



The Post – 2010 APEC Trade Agenda

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Major factors affecting foreign trade



■ Previously, to 2000

Trade, given prices, was determined by tariff rates and NTBs (price factor), and trading parties's income (demand factor).

The conclusion of UR in 1994, with subsequent establishment of WTO, made the tariff and NTBs factors less important.

Major factors affecting foreign trade (cont.)



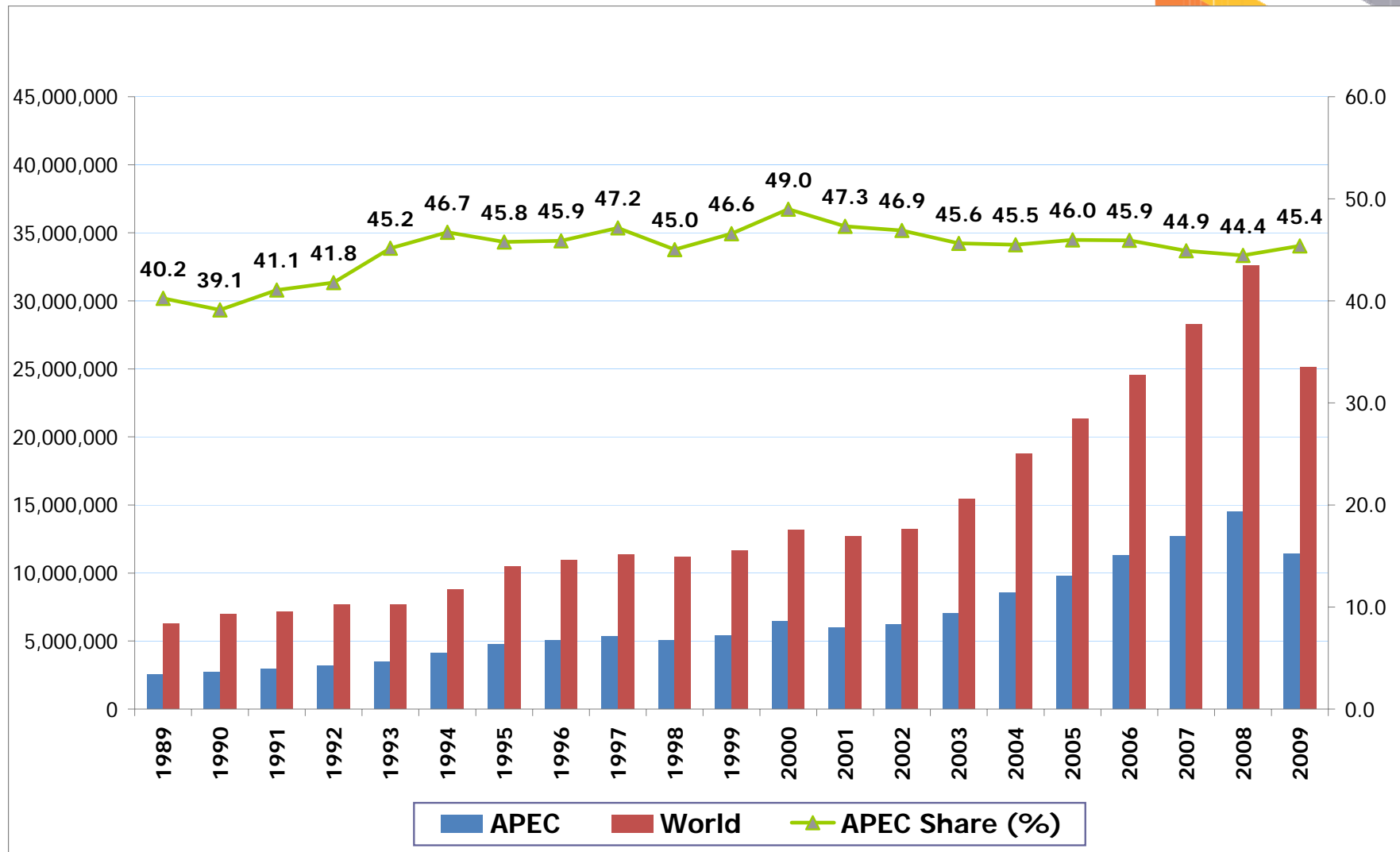
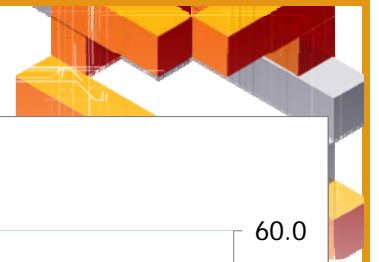
■ From 2000

