

Asia-Pacific Trade Agreement (APTA)

(formerly known as Bangkok Agreement)

We wish to inform you that the Asia-Pacific Trade Agreement (formerly known as Bangkok Agreement), which was signed in November 2005 by the member countries, will come into force with effect from 1st July, 2006.

The national consolidated lists of the member countries i.e. Bangladesh, China, India, Republic of Korea and Sri Lanka and the Asia-Pacific Trade Agreement are sent by e-mail as attachments. You may also obtain the above documents from the website of the ESCAP Secretariat (www.unescap.org/tid/apta.asp).

The Department of Commerce will continue to issue Certificate of Origin under the APTA.

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Actg. Director General of Commerce

ASIA-PACIFIC TRADE AGREEMENT (APTA)

The Bangkok Agreement is one of Asia's oldest regional preferential trading arrangements designed to liberalize and expand trade in the Economic and Social Commission for Asia and the Pacific (ESCAP) region. In July 1975, seven countries namely, Bangladesh, India, Laos, Republic of Korea, Sri Lanka, the Philippines and Thailand met in Bangkok and agreed to a list of products for mutual tariff reduction. This resulted in the signing of the first agreement on trade negotiations among developing member countries of ESCAP, known as the "Bangkok Agreement" which was ratified by five of the seven countries except the Philippines and Thailand. The People's Republic of China joined the Bangkok Agreement in 2001.

The objectives of the Bangkok Agreement are to promote Economic Development through a continuous process of trade expansion among the developing member countries of ESCAP and to further enhance international economic cooperation through the adoption of mutually beneficial trade liberalization measures consistent with their respective present and future development and trade needs.

Three rounds of negotiations have been completed under the Bangkok Agreement so far. The first round of negotiations was concluded in 1979, the second round in 1985 and the third round in 2004. The third round of negotiations aimed that offering a maximum of 50% Margin of Preference (MOP) on tariffs in respect of agreed items taking into account 2001 as the base year. The lists of concessions agreed upon by the member countries during the third round of negotiations have been integrated with the previous rounds of negotiations into single (consolidated) lists of concessions. The consolidated national lists of concessions which are attached to the Asia-Pacific Trade Agreement will come into force on 1st July 2006.

The consolidated lists of concessions of the member countries cover a total number of 4,857 tariff lines including special concessions (587 tariff lines) offered to the least developed countries as given in the following table.

Member Country	General-No. of Tariff Lines	Special No. of Tariff lines for LDCs	Total Tariff Lines
Bangladesh	209	-	209
China	1697	161	1858
India	570	48	618
Republic of Korea	1367	306	1673
Sri Lanka	427	72	499
Total	4270	587	4857

While recognizing the great potential of the Bangkok Agreement particularly after the accession of China in 2001, the six member countries initiated a process to revitalize the agreement as a mechanism for strengthening the regional economic cooperation. Under the revitalization process, amendments were made to the text of Agreement to reflect changes in the International Trading system that have taken place since the agreement was signed in 1975.

Under the revitalization process, the members countries established a Ministerial Council to provide the overall policy direction for the future negotiating agenda of the Agreement. Accordingly, the First Session of Ministerial Council of the Asia – Pacific Trade Agreement was held on 2nd November, 2005 in Beijing, China. During this Session of the Ministerial Council, the APTA was signed by the Trade Ministers of the six member countries.

Trade opportunities to Sri Lanka under the new Agreement, APTA

The APTA member countries cover a total population of about 2.5 billion, which is a vast potential market to increase the level of intra-regional trade flows among the participating states. The third round of negotiations, which has offered a maximum of 50% Margin of Preference (MOP) on existing tariffs among the member countries, includes substantial tariff concessions and a wider coverage of products.

Sri Lanka's current major export items to the member countries of APTA are desiccated coconut, coconut fiber, copra, coconut oil, natural rubber, tea, cloves and crude glycerin. The consolidated national lists of the members countries have offered concessions on items of export interest to Sri Lanka, in addition to the above products, are spices (pepper, nutmeg, mace), cashew nuts, essential oils, natural graphite, activated carbon, rubber products (tyres, gloves, mats, rings) floor tiles, ceramic tableware/kitchenware, glassware, semi precious stones, gem and jewellery, stuffed toys, brooms and brushes, cut flowers, footwear, biscuits, chocolates, apparel, fresh fruits and juices, wooden furniture, mattress, electric lamps, ornamental fish, fresh/frozen fish, fishery products etc..

The APTA paves the way for promotion of investments and joint ventures in Sri Lanka on projects such as manufacture of micro wave ovens, fans, computers, electronic/video games, telecommunication apparatus, motorcycles, marble, copper items, Aluminum products, telephone sets, garments and footwear utilizing the cumulative rules and origin (60%) and export these products to the member countries. Furthermore, the domestic value addition has been revised downward to 45% from a level 50% for developing member countries.