REVISITING SECTORAL LIBERALIZATION: AN ALTERNATIVE TO THE *FREE TRADE AREA OF THE ASIA-PACIFIC*? IMPLICATIONS FOR THE PHILIPPINES

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This paper develops a modality of liberalization for APEC, based on a sectoral level, as an alternative to the Free Trade Area of the Asia-Pacific (FTAAP). This model, originally developed by Wonnacott (1994), argues for the liberalization, on a Most Favoured Nation (MFN) basis, of sectors where APEC members are principal suppliers. The main advantage of this option is that it skirts the free rider problem that usually afflicts MFN liberalization. While this approach would benefit APEC as a group, it impacts different members differently. The paper examines the implications of such a liberalization modality in APEC on the Philippines, as a case study.

JEL Classification: F13, F14, F15.

Key words: Asia-Pacific Economic Cooperation (APEC), Early Voluntary Sectoral Liberalization (EVSL), Free Trade Area of the Asia-Pacific (FTAAP), "principal supplier" approach, sectoral liberalization, trade liberalization.

I. INTRODUCTION

The concept of open regionalism is a fuzzy one. As echoed by Bergsten (1997), this concept was first understood as a concerted unilateral liberalization.

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However, the euphoria in the APEC process that emanated from the Bogor meetings waned as the Asian financial crisis struck in 1997. As most of Asia grappled with the crippling effects of the crisis, the political support for trade liberalization across APEC faltered or at least failed to match the rhetoric of the leaders' declarations. In addition, as the Doha Round bogged down amid disagreements on agriculture trade, regional trade agreements (RTAs) proliferated. Even within APEC, a multitude of RTAs bloomed, threatening to overshadow APEC's role as a driver of trade. In an effort to put the APEC profile back to its prominence, the Free Trade Area of the Asia-Pacific (FTAAP) was proposed in 2004. However, given the current trade tensions among some members, the political support for such an agreement has become questionable. Yet, there remains the imperative for fresh initiatives to keep the bicycle of trade liberalization moving. Given this backdrop, this paper presents another modality to support APEC's trade liberalization pillar and to provide an alternative to the FTAAP proposal.

This paper develops a modality based on sectoral liberalization, reminiscent of the Early Voluntary Sectoral Liberalization (EVSL). However, in contrast to the ill-fated EVSL, where the "voluntary" nomination of sectors for early liberalization is based, to some extent, on the mercantilist interests of individual members, the proposed modality will employ a more analytical method for identifying the sector to be slated for liberalization. Central to this modality is the basis for selection of sectors to be liberalized. Following Wonnacott's (1994) methodology, the paper will use the "principal supplier" criterion in identifying the sectors that can be considered for MFN liberalization. To highlight the implications of the sectoral liberalization on individual members, a case study of the Philippines will be conducted.

II. TRADE LIBERALIZATION IN APEC AND THE FTAAP

There are concerns that APEC will miss the Bogor goals, launched in 1994. One initiative to push for the Bogor goals is via the preferential route, i.e., creating a massive RTA encompassing all APEC members. The proposed RTA, dubbed as the FTAAP, represents a significant departure from APEC's initial approach to trade liberalization. APEC distinguishes itself from conventional preferential models with its strict adherence to "open regionalism". Specifically, the organization subscribes to the "concerted unilateralism" approach that entails the simultaneous unilateral action on the part of APEC members to liberalize trading regimes in a less discriminatory manner. This unique character of APEC seeks to ensure that it will serve as a "building block" to global trade liberalization, rather than a "stumbling block". Clearly, an RTA would involve a complete overhaul of the APEC modality to trade liberalization – from a non-discriminatory approach to trade liberalization underpinned by voluntary and non-binding commitments, towards an explicit preferential arrangement established through negotiations of reciprocal trade concessions that are legally binding.

The interest in the APEC RTA concept is motivated by a set of reinforcing factors. As mentioned earlier, the primary motive emanates from the challenge for APEC to revitalize its faltering trade agenda. Critics point to the demise of the EVSL scheme and the ineffectiveness of the Individual Action Plan (IAP) process as the drag on APEC's credibility and momentum. The failure of the EVSL in the late 1990s revealed that the mechanisms by which the organization operates, while well-received, are practicably flawed. Further, the experience demonstrated that significant trade liberalization may not be easily achieved by the mere reliance on voluntary action by members kept in check only by friendly reminders by peer groups. Thus, the FTAAP is considered to be an effective way to energize APEC and to get it right back on the trade liberalization track. A single RTA that would meld the multitude of RTAs in the region and rationalize the different provisions contained in these arrangements could well be the solution to the "spaghetti bowl" or "noodle bowl" effect of overlapping RTAs. In addition, the FTAAP is a response to the gridlocked WTO negotiations.

While the FTAAP possesses certain merits there are serious questions about its feasibility in the foreseeable future. One difficulty pertains to the plethora of interests and sensitive political dynamics among major players, which makes it difficult to peddle the FTAAP (Morrison, 2007; Aggarwal, 2007). There are also a number of practical difficulties in negotiating such a large-scale arrangement, which could dampen the expectations of a successful conclusion in the near future. Designing, negotiating and implementing RTAs consume significant policymaking and capital resources and the capacity to take part in the RTA is not symmetric among APEC members.

More recently however, another modality that involves widening the membership of the Trans-Pacific Economic Partnership Agreement (TPP) to potentially include most APEC members has been proposed. All original members of the TPP are APEC members and there is active interest among other APEC members to join.[1] Because the scope for liberalization in the TPP agreement is comprehensive, an expansion of members to include all APEC members could then be a substitute to the formation of the FTAAP.

[1] Brunei Darussalam, Chile, New Zealand and Singapore, the four original members, signed the TPP in 2005 which entered into force in May 2006. The United States of America, Australia, Peru and Viet Nam expressed interest in joining the TPP.

In view of these issues revolving around the FTAAP and the gridlock on the multilateral forums, the Doha Development Agenda (DDA), the search of a suitable alternative for trade liberalization agenda in the APEC looms large. Certainly, unilateral liberalization, liberally interpreted as open regionalism, is one. While the economic arguments for this modality are many, a negative feature is that it would amount to giving the rest of the world a "free ride" as non-members automatically benefit from the tariff reductions by APEC members without making corresponding liberalization measures. Another avenue is sectoral liberalization.

III. PRINCIPAL SUPPLIER APPROACH TO SECTORAL LIBERALIZATION

Theoretical Foundations

To the knowledge of the authors, there is no paper in the literature that specifically provides a theoretical justification for sectoral liberalization on an MFN basis, along the "principal supplier" criteria in Wonnacott (1994). There is a related literature that explains the merits of a non-preferential trading club, which is one interpretation of "open regionalism".

Raimondos-Moller and Woodland (2006) wrote the first paper that discussed the theoretical foundation of the advantages of "open regionalism". One variant of "open regionalism" is the non-preferential club which is a group of countries that agree to coordinate their non-discriminatory tariff policies and to undertake internal income transfers. They argue that a non-preferential trading club, by undertaking coordinated tariff reforms, can improve the efficiency of the resource allocation and welfare of the members of the club, at the same time leave the welfare of the non-members untouched, i.e. a Pareto-improvement. An important feature though is that the "coordinated tariff reforms" of the club members requires some members to raise their tariffs and some to reduce theirs or even allow subsidies. They argue that a non-preferential club is consistent with the spirit of the WTO in that whatever arrangements members make to improve their welfare, does not harm the welfare of the rest of the world.[2]

The sectoral liberalization modality proposed in this paper, share many characteristics of a non-preferential trading club. First, the liberalization, being undertaken on an MFN basis, is non-discriminatory. Second, it is to be undertaken by a subset of the global economy, in this case, APEC members. Third, it should not

[2] This outcome is similar to Kemp-Wan (1976) proposition except that the latter pertains to customs unions.

make the rest of the world worse-off, by keeping the relative prices to non-members unchanged despite the internal changes among club members. Obviously, world prices would not be held constant in the process of the APEC sectoral liberalization, as the APEC members are dominant producers and consumers in the aforementioned sectors. However, one may argue that because the tariff movements of the APEC members are, of course, downwards, and granted on an MFN basis, the non-members will not likely be harmed.

The "Principal Supplier" criteria

To lessen the possibility of outsiders free riding[3] on the trade liberalization efforts by APEC, the challenge is to identify those areas in which the benefits of trade liberalization would redound mostly on APEC members than on non-members. Earlier work that addressed the issue of free riding is by Wonnacott (1994) that suggested a trade liberalization scheme on a selective product-by-product basis wherein countries choose the commodities for early liberalization based on a pre-defined criteria. Specifically, the methodology by Wonnacott prescribes that, in order to minimize the free rider problem, tariff reduction should be undertaken on the goods where APEC is a dominant global supplier. Intuitively, the benefits of tariff reductions, in terms of enhanced market access, on these goods would largely accrue to APEC members, simply, because non-APEC members are not major exporters of such products.

In the selection of potential candidates for liberalization, the share of APEC in the world exports of goods was used as basis. A large percentage share of exports is taken to indicate that "free riding" by non-members would be less problematic. As in Wonnacott's study, the export shares of APEC in total world trade are compared with their share in total world exports less intra-European Union trade. Trade between European Union member countries is discounted, as stipulated in Wonnacott (1994) on the ground that it is becoming more and more intraregional. For this exercise, commodities are examined at the 6-digit level based on the Harmonized System (HS) Commodity Classification Code.

The products in which the APEC members are principal suppliers are reported in table 1. These are the products where APEC members, as a whole, enjoy a share of at least 70 per cent of world exports in 2005 (not counting intra-European Union trade).

[3] Free riding is considered a cost because third countries will enjoy market acess without giving 'quid-pro-quo' concessions on access to their own markets.

The list in table 1 and annex A, which contains 282 commodities, is quite varied, reflecting the wide range of products where individual APEC members have comparative advantage.