World trade grew rapidly.

**Share of APEC trade in world trade
increased to about 45 %**

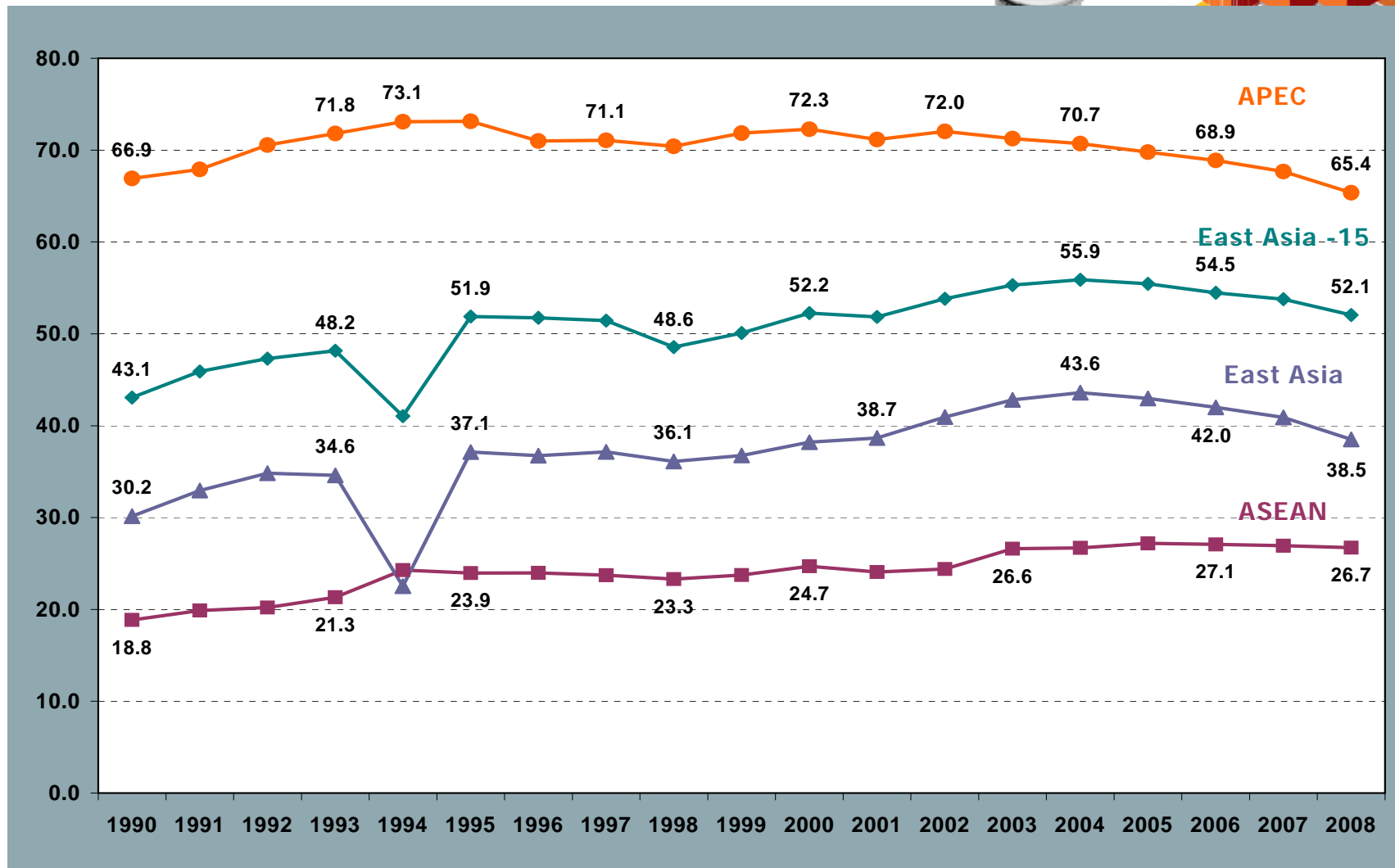
**Intra-regional trade in APEC countries
also attained higher shares.**

