

# Taking Advantage of ASEAN's Free Trade Agreements

## A GUIDE FOR SMALL AND MEDIUM-SIZED ENTERPRISES

By Paige McClanahan, Alexander Chandra,  
Ruben Hattari and Damon Vis-Dunbar

January 2014



ASEAN BAC



Foreign &  
Commonwealth  
Office

**iisd**

International  
Institute for  
Sustainable  
Development

Institut  
international du  
développement  
durable



© 2014 The International Institute for Sustainable Development  
Published by the International Institute for Sustainable Development.

## About IISD

The International Institute for Sustainable Development (IISD) contributes to sustainable development by advancing policy recommendations on international trade and investment, economic policy, climate change and energy, and management of natural and social capital, as well as the enabling role of communication technologies in these areas. We report on international negotiations and disseminate knowledge gained through collaborative projects, resulting in more rigorous research, capacity building in developing countries, better networks spanning the North and the South, and better global connections among researchers, practitioners, citizens and policy-makers.

IISD's vision is better living for all—sustainably; its mission is to champion innovation, enabling societies to live sustainably. IISD is registered as a charitable organization in Canada and has 501(c)(3) status in the United States. IISD receives core operating support from the Government of Canada, provided through the International Development Research Centre (IDRC), from the Danish Ministry of Foreign Affairs and from the Province of Manitoba. The Institute receives project funding from numerous governments inside and outside Canada, United Nations agencies, foundations and the private sector.

## HEAD OFFICE

161 Portage Avenue East, 6th Floor, Winnipeg, Manitoba, Canada R3B 0Y4  
Tel: +1 (204) 958-7700 | Fax: +1 (204) 958-7710 | Website: [www.iisd.org](http://www.iisd.org)

## Foreword



The U.K. Government is delighted to be working with the ASEAN Business Advisory Council (ASEAN BAC) and the International Institute for Sustainable Development (IISD) on this guidebook for Small and Medium Size Enterprises (SMEs), part of a project funded by our Prosperity Fund program.

SMEs are the backbone of Southeast Asian economies, as they are in the United Kingdom. But SMEs often face unique challenges. Helping them overcome these is vital to achieving strong, sustainable, and equitable growth in Southeast Asian countries, just as it is in the U.K. It is vitally important that SMEs look beyond their own borders and take advantage of the increased business opportunities presented by the growing number of bilateral and regional FTAs in Southeast Asia. Similarly, SME engagement in the debate on free trade agreements (FTAs) is essential in terms of building a strong domestic constituency for reform and openness.

Our cooperation with ASEAN BAC and IISD is part of the U.K.'s deepening relationship with ASEAN, a key priority for the British government. Our cooperation with the countries of Southeast Asia and ASEAN as a bloc is growing rapidly across the policy spectrum. As a region, ASEAN is also one of the U.K.'s largest and fastest growing export markets. We strongly support the efforts being led by Deputy Secretary General Lim to deepen regional trade and economic integration in Southeast Asia through the ASEAN Economic Community process.

As a country with a long-standing commitment to free trade and openness, the U.K. is also working closely with our EU partners to break down barriers to trade between Europe and Southeast Asia. The EU recently initialled an FTA with Singapore, its first in Southeast Asia. Negotiations are currently underway for FTAs with Malaysia, Vietnam and Thailand, a process we hope will soon be launched with Indonesia too. These are stepping stones towards the ultimate goal of a bloc-to-bloc agreement between the EU and ASEAN. We very much hope these agreements will open up new opportunities for Southeast Asian SMEs in Europe, as well as for European SMEs in ASEAN.

Finally, we would like to thank our partners at ASEAN BAC and IISD for their hard work on this guidebook and the seminars being held in several countries as part of the project. Hopefully this project will make a significant contribution to raising awareness of FTA issues in the SME community, and to deepening the links between SE Asian SMEs and the UK.

### **Mark Canning**

British Ambassador to the Republic of Indonesia,  
the Democratic Republic of Timor-Leste and ASEAN

## Foreword



This is a momentous occasion for ASEAN and its business community as the ASEAN Business Advisory Council (ASEAN BAC), in partnership with the International Institute for Sustainable Development (IISD) and with the support of the U.K. Foreign & Commonwealth Office, present to you *Taking Advantage of ASEAN's Free Trade Agreements: A Guide for Small and Medium-Sized Enterprises*.

This guidebook is another milestone in realizing the vision of economic integration—one that is timely for businesses around the region. SMEs are challenged by a lack of information that is relevant to business, including how businesses can fully benefit from the trade initiatives already implemented around the ASEAN region.

ASEAN has a combined population of approximately 600 million and a GDP exceeding US\$2 trillion. The ASEAN region has been projected to grow to US\$10 trillion by 2030. ASEAN is also the central driving force of East Asia, one of the fastest growing regions in the world, and one that is creating vast business and investment opportunities. At the end of last year, ASEAN's growth was an estimated 5.2 per cent, projecting an undeniably strong economic outlook for the ASEAN region. Supported by increased confidence, domestic spending and intra-regional trade, this positive growth will only gain increased momentum.

It is interesting to note that whilst more than 90 per cent of businesses in ASEAN are considered small and medium-sized, the rapid growth of ASEAN as an integrated region has not been fully utilized by its SMEs. ASEAN BAC's commissioned study, *The 2011-12 ASEAN BAC Survey on ASEAN Competitiveness*, suggests that while financing remained the major barrier to SMEs' engagement in ASEAN-related arrangement, the problem was compounded by poor communication with SMEs. In addition, the progress of ASEAN's internal and external economic integration (i.e., ASEAN+1 Free Trade Agreements and various new regional trade agreements) has not been matched with active participation by the region's SMEs. Supplementary surveys conducted by various national and regional think tanks, such as the Asian Development Bank Institute and Economic Research Institute for ASEAN East Asia, confirm that the utilization rates of ASEAN-led FTAs are generally low across member states.

In line with the ASEAN BAC 2013 theme of "Moving Ahead Together," we hope this guidebook will contribute to raising awareness amongst ASEAN SMEs, helping to strengthen regional economic integration and ensuring that the benefits are shared by businesses of all sizes and levels of development.

### **Fauziah DSP Talib**

ASEAN Business Advisory Council Chair for 2013

# Table of Contents

<b>Acronyms and Abbreviations</b>	<b>2</b>	<b>7 Myanmar</b>	<b>41</b>
<b>1 Introduction and Overview</b>	<b>3</b>	7.1 Country Profile	42
1.1 The Purpose of this Guidebook	4	7.2 General Information for Exporters	42
1.2 ASEAN's Economic Integration Initiatives	4	7.3 Facilities Enabling Export for SMEs	44
1.3 Overview of Agreements	6	7.4 Overview of ASEAN FTAs	44
<b>2 Brunei Darussalam</b>	<b>10</b>	<b>8 The Philippines</b>	<b>47</b>
2.1 Country Profile	11	8.1 Country Profile	48
2.2 General Information for Exporters	11	8.2 General Information for Exporters	49
2.3 Facilities Enabling Export for SMEs	13	8.3 Facilities Enabling Export for SMEs	50
2.4 Overview of ASEAN FTAs	13	8.4 Overview of ASEAN FTAs	51
<b>3 Cambodia</b>	<b>16</b>	<b>9 Singapore</b>	<b>53</b>
3.1 Country Profile	17	9.1 Country Profile	54
3.2 General Information for Exporters	17	9.2 General Information for Exporters	54
3.3 Facilities Enabling Export for SMEs	19	9.3 Facilities Enabling Export for SMEs	55
3.4 Overview of ASEAN FTAs	19	9.4 Overview of ASEAN FTAs	56
<b>4 Indonesia</b>	<b>22</b>	<b>10 Thailand</b>	<b>59</b>
4.1 Country Profile	23	10.1 Country Profile	60
4.2 General Information for Exporters	23	10.2 General Information for Exporters	60
4.3 Facilities Enabling Export for SMEs	24	10.3 Facilities Enabling Export for SMEs	62
4.4 Overview of ASEAN FTAs	25	10.4 Overview of ASEAN FTAs	63
<b>5 Lao People's Democratic Republic (Lao PDR)</b>	<b>28</b>	<b>11 Vietnam</b>	<b>65</b>
5.1 Country Profile	29	11.1 Country Profile	66
5.2 General Information for Exporters	29	11.2 General Information for Exporters	66
5.3 Facilities Enabling Export for SMEs	31	11.3 Facilities Enabling Export for SMEs	67
5.4 Overview of ASEAN FTAs	31	11.4 Overview of ASEAN FTAs	68
<b>6 Malaysia</b>	<b>34</b>	<b>References</b>	<b>71</b>
6.1 Country Profile	35	<b>Appendix A: Glossary of Terms</b>	<b>74</b>
6.2 General Information for Exporters	35	<b>Appendix B: Calculating Rules of Origin</b>	<b>75</b>
6.3 Facilities Enabling Export for SMEs	36	<b>Acknowledgements</b>	<b>77</b>
6.4 Overview of Agreements	37		

## Acronyms and Abbreviations

AANZFTA	ASEAN-Australia-New Zealand Free Trade Agreement
ACTFA	ASEAN-China Free Trade Area
AFTA ASEAN	Free Trade Area
AIFTA	ASEAN-India Free Trade Area
AJCEP	ASEAN-Japan Comprehensive Economic Partnership
AKFTA	ASEAN-Republic of Korea Free Trade Agreement
ANZ	Australia and New Zealand
ASEAN	Association of Southeast Asian Nations
ASEAN-5	Brunei, Indonesia, Malaysia, Singapore and Thailand
ASEAN-6	Brunei, Indonesia, Malaysia, Philippines, Thailand and Singapore
ASME	Association of Small and Medium Enterprises
ATiGA	ASEAN Trade in Goods Agreement
BEDB	Brunei Economic Development Board
BETP	Bureau of Export Trade Promotion, the Philippines
BMSMED	Bureau of Micro, Small and Medium Enterprise Development
CEPA	Cambodian Export Promotion Agency
CLMV	Cambodia, Lao PDR, Myanmar and Vietnam
CIA	Central Intelligence Agency
DGCE	Directorate General for Customs and Excise
DGNED	Directorate General for National Export Development
DGNEP	Directorate General for National Export Development
DIMEX	Department of Import and Export
EXIM	Export-Import Bank (Malaysia)
FMM	Federation of Malaysian Manufacturers
FOB	free on board
FTA	free trade agreement
GDCE	General Department of Customs and Excise
GDP	gross domestic product
Lao PDR	Lao People's Democratic Republic
MITI	Ministry of International Trade and Industry
MSME	Micro, small and medium-sized enterprise
NT1	Normal Track 1
NT2	Normal Track 2
PEB	Pemberitahuan Ekspor Barang (Export Declaration Form)
PEZA	Philippine Export Zone Authority
PhilEXIM	Philippine Export-Import Credit Agency
RCED	Royal Customs and Excise Department
RVC	regional value content
SEZ	Special Economic Zones
SME	small and medium-sized enterprise
SPS	sanitary and phytosanitary
TPP	Trans-Pacific Partnership



# 1

## Introduction and Overview

---

## 1.1 The Purpose of this Guidebook

In the past decade, the member states of the Association of Southeast Asian Nations (ASEAN) have taken significant steps to reduce the barriers to trade among the 10 nations among their membership. Over the same period, ASEAN officials have signed five major free trade agreements (FTAs) with other countries in the Asia-Pacific region. Such steps have helped to lower tariffs, streamline regulations, and generally simplify export and import processes. As such, these economic integration initiatives present significant opportunities for ASEAN-based businesses.

But evidence shows that many ASEAN-based firms, particularly small and medium-sized enterprises (SMEs), are not taking full advantage of these opportunities. In fact, in a survey of ASEAN businesses conducted in 2011 and 2012, just 29 per cent of the respondents indicated that they had made use of the provisions of the FTAs; among SMEs, the rate was even lower (Wignaraja, 2013). Another survey of businesses in the Philippines in 2010 found that a lack of information about FTAs was the biggest obstacle to their use (Asian Development Bank Institute, 2010a).

The purpose of this guidebook is to help ASEAN-based SMEs take full advantage of the bloc's recent economic integration efforts. By using the opportunities that these FTAs provide, firms can find new markets for their products and potentially increase their output. Economic growth is good for businesses, but it is also good for the economies of the region. As such, by making full use of ASEAN's economic integration initiatives, SMEs can expand their businesses, create new jobs, offer their customers more goods and services, and generally help to promote economic growth and sustainable development across the region.

## 1.2 ASEAN's Economic Integration Initiatives

Ever since ASEAN was established in 1967, the bloc has aimed to promote economic growth and collaboration among its member states. Progress was slow to start but sped up with the end of the Cold War. In 1992 ASEAN members signed an agreement establishing the ASEAN Free Trade Area (AFTA), which eliminated import quotas and significantly reduced import tariffs among the signees. At the time, the bloc had only six members—Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand—but as ASEAN has grown, each of the new members has signed up to AFTA as well. Things have shifted slightly over the years; for example, the Common Effective Preferential Tariff scheme, which was established in 1992 as the mechanism to reduce internal tariffs among ASEAN member countries, has since been replaced by the ASEAN Trade in Goods Agreement (ATiGA), which took effect in 2010. ATiGA consolidates all of the bloc's initiatives, obligations and commitments on trade in goods among ASEAN countries into a single document (Economic Research Institute for ASEAN and East Asia, 2012).

Much progress has already been made, but economic integration efforts are continuing apace. Today, ASEAN countries are working toward the goal of establishing a full-fledged, single-market ASEAN Economic Community by 2015 (ASEAN Secretariat, 2013).

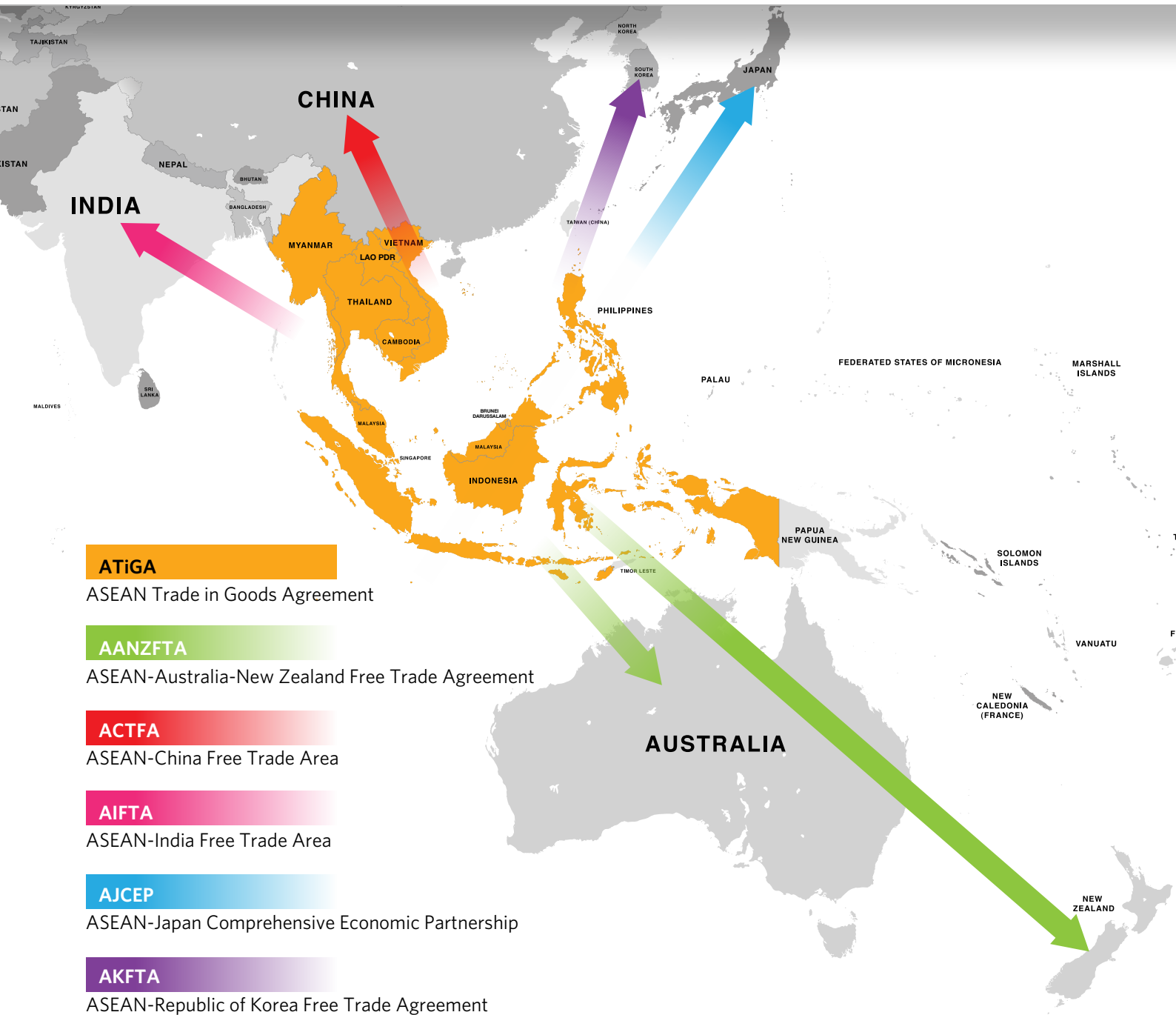
Meanwhile, over the last decade, ASEAN has rapidly accelerated its economic integration efforts with countries outside the bloc. Full-fledged FTAs have already been signed with China, Japan, Korea, India, and Australia and New Zealand. Most of these agreements have taken effect within the past five years.

ASEAN's external integration efforts also continue. Since 2012 ASEAN has been in negotiations with its six FTA partners to establish a Regional Comprehensive Economic Partnership that would cover India, Korea, Japan, China, Australia and New Zealand, in addition to all ASEAN member states. The bloc has also begun FTA talks with the European Union. Acting independently of the bloc, a handful of ASEAN members—Brunei, Malaysia, Singapore and Vietnam—are involved in the wide-ranging Trans-Pacific Partnership (TPP) negotiations, which are expected to be completed in 2013.



By why is ASEAN pursuing economic integration, both outside the bloc and within it? What is the purpose of all of these FTAs? For one, FTAs can help to lower the transaction costs associated with exporting and help ASEAN businesses, including SMEs, find new markets for their products. But deeper economic integration, both within ASEAN and outside it, can also facilitate the flow of foreign investment into ASEAN countries and make it easier for ASEAN citizens to find work in other countries. Together, all of these things can help boost productivity and spur economic growth.

**Figure 1: ASEAN's Internal and External Free Trade Agreements**



## 1.3 Overview of Agreements

### **ASEAN TRADE IN GOODS AGREEMENT (ATIGA)**

#### **Overview**

Intra-ASEAN trade—that is, trade between any of ASEAN's 10 member states—is governed by the ATiGA, which took effect on May 17, 2010. The agreement is meant to be a concrete step toward establishing a full-fledged ASEAN Economic Community by 2015.

#### **Coverage**

The ATiGA is very broad based, covering all goods traded between ASEAN countries, with only a handful of exceptions. Exceptions are allowed in cases where trade restrictions are deemed necessary to protect public morals; to protect human, animal, or plant life or health; or to preserve national cultural treasures. Exceptions are also allowed for trade in gold and silver, and, in some limited scenarios, other exhaustible natural resources. A handful of other exceptions exist, but only under special circumstances.<sup>1</sup>

For those goods that do not qualify for an exception, which includes the vast majority of all goods traded among ASEAN countries, the ATiGA obligates governments to eliminate all import duties. The ASEAN-6 countries—Brunei, Indonesia, Malaysia, Philippines, Thailand and Singapore—were required to meet this obligation by 2010; the other ASEAN nations—Cambodia, Lao PDR, Myanmar and Vietnam—have been granted additional time. The “CLMV countries,” as they are known, have until 2015, with a possible extension to 2018, to reduce their import tariffs to zero on goods imported from other ASEAN nations.

ATiGA also reduces non-tariff barriers to ASEAN trade. For example, the agreement forbids governments from charging higher-than-necessary import or export fees and requires them to publish all regulations that govern the flow of trade. It also forbids governments from imposing tariff rate quotas on imports from other ASEAN nations.

#### **Rules of Origin**

According to the ATiGA, a product is said to originate from a particular country if it meets one of two conditions: (1) it was wholly produced in that country or (2) it was partially produced in that country, but it meets certain conditions. Those conditions are described in detail in the ATiGA's Chapter 3, Articles 28 and 29. Generally speaking, though, a product can be said to originate from the ASEAN country where “working or processing of the goods” took place, so long as the goods have an “ASEAN regional value content” (RVC) of at least 40 per cent. The formula for calculating a product's RVC is set out in Chapter 3, Article 29. In some cases, the ATiGA also sets out rules of origin for specific products; these can be found in Annex 3 of the agreement.

#### **Further Information**

For more information on the ATiGA, visit: <http://www.asean.org/communities/asean-economic-community/category/asean-trade-in-goods-agreement>.

### **ASEAN-CHINA FREE TRADE AREA (ACFTA)**

#### **Overview**

In 2004, after two years of negotiations, officials from ASEAN and China signed the Agreement on Trade in Goods of the China-ASEAN FTA; the agreement took effect in July 2005. Since then, the two trading partners have also finalized deals covering investment and trade in services. Here, however, we will consider only the agreement covering trade in goods.

#### **Coverage**

The ASEAN-China FTA is broad based, although it contains significantly more product exceptions than the ATiGA. Overall, the agreement covers 90 per cent of the value all goods traded between China and

---

<sup>1</sup> The full details of those exceptions are described in the text of the agreement, which is available here: <http://www.asean.org/communities/asean-economic-community/category/asean-trade-in-goods-agreement>.

the ASEAN nations. While the agreement calls for deep tariff cuts in many areas, it allows countries to categorize a certain number of products as “sensitive” or “highly sensitive,” meaning that they will be subject to gentler tariff reduction requirements.

China and the ASEAN-6 countries have already implemented their tariff reductions in accordance with a January 1, 2012 deadline. The CLMV countries have been given until 2015 to adjust their tariffs to meet the requirements of the agreement. The details of each ASEAN countries’ commitments and product coverage will be discussed in the subsequent country-specific chapters.

### **Rules of Origin**

According to Annex 3 of the agreement, which sets out the rules of origin for the FTA, a product is said to originate from within the free trade area if it was either wholly produced in a country, or if it was partially produced there, but it meets certain conditions. Those conditions are set out in Rules 4, 5 and 6 of Annex 3. Broadly speaking, a product can be described as “originating”—and thus eligible for preferential treatment—if at least 40 per cent of its contents, or 40 per cent of the value of its contents, came from the country in question.

Finally, under the agreement’s “cumulative” rule (Rule 5), a product can be categorized as “originating” from the country in which it was assembled so long as at least 40 per cent of the product’s content originated from within the ASEAN-China free trade area.

### **Further Information**

For more information about the ACFTA, visit: <http://www.asean.org/asean/external-relations/china/item/asean-china-free-trade-area>. You can also download a primer on the ACFTA, written by Universal Access to Competitiveness and Trade (U-ACT), at this link: [http://www.uactphilippines.org/images/stories/uact/publications/pdf/aseanchina\\_primer.pdf](http://www.uactphilippines.org/images/stories/uact/publications/pdf/aseanchina_primer.pdf).

## **ASEAN-JAPAN COMPREHENSIVE ECONOMIC PARTERSHIP (AJCEP)**

### **Overview**

The AJCEP was signed in April 2008. The agreement covers trade in goods as well as sanitary and phytosanitary (SPS) measures, trade in services, investment and economic cooperation. It took effect on December 1, 2008.

### **Coverage**

The AJCEP is a broad-based agreement that requires significant tariff cuts covering the majority of trade between the parties. The specifics of each ASEAN country’s tariff-reduction requirements will be addressed in the subsequent country-specific chapters; generally speaking, however, ASEAN’s newer members have been given the flexibility to introduce their tariff cuts more gradually than the ASEAN-6.

While the tariff reduction requirements are fairly extensive, the agreement does allow for countries to introduce safeguards to protect domestic industries under certain circumstances. The rules governing the use of safeguards are set out in Chapter 2, Article 20. The agreement also forbids countries from introducing any quantitative restrictions (i.e., quotas) on imports or exports flowing between any members of the trade area. The exception to this rule is in cases where the WTO has allowed a particular quota to be applied.

### **Rules of Origin**

The AJCEP’s rules of origin are set out in Chapter 3 of the agreement. These rules state that a product can be categorized as “originating” from a country if all of its components originate from the country in question, or if it was produced in that country *and* all of its components originate from within the ASEAN-Japan free trade area. Goods that are partially produced within the free trade area may also be categorized as “originating”; the detailed rules for determining the origin of such products are set out in Chapter 3, Article 26. Broadly speaking, however, a good can qualify as “originating” if it was assembled within the trade area *and* if at least 40 per cent of the value of its materials originated in the ASEAN-Japan trade area. The formula for making that calculation is set out in Chapter 3, Article 27.

### **Further Information**

For more information about the AJCEP, visit: <http://aric.adb.org/fta/asean-japan-comprehensive-economic-partnership>. You can also download a primer on the AJCEP, written by U-ACT, at this link: <http://www.uactphilippines.org/images/stories/uact/publications/pdf/ajcep.pdf>.