Table 1. "Principal Supplier" goods: Products for which APEC provide the principal supply in world exports (2005)

Rank	HS Code	Description	Exports (in USD billion)		
			APEC	World	World less intra-European Union Trade
1	854219	Monolithic integrated circuits, nes	3 564	3 564	3 564
2	900120	Sheets and plates of polarising material	4 241	4 253	4 245
3	901380	Optical devices, appliances and instruments, nes, of this Chapter	28 838	29 387	29 167
4	847010	Electronic calculators capable of oper w/o an external source of power	1 535	1 700	1 554
5	845691	Machine tools for dry etching printed circuits	2 672	2 729	2 706
6	851999	Sound reproducing apparatus, not incorporating a sound recorder, nes	8 902	9 579	9 023
7	950639	Golf equipment nes	1 790	1 861	1 823
8	852713	Radio apparatus nes with sound recording/reproducing	2 329	2 906	2 372
9	852290	Parts and accessories of apparatus of heading Nos 85.19 to 85.21, nes	14 065	15 035	14 337
10	950410	Video games of a kind used with a television receiver	5 994	7 041	6 114
11	854240	Hybrid integrated circuits	18 980	19 995	19 379
12	852320	Unrecorded magnetic discs	3 412	3 651	3 497
13	852731	Radio broad rece combined with sound recording or reproducing apparatus nes	2 932	3 442	3 006
14	850780	Electric accumulators, nes	7 754	8 534	7 988
15	854290	Parts of electronic integrated circuits and microassemblies	10 616	11 155	10 948
16	851650	Microwave ovens	2 843	3 428	2 933
17	950490	Art funfair, game tab, pintab, sp tab casino game & auto bowl alley equip	7 836	9 185	8 086

Table 1. ***(continued)***

Rank	HS Code	Description	Exports (in USD billion) APEC	World	World less intra-European Union Trade
18	950341	Stuffed toys representing animals or non-human creatures	2 309	2 748	2 386
19	852190	Video recording or reproducing apparatus nes	12 705	16 096	13 165
20	900211	Objective lenses f cameras, projectors/ photographic enlargers/reducers	2 490	2 760	2 581
21	741021	Foil of refined copper, backed	2 539	2 854	2 639
22	853222	Electrical capacitors, fixed, aluminium electrolytic, nes	2 874	3 329	2 989
23	390330	Acrylonitrile-butadiene-styrene (ABS) copolymers	6 022	6 954	6 266
24	261390	Molybdenum ores and concentrates nes	3 248	3 383	3 380
25	392640	Statuettes and other ornamental articles, of plastics	1 902	2 197	1 985
26	640219	Sports footwear, outer soles and uppers of rubber or plastics, nes	2 117	2 591	2 210
27	847130	Portable digital computers <10 kg	44 529	56 003	46 504
28	852390	Prepared unrecorded media for sound recording or other phenomena nes	9 432	12 186	9 855
29	840721	Outboard motors, spark-ignition reciprocating or rotary type	1 943	2 455	2 035
30	901390	Parts and accessories of optical appliances and instruments, nes	8 960	9 753	9 387

Source: Authors' calculations using ITC TradeMap data.

Note: The complete list is reported in annex A.

To analyse the importance of the selected products in the trade of individual APEC members, these products are classified based on their trade shares. Panel A in annex B shows the imports of APEC partners above each cut-off level. The figures reported in panel A in annex B give a rough approximation of the value of the market that would be opened for each APEC member indicated when APEC partners bring down their tariffs on the items that lie above the chosen cut-off lines. Panels B and C convey information of the stakes of individual APEC members as it identifies the importance of these products, given by their shares in the export and import trade of members. Panel D provides the difference between the shares in total exports and those in total imports.

Table 2. Importance of "Principal Supplier" goods to APEC by cut-off level (2005)

Threshold (per cent)	Share in total APEC exports (per cent)	Share in total APEC imports (per cent)	Difference in EX-IM shares (per cent)
70	45.63	38.45	7.18
75	34.60	28.83	5.77
80	29.42	24.74	4.68
85	24.05	20.26	3.79
90	13.97	11.47	2.50

Source: Authors' calculations using ITC TradeMap data.

Notes: Share in APEC exports = Share of goods in the cut-off level and above in total APEC exports; Share in APEC imports = Share of goods in the cut-off level and above in total APEC imports; Difference in EX-IM shares = Share in APEC exports – Share in APEC imports.

Looking at the shares of APEC as a whole in the world exports and world imports of the identified commodities in table 2 indicates that the regional grouping has clear advantage in the export of these products. For example, the share of the products at the 70 per cent cut-off level in the export of APEC members as a group stands at almost 46 per cent, while the share of these products in the grouping's imports is much lower, at 38 per cent. On the other hand, products where APEC accounts for 90 per cent of world trade, on the other hand, comprise only about 14 per cent of world export and 11 per cent of world import. At every percentage cut-off, the selected products' shares in exports are much greater than the corresponding share in imports. The implication is that the free riding problem is expected to be small.

What could be a suitable benchmark to distinguish a product or sector to be one where APEC is a principal supplier? In the first place, the cut-off level measured by the share of APEC exports to world exports should be that which maximizes the gap between the share of APEC exports to world exports and its corresponding share of world imports. The idea is to look for cut-off level where the offensive interest, as proxied by the relative share of APEC exports to world exports, is secured relative to the defensive interests, as represented by the relative share of APEC in world imports. As indicated by the share of APEC as a whole in world exports, 70 per cent may be a reasonable cut-off level because going this far would cover almost half of APEC exports. Additionally, as table 2 reports, it is at the 70 per cent cut-off level where the discrepancy between the share of APEC exports and imports is greatest (fourth column). The implication here is that the offensive interest of APEC, as a whole, is well-served at the benchmark for the “principal supplier” at the 70 per cent level. In addition, it appears that there will be much to gain from a negotiation which covers products where APEC members provide 70 per cent or more of world exports. As mentioned earlier, at a cut-off rate of 70 per cent, the percentage of APEC exports covered is close to 46 per cent which is quite sizeable already. At the same time, the portion of APEC exports covered by a negotiation that only considers the next upper bracket of 75 per cent is only about 35 per cent of APEC exports. As the second column of table 2 shows, the average coverage of APEC exports that will not be included in the sectoral negotiations is greatest when the cut-off point is raised from 70 per cent to 75 per cent. Specifically, the portion of APEC exports that is not covered declines by 11.03 per cent, representing an average decrease of 2.21 per cent per percentage rise of cut-off between 70 per cent and 75 per cent.

For tractability, the selected APEC products were classified by sector. Eleven (11) sectors have been identified for this study – electronics, transport equipments, machineries, metal and metal products, wood and wood-based products, textile and garments, footwear and headgear, agricultural products and raw materials, plastics and rubbers, chemicals, miscellaneous manufactures. The commodity coverage of the sectors of interest is presented in table 3.

Table 3. Product coverage of selected sectors

Sector	HS commodity classification
Electronics	Ch. 85
Transport equipments	Ch. 86-89
Machinery	Ch. 84 and 90
Metal and metal products	Ch. 72-83
Wood and wood products	Ch. 42-49
Textile and garments	Ch. 50-63
Footwear and headgear	Ch. 64-65
Agricultural goods and raw materials	Ch. 01-23 and 26-27
Plastics and rubbers	Ch. 39-40
Chemicals	Ch. 26-27
Miscellaneous manufactures	Ch. 91-98

Table 4. Importance of "Principal Supplier" goods to APEC by sector (2005)

Sector	Share in total APEC exports (per cent)	Share in total APEC imports (per cent)	Difference in EX-IM shares (per cent)
TOTAL "Principal Supplier" goods	45.63	38.45	7.18
Sectors:			
Electronics	17.17	15.60	1.57
Transport equipments	6.39	4.93	1.46
Machinery	11.30	9.05	2.25
Metals and metal products	1.35	1.14	0.21
Wood and wood products	0.72	0.82	-0.10
Textile and garments	0.94	0.62	0.32
Footwear and headgear	0.62	0.49	0.13
Agricultural goods and raw materials	2.11	1.42	0.69
Plastics and rubbers	2.01	1.73	0.28
Chemicals	0.94	0.79	0.15
Miscellaneous manufactures	1.24	1.14	0.10

Source: Authors' calculations using ITC TradeMap data.

Notes: Share in APEC exports = Share of goods in the sector in total APEC exports.
Share in APEC imports = Share of goods in the sector in total APEC imports.
Difference in EX-IM shares = Share in APEC exports – Share in APEC imports.

Of the commodities identified, 78 items or 28 per cent of the total belong to the electronics product group that includes electronic parts and components, consumer electronics, office equipment, and telecommunications equipment. Combined, these products corner 17 per cent of total APEC exports and 16 per cent of total APEC imports, highlighting the trade importance of this set of electronics products (see table 4).

Many of the developing members of APEC specialize in labour-intensive assembly-type operations. Particularly, APEC's East Asian members have been playing an increasing role in these supply networks, especially with regard to trade in parts and components of electronic products, indicating their importance in international production sharing.

For each of the sectors identified in table 3, APEC's share in world exports is greater than its share in world imports. However, the discrepancy is very minimal at an average of 2 per cent for all sectors, indicating that while APEC members are strong suppliers of these goods, they are also strong consumers of such items.[4]

IV. IMPLICATIONS FOR THE PHILIPPINE TRADE NEGOTIATION STRATEGY: CASE STUDY

Earlier, it was argued that the sectoral liberalization based on the "principal supplier" approach would be beneficial to APEC as a whole. However, the impact on the individual members would vary as in the case of multilateral and regional liberalization. What are the implications of the proposed modality of liberalization on the trade negotiation of the Philippines? More specifically, to what extent does the sectoral liberalization serve its offensive and defensive interests?[5]

Based on table 5, for the products in which APEC members provide 70 per cent and more of world exports (less intra-European Union trade), the Philippines' APEC partners imported $1,915 billion in 2005 from the world. This means that the Philippines along with everybody else have improved market access (due to sectoral liberalization) equivalent to the aforementioned value, keeping all other factors such as income constant. It could be seen that at the 90 per cent cut-off level, market potential available to the Philippines is significantly reduced by more than two-thirds to $563 billion.

As annex B reports, the products where APEC supplies 70 per cent of the world's exports constitute close to 75 per cent of total Philippine exports in 2005. This indicates that the Philippines is a dominant supplier for the set of products where there is relatively little free riding if liberalized unilaterally. Furthermore, the difference at the 70 per cent and 75 per cent between share of selected products in total exports and imports respectively, are quite substantial.