APEC and World Trade



Source: StatsAPEC

Intra Sub-regional Trade (%)



Notes: East Asia = China+ Japan + Korea + HK + Chinese Taipei + Mongolia

East Asia-15 = 10 ASEAN member countries + China + Korea + Japan +HK+ Chinese Taipei

APEC aggregates are sums based on data available

Sources: ADB & StatsAPEC

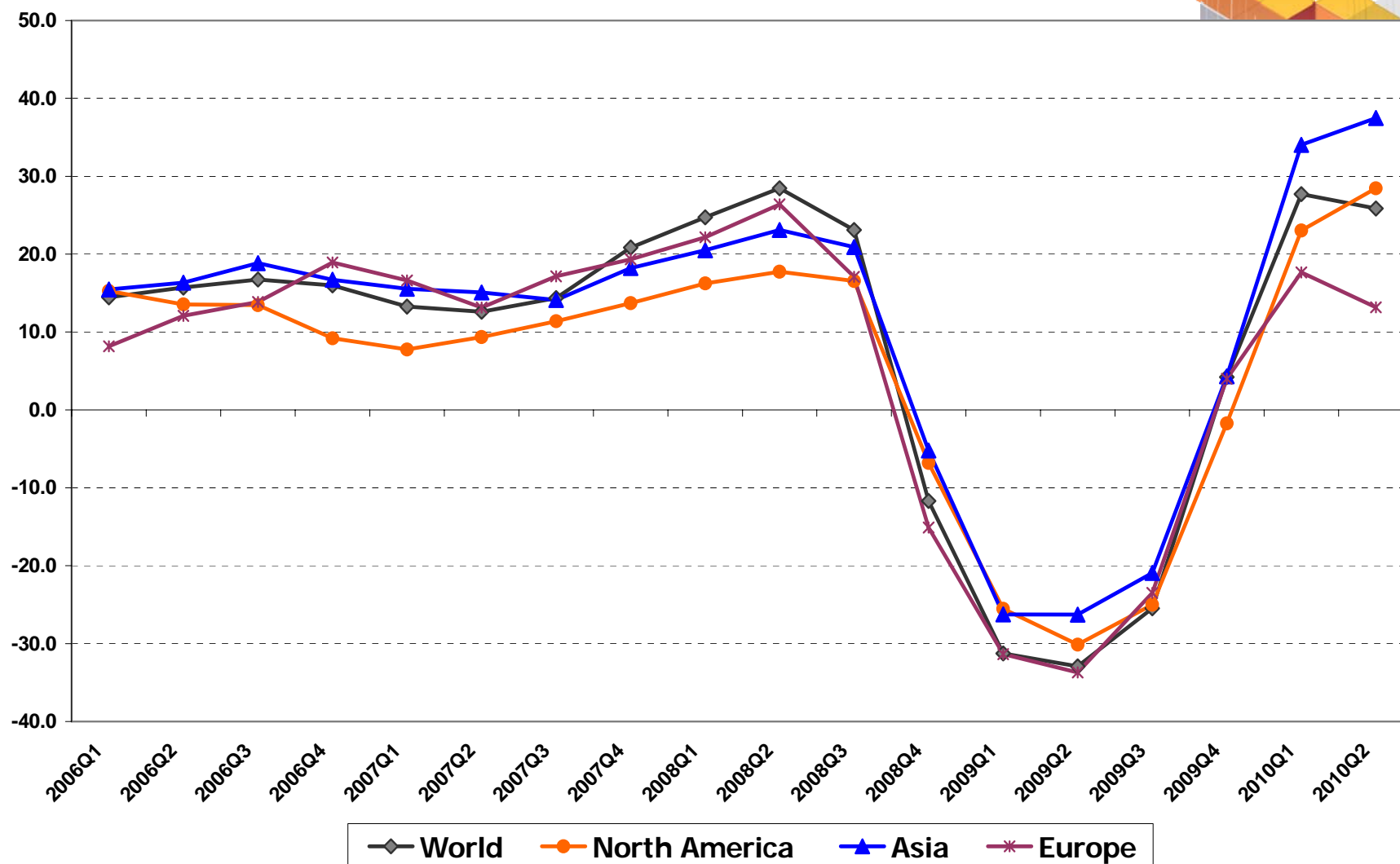
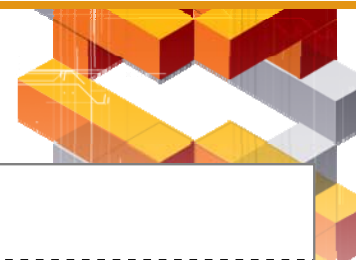
Major factors affecting foreign trade (cont.)



