

Bangkok Agreement: Enlargement and Prospects

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Summary of BA

- Name: The First Agreement on Trade Negotiations Among Developing Member Countries of ESCAP
- A regional preferential trading arrangement (PTA)
- Member countries (6): Bangladesh, India, Lao PDR, Republic of Korea, Sri Lanka, China (2001),

Bangkok Agreement: Enlargement and Prospects

- Features of BA
- Enlargement measures of BA
- Prospects of BA

Features (1):

The oldest RTA in ESCAP region

- Origin: 1st Meeting of the Council of Ministers on Asian Economic Cooperation (CMAEC) (1963)
- Kabul Declaration: 4th Meeting of CMAEC (1970)
- Establishment of Trade Negotiations Group (TNG) (1971)
- Signing of BA (1975)
- Approved by GATT Council (1978)

Features (2):

The only“ regional” RTA in ESCAP region

- Open to all (developing) members of ESCAP region
- Membership spanning from South Asia to East Asia
- Having the potential to evolve into a pan-Asian regionwide RTA
- Compare with other sub-regional RTAs: AFTA, SAPTA, ECO, MSG, PARTA, SPARTECA etc.

Features (3):

Developed within the framework of the UN

- CMAEC was convened by the UN Economic Commission for Asia and Far East (ECAFE, now ESCAP, for Economic and Social Commission for Asia and the Pacific)
- TNG was also supported by UNCTAD
- Secretariat: the International Trade and Industry Division (ITID), ESCAP

Features (4):

Developing country membership

- Membership eligibility: developing members and associate members of ESCAP only

Features (5):

Essentially a preferential trading arrangement

- To liberalize and expand trade through:
 - relaxation of tariff barriers
 - relaxation of non-tariff barriers
 - trade-related economic cooperation
- To provide tariff and non-tariff concessions between member countries
- To give special and differential treatment to the least developed member countries (LDC)
- A first step toward FTA

Features (6):

Narrow range of products granted tariff preferences

- Totally 663 items for general concession and 74 items for the two LDCs (1999)
- China's list: 620 items for general concession and 14 items for special concession (2001)

Features (7):

Low growth rate of intra-trade

- Imports of members from each other constituted only 1.04% of their total imports in 1975
- Intra-trade of members as a share of their world trade increased from 1.6% to 2.2% in case of exports and from 1.3% to 2.0% in case of imports from 1990 to 1997

Features (8):

Largely little known and little discussed

- Relatively long existence but little known
- Little influence due to small amount of intra-trade
- Lack of publicity and PR

Enlargement Measures of BA

- Agreement needs to be revised
- Extend the Agreement to all regional members of ESCAP
- Accelerate liberalization of intra-trade
- Improve publicity and PR to increase awareness

Measures (1):

Agreement needs to be revised

Reasons:

- Developed 27 years ago and needs to be updated in response to changes in international trade environment, and, in particular, to be consistent with the WTO rules
- Amendments required based on the experience in the implementation of BA

Measures (1):

Agreement needs to be revised

- Change of name: reflecting the changing nature and future direction of the BA
- Strengthen leadership and obligations of members
- Establish a permanent and independent secretariat
- Membership for developed countries
- Rules of origin
- Dispute resettlement procedures
- Trade in services, etc.

Measures (2):

Extending it to all regional members of ESCAP

- Developing member countries: to continue expanding e.g. Pakistan, Fiji, Iran, Mongolia, Nepal, Vietnam.
- Developed member countries: Japan, Australia and New Zealand. To increase complementarity of regional trade and economic cooperation

Measures (3):

Accelerating liberalization of intra-trade

- Focus on deepening existing tariff concessions and widening the scope of product coverage
- Deepen liberalization of NTMs and other trade restrictive procedures
- Extend BA to cover trade in services
- Extend membership to developed countries

Measures (4):

Improving publicity and PR to increase awareness

- Promotional materials for enhanced public education and awareness e.g. Website.
- Regular dialogue between government officials, academia and business community.
- Research projects on related subjects.
- Dialogue with the developed countries concerned, etc.

The Prospects of BA

- Have the potential to become an outward-oriented FTA
- Have the potential to become a bridge in the sub-regional RTAs of ESCAP region
- Have the potential to become the linkage with RTAs of other continents.