <http://www.kcic-asia.com>.

Notes: f = forecast

Developing Asia-Pacific remained the fastest-growing region in the world in 2009 (3.9 per cent). It should be noted, however, that this rate masks differences at both the subregional and the country level, and that the main drivers of the resilient growth are China and India. According to data from the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), if China and India are excluded, the GDP of the region contracted by 0.6 per cent in 2009.⁵

GDP in the whole Asia-Pacific region is estimated to grow by around 5 per cent in 2010 (see table 7.1 and fig. 7.2), in tandem with the projected recovery at the global level.

GDP growth by subregion varied considerably, with East Asian countries recording, on average, a slowdown from a rate of 10.2 per cent in 2007, to 6.8 per cent in 2008, and then to 5.3 per cent in 2009. GDP growth in South-East Asia slowed from a solid 6.6 per cent in 2007, to 4 per cent in 2008, to a marginal 0.8 per cent in 2009. In South Asia, GDP growth slowed from 8.7 per cent in 2007 to 5 per cent in 2008, reaching 5.5 per cent in 2009. Altogether, South Asia fared better than South-East Asia and West Asia. The developed economies in Oceania were affected by the global economic situation, too, with GDP growth decelerating from 3.6 per cent in 2007 to 2.1 per cent in 2008 and then to 1 per cent in 2009 (Australia and New Zealand). The transition economies in Central Asia continued to record positive growth rates, despite decelerating sharply since 2007 – their GDP growth fell from 12.1 per cent in 2007 to 6.2 per cent in 2008. In 2009, their growth slowed further, to 2.9 per cent, with GDP in Armenia and Georgia contracting by 14.4 per cent and 3.9 per cent respectively. Uzbekistan recorded the strongest GDP growth in the subregion in 2009, at over 8 per cent.⁶ Unlike other subregions, which suffered a slowing of their GDP growth, West Asia suffered a GDP contraction of 0.8 per cent in 2009, which contrasts sharply with the positive growth rates that they recorded in 2007 (5 per cent) and 2008 (4.6 per cent).

Prospects for 2010

Prospects for 2010 are positive, and point to a potential recovery in the course of the year. GDP growth in developing Asia in 2010 is forecast to almost double, to 7.8 per cent. Growth is expected in all subregions, with relatively high growth rates both in East Asia (8.9 per cent) (with China in the leading position with 10.0 per cent), and also in South Asia (6.6 per cent) largely

on account of robust growth in India (7.9 per cent).

In sum, four main factors explain why Asia is showing signs of rapid recovery in 2010. These are:

- (a) the recovery in trade volumes, which raises the production and export levels of many export-oriented economies;
- (b) the substantial reduction of inventories domestically and of major trading partners, which raises demand for exports;
- (c) the resurgence of capital inflows into the region, generating liquidity, and
- (d) the strong domestic demand.

The abovementioned positive signs for a rebound in the Asia-Pacific region must be considered with caution, as risks to economic stability remain on the horizon. Firstly, growth levels in the upcoming years will be measured against a low base. Secondly, estimates for 2010–2011 are based on assumptions that the world economy stays on the same stabilization path. In this regard, the timing and sequencing of withdrawal of macroeconomic stimulus packages could impact on the already vulnerable economies of Asia and the Pacific. Other global imbalances could affect economic stability and halt recovery. These include, for example, deteriorating debt positions and a rise in commodity prices. Thirdly, even if stabilization continues at the projected pace, it could take time to return to pre-crisis growth levels.

B. TRENDS IN MERCHANDISE TRADE

The impact of the economic crisis

Reflecting the global economic situation, trade in the Asia-Pacific region was also affected by the 2008–2009 reversal in growth patterns, with all subregions recording a similar decline in trade volumes (see tables 7.2a and b).

When measured on a yearly basis, export of goods from Asia and the Pacific decreased by more than 11 per cent in 2009 (see table 7.2a). Economies in Central Asia and the Pacific, as well as Bhutan, Malaysia, Mongolia, the Philippines, Singapore, and Taiwan Province of China were severely impacted, with merchandise exports declining by more than 20 per cent. The high degree of export orientation of some Asian economies, coupled with shrinking domestic

Table 7.1. Asia-Pacific economic growth, 2007–2010^a (annual percentage change)

Region/country	2007	2008	2009 ^b	2010 ^c
Asia and Oceania	8.7	5.8	4.0	7.8
Oceania	2.1	3.0	1.2	2.6
Developed Asia and Oceania				
Developed Asia	2.5	-1.1	-5.0	2.0
Japan	2.4	-1.2	-5.2	2.5
Israel	5.4	4.0	0.7	2.9
Developed Oceania	3.6	2.1	1.0	2.9
Australia	3.7	2.4	1.3	3.0
New Zealand	3.1	-0.2	-1.6	2.5
Developing Asia and Oceania	8.7	5.8	4.0	7.8
Developing Asia	8.8	5.8	4.0	7.8
Eastern Asia	10.2	6.8	5.3	8.9
<i>of which:</i>				
China ^d	13.0	9.6	8.7	10.0
Southern Asia	8.7	5.0	5.5	6.6
<i>of which:</i>				
India ^e	9.6	5.1	6.6	7.9
South-East Asia	6.6	4.0	0.8	7.0
Western Asia	5.0	4.6	-0.8	5.2
Developing Oceania	2.1	3.0	1.2	2.6
Economies in transition in Asia	12.1	6.2	2.9	5.1
<i>of which:</i>				
Armenia	13.8	6.8	-14.4	1.5
Georgia	12.3	2.3	-3.9	2.0
Azerbaijan	25.1	10.8	9.3	7.0
Turkmenistan	11.6	3.0	-6.0	7.0
Uzbekistan	9.5	9.0	8.1	8.5
Least Developed Countries^f	8.4	5.4	4.7	5.7
Afghanistan	16.2	3.4	22.5	8.6
Bangladesh	6.4	6.2	5.9	5.6
Bhutan	21.4	6.6	6.3	6.8
Maldives	6.0	5.8	-3.0	3.4
Nepal	4.7	5.6	4.7	3.8
Cambodia	10.2	6.0	-2.5	4.8
Lao People's Democratic Republic	7.9	7.5	7.6	7.2
Myanmar	11.9	4.5	4.4	5.2
Timor-Leste	..	..	7.4	7.5
Yemen	4.7	3.9	3.8	4.8
Kiribati	-1.8	6.3	-0.7	1.5
Samoa	6.4	-3.4	-4.9	-2.8
Solomon Islands	10.0	6.0	-2.2	3.4
Tuvalu	2.0	2.0	1.5	1.6

Source: UNCTAD secretariat based on the *Trade and Development Report 2010*.

^a Calculations based on GDP at constant 2000 dollars.

^b Preliminary estimates for 2009.

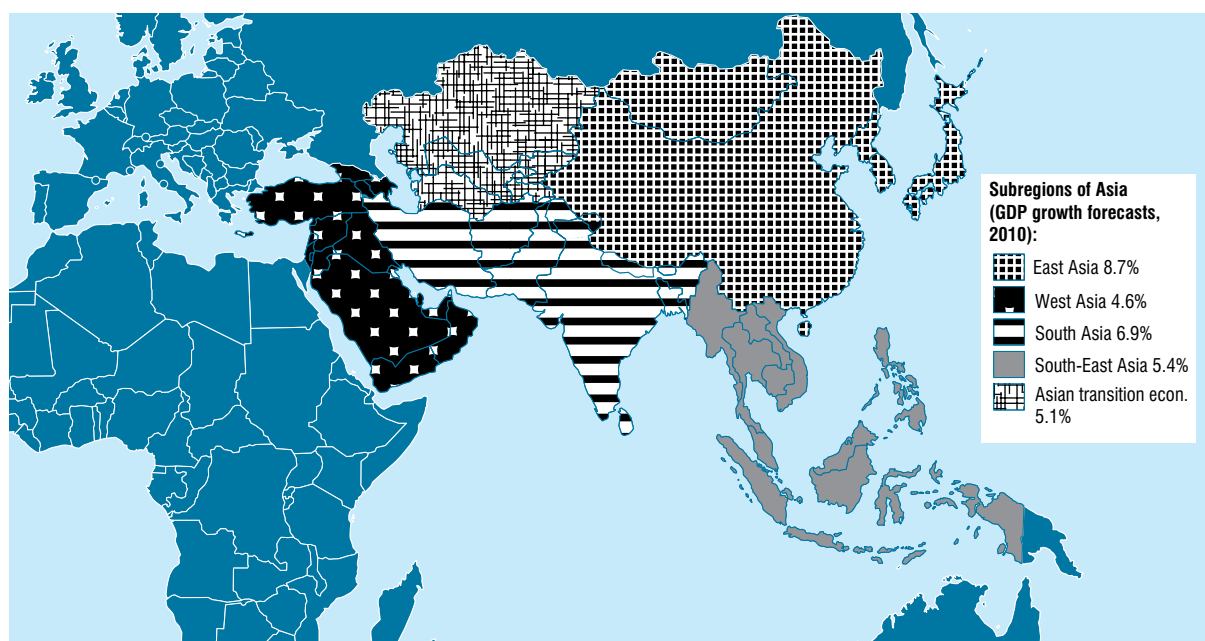
^c Forecasts for 2010.

^d Excluding China (Hong Kong), China (Macao) and China (Taiwan Province of).

^e Including Sikkim.

^f Excluding Timor-Leste.

Figure 7.2. GDP growth estimates for the subregions of Asia for 2010
(annual percentage change)



Source: UNCTAD secretariat, based on data from UNCTAD's *Trade and Development Report 2010*.

Table 7.2.(a) Growth rate of merchandise exports
(annual percentage at constant 2005 prices)

	Exports			Imports		
	2007	2008	2009	2007	2008	2009
World	6.4	2.1	-12.2	6.1	2.2	-12.9
United States	6.7	5.8	-13.9	1.1	-3.7	-16.5
European Union	4	-0.1	-14.8	4.1	-0.8	-14.5
Africa	4.8	0.7	-5.6	13.8	14.1	-5.6
Middle East	4.5	2.3	-4.9	14.6	14.6	-10.6
Asia	11.7	5.5	-11.1	8.2	4.7	-7.9

Source: World Trade Organization (2010). World trade 2009, prospects for 2010. Press release (PRESS/598). 26 March. Available at <http://www.wto.org>.

demand and reductions in orders from developed economies due to the economic crisis, resulted in some countries experiencing dramatic declines in both production and exports in 2009.⁷

In 2010, a recovery is taking place for Asian exports. In fact, the latest available reports show Asia's export volumes returning to pre-crisis levels in newly industrialized economies⁸ and in China.⁹ China and India dominate export growth in Asia. Recent data show

that both of these countries have already exceeded pre-crisis levels of exports and output measured in volume terms. The data for emerging Asia – China, China (Hong Kong SAR), China (Taiwan Province of), India, Indonesia, Malaysia, the Philippines, the Republic of Korea, Singapore, Thailand and Viet Nam) – show that emerging Asia had already recovered in the last quarter of 2009, with exports and output in April 2010 already at or above pre-crisis levels, except in the case of China (Hong Kong SAR).

Intraregional trade in Asia

UNCTAD's *Review of Maritime Transport 2004* addressed the importance of intraregional trade in Asia, reporting that over half of the countries within the region had Asia as their major market. Exports from Asia (with the exception of Central Asia) are largely destined for developing Asia.¹⁰ In fact, in the case of South-East, East and South Asia, developing Asia was the major market for exports in 2008 (table 7.3). In the case of South Asia, exports to developing Asia increased from 17 per cent in 2000 to 21 per cent in 2008, while exports to the United States decreased from 24 per cent to 13 per cent during the same period. For all subregions, including East Asia, the

Table 7.2.(b) Growth rate of merchandise exports, Asian subregions (percentage change per year)

	2007	2008	Exports ^a 2009	2010 ^c	2011 ^d
East Asia^a					
China	25.8	17.6	-16.1	12.7	13.5
China, Hong Kong	8.9	5.6	-11.9	13.0	6.3
Republic of Korea	14.2	14.2	-13.7	12.0	11.0
Mongolia	26.3	29.9	-24.9	-	-
China, Taiwan Province of	10.1	3.4	-20.2	19.6	8.5
Central Asia and transition economies^b	33.1	25.5	-16.2	20.3	10.7
Armenia	16.7	-7.1	-35.0	5.2	11.8
Azerbaijan	63.4	43.8	-31.0	31.8	7.6
Georgia	25.3	16.3	-22.0	12.2	14.3
Kazakhstan	24.7	48.9	-38.9	29.9	12.8
Kyrgyzstan	47.7	38.1	-11.3	10.0	10.0
Tajikistan	10.0	-6.8	-1.4	8.8	10.4
Turkmenistan	33.8	26.8	8.0	45.6	-
Uzbekistan	42.9	44.2	1.7	18.9	18.6
South Asia^b					
Afghanistan	1.3	18.9	-2.4	-	-
Bangladesh	15.8	17.4	10.1	5.0	11.0
Bhutan	83.7	4.4	-23.8	-	-
India	28.9	13.7	-15.0	16.0	12.0
Maldives	1.2	45.2	-50.7	-	-
Nepal	2.6	9.3	-4.7	-	-
Pakistan	4.4	18.2	-6.4	-1.4	4.2
Sri Lanka	11.0	6.5	-12.9	5.0	15.0
South-East Asia^b					
Brunei Darussalam	0.5	37.5	-	-	-
Cambodia	10.7	15.1	-17.0	5.0	8.0
Indonesia	14.0	18.3	-14.4	10.8	9.2
Lao People's Democratic Republic	16.6	24.1	-10.0	15.0	13.0
Malaysia	9.6	13.1	-21.1	11.0	8.5
Myanmar	23.9	15.5	4.8	9.0	12.0
Philippines	6.4	-2.5	-22.3	15.2	12.7
Singapore	10.1	13.0	-20.3	19.5	14.0
Thailand	18.2	15.9	-13.9	16.0	18.0
Viet Nam	21.9	29.1	-8.9	9.0	14.0
The Pacific^b					
Cook Islands	35.7	-3.7	-	-	-
Fiji Islands	9.0	20.4	-27.8	-	-
Kiribati	21.9	23.1	-	-	-
Marshall Islands	31.2	21.4	-	-	-

Source: Asian Development Bank. *Asian Development Outlook 2010* (statistical appendix).

