

# 02

## Trade and the Global Value Chain





# Trade and the Global Value Chain

## Recent Trends in Asia's Trade

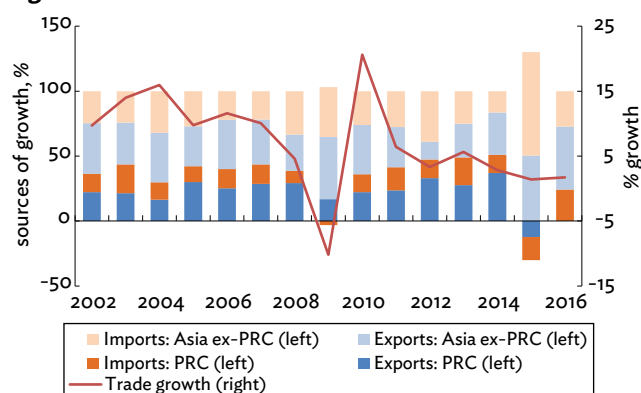
**In 2016, Asia's trade volume grew faster than global trade, but remained below growth in gross domestic product.**

**B**y volume, Asia was the only region in the world that saw trade grow faster in 2016 than 2015. Asia's trade volume grew 1.7% in 2016, up from 1.4% in 2015—as growth globally fell to 1.3% from 2.6% in 2015. Trade volume contracted in the Middle East (–6.4%), Latin America (–4.4%), and Africa (–3.7%), while it grew more slowly than 2015 in the European Union (EU) and North America. Asia's exports rose 1.5% in 2016 (1.0% in 2015), while imports increased slightly to 2.0% (from 1.9%). Since 2012, growth in merchandise trade volume has been below growth in gross domestic product (GDP) (Figures 2.1a, 2.1b).

**Asia's trade volume growth in 2016 was largely driven by exports from Japan; Taipei, China; and Hong Kong, China; and a rebound in imports in the People's Republic of China.**

Excluding the People's Republic of China (PRC), Asia's export volume growth rose to 2.3% in 2016 from 1.9% in 2015—covering almost half of Asia's overall trade growth by volume (Figure 2.2). Japan; Taipei, China; and

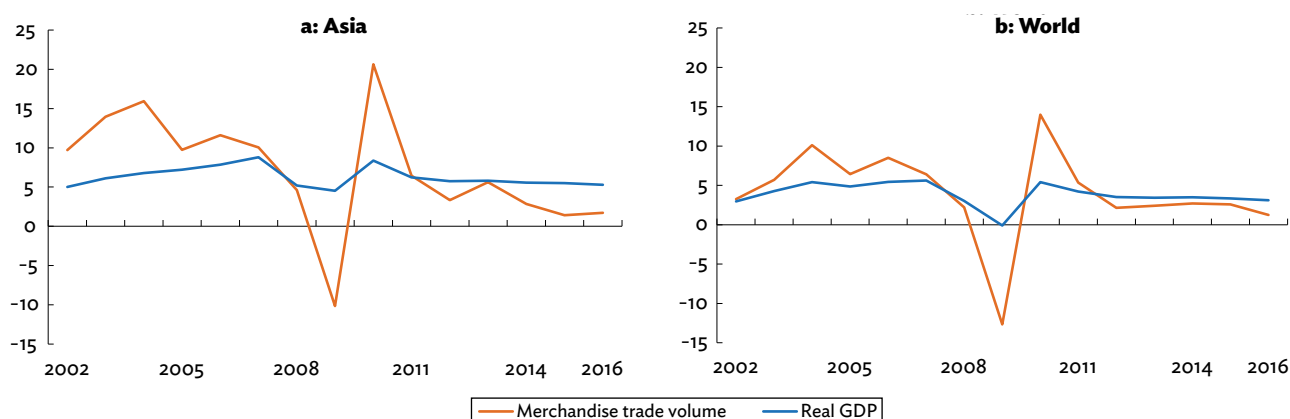
**Figure 2.2: Sources of Asia's Trade Volume Growth**



PRC = People's Republic of China.

Source: ADB calculations using data from World Trade Organization Statistics. <http://stat.wto.org> (accessed May 2017).

**Figure 2.1: Merchandise Trade Volume and Real GDP Growth—Asia and World (% , year-on-year)**



GDP = gross domestic product.

Note: Real GDP growth is weighted using nominal GDP in purchasing power parity.

Sources: ADB calculations using data from International Monetary Fund. World Economic Outlook April 2017 Database. <https://www.imf.org/external/pubs/ft/weo/2017/01/weodata/index.aspx>; World Trade Organization Statistics. <http://stat.wto.org> (both accessed May 2017).

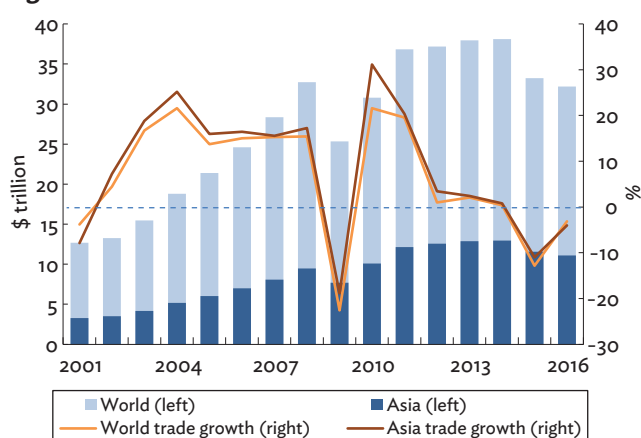


Hong Kong, China accounted for much of the increase. While PRC export volume was flat in 2016, growth in import volume rebounded to 3.1%, following a 1.8% drop in 2015—PRC imports accounted for about 24% of Asia's total trade volume growth.