[4] A comparison of the 'principal supplier' goods with the products proposed for sectoral liberalization in the WTO Non-Agricultural Market Access (NAMA) in August 2008 is reported in annex D. One notes that 65 per cent of goods under the NAMA correspond to the items in the 'principal supplier' goods. Among the sectors with the highest incidence of correspondence are: electronics, machineries, wood, and chemicals. Annex D also reports the correspondence of the 'principal supplier' goods with the goods proposed under the 1998 APEC EVSL. In contrast to the NAMA comparsion, only 45 per cent of the 1998 APEC EVSL 'goods' are found in the list of the 'principal supplier' goods indicating that the latter has a wider scope for liberalization than the EVSL.

[5] Gaining greater market access for exportables constitutes the 'offensive interest' in trade negotiations in this paper. By 'defensive interest' is meant preventing the erosion of current levels of protection on certain 'sensitive' sectors.

Table 5. Importance of "Principal Supplier" goods to the Philippines by cut-off level (2005)

Threshold (per cent)	Market potential (USD billion)	Share in total Philippine exports (per cent)	Share in total Philippine imports (per cent)	Difference in EX-IM shares (per cent)
70	1 915	75.41	54.66	20.75
75	1 432	71.05	49.41	21.64
80	1 227	64.49	46.72	17.77
85	1 001	62.99	45.35	17.64
90	563	50.54	34.63	15.91

Source: Authors' calculations using ITC TradeMap data.

Notes: Share in total exports = Share of goods in the cut-off level and above in total Philippine exports.
Share in total imports = Share of goods in the cut-off level and above in total Philippine imports.
Difference in EX-IM shares = Share in total exports – Share in total imports.

For the Philippines case, however, the optimum cut-off appears to be about 75 per cent, where the difference between export and import shares is greatest. One may note as well, that as one increases the cut-off from 75 per cent to 80 per cent, the portion of Philippine exports that are not covered by the sectoral agreement will fall by almost 7 per cent that is equivalent to an average decrease of 1.31 per cent per percentage point increase between these two aforementioned cut-off levels.

Table 6. Importance of "Principal Supplier" Goods to the Philippines by sector (2005)

Sector	Market potential (USD billion)	Share in total Philippine exports (per cent)	Share in total Philippine imports (per cent)	Difference in EX-IM shares (per cent)
TOTAL "Principal Supplier" goods	**1 915**	**75.41**	**54.66**	**20.75**
Sectors:				
Electronics	770	48.07	36.72	11.35
Transport equipments	248	4.55	1.67	2.88
Machinery	452	19.44	10.40	9.04
Metals and metal products	57	0.95	0.46	0.49
Wood and wood products	41	0.41	0.43	-0.02
Textile and garments	31	0.64	0.71	-0.07

Table 6. *(continued)*

Sector	Market potential (USD billion)	Share in total Philippine exports (per cent)	Share in total Philippine imports (per cent)	Difference in EX-IM shares (per cent)
Footwear and headgear	25	0.08	0.05	0.03
Agricultural goods and raw materials	71	0.09	2.28	-2.19
Plastics and rubbers	87	0.60	1.11	-0.51
Chemicals	40	0.00	0.44	-0.44
Miscellaneous manufactures	58	0.29	0.14	0.15

Source: Authors' calculations using ITC TradeMap data.

Notes: Share in total exports = Share of goods in the sector in total Philippine exports.
Share in total imports = Share of goods in the sector in total Philippine imports.
Difference in EX-IM shares = Share in total exports – Share in total imports.

At the sectoral level, however, there are only two major sectors – electronics and machineries, which dominate Philippine exports. Eight of the broad sectors account for less than 1 per cent of total Philippine exports (see table 6).

Table 7 reports the MFN tariffs of the Philippine's APEC partners in the broad sectoral categories for which sectoral liberalization is proposed. To illustrate, the average applied MFN tariffs facing Philippine exporters of electronics (or electronic products where APEC's share in the world exports is 70 per cent or greater) in the APEC market is 4.38 per cent. If the proposed sectoral liberalization proceeds, then this figure represents the maximum extent of additional market access made available to the Philippines, i.e. if there is full elimination of tariffs. As such, the average tariffs can be a measure of the offensive interest of an APEC member served by the sectoral liberalization. The larger the prevailing tariffs facing the member in a particular sector, the greater the market access accorded under a sectoral liberalization programme. Note, however, that the tariffs as reported in the table may be overstated because of the overlapping preferential trade agreements currently in place among many APEC members. One limitation of this study is that it does not take into account the current RTAs of APEC members in computing for the incremental market access due to sectoral liberalization.

Table 7. Simple average applied MFN tariffs of APEC partners on Philippine exports of "Principal Supplier" goods*

Products	APEC trading partners' ave. MFN tariff
TOTAL "Principal Supplier" goods	**4.38**
Sectors:	
Electronics	1.71
Transportation equipments	7.69
Machinery	1.40
Metals and metal products	3.41
Wood and wood products	3.08
Textile & garments	17.12
Footwear & others	8.19
Agriculture & raw materials	17.19
Rubbers & plastics	4.66
Chemicals	1.34
Miscellaneous manufactures	2.33

Source: Authors' calculations

* The average tariff of the Philippines' APEC partners per sector is computed using the following:

$$\text{Product i's Ave. Applied MFN Tariff} = AT_{ij} = \frac{\sum_{k^*=1}^{K^*} X_{ijk^*} T_{ik}}{\sum_{k^*=1}^{K^*} X_{ijk^*}}$$

$$\text{Sector S's Simple Ave. Applied MFN Tariff} = AT_{sj} = \frac{\sum_{i=1}^{I} AT_{ij}}{I}$$

Let: X = the value of exports in a given year

T = the applied *ad valorem* MFN tariff

j = any APEC member

k = any APEC partner; k* = any APEC partner where trade is non-zero

K = all APEC partners; K* = all APEC partners where trade is non-zero

i = any of the selected products

I = no. of commodities identified in a sector

s = any sector

One may note that the prevailing MFN tariffs facing the bulk of Philippine exports in the selected candidate sectors for liberalization have low average MFN applied tariffs. Electronics and machineries have MFN tariffs of only 1.71 per cent and 1.40 per cent respectively, indicating that the degree of potential incremental market access may be limited. The potential additional market access in footwear, textile, rubber, and transportation equipment is rather considerable, in view of the magnitude of tariffs that will be cut by the rest of the APEC members. However, the volume of Philippine exports in the aforementioned sectors, save transportation equipment, is not very substantial (see table 6). Perhaps the reason for the low volume of exports of the Philippines in footwear, textile, etc. to other APEC economies is due to high tariff barriers. Thus, the existing profile of tariffs facing Philippine exports also influences the current distribution and volume of exports among the sectors.

The defensive interest of the Philippines can partially be gauged from the current levels of tariffs it imposes on the candidate sectors for sectoral liberalization, with emphasis on the prevalence of tariff peaks. Table 8 reports the tariff profile of the Philippines on the sectors of interest. In many instances, the average tariff levels of the Philippines on the products selected on the basis of the principal supplier criterion (referred to as “selected” products) are higher than the corresponding average tariffs of its APEC trade partners. As expected, the MFN tariffs on electronics and machineries are quite low indicating that the selected sectors are not “sensitive”. Interestingly the average tariff of the selected chemical sectors is also quite low. On the whole, the average tariff of the selected products for the Philippines is slightly higher than the simple average for the whole range of products in the Philippines indicating that there could be sensitivities in the sample of selected products. Actually, 20 per cent of the tariff lines in the selected products have tariff peaks, defined as tariffs beyond 15 per cent, in the Philippines. Table 9 presents the profile of applied MFN tariffs for the selected goods in the Philippines and highlights the extent of tariff peaks. As reported in table 9, tariff peaks abound in the footwear, transport equipment, textile/garments and miscellaneous sectors indicating the defensive stance of current trade policy.

The previous discussion reveals the overlapping defensive and offensive interests attached to the selected products for sectoral liberalization. Of interest however, is the overall assessment of the proposed modality insofar as it impacts Philippine trade negotiation strategy. This could be important because the sectoral liberalization that is proposed is essentially a package. In fact, the analytical base precludes the practice of picking sectors for the liberalization on mercantilist grounds as was done in previous attempts at sectoral liberalization. One method of evaluating the desirability of the proposed modality is to classify the intensity of interest into levels (Categories A, B or C) consistent with a set of criteria that defines the level. Of course, this method suffers from being static, short term, and *ad hoc* in formulation. On the other hand, it is quite flexible (the policymaker can devise their own criteria to suit their priorities) and could easily be understood by the stakeholders. Thus, the overall assessment of the list of sectors is always dependent on the set of criteria, i.e. subjective. Box 1 is one set of criteria for specifying levels of offensive and interest of

Table 8. Simple average of applied MFN Tariffs of APEC members (2007)

Products	Simple ave. of applied MFN tariffs of APEC members
Ave. tariff	6.92
Ave. tariff (Agriculture)	13.35
Ave. tariff (Industrial)	6.11
Sector:	
Animal products	11.99
Dairy products	31.86
Fruit, vegetables, plants	12.81
Coffee, tea	13.98
Cereals & preparations	20.51
Oilseeds, fats & oils	8.39
Sugars and confectionery	15.32
Beverages & tobacco	32.21
Cotton	3.27
Other agricultural products	5.19
Fish & fish products	9.10
Minerals & metals	4.81
Petroleum	3.66
Chemicals	3.76
Wood, paper, etc.	5.80
Textiles	8.48
Clothing	16.01
Leather, footwear, etc.	8.37
Non-electrical machinery	3.80
Electrical machinery	5.54
Transport equipment	8.24
Manufactures, n.e.s.	5.84

Source: WTO Tariff Profile 2006

Table 9. Summary profile of applied MFN tariffs for the "Principal Supplier" goods in the Philippines (2007)

Sector	MFN applied rate				Percentage of duties		
	No. of import lines	Simple ave.	Min.	Max.	Duty free	0 per cent < x < 15 per cent	x 15 per cent
TOTAL "Principal Supplier" goods	**270**	**6.21**	**0.00**	**40.00**	**18.52**	**61.11**	**20.37**
Sectors:							
Electronics	77	3.51	0.00	18.33	36.36	54.55	10.39
Transport equipments	21	15.23	1.00	30.00	0.00	57.14	42.86
Machinery	47	2.19	0.00	15.00	36.17	61.70	21.28
Metal and metal products	19	4.25	1.00	15.00	0.00	94.74	5.26
Wood and wood products	12	7.95	0.00	15.00	8.33	58.33	33.33
Textile and garments	14	9.41	1.00	15.00	0.00	64.29	35.71
Footwear and headgear	7	15.00	15.00	15.00	0.00	0.00	100.00
Agricultural goods and raw materials	14	10.76	1.00	40.00	0.00	64.29	35.71
Plastics and rubbers	25	8.14	0.00	15.00	4.00	68.00	28.00
Chemicals	12	1.42	0.00	3.00	25.00	75.00	0.00
Miscellaneous manufactures	14	8.80	1.00	15.00	0.00	64.29	35.71

Source: Authors' calculations using WTO IDB data.