Global financial and economic crises of 2008 affected foreign trade very severely.

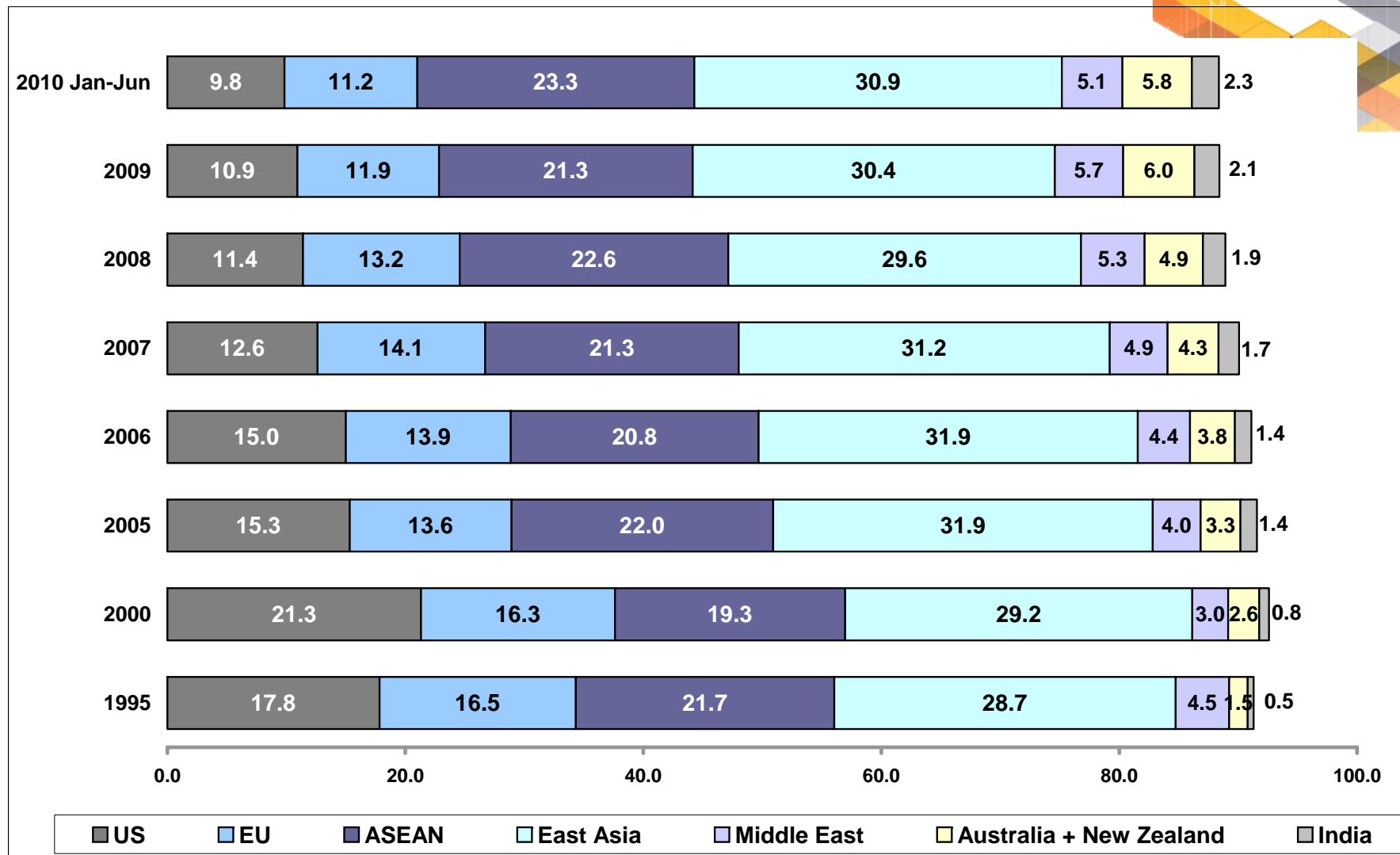
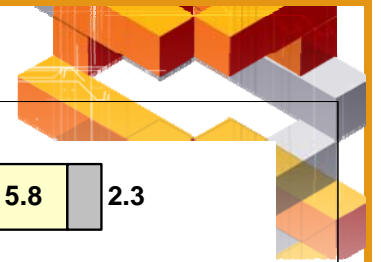
Trade recovery in 2010 reflected the impact of the various stimulus packages, and the changing pattern of demand for trade with East Asia particularly China.

World Merchandise Exports by Region (% Change)



