



# Asia - Pacific Research and Training Network on Trade Newsletter



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## Introduction

*Implementation of the ARTNeT research programme has progressed well, with the release of nine ARTNeT working papers during this quarter, including three from the 2006 trade facilitation research effort. This quarter also saw ARTNeT welcome three more institutions into its membership, including its first member from Pakistan, i.e., The Pakistan Institute for Development Economics (PIDE).*

## Upcoming Events

The Third ARTNeT Annual Consultative Meeting of Policymakers and Research Institutions will be held on 1-2 November 2006, back-to-back with a WTO/ESCAP ARTNeT Workshop on the Post Doha Research Agenda (30-31 October 2006). The workshop will provide an opportunity for senior academics and analysts to exchange views on emerging trade issues. Discussions will feed into the ARTNeT Annual Consultative Meeting, during which policymakers and researchers will finalize and approve the 2007 ARTNeT Research Programme.

## **ARTNeT to be Discussed at Inter-governmental Meeting**

ESCAP submitted an evaluation report on ARTNeT to its inter-governmental Committee on Managing Globalization, for discussion at its third session, 12-14 September 2006. The report describes the progress made toward ARTNeT's immediate objectives. Balancing research capacity building with the need to deliver high quality research is identified as one of the main challenges of the network. The full report is available on the website.

## UNDP/ESCAP ARTNeT Consultative Meeting on Trade Facilitation and Regional Integration

The UNDP/ESCAP ARTNeT Consultative Meeting on Trade Facilitation and Regional Integration took place in Bangkok, Thailand, on 17-18 August 2006.



Round table discussion during the multi-stakeholder UNDP/ESCAP ARTNeT Consultative Meeting

The purpose of this joint UNDP/ESCAP ARTNeT consultative meeting was to provide a regional forum for discussion of selected trade facilitation issues based on draft research papers and preliminary findings resulting from the implementation of the trade facilitation component of the ARTNeT Research Programme 2006 which was endorsed by policymakers and research institutions during the Second ARTNeT Consultative Meeting held in Macao, China in October 2005. The discussions and exchanges of views between participants from different countries and stakeholder groups covered four issues: [continued on page 2]

## **Follow-up to the WTO/ESCAP Second ARTNeT Capacity Building Workshop on Trade Research**

To encourage junior researchers to apply the skills they learned during the Second Capacity Building Workshop on Trade Research in April 2006, the ARTNeT Secretariat issued a special call for research proposal: eligibility was restricted to workshop participants and proposals had to involve estimation of a gravity model, as this method had been the focus of the technical component of the workshop. Four proposals were selected and are now being implemented. [continued on page 3]

## UNDP/ESCAP ARTNeT Consultative Meeting on Trade Facilitation and Regional Integration [continued from page 1]

**1. WTO Trade Facilitation (TF) Negotiations: State of Play and the Way Forward** - H.E. Noor M. Yacob, Ambassador of Malaysia to the WTO, discussed the current state of play of the TF negotiations. He indicated that, while TF negotiations had progressed well, they were now at a stand-still because the overall WTO negotiations, conducted as a single undertaking, had been suspended. Yann Duval, ESCAP, on behalf of the entire ARTNeT TF team, presented the results of the 6 studies conducted by the network between April 2005 and April 2006 and highlighted a number of recommendations. There was general agreement among participants that a WTO TF agreement should include at least some binding TF measures to be implemented by all members, as non-binding and comprehensive trade facilitation agreements (e.g., WCO Revised Kyoto Convention) already existed.

**2. Customs Valuation (CV) in Asia and the Pacific: Problems and Solutions** - Sachin Chaturvedi, RIS<sup>1</sup>, presented the results of his case study of CV in India. He pointed to *rejection of transaction value* as the major concern among private sector traders and freight forwarders in India. Parmod Achary and Bal Govinda Bista, from Fiji and Nepal Customs, respectively, also presented the CV situation in their respective countries. Lundaa Odongimeg, MNCC<sup>2</sup>, highlighted how the Chamber of Commerce facilitated the interactions between the private sector and the Government. Takashi Matsumoto, WCO<sup>3</sup>, presented the CV related activities of the WCO. This was followed by a presentation by Florian Alburo<sup>4</sup> on CV in ASEAN, which suggested that the WTO CV Agreement had no significant negative impact on customs revenue and could indeed facilitate trade if correctly implemented. There was broad agreement that there was nothing wrong with the agreement itself, but only with its implementation. A number of participants recommended that serious efforts be made to develop national and global price databases to help assess the extent to which transaction values provided by traders were credible.

