
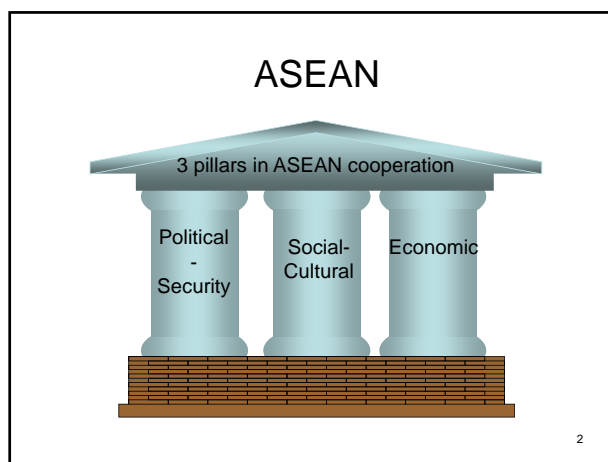


**Chapter 12.
ASEAN and the
integration of Vietnam**



1



Economic Cooperation in ASEAN

Most integrated cooperation in ASEAN

- Trade in goods (CEPT/ATIGA)
- Trade in services (AFAS)
- Investment (ACIA)

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 **Economic Community**

Contents:

- ATIGA
- ACIA
- AFAS




Trade between ASEAN and some other countries

Country	2003	2006	2007	2008	2009
ASEAN	206.732	352.771	401.920	458.114	176.620
China	59.637	139.961	171.118	192.672	178.185
EU	101.365	160.332	186.720	202.358	171.785
Japan	113.401	161.781	173.062	211.916	160.864
USA	117.886	161.196	179.068	181.039	149.572
South Korea	33.548	55.942	61.184	75.480	74.740
Australia	19.197	36.411	41.963	51.589	43.850
India	12.512	28.703	37.235	47.465	39.115
Total	824.539	1.404.805	1.610.787	1.710.422	1.536.843

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Vietnam ASEAN trade

	Country	2003	2005	2006	2007	2008	2009	6M 2010
1	ASEAN *	8.885	14.852	18.822	23.605	29.766	22.900	13.078
2	China	4.870	8.740	10.421	15.859	20.188	21.350	11.963
3	EU *	6.229	7.715	9.718	13.373	14.950	15.200	7.902
4	USA	5.083	6.795	8.811	11.789	14.504	14.365	8.019
5	Japan	5.903	8.504	9.933	12.248	16.779	13.760	7.567
6	South Korea	3.117	4.231	4.714	6.586	8.851	9.040	5.395

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Trade Vietnam-ASEAN



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Vietnam-ASEAN trade

ASEAN is the leading trade partner of Vietnam

Major markets' Thailand, Philippine, Cambodia

Export growth rate (2003-2008): 30.25%

Import growth rate (2003-2008): 25.58%

Trade deficit (2008: 9.5 billion USD)

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ATIGA

ATIGA replaces CEPT/AFTA

ATIGA

- ✓ First comprehensive agreement on trade in goods
- ✓ Based on CEPT/AFTA roadmap and other related agreements, protocols
- ✓ Further economic integration in ASEAN: AEC in 2015

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ATIGA

Tariff elimination

ASEAN-6: from 01/01/2010, except unprocessed agricultural products: 0-5%.

CLMV: from 01/01/2015, except 7% lines: 2018

Vietnam: unprocessed agricultural products: 0% in 2013

General exception list: Petroleum and tobacco

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ATIGA

NTBs elimination by 3 packages:

5 members: Brunei, Indonesia, Malaysia, Singapore and Thailand: 2008, 2009 and 2010.

Philippines: 2010, 2011 and 2012

CLMV: 2013, 2014 and 2015 with some exceptions to 2018

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Commitments under ATIGA

Up to date commitments of ASEAN

+ Tariff cutting list: 98,94% tariff lines

+ 0-5%: 97,15%

+ 0%: 69,96%

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Commitments under ATIGA

Up to date commitments of Vietnam

+Tariff cutting list: 97,58% tariff lines

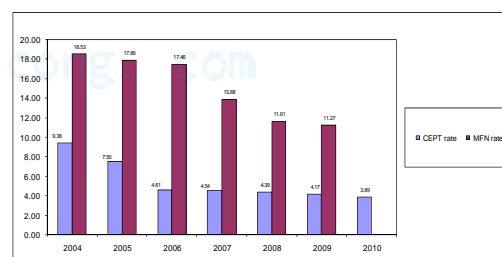
+0-5%: 98,89%

+0%: 56,49%

+Average tariff rate: 3,89%

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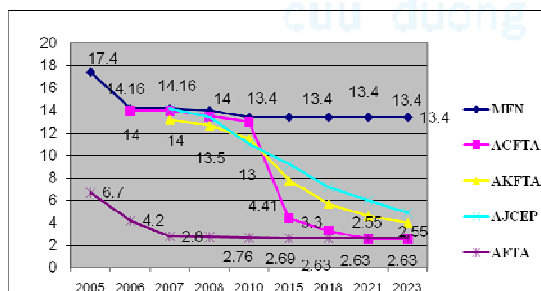
Vietnam implementation



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Vietnam's commitments in some FTAs

Source: MOIT



Commitments under ATIGA

Up to date commitments of Vietnam

High tariff rates: agricultural products like meat, egg, sugar, tobacco leaves, rice