Philippine trade policy as regards the prospects of liberalization on the principal supplier basis.

For purpose of evaluating the extent to which the offensive and defensive interests of the Philippines trade negotiation strategy will be served by the sectoral liberalization proposal, a set of criteria is proposed. Among the variables to be considered are relative share of the sector to total APEC exports, the absolute export figure and the average applied MFN tariffs of its APEC partners. To have a significant offensive interest, the sector to be slated for liberalization should be a sizeable exportable of the Philippines already. By specifying a minimum export value hurdle, the criterion ensures that the Philippines has the capacity to exploit the market access improvement brought about by the sectoral liberalization. The current average MFN tariff levied by APEC partners on the sectors programmed for liberalization is a strong measure of the incremental market access potential. The higher the average tariffs currently, obviously, the greater market access created as a result of sector

Box 1. Criteria for indicative offensive and defensive interests

	Offensive	Defensive
Category A	1. Share in total world exports is 5 per cent and above **AND** at least $500 million in export value; **AND** 2. Partners' ave. applied MFN tariff is 10 per cent and above	1. No tariff peaks 2. Simple ave. applied MFN tariff <3 per cent
Category B	1. Share in total world exports is 5 per cent and above **OR** at least $500 million in export value; **AND** 2. Partners' ave. applied MFN tariff is between 9.99 per cent and 3 per cent	1. Tariff peak in 20 per cent of tariff lines 2. Simple ave. applied MFN tariff of "Principal Supplier" Goods < Simple ave. applied MFN tariffs of APEC Members
Category C	Partners' ave. applied MFN tariff is 3 per cent and below	1. Tariff peak in 20 per cent of tariff lines; **AND** 2. Simple ave. applied MFN tariff of "Principal Supplier" Goods > imple ave. applied MFN tariffs of APEC members

liberalization. The tariff computed is the average of the MFN tariffs levied by APEC partners on the sectors. In order to determine the impact of the sectoral liberalization, the APEC partners' tariffs should be weighed by the shares of the APEC members' imports in the total APEC exports of the Philippines in these sectors. One limitation of this indicator is that it does not take into account the existing RTAs that the Philippine has concluded with APEC members, indicating a possible overstatement of the offensive interest. As outlined in box 1, the intensity of the offensive interest is governed not only by the magnitude of the potential export capability, nor only by the current average levels of tariffs on Philippine exports by its APEC partners, but also by the combination of variables. Thus, the offensive interest is deemed stronger if the variables identified in the criteria appear simultaneously.

On the other hand, indicators for the defensive interest include the presence of tariff peaks in at least 20 per cent of the tariff lines under the identified sector. The tariff peak can be regarded as indicative of the sensitivity of the sector, particularly to international competition. In addition, one may also compare the average MFN tariff of the Philippines for the "principal supplier" goods with the average MFN tariff of the APEC member economies for the sectors proposed for sectoral liberalization. If the APEC average MFN tariff of the sector in question exceeds that of the national average, then one can infer that the defensive interest in that sector is relatively pronounced. As the box shows, the intensity of the defensive interest is a function of the prevalence of tariff peaks and relative magnitudes of the MFN tariffs of the sector in the region against the national average. Under this scheme, defensive interest is considered strong when the criteria of the incidence of tariff peaks and the magnitude of average sectoral tariffs are simultaneously met. The position is said to be moderate or weak when either one of the criteria are met, but not simultaneously. Table 10 summarizes the degree of offensive and defensive interests of the Philippines in each of the product groups identified for liberalization on a sectoral level, according to categories and criteria outlined in box 1.

Again, the criteria outlined in the box can be modified depending on the preference of the policymakers. Consequently, the definitions of strong, moderate or weak interest could vary depending on the criteria set. While this feature may render the process quite *ad hoc*, it nevertheless makes it quite flexible for purpose of policy research.

V. FINAL REMARKS

APEC has been at a crossroads for a number of years already. After the initial enthusiasm of Bogor waned in the wake of the Asian financial crisis, APEC tried to revive the trade liberalization agenda. The current initiative, FTAAP, has not been fully supported by all members. While ambitious, a multitude of political sensitivities and the general RTA “fatigue” factor prevent the FTAAP from advancing forward strongly. Yet, it is still one of the most concrete ideas tabled to advance the pillar of trade liberalization.

This paper puts forward an alternative to FTAAP. The modality is sectoral liberalization on an MFN basis, founded on the analytical basis of “principal supplier” approach and a variant of the non-preferential trading club. In a departure from the ill-fated EVSL, the proposed initiative chooses the sectors to be liberalized on the basis of minimizing free riding by non-APEC members. Candidates for sectoral liberalization are those sectors where APEC economies supply a significant portion of world exports. Using a benchmark or cut-off rate of 70 per cent, over 282 products are identified for sectoral liberalization. These products, in total, constitute close to half of all APEC exports and about 40 per cent of APEC imports in 2005.

Of course, while the APEC, as a collective, stands to benefit from the proposed sectoral liberalization, the impact on the individual member differs from one economy to another. The case study on the Philippines showed that sectoral liberalization, whilst serving its offensive interests, have a negative impact on the

Table 10. Indicative offensive and defensive positions of the Philippines*

Sector	Offensive interest	Defensive interest
TOTAL “Principal Supplier” goods	B	B
Sectors:		
Electronics	B	B
Transport equipments	C	C
Machinery	C	B
Metal and metal products	C	C
Wood and wood products	C	C
Textile and garments	C	B
Footwear and headgear	C	C
Agricultural goods and raw materials	C	B
Plastics and rubbers	C	C
Chemicals	C	A
Miscellaneous manufactures	C	C

* Conditional to the criteria in box 1.

defensive interests in some sectoral categories. Because of the trade-offs, a balancing of the political economy of sectoral liberalization has to be struck. This paper provides a system of assessing the offensive and defensive interest of members in light of the liberalization methodology proposed, as an aid for decision-making. Given a set of criteria that includes export shares, incidence of tariff peaks, etc., the Philippines has moderate offensive and defensive interests in the sectors identified for liberalization. Of course, this analysis did not take into consideration the increase in consumer welfare that liberalization makes possible.

Admittedly, the proposed sectoral initiative has a more modest claim to liberalization outcomes compared to the FTAAP. However, the outcomes may be more politically acceptable to members because of the manner in which the free rider problem is skirted. Thus, there could be greater scope for APEC members to harmonize their liberalization efforts by targeting the selected sectors. In addition, because of its MFN characteristic, it is more in keeping with the WTO principle and could, in fact, be a catalyst in pushing forward the DDA. This is open regionalism.

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ANNEX A

Products for which APEC provide the principal supply of world exports (2005)

Rank	HS code	Description	Exports (USD billion)			Share (percentage)		
			APEC	World	World less intra-European Union trade	To world	To world less intra-European Union rade	Difference
1	854219	Monolithic integrated circuits, nes	3 564	3 564	3 564	100.00	100.00	0.00
2	900120	Sheets and plates of polarising material	4 241	4 253	4 245	99.71	99.89	0.18
3	901380	Optical devices, appliances and instruments, nes, of this Chapter	28 838	29 387	29 167	98.13	98.87	0.74
4	847010	Electronic calculators capable of oper w/o an external source of power	1 535	1 700	1 554	90.30	98.79	8.49
5	845691	Machine tools for dry etching printed circuits	2 672	2 729	2 706	97.91	98.74	0.83
6	851999	Sound reproducing apparatus, not incorporating a sound recorder, nes	8 902	9 579	9 023	92.93	98.66	5.73
7	950639	Golf equipment nes	1 790	1 861	1 823	96.22	98.23	2.01
8	852713	Radio apparatus nes with sound recording/ reproducing	2 329	2 906	2 372	80.16	98.19	18.03
9	852290	Parts and accessories of apparatus of heading Nos. 85.19 to 85.21, nes	14 065	15 035	14 337	93.55	98.11	4.56
10	950410	Video games of a kind used with a television receiver	5 994	7 041	6 114	85.14	98.05	12.91
11	854240	Hybrid integrated circuits	18 980	19 995	19 379	94.92	97.94	3.02

ANNEX A *(continued)*

Rank	HS code	Description	Exports (USD billion)			Share (percentage)		
			APEC	World	World less intra-European Union trade	To world	To world less intra-European Union rade	Difference
12	852320	Unrecorded magnetic discs	3 412	3 651	3 497	93.46	97.59	4.13
13	852731	Radio broad receiver combind with sound recording or reproducing apparatus nes	2 932	3 442	3 006	85.18	97.55	12.37
14	850780	Electric accumulators, nes	7 754	8 534	7 988	90.86	97.07	6.21
15	854290	Parts of electronic integrated circuits and microassemblies	10 616	11 155	10 948	95.17	96.97	1.80
16	851650	Microwave ovens	2 843	3 428	2 933	82.93	96.92	13.99
17	950490	Art funfair, game tab, pintab, sp tab casino game & auto bowl alley equip	7 836	9 185	8 086	85.32	96.91	11.59
18	950341	Stuffed toys representing animals or non-human creatures	2 309	2 748	2 386	84.02	96.75	12.73
19	852190	Video recording or reproducing apparatus nes	12 705	16 096	13 165	78.93	96.51	17.58
20	900211	Objective lenses f cameras, projectors/ photographic enlargers/reducers	2 490	2 760	2 581	90.23	96.48	6.25
21	741021	Foil of refined copper, backed	2 539	2 854	2 639	88.96	96.19	7.23
22	853222	Electrical capacitors, fixed, aluminium electrolytic, nes	2 874	3 329	2 989	86.32	96.12	9.80
23	390330	Acrylonitrile-butadiene-styrene (ABS) copolymers	6 022	6 954	6 266	86.60	96.09	9.49