**3. Trade Logistics Liberalization and Trade Facilitation:** Zerui Yang, CIIS<sup>5</sup>, gave an overview of the trade logistics sector and related trade liberalization policies in China. Dariel De Sousa, IIBEL<sup>6</sup>, presented a case study of the international logistics involved in exporting Australian tuna to Japan explaining how trade logistics liberalization in Australia had contributed to lower transport and transaction costs. Parakrama Dissanayake, Aitken Spence Shipping, provided an overview of recent trade facilitation and logistics reforms in Sri Lanka from the perspective of the private sector, pointing out, inter alia, the importance of competition in improving efficiency. Purrushottam Ojha then succinctly presented initiatives that had taken place in Nepal to improve the logistics situation and confirmed that liberalization of this sector should be seriously considered given its importance for landlocked countries. Participants generally agreed on the importance of improving trade logistics services as part of more holistic trade facilitation and competitiveness-enhancing programmes.

**4. Trade Facilitation and Regional Trade Agreements:** Mia Mikic, ESCAP, presented the status of preferential trade agreements and regional integration in the Asia-Pacific region. John Gilbert, USU<sup>7</sup>, explained the need to monitor the performance of preferential trade agreements in the region and presented a number of indicators. Biman Chand Prasad, USP<sup>8</sup>, and Dedi Budhiman Hakim, BAU<sup>9</sup>, presented trade facilitation measures launched as part of regional agreements among Pacific island countries and South-East Asian countries, respectively. William James<sup>10</sup> and Nilswan Leelarasame, FTI<sup>11</sup> then discussed the issue of rules of origin as a major issue for trade facilitation at the regional level. Dariel De Sousa then presented a comparative analysis of trade facilitation provisions and initiatives in the main regional trade agreements in the ESCAP region. Participants generally agreed that developing model frameworks of RoOs and trade facilitation provisions in regional preferential trade agreements could be very useful and relevant for trade policymakers and negotiators.

*All presentations and meeting documents are available on the ARTNeT website. Statements and country briefs submitted by Government representatives on the above four issues are also available on the website.*

<sup>1</sup>Research and Information System for Developing Countries, India; <sup>2</sup>Mongolian National Chamber of Commerce; <sup>3</sup>World Customs Organization; <sup>4</sup>University of the Philippines and ARTNeT Trade Facilitation Advisor; <sup>5</sup>China Institute of International Studies; <sup>6</sup>Institute for International Trade, University of Adelaide; <sup>7</sup>Utah State University; <sup>8</sup>University of South Pacific; <sup>9</sup>Bogor Agricultural University, Indonesia; <sup>10</sup>Nathan Associates; <sup>11</sup>Federation of Thai Industries.

## **Follow-up to the ARTNeT Capacity Building Workshop on Trade Research**

[continued from page 1]

One of the approved studies, by Indira Maulani Hapsari and Carlos Mangunsong, Centre for Strategic and International Studies (CSIS, Indonesia) is re-examining **the impact of the ASEAN Free Trade Area on trade in the region** using the latest available trade data. Key determinants of trade flows of AFTA members will be identified. The impact of AFTA on non-member trading partners in the region will also be evaluated.

Another study focuses on **the links between international trade and investment flows and how trade facilitation affects both types of flows**. Santi Chaisrisawatsuk, who is conducting the study, expects that the results will be helpful to policymakers for designing integrated trade and investment policy frameworks.

The last two studies, by Samir Ranjan Pradhan and Prabir De, investigate **the trade potential of India and the Gulf Cooperation Council (GCC), and the effect of trade costs on trade among ASEAN+4 countries**.

Research reports on these issues are expected to be available by the end of October.

## **ARTNeT Research Team Meeting on Services Trade Liberalization Held**

On 5 June 2006, the ARTNeT Services Trade Liberalization Research Team Meeting was held in Bangkok, Thailand to discuss the scope, methodology and timeline of the ARTNeT regional study on liberalization of trade in services, particularly financial services. It was agreed that liberalization of financial and banking services in Bangladesh, Malaysia and Nepal would be examined, complemented by a review of financial services liberalization in the European Union. One highlight of the meeting was the presentation by Jutamas Arunanondchai of the Fiscal Policy Research Institute (FPRI, Thailand), who discussed Thailand's experience with financial services liberalization and negotiation. Emerging research issues related to services trade liberalization and domestic regulation were also discussed with Christopher Findlay, University of Adelaide and ARTNeT Adviser on Trade in Services.

## **Nine new issues in the ARTNeT Working Papers (AWP) Series**

- Gloria O. Pasadilla, **Preferential Trading Agreements and Agricultural Liberalization in East and Southeast Asia**, AWP No. 11, April 2006
- Uttam Kumar Deb, **Rules of Origin and Non-tariff Barriers in Agricultural Trade: Perspectives from Bangladesh and Cambodia**, AWP No. 12, April 2006
- Mustafizur Rahman and Kazi Mahmudur Rahman, **Proposed Changes to WTO Special and Differential Treatment Provisions: An Analysis from the Perspective of Asian LDCs**, AWP No. 13, April 2006
- Yann Duval, **An exploration of the need for and cost of selected trade facilitation measures in Asia-Pacific in the context of the WTO negotiations**, AWP No. 14, June 2006
- Shunli Yao, **Chinese Agricultural Reform, the WTO and FTA Negotiations**, AWP No. 15, June 2006
- IIBEL, **The Relationship between Liberalization in the Logistics Sector and Trade Facilitation**, AWP No.16, August 2006
- IIBEL, **A Comparative Analysis of Trade Facilitation in Selected Regional and Bilateral Trade Agreement**, AWP No. 17, August 2006
- Pushpa Raj Rajkarnikar, **Implementation of the WTO Customs Valuation Agreement in Nepal: An Ex-ante Impact Assessment**, AWP No. 18, August 2006
- William E. James, **Rules of Origin in Emerging Asia-Pacific Preferential Trade Agreements: Will PTAs Promote Trade and Development?**, AWP No. 19, August 2006

