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ADB

# Recent Trends of Trade and Trade Facilitation in Asia and the Pacific

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# Key messages

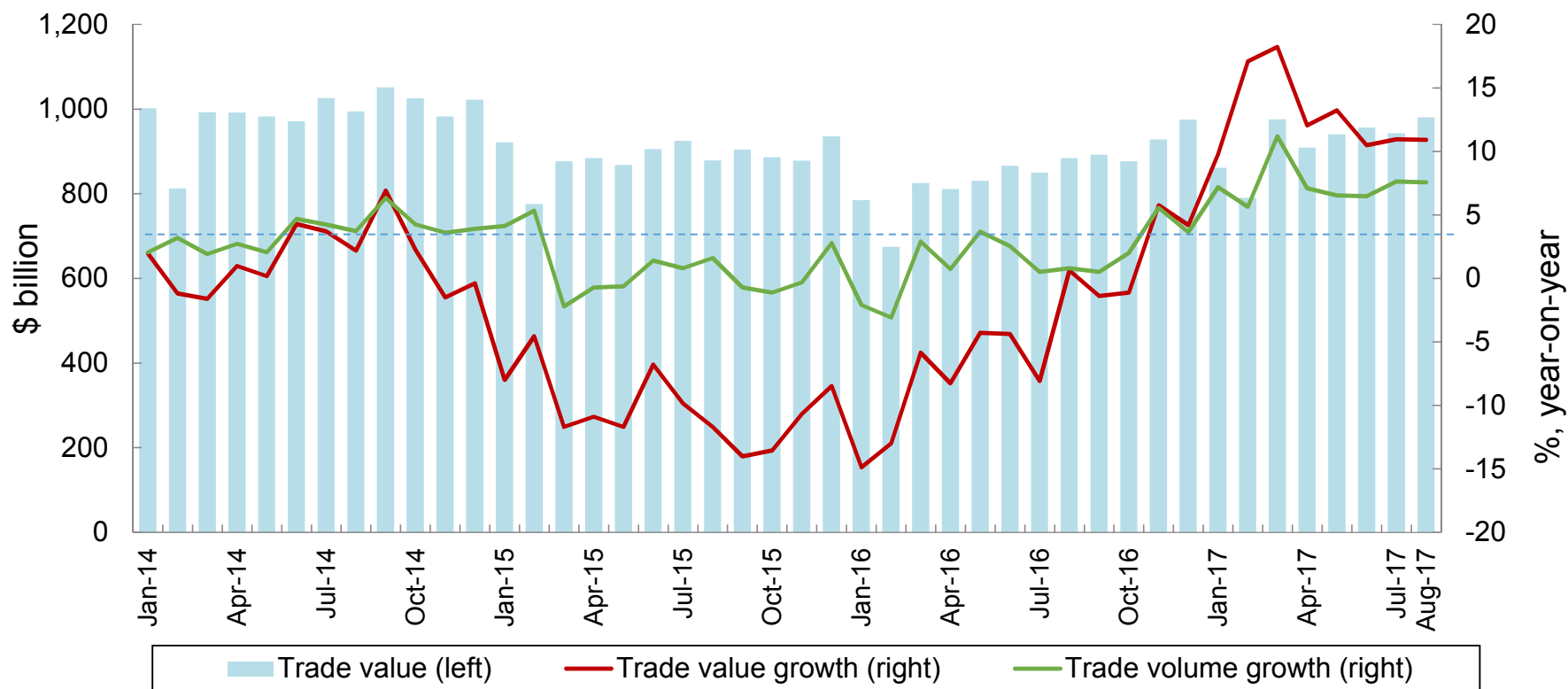
- Asia leads the global trade growth recovery
- Intraregional trade and investment deepens in Asia
- Asia's regional economic integration is driven by trade and investment
- Asia is a global player in e-commerce
- Technology can be leveraged to improve inclusiveness of trade-driven growth
- Trade facilitation improved but challenges remain particularly for inclusiveness



# Recent Trends of Trade

# Recent data point to a trade recovery

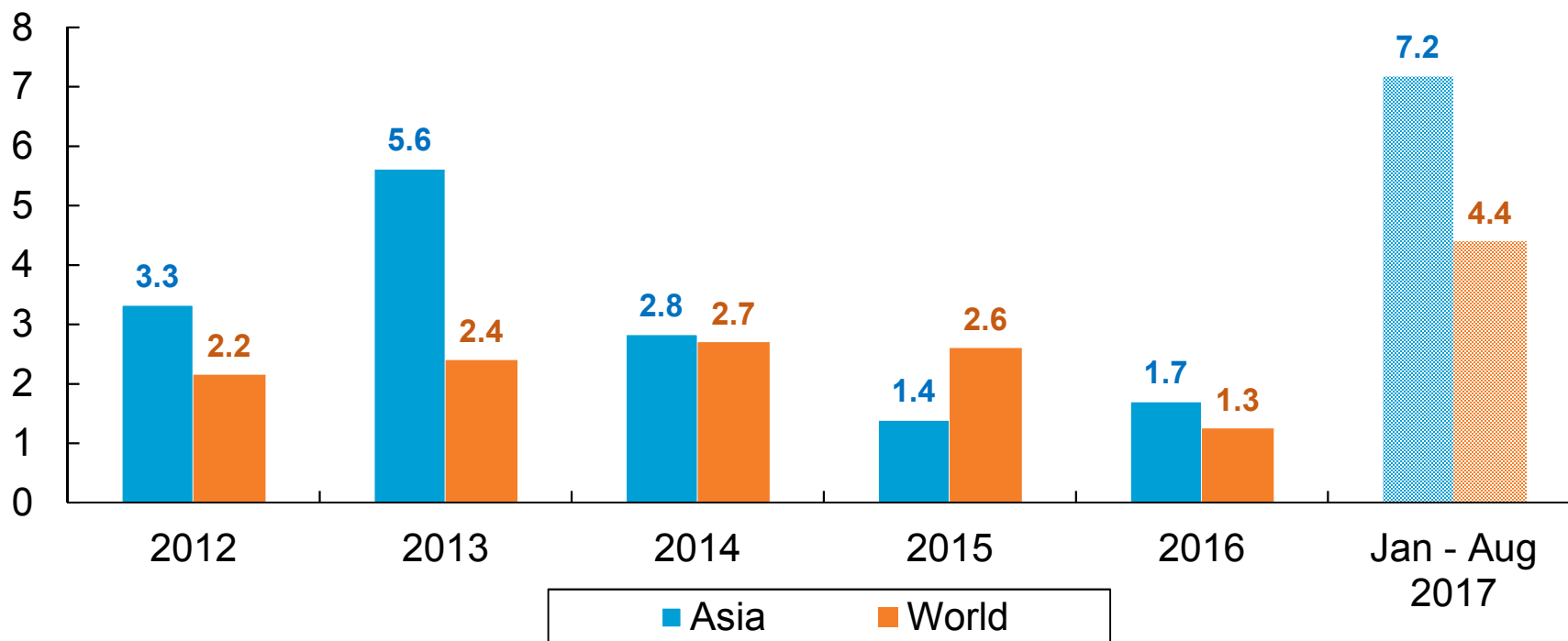
## Asia's Monthly Trade Value and Volume