Note: Data as reported in the balance of payments of each country. Exports are reported on a free-on-board basis.

^a International Monetary Fund (2010). April.

^b ESCAP (2010). Subregional weighted averages. For more information, see Economic and Social Survey of Asia and the Pacific 2010 available at <http://www.unescap.org>.

^c The 2009 figures are estimates and the 2010 figures are forecasts (made on 15 April 2010).

^d The 2011 figures are forecasts (made on 15 April 2010).

Table 7.3. Direction of exports (as a percentage of total exports)

To From	Developing Asia		China		Japan		United States		European Union		Others	
	2000	2008	2000	2008	2000	2008	2000	2008	2000	2008	2000	2008
Central Asia	9.2	9.4	4.1	6.5	0.5	1.0	1.7	6.6	28.1	45.6	56.4	30.9
Armenia	7.8	9.7	0.2	0.2	0.1	0.0	12.6	5.0	36.9	54.2	42.5	30.9
Azerbaijan	7.1	12.6	0.3	1.0	0.0	0.3	0.5	12.5	63.6	56.0	28.6	17.5
Georgia	16.2	26.2	0.3	0.6	0.1	0.0	2.2	6.8	24.0	22.2	57.2	44.3
Kazakhstan	5.4	4.0	6.8	13.4	0.1	1.5	2.1	2.9	23.0	46.0	62.6	32.2
Kyrgyzstan	29.0	31.1	8.8	2.7	0.1	0.2	0.6	0.3	37.6	11.7	23.9	54.0
Tajikistan	16.5	8.5	0.4	5.6	-	0.0	0.1	0.0	30.1	41.9	52.9	43.9
Turkmenistan	6.4	7.6	0.3	0.3	-	0.0	0.5	1.4	21.5	27.0	71.3	63.8
Uzbekistan	23.6	22.1	0.5	4.3	3.2	4.1	1.5	3.8	26.8	10.4	44.3	55.3
East Asia	25.9	27.4	11.7	13.3	11.4	7.0	21.8	14.9	15.2	17.0	13.9	20.3
China	32.9	32.8	-	-	16.3	8.0	20.4	17.3	16.1	20.1	14.3	21.8
China, Hong Kong	10.2	10.7	34.1	48.3	5.5	4.3	23.0	12.7	15.5	13.6	11.8	10.4
Republic of Korea	23.8	21.9	10.2	20.8	11.3	6.4	20.9	10.6	13.7	13.3	20.2	27.0
Mongolia	4.0	1.4	49.8	64.5	1.5	1.1	24.3	4.5	7.7	17.1	12.6	11.3
China, Taiwan Province of	38.2	30.1	2.9	26.2	11.2	6.9	23.6	12.0	15.2	10.7	8.8	14.1
South Asia	17.3	20.8	1.6	4.8	3.6	1.7	24.2	12.9	26.3	23.5	26.9	36.3
Afghanistan	46.0	55.1	3.4	0.5	0.3	0.1	1.9	16.5	35.3	12.8	13.1	15.0
Bangladesh	5.4	5.8	0.2	0.7	1.2	0.6	31.7	20.7	40.1	48.1	21.5	24.1
India	19.2	22.2	1.8	5.4	4.1	1.8	21.1	11.6	24.1	21.1	29.8	38.0
Maldives	32.0	48.0	-	0.7	4.1	2.7	44.0	1.9	18.5	42.6	1.4	4.1
Nepal	44.5	66.0	-	0.6	1.4	1.2	27.4	9.6	23.0	13.6	3.7	8.9
Pakistan	18.5	19.4	2.6	4.2	2.6	1.8	24.9	16.0	27.7	22.4	23.6	36.2
Sri Lanka	8.6	10.4	0.1	0.6	4.2	2.2	40.1	22.0	28.2	38.6	18.9	26.1
South-East Asia	37.4	41.8	3.7	8.8	12.6	10.5	18.2	10.4	14.4	11.5	13.7	17.0
Brunei Darussalam	36.2	44.0	1.8	0.7	40.7	40.4	12.0	1.0	3.6	0.2	5.8	13.6
Cambodia	8.2	10.1	2.1	0.8	0.9	2.6	65.4	54.3	20.5	22.8	2.9	9.4
Indonesia	33.1	38.1	4.2	8.1	22.1	19.2	13.0	9.1	13.7	10.7	13.7	14.9
Lao People's Democratic Republic	43.4	54.9	1.5	8.4	2.8	1.0	2.2	2.5	26.0	11.2	24.1	22.0
Malaysia	40.3	41.4	2.9	9.2	12.3	10.4	19.5	12.1	13.3	10.9	11.7	16.0
Myanmar	35.2	74.1	5.6	8.7	5.4	4.3	22.0	-	16.4	3.7	15.5	9.1
Philippines	30.5	33.4	1.6	10.6	13.4	15.0	27.3	16.0	16.5	16.6	10.7	8.3
Singapore	44.1	51.7	3.8	9.0	7.3	4.9	16.7	7.0	13.5	10.2	14.7	17.2
Thailand	30.8	34.7	3.9	9.1	14.2	11.2	20.5	11.2	15.7	12.7	15.0	21.2
Viet Nam	25.8	22.6	10.3	7.1	17.2	13.4	4.9	18.6	20.0	16.9	21.9	21.5
The Pacific	11.2	14.3	5.2	5.8	10.3	8.1	5.3	2.6	11.1	9.1	56.9	60.1
Fiji Islands	14.3	16.4	0.0	0.1	4.1	4.1	21.1	15.2	16.5	12.8	44.0	51.5
Papua New Guinea	7.6	9.6	6.5	5.1	11.2	9.2	1.3	1.1	10.2	9.1	63.2	65.9
Samoa	18.1	11.5	0.1	1.4	0.3	0.5	10.6	2.8	3.0	0.3	67.9	83.5
Solomon Islands	42.3	23.4	12.0	48.1	20.7	2.7	0.7	0.4	10.6	9.6	13.6	15.8
Tonga	6.3	30.6	-	0.1	48.5	10.3	30.0	25.4	6.5	5.2	8.7	28.5
Vanuatu	60.7	88.1	0.4	0.1	18.7	5.9	9.7	0.3	5.7	2.7	4.8	2.9
Developing Asia	29.2	30.2	8.4	11.4	11.3	7.5	20.3	13.3	15.6	16.8	15.1	20.8

Source: Asian Development Bank. Asian Development Outlook 2010 (statistical appendix).

share of exports to developing Asia has increased since the year 2000.¹¹

Despite the fact that a larger proportion of trade is carried out within Asia today, intraregional trade volumes contracted by 9 per cent during the financial crisis of 2008 and 2009. This is similar to the trade declines suffered within the United States and within Europe during the crisis (by 9 per cent and 10 per cent respectively). A large proportion of intraregional trade is intra-industrial processing, resulting in goods that are mostly exported and are later consumed outside the Asian region.¹² Since Asia continues to depend on import demand from industrialized countries in North America and Europe, the fall in demand for imports from those countries impacted on Asian trade, considerably slowing down the movement of parts and components across borders, even within Asia.¹³ Trade in automotive products was the sector in Asia most severely impacted by the financial crisis, declining 48 per cent during the first quarter of 2009 (year on year). Other sectors affected were iron and steel (37 per cent), office and telecommunications equipment (29 per cent) and integrated circuits (31 per cent).¹⁴

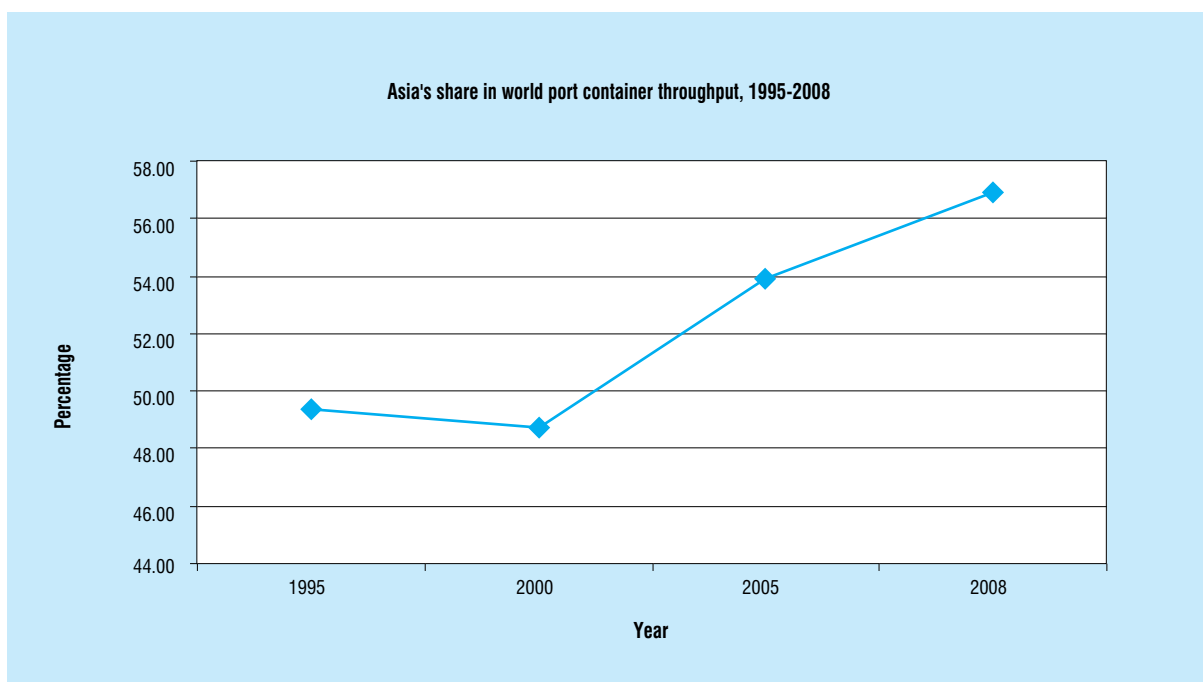
C. MARITIME TRADE

Economic growth, merchandise trade and seaborne trade are closely related. In recent years, Asia's share of the world's total goods loaded on board vessels has increased to 41 per cent, followed, in decreasing order, by the Americas, Europe, Africa and Oceania (see chapter 1). Asia's share in world container throughput – the fastest-growing sector out of the major types of cargo (dry bulk, oil and container) – has increased from 50 per cent in 1995 to almost 60 per cent today (see fig. 7.3). The top 10 busiest ports together handle over 40 per cent of containerized trade, and nine of these ports are located in Asia. Fifteen of the world's largest liner shipping companies are located in Asia, too.

Containerized trade

Asia ranks top for goods loaded per continent, with 41 per cent, followed by the Americas with 23 per cent, and then Europe with 18 per cent. Africa and Oceania account for 10 per cent and 9 per cent of the total share, respectively (see chapter 1). Not

Figure 7.3. Container throughput in Asia (annual percentage change)



Source: UNCTAD secretariat, based on the *ESCAP Review of Developments in Transport in Asia and the Pacific 2009*, which uses data from *Containerisation International* (1978 to 2007) and estimates from Drewry Shipping Consultants (2008 and 2009).

Note: The Asian and Pacific countries in this figure refer to ESCAP members. For further information, see <http://www.unescap.org/about/member.asp>

surprisingly, therefore, the global downturn in 2008 and 2009 was significant for Asia.

In 2007, the global container trade was thriving, including on the major East–West shipping lanes. With the onset of the global financial crisis and recession in 2008, orders from the consumer markets of the United States and Europe declined, leading to a significant drop in industrial production and container trade flows. Container volumes on the Asia–Europe and Asia–North America routes contracted by an average of about 10 per cent in 2009, and consequently, container throughput in Asian ports sharply contracted too (fig. 7.4).