### By value, Asia's overall trade continued to shrink in 2016, but at a slower pace than 2015.

Asia's trade by value fell 3.4% in 2016, much less than the sharp 10.2% decline in 2015 (Figure 2.3). Exports contracted 4% in 2016, above the 2.7% drop in imports. World trade growth showed similar trends.

**Figure 2.3: Trade Value—Asia and World**



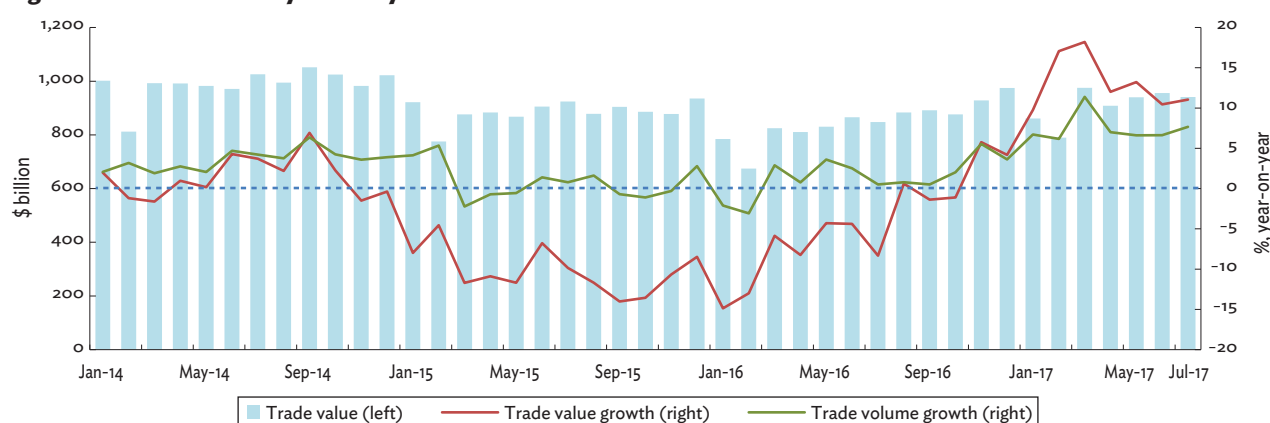
Source: ADB calculations using data from World Trade Organization Statistics. <http://stat.wto.org> (accessed May 2017).

### More recent data point to a continued recovery in Asia's trade.

Gradually increasing global economic growth has allowed Asia's trade to continue its recent growth momentum. For most of 2015 and into 2016, Asia's trade volume growth stagnated or declined, falling below global trade growth (Figure 2.4). Beginning March 2016, growth returned and has been rising steadily. The ongoing global economic recovery lifted demand for the region's exports, particularly in Hong Kong, China; Japan; Taipei, China; and Viet Nam. The region's import growth has also accelerated recently due to robust demand from the PRC and India, among others. The region's trade recovery accelerated further in 2017—with average trade volume growth reaching 7.5% in the first 7 months. Asia's imports grew 9.3% in the same period, helping propel regional and global trade. Exports rose 5.7%.

As global commodity prices began to rebound, Asia's trade growth by value has also been rising, surpassing trade volume growth beginning December 2016. Along with the recovery of external demand and strong domestic demand, growth rose to a record 17.1% in February 2017—it has remained at 13% on average since. Asia's trade growth will likely continue to gain momentum as global (and regional) economic growth gathers pace. However, potential bilateral trade friction and policy uncertainties among the world's major trading partners remain downside risks.

**Figure 2.4: Asia's Monthly Trade by Value and Volume**



Notes: Trade volume growth rates were computed using volume indexes. For every period and trade flow type (i.e. imports and exports), the available data includes only an index for Japan and an aggregate index for selected Asian economies, which include the People's Republic of China; Hong Kong, China; India; Indonesia; the Republic of Korea; Malaysia; Pakistan; the Philippines; Singapore; Taipei, China; Thailand; and Viet Nam. To come up with an index for Asia, trade values were used as weights for the computations. On the other hand, trade value levels and growth rates were computed by aggregating import and export values of the same Asian economies.

Sources: ADB calculations using data from CEIC; and CPB Netherlands Bureau for Economic Policy Analysis. World Trade Monitor. <https://www.cpb.nl/en/data> (both accessed September 2017).

## Asia's Intraregional Trade

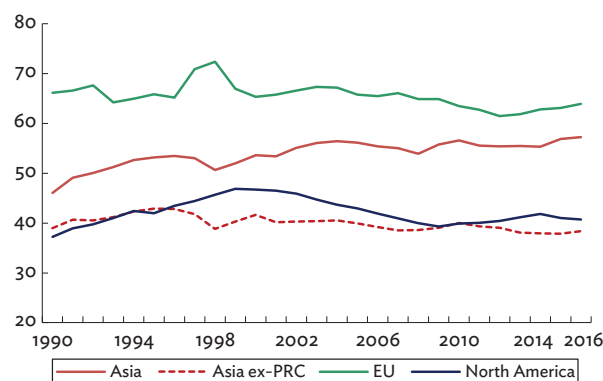
Asia's intraregional trade share continued to grow in 2016.

Measured by value, Asia's intraregional trade share rose to 57.3% in 2016 from 56.9% in 2015, above the 55.9% average during 2010–2015 (Figure 2.5). By comparison, intraregional trade shares in the EU and North America is 64% and 41%, respectively. The increase in Asia's intraregional trade share points to the resilience of the intraregional trade linkage amidst falling global trade (extraregional trade fell 4.2% in 2016 against a 2.8% intraregional contraction) (Figure 2.6). Asia's strong intraregional trade should provide a buffer against potential headwinds emanating from global policy uncertainties and a worsening global trade environment.