## **ASEAN-REPUBLIC OF KOREA FREE TRADE AGREEMENT (AKFTA)**

### **Overview**

The AKFTA was signed in December 2005 after less than a year of negotiations. The objective of the FTA is to establish a transparent, liberalized trade and investment regime so as to strengthen trade and investment cooperation between Korea and the ASEAN nations.

### **Coverage**

The AKFTA covers all goods traded between ASEAN and the Republic of Korea, but not every good is treated in the same manner. Most goods are put into a “normal track” for tariff reduction, but others are allowed to remain in the “sensitive track,” which allows for smaller or more gradual tariff cuts. The list of “normal” and “sensitive” products varies for each ASEAN country; these differences are discussed in greater detail in the chapters that follow. For Korea and the ASEAN-6 countries, however, tariffs on all “normal track” goods were due to be eliminated by 2010.

The agreement also covers non-tariff barriers, forbidding the use of quotas on either imports or exports and committing the parties to maintaining transparency on their SPS measures and their technical barriers to trade.

### **Rules of Origin**

Rules of Origin are set out in Annex 3 of the AKFTA's Trade in Goods Agreement. Broadly speaking, the agreement states that a good can be described as “originating”—and thus qualify for preferential tariff treatment—under two scenarios: (1) if it was wholly produced in an ASEAN country or Korea or (2) if at least 40 per cent of the value of the original materials that were used to make the good originated within the ASEAN-Korea free trade area. Further product-specific rules of origin are described in Appendix 2 of the agreement.

### **Further Information**

For more information on the AKFTA, visit: <http://akfta.asean.org>. You can also download a primer on the AKFTA, written by U-ACT, at this link: <http://www.uactphilippines.org/images/asean-korea%20fta.pdf>.

## **ASEAN-AUSTRALIA-NEW ZEALAND FREE TRADE AGREEMENT (AANZFTA)**

### **Overview**

The AANZFTA was signed in 2009 and took effect January 1, 2010. It covers a wide range of issues including intellectual property, the movement of people, services trade and investment, in addition to goods trade. The agreement is the most comprehensive FTA that ASEAN has ever concluded.

### **Coverage**

The AANZFTA reduces tariffs on a wide range of goods. By 2020, when the tariff reductions are due to be complete, more than 90 per cent of all trade between ASEAN, Australia and New Zealand will be free of tariffs. Both Australia and New Zealand have committed to eliminating all of their import tariffs on goods from ASEAN countries by 2020. The rates of tariff reduction vary from country to country within ASEAN; these differences are discussed in subsequent chapters.

The agreement also tackles several non-tariff barriers to trade. It requires the parties to eliminate export subsidies and forbids them from introducing any quotas on imports or exports that are being traded among the parties to the agreement. The pact also obligates countries to maintain transparency regarding their import licensing procedures.

**Rules of Origin**

The Rules of Origin are laid out in Chapter 3 of the AANZFTA. Similarly to AKFTA and AJCEP, this agreement allows goods to be categorized as “originating” if they meet one of two criteria: (1) if the good was wholly produced in the country in question or (2) if at least 40 per cent of the value of the original materials originated within the ASEAN-Australia-New Zealand free trade area. The formula for calculating this figure (RVC) is described in detail in Article 5 of Chapter 3.

**Further Information**

For more information on the AANZFTA, visit: <http://www.asean.fta.govt.nz>. You can also download a primer on the AANZFTA, written by U-ACT, at this link: [http://www.uactphilippines.org/images/stories/uact/publications/pdf/asean\\_australianewzealand.pdf](http://www.uactphilippines.org/images/stories/uact/publications/pdf/asean_australianewzealand.pdf).

**ASEAN-INDIA FREE TRADE AREA (AIFTA)****Overview**

In August 2009, after roughly five years of negotiations, officials signed the agreement setting up AIFTA; the agreement took effect on January 1, 2010. The pact is part of a broader push to strengthen economic ties between ASEAN and India more broadly. The AIFTA covers a market of 1.8 billion people, making it one of the world’s largest FTAs in terms of population.

**Coverage**

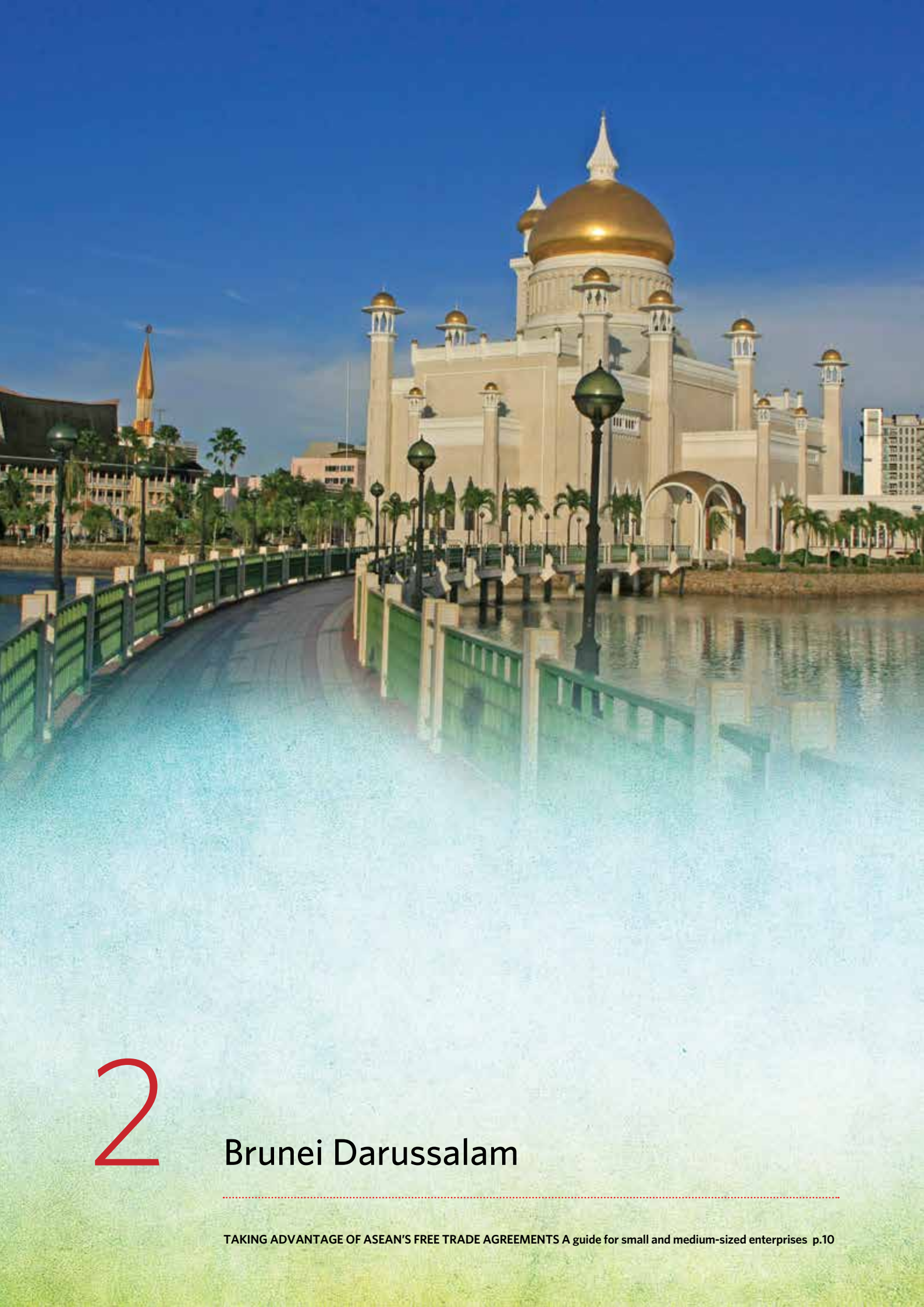
By the time it is fully implemented, the AIFTA will eliminate tariffs on more than 90 per cent of all trade—roughly 4,000 products—between ASEAN and India. The two parties agreed to allow between 7 per cent and 9 per cent of products to be excluded from any tariff cut commitments. Tariff reductions for all “normal track” goods will be completed by December 2016, while some of the newer ASEAN countries will be granted until the end of 2024 to complete their tariff reductions on “sensitive track” products. Details of the country-specific commitments will be discussed in later chapters.

**Rules of Origin**

The Rules of Origin for the AIFTA are described in Annex 2 of the agreement. According to these rules, a product can be categorized as “originating” in two cases: (1) if it was wholly produced in India or in an ASEAN nation or (2) if at least 35 per cent of the value of the original materials that were used to make the good were produced in either India or an ASEAN nation. The formula for calculating this “AIFTA content” value is described in detail in Annex 2, Rule 4 of the agreement. A list of product-specific Rules of Origin is also included in Appendix B of this guide.

**Further Information**

For more information on the AIFTA, visit: [http://www.fta.gov.sg/fta\\_C\\_aifta.asp](http://www.fta.gov.sg/fta_C_aifta.asp). You can also download a primer on the AIFTA, written by U-ACT, at this link: <http://www.uactphilippines.org/images/stories/uact/publications/pdf/asean-india%20fta.pdf>.



# 2

## Brunei Darussalam

---

## 2.1 Country Profile

Brunei Darussalam, which has a population of just 400,000, has the second highest per capita GDP in Southeast Asia, after Singapore. The country is a major producer of oil and gas; indeed, the petroleum sector accounts for 60 per cent of Brunei's total economic output and 90 per cent of all exports (Central Intelligence Agency [CIA], 2013). However, the government is looking to diversify the economy because the country's oil and gas reserves have started to dwindle. New sectors that the government is trying to promote include financial services and high-value tourism. Brunei suffered during the Asian financial crisis in 1997 and 1998, but the economy has since gotten back on track. GDP growth is expected to average more than 5 per cent per year over the next five years, according to the International Monetary Fund (British Broadcasting Corporation, 2013).

Since it gained its independence from Britain in 1984, Brunei has actively pursued economic integration with partners in Southeast Asia and around the world. Brunei relies heavily on imports, especially for foods such as rice, sugar and milk, which are subsidized by the government (Brunei Economic Development Board, 2013).

A founding member of ASEAN, Brunei is a party to all of the bloc's FTAs. Brunei has also signed a bilateral FTA with Japan and the country is one of the four members of the Trans-Pacific Strategic Economic Partnership Agreement, alongside Chile, New Zealand and Singapore. Brunei is also one of about a dozen countries currently involved in negotiations toward a TPP, which would create one of the world's largest free trade areas (Ministry of Foreign Affairs and Trade, 2013).

### **ROLE OF SMES**

SMEs play a critical role in the Bruneian economy. As of 2008, 50 per cent of all businesses in Brunei were micro-enterprises (with one to five employees); 46 per cent were small enterprises (six to 50 employees); and 2.5 per cent were medium-sized (51-100 employees). Large enterprises—those with more than 100 employees—accounted for just 1.5 per cent of all companies in the country (Bakar, 2008).

## 2.2 General Information for Exporters

The information in this section is adapted from instructions laid out on the website of the Royal Customs and Excise Department (RCED): <http://www.mof.gov.bn/English/RCE/Pages/default.aspx>.

### **CUSTOMS DECLARATION**

All exported goods must be declared to RCED. The customs declaration may be made by the exporter himself or by a representative agent; however, whoever makes the declaration must be registered with RCED. To register, you must complete an application form, which is available at the Customer Services Unit of RCED Headquarters, Jalan Menteri Besar. Once received, the application will be entered into RCED's database.

When it comes time to make a customs declaration, exporters (or their agents) are required to include the following information: the type of goods to be exported, the number of packages, and the product's value, weight, quantity and country of origin. The customs declaration form must be submitted in triplicate along with the following supporting documents:

- Invoice or purchase bill
- Freight and insurance payment slips
- Delivery order or air waybill
- Packing list

## LICENCE OR PERMIT

Before a product can be exported, the exporter must apply for and obtain an export license or permit from the government department or agency that is responsible for the commodity in question. Below is an abbreviated list of various government agencies and the commodities for which they are responsible. A more thorough list is available on the RCED website: <http://www.mof.gov.bn/English/RCE/CustomsMatters/CustomsProcedures/Permit/Pages/default.aspx>.

**Table 1: Commodities and their associated agencies**

Type of Commodity	Government Agency	Contact information
Plants, crops, live animals, fruit, vegetables, eggs	Agriculture Department	+673 238 0144; info@agriculture.gov.bn
Fish, prawns, shells, water organisms, fishing equipment	Fisheries Department	+673 238 2068; info@fisheries.gov.bn
Timber and products thereof	Forestry Department	+673 238 1013; info@forestry.gov.bn
Rice, sugar, salt	Information Technology and State Store Department	+673 238 2822; info@itss.gov.bn
Historical antiques made or found in Brunei	Museums Department	+673 224 4545; info@museums.gov.bn

## LEGAL POINTS OF EXPORT

Exports must leave the country at one of the ports or landing places that have been approved by the Controller of Customs. These places include:

By Air:

Brunei Darussalam International Airport

By Sea:

Muara Port

Serasa Ferry Terminal

Putat Control Post

Belait Wharf

By Land:

Sungai Tujoh Control Post

Kuala Lurah Control Post

Puni Control Post

Labu Control Post

## RELEVANT AUTHORITIES DEALING WITH EXPORTS

RCED, a branch of Brunei's Ministry of Finance, is responsible for managing all of Brunei's import and export flows. Other branches of government that are involved in trade include the commodity-specific government agencies that are described in the table above. The Brunei Economic Development Board (BEDB), which sits within the Prime Minister's office, also provides key support to exporters.



## 2.3 Facilities Enabling Export for SMEs

The government has recently introduced several measures to support SMEs, which play a key role in the latest national economic development plan. Specifically, the government hopes that SMEs can help Brunei diversify its economy and reduce its reliance on the petroleum sector (Brunei Times, 2013). Examples of some of the government's pro-SME programs include:

- The Micro-Enterprise Development Initiative
- The Internationalization and Commercialization Support Initiative
- The Local Enterprise Applications & Products Programme

For details on these and other SME support programs, visit the BEDB website: [http://www.bedb.com.bn/bisop\\_devlocalbusiness.html](http://www.bedb.com.bn/bisop_devlocalbusiness.html)

The BEDB has also compiled a list of all of the financing schemes that the government currently offers Brunei SMEs. These include grants, subsidies, loans, investment fund schemes and other initiatives. The financial programs aim to support SMEs at all stages of their business—from getting started to moving their business overseas. For more information about BEDB's assistance schemes for SMEs, visit: [http://www.bedb.com.bn/documents/sme/BEDB.SME.Guide.Book\(2012\).pdf](http://www.bedb.com.bn/documents/sme/BEDB.SME.Guide.Book(2012).pdf).

## 2.4 Overview of ASEAN FTAs

### ASEAN TRADE IN GOODS AGREEMENT (ATIGA)

#### **Overview**

The ATiGA entered into force in May 2010. With its wide-ranging tariff cuts on goods produced within the ASEAN region, the ATiGA presents significant opportunities for exporters. From the perspective of businesses in Brunei, the agreement opens up trade with two of Brunei's most important economic partners: Singapore and Malaysia.

#### **Required Documentation**

To benefit from the preferential treatment offered under the ATiGA, exporters must prove that their products officially "originate" from within the ASEAN free trade area. The guidelines on determining a product's origin are laid out in Chapter 3 of the ATiGA.<sup>2</sup> If you determine that your product qualifies, then you must complete **Form D** (ATiGA) and submit that to the customs authorities along with the rest of your export documentation.

### ASEAN-CHINA FREE TRADE AGREEMENT (ACFTA)

#### **Overview**

The ACFTA is the world's largest FTA in terms of population and the third largest in terms of GDP. Under the Trade in Goods Agreement of the ACFTA, the average tariff level on ASEAN-China trade has already declined to 4.5 per cent, nearly half the rate before the agreement was signed. The agreement provides significant opportunities for firms in Brunei, as China is ASEAN's most important trading partner. Currently, Chinese exports to Brunei are significantly greater than Bruneian exports to China. However, the ACFTA could make it significantly easier for Bruneian firms to find Chinese buyers for their goods.

#### **Required Documentation**

To benefit from the preferential treatment offered under the ACFTA, exporters must prove that their products officially "originate" from within the ASEAN-China free trade area. The guidelines on determining a product's origin are laid out in Annex 3 of the ACFTA (which is available here: [http://www.dti.gov.ph/uploads/DownloadableForms/\(BITR\)ACFTAroo\\_20Oct10.pdf](http://www.dti.gov.ph/uploads/DownloadableForms/(BITR)ACFTAroo_20Oct10.pdf).) If you determine that

---

<sup>2</sup> The full text of the ATiGA is available here: <http://www.thaifta.com/thaifta/Portals/0/atiga.pdf>.

your product qualifies, then you must complete **Form E** (ASEAN-China) and submit that to the customs authorities along with the rest of your export documentation.

## **ASEAN-JAPAN COMPREHENSIVE ECONOMIC PARTNERSHIP (AJCEP)**

### **Overview**

Under the terms of the AJCEP, which entered into force in 2008, Japan will eliminate its tariffs on 93 per cent of imports from all ASEAN countries, including Brunei, by 2018. In return, Brunei will eliminate its tariffs on roughly 91 per cent of Japanese exports by the same date (Japan Customs, 2013). The AJCEP offers significant opportunities for exporters in Brunei, as Japan is the single biggest destination for Bruneian exports (CIA, 2013). The agreement builds on Brunei's bilateral FTA with Japan, offering broader and deeper trade liberalization for exporters in both countries.

### **Required Documentation**

To benefit from the preferential treatment offered under the the AJCEP, exporters must prove that their products officially "originate" from within the ASEAN-Japan free trade area. The guidelines on determining a product's origin are laid out in Chapter 3 of the AJECP.<sup>3</sup> If you determine that your product qualifies, then you must complete **Form AJ** (ASEAN-Japan) and submit that to the customs authorities along with your other documentation.

## **ASEAN-KOREA FREE TRADE AGREEMENT (AKFTA)**

### **Overview**

Korea is the second biggest importer of Bruneian exports after Japan, so the AKFTA, which was signed in 2005, presents significant opportunities for Brunei's businesses. Under the terms of the deal, products are categorized as either "normal track" or "sensitive track." Korea and all ASEAN-6 countries, including Brunei, were due to liberalize tariffs on all of its "normal track" goods by January 1, 2010.

### **Required Documentation**

To benefit from the preferential treatment offered under the AKFTA, exporters must prove that their products officially "originate" from within the ASEAN-Korea free trade area. The guidelines on determining a product's origin are laid out in Annex 3 of the AKFTA<sup>4</sup> and the rules of origin are available here: <http://akfta.asean.org/uploads/docs/akfta-rules-of-origin.pdf>. If you determine that your product qualifies, then you must complete **Form AK** (ASEAN-Korea) and submit that to the customs authorities along with the rest of your export documentation.

For further guidance, you can use the "Tariff Finder" function on the AKFTA website: <http://akfta.asean.org>.

## **ASEAN-AUSTRALIA-NEW ZEALAND FREE TRADE AGREEMENT (AANZFTA)**

### **Overview**

The AANZAFTA, which entered into force on January 1, 2010, offers significant opportunities for Bruneian exporters. Both Australia and New Zealand (ANZ) have committed to completely eliminating all of their tariffs on imports from ASEAN, including Brunei, by 2020. In return, Brunei will eliminate tariffs on 90 per cent of ANZ exports by the same year. In 2012 roughly 16 per cent of all Bruneian exports went to Australia and New Zealand (CIA, 2013).

### **Required Documentation**

To benefit from the preferential treatment offered under the AANZFTA, exporters must prove that their products officially "originate" from within the ASEAN-Australia-New Zealand free trade area. The guidelines on determining a product's origin are laid out in Chapter 3 of the AANZFTA.<sup>5</sup> If you determine that your product qualifies, then you must complete **Form AANZ** (ASEAN-Australia-New Zealand) and submit that to the customs authorities along with the rest of your export documentation.

---

<sup>3</sup> The full text of the AJCEP is available here: <http://www.mofa.go.jp/policy/economy/fta/asean/agreement.html>.

<sup>4</sup> The full text of the agreement is available here: <http://akfta.asean.org/index.php?page=asean-korea-trade-in-goods-agreement>.

<sup>5</sup> You can find full Rules of Origin here: <http://asean.fta.govt.nz/chapter-3-rules-of-origin>.

## **ASEAN-INDIA FREE TRADE AGREEMENT (AIFTA)**

### **Overview**

The AIFTA, which took effect on January 1, 2010, opens up a significant new market for exporters in Brunei, as India is currently the fourth largest destination for Bruneian exports. India and the ASEAN-5 countries (Brunei, Indonesia, Malaysia, Singapore and Thailand) are due to completely eliminate their tariffs on “Normal Track 1” (NT1) goods by 2014 and on “Normal Track 2” (NT2) goods by 2017.

### **Required Documentation**

To benefit from the preferential treatment offered under the AIFTA, exporters must prove that their products officially “originate” from within the ASEAN-India free trade area. The guidelines on determining a product’s origin are laid out in Annex 2 of the AIFTA.<sup>6</sup> If you determine that your product qualifies, then you must complete **Form AI** (ASEAN-India) and submit that to the customs authorities along with the rest of your export documentation.

---

<sup>6</sup> The full text of the agreement is available here: <http://commerce.gov.in/trade/ASEAN-India%20Trade%20in%20Goods%20Agreement.pdf>.



# 3

## Cambodia

---

## 3.1 Country Profile

Cambodia, a country of roughly 14 million people, is one of the smaller economies of Southeast Asia. The Cambodian economy is growing quickly—GDP is expected to expand by 7.2 per cent in 2013 and 7.5 per cent in 2014 (Asian Development Bank, 2013)—and incomes have been rising. Moreover, oil and gas have recently been found off the Cambodian coast, bringing the possibility of significant new revenue flows in the years ahead. Mining is another industry that has the potential to expand (CIA, 2013).

Currently, the Cambodian economy remains grounded in clothing and textiles, which account for roughly 70 per cent of the country's total exports. Other major industries include construction, agriculture and tourism, which has been growing rapidly over the last decade (Ministry of Tourism of Cambodia, 2012). And although economic growth has been strong recently, Cambodia continues to struggle with high levels of domestic poverty. With a per capita income of just US\$946, Cambodia is one of the poorest members of ASEAN; roughly 4 million people—more than a quarter of the country's total population—live on less than US\$1.25 per day (World Bank, 2013).

In the 1970s, under the Khmer Rouge, the Cambodian economy remained relatively closed. Today, however, the country enjoys an open, market-based economy, and the government is actively pursuing economic integration at the regional and multilateral levels. Its major trading partners include the United States, China, Hong Kong, Thailand and Singapore (United Nations Data, 2013). The country joined ASEAN in 1999 and became a member of the World Trade Organization in 2004.

### **ROLE OF SMES**

SMEs play a crucial role in the Cambodian economy. SMEs are responsible for roughly 45 per cent of all employment in the country. SMEs—which are defined in Cambodia as businesses with up to 100 employees—account for some 99 per cent of all firms in the country. Given the important role that SMEs play in the Cambodian economy, the government is working to promote their development as a means to further expand the Cambodian economy.

Manufacturers of food, beverages and tobacco products represent the largest number of Cambodian SMEs. Most of these enterprises operate within the informal sector, which means that they have limited access to finance. In a study conducted in 2010, less than half of the 504 Cambodian SMEs that were surveyed reported that they had an active bank account (International Finance Corporation, 2010). As a result, SME owners most likely rely on their own personal savings to start and maintain their businesses.

## 3.2 General Information for Exporters

The General Department of Customs and Excise (GDCE), which operates under the Ministry of Economy and Finance, is responsible for enforcing Cambodia's customs laws. The following information has been adapted from guidelines that are available on the department's website (<http://www.customs.gov.kh>).