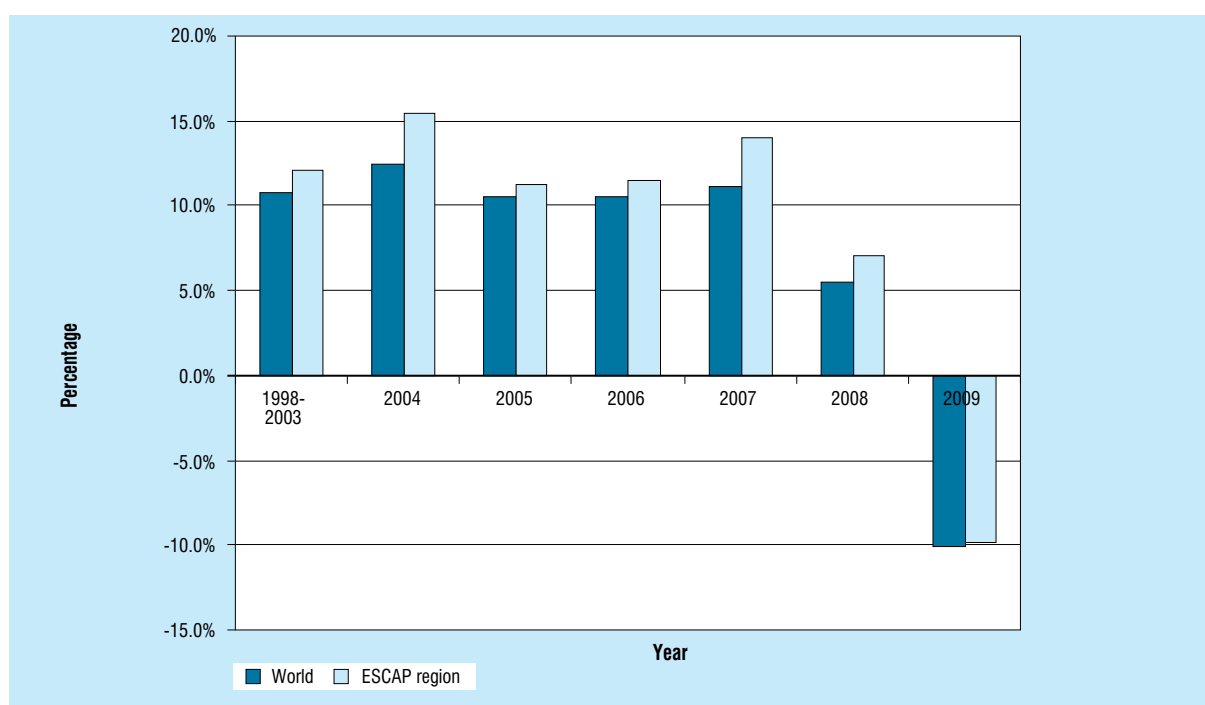
Placing these trends in a historical context, growth in container port throughput was particularly strong from the 1980s until 2007, exceeding world trade growth rates. Annual trade growth rates of about 10 per cent were maintained until 2007. Container port volumes in 2003, for instance, were at 20 times their 1978 levels. But by the end of 2008, growth rates had turned negative, and in 2009, the region handled approximately 10 per cent fewer containers than in 2008.¹⁵

Asian container trade accounted for an almost 60 per cent share of world container port throughput

in 2009, with East Asia as the dominant subregion. Asian countries' share in global port container volumes has been varying since 1970, with mainland ports in China making remarkable increases to their share since 2005. China's container throughput went up from 1 million TEU in 1983 to 43.6 million TEU in 2005, making the country's container market – excluding China (Hong Kong SAR) and China (Taiwan Province of) – the largest container market in the world today.¹⁶

The outlook for container trade volumes for the Asia-Pacific region shows signs of improving, in line with improvements in the global economy. Container trade in 2010 is forecast to increase by 8 per cent on the Far East–Europe route, and by 10 per cent on the trans-Pacific Asia–North America route.¹⁷ Dry bulk trade is expected to grow at a rate of 9.4 per cent. The strong growth expected in both China and India in 2010 is very encouraging news for the shipping industry. Shipping lines are responding to increasing demand by putting idle vessels back into service. There are indications, nevertheless, that the supply of shipping capacity could exceed the increasing demand in the near future, which could have a corresponding effect on prices and on the supply of maritime services (see chapter 3 for more details).

Figure 7.4. Asia's share in world container throughput



Source: UNCTAD secretariat, using data from Containerisation Online.

Busiest seaports

In 2009, the 10 busiest ports in the world handled 155 million TEU, approximately 41 per cent of the total world throughput. Of the 10 busiest ports, 9 are located in Asia (see table 7.4). The top five container ports over the last four years have been (1) Singapore; (2) Shanghai; (3) Hong Kong, China; (4) Shenzhen; and (5) Busan; which altogether handled approximately 102 million TEU in 2009. Within Asia, these ports handled over 60 per cent of the Asian throughput.¹⁸

Container throughput in South-East Asia grew on average by 3.6 per cent per year from 2000 until 2008. Since the *Review of Maritime Transport* last reported on the subregion in 2007, ports in Malaysia, the Republic of Korea, Singapore, Sri Lanka and Thailand have grown considerably.

Thai ports have been gaining momentum, growing at a pace of 9.5 per cent per year from 2000 to 2008 and registering a growth of 11.23 per cent in 2006–2007, mainly thanks to the developments in the port of Laem Chabang. Laem Chabang grew from a low level

in the 1990s, to 2.1 million TEU in 2000, and then to 5.1 million TEU in 2008, declining to 4.6 million TEU in 2009, handling almost 80 per cent of Thailand's total container trade.¹⁹

The port of Singapore is a major transshipment hub for countries within the region exporting to the United States and Europe. Although estimates show a year-on-year throughput decline of 14 per cent in 2009, Singapore still registers the largest container throughput and ranks at the top of the busiest ports worldwide.²⁰

In East Asia, China's container throughput is now more than six times larger than that of Japan. Among the four ports gaining rank since 2006, three are located in China: Guangzhou, Ningbo and Qingdao (see tables 7.4–7.6 for details of the main winners and losers). Guangzhou recorded 1.4 million TEU in 2000, which went up to a remarkable 11 million TEU in 2008 and stabilized at that level in 2009 in spite of the financial crisis. Qingdao increased from 2.1 million TEU in 2000 to 10.3 million TEU in 2008, stabilizing at this level in 2009. Ningbo recorded a dramatic increase between 2000 and 2008 – rising from 0.9 to 11.2 million TEU –

Table 7.4. World's 10 busiest ports

World ranking				Port name	Country	Trade region	Total TEU in 2009
2009	2008	2007	2006				
1	1	1	1	Singapore	Singapore	South–East Asia	25 866 400
2	2	2	3	Shanghai	China	East Asia	25 002 000
3	3	3	2	Hong Kong	Hong Kong, China	East Asia	20 983 000
4	4	4	4	Shenzhen	China	East Asia	18 250 100
5	5	5	5	Busan	Republic of Korea	East Asia	11 954 861
6	8	12	15	Guangzhou	China	East Asia	11 190 000
7	6	7	8	Dubai	United Arab Emirates	West Asia	11 124 082
8	7	11	13	Ningbo	China	East Asia	10 502 800
9	10	10	11	Qingdao	China	East Asia	10 260 000
10	9	6	7	Rotterdam	Netherlands	Europe	9 743 290

Source: : UNCTAD secretariat, based on data from *Containerisation Online*, accessed May 2010.

Table 7.5. Ports previously in the top 10 that have lost rank since 2006

	Country	Region	World ranking			
			2009	2008	2007	2006
Rotterdam	Netherlands	Europe	10	9	6	7
Hamburg	Germany	Europe	16	11	9	9
Los Angeles	United States	North America	16	16	13	10

Source: : UNCTAD secretariat based on data from *Containerisation Online*, accessed May 2010.

Table 7.6. Ports that have gained rank since 2006

	Country	Region	World ranking			
			2009	2008	2007	2006
Guangzhou	China	East Asia	6	8	12	15
Dubai	United Arab Emirates	West Asia	7	6	7	8
Ningbo	China	East Asia	8	7	11	13
Qingdao	China	East Asia	9	10	10	11

Source: : UNCTAD secretariat based on data from *Containerisation Online*, accessed May 2010.

and then dropping to 10.5 million TEU in 2009.

Similarly, container throughput for the Republic of Korea grew rapidly in the 2000–2008 period, averaging 8.6 per cent per year, and recording a high of 10 per cent growth in 2006–2007 (table 7.7). In 2009, however, the throughput contracted to 11.9 million TEU, having stood at 13.4 million TEU in 2008.

In South Asia, container throughput has almost tripled since 2000, however it is still negligible when compared to other Asian subregions – especially East Asia, where the throughput is 10 times higher than in South Asia.

Interestingly, the port of Dubai in Western Asia registered a container throughput of 6.4 million TEU in 2004, rising to 11.1 million TEU in 2009. The port of Dubai is among the 10 busiest ports in the world, and the only port in Western Asia that has ranked at that level for the past four years.

Iranian ports have registered very fast growth in recent years, with a yearly growth rate averaging 21 per cent in the 2000–2008 period. India and Bangladesh have followed, with growth rates averaging 13.5 per cent and 10.3 per cent respectively during the same period. However, substantial contractions year on year were recorded for Indian ports in 2006–2007 (by 15 per cent). The latest available data for Pakistani ports records significant growth, averaging 15 per cent from 2000 to 2006, and then slowing down to a yearly growth rate of 9 per cent in 2006–2007.²¹

Major shipping lines

Asian liner shipping companies lead the world containership market. Fifteen out of the 21 busiest liner shipping companies are located in Asia, notably in China, in Taiwan Province of China, and in Singapore. Table 7.8 lists these top 15 shipping

companies. Taken together, these companies operate about 40 per cent of the existing TEU carrying capacity.

Since the *Review of Maritime Transport* reported in 2004 on maritime transport services in Asia, some important developments have taken place. Table 7.8 compares recent data with data from 2004, and shows that among the companies gaining rank are APL, COSCO, MOL, Yang Ming Marine, Hyundai, PIL, UASC, and Wan Hai Lines. Among these companies, the growth in TEU capacity is at double or more (the percentage change is almost 100 per cent, or more). UASC tops the list in growth of TEU capacity, with a 160 per cent change in 2010 when compared to 2004, followed by COSCO (115 per cent) and APL (106 per cent).

Regarding the number of containerships, the companies that gained rank in 2010 compared to 2004 were APL, Evergreen, COSCO, MOL, Yang Ming Marine, Hyundai, PIL, UASC and Wan Hai (see table 7.8). These companies have seen their number of ships increase by between 30 and 70 per cent in 2010. Their orders have also increased, by between 20 and 70 per cent.

D. THE ASIAN FLEET

Table 7.9 provides details on the Asian fleet by flag of registration and type of vessel, while table 7.10 gives a breakdown of growth in the merchant fleet for 32 selected Asian countries. Mongolia and Saudi Arabia experienced the largest increases in their merchant fleet in the period from 2007 to 2010, with an impressive 89 per cent in three years. Viet Nam recorded a 72 per cent increase. Increases were also recorded – to a lesser extent – by Bangladesh (58 per cent increase) and Bahrain (50 per cent increase). Countries that recorded significant contractions were the Islamic Republic of Iran (-85 per cent or 7,620 vessels), the Lao People's Democratic Republic and Myanmar

Table 7.7. Container port throughput in selected countries of Asia and the Pacific

Country/ territory	Port	Thousands of TEUs					Rank (sample)	Annual growth		
		2006	2007	2008	2009	% share 2007 (sample)		2006/ 2007	2007/ 2008	2008/ 2009
China		54 949	66 071	70 940	64 015	37.57%		20.24%	7.37%	-9.76%
	Shanghai	21 710	26 150	27 980	25 002	14.87%	2	20.45%	7.00%	-10.64%
	Shenzhen	18 469	21 099	21 414	18 250	12.00%	4	14.24%	1.49%	-14.77%
	Qingdao	7 702	9 462	10 320	10 260	5.38%	7	22.85%	9.07%	-0.58%
	Ningbo	7 068	9 360	11 226	10 503	5.32%	8	32.43%	19.94%	-6.44%
French Polynesia	Papeete	66	69	70	68	0.04%	21	5.96%	0.89%	-3.14%
China, Hong Kong	Hong Kong	23 539	23 998	24 248	20 983	13.65%	3	1.95%	1.04%	-13.47%
India	Mumbai	138	118	..	..	0.07%	20	-14.91%	..	..
Indonesia	Tanjung Priok	3 420	3 690	3 984	3 800	2.10%	12	7.90%	7.98%	-4.63%
Malaysia	Port Klang	6 326	7 119	7 970	7 300	4.05%	9	12.53%	11.96%	-8.41%
	Tanjung Pelepas	4 770	5 500	5 600	6 000	3.13%	10	15.30%	1.82%	7.14%
Pakistan		1 777	1 936	..	..	1.01%		8.94%	..	..
	Karachi	1 107	1 220	..	..	0.69%	17	10.14%	..	..
	Port Mohammad Bin Qasim	670	716	687	..	0.41%	18	6.96%	-4.09%	..
Philippines	Manila	2 720	2 869	2 978	..	1.63%	14	5.51%	3.77%	..
Republic of Korea	Busan	12 039	13 261	13 425	11 955	7.54%	5	10.15%	1.24%	-10.95%
Singapore	Singapore	24 792	27 936	29 918	25 866	15.88%	1	12.68%	7.10%	-13.54%
Sri Lanka	Colombo	3 079	3 382	3 687	3 464	1.92%	13	9.83%	9.04%	-6.05%
China, Taiwan Province of		13 102	13 722	..	10 727	7.80%		4.73%	..	..
	Kaohsiung	9 775	10 257	9 677	8 581	5.83%	6	4.93%	-5.66%	-11.32%
	Keelung	2 129	2 215	2 055	1 578	1.26%	15	4.07%	-7.23%	-23.23%
	Taichung	1 199	1 250	..	568	0.71%	19	4.29%	..	..
Thailand		5 574	6 200	6 586	5 844	3.53%		11.23%	6.22%	-11.27%
	Laem Chabang	4 123	4 642	5 134	4 622	2.64%	11	12.58%	10.60%	-9.98%
	Bangkok	1 451	1 559	1 452	1 222	0.89%	16	7.38%	-6.84%	-15.83%

Source: UNCTAD, using data from *Containerisation Online*.