Intra-subregional trade remains strong, while trade across different subregions weakened—evidenced by gravity model estimations based on bilateral trade data.

Intraregional trade relations are analyzed for Asia and other subregional groupings therein. For subregions of Central Asia, East Asia, South Asia, and the Pacific and Oceania, intra-subregional trade rose in 2016 from 2015, Southeast Asia's fell (Figure 2.7).<sup>2</sup> Intra-subregional trade share in Southeast Asia is second highest in the region,

**Figure 2.5: Intraregional Trade Share—Asia, European Union, North America (%)**



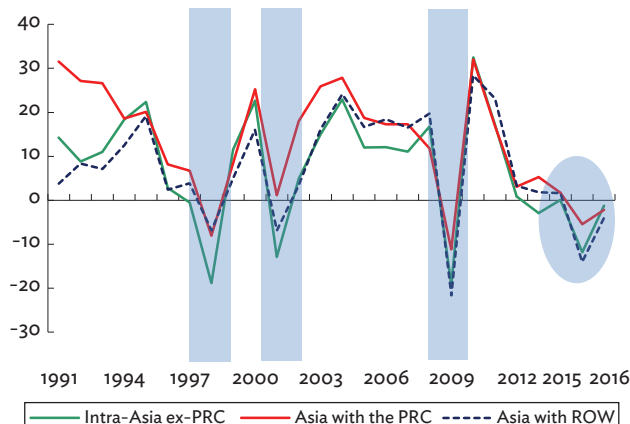
EU= European Union, PRC= People's Republic of China.

Notes: EU refers to aggregate of 28 EU members. North America covers Canada, Mexico, and the United States.

Source: ADB calculations using data from International Monetary Fund. Direction of Trade Statistics. <https://www.imf.org/en/Data> (accessed July 2017).

<sup>2</sup> The Pacific and Oceania includes ADB Pacific developing member countries plus Australia and New Zealand.

**Figure 2.6: Asia Trade Value Growth, Intraregional and Extraregional (%)**

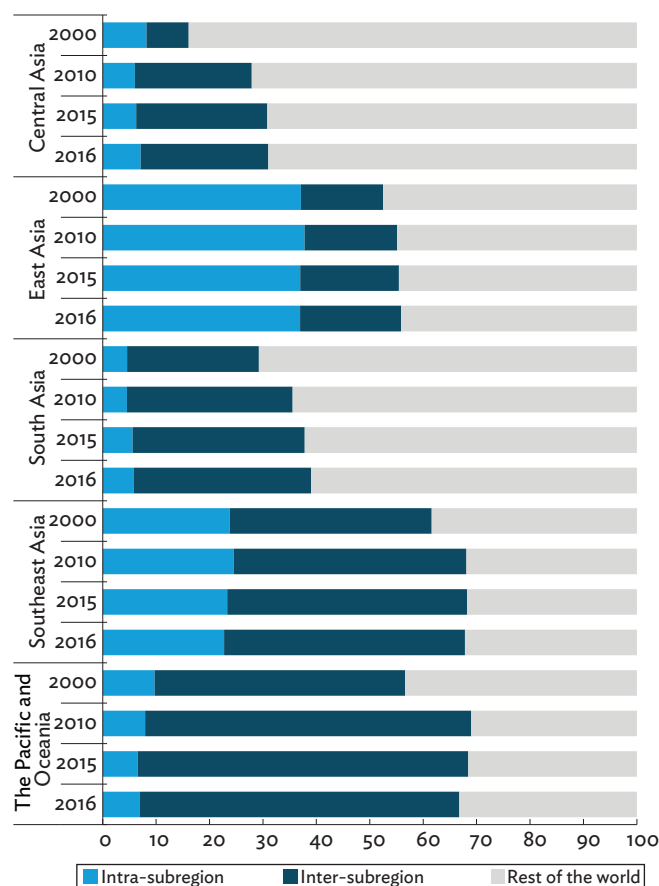


PRC = People's Republic of China, ROW = rest of the world.

Note: Shaded areas indicate 1997/98 Asian financial crisis, 2000/01 "dot.com" recession, 2008/09 global financial crisis, and ongoing global trade growth slowdown.

Source: ADB calculations using data from International Monetary Fund. Direction of Trade Statistics. <https://www.imf.org/en/Data> (accessed July 2017).

**Figure 2.7: Asia Intra- and Inter-subregional Trade Shares (%)**



Source: ADB calculations using data from International Monetary Fund. Direction of Trade Statistics. <https://www.imf.org/en/Data> (accessed July 2017).

next to East Asia. The slight decline in Southeast Asia's intra-subregional trade share (from 23.3% to 22.8%) was mainly due to the rise in the share of the PRC and the Republic of Korea in the subregion's trade. The share of the United States (US) and EU also increased slightly. South Asia continued to have the lowest share, but not far behind Central Asia.

Inter-subregional trade shares—trade across subregions within Asia—increased in East Asia, South Asia, and Southeast Asia, but declined in Central Asia, and the

Pacific and Oceania. Nevertheless, the Pacific and Oceania continues to trade significantly more with other subregions in Asia than within itself—it has the highest inter-subregional trade share among Asian subregions (see Figure 2.7).

Gravity model estimation results based on data for 2012–2016 (the most recent period) show intraregional trade bias declined to 0.42 from 0.95 in 2011–2015 and became insignificant (Box 2.1).<sup>3</sup> The periods covered coincide with those when Asia and global trade growth

## Box 2.1: Gravity Model Estimation of Bilateral Exports

Results of a gravity model estimation using annual data covering 2012–2016 and 2011–2015 are shown in box table 1. The 5-year rolling regression, updated annually, provides a snapshot of progress in regional trade integration. The coefficient of “both in Asia” dummy can be viewed as a trade integration index.

