

**AFTA, WTO**  
**ASEAN-Australia-New Zealand FTA**

**Chanunya Bandhukul**

# Thailand's Sugar Exports (1701)

Countries	Quantity (MTT) (2007-2009)	Value (Millions USD) (2007-2009)
World	3,622,612	703.1
Indonesia	1,294,759	174.4
Japan	737,825	97.4
Cambodia	319,971	62.2
Taiwan	281,028	39.3
India	118,024	21.2

# Background on AFTA and CEPT agreement

- **ASEAN Free Trade Area**

- established in 1992
- to enhance intra-regional trade by lowering tariffs through the Common Effective Preferential Tariff (CEPT) Scheme for AFTA

- **Common Effective Preferential Tariff agreement (CEPT)**

- Tariff liberalisation
- Elimination of Non Tariff Measure



NTBs

NTBs tranche 1

eliminated by  
1 JAN 2008

NTBs tranche 2

eliminated by  
1 JAN 2009

NTBs tranche 3

ASEAN5 by  
1 JAN 2010

Philippines by  
1 JAN 2012

CLMV by  
1 JAN 2015

NTBs : Non-Tariff Barriers

# TARIFF LIBERALISATION

## CEPT Implementation

### Current Status

	Products in IL (%) 2009	CEPT Rates in IL (2009)	Average CEPT Rates	
		0-5%	2008	2009
ASEAN 6	99.41	99.71	0.79	0.79
CLMV	98.60	93.15	3.69	3.00
ASEAN10	99.09	97.14	1.95	1.65

**Sensitive list: 0-5%**

<b>Thailand</b>	Coffee, Potatoes, Copra, Cut flowers
<b>Brunei</b>	Coffee, Tea
<b>Cambodia</b>	Meat of poultry, Live fish, some edible vegetables and fruits and some plants
<b>Lao PDR</b>	Live animal, Bovine, Swine, Poultry, Some Vegetables and fruits, Rice, Tobacco
<b>Malaysia</b>	Some live animals, Meat of swine, Poultry, Birds' Eggs, some plants, some fruits, Tobacco
<b>Myanmar</b>	Nuts, Coffee, <b>Raw Sugar</b> , Silk, Cotton
<b>Philippines</b>	Live swine, Live Poultry, Meat of swine, Meat of Poultry, Tapioca, Corn, <b>Sugar</b>
<b>Vietnam</b>	Live poultry, Meat of poultry, Birds' Eggs, Other live plants, Citrus fruit, Rice, Other prepared / preserved mead, <b>Raw sugar</b>
<b>Singapore &amp; Indonesia</b>	None

**Highly Sensitive List: end rates subject to negotiations**

Indonesia, Malaysia, Philippines on <b>Rice</b> Indonesia on <b>Sugar</b>
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# Sugar tariff rates in ASEAN

ASEAN Member States (AMS)	Tariff rates (%)	Targeted Tariff rates (%)
Brunei	0	0
Cambodia	5	0
Indonesia (HSL)	30 (HS 1701.11)/40	5 (HS 1701.11)/10 (2015)
Laos	0-5	0
Malaysia	0	0
Myanmar (SL)	(MFN: 0.5)	0.5 (2015)
Philippines (SL)	38	5(2015)
Singapore	0	0
Thailand	0	0
Vietnam (SL)	Cane (0-5) <small>1701.11/1701.99</small> Beet (5)	0-5 (2015/2018)



# Delays.....

Protocol to Provide  
Special Consideration  
to Rice and Sugar



- Allow Member States to request for waiver on rice and sugar (considered politically sensitive)
- Justification for request
- Indicative modality for tariff reduction
- Annual Review

**Who request for  
the waiver under  
this Protocol?**

- ✓ **Indonesia**
- ✓ **Philippines**

# Indonesia's flexibilities

Products	2010	2011	2012	2013	2014	2015
Raw Sugar						
1701110010	30%	25%	20%	15%	10%	5%
170111 170112 170190	40%	35%	30%	25%	20%	10%
Refined Sugar						
170199	40%	35%	30%	25%	20%	10%

1701110010: ICUMSA Minimal 1200

# Philippines' flexibilities

<b>Products</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>SUGAR</b>						
	<b>38%</b>	<b>38%</b>	<b>28%</b>	<b>18%</b>	<b>10%</b>	<b>5%</b>