Table 7.8. Comparative table of Asian liner shipping companies, 2004–2010

World Ranking 2004	Company	Country or territory of the company	Existing TEU			Ships			Ordered in 2004			Ordered in 2010				
			2004	2010	% of world total in 2004–2010	2004	2010	% change	TEU	Ships	% existing	TEU	Ships	% existing		
6	APL	Singapore	287 000	589 879	3.7%	4.5%	105.5%	87	147	69.0%	29 000	6	10%	112 736	13	19.1%
3	Evergreen Line	China, Taiwan Province of	455 000	554 725	5.9%	4.2%	21.9%	158	152	-3.8%	152 000	22	33%	n/a	n/a	n/a
9	COSCO Container Lines	China	232 000	498 437	3.0%	3.8%	114.8%	107	134	25.2%	131 000	20	56%	365 646	47	73.4%
7	Hanjin Shipping	Republic of Korea	287 000	448 051	3.7%	3.4%	56.1%	78	98	25.6%	72 000	10	25%	245 720	25	54.8%
n/a	CSCCL	China	n/a	440 236	n/a	3.3%	n/a	n/a	122	n/a	n/a	n/a	n/a	150 400	16	34.2%
8	NYK	Japan	260 000	365 034	3.4%	2.8%	40.4%	95	95	0.0%	82 000	10	32%	43 722	7	12.0%
15	MOL	Japan	181 000	363 188	2.4%	2.8%	100.7%	58	94	62.1%	83 000	12	46%	120 825	21	33.3%
11	OOCL	China, Hong Kong	204 000	353 338	2.7%	2.7%	73.2%	56	77	37.5%	79 000	11	39%	60 756	8	17.2%
14	Zim	Israel	187 000	322 685	2.4%	2.5%	72.6%	85	96	12.9%	28 000	6	15%	182 771	18	56.6%
12	K Line	Japan	198 000	318 193	2.6%	2.4%	60.7%	66	82	24.2%	107 000	19	54%	133 844	23	42.1%
18	Yang Ming Marine	China, Taiwan Province of	160 000	313 379	2.1%	2.4%	95.9%	58	77	32.8%	64 000	18	40%	141 402	22	45.1%
20	Hyundai M. M.	Republic of Korea	141 000	271 604	1.8%	2.1%	92.6%	37	52	40.5%	34 000	5	24%	71 810	6	26.4%
21	PIL (Pacific Int. Lines)	Singapore	117 000	227 649	1.5%	1.7%	94.6%	91	126	38.5%	26 000	12	22%	58 418	12	25.7%
23	UASC	Kuwait	76 000	199 082	1.0%	1.5%	162.0%	34	50	47.1%	n/a	n/a	n/a	117 900	9	59.2%
22	Wan Hai Lines	China, Taiwan Province of	97 000	160 185	1.3%	1.2%	65.1%	67	74	10.4%	52 000	18	54%	32 050	11	20.0%

Source: For 2004, data from UNCTAD's *Review of Maritime Transport 2004*. For 2010, data from Alphaliner: Top 100 operated fleets as per 18 May 2010 – as well as calculations by the UNCTAD secretariat.

**Table 7.9. Merchant fleets of the world, by country group, flag of registration and type of ship
(as at 1 January 2010)**

	Bulk carriers	% of total	Container ships	% of total	General cargo	% of total	Oil tankers	% of total	Other types	Grand total	% of total
DEVELOPING ECONOMIES OF ASIA											
Bahrain	57 738	0.1%	247 466	0.9%	1 166	0.0%	81 461	0.2%	129 818	517 649	0.1%
Bangladesh	270 626	0.4%	35 284	0.1%	238 275	0.9%	64 386	0.1%	36 019	644 590	0.1%
Brunei Darussalam	12 757	0.0%		0.0%	2 843	0.0%	501	0.0%	483 910	500 011	0.1%
Cambodia	249 907	0.4%	11 273	0.0%	1 494 276	5.9%	39 672	0.1%	168 777	1 963 905	0.2%
China	13 314 691	20.9%	4 393 418	15.8%	4 701 668	18.6%	5 446 345	10.5%	2 221 007	30 077 129	3.4%
China, Hong Kong	22 366 209	35.1%	8 745 385	31.5%	2 741 637	10.8%	10 315 279	19.9%	1 169 763	45 338 273	5.1%
China, Macao		0.0%		0.0%		0.0%		0.0%	2 321	2 321	0.0%
China, Taiwan											
Province of	1 001 374	1.6%	637 304	2.3%	116 615	0.5%	674 522	1.3%	206 177	2 635 992	0.3%
Democratic People's Republic											
of Korea	96 058	0.2%	22 305	0.1%	620 477	2.4%	70 382	0.1%	61 556	870 778	0.1%
India	2 376 774	3.7%	254 374	0.9%	322 271	1.3%	4 971 488	9.6%	1 102 034	9 026 941	1.0%
Indonesia	1 263 679	2.0%	630 416	2.3%	2 290 576	9.0%	2 334 752	4.5%	1 573 632	8 093 055	0.9%
Iran (Islamic Rep. of)	260 347	0.4%	186 797	0.7%	235 999	0.9%	79 853	0.2%	224 583	987 579	0.1%
Iraq		0.0%		0.0%	39 211	0.2%	41 679	0.1%	62 052	142 942	0.0%
Jordan		0.0%		0.0%	49 626	0.2%	137 227	0.3%	76 935	263 788	0.0%
Kuwait	23 495	0.0%	269 489	1.0%	98 283	0.4%	1 752 199	3.4%	225 816	2 369 282	0.3%
Lao People's Democratic											
Republic		0.0%		0.0%	483	0.0%		0.0%		483	0.0%
Lebanon	34 456	0.1%		0.0%	102 381	0.4%	842	0.0%	2 820	140 499	0.0%
Malaysia	289 980	0.5%	702 508	2.5%	495 759	2.0%	2 937 855	5.7%	3 291 683	7 717 785	0.9%
Maldives	1 057	0.0%		0.0%	119 042	0.5%	7 635	0.0%	13 371	141 105	0.0%
Mongolia	532 025	0.8%		0.0%	178 305	0.7%	10 813	0.0%	23 201	744 344	0.1%
Myanmar	14 159	0.0%		0.0%	136 061	0.5%	2 935	0.0%	29 382	182 537	0.0%
Oman		0.0%		0.0%	1 585	0.0%	1 358	0.0%	24 355	27 298	0.0%
Pakistan	36 098	0.1%		0.0%	75 377	0.3%	158 367	0.3%	25 653	295 495	0.0%
Philippines	2 406 481	3.8%	290 894	1.0%	1 394 051	5.5%	488 010	0.9%	639 815	5 219 251	0.6%
Qatar	70 253	0.1%	365 207	1.3%	664	0.0%	302 324	0.6%	277 999	1 016 447	0.1%
Republic of Korea	7 864 105	12.3%	687 775	2.5%	1 333 614	5.3%	1 373 841	2.7%	1 633 200	12 892 535	1.5%
Saudi Arabia		0.0%	204 421	0.7%	288 212	1.1%	877 639	1.7%	341 075	1 711 347	0.2%
Singapore	7 807 585	12.2%	8 894 324	32.1%	3 928 477	15.5%	16 709 443	32.3%	3 706 747	41 046 576	4.7%
Sri Lanka	45 234	0.1%		0.0%	86 033	0.3%	14 720	0.0%	21 661	167 648	0.0%
Syrian Arab Republic	47 821	0.1%	7 572	0.0%	188 064	0.7%		0.0%	3 775	247 232	0.0%
Thailand	538 119	0.8%	231 727	0.8%	910 835	3.6%	594 042	1.1%	251 401	2 526 124	0.3%
Timor-Leste		0.0%		0.0%		0.0%		0.0%	1 134	1 134	0.0%
Turkey	1 952 827	3.1%	457 832	1.7%	1 611 440	6.4%	979 195	1.9%	449 221	5 450 515	0.6%
United Arab Emirates	74 609	0.1%	345 068	1.2%	74 603	0.3%	386 779	0.7%	202 397	1 083 456	0.1%
Viet Nam	732 920	1.1%	109 522	0.4%	1 452 594	5.7%	905 390	1.7%	250 640	3 451 066	0.4%
Yemen		0.0%		0.0%	6 320	0.0%	13 177	0.0%	13 258	32 755	0.0%
DEVELOPING ECONOMIES											
OF ASIA Total	63 741 384	100.0%	27 730 361	100.0%	25 336 823	100.0%	51 774 111	100.0%	18 947 188	187 529 867	21.2%

Table 7.9. Merchant fleets of the world, by country group, flag of registration and type of ship (as at 1 January 2010) (concluded)

	Bulk carriers	% of total	Container ships	% of total	General cargo	% of total	Oil tankers	% of total	Other types	Grand total	% of total
DEVELOPING ECONOMIES OF OCEANIA											
Fiji		0.0%		0.0%	9 247	2.1%		0.0%	25 984	35 231	0.0%
French Polynesia		0.0%		0.0%	399	0.1%		0.0%	1 047	1 446	0.0%
Kiribati	191 132	47.6%		0.0%	197 240	44.9%	96 950	12.2%	61 740	547 062	0.1%
New Caledonia		0.0%		0.0%	1 874	0.4%		0.0%	429	2 303	0.0%
Papua New Guinea	4 617	1.2%		0.0%	71 471	16.3%	4 209	0.5%	17 524	97 821	0.0%
Samoa		0.0%		0.0%	7 981	1.8%		0.0%	2 484	10 465	0.0%
Solomon Islands		0.0%		0.0%	2 443	0.6%		0.0%	10 487	12 930	0.0%
Tonga	5 717	1.4%		0.0%	47 952	10.9%	1 321	0.2%	13 249	68 239	0.0%
Tuvalu	199 828	49.8%	10 686	100.0%	100 628	22.9%	692 720	87.1%	94 384	1 098 246	0.1%
DEVELOPING ECONOMIES											
OF OCEANIA Total	401 294	100.0%	10 686	100.0%	439 235		795 200	100.0%	227 328	1 873 743	0.2%
COUNTRIES WITH ECONOMIES IN TRANSITION IN ASIA											
Azerbaijan		0.0%		0.0%	111 711	18.3%	247 582	76.8%	383 699	742 992	0.1%
Georgia	129 674	100.0%	8 328	100.0%	478 262	78.4%	21 829	6.8%	69 777	707 870	0.1%
Kazakhstan		0.0%		0.0%	2 991	0.5%	37 485	11.6%	36 617	77 093	0.0%
Turkmenistan		0.0%		0.0%	16 966	2.8%	15 518	4.8%	30 661	63 145	0.0%
COUNTRIES WITH ECONOMIES IN TRANSITION IN ASIA											
Total	129 674	100.0%	8 328	100.0%	609 930	100.0%	322 414	100.0%	520 754	1 591 100	0.2%
Grand total	252 710 162		145 498 034		107 523 274		252 172 266		124 669 972	882 573 708	100.0%
Asian percentage of world fleet	25.4%		19.1%		24.5%		21.0%		15.8%	21.6%	

Source: Compiled by the UNCTAD secretariat on the basis of data provided by IHS Fairplay and UNCTAD.

(-63 per cent).

E. REGIONAL TRADE ARRANGEMENTS AND TRADE FACILITATION: STATE OF PLAY

The regional trade integration landscape in Asia: increased attention to trade facilitation

Trade facilitation has emerged as an important trade policy tool in an international environment where tariffs and quotas are falling and represent less of a barrier to trade. The main objective of trade facilitation is to reduce the costs and time associated with often cumbersome administrative and customs procedures and controls to move goods across borders. From a development perspective, this type of reform matters more than ever, especially in the aftermath of the global economic crisis. As trade

facilitation represents a win-win-win opportunity for governments, the business community and consumers, many developing countries and LDCs have embarked on national trade facilitation reform programmes. Experience shows that countries' gains from trade facilitation reforms can be even greater when they are adopted by trading partners regionally, as part of regional economic integration efforts. Figure 7.5 gives an overview of regional trade facilitation initiatives and arrangements in Asia.

The major regional integration blocs include the Association of Southeast Asian Nations (ASEAN), the South Asian Association for Regional Cooperation (SAARC), and the Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation (BIMSTEC) in South and South-East Asia. A new regional economic integration power bloc has emerged, with ASEAN concluding bilateral regional trade agreements (RTAs) with six major Asia-Pacific economies, namely Australia, China, India, Japan,

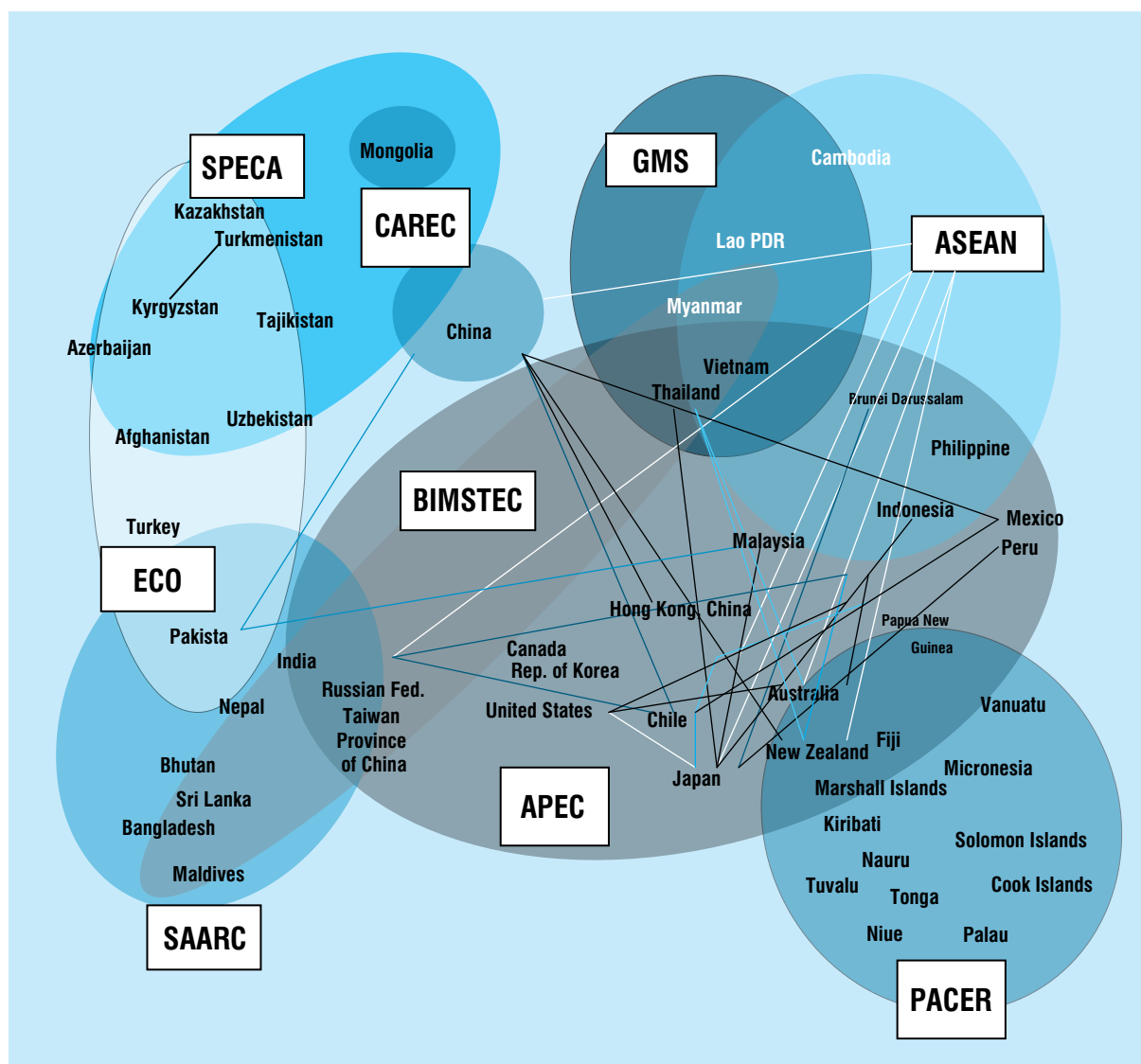
Table 7.10. Merchant fleet by flag of registration, for selected Asian countries^a
(in thousands of dwt)