ANNEX A *(continued)*

Rank	HS code	Description	Exports (USD billion)			Share (percentage)		
			APEC	World	World less intra-European Union trade	To world	To world less intra-European Union rade	Difference
24	261390	Molybdenum ores and concentrates nes	3 248	3 383	3 380	96.01	96.09	0.08
25	392640	Statuettes and other ornamental articles, of plastics	1 902	2 197	1 985	86.57	95.84	9.27
26	640219	Sports footwear, outer soles and uppers of rubber or plastics, nes	2 117	2 591	2 210	81.70	95.79	14.09
27	847130	Portable digital computers <10 kg	44 529	56 003	46 504	79.51	95.75	16.24
28	852390	Prepared unrecorded media for sound recording or other phenomena nes	9 432	12 186	9 855	77.41	95.71	18.30
29	840721	Outboard motors, spark-ignition reciprocating or rotary type	1 943	2 455	2 035	79.12	95.48	16.36
30	901390	Parts and accessories of optical appliances and instruments, nes	8 960	9 753	9 387	91.88	95.45	3.57
31	420212	Trunks, suit-cases & sim container with/outer surface of plastics/textiles	4 271	5 068	4 475	84.27	95.44	11.17
32	151190	Palm oil and its fractions refined but not chemically modified	6 094	6 963	6 388	87.51	95.39	7.88
33	854250	Electronic microassemblies	7 588	8 382	7 966	90.53	95.26	4.73
34	160590	Molluscs and other aquatic invertebrates prepared or preserved	1 613	1 960	1 699	82.32	94.96	12.64

ANNEX A *(continued)*

Rank	HS code	Description	Exports (USD billion) APEC	Exports (USD billion) World	Exports (USD billion) World less intra-European Union trade	Share (percentage) To world	Share (percentage) To world less intra-European Union rade	Share (percentage) Difference
35	261310	Molybdenum concentrates, roasted	4 427	5 848	4 665	75.69	94.90	19.21
36	854230	Monolithic integrated circuits	72 896	82 689	76 876	88.16	94.82	6.66
37	950390	Toys nes	6 118	7 941	6 455	77.05	94.78	17.73
38	020319	Swine cuts, fresh or chilled, nes	1 650	5 369	1 745	30.74	94.58	63.84
39	851890	Parts of microphones, loudspeakrs, headphones, earphones & elec sound ampli	2 168	2 565	2 293	84.54	94.56	10.02
40	841451	Fans: table, roof etc. w a self-cont elec mtr of an output nt excdg 125 W	2 591	2 974	2 741	87.14	94.54	7.40
41	871140	Motorcycles with reciprocatg piston engine displacg > 500 cc to 800 cc	2 203	3 282	2 332	67.11	94.44	27.33
42	080212	Almonds, fresh or dried, shelled or peeled	1 552	2 270	1 646	68.38	94.33	25.95
43	900691	Parts and accessories for photographic cameras	2 012	2 297	2 139	87.59	94.09	6.50
44	401519	Gloves nes of rubber	1 823	2 116	1 942	86.17	93.90	7.73
45	853120	Indicator panels incorporatg liquid crystal device/light emittg diode	9 293	12 453	9 897	74.62	93.89	19.27
46	852721	Radio recent capabl of op w/o ext source of power f motor veh, combind	5 257	8 386	5 605	62.68	93.78	31.10

ANNEX A *(continued)*

Rank	HS code	Description	Exports (USD billion) APEC	World	World less intra-European Union trade	Share (percentage) To world	To world less intra-European Union rade	Difference
47	640319	Sports footwear, o/t ski, outr sole of rbr/plas/ leather & upper of leather	3 518	4 411	3 756	79.76	93.67	13.91
48	853224	Electrical capacitors, fixed, ceramic dielectric, multilayer, nes	5 101	5 970	5 447	85.43	93.64	8.21
49	854121	Transistors, oth than photosensit, w a dissipation rate <1 W	4 568	5 111	4 881	89.39	93.59	4.20
50	851830	Headphones, earphones and combined microphone/speaker sets	2 619	3 417	2 801	76.66	93.52	16.86
51	901049	Apparatus for drawing semiconductor circuits nes	1 675	1 805	1 794	92.80	93.36	0.56
52	853400	Printed circuits	25 963	30 150	27 846	86.11	93.24	7.13
53	400121	Natural rubber in smoked sheets	1 860	2 004	2 001	92.84	92.94	0.10
54	847170	Computer data storage units	41 091	56 180	44 219	73.14	92.93	19.79
55	640299	Footwear, outer soles/uppers of rubber or plastics, nes	6 882	8 796	7 411	78.24	92.86	14.62
56	950510	Articles for Christmas festivities	1 849	2 327	1 993	79.47	92.78	13.31
57	854190	Parts of mounted piezo-electric crystals and semiconductor devices	3 406	3 787	3 674	89.95	92.72	2.77
58	851829	Loudspeakers, nes	2 593	3 218	2 798	80.58	92.67	12.09

ANNEX A *(continued)*

Rank	HS code	Description	Exports (USD billion) APEC	Exports (USD billion) World	Exports (USD billion) World less intra-European Union trade	Share (percentage) To world	Share (percentage) To world less intra-European Union rade	Share (percentage) Difference
59	852090	Magnetic tape recorders and other sound recording apparatus, nes	1 878	3 346	2 027	56.12	92.61	36.49
60	400122	Technically specified natural rubber (TSNR)	3 963	4 321	4 284	91.72	92.51	0.79
61	900912	Electrostatic photo-copying apparatus, indirect process type	3 331	5 614	3 604	59.33	92.42	33.09
62	903141	Optical instruments for checking semiconductor wafers	1 569	1 722	1 698	91.09	92.38	1.29
63	860900	Cargo containers designd to be carrid by one or more modes of transport	6 333	7 289	6 859	86.87	92.33	5.46
64	291736	Terephthalic acid and its salts	5 902	7 480	6 396	78.90	92.28	13.38
65	871200	Bicycles and other cycles (including delivery tricycles), not motorised	3 211	4 857	3 480	66.11	92.27	26.16
66	640411	Sports footwear with outer soles of rubber or plastics & uppers of tex mat	1 687	2 851	1 828	59.16	92.25	33.09
67	847160	Computer input/outputs, with/without storage	54 827	73 517	59 457	74.58	92.21	17.63
68	950691	Gymnasium or athletics articles and equipment	2 934	3 898	3 184	75.28	92.17	16.89
69	800110	Tin not alloyed unwrought	2 242	2 543	2 437	88.17	92.01	3.84

ANNEX A *(continued)*

Rank	HS code	Description	Exports (USD billion) APEC	World	World less intra-European Union trade	Share (percentage) To world	To world less intra-European Union rade	Difference
70	852313	Unrecorded magnetic tapes, of a width exceeding 6.5 mm	1 989	2 945	2 162	67.54	91.99	24.45
71	841510	Air conditioning machines window or wall types, self-contained	6 075	7 245	6 608	83.86	91.93	8.07
72	851721	Facsimiles machines	1 685	2 350	1 835	71.70	91.83	20.13
73	290321	Vinyl chloride (chloroethylene)	1 602	1 916	1 748	83.61	91.65	8.04
74	854091	Parts of cathode-ray tubes	1 528	1 834	1 668	83.29	91.58	8.29
75	852830	Video projectors	4 268	5 771	4 663	73.95	91.53	17.58
76	721030	Flat rolled i/nas, electrolytically zinc coated >600 mm	2 350	4 041	2 570	58.16	91.46	33.30
77	900190	Prisms, mirrors andother optical elements of any material, unmounted, nes	4 669	5 337	5 108	87.48	91.41	3.93
78	854140	Photosensitive semiconduct device, photovoltaic cells & light emit diodes	12 001	15 736	13 139	76.26	91.33	15.07
79	400129	Natural rubber in other forms nes	1 820	2 034	1 992	89.47	91.33	1.86
80	600292	Knitted or crocheted fabrics, of cotton, nes	4 676	5 360	5 121	87.23	91.30	4.07
81	903082	Instruments for checking semiconductor wafers	2 573	2 899	2 829	88.76	90.96	2.20
82	441213	Plywood, outer ply of tropical hardwood, ply <6 mm	1 635	2 152	1 798	75.98	90.94	14.96

ANNEX A *(continued)*

Rank	HS code	Description	Exports (USD billion) APEC	World	World less intra-European Union trade	Share (percentage) To world	To world less intra-European Union rade	Difference
83	470321	Chemical wood pulp, soda or sulphate, coniferous, semi-bl or bleached, nes	6 538	9 616	7 209	68.00	90.69	22.69
84	440320	Logs, poles, coniferous nes	3 892	5 515	4 294	70.56	90.63	20.07
85	847180	Units of automatic data processing equipment nes	18 093	27 349	20 009	66.16	90.42	24.26
86	851711	Line telephone sets with cordless handsets	4 010	5 369	4 443	74.69	90.27	15.58
87	854110	Diodes, other than photosensitive or light emitting diodes	5 496	6 808	6 094	80.73	90.19	9.46
88	852821	Color video monitors	3 732	5 470	4 140	68.23	90.16	21.93
89	854129	Transistors, other than photosensitive transistors, nes	11 432	13 614	12 688	83.97	90.10	6.13
90	540752	Woven fabrics, >/= 85 per cent of textured polyester filaments, dyed, nes	3 930	4 696	4 366	83.69	90.02	6.33
91	510111	Greasy shorn wool, not carded or combed	1 551	1 853	1 724	83.70	89.96	6.26
92	390740	Polycarbonates	5 249	6 748	5 840	77.79	89.89	12.10
93	847330	Parts & accessories of automatic data processg machines & units thereof	139 201	184 665	154 876	75.38	89.88	14.50
94	840790	Engines, spark-ignition type nes	1 701	2 123	1 895	80.14	89.79	9.65
95	900990	Parts and accessories for photo-copying apparatus	4 673	7 383	5 209	63.29	89.71	26.42