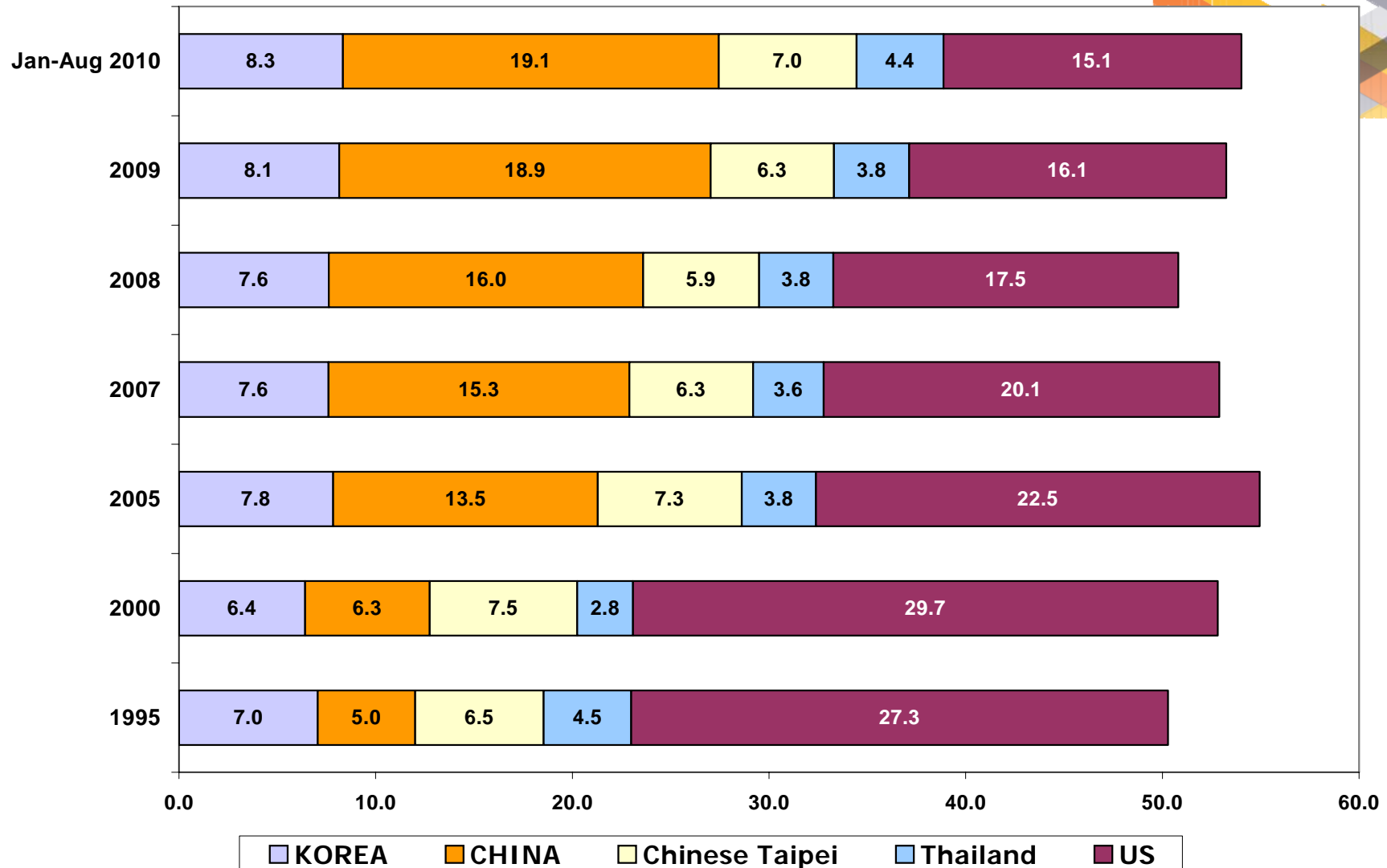
Sources: WTO

Thailand Exports Markets



Sources: Bank of Thailand

Japan Exports Markets



Sources: Ministry of Finance, Japan

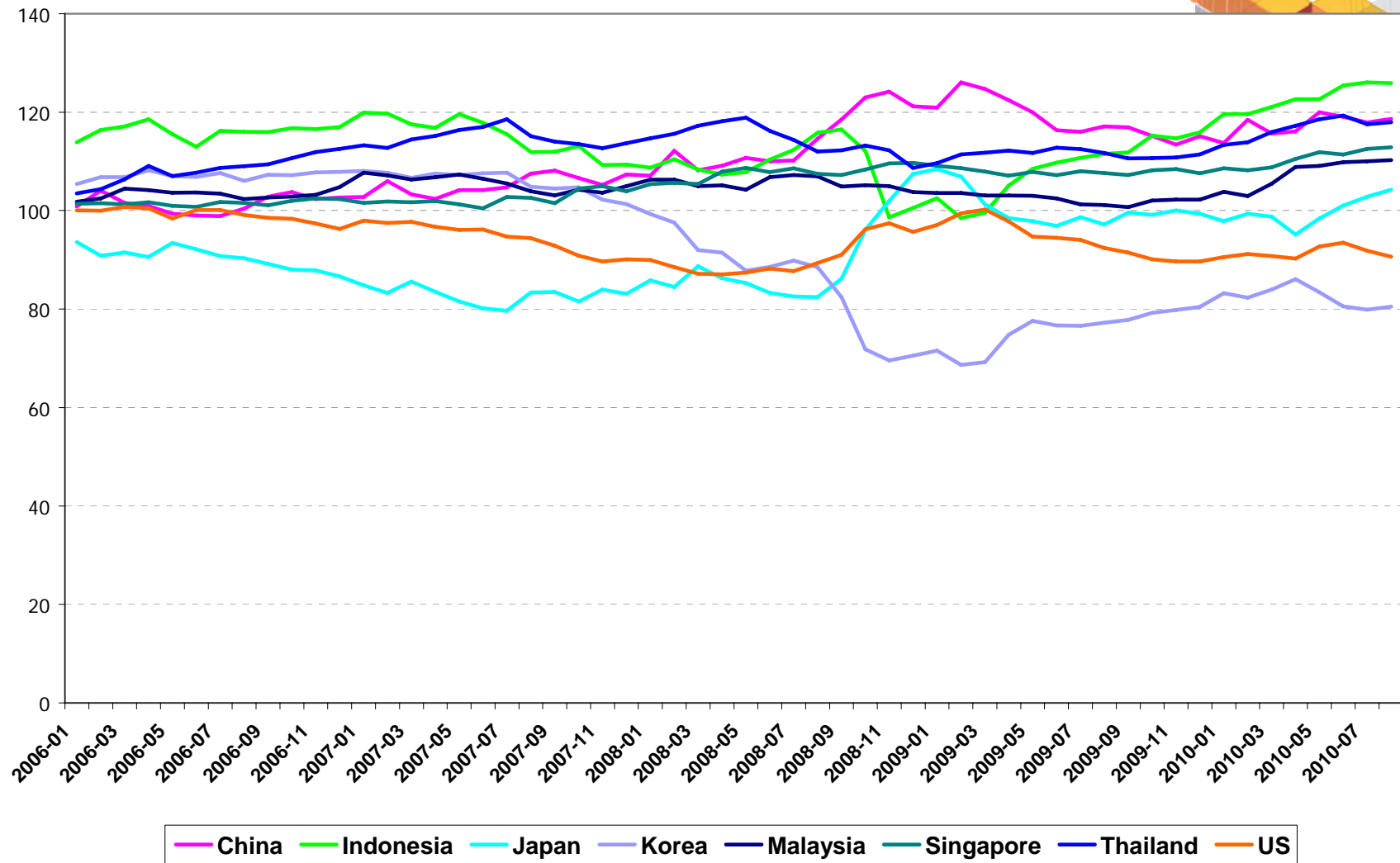
New factors affecting trade



Trade is now influenced more by,
apart from income, exchange
rates and FTAs / RTAs.

East Asian countries have been accused of not
allowing the exchange rates to
appreciate in line with their trade
surplus, resulting in continuing, and for
some growing, trade surplus, while the
opposite is true for the US.

Real Effective Exchange Rate (2005 = 100)