	1 Jan. 2005	1 Jan. 2006	1 Jan. 2007	1 Jan. 2010	% change 2005–2006	% change 2006–2007	% change 2007–2010
Bahrain	380	396	410	613	4.2%	3.5%	49.6%
Bangladesh	626	664	618	975	6.1%	-6.9%	57.8%
Brunei Darussalam	422	421	421	449	-0.2%	0.0%	6.6%
China	29 793	32 774	34 924	45 157	10.0%	6.6%	29.3%
China, Hong Kong	43 957	50 443	54 341	74 513	14.8%	7.7%	37.1%
China, Macao	-	-	2	2			0.0%
China, Taiwan Province of	-	-	4 398	3 944			-10.3%
Democratic People's Republic of Korea	1 531	1 733	1 419	1 266	13.2%	-18.1%	-10.8%
India	12 347	13 295	14 190	14 970	7.7%	6.7%	5.5%
Indonesia	5 038	5 308	6 392	10 471	5.4%	20.4%	63.8%
Iran (Islamic Republic of)	9 115	9 009	8 953	1 333	-1.2%	-0.6%	-85.1%
Iraq	210	175	176	180	-16.7%	0.6%	2.3%
Jordan	211	225	550	369	6.6%	144.4%	-32.9%
Kazakhstan	20	47	80	91	135.0%	70.2%	14.1%
Kuwait	3 811	3 706	3 442	3 856	-2.8%	-7.1%	12.0%
Lao People's Democratic Republic	-	-	5	2			-60.0%
Malaysia	8 708	7 755	8 571	10 225	-10.9%	10.5%	19.3%
Mongolia	-	-	629	1 190			89.2%
Myanmar	656	645	574	210	-1.7%	-11.0%	-63.4%
Oman	10	11	13	14	10.0%	18.2%	7.7%
Pakistan	472	652	673	481	38.1%	3.2%	-28.5%
Philippines	7 008	7 129	6 704	7 033	1.7%	-6.0%	4.9%
Qatar	793	795	933	1 363	0.3%	17.4%	46.1%
Republic of Korea	12 017	14 347	16 540	20 819	19.4%	15.3%	25.9%
Saudi Arabia	2 581	1 278	1 229	2 319	-50.5%	-3.8%	88.7%
Singapore	40 943	48 562	51 043	61 660	18.6%	5.1%	20.8%
Sri Lanka	196	222	224	239	13.3%	0.9%	6.7%
Thailand	4 383	4 591	4 320	3 747	4.7%	-5.9%	-13.3%
Turkey	7 048	7 621	7 223	7 878	8.1%	-5.2%	9.1%
Turkmenistan	36	42	48	62	16.7%	14.3%	29.2%
Viet Nam	2 127	2 479	3 144	5 415	16.5%	26.8%	72.2%
Yemen	-	-	26	31			19.2%
Asian dwt	212 413	231 631	252 361	280 879	9.0%	8.9%	11.3%
World dwt total	895 843	959 964	1 042 351	1 276 137	7.2%	8.6%	22.4%
Asian market share of world dwt	23.71%	24.13%	24.21%	22.01%	0.4%	0.1%	-2.2%

Source: Compiled by UNCTAD secretariat, on the basis of data supplied by the *Review of Maritime Transport 2004* and IHS Fairplay.

Notes: Figures rounded to the nearest thousand.

^a Cargo-carrying vessels of 100 GT and above.

Figure 7.5. Regional trade facilitation initiatives and arrangements in Asia²³

Source: UNCTAD.

New Zealand and the Republic of Korea.²²

ASEAN

ASEAN is one of the most advanced regional integration blocs in Asia; it has been deepening its intraregional integration, and has been moving towards the creation of the ASEAN Economic Community in 2015. Trade facilitation is an important part of ASEAN's integration efforts, both within and outside its region. In the context of the ASEAN Free Trade Agreement (AFTA), trade facilitation has traditionally been associated with customs modernization and standards and technical regulations. ASEAN has undertaken

various separate measures and agreements related to trade facilitation; examples of these efforts are the ASEAN Customs Agreement (1997), the ASEAN Framework Agreement on the Facilitation of Goods in Transit (1998), the ASEAN Framework Agreement on Multimodal Transport (2005), and the implementation of the ASEAN Framework Agreement on Mutual Recognition Arrangements. The ASEAN Single Window Agreement (2005), which aims at establishing a regional single window system for the electronic exchange of trade-related information among ASEAN countries, is the most significant and far-reaching commitment in the area

Box 7.1. The ASEAN Single Window as a major regional trade facilitation initiative

The ASEAN Single Window is expected to be operational by the end of 2012. The main condition required to launch the regional single window among ASEAN countries is the establishment of a national single window system in each ASEAN country. A national single window allows trade information to be exchanged between government agencies within a one-stop facility, simplifying trade procedures and reducing paperwork. National single window systems already exist in Malaysia and Singapore, while Indonesia, the Philippines and Thailand have launched single window pilot projects with their customs agencies. A regional single window aims to ease and speed up the exchange of trade information between customs agencies across borders, requiring a harmonization of legal and technical frameworks and the adoption of international standards and best practices. This includes the adoption – by all member countries – of the ASEAN Data Model (based on the World Customs Organization (WCO) Data Model and on other international standards), and the adoption of a legal arrangement that would enable mutual recognition of electronic data and electronic signatures.

So far, the ASEAN Single Window has been limited to a few pilot projects where live customs information has been exchanged bilaterally between Indonesia, Malaysia and the Philippines. Besides reducing the time and cost associated with the clearance of goods, the ASEAN Single Window initiative has the additional advantage of encouraging countries to reform their trade facilitation environment more speedily at the national level.

Source: UNCTAD.

of trade facilitation in this region (see box 7.1).

SAARC

The South Asian Association for Regional Cooperation (SAARC), resting on the South Asian Free Trade Agreement, provides an umbrella for economic relations within South Asia. Its predecessor, the South Asian Preferential Trading Agreement (SAPTA), was initially envisaged as the first step towards the South Asian Free Trade Area (SAFTA), leading subsequently to a customs union, common market and economic union. Since the major trading partners of the individual South Asian countries are located in Europe, the Middle East and North America, the benefits from SAFTA and from other regional trading arrangements in South Asia have so far been limited. Although SAFTA has taken a number of trade facilitation measures – such as the simplification and harmonization of customs clearance procedures and of import licensing procedures, customs cooperation, and the improvement of transit facilities – the effective implementation of these measures has not yet been fully achieved.

BIMSTEC

The Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation (BIMSTEC), which emerged in the late 1990s as a linkage between South and South-East Asia, is aimed at strengthening economic cooperation within the region and fully realizing the potential of trade and development. Trade facilitation measures related to customs cooperation, standards and technical regulations, mutual recognition agreements, trade finance, e-commerce and business visas were identified in the

BIMSTEC agreement. However, as in case of SAARC, their effective implementation is lagging behind.

APEC

Despite its transcontinental coverage and the lack of a legally binding trade pact in the form of an RTA, Asia-Pacific Economic Cooperation (APEC) is an important player in Asian regional integration and in South–South and North–South cooperation. APEC is a leader in trade facilitation efforts in Asia. The APEC economies met the target of reducing trade transaction costs by 5 per cent by the end of 2007 by means of the Trade Facilitation Action Plan, which was part of the Shanghai Accord (2001). Following this endeavour, APEC in 2007 adopted the second Trade Facilitation Action Plan, with the objective of reducing transaction costs by a further 5 per cent. The majority of the trade facilitation initiatives and measures taken under the two action plans were confined to border issues, including customs matters, the APEC travel card, and facilitating the movement of goods via the adoption of harmonized standards and mutual recognition agreements.

A moving target: From a narrow to a broad scope of trade facilitation-related provisions

Over the past two decades, the number of trade facilitation-related provisions in the growing number of regional trade agreements worldwide has tripled. As at February 2010, 462 RTAs had been notified to WTO, 85 of which included some type of provision related to trade facilitation. Out of the total number, there were 154 RTAs involving an Asian country (excluding West Asia) – either

in force, signed, or under negotiation, as at May 2010.²⁴ Almost half of these RTAs contained trade facilitation provisions.²⁵

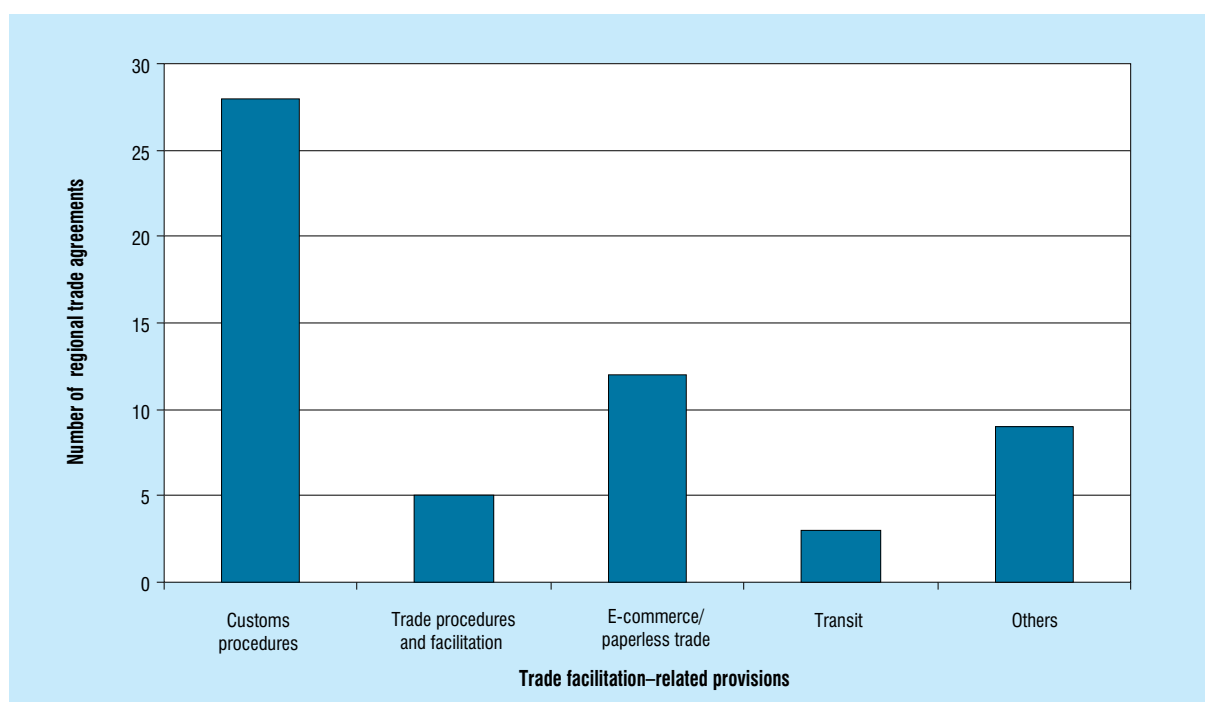
The scope and depth of the trade facilitation measures included in Asian RTAs differs greatly. The issues covered range from the narrow scope of the “at the border” measures such as customs-related matters, including customs procedures, customs cooperation and transit customs, to the “behind the border” measures, which refer to the broader scope of trade facilitation measures, covering transport and logistics development, technical standards, sanitary and phytosanitary measures, electronic commerce, and the mobility of business people.

Most provisions on customs-related measures in the RTAs analysed are covered by a separate chapter on customs procedures. Over time, the scope of these chapters has evolved and become more comprehensive, covering a wide range of measures such as transparency, administration, simplification of customs procedures, the use of information and communications technologies (ICT), the application

of risk management techniques, advance rulings, appeal procedures, confidentiality, and cooperation among customs authorities (e.g. the Asia-Pacific Trade Agreement, the Trans-Pacific Strategic Economic Partnership Agreement, and bilateral agreements between Japan and the Philippines, Japan and Thailand, and Peru and Thailand). In some cases, chapters on customs procedures are closely linked to a chapter dealing with rules of origin and the procedures related to certificates of origin.

In most RTAs, the application of multilateral trade agreements under WTO (such as GATT articles VII and X and the Customs Valuation Agreement) and under WCO’s international conventions and standards (such as the Revised Kyoto Convention and the WCO Data Model) are being explicitly reaffirmed. This suggests that the incorporation of trade facilitation provisions into RTAs not only contributes to regional integration, but may also be conducive to the convergence of trade and customs procedures worldwide. Findings suggest that most Asian RTAs contain customs-related provisions, which are limited to customs cooperation or to customs procedures related to the issuance of

Figure 7.6. Breakdown of trade facilitation–related provisions as contained in regional trade agreements concluded by Asian countries



Source: UNCTAD, based on ESCAP (2010) *Asia-Pacific Trade and Investment Agreements Database* and on WTO (2010) *Regional Trade Agreements Gateway*.