### **DOCUMENTATION AND OTHER REQUIREMENTS**

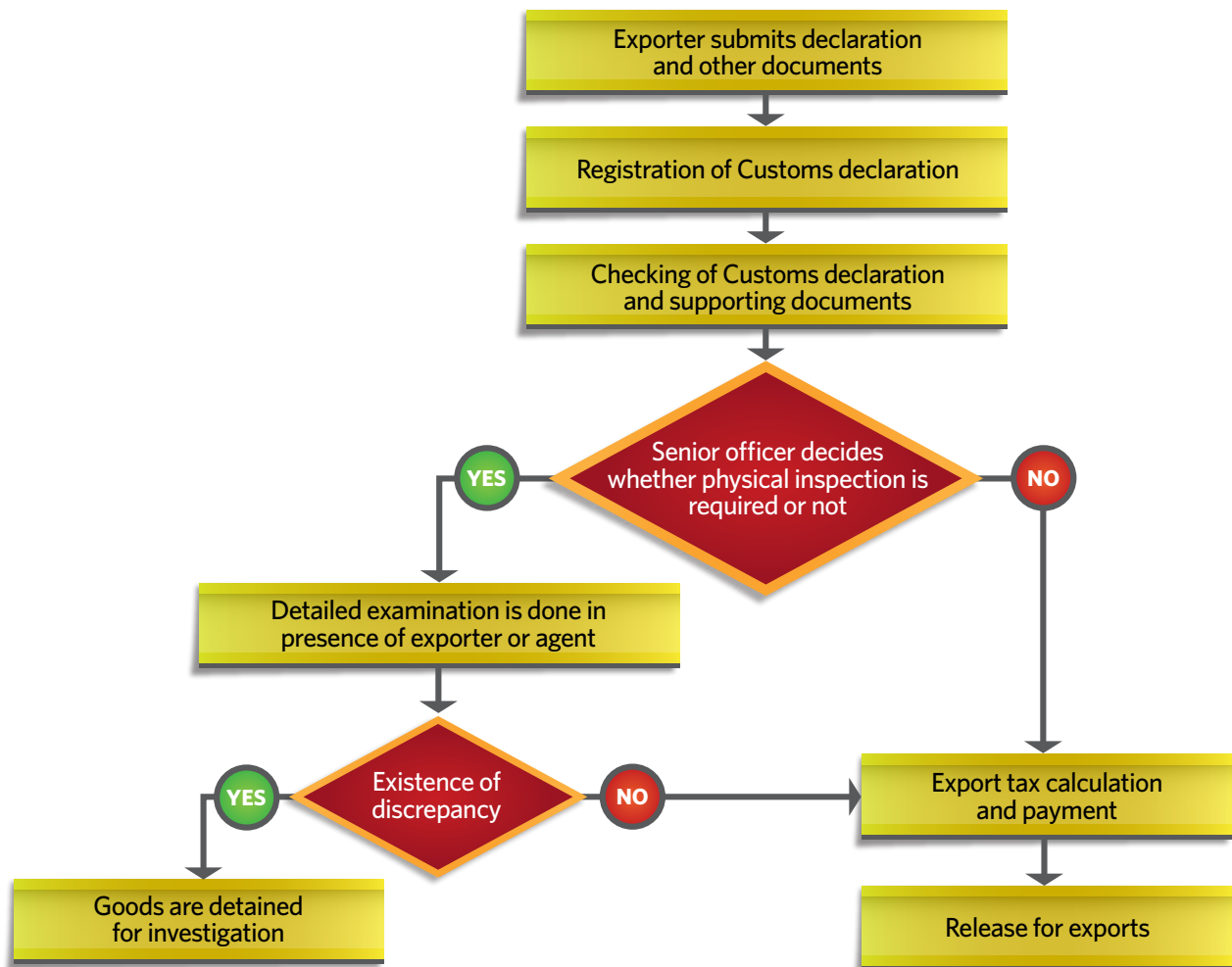
In 2006 the Cambodian government, with the support of the World Bank and the United Nations Conference on Trade and Development, began to introduce the new Automated System for Customs Data. This computerized system, which has been introduced in a number of countries around the world, is meant to streamline the processing of exports and imports. Under Automated System for Customs Data, exporters now have to complete just a single export declaration to start the export process (GDCE, 2012).

All export declarations have to be made in triplicate and submitted to the Customs Office, accompanied by the following documents: a customs declaration, a commercial invoice, a packing list, an export license (if applicable) and a certificate of origin (if applicable, although all exports sent under one of

ASEAN's FTAs will require a one). Other documents may be required, depending on the product being exported and its destination.

Most exports leave Cambodia duty-free; however, there are a handful of exceptions. Natural rubber, uncut precious stones, processed wood, fish, crustaceans and mollusks are all subject to export taxes. Before they leave the port, all exports must be examined by the General Department of Customs and Excise. This may be a spot check or a more thorough detailed check. Goods are released for export as soon as the documents have been approved, the export tax (if any) has been paid and the cargo examination has been completed. For more information, visit the GDCE's website: <http://www.customs.gov.kh>.

**Figure 2.** Process for exporting goods from Cambodia



Source: <http://www.cambodiainvestment.gov.kh/investors-information/trade-and-custom.html>

### 3.3 Facilities Enabling Export for SMEs

The Cambodian Export Promotion Agency (CEPA) works with Cambodian exporters to help them navigate the export process and find markets for their products. CEPA is a branch of the Cambodian Trade Promotion Department. For more information about CEPA, visit the Trade Promotion Department website: [http://www.tpd.gov.kh/introduction\\_to\\_epd.php](http://www.tpd.gov.kh/introduction_to_epd.php). You can also visit their headquarters in Phnom Penh:

Trade Promotion Department  
Ministry of Commerce  
#65-69, Street 136, Phsar Kandal II, Daun Penh  
Phnom Penh, Kingdom of Cambodia  
Phone: +(855) 23 216 948 / 217353  
Fax: +(855) 23 211 745  
E-mail: [info@tpd.gov.kh](mailto:info@tpd.gov.kh)

#### **SPECIAL ECONOMIC ZONES (SEZS)**

Since 2005 the Cambodian government has established 22 SEZs at various locations around the country (Council for the Development of Cambodia, 2013). These SEZs are subject to special economic rules that are meant to promote investment and economic growth. Many have government officials based on site who have been specially trained to help firms navigate the import and export process. SEZs also benefit from special tax breaks and streamlined customs processes. More information about Cambodia's SEZs, including a list of all 22 sites, is available on the website of the Cambodian Investment Board: <http://www.cambodiainvestment.gov.kh/list-of-sez.html>.

#### **EXPORT-IMPORT BANK**

In 2009, the government announced that it was considering the creation of a national export-import bank, which would offer support to Cambodian exporters (Phnom Phen Post, 2009). However, at time of writing this had yet to become a reality.

#### **PRIVATE LENDING INSTITUTIONS**

Although the banking sector in Cambodia is not yet fully able to cater to all of the needs of SMEs, some progress is being made on that front. For a list of banks and micro-finance institutions that are operating in Cambodia, visit: <http://mpsinfo.wordpress.com/2011/10/26/banks-and-mfis-in-cambodia/>.

### 3.4 Overview of ASEAN FTAs

#### **ASEAN TRADE IN GOODS AGREEMENT (ATIGA)**

##### **Overview**

The ATiGA entered into force in May 2010. With its wide-ranging tariff cuts on goods produced within the ASEAN region, the ATiGA presents significant opportunities for exporters. From the perspective of Cambodian businesses, the agreement opens up trade with two major importers of Cambodian products: Singapore and Vietnam.

##### **Required Documentation**

To benefit from the preferential treatment offered under the ATiGA, exporters must prove that their products officially "originate" from within the ASEAN free trade area. The guidelines on determining a product's origin are laid out in Chapter 3 of the ATiGA.<sup>7</sup> If you determine that your product qualifies,

---

<sup>7</sup> The full text of the ATiGA is available here: <http://www.thaifta.com/thaifta/Portals/0/atiga.pdf>.

then you must complete **Form D** (ATIGA) and submit that to the customs authorities along with the rest of your export documentation.

## **ASEAN-CHINA FREE TRADE AGREEMENT (ACFTA)**

### **Overview**

The ACFTA is the world's largest FTA in terms of population and the third largest in terms of GDP. Under the Trade in Goods Agreement of the ACFTA, the average tariff level on ASEAN-China trade has already declined to 4.5 per cent, nearly half the rate before the agreement was signed. China and the ASEAN-6 countries have already eliminated tariffs on 90 per cent of the ACFTA imports; Cambodia, Lao PDR, Myanmar and Vietnam have been allowed until 2015 to achieve the same goal.

### **Required Documentation**

To benefit from the preferential treatment offered under the ACFTA, exporters must prove that their products officially "originate" from within the ASEAN-China free trade area. The guidelines on determining a product's origin are laid out in Annex 3 of the ACFTA (which is available here: [http://www.dti.gov.ph/uploads/DownloadableForms/\(BITR\)ACFTAroo\\_20Oct10.pdf](http://www.dti.gov.ph/uploads/DownloadableForms/(BITR)ACFTAroo_20Oct10.pdf)). If you determine that your product qualifies, then you must complete **Form E** (ASEAN-China) and submit that to the customs authorities along with the rest of your export documentation.

## **ASEAN-JAPAN COMPREHENSIVE ECONOMIC PARTNERSHIP (AJCEP)**

### **Overview**

The AJCEP entered into force in 2008, but Cambodia began to implement the agreement on December 1, 2009. Under the terms of the agreement, Japan will eliminate its tariffs on 93 per cent of exports from ASEAN member states, including Cambodia, by 2018. Cambodia will also eliminate its tariffs on at least 90 per cent of Japanese exports, but it will have until 2023 to do so. The AJCEP offers significant opportunities for Cambodian exporters, as Japan is currently the biggest importer of Cambodian goods in Asia (apart from the other ASEAN countries.)

### **Required Documentation**

To benefit from the preferential treatment offered under the AJCEP, exporters must prove that their products officially "originate" from within the ASEAN-Japan free trade area. The guidelines on determining a product's origin are laid out in Chapter 3 of the AJCEP.<sup>8</sup> If you determine that your product qualifies, then you must complete **Form AJ** (ASEAN-Japan) and submit that to the customs authorities along with your other documentation.

## **ASEAN-KOREA FREE TRADE AGREEMENT (AKFTA)**

### **Overview**

The AKFTA was signed in 2006. Under the terms of the deal, products are categorized as either "normal track" or "sensitive track." Korea was due to liberalize tariffs on all of its "normal track" goods by January 1, 2010; Cambodia, Lao PDR and Myanmar were granted flexibility until 2018 to achieve the same goal.

### **Required Documentation**

To benefit from the preferential treatment offered under the AKFTA, exporters must prove that their products officially "originate" from within the ASEAN-Korea free trade area. The guidelines on determining a product's origin are laid out in Annex 3 of the AKFTA.<sup>9</sup> If you determine that your product qualifies, then you must complete **Form AK** (ASEAN-Korea) and submit that to the customs authorities along with the rest of your export documentation.

For further guidance, you can use the "Tariff Finder" function on the AKFTA website: <http://akfta.asean.org>.

---

<sup>8</sup> The full text of the AJCEP is available here: <http://www.mofa.go.jp/policy/economy/fta/asean/agreement.html>.

<sup>9</sup> The full text of the agreement is available here: <http://akfta.asean.org/index.php?page=asean-korea-trade-in-goods-agreement>.



## **ASEAN-AUSTRALIA-NEW ZEALAND FREE TRADE AGREEMENT (AANZFTA)**

### **Overview**

The AANZFTA, which entered into force on January 1, 2010, offers significant opportunities for Cambodian exporters. Both Australia and New Zealand have committed to completely eliminating all of their tariffs on imports from ASEAN, including Cambodia, by 2020. Cambodia will eliminate its tariffs on 85 per cent of its ANZ imports by 2024. For more information on Cambodia's obligations under the AANZFTA, visit: <http://www.cambodiainvestment.gov.kh/investors-information/trade-and-custom.html>.

### **Required Documentation**

To benefit from the preferential treatment offered under the AANZFTA, exporters must prove that their products officially "originate" from within the ASEAN-Australia-New Zealand free trade area. The guidelines on determining a product's origin are laid out in Chapter 3 of the AANZFTA (which you can find here: <http://asean.fta.govt.nz/chapter-3-rules-of-origin/>). If you determine that your product qualifies, then you must complete **Form AANZ** (ASEAN-Australia-New Zealand) and submit that to the customs authorities along with the rest of your export documentation.

## **ASEAN-INDIA FREE TRADE AGREEMENT (AIFTA)**

### **Overview**

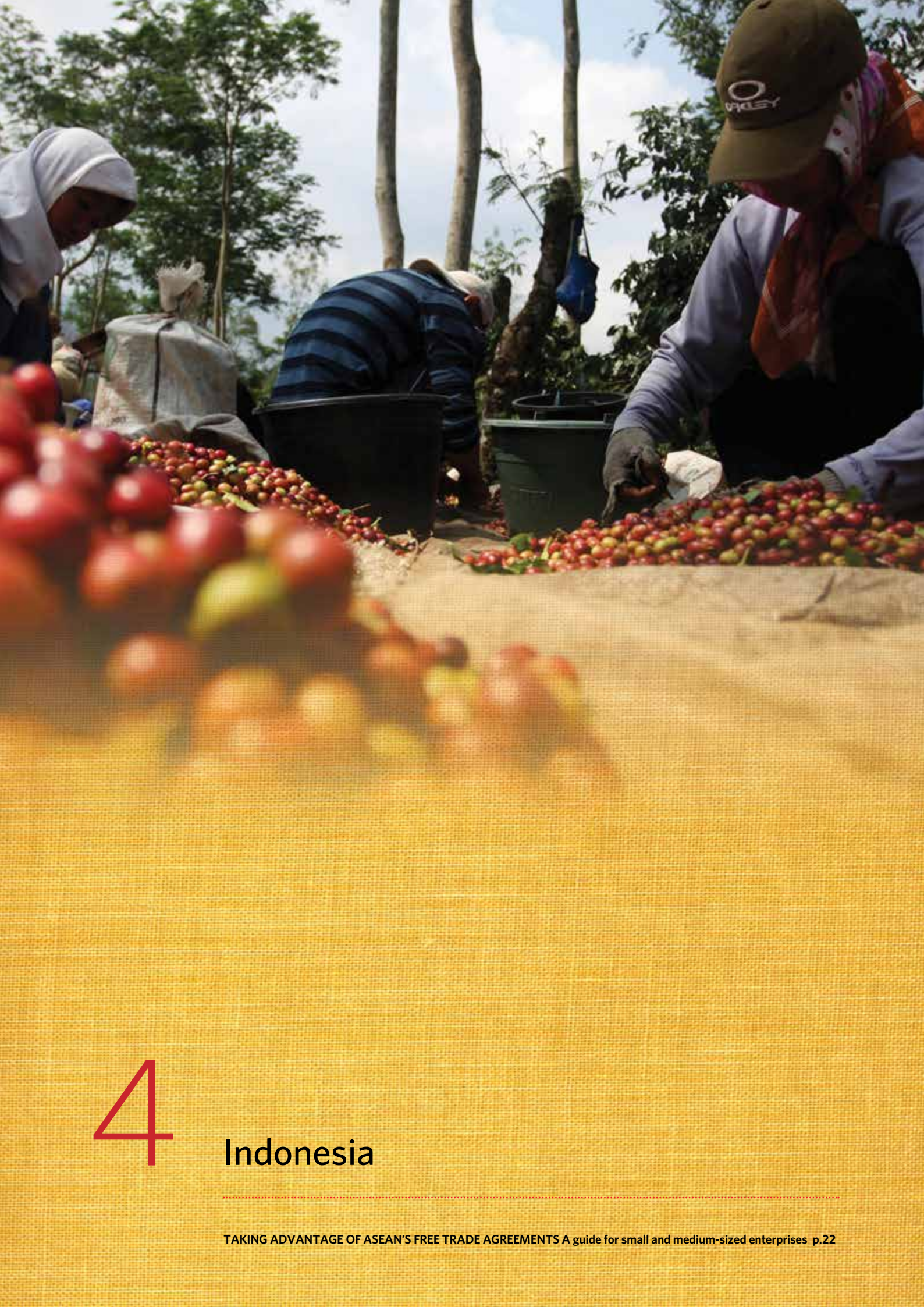
The AIFTA, which took effect on January 1, 2010, also provides significant opportunities for Cambodian exporters. India and the ASEAN-5 countries are due to completely eliminate their tariffs on NT1 goods by 2014 and on NT2 goods by 2017. Cambodia, however, has been granted additional time to liberalize its tariffs on Indian imports; the country must liberalize its NT1 goods by December 31, 2018 and its NT2 goods by the end of 2021.

### **Required Documentation**

To benefit from the preferential treatment offered under the AIFTA, exporters must prove that their products officially "originate" from within the ASEAN-India free trade area. The guidelines on determining a product's origin are laid out in Annex 2 of the AIFTA.<sup>10</sup> If you determine that your product qualifies, then you must complete **Form AI** (ASEAN-India) and submit that to the customs authorities along with the rest of your export documentation.

---

<sup>10</sup>The full text of the agreement is available here: <http://commerce.gov.in/trade/ASEAN-India%20Trade%20in%20Goods%20Agreement.pdf>.



# 4

## Indonesia

---

## 4.1 Country Profile

Indonesia's economy, the biggest in Southeast Asia, is growing strongly, despite a recent dip in exports. The industrial sector accounts for nearly half (47 per cent) of the Indonesian economy, followed by services, which comprise 39 per cent. The country's biggest exports are oil and gas, electrical appliances, plywood, textiles and rubber (CIA, 2013).

The country fared relatively well during the recent global downturn, joining China and India as the only G20 nations to register economic growth in 2009. Much of that growth has been driven by strong domestic demand. But despite its strong economic performance, Indonesia continues to face significant challenges in the form of poverty, inadequate infrastructure, corruption and a complex regulatory environment. President Susilo Bambang Yudhoyono has introduced significant financial reforms since he was elected in 2004. These include changes to the tax and customs systems (CIA, 2013).

Indonesia has actively worked to strengthen its economic ties with countries in Southeast Asia and beyond. Indonesia signed an FTA with Japan in 2007 and the country has begun bilateral trade negotiations with Chile, South Korea, Taiwan and Australia. As a founding member of ASEAN, Indonesia is a party to all of the bloc's free trade agreements.

### **ROLE OF SMES**

Micro, small and medium-sized enterprises (MSMEs) are major players in the Indonesian economy, representing more than 99 per cent of all businesses in the country. MSMEs generate 57 per cent of Indonesia's total value added and account for 97 per cent of all employment. Indeed, MSMEs have been the main factor behind Indonesia's recent increase in employment levels. Micro enterprises dominate the agriculture sector, while small businesses are most common in the trade and hotel sectors. Medium-sized firms are less numerous (Mourougane, 2012).

Although MSMEs are plentiful, they are much less likely than larger firms to export their products overseas. In fact, MSMEs now account for less than 20 per cent of Indonesia's non-oil exports, a figure that has been declining since 2008. Part of the challenge for MSMEs lies in the fact that most of them operate in the informal sector, which means that they may struggle to access the finance they need to develop their businesses and find buyers overseas (Mourougane, 2012). For those MSMEs that do export, however, the most commonly exported goods include handicrafts, fashion and accessories, furniture, food and beverage, and health and beauty products (Commercial Cooperation of the Organization of the Islamic Conference, 2013).

## 4.2 General Information for Exporters

### **RELEVANT AUTHORITIES**

The Directorate General for Customs and Excise (DGCE), which sits within Indonesia's Ministry of Finance, is responsible for managing Indonesia's imports and exports. You can find information about the export process on their website: <http://www.beacukai.go.id>.

The Directorate General for National Export Development (DGNED), a branch of the Ministry of Trade, offers direct support for Indonesia's exporters, including the training programs described below. The DGNED also offers a substantial amount of practical information for exporters on its website, including step-by-step guides for navigating the export process. For more information, visit: [http://djpen.kemendag.go.id/app\\_frontend/links/7-export-guide](http://djpen.kemendag.go.id/app_frontend/links/7-export-guide).

## **DOCUMENTATION REQUIREMENTS**

All exporters must prepare an Export Declaration Form, which is known as a PEB (Pemberitahuan Ekspor Barang), and submit it to the DGCE. Along with the PEB, exporters must also submit a number of supporting documents, such as a commercial invoice, an air waybill or bill of lading, a packing list and an insurance letter. The PEB and supporting documents should be submitted no later than seven days before the goods are to be exported (Deloitte, 2012).

Certain commodities are subject to export duties. These include crude palm oil, rattan, wood, leather and ore minerals, among other goods. The amount of the duty depends on the product's Harmonized System code, but it will never be more than 60 per cent of the product's export price (Deloitte, 2012).

## **INDONESIA NATIONAL SINGLE WINDOW**

To help streamline the export process, the Indonesian government has recently introduced an online portal called the Indonesia National Single Window, which serves as a one-stop shop for businesses looking to complete the paperwork required for exports. For more information, or to begin an application, visit: <http://www.insw.go.id/website/index.jsp>.

For more information about customs and excise procedures, you can contact the Information Centre of the DGCE:

Phone: 021 489 0308 ext 821/822

Email: [humaskpdjbc@customs.go.id](mailto:humaskpdjbc@customs.go.id)

## **4.3 Facilities Enabling Export for SMEs**

### **KREDIT USAHA RAKYAT**

Aware of the crucial role that SMEs play in the Indonesian economy, the government has published a policy package that aims to empower smaller firms by offering them credit guarantees through an initiative called Kredit Usaha Rakyat. The banks participating in this program include Bank Rakyat Indonesia, Bank Negara Indonesia, Bank Tabungan Negara, Bank Mandiri, Bank Syariah Mandiri and Bank Bukopin. The Kredit Usaha Rakyat program is tailored to MSMEs in sectors such as agriculture, fishery, industry, forestry and financial services, among others.

To apply for Kredit Usaha Rakyat, MSMEs can directly approach any of the branch offices of the participating banks. For more information, visit: <http://komite-kur.com/index.asp>

### **INDONESIAN SME SERVICE CENTRE**

To further support Indonesia's small firms, the government has set up an SME Service Centre, which provides businesses with information on topics such as access to finance, human resources, marketing and intellectual property rights. The centre's aim is to increase the competitiveness and dynamism of Indonesia's SMEs. For more information, visit the Service Centre's website: <http://servicecenter.indonesiansme.com>. The centre is located at:

Kementerian Koperasi Dan Ukm

Deputi Bidang Pengkajian Sumberdaya UKMK

Jl. MT. Haryono Kav. 52-53, Jakarta Selatan

Phone: +62 (0) 21 798 8045; e-mail: [webadmin@smecda.com](mailto:webadmin@smecda.com)

## EXPORT TRAINING

The DGNED offers training programs for exporters at its International Export Training Centre in Jakarta. The programs, which range in length from one day to two months, are meant to improve the knowledge, skills and competitiveness of Indonesia's exporters. The International Export Training Centre has trained more than 45,000 participants since it was established in 1990.

DGNED also offers training programs at its Regional Export Training and Promotion Centers in Surabaya (East Java), Medan (North Sumatra), Makassar (South Sulawesi), Banjarmasin (South Kalimantan) and Mataram (West Nusa Tenggara). The main International Export Training Centre office can be found at:

Jalan Letjen S. Parman 112, Grogol  
West Jakarta, Indonesia  
Phone: +62 (0) 21 567 4220 / 566 3309  
Fax: +62 (0) 21 566 6732 / 566 6729  
Email: [ietc@ppe.go.id](mailto:ietc@ppe.go.id)

For more information, visit the DGNED website: <http://djpen.kemendag.go.id/contents/45-export-training>.

## 4.4 Overview of ASEAN FTAs

### ASEAN TRADE IN GOODS AGREEMENT (ATIGA)

#### **Overview**

The ATiGA entered into force in May 2010. With its wide-ranging tariff cuts on goods produced within the ASEAN region, the ATiGA presents significant opportunities for exporters. From the perspective of businesses in Indonesia, the agreement opens up trade with three of Indonesia's major economic partners: Singapore, Malaysia and Thailand.

#### **Required Documentation**

To benefit from the preferential treatment offered under the ATiGA, exporters must prove that their products officially "originate" from within the ASEAN free trade area. The guidelines on determining a product's origin are laid out in Chapter 3 of the ATiGA.<sup>11</sup> If you determine that your product qualifies, then you must complete **Form D** (ATiGA) and submit that to the customs authorities along with the rest of your export documentation.

### ASEAN-CHINA FREE TRADE AGREEMENT (ACFTA)

#### **Overview**

The ACFTA is the world's largest FTA in terms of population and the third largest in terms of GDP. Under the Trade in Goods Agreement of the ACFTA, the average tariff level on ASEAN-China trade has already declined to 4.5 per cent, nearly half the rate before the agreement was signed. The agreement provides significant opportunities for firms in Indonesia, as China is the second-biggest destination for Indonesian exports. Indeed, Chinese imports of Indonesian goods have already more than doubled since the ACFTA took full effect in January 2010 (People's Daily, 2010).

#### **Required Documentation**

To benefit from the preferential treatment offered under the ACFTA, exporters must prove that their products officially "originate" from within the ASEAN-China free trade area. The guidelines on determining a product's origin are laid out in Annex 3 of the ACFTA (which is available here: [http://www.dti.gov.ph/uploads/DownloadableForms/\(BITR\)ACFTAroo\\_20Oct10.pdf](http://www.dti.gov.ph/uploads/DownloadableForms/(BITR)ACFTAroo_20Oct10.pdf).) If you determine that

---

<sup>11</sup> The full text of the ATiGA is available here: <http://www.thaifta.com/thaifta/Portals/0/atiga.pdf>.

your product qualifies, then you must complete **Form E** (ASEAN-China) and submit that to the customs authorities along with the rest of your export documentation.

## **ASEAN-JAPAN COMPREHENSIVE ECONOMIC PARTNERSHIP (AJCEP)**

### **Overview**

Under the terms of the AJCEP, which entered into force in 2008, Japan will eliminate its tariffs on 93 per cent of all exports from ASEAN, including Indonesia, by 2018. In return, Indonesia will eliminate its tariffs on at least 90 per cent of Japanese exports by the same date. The AJCEP offers significant opportunities for exporters in Indonesia, as Japan is the single biggest destination for Indonesian exports (CIA, 2013). The agreement builds on Indonesia's bilateral FTA with Japan, which took effect in July 2008, offering broader and deeper trade liberalization for exporters in both countries.

### **Required Documentation**

To benefit from the preferential treatment offered under the AJCEP, exporters must prove that their products officially "originate" from within the ASEAN-Japan free trade area. The guidelines on determining a product's origin are laid out in Chapter 3 of the AJCEP.<sup>12</sup> If you determine that your product qualifies, then you must complete **Form AJ** (ASEAN-Japan) and submit that to the customs authorities along with your other documentation.

