

**Key Elements from**  
**Survey Report**  
**on**  
**Optimal Regional FTA Formation in East Asia**  
**(For ASEAN+3 Economic Ministers Meeting 2016)**

**July 2017**

**Japan External Trade Organization (JETRO)**  
**Japan Chamber of Commerce and Industry (JCCI)**

- ✓ Total number of responses are 319 companies from targeted 16 countries.  
(Number of valid response: 309 companies, Ratio of valid response: 96.9%)
- ✓ Total ratio of LEs to SMEs is 39.5% to 60.5%.

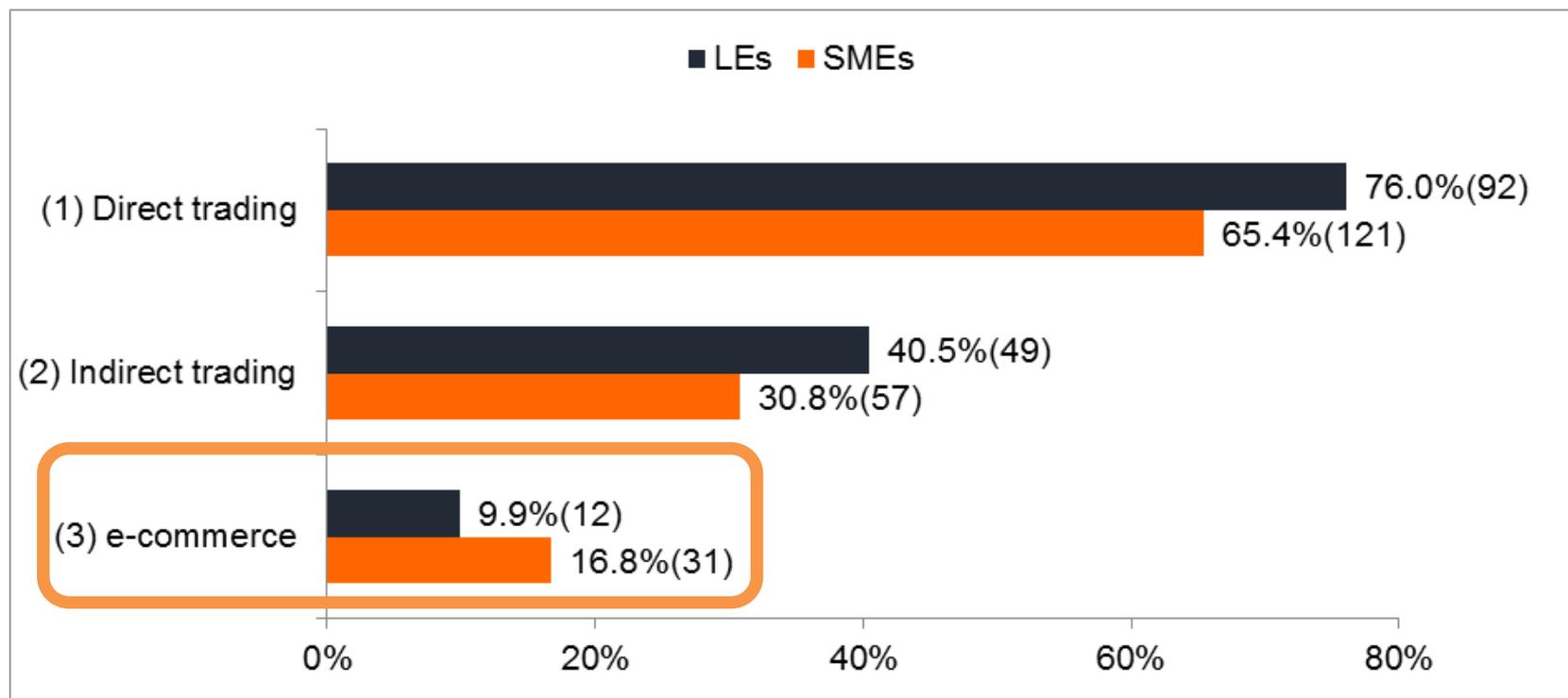
Country	Valid Response				No. of Valid Response	Ratio of Valid Response
	LEs	SMEs	LEs(%)	SMEs(%)		
Australia*	6	35	14.6%	85.4%	42	100%
Brunei	0	3	0.0%	100.0%	3	75.0%
Cambodia	3	4	42.9%	57.1%	7	100.0%
China	9	4	69.2%	30.8%	13	93%
India	7	1	87.5%	12.5%	8	88.9%
Indonesia	3	1	75.0%	25.0%	4	100%
Japan	49	11	81.7%	18.3%	60	98.4%
Korea	4	10	28.6%	71.4%	14	100%
Lao PDR	0	8	0.0%	100.0%	8	88.9%
Malaysia	18	34	34.6%	65.4%	52	94.5%
Myanmar	2	9	18.2%	81.8%	11	91.7%
New Zealand	1	6	14.3%	85.7%	7	100%
Philippines	6	16	27.3%	72.7%	22	95.7%
Singapore	1	3	25.0%	75.0%	4	100.0%
Thailand*	5	13	27.8%	72.2%	20	100%
Vietnam	7	27	20.6%	79.4%	34	100%
<b>Total</b>	<b>121</b>	<b>185</b>	<b>39.5%</b>	<b>60.5%</b>	<b>309</b>	<b>96.9%</b>

• LEs are defined as the companies that hire more than 300 employees.

\*2 companies did not mention the numbers of employees.