Note: “Others” includes provisions on transparency and on the public availability of trade-related information contained in the general part of an RTA.

certificates of origin (fig. 7.6). Separate provisions on broader trade procedures and facilitation issues can only be found in five RTAs – namely AFTA, BIMSTEC, SAFTA, the Trans-Pacific Strategic Economic Partnership, and the RTA between China and China (Hong Kong SAR). These agreements cover issues such as the simplification of procedures by other government agencies, or provisions related to the issuance of certificates to comply with international standards. Provisions related to e-commerce, such as electronic data exchange or paperless trade, are contained in 12 Asian RTAs, and provisions on transit are contained in three. Nine Asian RTAs contain provisions related to transparency measures and the public availability of trade-related information in their general parts.

The differences in the scope and depth of the trade facilitation-related provisions in RTAs depend on the following main factors:

The time factor: The date when the agreement was concluded. The early-stage RTAs that started emerging in the 1970s and 1980s aimed at dismantling tariffs and quotas, while the so-called “new generation” RTAs are more comprehensive, going beyond the creation of a free or preferential trade area;

The objective of an RTA: RTAs that aim to establish closer economic cooperation or a common market providing for a greater economic integration contain more elaborate trade facilitation provisions, with broader and deeper commitments that go beyond general customs cooperation provisions. Example of these are the Asia-Pacific Trade Agreement and the Trans-Pacific Strategic Economic Partnership Agreement (as opposed to the traditional RTAs that aim solely at the liberalization of trade in goods);

Specific conditions of the contracting parties: The level of economic development, the geographical conditions, and the level of ICT infrastructure development. If an RTA involves at least one landlocked country, it usually includes elaborate transit-related provisions, which in some cases are linked to provisions on development of transport infrastructure and logistics (e.g. the RTA between Kazakhstan and Kyrgyzstan). Some bilateral RTAs concluded even between remote trading partners contain articles on goods in transit and storage and on temporary admission (e.g. the Japan–Mexico and Republic of Korea–Singapore RTAs). RTAs concluded between countries with a well-developed

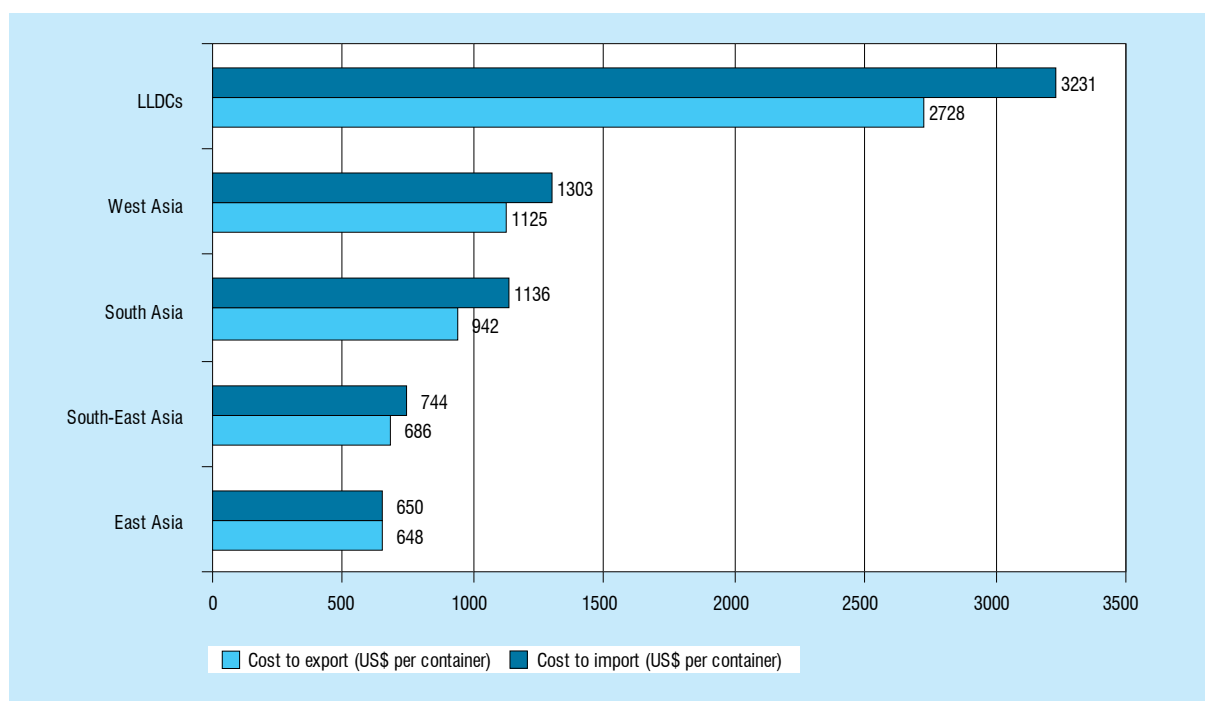
ICT infrastructure contain provisions encouraging the use of ICT solutions, ranging from customs automation to paperless trade to e-commerce transactions between business operators (e.g. the Singapore–United States, ASEAN–Japan and Australia–Thailand RTAs).

Overall, the inclusion of trade facilitation in RTAs in Asia has proved to be a positive development. The references to global standards and to rules, such as those of WCO and WTO, ensure that there is no “spaghetti ball” effect of potentially conflicting or contradictory trade facilitation measures in those RTAs.

F. CHALLENGES FACED BY LANDLOCKED COUNTRIES IN ASIA

Of the world’s 31 landlocked developing countries (LLDCs), 12 are located in Asia. While, by definition, all LLDCs depend on their neighbouring countries’ transit systems, regulatory environment, and transport infrastructure in order to access seaports and global markets, many Asian LLDCs are confronted with particularly difficult situations. Distances, particularly in Central Asia, are longer, and coastal transit neighbours often lack a well-performing transport infrastructure, port facilities and services. Administrative controls also translate into excessive paperwork and long delays at land borders, adding extra cost to trade by LLDCs. Published surveys, such as the World Bank’s *Doing Business* or *Logistics Performance Index* confirm the challenges faced by Asian LLDCs. These are discussed below.

On average, the overall international trade transaction costs for LLDCs in Asia remain three times higher than those of maritime countries in the region (fig. 7.7). High costs for LLDC trade usually stem from high land transport and administrative costs, the highest of which are found in Central Asian LLDCs, where, for example, moving a traditional dry cargo in a 20-foot fully loaded container from the closest seaport to a warehouse by land costs as much as \$4,600 in Uzbekistan, \$4,550 in Tajikistan, \$3,480 in Azerbaijan, \$3,250 in Kyrgyzstan and \$3,055 in Kazakhstan. With an average distance of 3,350 km between these countries and the closest seaport, these countries are among the most remote from world markets.²⁶ Other Asian LLDCs, such as Bhutan, the Lao People’s Democratic Republic and Nepal – all of which are also least developed countries – fare slightly better, with an average cost for imports of between \$1,825 and \$2,140. And yet, they lag significantly behind their coastal neighbours, where

Figure 7.7. The cost of trade is highest in the landlocked developing countries

Source: World Bank (2010). *Doing Business*.

the average cost of importing is only \$950. A similar situation exists with regard to exporting goods, and this prevents some of the Asian LLDCs from being more competitive in global markets.

Unnecessary delays and the resultant higher transaction costs have a major impact on trade efficiency. The time taken and the costs incurred in trading have a close correlation with the number of documents required in order to export and import (fig. 7.8). Traders in Asian LLDCs need to submit almost twice as many trade documents as their counterparts in non-LLDC neighbours do. On average, it takes 62 days for an Asian LLDC to export, whereas a coastal or island country in this region takes only 18 days. Importing goods takes, on average, 64 days for Asian LLDCs – nearly three times as long as for their coastal neighbours.²⁷

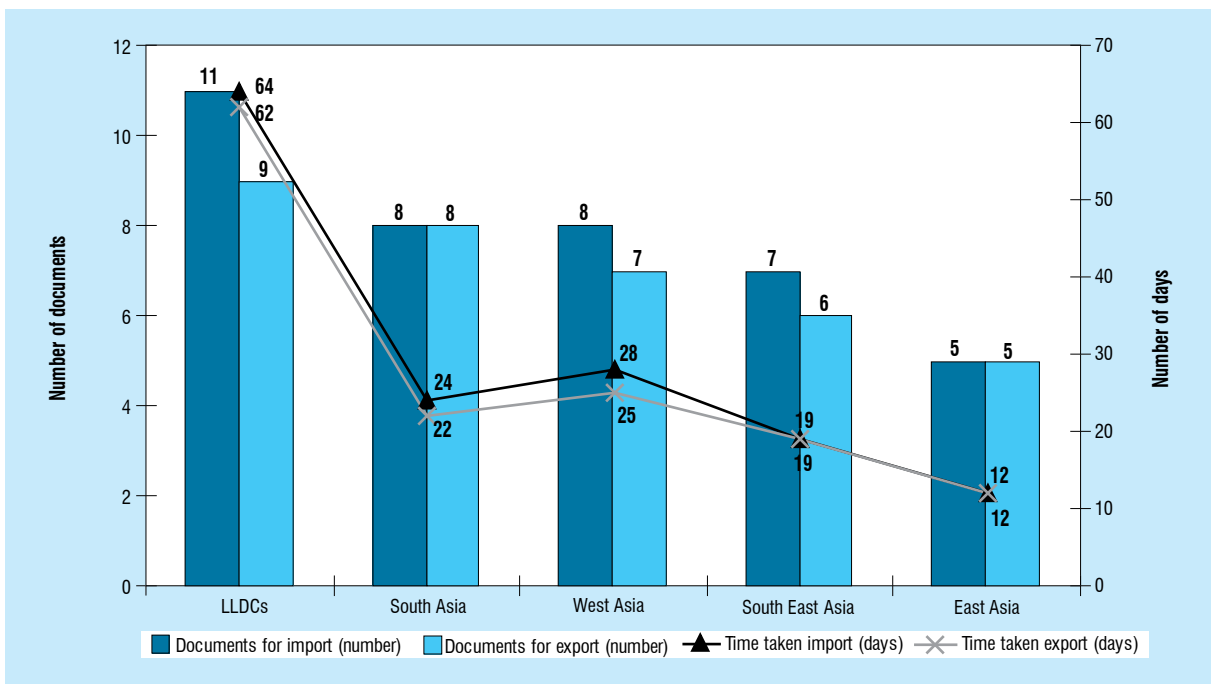
Figure 7.8 shows that document preparation accounts for the largest share of the delays experienced. Figures 7.9, 7.10 and 7.11 show that document preparation takes, on average, as much as 49 per cent of the entire lead time to trade either imports or exports. This is mainly because document preparation requires arranging for a number of commercial and administrative forms and permits, including a packing list, a bill of lading, a certificate of origin, a commercial invoice, terminal handling receipts, an import licence,

and a technical or health certificate, to supplement the customs declaration. Filling in these numerous forms is a cumbersome process. Information required for the forms is often not readily available, and frequently, due to the lack of harmonization with international standards, data may have to be inserted repeatedly, which can cause errors to be introduced, which, in turn, necessitates time-consuming and error-prone correction processes. Research suggests that importing a single consignment requires an average of 36 original paper documents and 240 copies from 27 parties,²⁸ which might explain why traders need to spend so much time on preparing the import or export documentation.

Another important factor contributing to longer import and export times is the number of days that cargo spends in inland transportation, including handling, which amounts to 25 per cent of the total time to trade. Next to physical constraints related to the existence and quality of road and railway infrastructure, it is non-physical bottlenecks at land borders that contribute significantly to extending inland transport times.

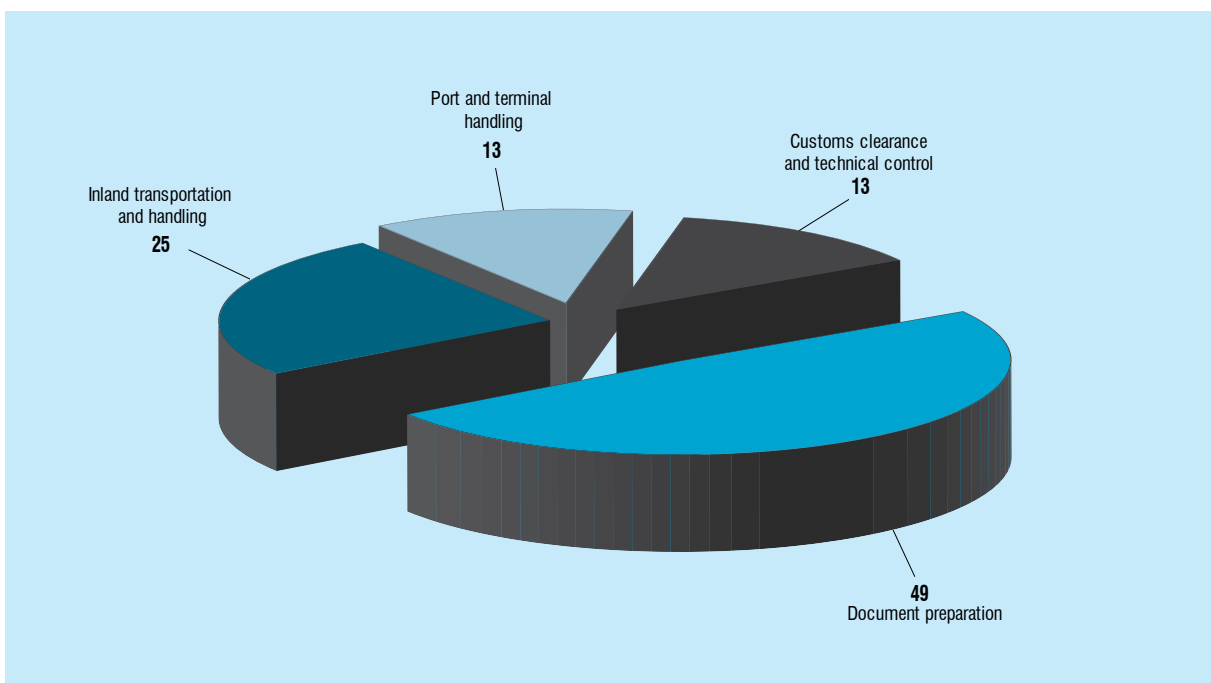
Interestingly, customs clearance and controls and port handling seem to take the shortest times. The average time for customs clearance and technical control represents one quarter of the time spent on document preparation. This may be partly attributed