# ASEAN TRADE IN GOODS AGREEMENT :ATIGA



**ATIGA was signed by the ASEAN Economic Minister during the ASEAN Summit on 26<sup>th</sup> February 2009 in Thailand**

# ATIGA

## ■ Comprehensive coverage:

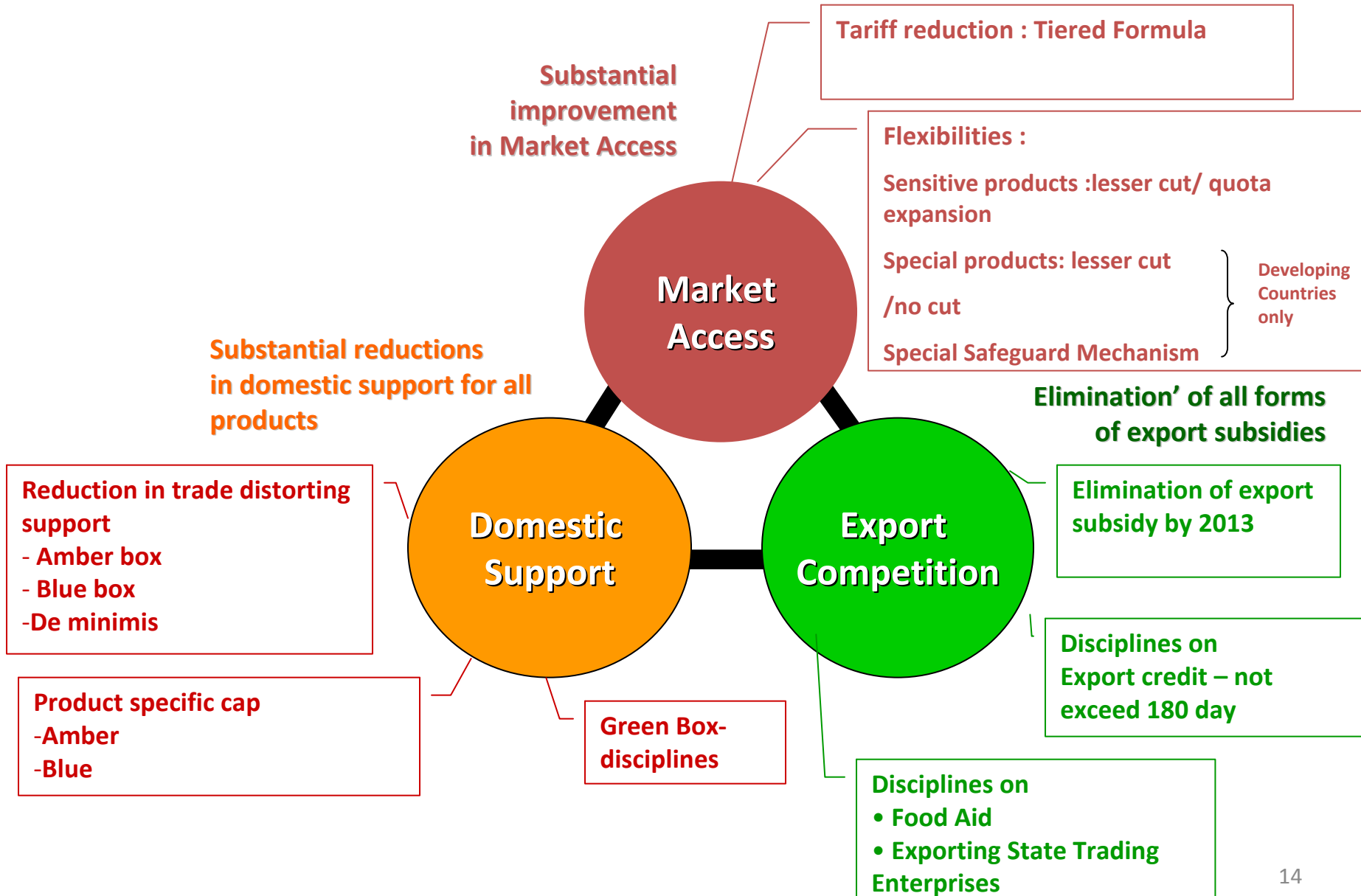
### CEPT:

- Tariff liberalisation
- General provisions on NTM

### ATIGA:

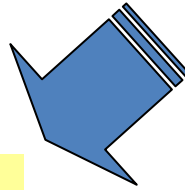
- All critical elements of free flow of goods:
  - Tariff liberalisation
  - Non-Tariff Measures
  - Rules of Origin
  - Trade Facilitation
  - Customs
  - Standards and Conformance
  - SPS Measures