## **ASEAN-KOREA FREE TRADE AGREEMENT (AKFTA)**

### **Overview**

Korea is the fourth biggest importer of Indonesian exports—after Japan, China and Singapore—so the AKFTA, which was signed in 2005, presents significant opportunities for Indonesian businesses. Under the terms of the deal, products are categorized as either "normal track" or "sensitive track." Korea and all ASEAN-6 countries, including Indonesia, were due to liberalize tariffs on all of its "normal track" goods by January 1, 2010.

### **Required Documentation**

To benefit from the preferential treatment offered under the AKFTA, exporters must prove that their products officially "originate" from within the ASEAN-Korea free trade area. The guidelines on determining a product's origin are laid out in Annex 3 of the AKFTA,<sup>13</sup> and the rules of origin are available here: <http://akfta.asean.org/uploads/docs/akfta-rules-of-origin.pdf>. If you determine that your product qualifies, then you must complete **Form AK** (ASEAN-Korea) and submit that to the customs authorities along with the rest of your export documentation.

For further guidance, you can use the "Tariff Finder" function on the AKFTA website: <http://akfta.asean.org>.

## **ASEAN-AUSTRALIA-NEW ZEALAND FREE TRADE AGREEMENT (AANZFTA)**

### **Overview**

The AANZFTA, which entered into force on January 1, 2010, offers significant opportunities for Indonesian exporters. Both Australia and New Zealand have committed to completely eliminating all of their tariffs on imports from ASEAN, including Indonesia, by 2020. In return, Indonesia will eliminate its tariffs on 93.2 per cent of ANZ exports by 2025.

### **Required Documentation**

To benefit from the preferential treatment offered under the AANZFTA, exporters must prove that their products officially "originate" from within the ASEAN-Australia-New Zealand free trade area. The guidelines on determining a product's origin are laid out in Chapter 3 of the AANZFTA (which you can find here: <http://asean.fta.govt.nz/chapter-3-rules-of-origin/>). If you determine that your product qualifies, then you must complete **Form AANZ** (ASEAN-Australia-New Zealand) and submit that to the customs authorities along with the rest of your export documentation.

---

<sup>12</sup> The full text of the AJCEP is available here: <http://www.mofa.go.jp/policy/economy/fta/asean/agreement.html>.

<sup>13</sup> The full text of the agreement is available here: <http://akfta.asean.org/index.php?page=asean-korea-trade-in-goods-agreement>

## **ASEAN-INDIA FREE TRADE AGREEMENT (AIFTA)**

### **Overview**

The AIFTA, which took effect on January 1, 2010, opens up a significant new market for exporters in Indonesia, although commerce between the two countries is already robust: bilateral trade is expected to hit US\$45 billion by 2015 (Hindu Business Line, 2013). India and the ASEAN-5 countries are due to completely eliminate their tariffs on NT1 goods by 2014 and on NT2 goods by 2017.

### **Required Documentation**

To benefit from the preferential treatment offered under the AIFTA, exporters must prove that their products officially “originate” from within the ASEAN-India free trade area. The guidelines on determining a product’s origin are laid out in Annex 2 of the AIFTA.<sup>14</sup> If you determine that your product qualifies, then you must complete **Form AI** (ASEAN-India) and submit that to the customs authorities along with the rest of your export documentation.

---

<sup>14</sup>The full text of the agreement is available here: <http://commerce.gov.in/trade/ASEAN-India%20Trade%20in%20Goods%20Agreement.pdf>.



# 5

## Lao People's Democratic Republic (Lao PDR)

---



## 5.1 Country Profile

Lao PDR has had a communist government since 1975, but the government has promoted private enterprise and loosened its controls on the economy since the mid-1980s. Today, the Laotian economy is strong and growing; it averaged more than 6 per cent growth per year between 1988 and 2008. In 2012 Lao PDR's GDP grew by an impressive 7.6 per cent. Economic growth is expected to remain strong in the years ahead, thanks to new investments in hydropower and mining, coupled with a boom in construction (Asian Development Bank, 2013).

Despite its recent growth, Lao PDR remains the smallest economy in the ASEAN region, with a total output (GDP) of roughly US\$8.3 billion. The national economy relies heavily on natural resources such as timber, mining and hydropower. However, most Laotians work in the agriculture sector, which accounts for roughly 75 per cent of all employment (CIA, 2013).

The Laotian government has announced that it hopes to move the country off of the UN's list of least-developed countries by 2020 (IRIN, 2012). This goal is feasible, but it will not come easily. Despite its solid economic growth, Lao PDR continues to face significant challenges, including poverty and inadequate infrastructure.

Over the last two decades, the Laotian government has actively pursued bilateral, regional and multilateral economic integration. The country joined ASEAN in 1997 and has signed bilateral trade agreements with the United States and the Philippines. In February 2013, after more than a decade of negotiations, Lao PDR became a member of the World Trade Organization. Today, the country's most important trading partners are Thailand, China and Vietnam.

### **ROLE OF SMES**

SMEs play a critical role in Lao PDR's economy. According to a survey conducted in 2004, Lao PDR was home to 722 medium-sized enterprises and more than 25,000 small enterprises. SMEs employ more than 60,000 people, which represents roughly 40 per cent of the country's total workforce. But despite their importance to the Laotian economy, SMEs face a number of challenges. A 2007 survey found that the main challenges facing SMEs are high taxes, high inflation rates, unstable exchange rates and a lack of access to financing. Many SMEs are also hindered by limited access to information and capacity building (Kyophilavong, 2008).

## 5.2 General Information for Exporters

### **RELEVANT AUTHORITIES**

The Customs Department, which sits within the Ministry of Industry and Commerce, is responsible for managing and regulating Lao PDR's international trade flows. The Department of Import and Export (DIMEX), a branch of the Ministry of Industry and Commerce, is also involved in trade, offering support to Lao PDR's importers and exporters. Within DIMEX, the Lao PDR Trade Portal provides a wealth of practical information for Laotian businesses that are looking to export their products overseas. The following information about the export process has been modified from explanations provided on the Lao PDR Trade Portal website (<http://www.laotradeportal.gov.la>).

### **PROHIBITED GOODS**

Before attempting to export goods from Lao PDR, you should ensure that they do not fall into the category of prohibited goods. Prohibited goods cannot be imported, exported, transited, sold or circulated in Lao PDR. The list of prohibited goods includes weapons, narcotics, psychotropic substances and hazardous chemical substances. A full list of goods prohibited for export is available here: <http://www.laotradeportal.gov.la/index.php?r=site/display&id=20#2>. If in doubt, you should seek advice from DIMEX.

## **EXPORT LICENSE**

To export certain types of products—including timber products and some minerals—you will need to obtain an export license from DIMEX. Depending on the product, the license can be either automatic or non-automatic. The rules about licensing are governed by Notification No. 0076, which is available here: <http://www.laotradeportal.gov.la/index.php?r=site/display&id=75>.

If a product is not subject to licensing or to any specific sanitary, phytosanitary or technical measures, you can proceed with the export process by submitting a declaration directly to the Customs Department.

## **CERTIFICATE OF ORIGIN**

When you export goods, the authorities in the importing country will normally require you to obtain a Certificate of Origin. Countries that have a preferential tariff with Lao or with ASEAN can obtain a Certificate of Origin from the Ministry of Industry and Commerce's Certificate of Origin Division (<http://www.moic.gov.la/Default.asp>). All other countries must get Certificates of Origin issued by the Lao National Chamber of Commerce (<http://www.laocci.com>).

## **SANITARY AND PHYTOSANITARY (SPS) REQUIREMENTS**

If the goods you intend to export are subject to SPS measures, you will have to comply with the special regulations that relate to those products. To find out which commodities are subject to SPS requirements, use the search engine on the Commodity Search page: <http://www.laotradeportal.gov.la/index.php?r=tradeInfo/index>.

Depending on what you are intending to export, you may need to get a permit from the Ministry of Agriculture and Forestry (<http://www.maf.gov.la>). Within the ministry, permits are issued by both the Livestock Department and the Plant Quarantine Department.

Lao PDR has established an SPS Enquiry Point to help exporters understand the various SPS requirements. You can contact the Enquiry Point if you have any questions regarding SPS requirements. For more information, visit: <http://www.laotradeportal.gov.la/index.php?r=site/display&id=103#Top>.

## **TECHNICAL REQUIREMENTS**

For certain types of products it may be necessary to obtain a permit that certifies that these products conform to certain technical standards. These regulations are administered by the Ministry of Science and Technology (<http://most.gov.la>). You can find out which commodities are subject to these requirements by using the search facilities on this website: <http://www.laotradeportal.gov.la/index.php?r=tradeInfo/index>.

Lao PDR has established a Technical Barrier to Trade (TBT) Enquiry Point as required to help exporters navigate technical requirements. You can contact the Enquiry Point if you have any questions regarding technical standards. For more information, please visit: <http://www.laotradeportal.gov.la/index.php?r=site/display&id=127#Top>.

## **EXPORT DECLARATION**

All goods exported from Lao PDR must be declared to the Department of Customs. You can make a declaration by submitting a completed and signed ASEAN Customs Declaration Document (available here: [http://laotradeportal.gov.la/index.php?r=SearchForms/view&id=9\\_](http://laotradeportal.gov.la/index.php?r=SearchForms/view&id=9_)) along with the following supporting documents:

- A commercial invoice or contract of sale document from the supplier of the goods
- Transport documents such as bill of lading or air waybill
- Packing list (if available)

- Certificate of Origin
- Any export licenses or permits obtained from other ministries depending on the type of goods you are exporting

Declarations can be submitted at your regional customs office. A list of all of the customs offices where you can submit a declaration is available here: [http://laocustoms.laopdr.net/regional\\_offices.htm](http://laocustoms.laopdr.net/regional_offices.htm).

You may engage a customs broker to carry out the export formalities on your behalf. For information on brokers, visit: <http://www.laotradeportal.gov.la/index.php?r=site/display&id=116>.

Once a declaration has been submitted and accepted by customs, you will be required to pay any applicable duties.

## **DUTY EXEMPTION FOR EXPORTS**

Many agricultural products, manufactured products and products derived from natural resources are exempt from export duties. To determine whether your export qualifies for an exemption, use the Commodity Search function here: <http://www.laotradeportal.gov.la/index.php?r=tradelInfo/index>. If in doubt, you should seek advice from the Department of Customs or from DIMEX (Ministry of Industry and Commerce).

## **5.3 Facilities Enabling Export for SMEs**

The SME Promotion and Development Office, which sits within the Ministry of Industry and Commerce, offers a wealth of useful information for SMEs. This includes explanations about how to start a business, how to export, how to finance your business and how to navigate government regulations. For more information, visit: <http://www.smepdo.org/resources/?lang=en>.

The SME Promotion and Development Office can be found at:

Small and Medium-Sized Enterprise Promotion and Development Office  
 Ministry of Industry and Commerce  
 P.O. Box 474  
 Nong Bone Rd, Xaysettha District, Ban Fai Area  
 Vientiane Capital  
 Lao PDR  
 Tel.: +856 21 414064, +856 21 263590  
 Fax: +856 21 263591  
 E-mail: [info@smepdo.org](mailto:info@smepdo.org)

The Lao National Chamber of Commerce and Industries offers support to Laotian businesses of all sizes. For more information, visit their website: <http://www.laocci.com>.

## **5.4 Overview of ASEAN FTAs**

### **ASEAN TRADE IN GOODS AGREEMENT (ATIGA)**

#### **Overview**

The ATiGA entered into force in May 2010. With its wide-ranging tariff cuts on goods produced within the ASEAN region, the ATiGA presents significant opportunities for exporters. From the perspective of Laotian businesses, the agreement opens up trade with two major importers of Laotian products: Thailand and Vietnam.

### **Required Documentation**

To benefit from the preferential treatment offered under the ATiGA, exporters must prove that their products officially “originate” from within the ASEAN free trade area. The guidelines on determining a product’s origin are laid out in Chapter 3 of the ATiGA.<sup>15</sup> If you determine that your product qualifies, then you must complete **Form D** (ATiGA) and submit that to the customs authorities along with the rest of your export documentation.

## **ASEAN-CHINA FREE TRADE AGREEMENT (ACFTA)**

### **Overview**

The ACFTA is the world’s largest FTA in terms of population and the third largest in terms of GDP. Under the Trade in Goods Agreement of the ACFTA, the average tariff level on ASEAN-China trade has already declined to 4.5 per cent, nearly half the rate before the agreement was signed. China and the ASEAN-6 countries have already eliminated tariffs on 90 per cent of ACFTA imports; Cambodia, Lao PDR, Myanmar and Vietnam have been allowed until 2015 to achieve the same goal.

The ACFTA presents significant opportunities in Lao PDR, which shares a border with China. Annual trade between the two countries has been increasing steadily in recent years, reaching a high of US\$1.7 billion in 2012. China is currently Lao PDR’s third-biggest foreign investor (China Economic Net, 2013).

### **Required Documentation**

To benefit from the preferential treatment offered under the ACFTA, exporters must prove that their products officially “originate” from within the ASEAN-China free trade area. The guidelines on determining a product’s origin are laid out in Annex 3 of the ACFTA (which is available here: [http://www.dti.gov.ph/uploads/DownloadableForms/\(BITR\)ACFTAroo\\_20Oct10.pdf](http://www.dti.gov.ph/uploads/DownloadableForms/(BITR)ACFTAroo_20Oct10.pdf)). If you determine that your product qualifies, then you must complete **Form E** (ASEAN-China) and submit that to the customs authorities along with the rest of your export documentation.

## **ASEAN-JAPAN COMPREHENSIVE ECONOMIC PARTNERSHIP (AJCEP)**

### **Overview**

Under the terms of the AJCEP, which entered into force in 2008, Japan will eliminate its tariffs on 93 per cent of all exports from ASEAN, including Lao PDR, by 2018. In return, Lao PDR will eliminate tariffs on 85 per cent of imports from Japan by 2026. These tariff reductions will present significant opportunities for exporters in Lao PDR: Japan is currently the sixth-most important destination for Lao exports; the value of Japanese imports of Laotian goods has grown by an average of nearly 30 per cent each year over the last decade (Lord, 2013).

### **Required Documentation**

To benefit from the preferential treatment offered under the AJCEP, exporters must prove that their products officially “originate” from within the ASEAN-Japan free trade area. The guidelines on determining a product’s origin are laid out in Chapter 3 of the AJCEP.<sup>16</sup> If you determine that your product qualifies, then you must complete **Form AJ** (ASEAN-Japan) and submit that to the customs authorities along with your other documentation.

## **ASEAN-KOREA FREE TRADE AGREEMENT (AKFTA)**

### **Overview**

The AKFTA was signed in 2006. Under the terms of the deal, products are categorized as either “normal track” or “sensitive track.” Korea was due to liberalize tariffs on all of its “normal track” goods by January 1, 2010; Cambodia, Lao PDR and Myanmar were granted flexibility until 2018 to achieve the same goal.

---

<sup>15</sup> The full text of the ATiGA is available here: <http://www.thaifta.com/thaifta/Portals/0/atiga.pdf>.

<sup>16</sup> The full text of the AJCEP is available here: <http://www.mofa.go.jp/policy/economy/fta/asean/agreement.html>.

### **Required Documentation**

To benefit from the preferential treatment offered under the AKFTA, exporters must prove that their products officially “originate” from within the ASEAN-Korea free trade area. The guidelines on determining a product’s origin are laid out in Annex 3 of the AKFTA.<sup>17</sup> If you determine that your product qualifies, then you must complete **Form AK** (ASEAN-Korea) and submit that to the customs authorities along with the rest of your export documentation.

For further guidance, you can use the “Tariff Finder” function on the AKFTA website: <http://akfta.asean.org>.

## **ASEAN-AUSTRALIA-NEW ZEALAND FREE TRADE AGREEMENT (AANZFTA)**

### **Overview**

The AANZFTA, which entered into force on January 1, 2010, offers significant opportunities for Cambodian exporters. Both Australia and New Zealand have committed to completely eliminating all of their tariffs on imports from ASEAN, including Lao PDR, by 2020. In return, Lao PDR will eliminate its tariffs on at least 88 per cent of its ANZ imports by 2023.

### **Required Documentation**

To benefit from the preferential treatment offered under the AANZFTA, exporters must prove that their products officially “originate” from within the ASEAN-Australia-New Zealand free trade area. The guidelines on determining a product’s origin are laid out in Chapter 3 of the AANZFTA (which you can find here: <http://asean.fta.govt.nz/chapter-3-rules-of-origin/>). If you determine that your product qualifies, then you must complete **Form AANZ** (ASEAN-Australia-New Zealand) and submit that to the customs authorities along with the rest of your export documentation.

## **ASEAN-INDIA FREE TRADE AGREEMENT (AIFTA)**

### **Overview**

The AIFTA, which took effect on January 1, 2010, also provides significant opportunities for Laotian exporters. India and the ASEAN-5 countries are due to completely eliminate their tariffs on NT1 goods by 2014 and on NT2 goods by 2017. Lao PDR, however, has been granted additional time to liberalize its tariffs on Indian imports; the country must liberalize its NT1 goods by December 31, 2018 and its NT2 goods by the end of 2021.

### **Required Documentation**

To benefit from the preferential treatment offered under the AIFTA, exporters must prove that their products officially “originate” from within the ASEAN-India free trade area. The guidelines on determining a product’s origin are laid out in Annex 2 of the AIFTA.<sup>18</sup> If you determine that your product qualifies, then you must complete **Form AI** (ASEAN-India) and submit that to the customs authorities along with the rest of your export documentation.

---

<sup>17</sup> The full text of the agreement is available here: <http://akfta.asean.org/index.php?page=asean-korea-trade-in-goods-agreement>.

<sup>18</sup> The full text of the agreement is available here: <http://commerce.gov.in/trade/ASEAN-India%20Trade%20in%20Goods%20Agreement.pdf>.



# 6

## Malaysia

---

## 6.1 Country Profile

With a population of 29 million and a per capita GDP of roughly US\$10,380, Malaysia is an upper-middle income country with an export-oriented economy (World Bank, 2013). The country has been growing steadily since the mid-1980s and rebounded successfully from the Asian financial crisis of 1997–98. Malaysia's economy is expected to grow by about 4.8 per cent in 2013 (Star Online, 2013).

Malaysia has undergone a major economic transformation over the last 40 years, transitioning from a heavy reliance on the export of raw materials such as tin and rubber to a more advanced, multi-sector economy. However, the Malaysian economy continues to be driven by the export of products like electronics, oil and gas, palm oil and rubber. Fossil fuels remain an important part of the economy: about 40 per cent of government revenue came from the oil and gas sector in 2011 (Lee, 2013). Malaysia's biggest trading partners are Singapore, China, Japan and the United States (CIA, 2013).

In September 2010 the government under Prime Minister Najib Tun Razak launched a wide-ranging Economic Transformation Program (ETP) with the aim of helping Malaysia achieve high-income status by 2020. Under this initiative, the government is working to develop local demand for Malaysian products and further reduce the country's reliance on exports. The ETP also aims to foster growth of industries such as finance, healthcare, tourism and business services (ETP, 2013). The services sector currently accounts for just under half of the country's GDP, but the government hopes to raise that figure to more than 60 per cent by 2015 (Malaysia Investment Development Authority, 2012).

A founding member of ASEAN, Malaysia has actively pursued economic integration both within Southeast Asia and outside the region. In addition to the FTAs it has signed onto via ASEAN, Malaysia has also established bilateral FTAs with Japan, Pakistan, Chile, India and New Zealand. The country is currently involved in the TPP negotiations, which are working to deepen trade ties among a dozen countries around the Pacific rim. Malaysia is also due to begin negotiations with the European Free Trade Association, which comprises Iceland, Lichtenstein, Norway and Switzerland.

### ROLE OF SMES

SMEs play a critical role in the Malaysian economy. As of a 2011 census, there were approximately 645,000 SMEs operating in Malaysia, representing some 97.3 per cent of all business establishments in the country. In 2011 SMEs contributed 32.5 per cent to national GDP, up from 29.4 per cent in 2005. By 2020, the government hopes that SMEs will account for 41 per cent of GDP. Malaysia's SMEs have been thriving, despite the global economic downturn, thanks in part to strong domestic demand. SMEs in the services sector are expected to drive growth in the years ahead (SME Corp, 2012).

## 6.2 General Information for Exporters

The Malaysia External Trade Development Corporation (MATRADE) has developed several excellent resources for Malaysian SMEs that are starting to think about exporting their products. Their *Beginners' Guide to Exporting* is a good place to start.<sup>19</sup> Among other things, the guide describes what you need to begin exporting, how to price your products for export, how to locate export financing and how to prepare the required documentation for your exports.

Generally speaking, the Malaysian government requires that exporters complete an export declaration, acquire an export permit, submit a Certification of Origin and cost of analysis approval, and complete a K2 customs form for export. Other documents may be required depending on the type of product being exported or the destination of the export. For more details on documentation requirements, see <http://www.matrade.gov.my/en/malaysia-exporters-section/119-going-global-beginners-guide/641-preparing-your-export-documentation>.

---

<sup>19</sup> Download the full guide at <http://www.matrade.gov.my/en/malaysian-exporters/going-global/beginners-guide-to-exporting>

## RELEVANT AUTHORITIES DEALING WITH EXPORTS

While MATRADE is a branch of the government that provides support to exporters, Malaysia's Ministry of International Trade and Industry (MITI) is responsible for managing the country's export flows. MITI's website ([www.miti.gov.my](http://www.miti.gov.my)) offers some very helpful information, including trade statistics, details on all of Malaysia's major trade agreements and specific guidelines for exporters.

MITI provides the following contact information for businesses that are looking for help with their imports or exports:

MITI's Service Counter at Ground Floor  
Trade Cooperation and Industry Coordination Section  
Ministry of International Trade and Industry  
Block 10, Jalan Duta  
50622 Kuala Lumpur  
Tel : 03 - 6203 4829  
Fax : 03 - 6201 3351

## 6.3 Facilities Enabling Export for SMEs

### EXIM BANK

Malaysia's Export-Import Bank (EXIM Bank) offers a number of services that can support exporters. Several of these are described below. (This information is adapted from details provided by the Malaysia External Trade Development Corporation.) For more information, visit the EXIM Bank's website (<http://www.exim.com.my/>).

*Buyer credit facility:* This service aims to provide opportunities to Malaysian exporters and contractors when bidding for overseas jobs and contracts. EXIM Bank extends a loan directly to a foreign buyer or a lending institution to facilitate the import of Malaysian goods and services. Loan disbursements are made directly to the Malaysian exporter or contractor.

*Overseas project financing facility:* This facility supports Malaysian investors who are undertaking projects overseas such as manufacturing, infrastructure and other developmental projects. It is available to Malaysian companies or to controlled joint-venture companies that are incorporated overseas for the purchase of Malaysian goods.

*Guarantee facility:* Guarantee facilities are available to facilitate the issuance of bonds or guarantees such as advance payment bonds and performance bonds for overseas contracts undertaken by Malaysian contractors.

*Supplier credit facility:* Malaysian exporters and suppliers of Malaysian-made goods can take advantage of this facility to boost their exports into international markets. The facility offers loans for both pre- and post-shipment.

*Export of services facility:* This facility supports Malaysian companies that are looking to export their professional services overseas. These services may be in fields such as information technology, construction, telecommunications, management or other technical services.

*Overseas investment insurance:* Under this policy, EXIM Bank offers insurance to cover non-commercial risks of loss to investments or businesses established overseas by Malaysian enterprises. Such risks include transfer restriction, expropriation, war and civil disturbances, and breach of contract.

*Buyer credit guarantee:* EXIM Bank also offers guarantees of loan repayments to foreign buyers of Malaysian goods. The minimum credit term is one year; the maximum is ten years.



*Export credit refinancing (ECR):* EXIM Bank's export credit refinancing scheme promotes Malaysian exports by offering competitive interest rates to Malaysian exporters via commercial banks participating in the scheme. This facility is available for both pre- and post-shipment.

## **SME INFO**

SME Info is a website that provides information on financing, advisory services, training programs and other services for SMEs based in Malaysia. The website includes specific guidelines on starting, managing and growing your business. It also hosts a directory of SMEs. For more information, visit: <http://www.smeinfo.com.my>.

## **SME CORP. MALAYSIA**

Run by the Malaysian government, SME Corp. Malaysia offers business support for SMEs and runs an advisory and information centre for SME business owners. The organization also hosts a number of training programs. For more information, visit: <http://www.smecorp.gov.my>.

## **6.4 Overview of Agreements**

### **ASEAN TRADE IN GOODS AGREEMENT (ATiGA)**

#### **Overview**

The ATiGA entered into force in May 2010. With its wide-ranging tariff cuts on goods produced within the ASEAN region, the ATiGA presents significant opportunities for exporters. Under the terms of the agreement, nearly all Malaysian exports to the other ASEAN-6 countries are free of tariffs. Roughly 70 per cent of Malaysian exports to Cambodia, Lao PDR, Myanmar and Vietnam are duty free; those countries are due to further reduce their tariffs on Malaysian exports in the years ahead.

#### **Required Documentation**

To benefit from the preferential treatment offered under the ATiGA, exporters must prove that their products officially "originate" from within the ASEAN free trade area. The guidelines on determining a product's origin are laid out in Chapter 3 of the ATiGA.<sup>20</sup> If you determine that your product qualifies, then you must complete **Form D** (ATiGA) and submit that to the customs authorities along with the rest of your export documentation. The form may be purchased from Federation of Malaysian Manufacturers (FMM) at one of their state branches, or at headquarters in Kuala Lumpur:

Wisma FMM,  
No. 3, Persiaran Dagang,  
PJU9, Bandar Sri Damansara,  
52200, Kuala Lumpur.