# 1-4. Trading Method <LEs/SMEs>

- ✓ For both LEs and SMEs, direct trading was the most major method for trading.
- ✓ LEs tends to use more indirect trading, which partly due to co-use together with direct trading.
- ✓ SMEs' utilization ratio of e-commerce was significantly higher than that of LEs.



<Number of Response>

LEs: 121 companies

SMEs: 185 companies

\* Each number in parentheses on the right side of each bar indicate the number of responded companies.

# Survey Results by Key Elements

## Easy-to-Understand, Easy-to-Use FTA (a. Appropriate Information Source)

- ✓ In every manufacturing sectors, more than half of companies requested the development of easy-to-understand and easy-to-access FTA information source which fully follows actual operational procedure.
- ✓ More than 40% of companies in Automotive industry, Iron/Nonferrous Metals industry, Food industry and Textile industry are facing the difficulty on searching appropriate information source for FTA application.
- ✓ Nearly 30% of Manufacturing sector has experienced the discrepancy of FTA application information on authorities' websites and actual explanation from the officials in charge.

## Easy-to-Understand, Easy-to-Use FTA (b. Development of Workable Rules)

- ✓ 58.8% of Textile industry, 48.8% of Chemical & Drug industry and 45.5% of Food industry have experienced time-consuming process at issuing CO.
- ✓ Approx. 50% of E&E industry, Automotive industry, Food industry and Textile industry requested the introduction or steady implementation of advance ruling system.
- ✓ Strong request to introduce region-wide Single Window system has observed in Textile industry (58.8%) and Wholesale/Retail industry (52.9%).

(Remarks) Pick up the industry groups more than 10 valid samples

## High Level FTA

- ✓ 37.9% of E&E industry, 35.3% of Textile industry and 34.2% of Chemical & Drug industry have ever given up FTA utilization due to limited benefits from tariff reduction
- ✓ 21.6% of manufacturing sector requested to widen and deepen the tariff elimination scope compared with existing FTAs

## Common Concession

- ✓ Complexity of ROO in existing FTAs was major bottleneck for FTA utilization especially in Textile industry (47.1%), Automotive industry (46.7%) and Food industry (43.2%).
- ✓ More than 20% of Manufacturing sector requested to introduce common concession system in regional FTA

## ROO (a. Full Accumulation)

- ✓ 34.5% of E&E industry and 29.4% of Textile industry had ever given up FTA utilization due to not being able to fulfill RVC with current partial accumulation rule.
- ✓ 19.5% of Chemical & Drug industry and 13.8% of E&E industry requested the introduction of full accumulation rule

## ROO (b. Harmonization of ROO)

- ✓ 24.1% of E&E industry, 23.5% of Wholesale/Retail industry and 23.5% of Textile industry had ever given up FTA utilization due to not being able to fulfill stringent ROO.
- ✓ 52.9% of Textile industry, 48.3% of E&E industry and 47.1% of Wholesale/Retail industry requested the harmonization of ROO with trade-facilitative manner.

## Investment Regulation (a. Appropriate Information Source)

- ✓ In all industries, specifically Non-Manufacturing sector such as Finance/Insurance industry (90.0%), Construction/Real Estate industry (66.7%) and Automotive industry (60.0%) requested to provide clear, transparent and easy-to-access information on foreign investment restriction.
- ✓ In addition, in introducing new regulations, strong demand on timely and easy-to-access information disclosure had observed in almost all industries especially in Textile industry (64.7%), Finance/Insurance industry (60.0%) and Food industry (50.0%).

## Investment Regulation (b. Development of Workable Rules)

- ✓ National Treatment before/after investment had been requested from almost all industry sector, especially from E&E industry (51.7%), Iron/Nonferrous Metals industry (50.0%) and Food industry (47.7%).
- ✓ Iron/Nonferrous Metals industry (45.0%), Chemical/Drug industry (41.5%) and Finance/Insurance industry (40.0%) had raised limited capital participation for business base set up as the big business challenges.
- ✓ E&E industry (44.8%), Construction/Real Estate industry (41.7%), Textile industry (41.2%) and Wholesale/Retail industry (41.2%) had ever been requested to follow domestic regulations which discrepant from international treaties that country already ratified.
- ✓ Iron/Nonferrous Metals industry (45.0%) and E&E industry (37.9%) had ever been requested to follow any kinds of Performance Requirements.

## E-Commerce

- ✓ E-Commerce utilization is significantly active in MSMEs (17.8%) over LEs (9.9%). Industry wise, Textile industry (41.2%) was identified as the most active E-commerce user.
- ✓ In Textile industry (58.8%) and Food industry (31.8%) had confronted to limited channels for cross-over product sales. They had also requested to develop clear rules and disciplines to utilize E-commerce (52.9% and 36.4% respectively).

## IPR

- ✓ Infringement of IPR was recognized big business bottleneck especially in Wholesale/Retail industry (23.5%) and Automotive industry (20.0%).
- ✓ Request to strengthen the IPR enforcement capacity on government officials was especially strong in Wholesale/Retail industry (47.1%), E&E industry (37.9%) and Textile industry (41.2%).

## Business Engagement

- ✓ Among others, industries such as E&E (34.5%), Food (34.1%), Textile (29.4%) and Wholesale/Retail industry (29.4%) requested to secure the dialogue opportunity with government, on commencing/conducting FTA negotiation.
- ✓ On FTA implementation phase, Textile industry (35.3%), Food industry (34.1%) and Wholesale/Retail industry (29.4%) also requested to secure the dialogue opportunity with government.

# Way Forward

Thank you for your attention