# Agriculture Negotiations under WTO



# Tiered Formula

## Draft Modalities



### Developing Countries:

#### Threshold Cut

0-30%	33.33%
31-80%	38%
81-130%	42.67%
130% up	46.67%

### Developed Countries:

#### Threshold Cut

0-20%	50%
20-50%	57%
50-75%	64%
75% up	70%

Thailand: Highest Tariff  
Reduction for DCs

### UR Round

Developed	36%
Developing	24%

# Sensitive Products

## SELECTION

### Draft Modalities

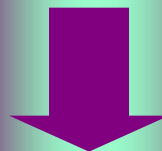
Developed Countries: 4 % of Tariff Lines (TLs)

Developing Countries: 5.33 % of TLs

TARIFF  
REDUCTION



deviation from  
core tariff  
reduction  
formula



compensated by  
TRQ expansion

## TREATMENT

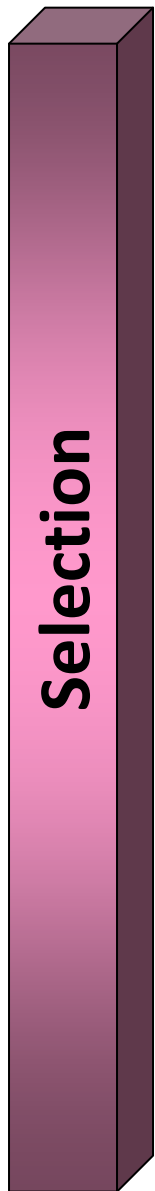
Priority for Thailand:  
maximum quota expansion

### Draft Modalities

Deviation from Tiered Formula	Quota Expansion (% of Domestic Consumption)	
	Developed Countries	Developing Countries
2/3	4	2/3 of that of developed countries
1/2	3.5	
1/3	3	



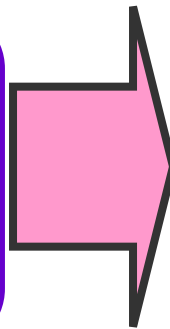
# Special Products



Selection

## Draft Modalities

- 12 % of TEs self -designated as SP
- 5% may have zero cut
- Average Cut 11%



## Implication

Rice And Sugar

Products of Thai interests can be exempted from tariff cut

### Major Importing

#### Countries

Indonesia

Philippines

China

S. Korea

Taiwan

S. Africa

Nigeria

# Special Safeguard Mechanism

## Selection

- Every product eligible but no more than 2.5 % of TLTs
- Price Cross Check (in principle)

Imports Surge (%)	remedy
$120\% \leq \text{imports} < 140\%$	1/3 of Doha Bound or 8 percentage points over Doha Bound; whichever is higher
$140\% \leq \text{imports}$	1/2 of Doha Bound or 12 percentage points over Doha Bound; whichever is higher

Duration: (4) or (8) months in 12 month period  
For Seasonal Perishable Products: 2 years on, 1 year off provided that during the first two years, SSM has been triggered for more than 12 months

Review: Review with non-binding recommendation after 3 years of SSM application

## **Export Subsidies**

(reduction → elimination of both value and volume  
/ Elimination Schedule)

## **Export Credits, insurance and guarantees**

(ensure fair and  
commercial-  
base competition)