The MITI will process Form D within two working days of submission.

### **ASEAN-CHINA FREE TRADE AGREEMENT (ACFTA)**

#### **Overview**

The ACFTA is the world's largest FTA in terms of population and the third largest in terms of GDP. Under the Trade in Goods Agreement of the ACFTA, the average tariff level on ASEAN-China trade has already declined to 4.5 per cent, nearly half the rate before the agreement was signed. The agreement provides significant opportunities for firms in Malaysia, as China is the second biggest destination for Malaysian exports.

---

<sup>20</sup> The full text of the ATiGA is available here: <http://www.thaifta.com/thaifta/Portals/0/atiga.pdf>.

### **Required Documentation**

To benefit from the preferential treatment offered under the ACFTA, exporters must prove that their products officially “originate” from within the ASEAN-China free trade area. The guidelines on determining a product’s origin are laid out in Annex 3 of the ACFTA (which is available here: [http://www.dti.gov.ph/uploads/DownloadableForms/\(BITR\)ACFTAroo\\_20Oct10.pdf](http://www.dti.gov.ph/uploads/DownloadableForms/(BITR)ACFTAroo_20Oct10.pdf).) If you determine that your product qualifies, then you must complete **Form E** (ASEAN-China) and submit that to the customs authorities along with the rest of your export documentation. The form can be purchased from either the headquarters or a state branch office of the FMM. The Kuala Lumpur office is located at the following address:

Wisma FMM,  
No. 3, Persiaran Dagang,  
PJU9, Bandar Sri Damansara,  
52200, Kuala Lumpur

The form will be processed within two working days of its submission.

## **ASEAN-JAPAN COMPREHENSIVE ECONOMIC PARTNERSHIP (AJCEP)**

### **Overview**

Under the terms of the AJCEP, which entered into force in 2008, Japan will eliminate its tariffs on 93 per cent of all exports from ASEAN, including Malaysia, by 2018. In return, Malaysia will eliminate its tariffs on at least 90 per cent of Japanese exports by the same date. The agreement builds on Malaysia’s bilateral FTA with Japan, which took effect in July 2008, offering broader and deeper trade liberalization for exporters in both countries.

### **Required Documentation**

To benefit from the preferential treatment offered under the AJCEP, exporters must prove that their products officially “originate” from within the ASEAN-Japan free trade area. The guidelines on determining a product’s origin are laid out in Chapter 3 of the AJCEP.<sup>21</sup> If you determine that your product qualifies, then you must complete **Form AJ** (ASEAN-Japan) and submit that to the customs authorities along with your other documentation. The form can be purchased from the central office of the FMM, which is located at the following address:

Wisma FMM,  
No. 3, Persiaran Dagang,  
PJU9, Bandar Sri Damansara,  
52200, Kuala Lumpur

The form can also be purchased from the various state-level FMM branches.

## **ASEAN-KOREA FREE TRADE AGREEMENT (AKFTA)**

### **Overview**

Under the terms of the deal, products are categorized as either “normal track” or “sensitive track.” Korea and all ASEAN-6 countries, including Malaysia, were due to liberalize tariffs on all of its “normal track” goods by January 1, 2010.

### **Required Documentation**

To benefit from the preferential treatment offered under the AKFTA, exporters must prove that their products officially “originate” from within the ASEAN-Korea free trade area. The guidelines on determining a product’s origin are laid out in Annex 3 of the AKFTA,<sup>22</sup> and the rules of origin are available

---

<sup>21</sup> The full text of the AJCEP is available here: <http://www.mofa.go.jp/policy/economy/fta/asean/agreement.html>.

<sup>22</sup> The full text of the agreement is available here: <http://akfta.asean.org/index.php?page=asean-korea-trade-in-goods-agreement>

here: <http://akfta.asean.org/uploads/docs/akfta-rules-of-origin.pdf>. If you determine that your product qualifies, then you must complete **Form AK** (ASEAN-Korea) and submit that to the customs authorities along with the rest of your export documentation. The form can be purchased from the central office of the FMM, which is located at the following address:

Wisma FMM  
No. 3, Persiaran Dagang,  
PJU9, Bandar Sri Damansara,  
52200, Kuala Lumpur

The form can also be purchased from the various state-level FMM branches. Once received, it will be processed within two working days.

For further guidance, you can use the “Tariff Finder” function on the AKFTA website: <http://akfta.asean.org>.

## **ASEAN-AUSTRALIA-NEW ZEALAND FREE TRADE AGREEMENT (AANZFTA)**

### **Overview**

The AANZFTA, which entered into force on January 1, 2010, offers significant opportunities for Malaysian exporters. Both Australia and New Zealand have committed to completely eliminating all of their tariffs on imports from ASEAN, including Malaysia, by 2020. In return, Malaysia will eliminate its tariffs on 90 per cent of ANZ exports by 2020.

### **Required Documentation**

To benefit from the preferential treatment offered under the AANZFTA, exporters must prove that their products officially “originate” from within the ASEAN-Australia-New Zealand free trade area. The guidelines on determining a product’s origin are laid out in Chapter 3 of the AANZFTA (which you can find here: <http://asean.fta.govt.nz/chapter-3-rules-of-origin/>). If you determine that your product qualifies, then you must complete **Form AANZ** (ASEAN-Australia-New Zealand) and submit that to the customs authorities along with the rest of your export documentation. The form can be purchased from the central office of the FMM, which is located at the following address:

Wisma FMM,  
No. 3, Persiaran Dagang,  
PJU9, Bandar Sri Damansara,  
52200, Kuala Lumpur

The form can also be purchased from the various state-level FMM branches. Once received, it will be processed within two working days.

## **ASEAN-INDIA FREE TRADE AGREEMENT (AIFTA)**

### **Overview**

The AIFTA, which took effect on January 1, 2010, opens up a significant new market for exporters in Malaysia, although commerce between the two countries is already robust: bilateral trade totalled more than US\$10 billion in 2010 (High Commission of India, 2013). India and the ASEAN-5 countries are due to completely eliminate their tariffs on NT1 goods by 2014 and on NT2 goods by 2017.

### **Required Documentation**

To benefit from the preferential treatment offered under the AIFTA, exporters must prove that their products officially “originate” from within the ASEAN-India free trade area. The guidelines on determining a product’s origin are laid out in Annex 2 of the AIFTA.<sup>22</sup> If you determine that your product qualifies, then you must complete **Form AI** (ASEAN-India) and submit that to the customs authorities

---

<sup>22</sup>The full text of the agreement is available here: <http://commerce.gov.in/trade/ASEAN-India%20Trade%20in%20Goods%20Agreement.pdf>.

along with the rest of your export documentation. The form can be purchased from the central office of the FMM, which is located at the following address:

Wisma FMM,  
No. 3, Persiaran Dagang,  
PJU9, Bandar Sri Damansara,  
52200, Kuala Lumpur

The form can also be purchased from the various state-level FMM branches. Once received, it will be processed within two working days.



# 7

## Myanmar

---

## 7.1 Country Profile

Myanmar's economy is the second smallest in ASEAN, after Lao PDR, but it shows significant potential for growth. Oil and gas, timber, mining and other extractives are a key feature in the national economy, although the services sector currently accounts for the largest proportion (43.6 per cent) of GDP. As in many of the other smaller ASEAN countries, a majority (70 per cent) of Myanmar's workforce is employed in the agriculture sector, which includes livestock, fisheries and forestry (PricewaterhouseCoopers, 2012). Myanmar's President Thein Sein (2011–present) has recently introduced important reforms to the country's economic and investment systems, among others (CIA, 2013).

Myanmar's economy is expected to grow by 6.5 per cent in 2013, boosted in part by the European Union's decision to reinstate its preferential treatment of Myanmar's exports under its Generalized System of Preferences. The United States' recent lifting of its ban on imports from Myanmar should also help to stimulate growth in the years ahead. Moreover, two major gasfields in Myanmar are due to become operational in 2013; this should double the country's natural gas production and greatly increase exports to China and Thailand (Asian Development Bank, 2013).

But despite such promising news, Myanmar continues to face significant challenges. The national tax system is complex and opaque, critical infrastructure is lacking, corruption remains a major problem and the country's poverty rate (32 per cent) is the highest in the region. Foreign investment remains limited outside the oil and gas sector (CIA, 2013).

Myanmar, which joined ASEAN in 1997, is a party to all of the bloc's FTAs; in most cases, however, the country is afforded special and differential treatment because of its least-developed country status. Myanmar has slowly begun to open itself up to international partnerships and trade cooperation outside the region. In 2013 the government signed a framework trade and investment agreement with the United States. Myanmar is also a party to the Bay of Bengal Multisectoral Economic Cooperation agreement, which aims to promote trade and investment among its members. The group also includes Bangladesh, India, Sri Lanka, Thailand, Bhutan and Nepal.

### **ROLE OF SMES**

SMEs are vital to Myanmar's economy, representing about 90 per cent of all businesses and accounting for 70 per cent of total employment. However, some SMEs in Myanmar struggle with low productivity, a shortage of capital and poor market access (Hlaing, 2013).

SMEs dominate every sector of Myanmar's economy, but they are most common in the food-processing industry. Indeed, SMEs engaged in food processing—this includes rice mills, oil mills, and processors of beans and pulses, among many others—represent about 60 per cent of all of Myanmar's small and medium-sized firms. Most of Myanmar's SMEs do not export their products; however, a cluster of export-oriented SMEs has recently appeared in Yangon and Mandalay. These businesses include rice mills, wood-based factories, fish and prawn processors, and garment factories, among others (Hlaing, 2013).

## 7.2 General Information for Exporters

The Ministry of Trade is responsible for the registration of all of Myanmar's importers and exporters. However, the Myanmar Customs Department (<http://www.myanmarcustoms.gov.mm>) manages all of the processes regarding imports and exports. The relevant rules are laid out in the Sea Customs Act and Land Customs Act, which have been in place since 1992.

## REGISTRATION

Before you can export from Myanmar, you must register with the Ministry of Trade. You are allowed to register if you or your company falls into one of the following categories:

- A citizen, associate citizen or naturalized citizen of the Union of Myanmar
- A partnership firm
- A limited company or joint venture corporation formed under the Myanmar Companies Act 1958 or Special Company Act 1950
- A co-operative society registered under the Union of Myanmar Co-operative Law, 1970

The fee for registering as an exporter is MMK5,000 (roughly US\$5) for one year and MMK10,000 (US\$10) for three years. The same fees are payable on renewal (Embassy of Myanmar, 2013).

## EXPORT

The following information on export requirements has been adapted from the Customs Department website.

Once you are registered and ready to begin the export process, you must submit a completed Export Declaration Form (CUSDEC -2). The form is available from the Myanmar Customs Department. The form should be submitted to the Customs Department together with the following documents:

1. Export license or permit
2. Invoice
3. Packing list
4. Sales contract
5. Shipping instructions
6. Letter of Credit or General Remittance Exemption Certificate
7. Payment advice that refers to an Inward Telegraphic Transfer Private No. or an Inward Telegraphic Transfer Government No.
8. Sample of goods
9. Forest pass (if exporting forestry produce)
10. Health certificate (if exporting live animals)
11. Forest permit (if exporting wild live animals)
12. Other certificates and permits as required by the government agencies concerned

Customs duties are levied on exported goods according to the tariff schedule and export duty is levied on basis of the goods' "free on board" (FOB) value.

## EXPORT PROHIBITIONS

The government prohibits a handful of products from being exported. These include the following goods:

- Counterfeit coins and currencies
- Pornographic articles
- All kinds of narcotic drugs and psychotropic substances
- Antiques and archaeologically valuable items
- Wildlife and endangered species

## 7.3 Facilities Enabling Export for SMEs

Conscious of the enormous role that SMEs play in Myanmar's economy, the government has begun taking steps to support the country's smaller firms. Improvements to the country's banking systems are also needed to help improve SMEs' access to finance, but in the meantime small businesses can turn to the following places for support:

### THE SME DEVELOPMENT CENTER

The SME Development Center regularly hosts workshops and trainings for Myanmar's SMEs. Some of these are aimed explicitly at SME exporters. The centre also offers advice on how SMEs can secure loans and other sources of financing. For more information, visit the centre's website: <http://www.smedevelopmentcenter.gov.mm>. The centre is located at the following address:

SME Development Center  
No (35) B/15 New University Avenue, Bahan Township  
Yangon  
Tel: +95 1 545932  
Fax: + 95 1 546051  
email: [smecentre35b@gmail.com](mailto:smecentre35b@gmail.com),

### MYANMAR TRADE NET

Myanmar Trade Net also offers support services for exporters, although this is not explicitly directed at SMEs. Find out more on the organization's website: <http://www.myanmartradenet.com/index.cfm>

### MINISTRY OF COOPERATIVES

The government's Ministry of Cooperatives provides support for the country's small-scale industries. This ministry is less concerned with exports per se, but it does provide important information and trainings on sectors that are important to many SMEs. For more information, visit: <http://www.myancoop.gov.mm>

## 7.4 Overview of ASEAN FTAs

### ASEAN TRADE IN GOODS AGREEMENT (ATIGA)

#### Overview

The ATiGA entered into force in May 2010. With its wide-ranging tariff cuts on goods produced within the ASEAN region, the ATiGA presents significant opportunities for exporters. From the perspective of businesses, the agreement opens up trade with the biggest importer of Myanmar's products: Thailand, which is the destination for more than 40 per cent of all Burmese exports.

#### Required Documentation

To benefit from the preferential treatment offered under the ATiGA, exporters must prove that their products officially "originate" from within the ASEAN free trade area. The guidelines on determining a product's origin are laid out in Chapter 3 of the ATiGA.<sup>24</sup> If you determine that your product qualifies, then you must complete **Form D** (ATiGA) and submit that to the customs authorities along with the rest of your export documentation.

---

<sup>24</sup> The full text of the ATiGA is available here: <http://www.thaifta.com/thaifta/Portals/0/atiga.pdf>.



## **ASEAN-CHINA FREE TRADE AGREEMENT (ACFTA)**

### **Overview**

The ACFTA is the world's largest FTA in terms of population and the third largest in terms of GDP. Under the Trade in Goods Agreement of the ACFTA, the average tariff level on ASEAN-China trade has already declined to 4.5 per cent, nearly half the rate before the agreement was signed. China and the ASEAN-6 countries have already eliminated tariffs on 90 per cent of ACFTA imports; Myanmar, Cambodia, Lao PDR and Vietnam have been allowed until 2015 to achieve the same goal.

The ACFTA presents significant opportunities in Myanmar, which shares a 2,200-km border with China. China is currently the third most important destination for Myanmar exports, after Thailand and India.

### **Required Documentation**

To benefit from the preferential treatment offered under the ACFTA, exporters must prove that their products officially "originate" from within the ASEAN-China free trade area. The guidelines on determining a product's origin are laid out in Annex 3 of the ACFTA (which is available here: [http://www.dti.gov.ph/uploads/DownloadableForms/\(BITR\)ACFTAroo\\_20Oct10.pdf](http://www.dti.gov.ph/uploads/DownloadableForms/(BITR)ACFTAroo_20Oct10.pdf).) If you determine that your product qualifies, then you must complete **Form E** (ASEAN-China) and submit that to the customs authorities along with the rest of your export documentation.

## **ASEAN-JAPAN COMPREHENSIVE ECONOMIC PARTNERSHIP (AJCEP)**

### **Overview**

Under the terms of the AJCEP, Japan will eliminate tariffs on 93 per cent of its imports from all ASEAN countries, including Myanmar, by 2018. In return, Myanmar will eliminate tariffs on all imports of "normal goods" from Japan by 2026. These tariff reductions will present significant opportunities for exporters in Myanmar: Japan is currently the fourth most important destination for Myanmar's exports, after Thailand, India and China.

### **Required Documentation**

To benefit from the preferential treatment offered under the AJCEP, exporters must prove that their products officially "originate" from within the ASEAN-Japan free trade area. The guidelines on determining a product's origin are laid out in Chapter 3 of the AJCEP.<sup>25</sup> If you determine that your product qualifies, then you must complete **Form AJ** (ASEAN-Japan) and submit that to the customs authorities along with your other documentation.

## **ASEAN-KOREA FREE TRADE AGREEMENT (AKFTA)**

### **Overview**

The AKFTA was signed in 2006. Under the terms of the deal, products are categorized as either "normal track" or "sensitive track." Korea was due to liberalize tariffs on all of its "normal track" goods by January 1, 2010; Myanmar, Cambodia and Lao PDR were granted flexibility until 2018 to achieve the same goal. Bilateral trade between Myanmar and Korea totalled US\$970 million in 2011; Korea's principal imports from Myanmar are garments, textiles, forestry products, and agriculture and marine products (Xinhua, 2012).

### **Required Documentation**

To benefit from the preferential treatment offered under the AKFTA, exporters must prove that their products officially "originate" from within the ASEAN-Korea free trade area. The guidelines on determining a product's origin are laid out in Annex 3 of the AKFTA.<sup>26</sup> If you determine that your product qualifies, then you must complete **Form AK** (ASEAN-Korea) and submit that to the customs authorities along with the rest of your export documentation.

For further guidance, you can use the "Tariff Finder" function on the AKFTA website: <http://akfta.asean.org>.

<sup>25</sup> The full text of the AJCEP is available here: <http://www.mofa.go.jp/policy/economy/fta/asean/agreement.html>.

<sup>26</sup> The full text of the agreement is available here: <http://akfta.asean.org/index.php?page=asean-korea-trade-in-goods-agreement>

## **ASEAN-AUSTRALIA-NEW ZEALAND FREE TRADE AGREEMENT (AANZFTA)**

### **Overview**

The AANZFTA, which entered into force on January 1, 2010, offers significant opportunities for Myanmar exporters. Both Australia and New Zealand have committed to completely eliminating all of their tariffs on imports from ASEAN, including Myanmar, by 2020. In return, Myanmar will eliminate its tariffs on at least 85 per cent of its ANZ imports by 2026.

The AANZFTA is just one step toward increasing trade between Myanmar and Australia and New Zealand. In May 2013 the Australian government opened an “Austrade” office in Yangon; the country has also appointed a trade commissioner to be based in the country (Department of Foreign Affairs and Trade, Australia, 2013).

### **Required Documentation**

To benefit from the preferential treatment offered under the AANZFTA, exporters must prove that their products officially “originate” from within the ASEAN-Australia-New Zealand free trade area. The guidelines on determining a product’s origin are laid out in Chapter 3 of the AANZFTA (which you can find here: <http://asean.fta.govt.nz/chapter-3-rules-of-origin/>). If you determine that your product qualifies, then you must complete **Form AANZ** (ASEAN-Australia-New Zealand) and submit that to the customs authorities along with the rest of your export documentation.

## **ASEAN-INDIA FREE TRADE AGREEMENT (AIFTA)**

### **Overview**

The AIFTA, which took effect on January 1, 2010, also provides significant opportunities for exporters in Myanmar, as India is currently the second biggest destination for Myanmar exports, after Thailand. India and the ASEAN-5 countries are due to completely eliminate their tariffs on NT1 goods by 2014 and on NT2 goods by 2017. Myanmar, however, has been granted additional time to liberalize its tariffs on Indian imports; the country must liberalize its NT1 goods by December 31, 2018 and its NT2 goods by the end of 2021.

### **Required Documentation**

To benefit from the preferential treatment offered under the AIFTA, exporters must prove that their products officially “originate” from within the ASEAN-India free trade area. The guidelines on determining a product’s origin are laid out in Annex 2 of the AIFTA.<sup>26</sup> If you determine that your product qualifies, then you must complete **Form AI** (ASEAN-India) and submit that to the customs authorities along with the rest of your export documentation.

---

<sup>26</sup> The full text of the agreement is available here: <http://commerce.gov.in/trade/ASEAN-India%20Trade%20in%20Goods%20Agreement.pdf>.



## The Philippines

---

## 8.1 Country Profile

A newly industrialized economy, the Philippines has undergone a massive economic transition over the last few decades. Today, the services sector accounts for more than half (57.1 per cent) of GDP. Industry is the next largest sector, accounting for 31.1 per cent, while agriculture makes up just 11.8 per cent of total economic output. Major exports include semi-conductors and electronic products, transport equipment, garments, copper products and petroleum products. The country's most important trading partners are Japan, the United States, China, South Korea, Hong Kong and Singapore (CIA, 2013).

Growth in the Philippines is being driven by solid export performance and strong demand from the Filipino public, which numbers nearly 100 million. With a stable banking system, a strong stock market and a consistently positive current account balance, the Philippines seems set for solid GDP growth in the years ahead.

Economic growth has accelerated under the leadership of President Benigno Aquino III, who took office in 2010, but poverty, unemployment and underemployment continue to be persistent problems. Currently, the Philippines has a GDP per capita of roughly US\$4,500, putting it behind Singapore, Brunei, Malaysia, Thailand and Indonesia, but ahead of Vietnam, Lao PDR, Cambodia and Myanmar (CIA, 2013).

The Philippines is actively pursuing economic integration in Southeast Asia and beyond. A founding member of ASEAN, the Philippines is a party to all of the bloc's FTAs. Independently, the country has signed a bilateral FTA with Japan, and the government has said that it hopes to join the ongoing TPP negotiations (GMA News, 2013). FTA talks with the European Union are due to begin soon (InterAksyon, 2013).

### **ROLE OF SMES**

MSMEs make up 99.7 per cent of all Filipino businesses and account for 70 per cent of all employment (Asian Development Bank Institute, 2010a). Woodcrafts and furniture, marine food products, fresh and processed agro-based products, garments, footwear and leathersgoods, basketwares and handicrafts are among the goods that are most commonly exported by Filipino SMEs.

Small firms are so critical to the Filipino economy that the national government's Department of Trade and Industry has set up a special branch to support their needs. The Bureau of Micro, Small and Medium Enterprise Development (BMSMED) regularly hosts free seminars on topics such as online marketing, human resources and financial statements. The BMSMED has also published an in-depth guide to various financing schemes that are available to Filipino SMEs. That guide can be downloaded here: [http://www.dti.gov.ph/uploads/DownloadableFiles/09Fin\\_Prog\\_4\\_MSMEs.pdf](http://www.dti.gov.ph/uploads/DownloadableFiles/09Fin_Prog_4_MSMEs.pdf)

In addition, the Government of the Philippines has developed an MSME Development Plan for 2011 to 2016. The plan aims to improve the business environment for small firms, increase their productivity and efficiency, and boost their access to finance and markets. To download the plan, visit: [http://dti.gov.ph/uploads/DownloadableFiles/2012\\_DTI\\_MSMEPlan\\_2011-2016.pdf](http://dti.gov.ph/uploads/DownloadableFiles/2012_DTI_MSMEPlan_2011-2016.pdf).

For more information about the BMSMED and the services it provides, you can contact the bureau at the following address:

Bureau of Micro, Small and Medium Enterprise Development  
5/F Trade and Industry Bldg.  
361 Sen. Gil J. Puyat Ave., Makati City  
Tel. No.: (+632) 751.5036  
Fax: (+632) 896.7916  
E-mail: [bmsmed@dti.gov.ph](mailto:bmsmed@dti.gov.ph)

## 8.2 General Information for Exporters

### RELEVANT AUTHORITIES DEALING WITH EXPORTS

The Bureau of Customs, which sits within the Department of Finance, is responsible for controlling the flow of goods and services into and out of the country. You can find useful information on the Bureau of Customs website: <http://customs.gov.ph/>. Other government authorities that are involved in trade include the Bureau of Export Trade Promotion (BETP) and the Philippine Export Zone Authority (PEZA), both of which are branches of the Department of Trade and Industry. The Philippine Export-Import Credit Agency (PhilEXIM) is also involved in promoting Filipino trade. The roles of each of these authorities are described in more detail later in this chapter.

Other government agencies that are involved in trade include agencies such as the Bureau of Animal Industry (<http://www.bai.da.gov.ph>), the Bureau of Plant Industry (<http://www.bpi.da.gov.ph>) and the Bureau of Fisheries and Aquatic Resources (<http://www.bfar.da.gov.ph>), all of which fall under the Department of Agriculture. All of these agencies offer support for exporters; for more information, visit their websites.

### EXPORT REQUIREMENTS

The following information has been adapted from the website of the Philippines's Department of Trade and Industry (Department of Trade and Industry, 2008).

### STEP-BY-STEP EXPORT PROCEDURES

1. Upon receipt of a purchase order from a foreign buyer, immediately send the buyer a pro forma invoice for confirmation. An order is confirmed when the invoice is signed and returned to you by the buyer.
2. Payment for exports is normally made through banks. The foreign buyer's interest in the Philippines is represented by a local authorized agent bank, which is designated by the foreign buyer's bank. The local Authorized Agent Bank will assist you in negotiating the collection of the payment for your exports.
3. The Authorized Agent Bank will explain to you all the instructions concerning your shipment to ensure its acceptability for payment. Make sure that you understand all the instructions provided by the bank. If the instructions are written in a non-English language, ask the bank to give you an official translation in English or to officially recognize a translation of the instructions if someone other than the bank did the translation.
4. Exporters may be paid through banks by means of letters of credit, documents against payment, documents against acceptance, open account, cash against documents, prepayment/export advance, inter-company open account, offset arrangement, consignment or telegraphic transfer.
5. You may or may not need outside financing to produce export products ordered by the buyer. Should you, however, find the need for outside financing, you can seek assistance from either the government or a private bank.