Note: Trade volume growth rates were computed using volume indexes. For every period, the available data includes only an index for Japan and an aggregate index for selected Asian countries, 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. Trade value levels and growth rates were computed by aggregating import and export values of the same Asian countries. Sources: ADB calculations using data from CEIC; and CPB Netherlands Bureau for Economic Policy Analysis, World Trade Monitor. <https://www.cpb.nl/en/data> (accessed August 2017).

# Asia leading the global trade growth recovery

Merchandise Trade Volume Growth—Asia and World (%)

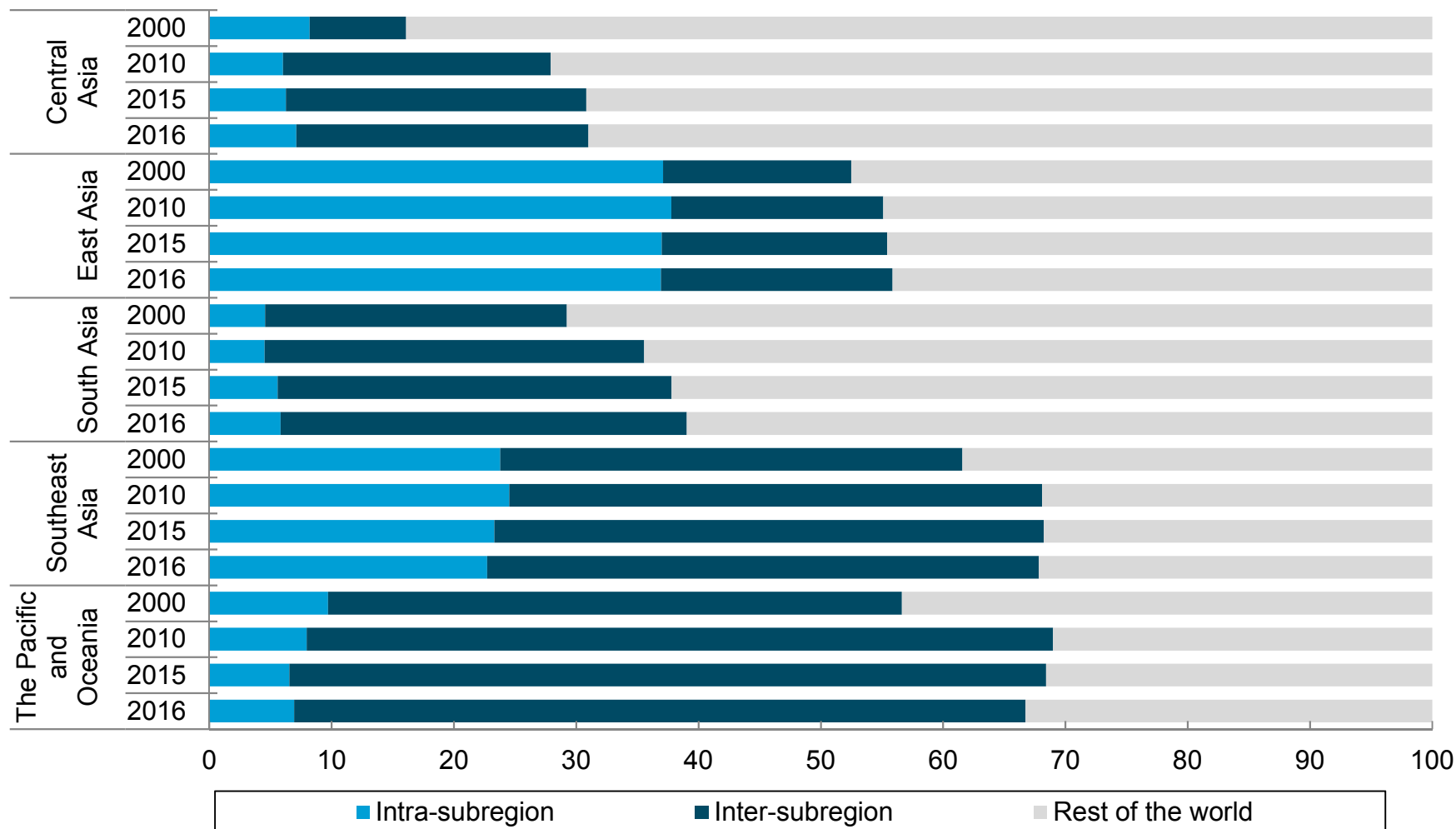


Notes: Asia refers to the 48 regional members of ADB. For January to August 2017, Asia includes the following economies with available data on trade volume: the People's Republic of China; Hong Kong, China; India; Indonesia; Japan; the Republic of Korea; Malaysia; Pakistan; the Philippines; Singapore; Taipei, China; Thailand; and Viet Nam.