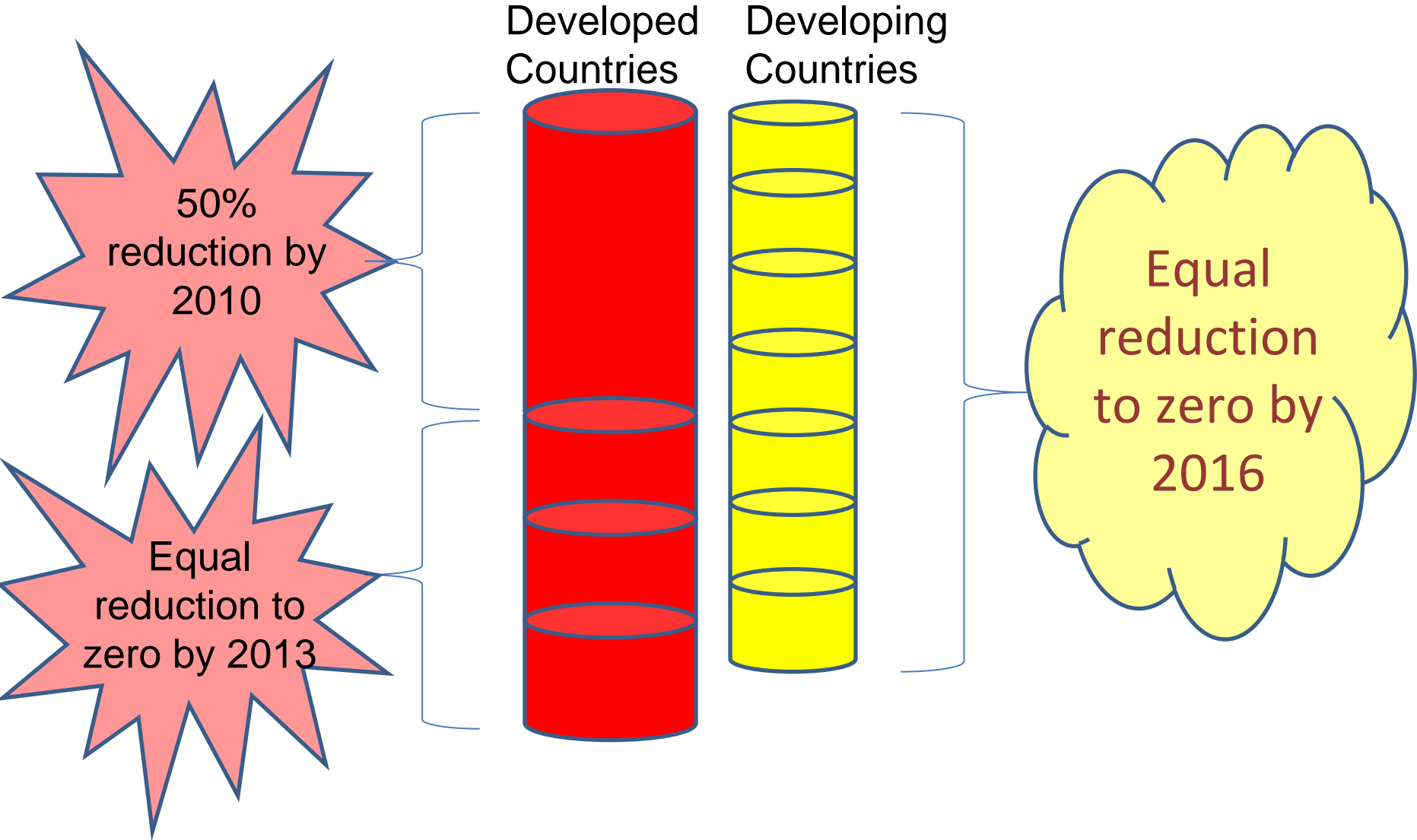
## **Food Aid**

(avoid surplus  
disposal from  
some donors  
incl. tied food aid)