ANNEX A *(continued)*

Rank	HS code	Description	Exports (USD billion) APEC	World	World less intra-European Union trade	Share (percentage) To world	To world less intra-European Union rade	Difference
96	940179	Seats with metal frames, nes, other than those of heading No. 94.02	1 572	2 262	1 757	69.49	89.45	19.96
97	852990	Parts suitable f use solely/princ with the app of headings 85.25 to 85.28	65 018	80 750	72 684	80.52	89.45	8.93
98	854213	Metal oxide semiconductors	132 426	167 716	148 166	78.96	89.38	10.42
99	850450	Inductors, electric	3 706	4 854	4 153	76.35	89.24	12.89
100	851840	Audio-frequency electric amplifiers	1 534	2 058	1 720	74.52	89.17	14.65
101	550320	Staple fibres of polyesters, not carded or combed	2 386	3 002	2 677	79.45	89.10	9.65
102	903089	Instruments & apparatus for measurg or checkg electrical quantities nes	2 210	2 736	2 486	80.79	88.91	8.12
103	151110	Palm oil, crude	2 295	2 644	2 586	86.82	88.77	1.95
104	292610	Acrylonitrile	1 708	2 405	1 927	71.03	88.66	17.63
105	620293	Womens/girls anoraks andsimilar article of man-made fibres, not knitted	2 116	3 142	2 387	67.36	88.64	21.28
106	540761	Woven fabric >85 per cent non-textured polyester filaments	2 587	3 267	2 919	79.16	88.62	9.46
107	850910	Domestic vacuum cleaners	3 220	4 599	3 636	70.01	88.55	18.54
108	851719	Telephone sets, nes	3 082	4 578	3 493	67.33	88.22	20.89

ANNEX A *(continued)*

Rank	HS code	Description	Exports (USD billion)			Share (percentage)		
			APEC	World	World less intra-European Union trade	To world	To world less intra-European Union rade	Difference
109	620193	Mens/boys anoraks and similar articles, of man-made fibres, not knitted	2 569	3 720	2 913	69.06	88.20	19.14
110	871419	Motorcycle parts nes	2 949	4 538	3 346	64.99	88.14	23.15
111	854430	Ignition wirg sets & oth wirg sets usd in vehicles, aircraft etc.	9 990	18 101	11 352	55.19	88.00	32.81
112	940490	Articles of bedding/furnishing, nes, stuffed or internally fitted	3 075	4 619	3 498	66.58	87.92	21.34
113	854160	Mounted piezo-electric crystals	3 162	3 961	3 598	79.82	87.86	8.04
114	290243	P-xylene	5 457	6 636	6 212	82.24	87.84	5.60
115	871150	Motorcycles with reciprocatg piston engine displacg more than 800 cc	3 068	4 844	3 497	63.34	87.74	24.40
116	392099	Film and sheet etc., non-cellular etc., of plastics nes	1 971	2 774	2 250	71.06	87.59	16.53
117	600293	Knitted or crocheted fabrics, of manmade fibres, nes	2 507	3 406	2 866	73.62	87.49	13.87
118	850140	AC motors, single-phase, nes	2 575	3 809	2 945	67.61	87.44	19.83
119	480100	Newsprint, in rolls or sheets	6 123	9 444	7 024	64.83	87.17	22.34
120	260300	Copper ores and concentrates	14 594	17 087	16 797	85.41	86.89	1.48
121	871499	Bicycle parts nes	1 879	2 766	2 165	67.94	86.81	18.87

ANNEX A *(continued)*

Rank	HS code	Description	Exports (USD billion)			Share (percentage)		
			APEC	World	World less intra-European Union trade	To world	To world less intra-European Union rade	Difference
122	370790	Chemical preps f photographic uses, put up in measurd portions, nes	3 460	5 806	3 998	59.60	86.54	26.94
123	901910	Mechano-therapy appl; massage app; psychologicl aptitude-testg apparatus	1 626	2 274	1 883	71.52	86.36	14.84
124	854389	Electrical machines and apparatus nes	12 502	16 922	14 480	73.88	86.34	12.46
125	731816	Nuts, iron or steel, nes	1 683	2 676	1 953	62.88	86.18	23.30
126	441011	Waferboard, including oriented strand board of wood	1 666	2 176	1 933	76.55	86.17	9.62
127	420292	Containers, with outer surface of sheeting of plas or tex materials,nes	2 898	4 468	3 366	64.86	86.09	21.23
128	640419	Footwear o/t sports, with outer soles of rubber/plastics&uppers of tex mat	2 109	3 340	2 464	63.16	85.61	22.45
129	590320	Textile fabrics impregnated, ctd, cov, or laminated with polyurethane, nes	2 198	3 478	2 571	63.19	85.49	22.30
130	850610	Manganese dioxide primary cells and batteries	1 919	3 578	2 248	53.65	85.37	31.72
131	851822	Multiple loudspeakers, mounted in the same enclosure	1 841	2 734	2 157	67.33	85.32	17.99
132	854890	Electrical parts of mach	3 164	4 890	3 712	64.70	85.22	20.52

ANNEX A *(continued)*

Rank	HS code	Description	Exports (USD billion) APEC	World	World less intra-European Union trade	Share (percentage) To world	To world less intra-European Union rade	Difference
133	903090	Parts andaccess for inst andapp for meas or checkg electrical quantities	3 019	3 953	3 560	76.38	84.81	8.43
134	841590	Parts of air conditioning machines	4 674	7 715	5 519	60.58	84.69	24.11
135	290250	Styrene	5 789	8 782	6 841	65.92	84.63	18.71
136	410121	Bovine hides, whole, fresh or wet-salted	1 682	2 889	1 990	58.23	84.53	26.30
137	852812	Colour television receivers	27 321	45 768	32 358	59.69	84.43	24.74
138	420222	Handbags with outer surface of sheet of plastics or of textile materials	3 067	4 347	3 644	70.55	84.18	13.63
139	847141	Non-portable digital edp machines with processor and input/output	5 772	9 944	6 870	58.05	84.02	25.97
140	270112	Bituminous coal, whether or not pulverised but not agglomerated	33 199	41 018	39 526	80.94	83.99	3.05
141	650590	Hats & other headgear, knitted or made up from lace, or other textile mat	1 791	2 581	2 133	69.37	83.96	14.59
142	270111	Anthracite, whether or not pulverised but not agglomerated	1 637	2 198	1 957	74.48	83.64	9.16
143	160232	Fowl (gallus domesticus) meat, prepared/ preserved	1 551	2 914	1 857	53.25	83.55	30.30
144	854451	Electr conductors, for a voltage >80 V but <V connectrs with fittd>	4 233	6 449	5 067	65.63	83.53	17.90

ANNEX A *(continued)*

Rank	HS code	Description	Exports (USD billion) APEC	World	World less intra-European Union trade	Share (percentage) To world	To world less intra-European Union rade	Difference
145	847350	Parts and accessories for more than one office machine	2 220	2 908	2 663	76.36	83.36	7.00
146	870829	Parts and accessories of bodies nes for motor vehicles	22 065	41 989	26 488	52.55	83.30	30.75
147	611090	Pullovers, cardigans & similar articles of oth textile materials, knittd	1 887	2 596	2 266	72.67	83.25	10.58
148	391590	Plastics waste and scrap nes	1 590	2 117	1 910	75.10	83.24	8.14
149	850110	Electric motors of an output not exceeding 37.5 W	5 654	8 674	6 795	65.19	83.20	18.01
150	830230	Mountings, fittings & similar articles of base metal f motor vehicles, nes	1 599	3 122	1 925	51.23	83.08	31.85
151	940190	Parts of seats other than those of heading No. 94.02	8 278	16 974	9 988	48.77	82.88	34.11
152	720270	Ferro-molybdenum	1 789	4 327	2 164	41.35	82.69	41.34
153	381800	Chemical compds, chem elem in the form of disc, wafer etc., dopd f electrn	5 389	7 118	6 535	75.71	82.46	6.75
154	854011	Cathode-ray television picture tubes, inc video monitor tubes, colour	4 230	5 987	5 140	70.66	82.29	11.63
155	400219	Styren-butadien rubber (SBR)/carboxyltd styren-butadien rubbr (XSBR) nes	2 091	3 255	2 554	64.22	81.86	17.64

ANNEX A *(continued)*

Rank	HS code	Description	Exports (USD billion) APEC	World	World less intra-European Union trade	Share (percentage) To world	To world less intra-European Union rade	Difference
156	845811	Horizontal lathes numerically controlled for removing metal	2 302	3 704	2 819	62.15	81.66	19.51
157	292250	Amino-alcohol-phenol, amino-acid-phenol & oth amino-compds with oxygen func	2 311	3 465	2 832	66.69	81.60	14.91
158	880320	Aircraft under-carriages and parts thereof	1 886	2 559	2 314	73.69	81.50	7.81
159	392310	Boxes, cases, crates andsimilar articles of plastic	3 732	6 889	4 580	54.17	81.49	27.32
160	853641	Electrical relays for a voltage not exceeding 60 volts	1 818	3 011	2 235	60.36	81.31	20.95
161	847149	Digital data processing systems, nes	6 260	9 435	7 706	66.35	81.24	14.89
162	850431	Transformers electric power handling capacity not exceeding 1 KVA, nes	2 436	3 787	3 001	64.33	81.17	16.84
163	850440	Static converters, nes	14 305	21 978	17 626	65.09	81.16	16.07
164	871120	Motorcycles with reciprocatg piston engine displacg >50 cc to 250 cc	3 353	5 051	4 132	66.39	81.14	14.75
165	840991	Parts for spark-ignition type engines nes	11 632	21 785	14 371	53.39	80.94	27.55
166	430310	Articles of apparel and clothing accessories of furskin	2 423	3 216	2 997	75.35	80.86	5.51
167	391000	Silicones in primary forms	1 958	3 179	2 428	61.61	80.65	19.04