Sources: ADB calculations using data from CEIC (accessed November 2017); CPB Netherlands Bureau for Economic Policy Analysis. World Trade Monitor. <https://www.cpb.nl/en/data> (accessed November 2017); and World Trade Organization Statistics. <http://stat.wto.org> (accessed May 2017).

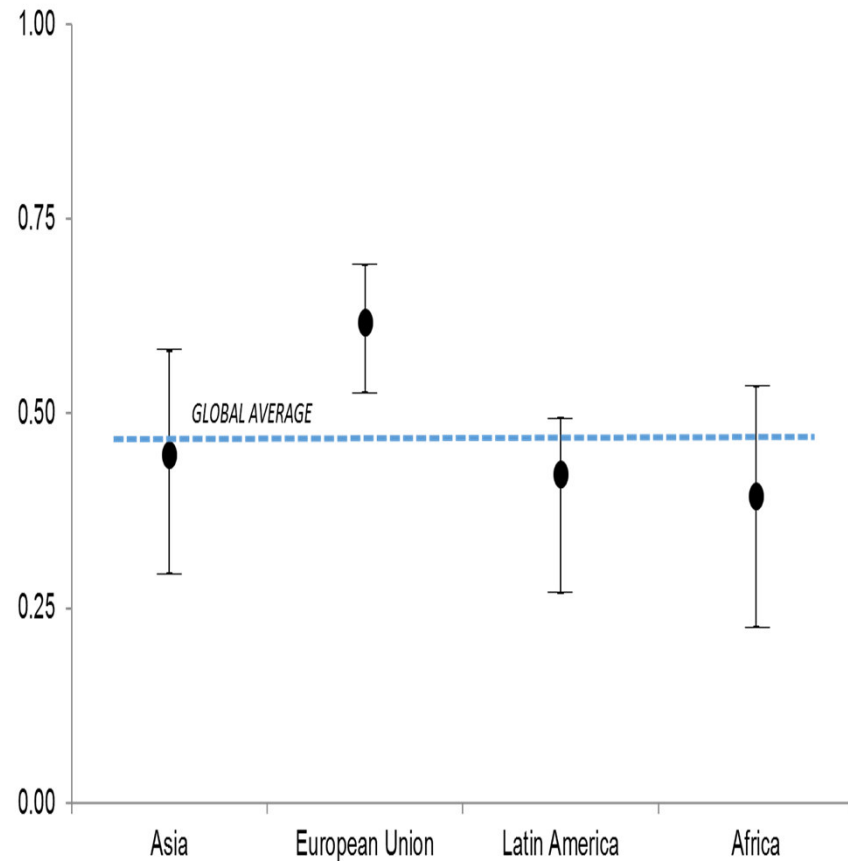
# Intraregional trade integration deepens