In terms of intra-subregional trade bias, East Asia continues to stand out, followed by Southeast Asia and Central Asia. South Asia continues to trade significantly more with other subregions within Asia, although its inter-subregional bias weakened slightly (box table 2). While Asia's intra-subregional

### 1: Gravity Model Estimation Results, 2012–2016

Dependent Variable: Log(Bilateral Exports)

Variables	All Goods	Capital Goods	Consumption Goods	Intermediate Goods
Log(distance)	-1.65*** (0.02)	-1.65*** (0.02)	-1.72*** (0.02)	-1.70*** (0.02)
Colonial relationship dummy	0.85*** (0.09)	0.90*** (0.09)	0.94*** (0.10)	0.89*** (0.10)
Common language dummy	0.98*** (0.04)	0.93*** (0.04)	1.06*** (0.04)	0.90*** (0.04)
Contiguity dummy	1.04*** (0.10)	1.18*** (0.10)	1.27*** (0.10)	1.13*** (0.11)
<b>Regional dummies</b> (base: Asia to ROW)				
Both in Asia dummy	0.42 [0.95***] (0.34)	0.31 [0.43] (0.33)	0.40 [0.72***] (0.35)	-0.34* [0.11] (0.33)
Importer in Asia dummy	1.09* (0.56)	-1.41** (0.68)	1.44** (0.62)	0.55 (0.65)
Both in ROW dummy	0.32 (0.41)	-2.16*** (0.54)	0.50 (0.46)	0.50 (0.53)
Rho (sample selection term)	0.10***	0.29***	0.18***	0.16***
Sample size	172,492	172,492	172,492	172,492
Censored observations	21,546	66,817	43,577	40,067
Uncensored observations	150,946	105,675	128,915	132,425

\*\*\* = significant at 1%, \*\* = significant at 5%, \* = significant at 10%, ROW = rest of the world. Estimates for 2011–2015 are in brackets. Robust standard errors in parentheses.

Notes: Time-varying economy dummies are included but not shown for brevity. Heckman sample selection estimation was used to account for missing economy-pair data. Data cover 173 economies, of which 43 are from Asia. Trade data based on Broad Economic Categories.

Sources: ADB calculations using data from Institute for Research on the International Economy. <http://www.cepii.fr/CEP11/en/cepii/cepii.asp> (accessed May 2017); and United Nations. Commodity Trade Database. <https://comtrade.un.org> (accessed July 2017).

<sup>3</sup> Intraregional trade bias refers to the coefficient of the intra-Asia dummy in the gravity model of bilateral export flows. A positive and significant coefficient means that Asia's trade with itself is higher than its trade with non-Asian economies.

## Box 2.1 continued

bias remained high for both estimation periods (2012–2016 and 2011–2015) in all goods across most subregions, inter-subregional bias weakened. While this is partly due to the recent global trade growth slowdown—of which Asia has been

no exception—more work is called for to improve connectivity and trade facilitation across subregions, given the much weaker inter-subregional trade linkages compared with intra-subregional ones.

**2: Gravity Model Estimation Results, 2012–2016: Intra- and Inter-subregional Trade (All Goods)**

Variables	Central Asia	East Asia	South Asia	Southeast Asia	The Pacific and Oceania
Intra-subregional Trade Dummy	3.77*** [3.65***]	6.37*** [6.27***]	0.48 [1.01**]	4.45*** [4.66***]	1.02 [0.43]
Inter-subregional Trade Dummy	-0.18 [0.53]	0.30 [0.78***]	3.75*** [3.92***]	0.40 [0.87***]	-0.58 [-0.75]

\*\*\* = significant at 1%, \*\* = significant at 5%, \* = significant at 10%. Estimates for 2011–2015 are in brackets.

Notes: Base category (benchmark) is the subregion's trade with economies outside Asia. The usual gravity model variables and time-varying economy dummies are included but not shown for brevity. Heckman sample selection estimation was used to account for missing bilateral economy-pair data. Data cover 173 economies, of which 43 are from Asia. Trade data based on Broad Economic Categories.

Sources: ADB calculations using data from Institute for Research on the International Economy. <http://www.cepii.fr/CEPII/en/cepii/cepii.asp> (accessed May 2017); and United Nations. Commodity Trade Database. <https://comtrade.un.org> (accessed July 2017).

slumped, falling below GDP growth. The overall trade growth slump could have led to no conspicuous regional trade bias after controlling for bilateral and time-variant economy-specific fixed effects.

## Progress of Global and Regional Value Chains

### Asia's value chain linkage with the global economy continued to slow in 2016.

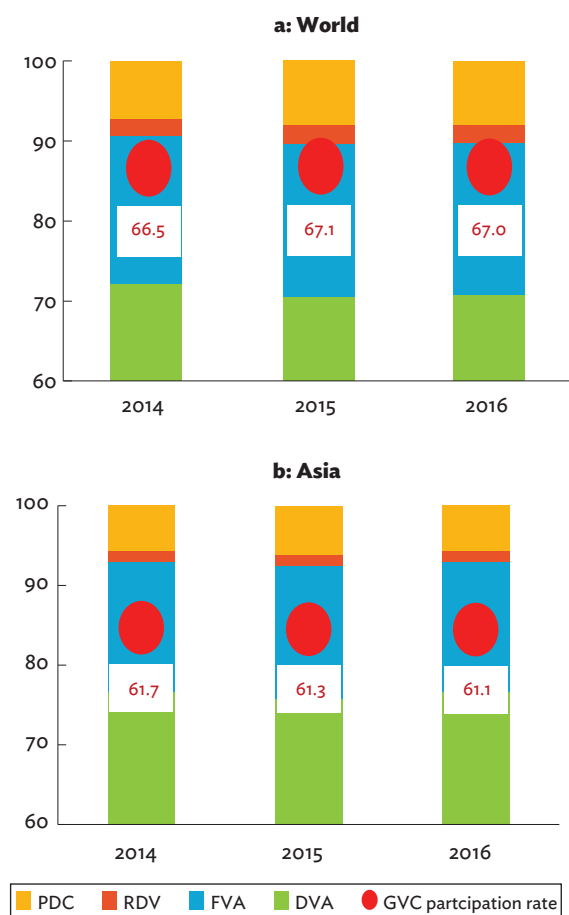
The *Asian Economic Integration Report 2016* discussed how global and regional value chain expansion has been slowing. Asia's integration into global value chain (GVC) intensified early 2000s but stagnated after the 2008/09 global financial crisis. Asia's GVC participation—as measured by the share of value-added contents of gross exports used for further processing through cross-border production networks—indicated that Asia's GVC participation deepened early 2000s, rose further by 2011 but declined in 2015. The latest ADB Multi-Regional Input-Output Table data gives a sense of how