*These working papers are available online at [www.artnetontrade.org](http://www.artnetontrade.org). If you wish to contribute an ARTNeT working paper or a policy brief, please contact the ARTNeT Secretariat and email your drafts for consideration at [artnetontrade@un.org](mailto:artnetontrade@un.org)*

## **New ARTNeT Policy Brief on Regional Integration in South Asia**

The ARTNeT Policy Brief No. 7, "Regional Trade Integration in South Asia: Rationale, Impediments and the Way Forward", was published in July, coinciding with the implementation date of the South Asian Free Trade Area (SAFTA). In the brief, the authors, Ejaz Ghani and Musleh-ud Din, Pakistan Institute of Development Economics (PIDE), underline the importance of regional trade integration, spell out the factors which have so far hampered trade cooperation in South Asia, and outline trade policy measures which will foster regional trade and economic development. This and other policy briefs are available online at [www.artnetontrade.org](http://www.artnetontrade.org).

## **New Resources for Researchers on the ARTNeT website**

The following resources have been added on the Resources for Researcher's page of the ARTNeT website:

### **•Tools for Agricultural Trade Policy Analysis: ATPSM and AMAD**

ATPSM (Agriculture Trade Policy Simulation Model) is a trade policy simulation model. It can be used as a tool for quantifying economic effects of changes in trade policies at the global and regional levels. The user specifies a specific change in trade policy such as a tariff reduction and the model simulates the new prices and trade flows and calculates welfare effects. ATPSM is typically used to analyse data from AMAD (Agricultural Market Access Database).

**•Deardorff's Glossary of International Economics** - The Glossary, maintained by one of the ARTNeT Permanent Advisers for Research, features definition and explanation of many of the technical terms found in the international trade and economics literature, such as trade diversion, anti-dumping, and more...

**•ESCAP Asia-Pacific Trade and Investment Agreements Database (APTIAD)** - In order to monitor and analyze the development of regional and bilateral trade agreements (RTAs/BTAs), ESCAP has developed the Asia-Pacific Trade and Investment Agreements Database (APTIAD). APTIAD is web based and fully searchable, providing researchers with a one-stop user-friendly access to a wealth of information on the nature, type, membership and coverage of RTAs/BTAs in the region. APTIAD currently features detailed descriptive information on 110 Agreements. It is now linked to the ARTNeT Database of Trade Publications.

For more resources, please visit [www.artnetontrade.org](http://www.artnetontrade.org)

## *New ARTNeT Members*

**Centre for International Economics and Development Studies (CIEDS), NIDA, Thailand** - CIEDS, affiliated with Thailand's National Institute of Development Administration (NIDA), was established in November 2002, with the aim to serve the public to better understand the issues of international economics relations and national development. CIEDS focal point to ARTNeT is Mr. Santi Chairsrisawatsuk.

**Macau University of Science and Technology (MUST), China** - MUST was established in 2000. MUST Faculty of Law, in cooperation with the Macau government, is preparing to launch a research centre focusing on International Trade, Investment and Negotiation in 2006. Mr. Rajesh Sharma is MUST focal point to ARTNeT.

**Pakistan Institute for Development Economics (PIDE)** - PIDE was accorded the status of an autonomous research organization by the Government of Pakistan in 1964. It is devoted to theoretical and empirical research in development economics. PIDE's ARTNeT focal point is Mr. Ejaz Ghani.

## **News and Opportunities for Members**

### **•Hewlett-IATRC Capacity Building Programme in Agricultural Trade Policy, 2006-2007**

<http://www.iatrcweb.org/CapBuildProgram/capacity.htm>  
The International Agricultural Trade Research Consortium (IATRC) has launched a capacity building programme in the field of agricultural trade policy. Participation is open to selected researchers from developing countries.

### **• ARTNeT Visiting Fellowships**

<http://www.artnetontrade.org>

Funding is available for one junior researcher from an ARTNeT member research institution to stay up to three months in one other research or partner institution doing research on an agreed topic under the supervision of a qualified mentor. Applications should be received by 14 September 2006.

### **• UNCTAD Trade & Development Report 2006**

<http://www.unctad.org>

Launched in Asia-Pacific on 31 August, UNCTAD TDR 2006 discusses *Global Partnership and national policies for Development*.