## Asia's Intra- and Inter-subregional Trade Shares (%)

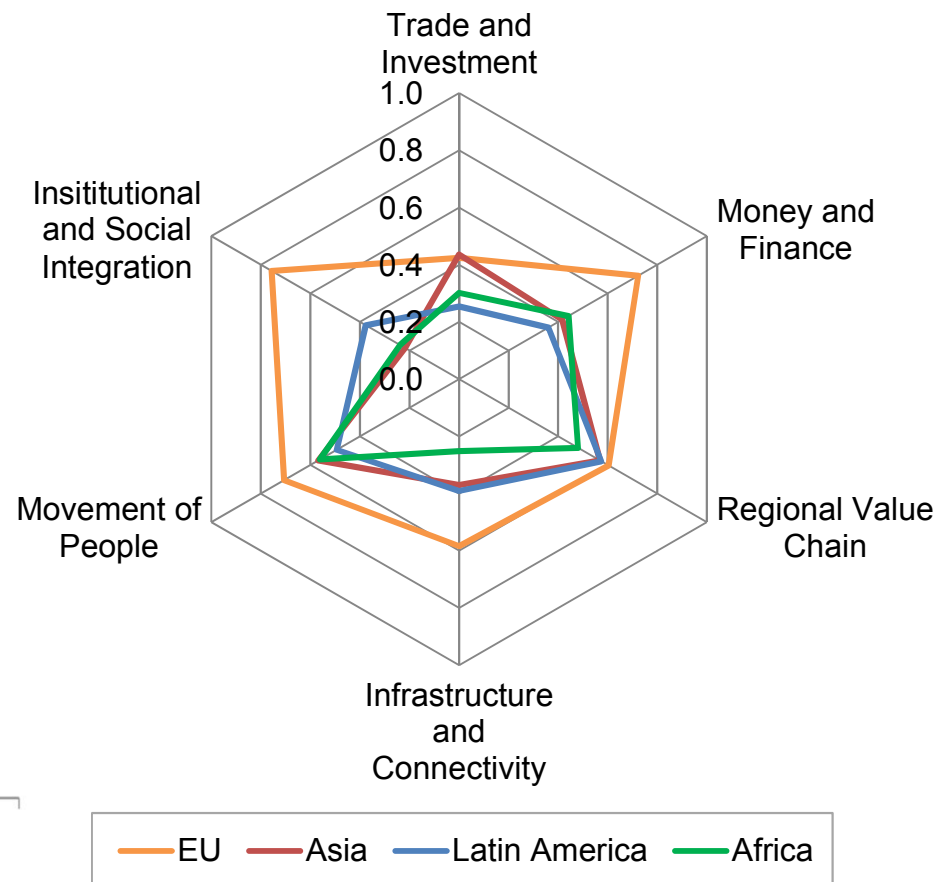


# Asia's regional cooperation and integration is driven by trade and investment

Overall RCI Indexes

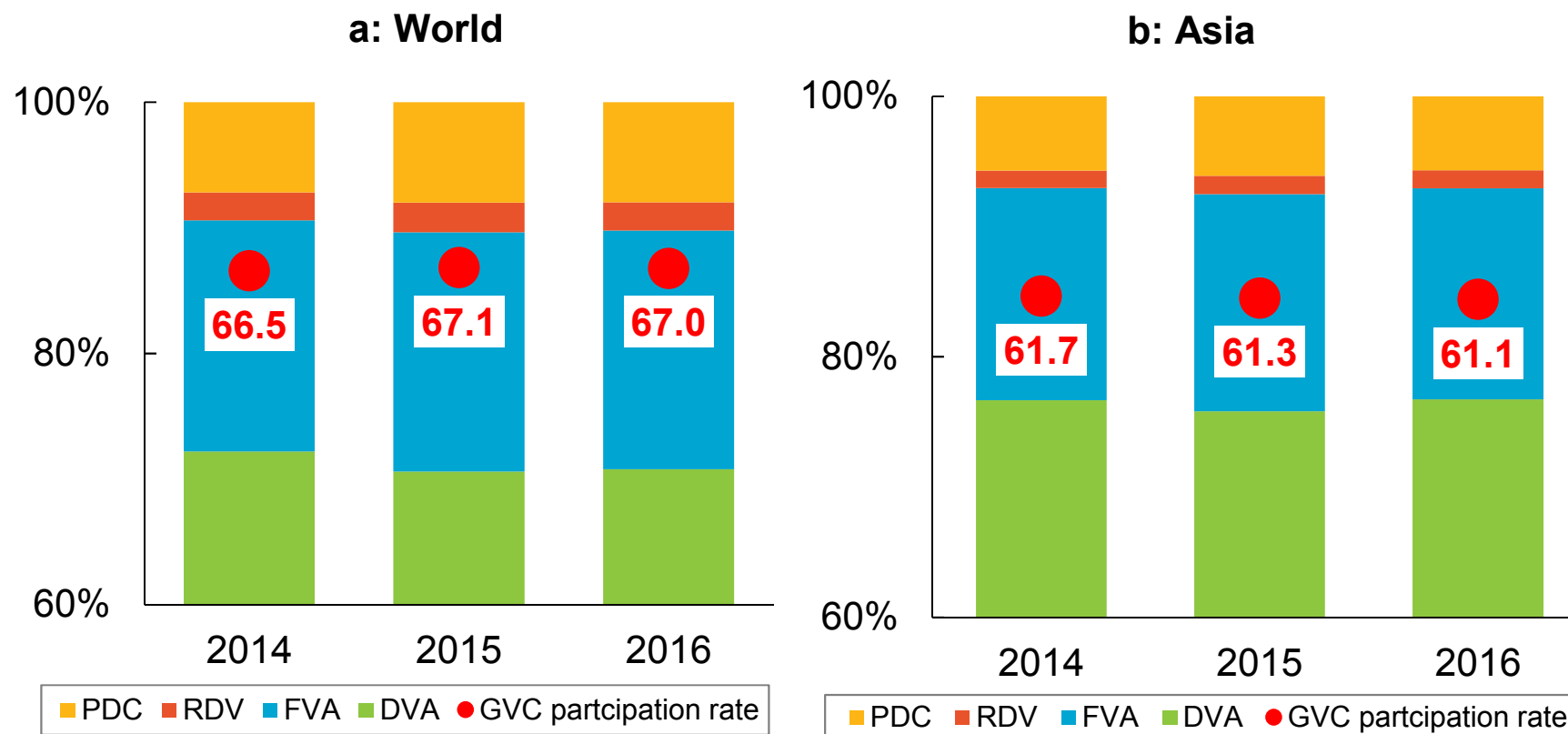


RCI Indexes By Dimension



# Asia's value chain linkage with the global economy slowed

## Components of Gross Exports (%)



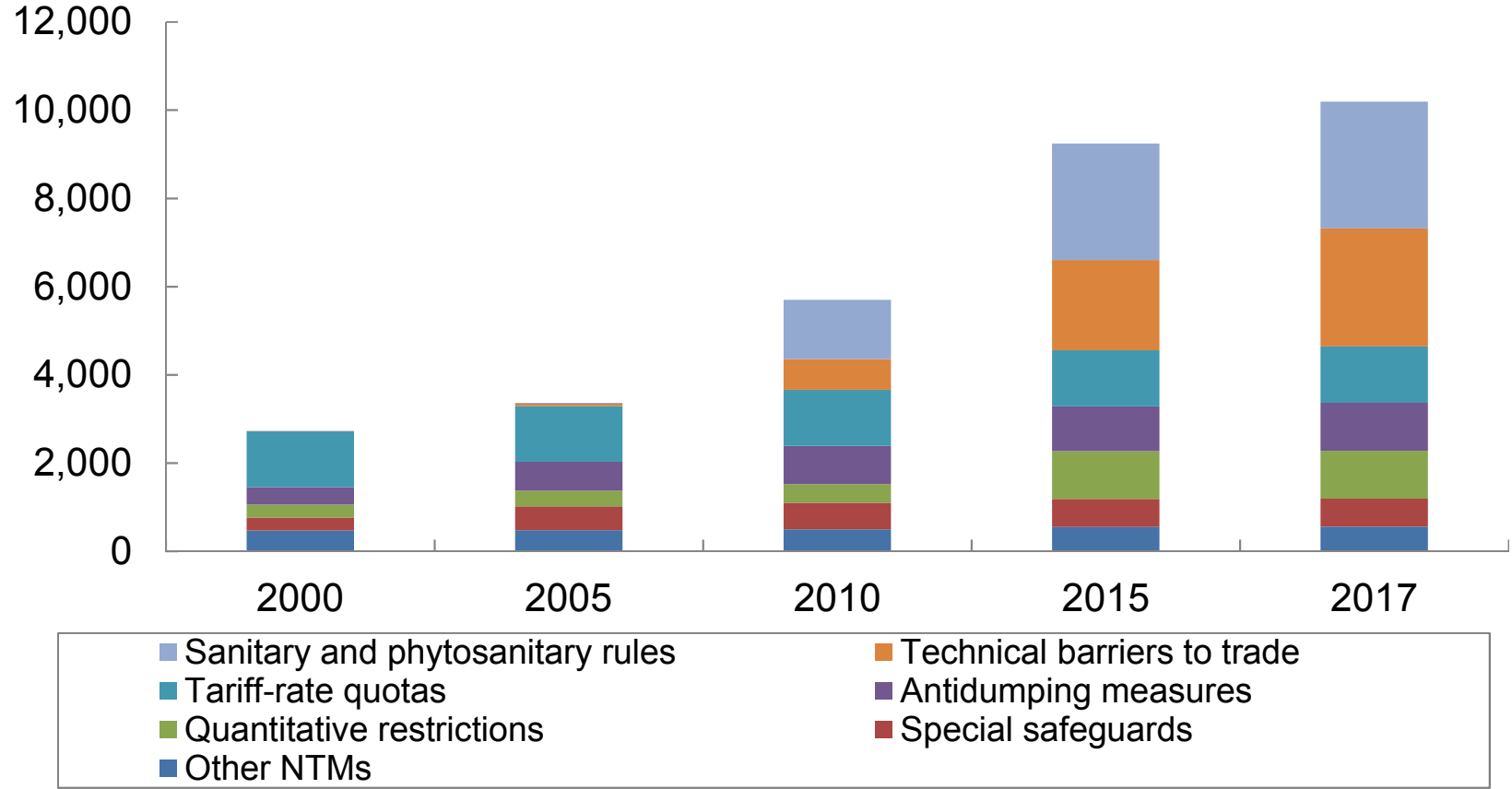
DVA = domestic value added, FVA = foreign value added, RDV = returned value added, PDC = purely double-counted terms.

Source: ADB calculations using ADB Multi-Regional Input-Output Tables, and methodology by Wang, Wei, and Zhu (2014).



# Trade measures continue to rise in Asia

Trade related Measures in Asia (cumulative)