this trend is evolving recently.<sup>4</sup> As shown in Figure 2.8a, the domestic value-added portion of gross exports decreased from 2014 and 2015, while other components' shares grew—indicating some slight progress in deepening the GVC. This trend reversed in 2016, with the domestic value-added portion increasing and the shares of other components falling.

As a major contributor to international trade and the deepening GVC, Asia is no exception. Value-added decomposition of Asia's gross exports shows deepening integration into the GVC from 2014 to 2015, but reversed the direction between 2015 and 2016 (Figure 2.8b). Asia's GVC participation rate—hints at Asia's overall declining GVC participation in recent years. The GVC participation ratio decreased from 61.7% in 2014 to 61.3% in 2015 and 61.1% in 2016.<sup>5</sup>

<sup>4</sup> The 2014–2016 ADB Multi-Regional Input-Output Table covers 60 economies, with 24 from Asia (Australia; Bangladesh; Bhutan, Brunei Darussalam; Cambodia; Fiji; India; Indonesia; Japan; Kazakhstan; the Kyrgyz Republic; the Republic of Korea; the Lao People's Democratic Republic; Malaysia; Maldives; Mongolia; Nepal; Pakistan; the Philippines; the PRC; Sri Lanka; Taipei, China; Thailand; and Viet Nam).

<sup>5</sup> The GVC participation rate is measured by the share of value-added contents of gross exports used for further processing through cross-border production networks. It is computed as the ratio of GVC components of exports (gross exports less the sum of domestic value added in final goods exports and purely double-counted terms) to gross exports.

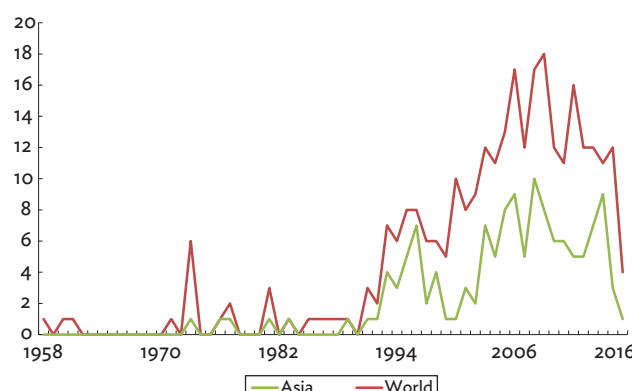
**Figure 2.8: Components of Gross Exports (%)**

DVA = domestic value added, FVA = foreign value added, GVC = global value chain, PDC = purely double-counted terms, RDV = returned value added.  
 Sources: ADB calculations using 2014–2016 ADB Multi-Regional Input-Output Tables, and methodology by Wang, Wei, and Zhu (2014).

## Updates on Regional Trade Policy

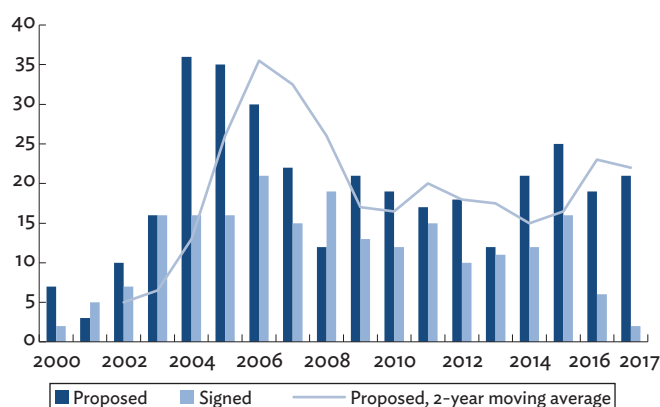
While the number of Asia's free trade agreements appears to be stagnating, Asia's FTAs with non-Asian partners are expected to increase. Efforts to deepen and upgrade existing FTAs are also actively under way.

Recently, the number of free trade agreements (FTAs) worldwide taking effect continued to decline (Figure 2.9). In 2016, 12 new FTAs entered into force. This year, four new FTAs entered into force (as of September). Three of last year's FTAs involved Asian economies: the Japan–Mongolia Economic Partnership

**Figure 2.9: Number of Newly Effective FTAs—Asia and World**

FTA = free trade agreement.

Source: World Trade Organization, Regional Trade Agreement Information System. <http://rtias.wto.org> (accessed September 2017).