ANNEX A *(continued)*

Rank	HS code	Description	Exports (USD billion) APEC	World	World less intra-European Union trade	Share (percentage) To world	To world less intra-European Union rade	Difference
168	390319	Polystyrene nes	3 388	5 780	4 202	58.62	80.65	22.03
169	441214	Plywood, outer ply of non-conifer wood nes, ply <6 mm	1 830	3 039	2 269	60.20	80.63	20.43
170	600230	Knittd/crochetd tex fab, width >30 cm, >/= 5 per cent of elastomeric/rubber, nes	2 697	3 972	3 350	67.90	80.51	12.61
171	852691	Radio navigational aid apparatus	3 081	5 857	3 829	52.61	80.46	27.85
172	820730	Tools for pressing, stamping or punching	2 196	3 888	2 731	56.47	80.39	23.92
173	442190	Wood articles nes	2 090	3 924	2 605	53.27	80.25	26.98
174	540233	Textured yarn nes, of polyester filaments, not put up for retail sale	1 547	2 423	1 927	63.84	80.24	16.40
175	390190	Polymers of ethylene nes, in primary forms	3 322	5 695	4 142	58.33	80.19	21.86
176	854390	Parts of electrical machines and apparatus havg individual functions, nes	4 342	6 304	5 416	68.88	80.18	11.30
177	390760	Polyethylene terephthalate	4 551	8 053	5 678	56.51	80.14	23.63
178	740311	Copper cathodes and sections of cathodes unwrought	17 411	23 998	21 741	72.55	80.08	7.53
179	611120	Babies garments and clothing accessories of cotton, knitted	2 292	3 489	2 867	65.71	79.95	14.24
180	854150	Semiconductor devices, nes	3 330	4 685	4 180	71.08	79.67	8.59

ANNEX A *(continued)*

Rank	HS code	Description	Exports (USD billion)			Share (percentage)		
			APEC	World	World less intra-European Union trade	To world	To world less intra-European Union rade	Difference
181	854411	Insulated (including enamelled or anodised) winding wire of copper	1 879	3 602	2 360	52.16	79.61	27.45
182	950699	Articles & equip for sports & outdoor games nes & swimmg & paddlg pools	2 048	3 354	2 575	61.06	79.54	18.48
183	842952	Shovels and excavators with a 360 revolving superstructure	8 551	14 803	10 750	57.76	79.54	21.78
184	903290	Parts & access for automatic regulatg or controllg instruments & app, nes	2 924	4 810	3 679	60.78	79.46	18.68
185	840734	Engines, spark-ignition reciprocating displacing more than 1 000 cc	12 521	24 917	15 758	50.25	79.46	29.21
186	851290	Parts of electrical lighting, signalling and defrosting equipment	1 545	3 268	1 947	47.26	79.35	32.09
187	270400	Coke & semi-coke of coal, lignite o peat, agglomeratd o not, retort carbon	3 520	6 248	4 438	56.34	79.31	22.97
188	392321	Sacks and bags (including cones) of polymers of ethylene	3 382	5 857	4 265	57.74	79.29	21.55
189	850131	DC motors, DC generators, of an output not exceeding 750 W	2 120	3 690	2 679	57.45	79.13	21.68
190	740200	Copper unrefined, copper anodes for electrolytic refining	1 884	3 338	2 386	56.43	78.96	22.53

ANNEX A *(continued)*

Rank	HS code	Description	Exports (USD billion)			Share (percentage)		
			APEC	World	World less intra-European Union trade	To world	To world less intra-European Union rade	Difference
191	853221	Electrical capacitors, fixed, tantalum, nes	1 625	2 288	2 063	71.00	78.77	7.77
192	160520	Shrimps and prawns, prepared or preserved	2 152	3 308	2 733	65.04	78.73	13.69
193	392062	Film and sheet etc., non-cellular etc., of polyethylene terephthalates	1 929	3 413	2 451	56.52	78.70	22.18
194	851220	Lighting or visual signalling equipment nes	2 525	6 243	3 212	40.45	78.62	38.17
195	870321	Automobiles with reciprocatg piston engine displacg not more than 1 000 cc	3 513	7 710	4 474	45.56	78.51	32.95
196	720918	Cold rolled iron/steel, coils >600 mm x <0.5 mm	2 546	3 554	3 243	71.64	78.51	6.87
197	940320	Furniture, metal, nes	3 708	6 854	4 741	54.10	78.21	24.11
198	870333	Automobiles with diesel engine displacing more than 2 500 cc	6 831	20 972	8 735	32.57	78.21	45.64
199	880390	Parts of balloons, dirigibles, and spacecraft nes	2 360	3 854	3 026	61.24	77.98	16.74
200	853669	Electrical plugs and sockets, for a voltage not exceeding 1 000 volts	4 130	6 795	5 309	60.78	77.80	17.02
201	731815	Bolts o screws nes, with o without their nuts o washers, iron o steel	4 978	9 183	6 398	54.20	77.79	23.59
202	845710	Machining centres, for working metal	3 339	5 439	4 297	61.40	77.71	16.31

ANNEX A *(continued)*

Rank	HS code	Description	Exports (USD billion) APEC	World	World less intra-European Union trade	Share (percentage) To world	To world less intra-European Union rade	Difference
203	852491	Recorded media (except sound/image) nes	1 828	2 934	2 355	62.31	77.62	15.31
204	870840	Tansmissions for motor vehicles	14 068	25 179	18 149	55.87	77.51	21.64
205	750110	Nickel mattes	1 856	2 399	2 396	77.36	77.44	0.08
206	841582	Air cond mach nes, inc a refrigerating unit	1 607	2 902	2 075	55.38	77.44	22.06
207	850490	Parts of electrical transformers, static converters and inductors	4 576	7 070	5 916	64.72	77.35	12.63
208	843143	Parts of boring or sinking machinery, whether or not self-propelled	9 041	12 177	11 694	74.25	77.32	3.07
209	890120	Tankers	13 386	18 251	17 345	73.34	77.17	3.83
210	901812	Ultrasonic scanning apparatus	1 748	2 773	2 265	63.04	77.17	14.13
211	851750	Apparatus for carrier-current/digital line systems	12 681	20 412	16 440	62.12	77.14	15.02
212	853690	Electrical app for switchg/protec elec circuits, not exced 1 000 V, nes	14 496	24 104	18 831	60.14	76.98	16.84
213	230120	Flour, meal & pellet of fish, crust, mol/oth aqua invert, unfit human cons	1 824	2 657	2 371	68.68	76.96	8.28
214	391990	Self-adhesive plates, sheets, film etc., of plastic nes	3 344	6 419	4 358	52.10	76.74	24.64
215	870839	Brake system parts nes for motor vehicles	6 914	14 809	9 034	46.69	76.54	29.85

ANNEX A *(continued)*

Rank	HS code	Description	Exports (USD billion) APEC	World	World less intra-European Union trade	Share (percentage) To world	To world less intra-European Union rade	Difference
216	848071	Moulds, injection or compression types, for rubber or plastics	4 240	7 265	5 541	58.37	76.52	18.15
217	940540	Electric lamps and lighting fittings, nes	2 964	5 518	3 880	53.72	76.40	22.68
218	310420	Potassium chloride, in packages weighing more than 10 kg	3 486	4 711	4 572	74.00	76.25	2.25
219	841861	Compression type refrigeratg/freez equip whose condensrs are heat exch	2 017	3 933	2 650	51.29	76.10	24.81
220	847190	Automatic data processing equipment nes	4 041	6 583	5 317	61.39	76.01	14.62
221	390730	Epoxide resins	2 532	4 597	3 343	55.07	75.73	20.66
222	848210	Bearings, ball	4 331	8 892	5 722	48.70	75.68	26.98
223	841430	Compressors of a kind used in refrigerating equipment	5 231	9 411	6 927	55.58	75.51	19.93
224	880330	Aircraft parts nes	20 534	36 708	27 200	55.94	75.49	19.55
225	810890	Titanium and articles thereof, nes	1 550	2 653	2 056	58.42	75.40	16.98
226	711210	Waste & scrap of gold, incl met clad with gold exc sweepgs contg/o prec met	1 878	2 616	2 495	71.80	75.30	3.50
227	847150	Digital processing units not sold as complete systems	12 378	31 316	16 449	39.53	75.25	35.72
228	260800	Zinc ores and concentrates	2 211	3 573	2 942	61.88	75.16	13.28

ANNEX A *(continued)*

Rank	HS code	Description	Exports (USD billion) APEC	World	World less intra-European Union trade	Share (percentage) To world	To world less intra-European Union rade	Difference
229	480411	Paper, Kraftliner, in rolls, unbleached, uncoated	1 615	3 203	2 152	50.40	75.04	24.64
230	870870	Wheels including parts and accessories for motor vehicles	5 078	11 314	6 772	44.88	74.99	30.11
231	7108	Gold (incl. gold plated with/platinum) unwrought/semi-manufactured or powdered	22 584	31 732	30 223	71.17	74.73	3.56
232	293090	Organo-sulphur compounds, nes	2 797	5 023	3 754	55.68	74.50	18.82
233	850880	Tools, nes, hand-held, with selfcontained electric motor	2 324	4 518	3 123	51.45	74.42	22.97
224	880330	Aircraft parts nes	20 534	36 708	27 200	55.94	75.49	19.55
225	810890	Titanium and articles thereof, nes	1 550	2 653	2 056	58.42	75.40	16.98
226	711210	Waste & scrap of gold, incl met clad with gold exc sweepgs contg/o prec met	1 878	2 616	2 495	71.80	75.30	3.50
227	847150	Digital processing units not sold as complete systems	12 378	31 316	16 449	39.53	75.25	35.72
228	260800	Zinc ores and concentrates	2 211	3 573	2 942	61.88	75.16	13.28
229	480411	Paper, Kraftliner, in rolls, unbleached, uncoated	1 615	3 203	2 152	50.40	75.04	24.64
230	870870	Wheels including parts and accessories for motor vehicles	5 078	11 314	6 772	44.88	74.99	30.11