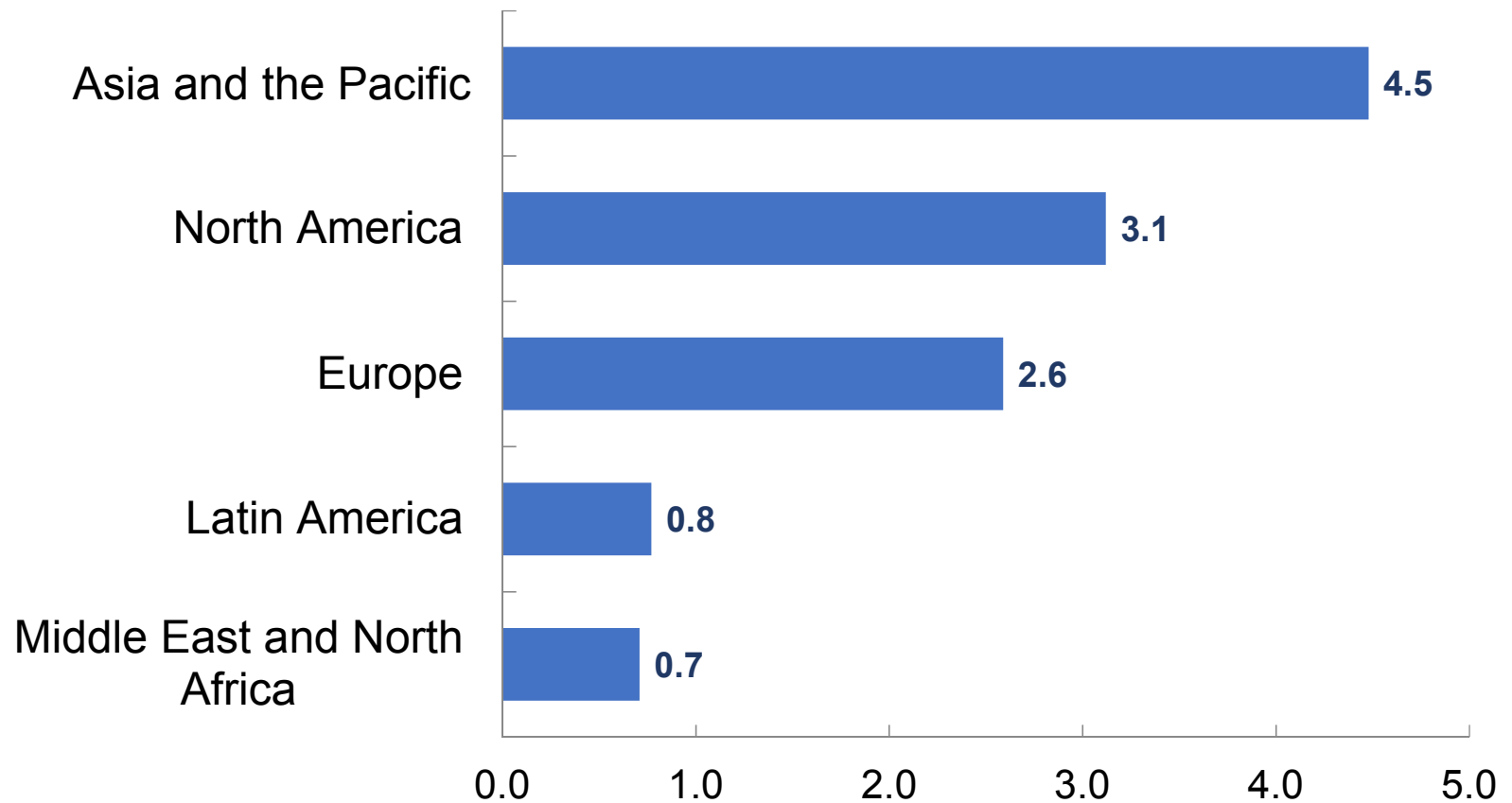


Notes: A stock approach is used wherein measures in force at the selected date are recorded. Measures in force are discounted from measures initiated, and measures withdrawn are discounted from measures in force.

Source: ADB calculations using raw data from World Trade Organization. Integrated Trade Intelligence Portal (accessed June 2017).

# Asia is global player in e-commerce

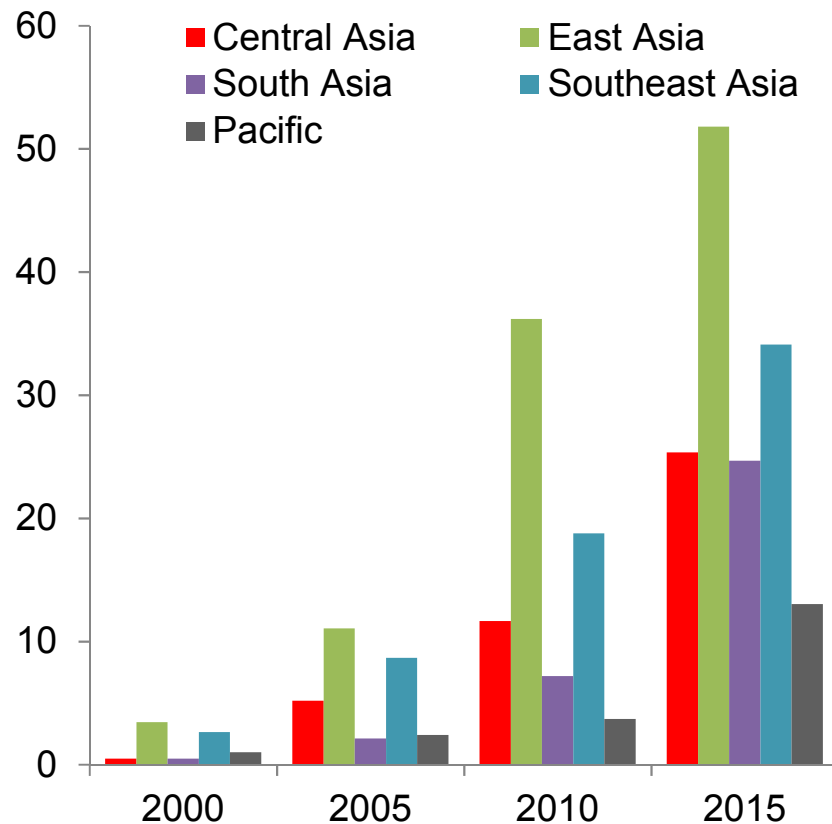
E-commerce as % of GDP, 2015



Source: E-commerce Foundation.

# Technology can be leveraged to improve inclusiveness of trade-driven growth

Internet users (per 100 people)



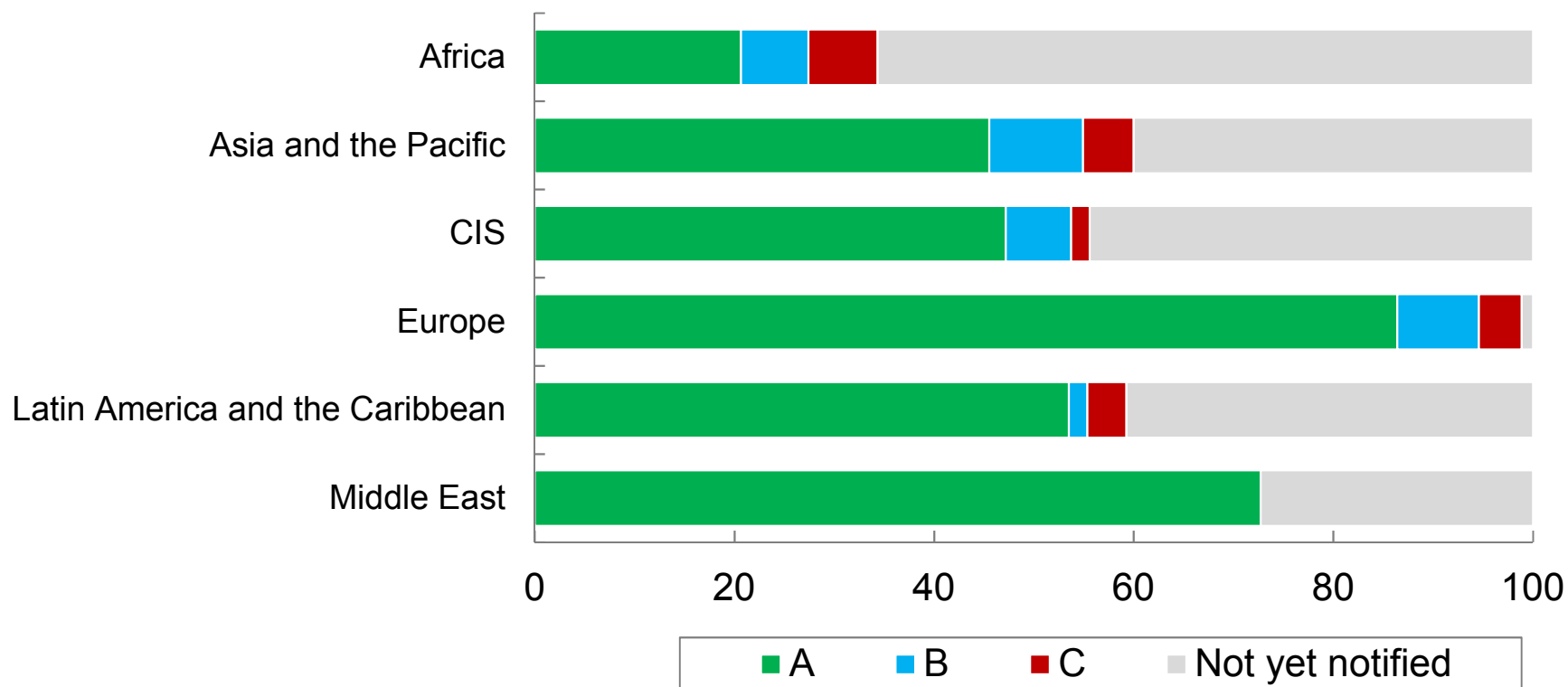
Source: World Bank. World Development Indicators.