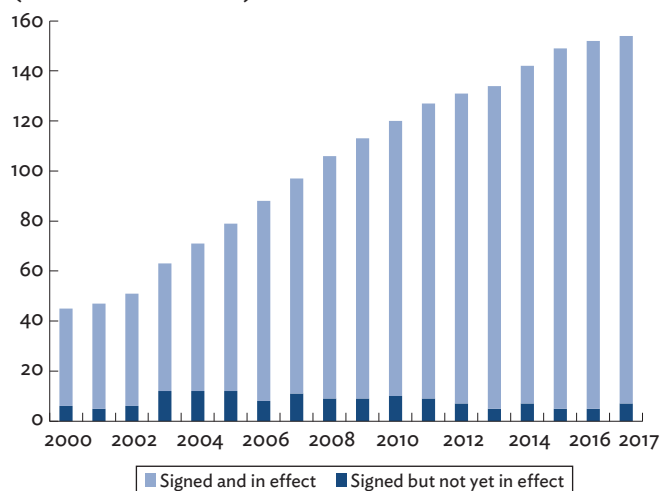
**Figure 2.10: Number of FTAs Proposed and Signed by Year—Asia**

FTA = free trade agreement.

Notes: Includes bilateral and plurilateral FTAs with at least one of ADB's 48 regional members as signatory. 2017 covers FTAs that came into effect from January to July. "Signed" includes FTAs that are signed but not yet in effect, and those signed and in effect. "Proposed" includes FTAs that are: (i) proposed (the parties consider an FTA, governments or ministries issue a joint statement on the FTA's desirability, or establish a joint study group and joint task force to conduct feasibility studies); (ii) framework agreements signed and under negotiation (the parties, through ministries, negotiate the contents of a framework agreement that serves as a framework for future negotiations); and (iii) under negotiation (the parties, through ministries, declare the official launch of negotiations, or start the first round of negotiations).  
 Source: ADB, Asia Regional Integration Center FTA Database. <https://aric.adb.org/fta> (accessed August 2017).

Agreement (EPA), Korea–Colombia FTA, and the Eurasian Economic Union–Viet Nam FTA.

The number of signed FTAs has been declining since 2015 (Figure 2.10). In 2016, six were signed—down from 16 in 2015. Through July 2017, two FTAs were signed—the PRC–Georgia FTA on 13 May 2017 and the Pacific

**Figure 2.11: Number of Signed FTAs— Asia**  
(cumulative since 1975)

FTA = free trade agreement.

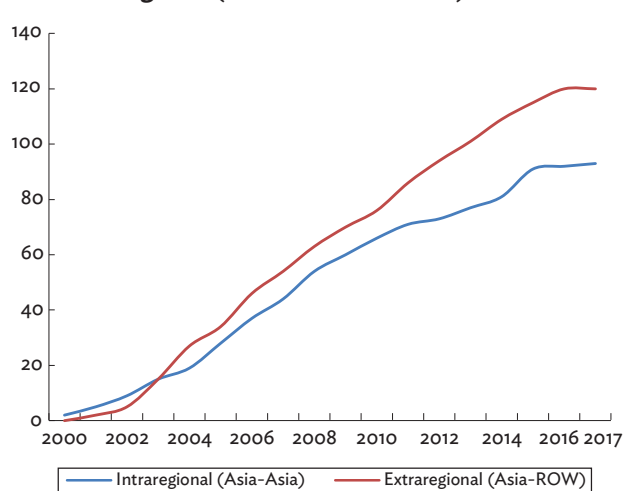
Notes: Includes bilateral and plurilateral FTAs with at least one of ADB's 48 regional members as signatory. 2017 covers FTAs that came into effect from January to July.

Source: ADB, Asia Regional Integration Center FTA Database. <https://aric.adb.org/fta> (accessed August 2017).

Agreement on Closer Economic Relations (PACER) Plus 10 on 14 June 2017.<sup>6</sup> Pakistan–Turkey FTA is expected to be signed on 14 August 2017. This brings the cumulative number of signed and in effect FTAs in Asia to 148 as of July 2017 (Figure 2.11).

Several other FTA negotiations in the region have moved forward. The Korea–Central America FTA concluded negotiations in November 2016. The Korea–Central America FTA concluded negotiations in November 2016. A significant milestone for the Association of Southeast Asian Nations (ASEAN) is the conclusion of trade talks with Hong Kong, China in July 2017 after 3 years of negotiations. The ASEAN–Hong Kong, China FTA is expected to be signed in November, which will be the first ASEAN FTA to be signed in nearly a decade. The PRC and Maldives launched FTA negotiations in December 2016, while the Australia–Hong Kong, China FTA; the Korea–Mercosur FTA; and Australia–New Zealand–Pacific Alliance FTA are some of the trade pacts

<sup>6</sup> PACER plus 10 includes Australia, the Cook Islands, the Federated States of Micronesia, Kiribati, Nauru, New Zealand, Niue, the Marshall Islands, Palau, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.

**Figure 2.12: Number of Signed FTAs, Intraregional and Extraregional**  
(cumulative since 2000)

FTA = free trade agreement, ROW = rest of the world.

Notes: Includes bilateral and plurilateral FTAs with at least one of ADB's 48 regional members as signatory. 2017 covers FTAs that came into effect from January to July.

Source: ADB, Asia Regional Integration Center FTA Database. <https://aric.adb.org/fta> (accessed August 2017).

that launched negotiations this year.<sup>7</sup> A total of 17 new FTAs have been proposed from January to July 2017.

Two recent developments could affect Asia's FTA future landscape: (i) the rise in the number of FTAs with non-Asian partners and (ii) the upgrading or deepening of provisions of existing FTAs in Asia (Figure 2.12). FTAs with non-Asian partners underscore Asia's strong trade openness and its close links to GVCs. The trend is expected to continue—the majority of Asian FTAs starting negotiations in the last 5 years involve non-Asian partners (Ramizo 2017).

Several FTAs are being upgraded. The expanded India–Chile Preferential Trade Agreements with wider coverage of tariff lines under concession entered into force 16 May 2017. And the PRC is currently negotiating an upgraded FTA with four existing FTA partners—Pakistan, Singapore, New Zealand, and Chile. The PRC is also conducting feasibility studies on upgrading existing FTAs with Switzerland and Peru.