Source: BIS



**The debate at the 2010 IMF meeting
and the “ Currency Manipulation ”**

**Bill in process in the US, clearly showed
that exchange rate is now the most
important factor affecting trade.**

**So, exchange rate must be a major item
for APEC Trade Agenda.**

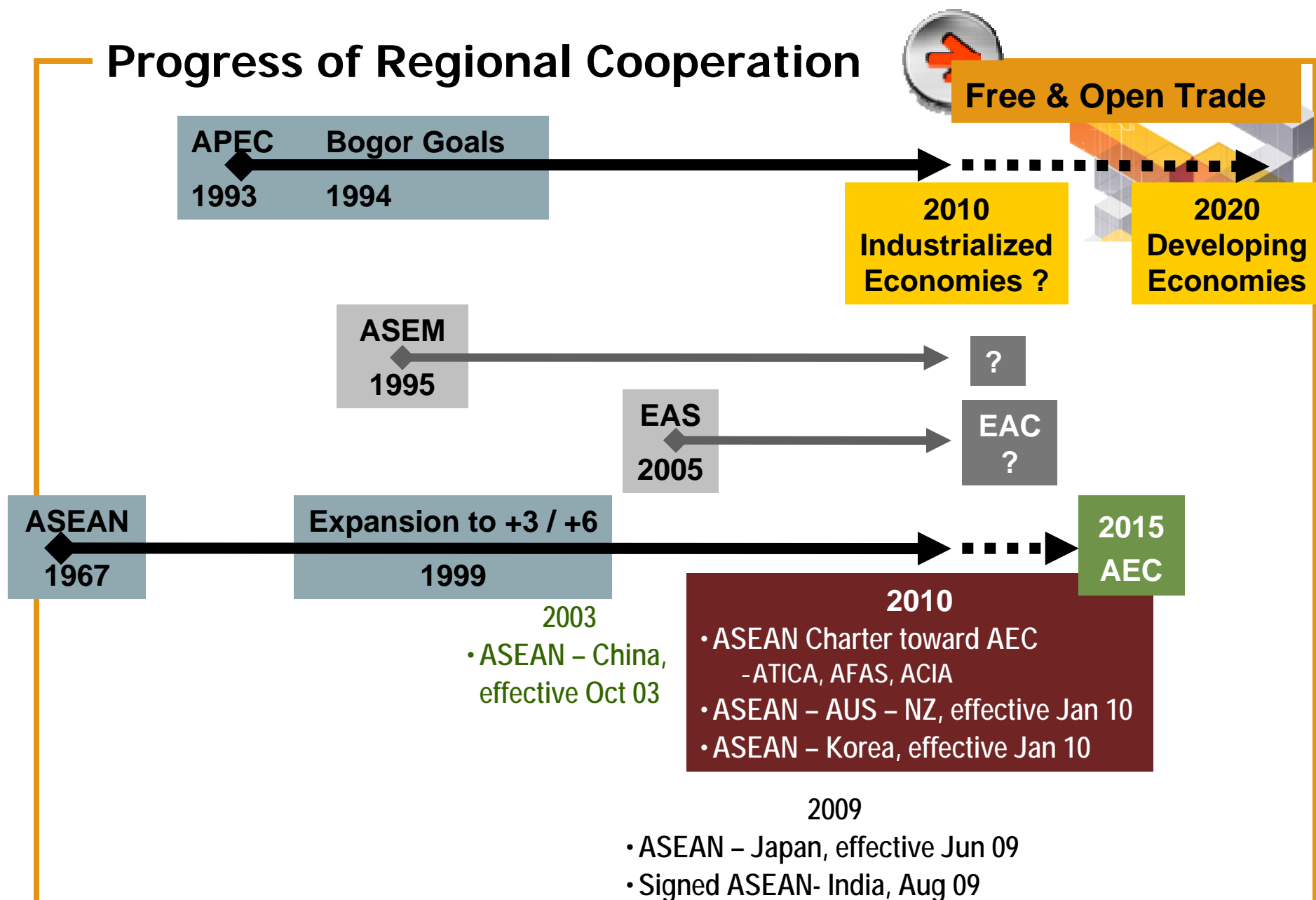


Another development is the effect of FTAs / RTAs. Although it is hard to measure, it is obvious that the fact that intra-regional trade increased substantially must be due partly to this factor.



Looking at FTAs and RTAs in existence there are many problems of applications, particularly about rules of origins (ROOs), and dispute settlements. If improved, FTAs and RTAs would play a bigger role in trade.

Progress of Regional Cooperation



Conclusions



APEC is likely to adopt the exchange rate issues as an item on trade agenda.

APEC should perhaps ask WTO to help multi-lateralize FTAs and RTAs, by making ROOs and dispute settlements practices more uniform and efficient.