- Improve market access and remove regulatory barriers to digital trade
- Intensify regional efforts to modernize and harmonize service trade, e-commerce, and digital regulations
- Develop single window, paperless trade and risk management system

# Trade Facilitation



# Progress of WTO TFA implementation (based on % of all notifiable article items)



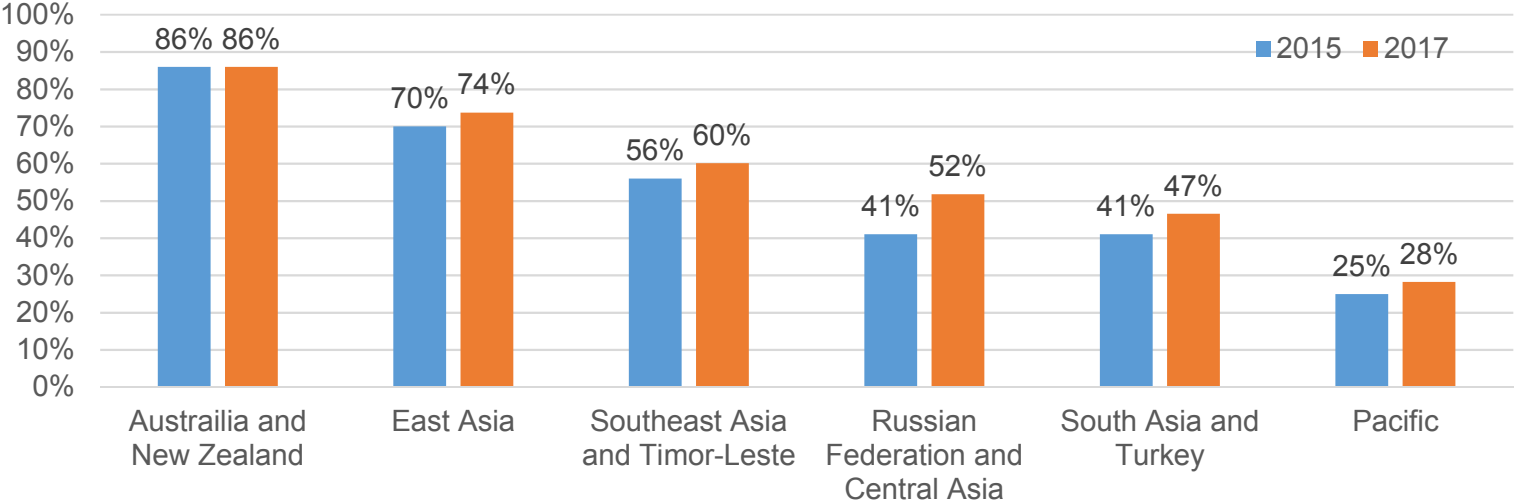
CIS = Commonwealth of Independent States, TFA = Trade Facilitation Agreement, WTO = World Trade Organization.

Notes: Covers developing and least developing members of WTO, which are allowed to request more time and capacity building support to implement the TFA. To benefit from these flexibilities, these WTO members must designate all measures into categories A, B and/or C which have the following implementation timings: **Category A** — developing members will implement the measure by 22 February 2017 and least developing member countries by 22 February 2018; **Category B** — members will need additional time to implement the measures; and **Category C** — members will need additional time and capacity building support to implement the measures.