Figure 7.8. A snapshot of trading across borders



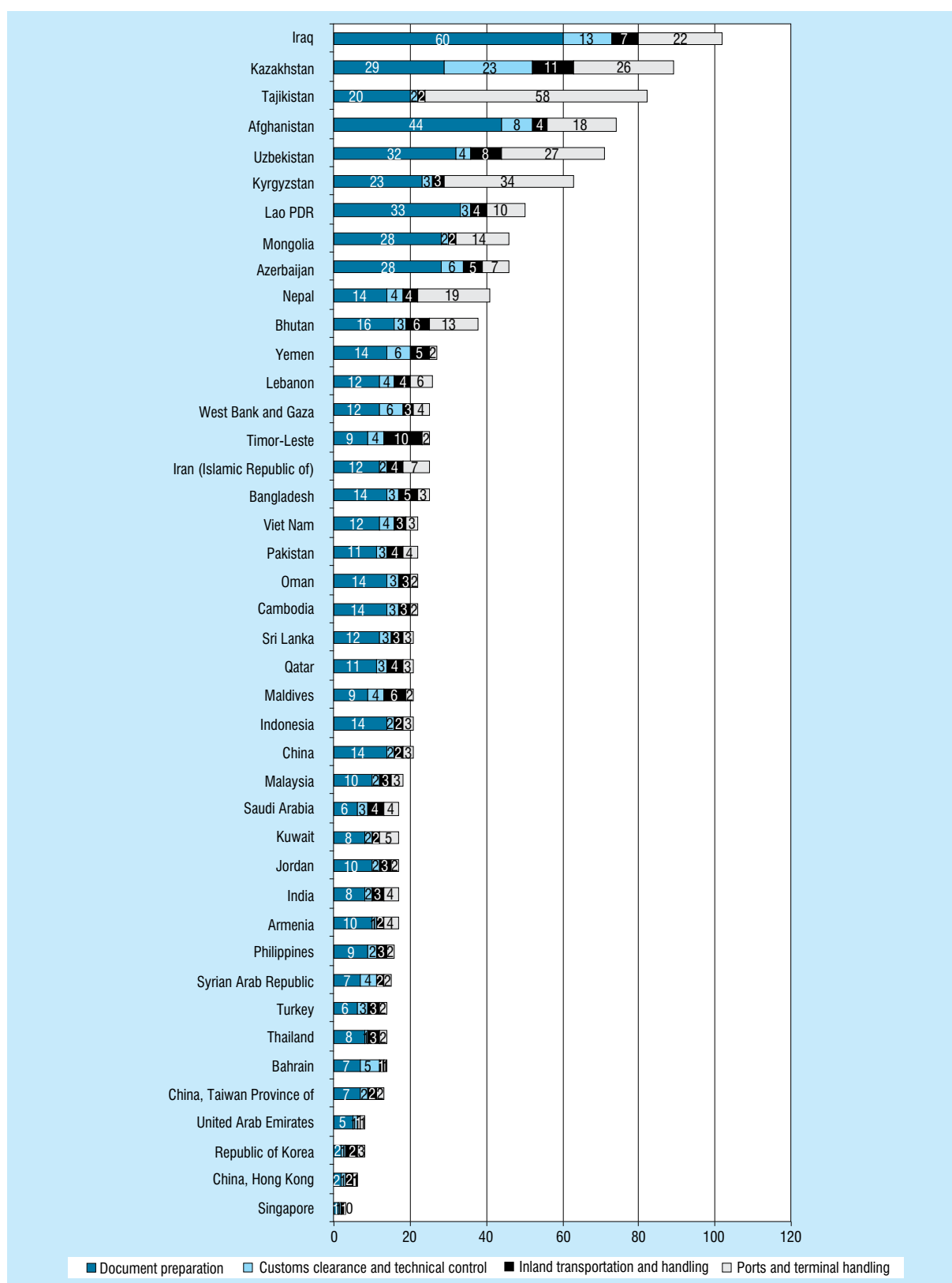
Source: World Bank (2010). *Doing Business*.

Figure 7.9. Percentage of time spent on four individual stages of the trade process in Asian countries



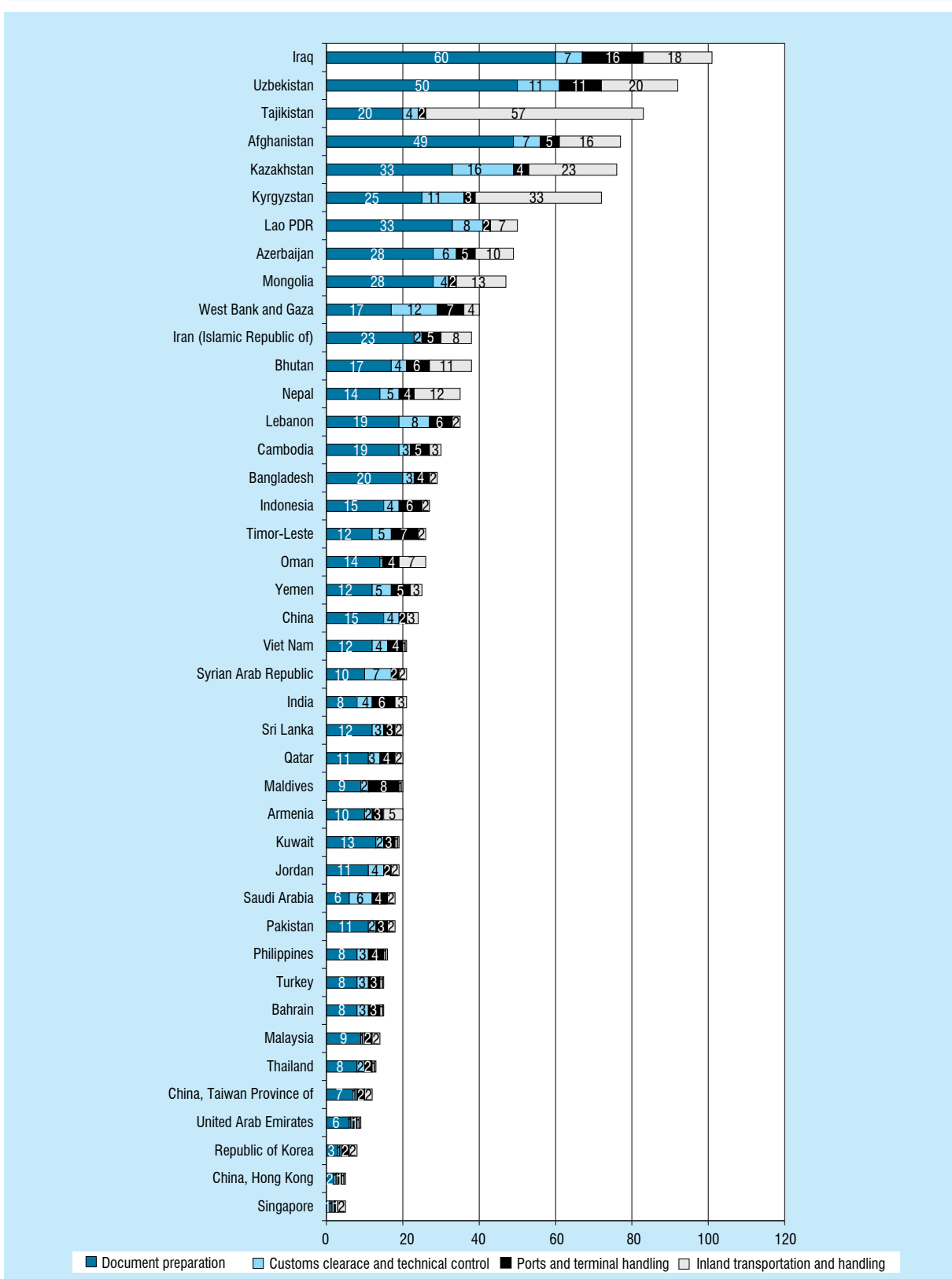
Source: UNCTAD. Based on World Bank (2010), *Doing Business*.

Figure 7.10. Number of days necessary to complete export procedures in developing Asia.



Source: World Bank (2010). *Doing Business*.

Figure 7.11. Number of days necessary to complete import procedures in developing Asia.



Source: World Bank (2010). *Doing Business*.

to the fact that the customs agencies in almost all Asian developing countries, including LLDCs, have been improving their performance through customs automation and modernization programmes, whereas impediments are often encountered in other border agencies that are less efficient than customs.

The above findings suggest that intervention aimed at speeding up cargo movement and increasing trade efficiency should focus, as a matter of priority, on addressing impediments encountered at the document preparation stage, as well as during cargo transportation and handling.

Experience shows that trade facilitation measures based on the use of information technology (IT) can greatly help in reducing trade times and costs. These include savings in transmission costs by using e-documents, improved productivity by automating administrative work, and improved management, storage and retrieval of information and documents through the use of IT.²⁹ Moreover, dedicated modules enable port owners and operators, terminal operators, cargo owners, agents, surveyors and customs services to carry out their responsibilities easily and efficiently. However, there is still a large technology gap in Asia. The use of sophisticated IT solutions for trade facilitation, such as an electronic single window, or paperless trade systems, remains restricted to a few high- and middle-income developing countries which are major trading economies in the region and operate large and efficient freight terminals and ports. Some of these serve as transit ports for LLDC trade; such is the case of Laem Chabang Port in Thailand, which enables the Lao People's Democratic Republic

to connect to world markets using the inland Bangkok Port as a multimodal platform.

As mentioned, customs administrations in the majority of LLDCs operate some kind of an automation system and apply risk management techniques, which reduce the number of cargo inspections in order to facilitate trade. For example, Afghanistan and Nepal have adopted the Automated System for Customs Data (ASYCUDA), and the Lao People's Democratic Republic has just begun implementation of ASYCUDA. This system automates import, export and transit customs procedures. In Afghanistan, ASYCUDA has been implemented in the six main customs offices and has led to full automation of the entire customs clearance process for imports and exports, enabling the electronic exchange of data between customs and customs brokers/traders (using 100 per cent Direct Trader Input). Moreover, Afghanistan's customs office has introduced a new declaration process, which is in line with most international standards and best practices, and reduces the previous 14 steps and signatures to only three. The new declaration has replaced the five copies of the previous customs clearance declaration form and other extra customs forms previously used, with 100 per cent of import and export declarations processed through the automated system. Some of the major benefits of operating such a system, especially from the viewpoint of a landlocked developed country such as Afghanistan, are summarized in box 7.2 below.

Even where the new computerized customs systems have been rolled out to the main land border posts, they may not be fully effective, because of the lack

Box 7.2 The benefits of introducing an automated customs system in a landlocked developing country

Afghanistan is a landlocked developing country, located on the crossroads between South and Central Asia. Implementation of ASYCUDA in Afghanistan's Customs Department started at the beginning of 2005, as part of the World Bank-funded customs modernization programme. The system handles manifests, customs declarations, accounting procedures and transit customs. ASYCUDA has been implemented in the six main customs houses in Kabul, and at the main border crossings with the Islamic Republic of Iran, Pakistan, Turkmenistan and Uzbekistan.

The introduction of ASYCUDA in Afghanistan has resulted in:

Reducing the number of customs documents from 10 to 2;

Reducing the number of customs clearance steps from 14 to only 4;

Reducing customs clearance time for trucks from 428 minutes to around 90 minutes;

Increasing trade volumes by 300 per cent from \$2 billion to \$8 billion, according to World Bank estimates;

Enhancing customs revenue collection by almost 700 per cent, from \$50 million to nearly \$400 million;

Strengthening the capacity of Afghanistan's customs department to deliver better and more transparent services by implementing electronic customs processing systems and training.

Source: UNAMA press release, 18 January 2010; and Afghanistan's customs department.

Box 7.3. Lessons learned from automating customs procedures in Nepal

ASYCUDA was introduced in Nepal in 1996, and its operation was extended by 2005 to nine main customs points – to seven land border posts, to Tribhuvan International Airport, and to the dry port at Birgung. The system was only being partly used – for goods declaration, processing and accounting for payment, which is a fraction of ASYCUDA's capabilities. Moreover, customs computers are not linked to each other, or with headquarters, because of the missing local network connections. The basic problem in Nepal was inadequate support for the ASYCUDA system, and the fact that the implementation programme was designed as a one-off computerization exercise rather than as part of a comprehensive customs modernization reform programme. The improvements in customs clearance time have, therefore, been minimal. This experience shows that computerization of customs clearance procedures is likely to be much more effective if it is used as a component in a wider customs reform programme.

Source: Rajkarnikar PR et al. (2006). ARTNeT, ESCAP.³⁰

of reliable electricity and communications, neither of which is yet available at most land borders in Asia's poorest countries and especially in its LDCs (box 7.3). In such cases, customs documentation has to be processed manually, which subjects trucks and cargo to delays. Moreover, manual processing exposes traders to personal interaction with border agency officers, and may provide opportunities for rent-seeking.

International conventions in the area of international transport and transit, as well as regional and bilateral agreements, are the main vehicles for harmonization, simplification and standardization. The TIR system³¹ is implemented in 8 of the 12 landlocked developing countries in Asia, and it is the only international transit system in place in those 8 countries.³² Afghanistan is a Contracting Party to the TIR Convention, but is not yet implementing the transit system, while Bhutan, the Lao People's Democratic Republic and Nepal are not yet Contracting Parties to this convention. Transit issues in Asia are mostly dealt with bilaterally, through transit agreements. The implementation of these agreements appears somewhat problematic, due to several shortcomings, including different standards for road vehicles, transit guarantees to national customs administrations, and visa arrangements for truck drivers, to name a few.