Automobiles and motorbikes

TRQ: sugar, tobacco leaves, salt, eggs

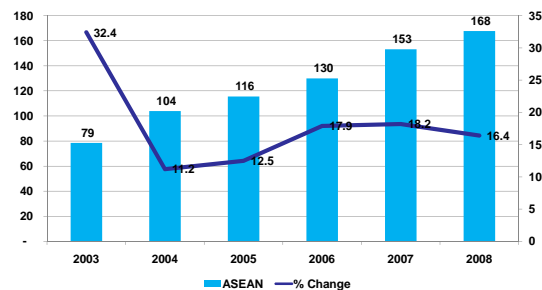
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ASEAN SERVICES

- Services is 50% of GDP or more
- ASEAN trade in services accounts for US\$331 billion or 5.2% of global trade in services in 2007
- Main areas of trade are transport and tourism

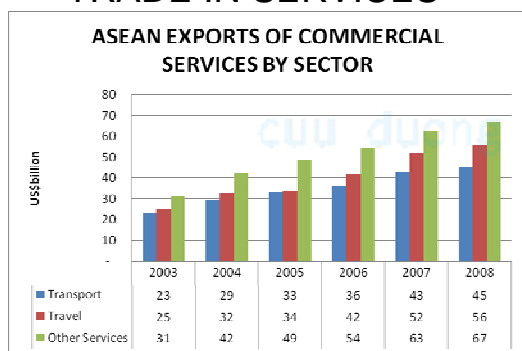
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ASEAN EXPORT OF COMMERCIAL SERVICES (US\$ billion/% change)



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TRADE IN SERVICES



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AFAS—Liberalisation

- Member States shall liberalize trade in services in a substantial number of sectors within a certain time-frame by:
 - Eliminating substantially all existing discriminatory measures and market access limitations amongst Member States
 - Prohibiting new or more discriminatory measures and market access limitations

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AFAS—Cooperation

- Member States shall strengthen and enhance existing cooperation in service sectors and develop cooperation in sectors that are not covered by existing cooperation arrangements, through *inter alia*:
 - Establishing or improving infrastructural facilities
 - Joint production, marketing and purchasing arrangements
 - Research and development
 - Exchange of information

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GOAL :Free Flow of Services

2010

Remove substantially all restrictions in 5 priority sectors : air transport, e-ASEAN, healthcare , tourism, logistics (2013)

2015

Remove substantially all restrictions in all other services sectors

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AFAS



- Enhance **cooperation** in services to improve efficiencies and competitiveness, diversify production capacity, and supply and distribution of services of their service suppliers within and outside ASEAN
- **Eliminate** substantially all restrictions to trade in services
- **Liberalise** trade in services by expanding depth and scope of liberalization beyond GATS commitments with aim to realize free trade area in services

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Commitments under AFAS

Priority sectors (air transport, e-ASEAN, healthcare, tourism): 51% from 2008 and 70% from 2010

Logistics: 49% from 2008 and 70% in 2013

Non priority sectors: 51% from 2010 and 70% from 2015

Mode1 and Mode 2: No limitations

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Global Foreign Direct Investment Flows (US\$ billion)



Source: World Investment Report 2009, UNCTAD and ASEAN Secretariat Database
Notes: a) ASEAN Secretariat Database

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Foreign Direct Investment Flows to ASEAN (US\$ million)

Country	2004	2005	2006	2007	2008
Brunei Darussalam	212	289	434	260	239
Cambodia	131	381	483	867	815
Indonesia	1,895	8,336	4,914	6,928	7,918
Lao PDR	17	28	187	324	228
Malaysia	4,624	4,064	6,060	8,401	8,053
Myanmar	251	236	428	258	715
Philippines	688	1,854	2,921	2,916	1,520
Singapore	20,052	14,373	27,681	31,550	22,802
Thailand	5,862	8,048	9,460	11,238	9,835
Viet Nam	1,610	2,021	2,400	6,739	8,050
ASEAN Total	35,342	39,629	54,967	69,482	60,175

Source: ASEAN Secretariat Database

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ASEAN Outward Investment (US\$ million)

Country	2005	2006	2007
ASEAN	13,790	22,232	33,466
Indonesia	3,065	2,703	4,790
Malaysia	2,971	6,041	10,989
Singapore	6,943	12,241	12,300
Thailand	503	1,032	1,756
Philippines	189	103	3,442

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ACIA

Objectives

- Based on AIA and ASEAN-IGA with further completion
- create a free and open investment regime to attract investments
- Benefit both ASEAN and non ASEAN investors
- S&D treatment to new members

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Structure of ACIA

- **A comprehensive agreement:**
 - **Covering liberalisation, protection, facilitation and promotion.**
 - **Inclusion of new provisions**
 - **Improvement of existing AIA/IGA provisions**
- **A total of 49 Articles, 2 Annexes, and 1 Schedule (reservation list of Member States)**

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- | | |
|--|--------------------------------------|
| – Objectives | – Subrogation |
| – Guiding Principles | – Measures to Safeguard BOP |
| – Scope of Application | – General Exceptions |
| – Definitions | – Security Exceptions |
| – National Treatment | – Denial of Benefits |
| – Most Favoured Nation Treatment | – Special Formalities |
| – Prohibition of Performance Requirements | – Transparency |
| – Senior Management and Board of Directors | – Entry, Temporary Stay of Personnel |
| – Reservations | – Special and Differential Treatment |
| – Modification of Commitments | – Promotion of Investment |
| – Treatment of investment | – Facilitation of Investment |
| – Compensation in Case of Strife | – Enhancing ASEAN Integration |
| – Transfers | – State-State Dispute Settlement |
| – Expropriation and Compensation | – Investor-State Dispute Settlement |
| | – Annex – Approval in Writing |
| | – Annex - Expropriation |

Articles in the ACIA

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