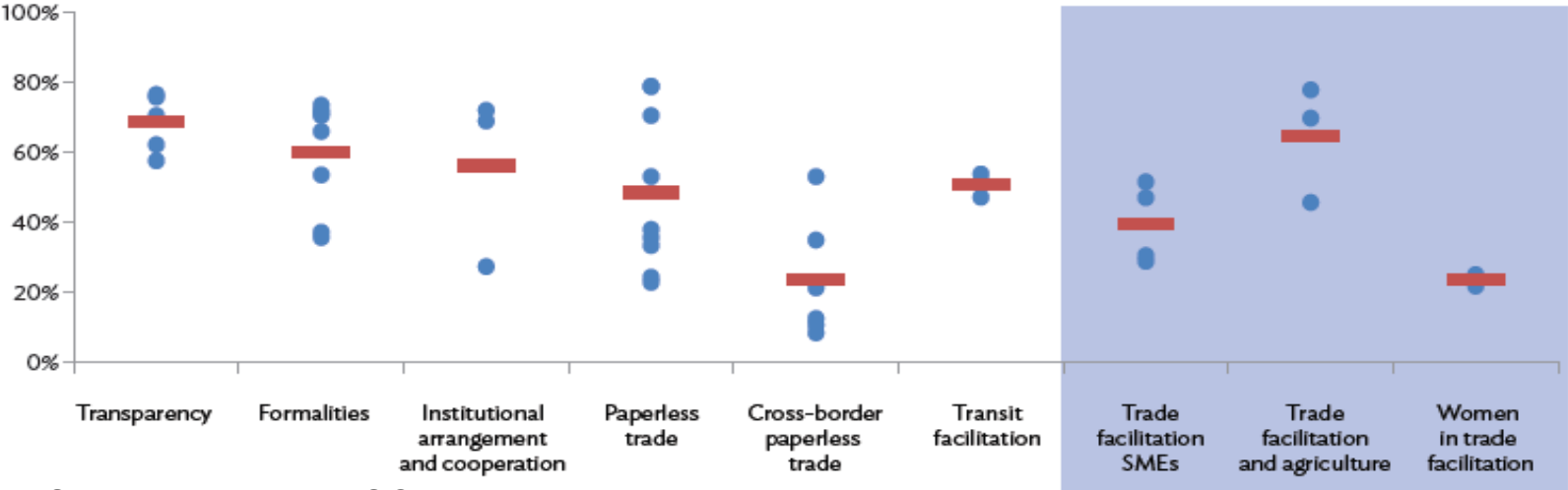
Source: WTO. Trade Facilitation Agreement Database. <https://www.tfadatabase.org/notifications/implementation> (accessed 16 November 2017).

# Overall trade facilitation implementation rates improved, but challenges remain

Overall Implementation of Trade Facilitation by Subregion



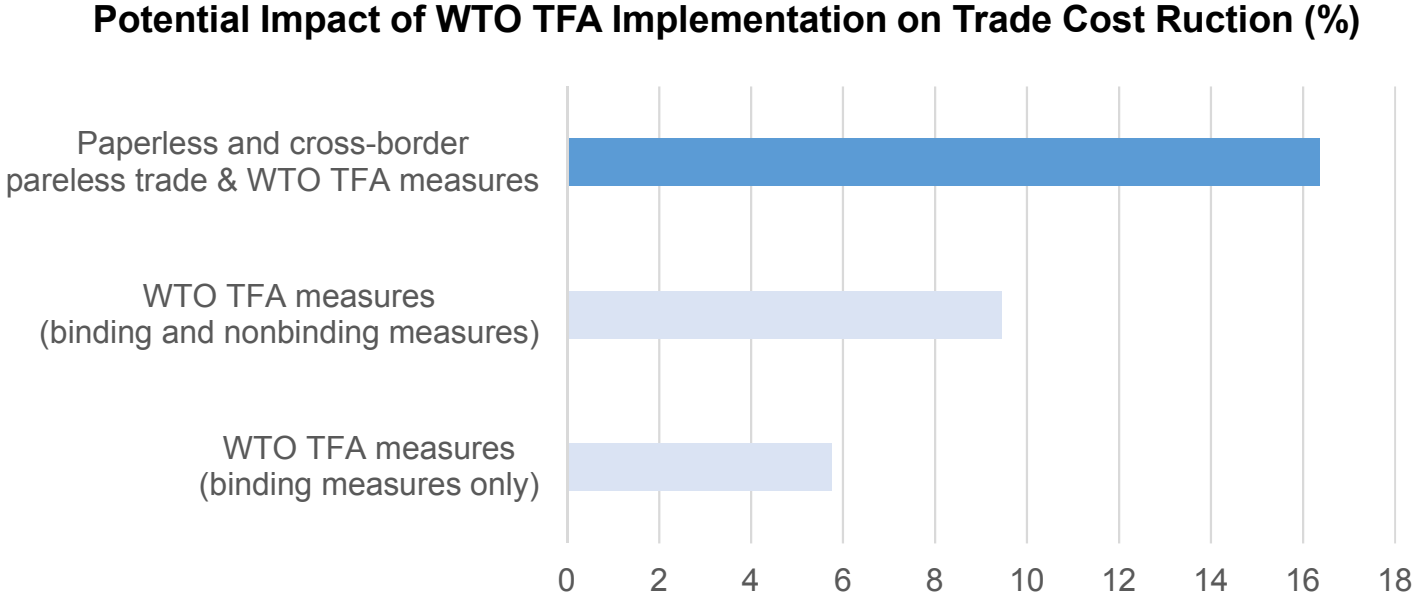
Implementation of Different Groups of Trade Facilitation Measures



Source: ADB and ESCAP 2017.

# Implementation of WTO TFA and other trade facilitation measures reduce trade costs

- Benefits much larger when paperless trade measures are included.



Source: ADB and ESCAP 2017.

# Reducing time at the border could significantly increase trade flow in CAREC

## Summary of the Study

Using the Corridor Performance Measurement and Monitoring Trade Facilitation Indicators (CPMM TFIs)

Main findings	Implications
<ul style="list-style-type: none"><li>• <b>Time measure</b> (hr) is more important than cost measure (\$) in determining trade flows.</li></ul>	<ul style="list-style-type: none"><li>• Cost measure can be affected by external factors such as inflation, foreign exchange rate, and unofficial payments.</li></ul>
<ul style="list-style-type: none"><li>• The time taken at the <b>importers' border</b> matters more than the time taken at the exporters' border.</li></ul>	<ul style="list-style-type: none"><li>• More effective policy impact when focused on reducing time at customs clearing and waiting/queue at the importers' border.</li></ul>
<ul style="list-style-type: none"><li>• A <b>10% reduction in time</b> at the importers' border raises <b>intra-CAREC trade by 2% to 3%</b>.</li></ul>	<ul style="list-style-type: none"><li>• This amounts to an increase in intraregional trade by \$1.4 billion.</li></ul>





# Thank you!