Some progress in the Asian region has been made by both landlocked and transit-developing countries in building transport infrastructure networks. For example, development of road infrastructure has been undertaken in the Greater Mekong Subregion³³ countries in the North–South Corridor; this included the completion of more than 200 kilometres of road in the Lao People's Democratic Republic (Houayxay-Boten) in 2008. This road, linking Thailand, the Lao People's Democratic Republic and China, together with the scheduled completion in 2011 of a bridge over the Mekong river between Chiang Kong (Thailand)

and Houazxay (Lao People's Democratic Republic), will allow goods to be transported by road from Bangkok to Kuming in 30 hours in 2015, as opposed to 78 hours in 2000.³⁴ Route analysis has revealed that border crossings remain the weakest link in this corridor, hence special attention must be paid to border issues. Introducing trade facilitation measures – such as full customs data computerization and the simplification and reduction of customs documents, as demonstrated by the case of Afghanistan (box 7.4) – could provide a viable solution to start with. Further work also needs to be done in order to complete the missing links, improve the infrastructure, promote multimodal transport, and develop integrated transport corridors and logistics services in the region.

The establishment of regional transport corridors and the adoption of harmonized rules and procedures play a major role in transit transport facilitation and economic development, in particular for LLDCs. The above-mentioned North–South Corridor in the Greater Mekong Subregion aims to enhance the economic and living standards of the countries through which the corridor runs. Other practical examples of a similar corridor approach in Asia include the East–West Corridor, the Southern Economic Corridor in the Greater Mekong Subregion, and six corridors under the Central Asia Regional Economic Cooperation (CAREC) programme.³⁵

In summary, this review of developments in Asia over the past three years shows that this very large and diverse region has significantly increased its intraregional trade, and, at the same time, has continued to better integrate into the global economy. In this process and during this period, the whole of Asia has been exposed to the forces of economic and financial turmoil triggered by the crisis in developed partner economies. As a result, trade in 2009 – in particular, exports with the rest of the world – declined severely, and the different subregions of Asia have followed a similar pattern. But the crisis

Box 7.4. Computerized transit corridors: the case of Afghanistan

The promotion of transit corridors is part of the Afghan National Development Strategy. The strategy foresees the promotion of Afghanistan as the centre of a regional transit network, by virtue of its strategic geographic position, to gain access to international markets and to link major trading partners by providing the quickest means of access to the sea. Two major corridors pursued under this strategy are:

The North–South Transport Corridor, which connects Tajikistan, Turkmenistan and Uzbekistan with the ports of Karachi, Qasim and Gawada in Pakistan, and continues through Wagah to India and the rest of South Asia;

and the East–West Transport Corridor, which connects Tajikistan, Turkmenistan and Uzbekistan with the ports of Cha Bahar and Bandar Abbas in the Islamic Republic of Iran.

The ASYCUDA system is fully operational at the five border posts in Afghanistan along these two transit corridors, connecting the country to the Islamic Republic of Iran (Islam Qala, and in the very near future, Zaranj/Nimroz), Pakistan (Torkham), Tajikistan (Sher Khan Bandar), Turkmenistan (Towraghondi) and Uzbekistan (Hairatan).

Since the introduction of the first computerized transit corridor within Afghanistan (Torkham–Jalalabad–Kabul) in May 2006, national economic operators have filled out more than 1.3 million transit declarations, and the customs department has collected more than \$32 million on transit operations through the system.

In all computerized customs sites:

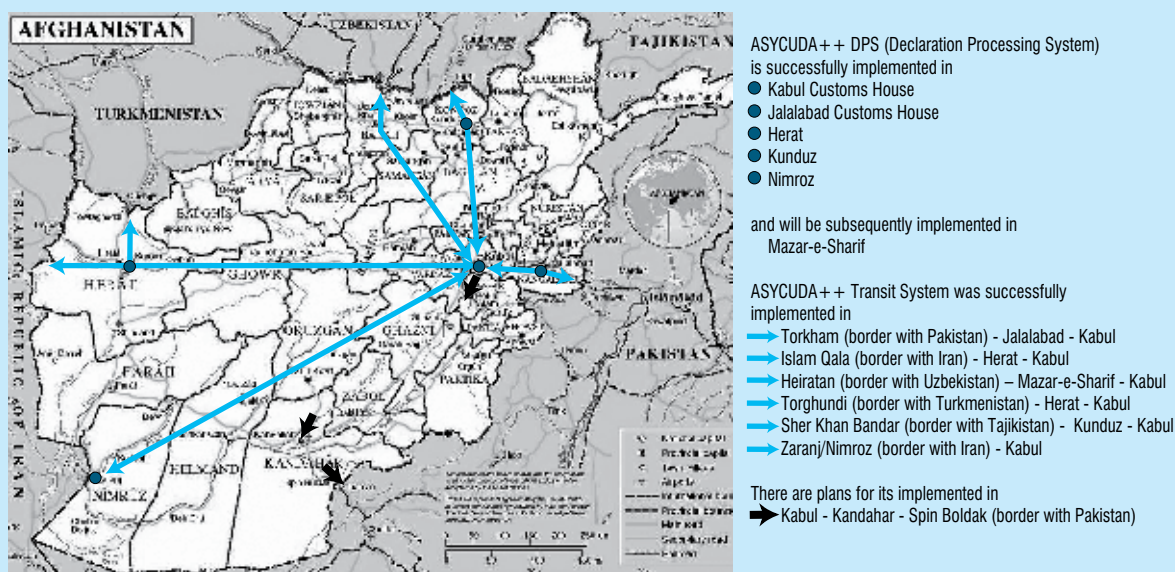
The transit customs procedures are in line with international standards and best practices. For example, they replace – with only one standard document – the numerous copies of forms and other extra papers and documents that were previously requested;

The entire process is fully automated and available electronically both for customs officers and for customs brokers/traders; all transit declarations are submitted to customs in electronic format – i.e. 100 per cent Direct Trader Input;

All payments are made at branches of the Afghan National Bank and are automatically confirmed to customs in electronic format;

All reference data updated by the customs headquarters are automatically sent to all customs sites and integrated into the ASYCUDA system; the customs data generated in the customs offices (transit/accounting) are automatically consolidated in the customs headquarters and used for control and monitoring of transit operations, and for the production of customs and trade statistics;

All customs officers and traders have been trained and are fully familiar with the operation of the Afghan ASYCUDA transit system (in both national languages – Dari and Pashto).



Source: UNCTAD.

has hit Asian countries and subregions in different ways. Asian LLDCs have been severely affected by the economic downturn, and will face even greater difficulties in returning to the growth trends that were observed in 2007 and 2008.

While the gap between stronger and weaker economies in the different subregions of Asia may have widened over the last three years, the long-term trend for the development of maritime trade and related industries is positive. Historically, several industrialized countries have been considered “maritime nations”, as they have had their own shipbuilding operations and nationally flagged ships to transport their foreign trade. Throughout the twentieth century, however, developing countries – especially in Asia – have gained market share in many of these maritime industries.

Asian countries are now at the forefront of many growing maritime businesses. Three of the four largest global port operators are based in Asia, 14 of the top 20 liner operators are from Asia, and almost all shipbuilding and ship scrapping takes place in Asia.

China, and potentially some other Asian economies, are in the process of becoming the only true “maritime nations”, in the sense that they participate in all maritime businesses. Through a process of industry consolidation, countries have started to specialize in just some of the maritime sectors. Today, the Philippines provide one out of every five seafarers, the Republic of Korea builds the most container ships, and port operators from Hong Kong (China) and from Dubai operate many terminals on all continents. China, in particular, has established itself as a key player in all major maritime industries; during 2009, it overtook Germany as the third-largest owner of tonnage. It has overtaken Japan as the second-largest ship builder, and India as the number one ship recycling country. China also builds the most containers and specialized port cranes. Increasingly, Chinese-built, Chinese-owned and Chinese-flagged ships are transporting China’s growing exports of manufactured goods. Other Asian countries, too, have a growing market share in several maritime subsectors. Indonesia, Malaysia, the Philippines and the Republic of Korea,

for example, have been able to develop maritime “clusters”, which benefit from synergies and economies of scale and combine with a growing foreign trade. Asian countries have been leading the global trade in goods, and are increasingly participating in maritime transport and related services.

ENDNOTES

¹ Source: International Monetary Fund (IMF).

² Asia” refers to emerging Asia plus industrial Asia (*IMF Regional Economic Outlook 2010*).

³ Source: KCIC (2010). Asymmetric recovery, Asia rises. April.

⁴ For more information, see UNCTAD: *Review of Maritime Transport 2007*.

⁵ *ESCAP Economic and Social Survey of Asia and the Pacific (2010)*.

⁶ *ESCAP Economic and Social Survey of Asia and the Pacific (2009 and 2010)*.

⁷ All of the worst-affected countries had shares of exports to GDP that exceeded 60 per cent (ESCAP, 2010).

⁸ Newly industrialized economies (NIEs) refers to Hong Kong (China), to the Republic of Korea, to Singapore, and to Taiwan Province of China. (Source: IMF REO, 2010).

⁹ The recovery is characterized by some sources as a “vigorous and balanced rebound” (*IMF Regional Economic Outlook 2010*).

¹⁰ The term “developing Asia” refers to 45 economies, namely: Afghanistan, Armenia, Azerbaijan, Bangladesh, Bhutan, Brunei Darussalam, Cambodia, China, the Cook Islands, Fiji, Georgia, Hong Kong (China), India, Indonesia, Kazakhstan, Kiribati, Kyrgyzstan, the Lao People’s Democratic Republic, Malaysia, Maldives, the Marshall Islands, the Federated States of Micronesia, Mongolia, Myanmar, Nauru, Nepal, Pakistan, Palau, Papua New Guinea, the Philippines, the Republic of Korea, Samoa, Singapore, the Solomon Islands, Sri Lanka, Taiwan Province of China, Tajikistan, Thailand, Timor-Leste, Tonga, Turkmenistan, Tuvalu, Uzbekistan, Vanuatu and Viet Nam.

¹¹ *Review of Maritime Transport 2004*. Chapter 7, page 93.

- ¹² The World Trade Organization reports that in 2008, the share of intermediate manufactured products in non-fuel world trade was around 40 per cent (WTO: *World Trade Developments 2009*).
- ¹³ Recent reports indicate that the trade exposure of the region to advanced economies may have actually augmented over time, rather than diminished (IMF REO, May 2009).
- ¹⁴ China, mostly through the port of Hong Kong, has become a lead importer of intermediate electronic parts and components produced in the Asia-Pacific region. In 2007, about 30 per cent of India and China's total merchandise imports were from Asian developing countries. Furthermore, it is estimated that one third of the total of Chinese imports of intermediate goods used for final Chinese exports comes from the region. (Source: ESCAP *Economic and Social Survey 2010*).
- ¹⁵ ESCAP *Review of Developments in Transport in Asia and the Pacific 2009*.
- ¹⁶ GHD estimates as contained in ESCAP's *Review of Developments in Transport in Asia and the Pacific 2009*.
- ¹⁷ Global Insight's World Trade Service, as reported on the daily news, 27 April 2010, at <http://www.fairplay.co.uk>
- ¹⁸ Ci online, using 2008 figures.
- ¹⁹ ESCAP *Review of Developments in Transport in Asia and the Pacific 2009*; and Ci online, accessed May 2010.
- ²⁰ Other important hubs serving the transshipment needs of China are the ports of Hong Kong and Shanghai, which show no better results. Estimates by *Business Monitor International*, reported on Think Marine.
- ²¹ ESCAP *Review of Developments in Transport in Asia and the Pacific 2009*.
- ²² Estimates show that the ASEAN–China free trade agreement, covering 1.7 billion consumers and a two-way annual trade of \$1.2 trillion, has paved the way for creating the largest free trade area in the world. The ASEAN–India free trade area covers a market of almost 1.8 billion people with a combined GDP of \$2.75 trillion. The ASEAN–Australia–New Zealand agreement (AANZFTA) hopes to create a trans-Pacific free trade zone comprising a market of 600 million people with a combined GDP of \$2.7 trillion.
- ²³ Special Programme for the Economies of Central Asia (SPECAs), Central Asia Regional Economic Cooperation (CAREC), Economic Cooperation Organization (ECO), Greater Mekong Subregion Economic Cooperation (GMS), Pacific Agreement on Closer Economic Relations (PACER).
- ²⁴ ESCAP *Asia-Pacific Trade and Investment Agreements Database*. Available at <http://www.unescap.org/tid/aptiad>.
- ²⁵ WTO. Regional Trade Agreements gateway, available at http://www.wto.org/english/tratop_e/region_e/region_e.htm
- ²⁶ ESCAP (2006). Trade facilitation in selected landlocked countries in Asia. *Studies in Trade and Investment*. 58.
- ²⁷ The cargo being referred to is a dry cargo carried in a fully loaded twenty-foot container, and it is assumed that it is not subject to any special phytosanitary or environmental safety standards other than the accepted international standards.
- ²⁸ Worley C (2010). Electronic shipping documents bring trade up to speed. *Tanker Shipping and Trade*. April/May: 71.
- ²⁹ Sirimanne S and Misovicova M (2009). Towards a single window trading environment: Gaining support from senior-level policymakers. UNNEXt policy brief no. 1. ESCAP. November.
- ³⁰ Rajkarnikar PR et al. (2006). The need for and cost of selected trade facilitation measures relevant to the WTO trade facilitation negotiation: a case study of Nepal. ARTNeT working paper series no. 8. ESCAP.
- ³¹ The TIR system operates under the Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention), which permits the international carriage of goods by road from a customs office of departure in one country to a customs office of arrival in another country, through as many countries as necessary without any intermediate frontier checks on the goods carried.
- ³² These include Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan, Turkmenistan and Uzbekistan.
- ³³ GMS includes Cambodia, China (Yunnan Province and Guangxi Zhuang Autonomous Region), the Lao People's Democratic Republic, Myanmar, Thailand and Viet Nam.
- ³⁴ Asian Development Bank (2008). *Logistics Development Study of the Greater Mekong Subregion North–South Economic Corridor*.
- ³⁵ CAREC includes Afghanistan, Azerbaijan, China, Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan and Uzbekistan.
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