ANNEX A *(continued)*

Rank	HS code	Description	Exports (USD billion)			Share (percentage)		
			APEC	World	World less intra-European Union trade	To world	To world less intra-European Union rade	Difference
231	7108	Gold (incl. gold plated with/platinum) unwrought/semi-manufactured or powdered	22 584	31 732	30 223	71.17	74.73	3.56
232	293090	Organo-sulphur compounds, nes	2 797	5 023	3 754	55.68	74.50	18.82
233	850880	Tools, nes, hand-held, with selfcontained electric motor	2 324	4 518	3 123	51.45	74.42	22.97
234	854449	Electric conductors, for a voltage not exceeding 80 V, nes	2 138	4 025	2 876	53.13	74.35	21.22
235	841810	Combined refrigerator-freezers, fitted with separate external doors	3 347	6 005	4 516	55.74	74.11	18.37
236	440710	Lumber, coniferous (softwood) 6 mm and thicker	12 029	22 614	16 244	53.19	74.06	20.87
237	392410	Tableware and kitchenware of plastics	2 188	4 231	2 956	51.72	74.02	22.30
238	720917	Cold rolled iron/steel, coils >600 mm x 0.5-1 mm	4 316	7 747	5 841	55.71	73.90	18.19
239	401120	Pneumatic tires new of rubber for buses or lorries	7 178	13 744	9 723	52.22	73.82	21.60
240	853190	Parts of electric sound or visual signalling apparatus	1 573	2 787	2 143	56.45	73.42	16.97
241	441890	Builder’s joinery and carpentery of wood nes	2 047	4 210	2 791	48.63	73.36	24.73

ANNEX A *(continued)*

Rank	HS code	Description	Exports (USD billion)			Share (percentage)		
			APEC	World	World less intra-European Union trade	To world	To world less intra-European Union rade	Difference
242	611030	Pullovers, cardigans and similar articles of man-made fibres, knitted	7 701	13 293	10 527	57.94	73.16	15.22
243	392690	Articles of plastics or of other materials of Nos. 39.01 to 39.14 nes	13 671	29 644	18 708	46.12	73.08	26.96
244	8525	Transmission apparatus for radio-telephony/ -telegraphy/-broadcasting or TV	104 045	186 238	142 721	55.87	72.90	17.03
245	901819	Electro-diagnostic apparatus, nes	3 858	6 068	5 294	63.59	72.88	9.29
246	441219	Plywood nes, at least 1 outer ply of coniferous wood (ply's <6 mm)	1 774	2 973	2 435	59.67	72.86	13.19
247	640399	Footwear, outer soles of rubber/ plastics uppers of leather, nes	10 858	21 847	14 907	49.70	72.84	23.14
248	852910	Aerials & aerial reflectors of all kinds; parts suitable f use therewith	4 202	7 523	5 772	55.86	72.80	16.94
249	284410	Natural uranium & its compounds; mixtures cntg natural uranium/its compds	1 962	2 731	2 700	71.82	72.66	0.84
250	890190	Cargo vessels nes & oth vessels for the transport of both persons & goods	18 248	26 828	25 143	68.02	72.58	4.56
251	902780	Instruments and apparatus for physical or chemical analysis, nes	3 431	5 807	4 734	59.09	72.49	13.40

ANNEX A *(continued)*

Rank	HS code	Description	Exports (USD billion) APEC	World	World less intra-European Union trade	Share (percentage) To world	To world less intra-European Union rade	Difference
252	381121	Lubricatg oil additives cntg pet oils/ oils obtaind from bitu minerals	2 005	3 927	2 768	51.06	72.44	21.38
253	721070	Flat rolled prod, i/nas, painted, varnished or plast coated, >/= 600 mm wide	1 843	4 594	2 547	40.13	72.37	32.24
254	440799	Lumber, non-coniferous nes	2 363	3 699	3 266	63.87	72.35	8.48
255	740811	Wire of refind copper of which the max cross sectional dimension >6 mm	4 298	8 977	5 943	47.87	72.32	24.45
256	100590	Maize (corn) nes	6 035	10 124	8 359	59.62	72.20	12.58
257	847989	Machines andmechanical appliances nes having individual functions	20 841	33 939	28 879	61.41	72.17	10.76
258	8704	Motor vehicles for the transport of goods	40 479	82 000	56 105	49.37	72.15	22.78
259	870324	Automobiles with reciprocating piston engine displacing >3 000 cc	78 339	118 245	108 610	66.25	72.13	5.88
260	721913	Flat rolld prod, stainless steel, hr in coil, w>/= 600 mm, 3<>	2 374	4 035	3 299	58.85	71.98	13.13
261	853650	Electrical switches for a voltage not exceeding 1 000 volts, nes	5 859	12 433	8 141	47.12	71.97	24.85
262	851790	Parts of electrical apparatus for line telephone or line telegraphy	15 839	26 351	22 015	60.11	71.94	11.83

ANNEX A *(continued)*

Rank	HS code	Description	Exports (USD billion) APEC	World	World less intra-European Union trade	Share (percentage) To world	To world less intra-European Union rade	Difference
263	401110	Pneumatic tire new of rubber f motor car incl station wagons & racg cars	9 274	21 665	12 901	42.81	71.89	29.08
264	292910	Isocyanates	2 045	3 924	2 846	52.11	71.85	19.74
265	391910	Self-adhesive plates, sheets, film etc., of plastic in rolls <20 cm wide	1 646	3 641	2 293	45.22	71.78	26.56
266	853710	Boards, panels, includg numerical control panels, for a voltage < V >	10 123	18 876	14 111	53.63	71.74	18.11
267	392490	Household and toilet articles nes, of plastics	2 156	3 885	3 014	55.50	71.55	16.05
268	870899	Motor vehicle parts nes	41 582	88 153	58 131	47.17	71.53	24.36
269	732393	Table, kitchen or other household art & parts thereof, stainless steel, nes	1 922	3 271	2 688	58.74	71.48	12.74
270	230910	Dog or cat food put up for retail sale	1 680	5 645	2 353	29.77	71.43	41.66
271	720421	Waste and scrap, stainless steel	2 057	5 502	2 881	37.39	71.42	34.03
272	854212	Cards incorporating electronic integrated circuits	3 143	5 733	4 409	54.83	71.30	16.47
273	100190	Wheat nes and meslin	9 247	16 166	13 021	57.20	71.01	13.81
274	711719	Imitation jewellery nes of base metal whether o not platd with prec metal	1 690	3 088	2 382	54.75	70.97	16.22

ANNEX A *(continued)*

Rank	HS code	Description	Exports (USD billion)			Share (percentage)		
			APEC	World	World less intra-European Union trade	To world	To world less intra-European Union rade	Difference
275	721934	Flat rolled prod, stainless steel, cr, w>/ = 600 mm, 0.5 mm <	1 879	4 475	2 647	41.98	70.97	28.99
276	711311	Articles of jewellery & pts therof of silver w/n platd/clad without prec met	1 705	2 803	2 414	60.83	70.63	9.80
277	903289	Automatic regulating or controlling instruments and apparatus, nes	5 865	11 922	8 304	49.20	70.63	21.43
278	621210	Brassieres and parts thereof, of textile materials	3 409	6 234	4 832	54.69	70.56	15.87
279	691110	Tableware and kitchenware of porcelain or china	1 790	3 193	2 542	56.05	70.41	14.36
280	392329	Sacks and bags (including cones) of plastics nes	1 592	3 159	2 265	50.41	70.32	19.91
281	940350	Bedroom furniture, wooden, nes	3 083	6 472	4 385	47.64	70.31	22.67
282	850410	Ballasts for discharge lamps or tubes	1 577	3 028	2 247	52.09	70.20	18.11

Source: ITC TradeMap.

ANNEX B

Importance of ‘Principal Supplier’ goods to APEC members by cut-off level (2005)

Threshold (per cent)	APEC member: Australia	Brunei Darus-salam	Canada	Chile	China	Hong Kong, China	Indonesia	Japan	Malaysia	Mexico	New Zealand	Papua New Guinea	Peru	Philip-pines	Russian Federa-tio	Korea, Republic o	Singa-pore	Taiwan, Province of China	Thailand	United States	Vie Nam	APEC
Panel A: Market potential – Imports by APEC partners of ‘Principal Supplier’ goods, 2005 (USD Billion)																						
					1 617	1 768	1 931	1 776	1 880	1 848	1 934	1 940	1 938	1 915	1 922	1 849	1 840	1 861	1 899			
						1 309	1 450	1 318	1 402	1 388	1 452	1 455	1 454	1 432	1 445	1 379	1 368	1 390	1 426			
						1 112	1 246	1 128	1 201	1 195	1 246	1 249	1 248	1 227	1 242	1 181	1 172	1 189	1 224			
						899	1 021	930	978	982	1 021	1 023	1 022	1 001	1 018	968	951	974	1 002			
						516	578	530	546	558	578	579	579	563	576	555	541	550	565			
Panel B: Share of products in APEC members’ exports, 2005 (Percentage)																						
					53.46	60.10	37.89	50.12	57.76	42.49	13.25	43.23	58.48	75.41	8.31	58.05						
						51.20	32.96	34.50	51.06	28.51	6.69	21.80	39.07	71.05	5.31	39.97						
						47.45	29.63	26.18	48.65	23.16	5.33	21.59	26.98	64.49	4.11	33.75						
						42.99	22.20	21.63	44.35	11.85	4.54	21.54	16.60	62.99	1.56	29.78						
						21.58	13.98	10.59	29.07	5.43	2.99	1.29	8.23	50.54	1.10	13.84						
Panel C: Share of products in APEC members’ imports, 2005 (Percentage)																						
					48.99	57.42	16.72	32.00	53.24	41.91	26.09	14.99	22.02	54.66	18.52	35.20	50.27	43.80	34.89	34.12	23.76	**38.45**
					43.59	48.64	8.98	26.55	46.40	30.28	14.81	7.77	13.24	49.41	10.12	29.32	43.55	36.12	25.24	20.90	16.67	
					39.53	45.52	6.04	23.44	42.15	24.35	10.80	4.15	9.85	46.72	7.44	26.22	38.51	33.29	21.41	16.80	12.72	
					35.05	41.14	3.91	18.04	38.87	18.39	8.11	3.30	5.98	45.35	4.92	21.01	35.96	26.67	17.69	12.55	9.22	
					19.01	20.93	1.60	9.44	29.04	9.56	5.16	1.33	3.60	34.63	3.29	9.34	19.26	16.13	11.82	7.69	4.27	