<sup>7</sup> The Pacific Alliance FTA is composed of Chile, Colombia, Mexico, and Peru. Mercosur or *Mercado Comun del Sur* (Southern Common Market) is a subregional bloc composed of Argentina, Brazil, Paraguay, and Uruguay.



## Trans-Pacific Partnership

### The future of Trans-Pacific Partnership remains uncertain after the US' withdrawal.

While the US withdrew from the Trans-Pacific Partnership (TPP), Japan and New Zealand have ratified the Agreement.<sup>8</sup> Ministers of TPP member economies have released a statement 21 May 2017 expressing their agreement to “launch a process to assess options to bring the comprehensive, high quality agreement into force expeditiously, including how to facilitate membership for the original signatories.”<sup>9</sup> It remains uncertain if the option of a TPP without the US will push through given the lack of unity among the remaining countries involved.

The US says it will now pursue trade growth through bilateral rather than multilateral arrangements (The White House Office of Press Secretary 2017). The renegotiation of the North American Free Trade Agreement began 16 August 2017. The US recently called for a special session of the joint committee for the Korea–US FTA.

## Regional Cooperation Economic Partnership

### Another “mega” trade deal, the Regional Cooperation Economic Partnership, is under negotiation.

The Regional Cooperation Economic Partnership (RCEP) would bind the 10 ASEAN members and the six economies that have existing FTAs with ASEAN. The Joint Media Statement released after the 5th RCEP Ministerial Meeting (held 10 September 2017 in the Philippines) further emphasized the importance of RCEP's conclusion, having been identified as a key

output for ASEAN's 50th anniversary this year. The ministers lauded the preparation of “RCEP Key Elements for Significant Outcomes by End of 2017” as agreed by the RCEP Trade Negotiating Committee. The document, which aims to move trade negotiations one step closer to conclusion, specifically identifies a set of “clear key elements” or negotiating areas that can be realistically achieved and lead to RCEP's substantial conclusion by year-end.<sup>10</sup>

## Japan–European Union Economic Partnership Agreement

### Japan–EU EPA negotiations are being finalized.

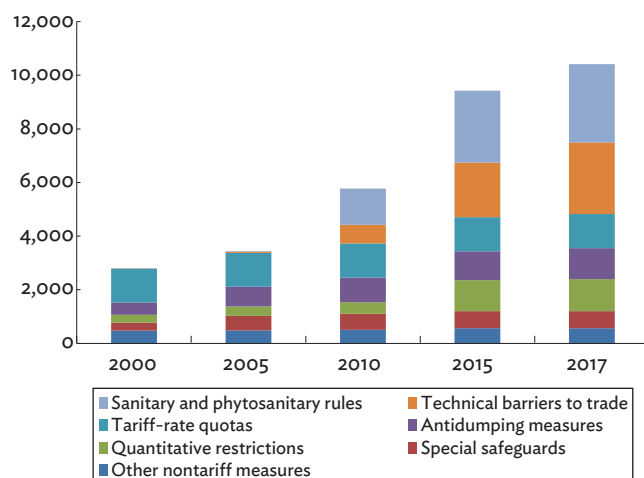
After 18 rounds of negotiations (which began in 2013), Japan and the EU reached a political agreement in principle 6 July 2017 on an EPA.<sup>11</sup> Japan and the EU together account for a third of global GDP. The EPA sends a strong signal to the rest of the world that the two remain committed to trade openness. The deal is known to substantially liberalize trade in goods. The EPA also covers key provisions on nontariff measures (like technical barriers to trade and sanitary and phytosanitary measures), trade remedies, trade in services, customs and trade facilitation, state-owned enterprises, government procurement, investment, data protection, intellectual property rights, competition, and small and medium enterprises. Although the agreement in principle includes key EPA provisions, some areas—such as investment protection, regulatory cooperation, and general and institutional chapters—will require further work. Negotiators say they plan to conclude the final text of the agreement by the end of 2017. Both sides will then proceed to legal verification and translation, with the final text submitted to their respective legislatures for approval.

<sup>8</sup> For the TPP to come into force, it must be passed by members' legislatures and ratified within 2 years of the date of TPP signing (4 February 2016). If one or more members miss the ratification deadline, the TPP can survive if at least six original signatories—accounting for 85% of the region's 2013 GDP—complete ratification, preferably but not necessarily within 2 years. Failure by either Japan or the US to ratify the agreement, constituting slightly less than 80% of total GDP of all TPP members, would effectively block the agreement.

<sup>9</sup> See TPP Ministerial Statement issued on 21 May 2017 (Australian Government, Department of Foreign Affairs and Trade 2017).

<sup>10</sup> See *Xinhua* (2017) for details.

<sup>11</sup> While the EPA agreement in principle does not conclude the negotiation process, it means both parties have agreed on generally everything of significance. As the final text of the EPA has not been released, the discussion of provisions should not be considered final (European Commission 2017).

**Figure 2.13: Trade-related Measures in Asia**

Note: Based on cumulative number of measures in force as of end of each year.  
Source: ADB calculations using data from World Trade Organization. Integrated Trade Intelligence Portal. [https://www.wto.org/english/res\\_e/statis\\_e/itip\\_e.htm](https://www.wto.org/english/res_e/statis_e/itip_e.htm) (accessed September 2017).

## Trade Remedies

While traditional tariff barriers have been significantly lowered, other types of tariff and nontariff measures are on the rise.

The trend of rapidly growing tariff and nontariff measures amid tepid international trade growth continued during 2017 (Figure 2.13). While increasing in number, not all nontariff measures are protectionist—some have valid socio-economic objectives. For example, the sanitary and phytosanitary measures aim to protect the safety of food for consumers and prevent or limit the spread of pests and outbreak of diseases among plants and animals.