### EXPORT DOCUMENTATION

1. When you are ready to ship, fill out an Export Declaration form. Sample forms are available at Bureau of Export Trade Promotion, Department of Trade and Industry provincial offices, Bureau of Customs Processing Units, One-Stop Export Documentation Centre Offices and at the offices of the Philippines Export Confederation.

2. Secure an export commodity clearance/export permit from the proper government commodity office. This is necessary if your product is included in the list of regulated exports or if the buyer requires it.
3. With the required supporting documents, submit the accomplished Export Declaration form to the Bureau of Customs Processing Unit for the approval of the Authority to Load.

### 8.3 Facilities Enabling Export for SMEs

The BETP, a branch of the Department of Trade and Industry, offers a number of services to support Filipino exporters. These include the following:

- *Export Assistance Network (EXPONET)*: This service aims to minimize the uncertainties of getting started in the export business. EXPONET provides assistance on all export-related matters including export procedures and documentation, trade complaints and others. For more information, email [exponet@dti.gov.ph](mailto:exponet@dti.gov.ph) or call this phone number: (+632) 465 3300, local 107.
- *Trade Information and Assistance Group*: This group handles all export-related queries from exporters. The team provides real, immediate and substantial assistance to current and potential exporters.
- *Export Trade Complaints Committee*: This committee handles any disputes that may arise between local exporters and foreign buyers. The BETP has a pool of specially trained personnel who can help mediate export-related complaints.

The BETP can also be contacted via email for queries about exports. If you have questions about trade opportunities or export business matching, email [exportmatching@dti.gov.ph](mailto:exportmatching@dti.gov.ph). For all other export- or trade-related queries, contact [infobetp@dti.gov.ph](mailto:infobetp@dti.gov.ph). Alternatively, you can visit the BETP's export division in person:

Export Trade Facilitation Division (ETFD)  
Trade and Information Assistance Group (TIAG)  
Bureau of Export Trade Promotion (BETP)  
Ground Flr. DTI International Bldg.  
375 Sen. Gil Puyat Avenue  
Makati City 1200 Philippines  
Phone + 632 890-4723/897-7605/890-4693  
Fax +632 899011/897-7610

PhilEXIM offers a number of services for Filipino SMEs that are looking to export their products. These services include short-, medium- and long-term loans that are designed specifically for SMEs. For more information, visit the PhilEXIM website here: <http://www.philexim.gov.ph>.

Other sources of support include the Philippine Chamber of Commerce and Industry (<http://www.philippinechamber.com>), which conducts research and advocacy work in support of Filipino businesses, and the Philippine Exporters Confederation (<http://www.philexport.ph>), which offers services aimed specifically at current and potential exporters.

PEZA, a branch of the Department of Trade and Industry, has established nearly 300 SEZs around the country. PEZA describes these zones as “world-class, ready-to-occupy, environment-friendly, secured, and competitively priced” (PEZA, 2013). The zones also have many exporter-friendly policies, such as exemptions from some export taxes and fees. For more information on SEZs, visit the PEZA website: <http://www.peza.gov.ph>.

## 8.4 Overview of ASEAN FTAs

### ASEAN TRADE IN GOODS AGREEMENT (ATIGA)

#### Overview

The ATiGA entered into force in May 2010. With its wide-ranging tariff cuts on goods produced within the ASEAN region, the ATiGA presents significant opportunities for exporters. From the perspective of Filipino businesses, the agreement opens up trade with two major importers of Filipino products: Singapore and Thailand.

#### Required Documentation

To benefit from the preferential treatment offered under the ATiGA, exporters must prove that their products officially “originate” from within the ASEAN free trade area. The guidelines on determining a product’s origin are laid out in Chapter 3 of the ATiGA.<sup>28</sup> If you determine that your product qualifies, then you must complete **Form D** (ATiGA) and submit that to the customs authorities along with the rest of your export documentation.

### ASEAN-CHINA FREE TRADE AGREEMENT (ACFTA)

#### Overview

The ACFTA is the world’s largest FTA in terms of population and the third largest in terms of GDP. Under the Trade in Goods Agreement of the ACFTA, the average tariff level on ASEAN-China trade has already declined to 4.5 per cent, nearly half the rate before the agreement was signed. Under the terms of the deal, all goods are classified as either “normal,” “sensitive” or “highly sensitive.” The Philippines has been allowed to classify 400 tariff lines as “sensitive.” Tariffs on goods in the “sensitive list” were due to be reduced to 20 per cent by 2012; they shall be further reduced to between 0 per cent and 5 per cent by 2018. For goods on the “highly sensitive list,” tariffs will be reduced to 50 per cent by 2015 (DTI, 2010b).

#### Required Documentation

To benefit from the preferential treatment offered under the ACFTA, exporters must prove that their products officially “originate” from within the ASEAN-China free trade area. The guidelines on determining a product’s origin are laid out in Annex 3 of the ACFTA (which is available here: [http://www.dti.gov.ph/uploads/DownloadableForms/\(BITR\)ACFTAroo\\_20Oct10.pdf](http://www.dti.gov.ph/uploads/DownloadableForms/(BITR)ACFTAroo_20Oct10.pdf).) If you determine that your product qualifies, then you must complete **Form E** (ASEAN-China) and submit that to the customs authorities along with the rest of your export documentation.

### ASEAN-JAPAN COMPREHENSIVE ECONOMIC PARTNERSHIP (AJCEP)

#### Overview

The AJCEP entered into force in 2008, but the Philippines began to implement the agreement in July 2010. Under the terms of the agreement, Japan will eliminate its tariffs on 93 per cent of all ASEAN exports, including those from the Philippines, by 2018. The Philippines will also eliminate its tariffs on 90 per cent of Japanese exports, but it will have until 2020 to do so. The AJCEP offers significant opportunities for Filipino exporters, as Japan is currently one of the biggest importers of Filipino products (CIA, 2013). The agreement builds on the bilateral FTA that Japan and the Philippines signed in 2006, offering broader and deeper trade liberalization for exporters in both countries.

#### Required Documentation

To benefit from the preferential treatment offered under the AJCEP, exporters must prove that their products officially “originate” from within the ASEAN-Japan free trade area. The guidelines on determining a product’s origin are laid out in Chapter 3 of the AJCEP.<sup>29</sup> If you determine that your product qualifies, then you must complete **Form AJ** (ASEAN-Japan) and submit that to the customs authorities along with your other documentation.

---

<sup>28</sup> The full text of the ATiGA is available here: <http://www.thaifta.com/thaifta/Portals/0/atiga.pdf>.

<sup>29</sup> The full text of the AJCEP is available here: <http://www.mofa.go.jp/policy/economy/fta/asean/agreement.html>.

## **ASEAN-KOREA FREE TRADE AGREEMENT (AKFTA)**

### **Overview**

The Philippines implemented the Trade in Goods Agreement of the AKFTA on January 1, 2008. Under the terms of the deal, products are categorized as either “normal track” or “sensitive track.” Korea was due to liberalize tariffs on all of its “normal track” goods by January 1, 2010; the Philippines and Indonesia were granted flexibility until 2012 to achieve the same goal.

### **Required Documentation**

To benefit from the preferential treatment offered under the AKFTA, exporters must prove that their products officially “originate” from within the ASEAN-Korea free trade area. The guidelines on determining a product’s origin are laid out in Annex 3 of the AKFTA.<sup>30</sup> If you determine that your product qualifies, then you must complete **Form AK** (ASEAN-Korea) and submit that to the customs authorities along with the rest of your export documentation.

## **ASEAN-AUSTRALIA-NEW ZEALAND FREE TRADE AGREEMENT (AANZFTA)**

### **Overview**

The AANZAFTA, which entered into force on January 1, 2010, offers significant opportunities for Filipino exporters. Both Australia and New Zealand have committed to completely eliminating all of their tariffs on imports from ASEAN, including the Philippines, by 2020. The Philippines will eliminate its tariffs on 94.59 per cent of its ANZ imports in the same time frame (DTI, 2010a).

One significant benefit of the AANZFTA is that it has given Filipino exports the same treatment as exports from Thailand, a major competitor with the Philippines. Until the AANZFTA entered force, Thai exports to ANZ enjoyed lower tariffs thanks to a bilateral FTA that had been signed by Thailand, Australia and New Zealand. Today, that advantage has been eliminated, which is good news for Filipino exporters of products such as motor parts, garments and furniture, which are also produced in Thailand (DTI, 2010a).

### **Required Documentation**

To benefit from the preferential treatment offered under the AANZFTA, exporters must prove that their products officially “originate” from within the ASEAN-Australia-New Zealand free trade area. The guidelines on determining a product’s origin are laid out in Chapter 3 of the AANZFTA (which you can find here: <http://asean.fta.govt.nz/chapter-3-rules-of-origin>). If you determine that your product qualifies, then you must complete **Form AANZ** (ASEAN-Australia-New Zealand) and submit that to the customs authorities along with the rest of your export documentation.

## **ASEAN-INDIA FREE TRADE AGREEMENT (AIFTA)**

### **Overview**

The AIFTA, which took effect on January 1, 2010, also provides significant opportunities for Filipino exporters. India and the ASEAN-5 countries are due to completely eliminate their tariffs on NT1 goods by 2014 and on NT2 goods by 2017. The Philippines, however, has been granted additional time to achieve the same objective—an extra five years for NT1 products and an extra three years for NT2.

### **Required Documentation**

To benefit from the preferential treatment offered under the AIFTA, exporters must prove that their products officially “originate” from within the ASEAN-India free trade area. The guidelines on determining a product’s origin are laid out in Annex 2 of the AIFTA.<sup>31</sup> If you determine that your product qualifies, then you must complete **Form AI** (ASEAN-India) and submit that to the customs authorities along with the rest of your export documentation.

---

<sup>30</sup> The full text of the agreement is available here: <http://akfta.asean.org/index.php?page=asean-korea-trade-in-goods-agreement>.

<sup>31</sup> The full text of the agreement is available here: <http://commerce.gov.in/trade/ASEAN-India%20Trade%20in%20Goods%20Agreement.pdf>.





# 9

## Singapore

---

## 9.1 Country Profile

Singapore has a highly developed market economy that relies heavily on trade. With stable prices, low tax rates, low corruption levels and many pro-business policies, the country looks set to have a stable economic future. Singapore's per capita GDP of US\$61,400 is among the highest in the world. GDP growth was 3.7 per cent in 2012 (CIA, 2013).

Exports are critical to Singapore's economy. In value terms, the most important exports include electronics, telecommunications devices, pharmaceuticals, other chemicals and refined petroleum products. But the services sector dominates Singapore's economy, accounting for 68.5 per cent of GDP and more than 80 per cent of the workforce in 2012. In comparison, industry represents 26.8 per cent of GDP, while agriculture is 0 per cent. Thanks to its strong services sector, Singapore has established itself as the regional centre for finance, wealth management and high technology (CIA, 2013).

Singapore has long taken an active approach to economic integration. In addition to the FTAs that the country is a party to through its membership in ASEAN, Singapore has also signed more than a dozen other FTAs, including with the United States, Peru, the Gulf Cooperation Council and the European Free Trade Association. For more information about Singapore's FTAs, including guidance on how to make use of their trade preferences, visit: <http://www.fta.gov.sg>.

### **ROLE OF SMES**

SMEs are a powerful force in Singapore's economy. As of April 2011, there were 154,100 SMEs operating in Singapore, representing 99.3 per cent of all businesses in the country (SPRING Singapore, 2011). SMEs account for nearly half of the national GDP and employ seven out of every 10 workers (SPRING Singapore, 2013). There were some 171,000 enterprises in Singapore in 2012, of which 99 per cent were SMEs.

## 9.2 General Information for Exporters

Singapore Customs is responsible for managing the country's export flows. The following guidance on navigating the export process has been adapted from information on the Singapore Customs website (<http://www.customs.gov.sg>):

The Customs Act and the Regulation of Imports and Exports Act are the two primary laws that govern Singapore's export process. Generally, all goods that are exported from Singapore are not subjected to Goods and Services Tax (GST) or duty payments.

### **EXPORT REQUIREMENTS**

The exporter is required to take up the appropriate export permit for the export of goods from Singapore regardless of whether the goods are controlled or non-controlled. The exporter will be the party that issues the commercial invoice to his overseas customer and is required to declare the FOB value of the goods in the export permit application.

An outward permit is required to cover the following movements:

- The removal of dutiable goods from a licensed warehouse for export.
- The removal of non-dutiable goods from a Zero GST Warehouse, and goods under the Major Exporter Scheme for export.
- The removal of goods for re-export that have been earlier imported temporarily under the Temporary Import Scheme.
- The temporary export of goods abroad that are intended to be re-imported.

A strategic goods TradeNe® permit (prefixed "XO") is required for the export of goods controlled under the Strategic Goods (Control) Act. For information about the TradeNe® permit, visit: <http://www.customs.gov.sg/stgc/leftNav/per/Exports+Transhipments+and+Transits.htm>.

Generally, controlled goods mean any goods for which a permit, license or any form of approval is required by a Competent Authority under any written laws in Singapore. A list of controlled goods is available here: <http://www.customs.gov.sg/leftNav/trad/TradeNet/List+Of+Controlled+Goods+-+Exports.htm>.

To learn more about the Competent Authorities' procedures and controls, visit: <http://www.customs.gov.sg/leftNav/trad/TradeNet/Highlights+on+Competent+Authorities+%28CAs%29+Procedures.htm>.

For more detailed information about Singapore's export procedures, visit: <http://www.customs.gov.sg/leftNav/trad/Import+and+Export+Procedures.htm>.

## 9.3 Facilities Enabling Export for SMEs

### **SINGAPORE SME PORTAL**

The Singapore SME Portal provides numerous resources for Singapore's smaller firms. These include a list of agencies that provide information to business owners; regular events and trainings that are relevant to SMEs; and explanations of topics such as advertising and e-commerce. For more information, visit the SME Portal website: <http://www.singapore-sme.com/>. You can also contact them by email: [webmaster@singapore-sme.com](mailto:webmaster@singapore-sme.com).

### **THE ASSOCIATION OF SMES (ASME)**

The ASME is a not-for-profit organization that was established in 1986. Here is a list of some of the many resources that the organization offers for SMEs:

- Training programs via the ASME Academy
- Two-year job placements through its Max Talent Place-and-Train program
- Financing assistance schemes
- Networking events for SME entrepreneurs

For more information, visit the ASME website: <http://www.asme.org.sg>. Their headquarters is located at:

ASME  
167 Jalan Bukit Merah  
Tower 4, #03-13  
Singapore 150167  
Tel: +65 6513 0388  
Fax: +65 6513 0399

### **SME CENTRE @ SINGAPORE MANUFACTURING FEDERATION**

The Singapore Manufacturing Federation's Institute of Higher Learning has established a centre dedicated to SMEs. The SME Centre offers a number of events, trainings and other resources for the country's small and medium-sized businesses. To learn more, visit the SME Centre's website: <http://www.smecentre-smf.sg>. You can also contact them at their headquarters:

SME Centre @ Singapore Manufacturing Federation  
2985 Jalan Bukit Merah  
Singapore 159457  
Tel: +65 6826 3020  
Fax: +65 6826 3021  
Email: [query@smecentre-smf.sg](mailto:query@smecentre-smf.sg)

## **SPRING SINGAPORE**

SPRING Singapore, a branch of the Ministry of Trade and Industry, was set up to support Singaporean businesses of all sizes. From an SME perspective, one of SPRING's most useful resources is its compilation of guides aimed at SMEs, which is available here: <http://www.spring.gov.sg/RESOURCES/Pages/sme-guides.aspx#.UiiXzmTipH0>.

SPRING Singapore also manages the EnterpriseOne portal, which offers quick access to information on government assistance programs, regulations and e-services for businesses. EnterpriseOne has also recently established five SME Centres, where business owners can go for support and to find information about government schemes. More information is available on the EnterpriseOne website: <http://www.enterpriseone.gov.sg>.

For more information about SPRING, visit the organization's website: <http://www.spring.gov.sg/>. The organization's office is located at:

SPRING  
1 Fusionopolis Walk  
#01-02 South Tower, Solaris  
Singapore 138628  
Tel: +65 6278 6666  
Fax: +65 6278 6667

## **9.4 Overview of ASEAN FTAs**

### **ASEAN TRADE IN GOODS AGREEMENT (ATIGA)**

#### **Overview**

The ATiGA entered into force in May 2010. With its wide-ranging tariff cuts on goods produced within the ASEAN region, the ATiGA presents significant opportunities for exporters. The perspective of businesses in Indonesia, the agreement opens up trade with two of Singapore's most important economic partners: Malaysia and Indonesia.

#### **Required Documentation**

To benefit from the preferential treatment offered under the ATiGA, exporters must prove that their products officially "originate" from within the ASEAN free trade area. The guidelines on determining a product's origin are laid out in Chapter 3 of the ATiGA.<sup>32</sup> If you determine that your product qualifies, then you must complete **Form D** (ATiGA) and submit that to the customs authorities along with the rest of your export documentation.

---

<sup>32</sup> The full text of the ATiGA is available here: <http://www.thaifta.com/thaifta/Portals/0/atiga.pdf>.

## **ASEAN-CHINA FREE TRADE AGREEMENT (ACFTA)**

### **Overview**

The ACFTA is the world's largest FTA in terms of population and the third largest in terms of GDP. Under the Trade in Goods Agreement of the ACFTA, the average tariff level on ASEAN-China trade has already declined to 4.5 per cent, nearly half the rate before the agreement was signed. The agreement provides significant opportunities for firms in Singapore, as China is the third biggest destination for Singaporean exports. Indeed, total trade between China and Singapore was valued at more than US\$60 billion in 2010, with the balance of trade slightly favouring Singapore (Ministry of Commerce, China, 2010).

### **Required Documentation**

To benefit from the preferential treatment offered under the ACFTA, exporters must prove that their products officially "originate" from within the ASEAN-China free trade area. The guidelines on determining a product's origin are laid out in Annex 3 of the ACFTA (which is available here: [http://www.dti.gov.ph/uploads/DownloadableForms/\(BITR\)ACFTAroo\\_20Oct10.pdf](http://www.dti.gov.ph/uploads/DownloadableForms/(BITR)ACFTAroo_20Oct10.pdf).) If you determine that your product qualifies, then you must complete **Form E** (ASEAN-China) and submit that to the customs authorities along with the rest of your export documentation.

The government of Singapore has produced a step-by-step guide for exporting under the ACFTA. You can download the guide here: <http://www.fta.gov.sg/acfta/step%20by%20step%20guide%20-%20china%20market.pdf>

## **ASEAN-JAPAN COMPREHENSIVE ECONOMIC PARTNERSHIP (AJCEP)**

### **Overview**

Under the terms of the AJCEP, which entered into force in 2008, Japan will eliminate its tariffs on 93 per cent of all exports from ASEAN, including Singapore, by 2018. For its part, Singapore will also eliminate its tariffs on 90 per cent of Japanese exports by the same date. Of the top 200 products that Singapore exports to Japan, tariffs on 173 products were immediately lifted when the agreement took effect; that represents 91 per cent of Singapore's total trade volume with Japan (Singapore Information Services, 2013). The agreement builds on Singapore's bilateral FTA with Japan, signed in 2002, offering broader and deeper trade liberalization for exporters in both countries.

### **Required Documentation**

To benefit from the preferential treatment offered under the AJCEP, exporters must prove that their products officially "originate" from within the ASEAN-Japan free trade area. The guidelines on determining a product's origin are laid out in Chapter 3 of the AJCEP.<sup>33</sup> If you determine that your product qualifies, then you must complete **Form AJ** (ASEAN-Japan) and submit that to the customs authorities along with your other documentation.

The government of Singapore has published a step-by-step guide for how to export under the AJCEP. You can download the guide here: <http://www.fta.gov.sg/ajcep/trade%20in%20goods%20guide%20-%20ajcep%20v2.pdf>.

## **ASEAN-KOREA FREE TRADE AGREEMENT (AKFTA)**

### **Overview**

The Trade in Goods Agreement of the AKFTA was signed in 2006. Currently, about 4 per cent of all of Singapore's exports go to South Korea, so the AKFTA presents significant opportunities for Singaporean businesses. Under the terms of the deal, products are categorized as either "normal track" or "sensitive track." Korea and all ASEAN-6 countries, including Singapore, were due to liberalize tariffs on 90 per cent of all "normal track" goods by January 1, 2010.

---

<sup>33</sup> The full text of the AJCEP is available here: <http://www.mofa.go.jp/policy/economy/fta/asean/agreement.html>.

### **Required Documentation**

To benefit from the preferential treatment offered under the AKFTA, exporters must prove that their products officially “originate” from within the ASEAN-Korea free trade area. The guidelines on determining a product’s origin are laid out in Annex 3 of the AKFTA,<sup>34</sup> and the rules of origin are available here: <http://akfta.asean.org/uploads/docs/akfta-rules-of-origin.pdf>. If you determine that your product qualifies, then you must complete **Form AK** (ASEAN-Korea) and submit that to the customs authorities along with the rest of your export documentation.

For further guidance, you can use the “Tariff Finder” function on the AKFTA website: <http://akfta.asean.org>.

The government of Singapore has published a step-by-step guide for exporting under the AKFTA. You can download the guide here: <http://www.fta.gov.sg/akfta/trade%20in%20goods%20guide%20-%20korea%20market.pdf>.

## **ASEAN-AUSTRALIA-NEW ZEALAND FREE TRADE AGREEMENT (AANZFTA)**

### **Overview**

The AANZFTA, which entered into force on January 1, 2010, offers significant opportunities for exporters in Singapore. Both Australia and New Zealand have committed to completely eliminating all of their tariffs on imports from ASEAN, including Singapore, by 2020. In return, Singapore agreed to immediately eliminate its tariffs on all Australian and New Zealand exports from the day the agreement entered force.

### **Required Documentation**

To benefit from the preferential treatment offered under the AANZFTA, exporters must prove that their products officially “originate” from within the ASEAN-Australia-New Zealand free trade area. The guidelines on determining a product’s origin are laid out in Chapter 3 of the AANZFTA (which you can find here: <http://asean.fta.govt.nz/chapter-3-rules-of-origin/>). If you determine that your product qualifies, then you must complete **Form AANZ** (ASEAN-Australia-New Zealand) and submit that to the customs authorities along with the rest of your export documentation.

The government of Singapore has prepared a step-by-step guide for exporting under the AANZFTA. You can download the guide here: <http://www.fta.gov.sg/aanzfta/trade%20in%20goods%20guide%20-%20aanzfta%20v2.pdf>

## **ASEAN-INDIA FREE TRADE AGREEMENT (AIFTA)**

### **Overview**

The AIFTA, which took effect on January 1, 2010, opens up a market of some 1.2 billion consumers for Singapore’s exporters. Under the terms of the agreements, India and the ASEAN-5 countries are due to completely eliminate their tariffs on NT1 goods by 2013 and on NT2 goods by 2016. For goods in the “sensitive track,” both Singapore and India will reduce tariffs to 5 per cent or below by 2016.

For those interested in exporting to India, the Singapore-Indian Chamber of Commerce and Industry (SICCI) offers support tailored specifically to SMEs. For more information, visit the website of the SICCI SME Centre: <http://www.smeccentre-sicci.sg>.

### **Required Documentation**

To benefit from the preferential treatment offered under the AIFTA, exporters must prove that their products officially “originate” from within the ASEAN-India free trade area. The guidelines on determining a product’s origin are laid out in Annex 2 of the AIFTA.<sup>35</sup> If you determine that your product qualifies, then you must complete **Form AI** (ASEAN-India) and submit that to the customs authorities along with the rest of your export documentation.

---

<sup>34</sup> The full text of the agreement is available here: <http://akfta.asean.org/index.php?page=asean-korea-trade-in-goods-agreement>.

<sup>35</sup> The full text of the agreement is available here: <http://commerce.gov.in/trade/ASEAN-India%20Trade%20in%20Goods%20Agreement.pdf>



# 10

## Thailand

## 10.1 Country Profile

Thailand is a business-friendly, upper-middle-income country that relies heavily on exports, which account for more than two thirds of national GDP. Thanks in part to its solid infrastructure and good investment policies, Thailand has registered solid growth over the last decade, with the exception of 2009, the peak of the global economic downturn. That growth has been driven largely by exports of products such as electronics, computer parts, automobiles, textiles, fish, rice and rubber.

Thailand's economic growth continues today, with the GDP expanding by more than 6 per cent in 2012 (Asian Development Bank, 2013). However, exports have declined slightly in the last few years, due to weak demand from overseas. To counter this, the government is working to promote consumption among the country's population of 70 million. The country faces challenges in the form of persistent inequality, rising labour costs, a recent flooding crisis and a rapidly ageing population.

Economic integration has long been an objective of the Thai government. A founding member of ASEAN, Thailand is a party to all of the bloc's FTAs. In addition, the country has signed bilateral FTAs with Australia, Chile, China, India, Japan, New Zealand and Peru. Currently, the country's most important trading partners are China, Japan and the United States, in addition to several other ASEAN member states (CIA, 2013).