## **State Trading Enterprise**

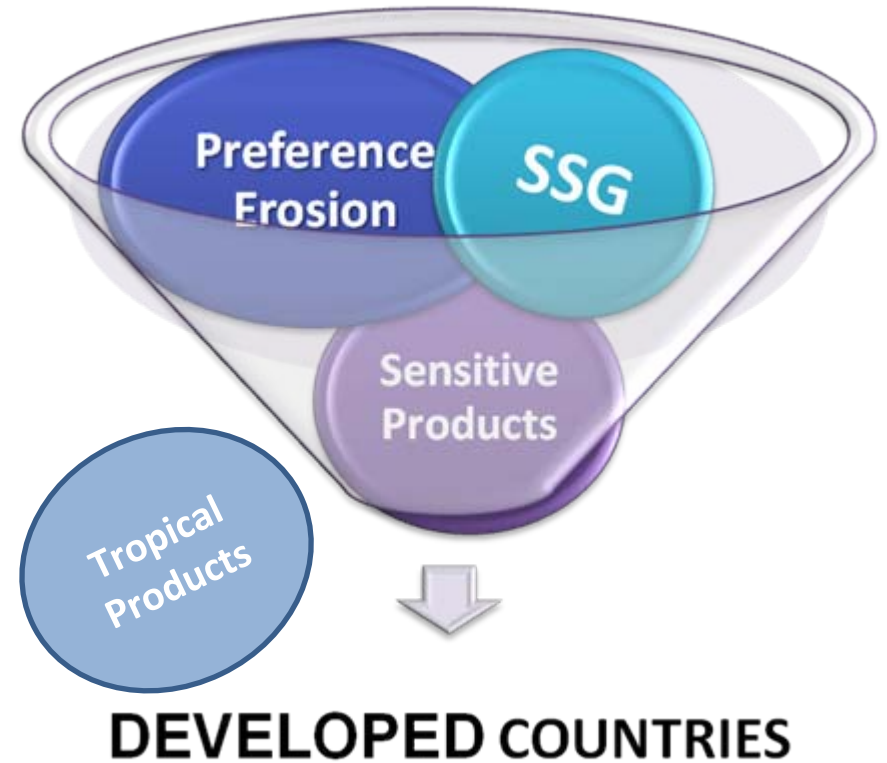
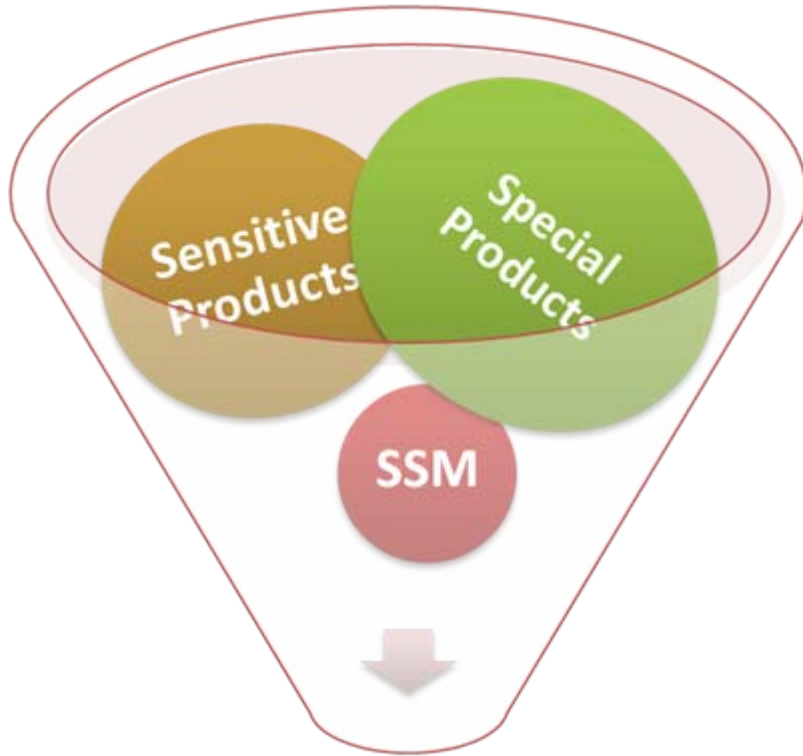
(ensure fair competition in the world  
market / elimination of monopoly  
power and government financing)

# Elimination of all forms of export subsidies



# POSSIBILITIES? For

## DEVELOPING COUNTRIES





Signed: 27 FEB 2009 14<sup>th</sup> ASEAN Summit, Hua Hin, Thailand

Entry into Force:

- AANZFTA มีผลบังคับใช้จะแตกต่างกันสำหรับประเทศภาคีขึ้นอยู่กับกระบวนการภายในของแต่ละประเทศ
- By 12 March 2010 AANZFTA has been effective in 9 Countries ได้แก่ Australia, New Zealand, Brunei, Myanmar, Malaysia, Philippines, Singapore, Vietnam and Thailand
- The Rest (Cambodia, Indonesia and Laos) 60 days after the date of notification

# Scope of AANZFTA

## Comprehensive

**Tariff Reduction**

**Rules of Origin**

**SPS**

**Standard**

**Safeguard**

**Services**

**Investment**

**Economic Cooperation**

**Intellectual Property**

**Competition Policy**

# Thailand's market access commitments

	AANZFTA	TAFTA	TNZCEP
Trade in Goods (% of products that tariffs are eliminated to zero percent)	12 MAR 2010 = 72.29% 1 JAN 2015 = 89.77% 1 JAN 2020 = 98.80% (Exemption: Cut flowers and TRQ products)	1 JAN 2010 = 93.28% 1 JAN 2015 = 99.00% 1 JAN 2020 = 99.60% 1 JAN 2025 = 100.00%	1 JAN 2010 = 89.72% 1 JAN 2015 = 99.29% 1 JAN 2020 = 99.85% 1 JAN 2025 = 100.00%





Department of Trade Negotiations

FTA Call Center: 0-2507-7555

<http://www.thaifta.com> Or <http://www.dtn.go.th>