Antidumping duties remain the most prevalent trade remedy used against Asia's exporters (Table 2.1).

**Table 2.1: Trade Remedy Measures<sup>a</sup> and WTO Cases<sup>b</sup>, 2010–2017**

Measures	World Total	Asia <sup>c</sup> Total	Asia (Affected/Complainant)–ROW (Imposing/Respondent)	ROW (Affected/Complainant)–Asia (Imposing/Respondent)	Asia (Affected/Complainant)–Asia (Imposing/Respondent)
<b>Antidumping (Article VI of GATT 1994)</b>					
Number of measures implemented	1,074	856	408	122	326
Number of cases	38 (3.5%)	28 (3.3%)	16	7	5
<b>Countervailing Measures</b>					
Number of measures implemented	104	87	70	7	10
Number of cases <sup>d</sup>	32 (30.8%)	21 (24.1%)	10	10	1
<b>Safeguards<sup>e</sup></b>					
Number of measures implemented	78	49	29	49	49
Number of cases	13 (16.7%)	6 (12.2%)	3	0	3
<b>Total</b>					
Number of measures implemented	1,256	992	507	178	385
Number of cases	83 (6.6%)	55 (5.5%)	29	17	9

GATT = General Agreement on Tariffs and Trade, ROW = rest of the world, WTO = World Trade Organization.

Note: Numbers in parentheses are percentage share of cases to total measures implemented.

<sup>a</sup> Trade remedy measures are trade rules or policies implemented by an economy. In the table, trade remedies include measures which are in force.

<sup>b</sup> WTO cases are disputes on trade measures among WTO members that are brought before the WTO Dispute Settlement Body.

<sup>c</sup> Asia as implementing/affected region equals the number of global trade remedy measures minus ROW–ROW measures (not shown in table).

<sup>d</sup> Includes cases involving complaints on the grant of subsidies and countervailing measures.

<sup>e</sup> Safeguard measures are imposed on all WTO members; no bilateral data available.

Sources: ADB calculations using data from WTO. Integrated Trade Intelligence Portal. [https://www.wto.org/english/res\\_e/statis\\_e/itip\\_e.htm](https://www.wto.org/english/res_e/statis_e/itip_e.htm); and WTO. Disputes by agreement. [https://www.wto.org/english/tratop\\_e/dispu\\_e/dispu\\_agreements\\_index\\_e.htm](https://www.wto.org/english/tratop_e/dispu_e/dispu_agreements_index_e.htm) (both accessed September 2017).

**Table 2.2: Number of New Trade Remedy Measures Involving Asia**

Year	a: Asia as Imposing Party				b: Asia as Affected Party			
	AD	CV	SG	Total	AD	CV	SG	Total
2010	59	3	1	63	99	13	5	117
2011	57	3	9	69	76	6	10	92
2012	62	2	3	67	79	10	6	95
2013	69	3	3	75	133	13	6	152
2014	61	2	11	74	104	7	18	129
2015	70	2	12	84	128	11	18	157
2016	70	2	4	76	115	20	6	141

AD = antidumping, CV = countervailing measures, SG = safeguards, WTO = World Trade Organization.

Notes: Trade remedy measures include measures which are in force. Safeguard measures are applied to all WTO members, hence the number of measures implemented include measures that are applied to all WTO members.

Source: ADB calculations using data from WTO. Integrated Trade Intelligence Portal. [https://www.wto.org/english/res\\_e/statis\\_e/itip\\_e.htm](https://www.wto.org/english/res_e/statis_e/itip_e.htm) (accessed September 2017).

**Table 2.3: Number of Trade Remedy Measures Affecting Asia, 2010–2017—Top Affected Sectors**

HS Product Description	Total	Antidumping Duties	Countervailing Duties	Safeguards
Base metals and articles	362	291	45	26
Products of the chemical and allied industries	161	143	10	8
Resins, plastics, and articles; rubber and articles	96	87	7	2
Machinery and electrical equipment	89	75	8	6

HS = harmonized system, WTO = World Trade Organization.

Notes: Trade remedy measures include measures which are in force. Safeguard measures are applied to all WTO members, hence the number of measures implemented include measures that are applied to all WTO members.

Source: ADB calculations using data from WTO. Integrated Trade Intelligence Portal. [https://www.wto.org/english/res\\_e/statis\\_e/itip\\_e.htm](https://www.wto.org/english/res_e/statis_e/itip_e.htm) (accessed September 2017).

The key objective of antidumping duty is to protect importing economies against predatory practices of exporting firms and uphold fair trade. The Agreement on Implementation of Article VI of World Trade Organization (WTO) General Agreement on Tariffs and Trade 1994 specifies that a WTO member may not impose an anti-dumping duty unless an investigation proves that dumping exists, which causes material injury to a domestic industry. Under the agreement, the basic requirement in establishing injury is an objective examination built on positive evidence of the volume and price effects of dumping and their subsequent impact on the domestic industry.

The number of antidumping measures imposed on Asia has steadily increased during 2010–2016 (Table 2.2). Base metals and chemicals are most targeted in the region (Table 2.3). The PRC; the Republic of Korea; and Taipei, China are most affected by trade remedies (Table 2.4).

**Table 2.4: Number of Implemented Trade Remedy Measures, 2010–2017—Top Affected Asian Economies**

Economy Affected	Number of Measures Implemented		
	ROW	Asia	Total
People's Republic of China	290	171	461
Republic of Korea	70	89	159
Taipei, China	66	85	151

ROW = rest of the world, WTO = World Trade Organization.

Note: Trade remedies include measures which are in force.

Source: ADB calculations using data from WTO. Integrated Trade Intelligence Portal. [https://www.wto.org/english/res\\_e/statis\\_e/itip\\_e.htm](https://www.wto.org/english/res_e/statis_e/itip_e.htm) (accessed September 2017).

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