### **ROLE OF SMES**

SMEs play a vital role in the Thai economy. In the manufacturing sector, for instance, SMEs account for 93.8 per cent of all businesses, employing some 868,000 workers. Most of those businesses are at the smaller end of the SME scale: small firms make up 76 per cent of all of Thailand's manufacturing businesses, while medium companies account for just 17.8 per cent (Chittithaworn, Islam, Keawchana, & Yusuf, 2011).

Overall, Thai SMEs account for 42 per cent of national GDP and 99.5 per cent of all businesses in the country. More than a quarter—28.4 per cent—of those SMEs export their products overseas. SMEs are concentrated most heavily in a handful of sectors: food and beverage, textiles and apparel, and wood and wood products (MSME News Network, 2012).

## 10.2 General Information for Exporters

The Thai Customs Department (<http://www.customs.go.th/wps/wcm/connect/custen/home/homewelcome>) is responsible for managing the country's export flows. The following guidelines have been adapted from information provided on their website.

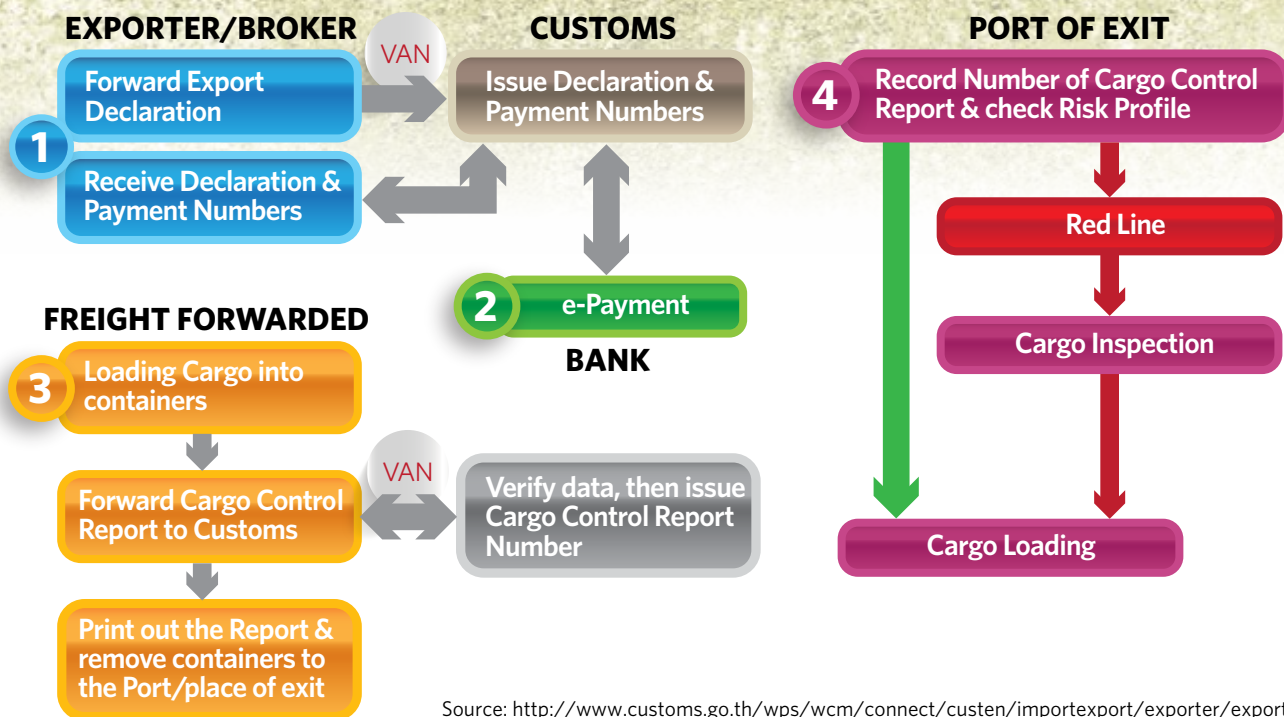
### **EXPORT PROCEDURES**

All goods being exported from Thailand are subject to customs control and must be reported to the customs department. The role of the customs department is to ensure that all goods being exported from Thailand are reported as required, and to administer controls on behalf of permit-issuing agencies on the export of restricted goods. The department also gathers information regarding the nature and volume of exports to assist government and industry in policy and decision-making.

Unless specifically exempt, goods may not be loaded onto a ship or aircraft for export unless they have been entered for export in the customs system and the Customs Department has approved the export. Most applications for an export declaration are submitted electronically via the e-Export system. More information on electronic submission is available here: <http://www.customs.go.th/wps/wcm/connect/custen/e-customs/e-customs>.



**Figure 3.** Export procedures in Thailand.



## DOCUMENTATION REQUIREMENTS

The Customs Department requires potential exporters to submit the following documents:

- Export Declaration
- Invoice
- Export license (if applicable)
- Other relevant documents such as catalogue, product ingredients, etc.

## DECLARATION AND CLEARANCE PROCESS

Once the Export Declaration data has been entered into the customs computer system, it will be subjected to automatic processing. There are generally four stages to the export clearance processes:

1. *Submission of a declaration:* The export procedures start when an exporter or broker submits an Export Declaration in ebXML message to the e-Customs system.
2. *Verification of a declaration:* The second stage is automated verification of the declaration. As soon as the e-Customs system receives the Export Declaration data, it is preliminarily validated. In cases where the validated data contains no error, the Goods Declaration Number is generated in conjunction with the e-Payment system (if export taxes and duties are applicable). The response message is then transmitted to the exporter/broker. In addition, the selectivity profile system will validate the transmitted data and classify the Goods Declaration into one of two categories: Green Line or Red Line.
3. *Payment of duties and taxes:* The third stage is payment of applicable duties and taxes and/or guarantee. There are currently three ways in which you can make this payment: at the Customs Department, via the e-Payment system or in person at a bank.

4. *Inspection and release of cargo:* The last stage is to inspect and finally release cargo from customs custody. At this stage, a freight forwarder loads cargo into containers and electronically sends a cargo control report to the e-Customs system. The e-Customs system validates the data and reports any error for immediate online correction. If no error is found, the cargo control report number is automatically generated by the system and the response message is sent to the freight forwarder and the exporter/broker. The freight forwarder then prints out the cargo control report with its number and removes the cargo to the port of exit. At this stage, the Customs officer at a sub-gate checks whether the declaration is a Red Line or a Green Line. Green Line Declarations are cleared within a few minutes. After the cargo is exported, a shipping company/agent is required to submit the manifest information to the e-Customs system. The system then automatically loads the Goods Declaration and transmits the response message back to the exporter/broker. Red Line cargo is removed for physical inspection.

For further information about the export process, contact the Customs Call Center at Tel. 1164 or the Customs Clinic at Tel. 02-667-7880-4, Fax. 02-667-7885, e-mail: [customs\\_clinic@customs.go.th](mailto:customs_clinic@customs.go.th). Additional contact information is available here: <http://www.customs.go.th/wps/wcm/connect/custen/contactus/contactus>.

## 10.3 Facilities Enabling Export for SMEs

### **OFFICE OF SME PROMOTION**

In recognition of the important role that Thai SMEs play in the national economy, the government has set up the Office of SME Promotion ([www.sme.go.th](http://www.sme.go.th)). The office helps to implement the government's SME Promotion Plan, which is currently in its third phase. In this role, the organization produces reports and research papers and manages a capacity-building fund for SMEs, among other activities.

The Office of SME Promotion is located at:

Office of Small and Medium Enterprises Promotion  
G, 15, 17-20, 23 Floor, TST Tower, 21 Viphavadi-Rungsit Rd,  
Chompphon, Jatujak, Bangkok, Thailand 10900  
Tel: +66 2278 8800; Fax: +66 2273 8850  
Email: [info@sme.go.th](mailto:info@sme.go.th)

### **SME DEVELOPMENT BANK OF THAILAND**

The mandate of the SME Development Bank (<http://www.smebank.co.th/en/index.php>), which was established in 2002, is to help SMEs start, expand or improve their businesses "by providing loans, guarantees, venture capital, counseling and other necessary services." The bank provides deposit services, letters of guarantee and venture capital services, among others. The bank has various branch offices around the country (for details, see: <http://www.smebank.co.th/en/contact2.php>). Its headquarters are located at the following address:

Small and Medium Enterprise Development Bank of Thailand  
SME BANK Tower 310 Phaholyothin Road,  
Samsen-Nai, Phayathai, Bangkok 10400  
Tel: +66 2265 3000; Fax: +66 2265 4000

### **SME THAILAND CLUB**

The SME Thailand Club produces a magazine for SME owners and regularly posts news features relevant to SMEs on its website. For more information, visit: <http://www.smethailandclub.com>.

## 10.4 Overview of ASEAN FTAs

### ASEAN TRADE IN GOODS AGREEMENT (ATIGA)

#### Overview

The ATiGA entered into force in May 2010. With its wide-ranging tariff cuts on goods produced within the ASEAN region, the ATiGA presents significant opportunities for exporters. From the perspective of businesses in Thailand, the agreement opens up trade with three of Thailand's most important economic partners: Malaysia, Indonesia and Singapore.

#### Required Documentation

To benefit from the preferential treatment offered under the ATiGA, exporters must prove that their products officially "originate" from within the ASEAN free trade area. The guidelines on determining a product's origin are laid out in Chapter 3 of the ATiGA.<sup>36</sup> If you determine that your product qualifies, then you must complete **Form D** (ATiGA) and submit that to the customs authorities along with the rest of your export documentation.

### ASEAN-CHINA FREE TRADE AGREEMENT (ACFTA)

#### Overview

The ACFTA is the world's largest FTA in terms of population and the third largest in terms of GDP. Under the Trade in Goods Agreement of the ACFTA, the average tariff level on ASEAN-China trade has already declined to 4.5 per cent, nearly half the rate before the agreement was signed. The agreement provides significant opportunities for firms in Thailand, as China is the single largest destination for Thai exports. Indeed, total trade between China and Thailand is predicted to increase rapidly over the next two years, potentially totalling US\$100 billion by 2015 (Pattaya Mail, 2013).

#### Required Documentation

To benefit from the preferential treatment offered under the ACFTA, exporters must prove that their products officially "originate" from within the ASEAN-China free trade area. The guidelines on determining a product's origin are laid out in Annex 3 of the ACFTA (which is available here: [http://www.dti.gov.ph/uploads/DownloadableForms/\(BITR\)ACFTAroo\\_20Oct10.pdf](http://www.dti.gov.ph/uploads/DownloadableForms/(BITR)ACFTAroo_20Oct10.pdf).) If you determine that your product qualifies, then you must complete **Form E** (ASEAN-China) and submit that to the customs authorities along with the rest of your export documentation.

### ASEAN-JAPAN COMPREHENSIVE ECONOMIC PARTNERSHIP (AJCEP)

#### Overview

Under the terms of the AJCEP, which entered into force in 2008, Japan will eliminate 93 per cent of its tariffs on imports of from ASEAN, including Thailand, by 2018. For its part, Thailand will also eliminate its tariffs on 90 per cent of Japanese imports by the same date. The agreement builds on Thailand's bilateral FTA with Japan, which took effect in 2007, offering broader and deeper trade liberalization for exporters in both countries. The volume of trade between Thailand and Japan has been growing steadily since the 1990s, with the balance of trade consistently favouring Japan (Embassy of Japan, 2012).

#### Required Documentation

To benefit from the preferential treatment offered under the AJCEP, exporters must prove that their products officially "originate" from within the ASEAN-Japan free trade area. The guidelines on determining a product's origin are laid out in Chapter 3 of the AJCEP.<sup>37</sup> If you determine that your product qualifies, then you must complete **Form AJ** (ASEAN-Japan) and submit that to the customs authorities along with your other documentation.

---

<sup>36</sup> The full text of the ATiGA is available here: <http://www.thaifta.com/thaifta/Portals/0/atiga.pdf>.

<sup>37</sup> The full text of the AJCEP is available here: <http://www.mofa.go.jp/policy/economy/fta/asean/agreement.html>.

## **ASEAN-KOREA FREE TRADE AGREEMENT (AKFTA)**

### **Overview**

The Trade in Goods Agreement of the AKFTA was signed in 2006. South Korea is currently not a major importer of Thai products, so the AKFTA presents significant opportunities for Thai businesses. Under the terms of the deal, products are categorized as either “normal track” or “sensitive track.” Korea and all ASEAN-6 countries, including Thailand, were due to liberalize tariffs on 90 per cent of all “normal track” goods by January 1, 2010.

### **Required Documentation**

To benefit from the preferential treatment offered under the AKFTA, exporters must prove that their products officially “originate” from within the ASEAN-Korea free trade area. The guidelines on determining a product’s origin are laid out in Annex 3 of the AKFTA, and the rules of origin are available here: <http://akfta.asean.org/uploads/docs/akfta-rules-of-origin.pdf>.<sup>38</sup> If you determine that your product qualifies, then you must complete **Form AK** (ASEAN-Korea) and submit that to the customs authorities along with the rest of your export documentation.

For further guidance, you can use the “Tariff Finder” function on the AKFTA website: <http://akfta.asean.org>.

## **ASEAN-AUSTRALIA-NEW ZEALAND FREE TRADE AGREEMENT (AANZFTA)**

### **Overview**

The AANZFTA, which entered into force on January 1, 2010, offers significant opportunities for exporters in Thailand. Australia is currently the eighth biggest destination for Thai products, accounting for 4.3 per cent of all of the country’s exports. Both Australia and New Zealand have committed to completely eliminating all of their tariffs on imports from ASEAN, including Thailand, by 2020.

### **Required Documentation**

To benefit from the preferential treatment offered under the AANZFTA, exporters must prove that their products officially “originate” from within the ASEAN-Australia-New Zealand free trade area. The guidelines on determining a product’s origin are laid out in Chapter 3 of the AANZFTA (which you can find here: <http://asean.fta.govt.nz/chapter-3-rules-of-origin/>). If you determine that your product qualifies, then you must complete **Form AANZ** (ASEAN-Australia-New Zealand) and submit that to the customs authorities along with the rest of your export documentation.

## **ASEAN-INDIA FREE TRADE AGREEMENT (AIFTA)**

### **Overview**

The AIFTA, which took effect on January 1, 2010, opens up a market of some 1.2 billion consumers for Singapore’s exporters. Under the terms of the agreements, India and the ASEAN-5 countries are due to completely eliminate their tariffs on NT1 goods by 2013 and on NT2 goods by 2016. For goods in the “sensitive track,” both Thailand and India will reduce tariffs to 5 per cent or below by 2016.

### **Required Documentation**

To benefit from the preferential treatment offered under the AIFTA, exporters must prove that their products officially “originate” from within the ASEAN-India free trade area. The guidelines on determining a product’s origin are laid out in Annex 2 of the AIFTA.<sup>39</sup> If you determine that your product qualifies, then you must complete **Form AI** (ASEAN-India) and submit that to the customs authorities along with the rest of your export documentation.

---

<sup>38</sup> The full text of the agreement is available here: <http://akfta.asean.org/index.php?page=asean-korea-trade-in-goods-agreement>

<sup>39</sup> The full text of the agreement is available here: <http://commerce.gov.in/trade/ASEAN-India%20Trade%20in%20Goods%20Agreement.pdf>.



# 11

## Vietnam

---

## 11.1 Country Profile

Vietnam is a developing country with a population of roughly 88 million. Since the mid-1980s, Vietnam has shifted from a highly centralized planned economy to a market economy. The country has experienced solid economic growth since those reforms were introduced, thanks largely to an increase in exports; indeed, China is the only Asian country whose economy has grown more quickly since 2000 (Breu et al, 2012). Economic performance continues to be strong today: Vietnam's GDP grew by 5 per cent in 2012. Growth rates are predicted to rise to 5.2 per cent in 2013 and 5.6 per cent in 2014 (ADB, 2013).

Over the last decade, Vietnam's manufacturing industry has become increasingly important to the national economy. Today, industry accounts for 40.8 per cent of GDP, while services makes up 37.6 per cent, followed by agriculture at 21.6 per cent (down from 25 per cent in 2000) (CIA, 2013).

Vietnam's poverty rate has fallen significantly, but the country continues to face many significant challenges. These include low labour productivity, high levels of bad debt and an under-capitalized banking sector (Breu, Dobbs, Remes, Skilling, & Kim, 2012).

The Vietnamese government has stressed the importance of strengthening Vietnam's economic ties with partners in the region and beyond. The country is a party to all of ASEAN's FTAs. In addition, it has signed bilateral FTA with Chile, Japan and New Zealand, and it is one of the dozen countries currently negotiating the wide-ranging TPP Agreement. Vietnam became a member of the World Trade Organization in 2007.

### **ROLE OF SMES**

The vast majority of Vietnamese businesses are SMEs. The number of SMEs has exploded over the last decade, growing from 18,883 in 2000 to nearly 333,835 at the end of 2011. The majority of those businesses (69.8 per cent) were micro enterprises, while only 28.2 per cent were small and 2.1 per cent were medium-sized (General Statistics Office, Vietnam, 2012). Vietnam's SMEs are particularly active in sectors such as retail and wholesaling, construction, processing, science and technology, and agriculture (Nguyen, 2012).

## 11.2 General Information for Exporters

The General Department of Vietnam Customs (<http://www.customs.gov.vn>) is responsible for managing Vietnam's export flows. The Ministry of Planning and Investment (<http://www.mpi.gov.vn>) manages investment flows and helps to craft plans for the national economy. Meanwhile, the Vietnam Chamber of Commerce and Industry (<http://vcci.com.vn>) works to promote Vietnamese exports overseas.

### **DOCUMENTATION REQUIREMENTS**

The Vietnamese government officially introduced an electronic customs (e-customs) system at the national scale in early 2013. It has taken off quickly: as of May 2013, the e-customs system was in use at 126 branches of 34 local customs departments. By the end of April, more than 35,000 businesses—93.5 per cent of all companies in the country—had made use of the system, according to the General Department of Customs (Vietnam Plus, 2013).

The government is continuing to refine the system by introducing the use of e-signatures, providing training in e-customs declarations and developing mechanisms to support businesses in applying the procedures (Vietnam Plus, 2013). For more information about the e-customs system, visit <http://www.customs.gov.vn/Lists/EnglishIntro/Details.aspx?language=en-US&List=687740d1-9f47-4017-9fe5-59a46541d016&ID=9&Web=c00daeed-988b-468d-b27c-717ca31ae3ff>.

Export taxes are levied only on certain commodities, mainly natural resources such as minerals and forest products. Export taxes range from 0 per cent to 45 per cent. Several products are subject to special export regulations. These products include commodity rice, paddy rice and products used by the military or for national defense. For more information, visit the Vietnam Trade Promotion Agency website: <http://www.vietrade.gov.vn>.

## 11.3 Facilities Enabling Export for SMEs

### **SME PARTNER**

Established in 2011, SME Partner Vietnam (<http://smevietnam.org>) is a non-profit organization that aims to create partnerships between established business owners and newcomers to the business world. To that end, the organization provides mentoring services and training for new owners of SMEs. More information is available on the SME Partner website, or you can contact them via email at: [contact@smevietnam.org](mailto:contact@smevietnam.org). More contact details are available here: <http://smevietnam.org/contact/>

### **SME DEVELOPMENT FUND**

In April 2013 the Vietnamese government announced that it planned to establish an SME Development Fund under the Ministry of Planning and Investment. Among other things, the fund will organize financial resources for Vietnamese SMEs and manage a trust that will be used to help fund SME development. The fund will have an initial capital allocation of US\$100 million, which will be given by the government. For more information, please see: <http://vietnamnews.vn/economy/238554/sme-development-fund-to-be-established.html>.

### **VIETNAM EXPORT PORTAL**

Under the direction of the Ministry of Trade and Industry, the Vietnam E-commerce and Information Technology Agency has set up the Vietnam Export Portal (<http://www.vietnamexport.com>), which provides a database of registered Vietnamese exporters. The aim of the site is to help overseas buyers locate exporters within Vietnam. To learn more, or to ask to be listed on the site, contact them at:

Vietnam E-commerce Development Center  
Ministry of Industry and Trade  
25 Ngo Quyen Str., Hoan Kiem Dist., Hanoi, Vietnam.  
Telephone: +84 4 222 05 365; Fax: +84 4 222 05 507  
Email: [trangntp@ecomviet.vn](mailto:trangntp@ecomviet.vn)

### **VIETNAM TRADE PROMOTION AGENCY**

The Vietnam Trade Promotion Agency (<http://www.vietrade.gov.vn>), which is a branch of the Ministry of Industry and Trade, offers information and support for the country's exporters. This includes helping Vietnamese businesses find new markets and business partners overseas, as well as organizing business meetings, seminars and conferences for Vietnamese and foreign enterprises. The agency also offers training for Vietnamese business owners. The head office is located at:

Vietnam Trade Promotion Agency (VietTrade)  
Ministry of Industry and Trade  
20 Ly Thuong Kiet St., Ba Dinh Dist., Ha Noi.  
Tel : +84 4 39347628  
Fax: +84 4 39348142/39344260  
Email: [vietrade@vietrade.gov.vn](mailto:vietrade@vietrade.gov.vn)

## **BUSINESS PORTAL**

Under the supervision of the Ministry of Planning and Investment, the Agency for Enterprises Development has created a business portal to provide technical and financial assistance to SMEs. The portal is located at: <http://en.business.gov.vn/EnterpriseSupport.aspx>. The site also includes information on the government's policies to support SMEs. To contact the Business Portal, email: [info@business.gov.vn](mailto:info@business.gov.vn).

## **VIETNAM ASSOCIATION OF SMALL AND MEDIUM ENTERPRISES**

The Vietnam Association of Small and Medium Enterprises works to promote the development of SMEs by offering expert advice and other resources. The association regularly hosts events for its members. To learn more, visit: <http://vinasme.org.vn>.

## **ENTERPRISE DEVELOPMENT AGENCY**

The Enterprise Development Agency (EDA), (formerly ASMED) falls under the Ministry of Planning and Investment. The agency acts as the focal body for designing all SME development policies, developing guidelines and overseeing implementation of all government-funded SME support programs. Its website (<http://www.business.gov.vn>) is an excellent source of practical information for SMEs.

## **11.4 Overview of ASEAN FTAs**

### **ASEAN TRADE IN GOODS AGREEMENT (ATIGA)**

#### **Overview**

The ATiGA entered into force in May 2010. With its wide-ranging tariff cuts on goods produced within the ASEAN region, the ATiGA presents significant opportunities for exporters. From the perspective of Vietnamese businesses, the agreement opens up trade with one major importer of Vietnamese products: Malaysia.

#### **Required Documentation**

To benefit from the preferential treatment offered under the ATiGA, exporters must prove that their products officially "originate" from within the ASEAN free trade area. The guidelines on determining a product's origin are laid out in Chapter 3 of the ATiGA.<sup>40</sup> If you determine that your product qualifies, then you must complete **Form D** (ATiGA) and submit that to the customs authorities along with the rest of your export documentation.

### **ASEAN-CHINA FREE TRADE AGREEMENT (ACFTA)**

#### **Overview**

The ACFTA is the world's largest FTA in terms of population and the third largest in terms of GDP. Under the Trade in Goods Agreement of the ACFTA, the average tariff level on ASEAN-China trade has already declined to 4.5 per cent, nearly half the rate before the agreement was signed. China and the ASEAN-6 countries have already eliminated tariffs on 90 per cent of ACFTA imports; Vietnam, Cambodia, Lao PDR and Myanmar have been allowed until 2015 to achieve the same goal.

The ACFTA presents significant opportunities in Vietnam, which shares a border with China. China is currently the second biggest destination of Vietnamese exports, after the United States. Annual trade between Vietnam and China has skyrocketed in the last decade, rising from US\$3 billion in 2001 to US\$40 billion in 2012 (Atlantic Sentinel, 2013).

---

<sup>40</sup> The full text of the ATiGA is available here: <http://www.thaifta.com/thaifta/Portals/0/atiga.pdf>.



### **Required Documentation**

To benefit from the preferential treatment offered under the ACFTA, exporters must prove that their products officially “originate” from within the ASEAN-China free trade area. The guidelines on determining a product’s origin are laid out in Annex 3 of the ACFTA (which is available here: [http://www.dti.gov.ph/uploads/DownloadableForms/\(BITR\)ACFTAroo\\_20Oct10.pdf](http://www.dti.gov.ph/uploads/DownloadableForms/(BITR)ACFTAroo_20Oct10.pdf)). If you determine that your product qualifies, then you must complete **Form E** (ASEAN-China) and submit that to the customs authorities along with the rest of your export documentation.

## **ASEAN-JAPAN COMPREHENSIVE ECONOMIC PARTNERSHIP (AJCEP)**

### **Overview**

Under the terms of the AJCEP, Japan will eliminate tariffs on 93 per cent of its imports from all ASEAN countries, including Vietnam, by 2018. In return, Vietnam will eliminate tariffs on all imports of “normal goods” from Japan by 2026. These tariff reductions will present significant opportunities for exporters in Vietnam: Japan is currently the third most important destination for Vietnamese exports, after the United States and China. The AJCEP builds on Vietnam’s bilateral trade agreement with Japan, which was signed in 2008 (Agence France-Presse, 2008).

### **Required Documentation**

To benefit from the preferential treatment offered under the AJCEP, exporters must prove that their products officially “originate” from within the ASEAN-Japan free trade area. The guidelines on determining a product’s origin are laid out in Chapter 3 of the AJCEP.<sup>41</sup> If you determine that your product qualifies, then you must complete **Form AJ** (ASEAN-Japan) and submit that to the customs authorities along with your other documentation.

