An Investigation into the Measures Affecting the Integration of ASEAN's Priority Sectors (Phase 2):

Region-wide Business Survey

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Author:

Catherine Eddy, Rowena Owen

PT ACNielsen Indonesia

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ABSTRACT

Based on firm level data drawn from businesses across the 10 ASEAN member countries, this paper investigates the measures which currently prevent the free movement or the full national treatment of goods and services across national borders in ASEAN, as well as different standards, regulations and laws that inhibit integration. Identification and subsequent rationalisation of these barriers will move ASEAN closer to the realisation of the ASEAN Economic Community by 2020.

The results of the survey show that such barriers are perceived to be an important factor affecting a firm's operation and ability to import/export and expand into new markets. Barriers to trade in services and customs hamper trade to a greater extent than other barriers affecting trade in goods. Of the barriers to trade in services, inaccurate information pertaining to services regulations is highlighted as the most pertinent issue. The cost and complexity of obtaining and renewing a business license are identified as secondary issues restricting services trade, from a business perspective. Of the impediments to trade in goods, the customs clearance process, notably navigating the duty refund and appeals and the declaration of goods processes are highlighted as primary concerns. Following this, para-tariff measures, incorporating an array of additional taxes and charges, are underscored by private sector entities as acting to restrict trade, particularly in less developed countries.

Issues affect countries and sectors to differing degrees. According to the business survey, trade restrictiveness is highest in the Philippines, followed by Myanmar, and lowest in Malaysia, followed by Singapore. The findings also show that the automotive and agro-based sectors are the most restrictive industries when it comes to trade in goods, while the e-ASEAN and Tourism sectors are the most restrictive of the services sectors.