## **ASEAN-KOREA FREE TRADE AGREEMENT (AKFTA)**

### **Overview**

The AKFTA was signed in 2006. Under the terms of the deal, products are categorized as either “normal track” or “sensitive track.” Korea was due to liberalize tariffs on all of its “normal track” goods by January 1, 2010; Vietnam was granted until 2016 to achieve the same goal. Korea is currently the fourth biggest destination of Vietnamese exports; total trade between the two countries totalled more than US\$18.5 billion in 2011, nearly double the 2009 total of US\$9.7 billion (Yonhap News Agency, 2012).

### **Required Documentation**

To benefit from the preferential treatment offered under the AKFTA, exporters must prove that their products officially “originate” from within the ASEAN-Korea free trade area. The guidelines on determining a product’s origin are laid out in Annex 3 of the AKFTA.<sup>42</sup> If you determine that your product qualifies, then you must complete **Form AK** (ASEAN-Korea) and submit that to the customs authorities along with the rest of your export documentation.

For further guidance, you can use the “Tariff Finder” function on the AKFTA website: <http://akfta.asean.org>.

## **ASEAN-AUSTRALIA-NEW ZEALAND FREE TRADE AGREEMENT (AANZFTA)**

### **Overview**

The AANZFTA, which entered into force on January 1, 2010, offers significant opportunities for Vietnamese exporters. Both Australia and New Zealand have committed to completely eliminating all of their tariffs on imports from ASEAN, including Vietnam, by 2020. In return, Vietnam will eliminate its tariffs on 99 per cent of its ANZ imports by 2020 (New Zealand Ministry of Foreign Affairs and Trade, 2012).

---

<sup>41</sup>The full text of the AJCEP is available here: <http://www.mofa.go.jp/policy/economy/fta/asean/agreement.html>.

<sup>42</sup>The full text of the agreement is available here: <http://akfta.asean.org/index.php?page=asean-korea-trade-in-goods-agreement>

### **Required Documentation**

To benefit from the preferential treatment offered under the AANZFTA, exporters must prove that their products officially “originate” from within the ASEAN-Australia-New Zealand free trade area. The guidelines on determining a product’s origin are laid out in Chapter 3 of the AANZFTA (which you can find here: <http://asean.fta.govt.nz/chapter-3-rules-of-origin/>). If you determine that your product qualifies, then you must complete **Form AANZ** (ASEAN-Australia-New Zealand) and submit that to the customs authorities along with the rest of your export documentation.

## **ASEAN-INDIA FREE TRADE AGREEMENT (AIFTA)**

### **Overview**

The AIFTA, which took effect on January 1, 2010, also provides significant opportunities for Vietnamese exporters. Bilateral trade between India and Vietnam is expected to total US\$5 billion in 2013, which would represent an increase of more than US\$1 billion from the previous year (Vietnam News, 2013). India and the ASEAN-5 countries are due to completely eliminate their tariffs on NT1 goods by 2014 and on NT2 goods by 2017. Vietnam, however, has been granted additional time to liberalize its tariffs on Indian imports; the country must liberalize its NT1 goods by December 31, 2018 and its NT2 goods by the end of 2021.

### **Required Documentation**

To benefit from the preferential treatment offered under the AIFTA, exporters must prove that their products officially “originate” from within the ASEAN-India free trade area. The guidelines on determining a product’s origin are laid out in Annex 2 of the AIFTA.<sup>43</sup> If you determine that your product qualifies, then you must complete **Form AI** (ASEAN-India) and submit that to the customs authorities along with the rest of your export documentation.

---

<sup>43</sup> The full text of the agreement is available here: <http://commerce.gov.in/trade/ASEAN-India%20Trade%20in%20Goods%20Agreement.pdf>.

## References

- Agence France-Presse. (2008, December 25). Japan, Vietnam sign free trade pact. Retrieved from <http://www.google.com/hostednews/afp/article/ALeqM5jVfDAMbRmewBOFHu8miBu1y694FQ>
- ASEAN Secretariat. (2013). ASEAN Economic Community. Retrieved from <http://www.asean.org/communities/asean-economic-community>
- Asian Development Bank. (2013). Countries and regions. Retrieved from <http://www.adb.org/countries/main>.
- Asian Development Bank Institute. (2010). *FTAs and Philippine business: Evidence from transport, food, and electronics firms*. ADBI Working Paper Series No. 185. Retrieved from <http://www.adbi.org/files/2010.01.13.wp185.fta.philippine.business.pdf>
- Asian Development Bank Institute. (2010, September 28–30). *Skills development for SMEs and micro enterprises in the Philippines: A country report*. Paper presented at ADBI-OECD Conference on Skills Development in the Post-Crisis Context, Tokyo, Japan. Retrieved from <http://www.adbi.org/conf-seminar-papers/2010/10/28/4150.paper.smes.micro.enterprises.philippines/>
- Atlantic Sentinel. (2013, August 12). Vietnam addresses trade deficit with China. Retrieved from <http://atlanticsentinel.com/2013/08/vietnam-addresses-trade-deficit-with-china/>.
- Bakar, N. B. A. (2008). *Country report on Brunei*. National Chamber of Commerce and Industry, Brunei. Retrieved from <http://www.cacci.org.tw/Journal/2008%20Vol%202/Brunei-2008-2.pdf>.
- Breu, M., Dobbs, R., Remes, J., Skilling, D., & Kim, J. (2012). *Sustaining Vietnam's growth: The productivity challenge*. McKinsey Global Institute. Retrieved from [http://www.mckinsey.com/insights/asia-pacific/sustaining\\_growth\\_in\\_vietnam](http://www.mckinsey.com/insights/asia-pacific/sustaining_growth_in_vietnam)
- British Broadcasting Corporation. (2013, June 13). Brunei profile. Retrieved on from <http://www.bbc.co.uk/news/world-asia-pacific-12990058>
- Brunei Economic Development Board. (2013). Economic overview. Retrieved on from [http://www.bedb.com.bn/why\\_ecooverview.html](http://www.bedb.com.bn/why_ecooverview.html)
- Brunei Times. (2013, March 28). Gov't boosts thrust for SME development, job creation. Retrieved from <http://www.bt.com.bn/business-national/2013/03/28/govt-boosts-thrust-smedevelopment-job-creation>
- Central Intelligence Agency. (2013). World factbook. Retrieved from <https://www.cia.gov/library/publications/the-world-factbook/>
- China Economic Net. (2013, April 12). China-Laos trade relations seek to make new achievements. Retrieved from [http://en.ce.cn/National/foreignaffairs/201304/12/t20130412\\_24285239.shtml](http://en.ce.cn/National/foreignaffairs/201304/12/t20130412_24285239.shtml)
- Chittithaworn, C., Islam, A., Keawchana, T., & Yusuf, D. H. M. (2011). Factors affecting success of small and medium enterprises in Thailand. *Asian Social Sciences*, 7, 5.
- Commercial Cooperation of the Organization of the Islamic Conference. (2013, June 20). *SME development in Indonesian*. Paper presented at the First Meeting of the COMCEC Trade Working Group, Ankara, Turkey. Retrieved from <http://www.comcec.org/UserFiles/File/WorkingGroups/Trade/Presentations/6-INDONESIA.pdf>
- Council for the Development of Cambodia. (2013). List of SEZ. Retrieved from <http://www.cambodiainvestment.gov.kh/list-of-sez.html>
- Deloitte. (2012). *Indonesian customs guide 2012*. Retrieved from <http://www.deloitte.com/assets/Dcom-Indonesia/Local%20Assets/Documents/Indonesian%20Customs%20Guide%202012-web.pdf>
- Department of Foreign Affairs and Trade, Australia. (2013, September). Myanmar country brief. Retrieved from [http://www.dfat.gov.au/geo/myanmar/myanmar\\_brief.html](http://www.dfat.gov.au/geo/myanmar/myanmar_brief.html)
- Department of Trade and Industry. (2008). Export procedures. Retrieved from <http://www.dti.gov.ph/dti/index.php?p=223>
- Department of Trade and Industry. (2010a). *ASEAN-Australia-New Zealand Free Trade Area*. Retrieved from [http://www.dti.gov.ph/uploads/DownloadableForms/\(BITR\)AANZFTA-Overview\\_28Oct10.pdf](http://www.dti.gov.ph/uploads/DownloadableForms/(BITR)AANZFTA-Overview_28Oct10.pdf)
- Department of Trade and Industry. (2010b). *ASEAN-China Free Trade Area*. Retrieved from [http://www.dti.gov.ph/uploads/DownloadableForms/\(BITR\)ACFTA-overview\\_28Oct10.pdf](http://www.dti.gov.ph/uploads/DownloadableForms/(BITR)ACFTA-overview_28Oct10.pdf)

- Economic Research Institute for ASEAN and East Asia. (2012). *Trade facilitation: The way forward for ASEAN and its FTA partners*. Retrieved from <http://www.eria.org/ERIA-PB-2012-04.pdf>
- Economic Transformation Programme. (2013). Overview of ETP. Retrieved from [http://etp.pemandu.gov.my/About\\_ETP-@-Overview\\_of\\_ETP.aspx](http://etp.pemandu.gov.my/About_ETP-@-Overview_of_ETP.aspx)
- Embassy of Japan, Thailand. (2012). Japan-Thailand relations. Retrieved from <http://www.th.emb-japan.go.jp/en/relation/#Economy>
- Embassy of Myanmar, Brussels. (2013). Procedures for export and import and customs clearance. Retrieved from <http://www.embassyofmyanmar.be/business%20info/procedures.htm>
- General Department of Customs and Excise of Cambodia. (2012). Automated Systems for Customs Data. Retrieved from <http://www.customs.gov.kh/asycuda.html>
- General Statistics Office, Vietnam (GSO). (2012). Economic, administrative, and business census results, 2012 [in Vietnamese]. Retrieved from <http://www.gso.gov.vn/default.aspx?tabid=403&idmid=2&ItemID=13841>
- GMA News. (2013, April 17). PHL not ready to join Trans-Pacific Partnership – Trade chief. Retrieved from <http://www.gmanetwork.com/news/story/304347/economy/business/phl-not-ready-to-join-trans-pacific-partnership-trade-chief>
- High Commission of India, Kuala Lumpur. (2013). India-Malaysia economic commercial relations. Retrieved from [http://www.indianhighcommission.com.my/two\\_way\\_trade.html](http://www.indianhighcommission.com.my/two_way_trade.html)
- Hindu Business Line. (2013, August 20). India-Indonesian trade to touch \$4 b by 2015. Retrieved from <http://www.thehindubusinessline.com/news/states/indiaindonesian-trade-to-touch-45-b-by-2015/article5042276.ece>
- InterAksyon. (2013, March 11). Philippines, EU agree to pursue FTA negotiations, DTI says. Retrieved from <http://www.interaksyon.com/business/56850/philippines-eu-agree-to-pursue-fta-negotiations-dti-says>
- International Finance Corporation. (2010). Understanding Cambodian small and medium enterprise needs for financial services and products. Retrieved from <http://www.ifc.org/wps/wcm/connect/70858880474dce1595069f11d57e6c63/Cam+SME-Financial+Services+and+Products.pdf?MOD=AJPERES>
- IRIN. (2012, May 17). LAOS: Aiming to leave least developed country list. Retrieved from <http://www.irinnews.org/report/95470/>
- Japan Customs. (2013). Overview of the elimination or reduction in tariffs under the AJCEP Agreement." Retrieved from [http://www.customs.go.jp/english/c-answer\\_e/keizairenkei/4032\\_e.htm](http://www.customs.go.jp/english/c-answer_e/keizairenkei/4032_e.htm)
- Kyophilavong, P. (2008). *SME development in Lao PDR*. National University of Laos. Retrieved from <http://www.eria.org/SMEs%20Development%20in%20Lao%20PDR.pdf>
- Lee, Eugene Thean Hock. (2013). *Scope for improvement: Malaysia's oil and gas sector*. Retrieved from <http://refsa.org/wp/wp-content/uploads/2013/07/OG-Scoping-Report-Malaysia-final-20130701.pdf>
- Lord, Montague. (2013). *Lao PDR market access guide: Trading with ASEAN Dialogue partners – Japan*. Retrieved from <http://www.laotradeportal.gov.la/kcfinder/upload/files/Guide%20for%20Japan.pdf>
- Malaysia Investment Development Authority. (2012). Invest in Malaysia. Retrieved from <http://www.mida.gov.my/env3/index.php?page=services-sector>
- Ministry of Commerce, China. (2010). Briefings on China-Singapore bilateral trade from January to November. Retrieved from <http://english.mofcom.gov.cn/article/statistic/lanmubb/ASEAN/201101/20110107354775.shtml>
- Ministry of Foreign Affairs and Trade of Brunei. (2013). Brunei Darussalam's FTA Policy. Retrieved from <http://www.mofat.gov.bn/index.php/free-trade-agreements-ftas/brunei-darussalam-s-fta-policy>
- Ministry of Tourism of Cambodia. (2012). *Tourism statistics report June 2012*. Retrieved from [http://www.tourismcambodia.org/images/mot/statistic\\_reports/tourism\\_statistics\\_june\\_2012.pdf](http://www.tourismcambodia.org/images/mot/statistic_reports/tourism_statistics_june_2012.pdf)
- Mourougane, A. (2012). *Promoting SME development in Indonesia*. OECD Economics Department Working Papers. Retrieved from [http://search.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=ECO/WKP\(2012\)72&docLanguage=En](http://search.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=ECO/WKP(2012)72&docLanguage=En)
- MSME News Network. (2012, November 27). Thailand is supporting its SMEs. Retrieved from <http://www.msmebusinessnetwork.com/index.php/asia-pacific/news/item/903-thailand-is-supporting-smes>

- New Zealand Ministry of Foreign Affairs and Trade. (2012). Liberalising trade in goods. Retrieved from <http://asean.fta.govt.nz/liberalising-trade-in-goods/>
- Nguyen, H. (2012). Overview about SMEs in Vietnam. Retrieved from [http://www.asean.chula.ac.th/files/Presentation%20SMEs%201%20\(1\).pdf](http://www.asean.chula.ac.th/files/Presentation%20SMEs%201%20(1).pdf)
- Pattaya Mail. (2013, March 17). Thailand-China trade forecast at US\$100 Billion in next 3 years. Retrieved from <http://www.pattayamail.com/business/thailand-china-trade-forecast-at-us-100-billion-in-next-3-years-23490>
- People's Daily. (2010, February 26). China-ASEAN trade volume increases 80% in Jan 2010. Retrieved from <http://english.peopledaily.com.cn/90001/90778/90861/6903618.html>
- Phillipines Export Zone Agency. (2013). About PEZA. Retrieved from <http://www.peza.gov.ph/>
- Phnom Penh Post. (2009, May 27). Cambodia plans launch of export-import bank. Retrieved from <http://www.phnompenhpost.com/business/cambodia-plans-launch-export-import-bank>
- PricewaterhouseCooper. (2012). *Myanmar business guide*. Retrieved from [http://www.pwc.com/sg/en/assets/document/myanmar\\_business\\_guide.pdf](http://www.pwc.com/sg/en/assets/document/myanmar_business_guide.pdf)
- Hlaing, N. S. N. (2013, June 14). SME development and management in Myanmar. Rajaratnam School of International Studies. Retrieved from <http://ntsblog.wordpress.com/2013/06/14/sme-development-and-management-in-myanmar/>
- Singapore Information Services. (2013). ASEAN-Japan Comprehensive Economic Partnership (AJCEP). Retrieved from <http://www.insis.com/singapores-ftas/asean-japan-ajcep/>
- SME Corp Malaysia. (2012). *SME annual report 2011/2012*. Retrieved from <http://www.smecorp.gov.my/vn2/node/177>
- SPRING Singapore. (2011). *Factsheet on new SME definition*. Retrieved from [http://www.spring.gov.sg/NewsEvents/PR/Documents/Fact\\_Sheet\\_on\\_New\\_SME\\_Definition.pdf](http://www.spring.gov.sg/NewsEvents/PR/Documents/Fact_Sheet_on_New_SME_Definition.pdf)
- SPRING Singapore. (2013). Performance indicators. Retrieved from <http://www.spring.gov.sg/aboutus/pi/pages/performance-indicators.aspx#.UIQ69mTipH1>
- Star Online. (2013, July 26). Mier lowers Malaysia's economic growth for this year to 4.8%. Retrieved from <http://www.thestar.com.my/Business/Business-News/2013/07/26/GDP-forecast-revised-down-Mier-lowers-projected-economic-growth-for-this-year-to-48.aspx>
- United Nations Data. (2013). Cambodia. Retrieved from <http://data.un.org/CountryProfile.aspx?crName=Cambodia>
- Vietnam News. (2013, July 24). Trade with India to hit \$5 billion this year. Retrieved from <http://vietnamnews.vn/economy/242515/trade-with-india-to-hit-5-billion-this-year.html>
- Vietnam Plus. (2013, May 10). Over 93% of businesses using e-Customs. Retrieved from <http://en.vietnamplus.vn/Home/Over-93-percent-of-businesses-using-ecustoms/20135/34315.vnplus>
- Wignaraja, G. (2013.) Engaging small and medium enterprises in production networks: Firm-level analysis of five ASEAN economies. Asian Development Bank Institute. Retrieved from [http://www.wto.org/english/res\\_e/reser\\_e/wts\\_future2013\\_e/wignaraja.pdf](http://www.wto.org/english/res_e/reser_e/wts_future2013_e/wignaraja.pdf)
- World Bank. (2013). World Bank open data. Retrieved from <http://data.worldbank.org/>
- Xinhua. (2012, April 6). Myanmar, S. Korea hold economic cooperation forum. Retrieved from [http://news.xinhuanet.com/english/business/2012-04/06/c\\_131511548.htm](http://news.xinhuanet.com/english/business/2012-04/06/c_131511548.htm)
- Yonhap News Agency. (2012, December 17). S. Korea, Vietnam celebrate 20 years of diplomatic ties. Retrieved from <http://english.yonhapnews.co.kr/national/2012/12/17/81/0301000000AEN20121217003700315F.HTML>

## Appendix A: Glossary of Terms

**Export Subsidy:** Export subsidies are government policies that provide incentives for domestic producers to ship their goods overseas, rather than sell them at home. These incentives can come in the form of tax breaks, under-priced loans or even direct payments to producers that are linked to export performance. The World Trade Organization prohibits many of the more extreme forms of export subsidies because they distort trade in the international market.

**Free Trade Agreement (FTA):** An FTA is an agreement between two or more countries to lower the barriers to trade between their economies. FTAs may also include provisions to promote investment and to allow freer movement of people between the countries.

**Non-Tariff Barrier (NTB):** An NTB is anything other than a tariff that restricts the free flow of trade across borders. Examples of NTBs include: complex import regulations or red tape at the border, quantitative restrictions (quotas) on the number of a certain type of import that is allowed into a country and requirements that importers secure specific types of licences.

**Rules of Origin (RoO):** RoO are the terms set out in trade agreements that define how a product's country of origin should be defined. It might not be entirely clear, for example, if a product should be labelled "Made in Thailand" if half of the product's parts were actually produced in India. RoO could help to clarify that situation. They are often used to determine which products qualify for preferential treatment (tariff cuts, etc.) in an FTA.

**Sanitary and Phytosanitary Measures (SPS):** SPS measures are government policies that govern food safety and animal and plant health. In some cases, exporters may struggle to comply with the SPS measures of a particular country to which they are hoping to export their products. The World Trade Organization's SPS Agreement sets out what types of measures governments are allowed to use.

**Tariff:** Tariffs are essentially additional charges that governments place on the goods or services that are imported into their country. Tariffs are also often referred to as import duties or import taxes.

**Tariff Rate Quota (TRQ):** TRQs combine two commonly used trade policy tools: tariffs and quotas. Under a TRQ, a country allows only a restricted quantity of imports of a particular good to qualify for reduced tariffs; once that quantity has been exceeded, a higher tariff rate is applied to all remaining imports of that good. TRQs are most often used to protect domestically produced goods from outside competition.

**Technical Barriers to Trade (TBT):** TBTs are a type of non-tariff barrier to trade. They include a wide range of government policies, many of which aim to do things such as regulate markets, protect consumers, or conserve domestic reserves of natural resources. The World Trade Organization's Agreement on Technical Barriers to Trade regulates the use of TBTs.

## Appendix B: Calculating Rules of Origin

In this section, we will walk through two examples of how to make a **Rules of Origin (RoO)** calculation. As a reminder, the term “rules of origin” refers to the section of a free trade agreement (FTA) that determines the “nationality” or “country of origin” of an exported product. Both of the examples that follow will examine situations in which an Association of Southeast Asian Nations (ASEAN) producer is looking to export a product under the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA). The RoO of the AANZFTA are set out in Chapter 3 of the agreement, which you can read here: <http://www.dfat.gov.au/fta/aanzfta/chapters/chapter03.html>.

If you would like more detailed information on making RoO calculations under the AANZFTA, you can download the following guidebook, which was produced by the ASEAN Secretariat: [http://aanzfta.asean.org/uploads/publications/ASEAN\\_RulesOfOrigin.pdf](http://aanzfta.asean.org/uploads/publications/ASEAN_RulesOfOrigin.pdf).

### **Example 1: Exporting soybeans from Thailand to Australia under the AANZFTA**

Soybeans are an example of a *wholly obtained good*—that is, a good that was produced completely within its country of origin (in this case Thailand). Usually, wholly obtained goods include agricultural products, livestock, fish and minerals, among others. In Chapter 3 of the AANZFTA, there is a list of all of the products that qualify for this designation.

If, in this case, the soybeans are cultivated completely within Thailand, then there would be no need to make a calculation to prove the country of origin of your product. You would simply need to complete a Certificate of Origin (CoO)—in this case, **Form AANZ**—to describe the origins of the product you intend to export.

The same principle applies for wholly obtained goods to be exported from any of the ASEAN Member States to countries that are member of the ATIGA, ACFTA, AJCEP, AKFTA, and the AIFTA. The only difference is that each of these FTAs has different forms to complete. While the AANZFTA uses form AANZ, forms D, E, AJ, AK, and AI are used for the ATIGA, ACFTA, AJCEP, AKFTA, and the AIFTA respectively.

### **Example 2: Exporting bicycles from Cambodia to Australia under the AANZFTA**

Our second example takes a slightly more complicated situation—one in which a product is manufactured in one country (in this case, Cambodia), but it includes parts that were manufactured in a country that falls outside the FTA region. Such a product can still qualify for preferential treatment under the FTA if it meets the qualifications for a *substantially transformed good*.

In this example, let’s say that you, the exporter, manufacture bicycles in Cambodia, but many of the components of the bicycles are actually produced in China, which is not part of the AANZFTA. In order to obtain preferential treatment for your bicycle exports to Australia, you need to determine the Regional Value Content (RVC) of the product. The AANZFTA lays out the following formula for making such a calculation:

$$\text{RVC} = \frac{\text{AANZFTA Material Cost} + \text{Labour Cost} + \text{Overhead Cost} + \text{Profit} + \text{Other Costs}}{\text{FOB}} \times 100\%$$

Source: [http://aanzfta.asean.org/uploads/publications/ASEAN\\_RulesOfOrigin.pdf](http://aanzfta.asean.org/uploads/publications/ASEAN_RulesOfOrigin.pdf)

## Appendix B: Calculating Rules of Origin (cont'd)

In this case, FOB refers to the *free on board* value of your product—the product's value at the time it is shipped.

Consider that for each bicycle it produces, the manufacturer imports \$100 worth of material from Thailand (which is part of the AANZFTA) and \$200 worth of material from China (which is outside the AANZFTA). Labour costs \$50, while overhead costs come to \$75. The manufacturer aims to earn a \$25 profit on each bicycle it sells. Other costs include the cost of shipping, which comes to \$30. The FOB value of the bicycles is \$500 apiece.

Given these parameters, the calculation would look like this:

$$\text{RVC} = [100 + 50 + 75 + 25 + 30 / 500] \times 100\%$$
$$\text{RVC} = 56\%$$

The AANZFTA stipulates that the RVC has to be greater than or equal to 40 per cent in order to qualify for preferential treatment under the FTA. According to our calculation, the bicycles have an RVC of 56 per cent and thus would be deemed "originating goods" and would qualify for preferential treatment.

The same method of calculation of RoO generally applies to other ASEAN-led FTAs. However, with the exception of the AIFTA, which has the RVC of 35%, other ASEAN-led FTAs use RVC of 40%. Moreover, as in the case with the export of wholly obtained goods, the export of substantially transformed goods also requires the exporter to complete Form D (ATIGA), Form E (ACFTA), Form AJ (AJCEP), Form AK (AKFTA), and Form AI (AIFTA).



## Acknowledgements

This guide is a joint production of the International Institute for Sustainable Development and the ASEAN Business Advisory Council. Financial support was provided by the United Kingdom's Foreign and Commonwealth Office Prosperity Fund. Editorial management was provided Damon Vis-Dunbar (IISD), Alexander Chandra (IISD) and Ruben Hattari (ASEAN BAC). The views expressed in this guide do not necessarily reflect those of the IISD's funders, nor should they be attributed to them.



ASEAN BAC



Foreign &  
Commonwealth  
Office

iisd

International  
Institute for  
Sustainable  
Development

Institut  
international du  
développement  
durable