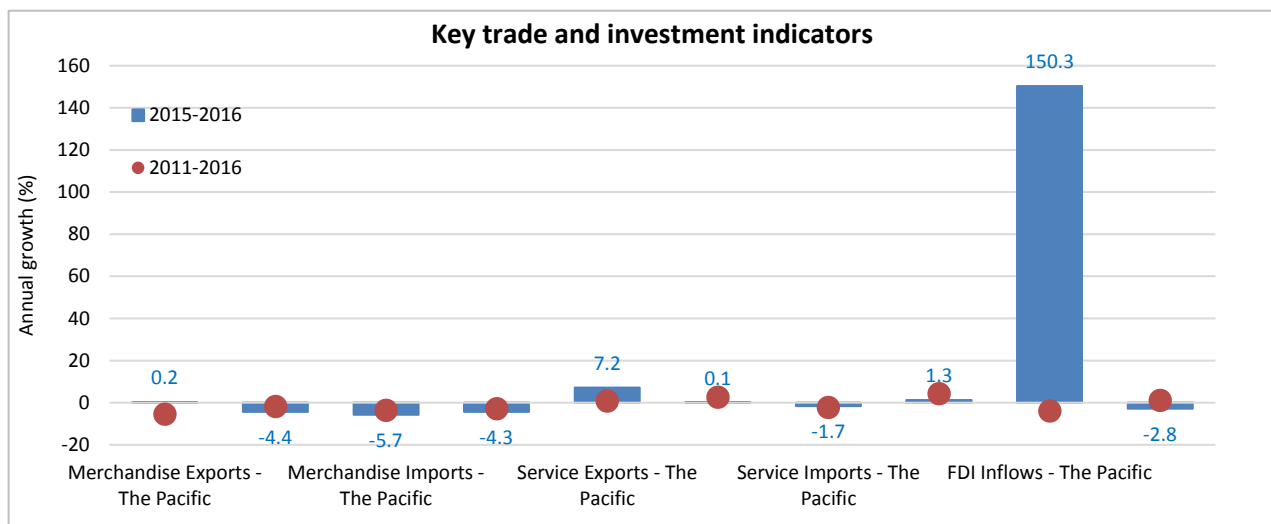




Asia-Pacific Trade and Investment Briefs The Pacific

(American Samoa; Australia; Cook Islands; Fiji; French Polynesia; Guam; Kiribati; Marshall Islands; Micronesia (F.S.); Nauru; New Caledonia; New Zealand; Niue; Northern Mariana Islands; Palau; Papua New Guinea; Samoa; Solomon Islands; Tonga; Tuvalu; Vanuatu)



AP: Asia and the Pacific average

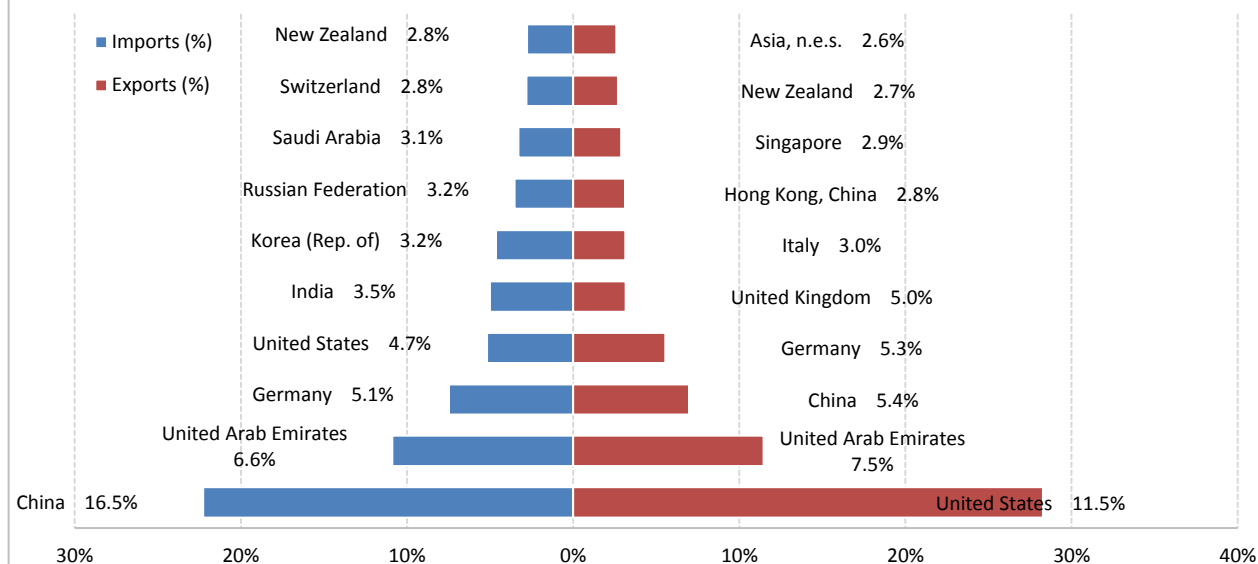
Merchandise trade: Australia and New Zealand accounted for 95.6% of merchandise trade in the subregion. As such, the major exports of the subregion were extractive commodities from Australia, dairy products from New Zealand, and meat products from both Australia and New Zealand. On the import side, manufactured goods, such as vehicles, ships, telephones and computers were the major imports. Average merchandise exports from 2011 to 2016 saw a decline of 5.4%, with mild growth of 0.2% in 2016. The downward trend of commodity prices during 2012-2015 contributed to the poor export performance of the Pacific subregion compared with the regional average over the period. In 2016, the export improvement was driven by Australia whose commodity exports benefited from price improvements. At the same time, merchandise imports declined by 5.7% in 2016. The weak domestic demand in the developed Pacific followed on from decreasing exports and investment, especially in the mining sector of Australia, and contributed to the subregion's merchandise imports fell at a higher rate (-3.6%) than that of the region (-2.9%) during the past five-year period.

Services trade: In 2016, the services trade share of total trade reached 22.9%. During the period 2011-2016, the subregion's services exports underperformed when compared with the average annual growth across the Asia-Pacific region. However, services exports grew strongly by 7.2% in 2016 while the region's average export growth was only 0.1%. For imports, the subregion also underperformed relative to the region; imports of commercial services declined by 2.2% annually over the five-year period, and fell by 1.7% in 2016. Travel services dominated services trade, accounting for 62.2% of commercial services exports and 42.4% of commercial services imports. As such, the subregion-wide 7.2% increase in travel exports drove services export growth. In contrast, the declines in the imports of transport and other commercial services were the major factor for the fall in services imports.

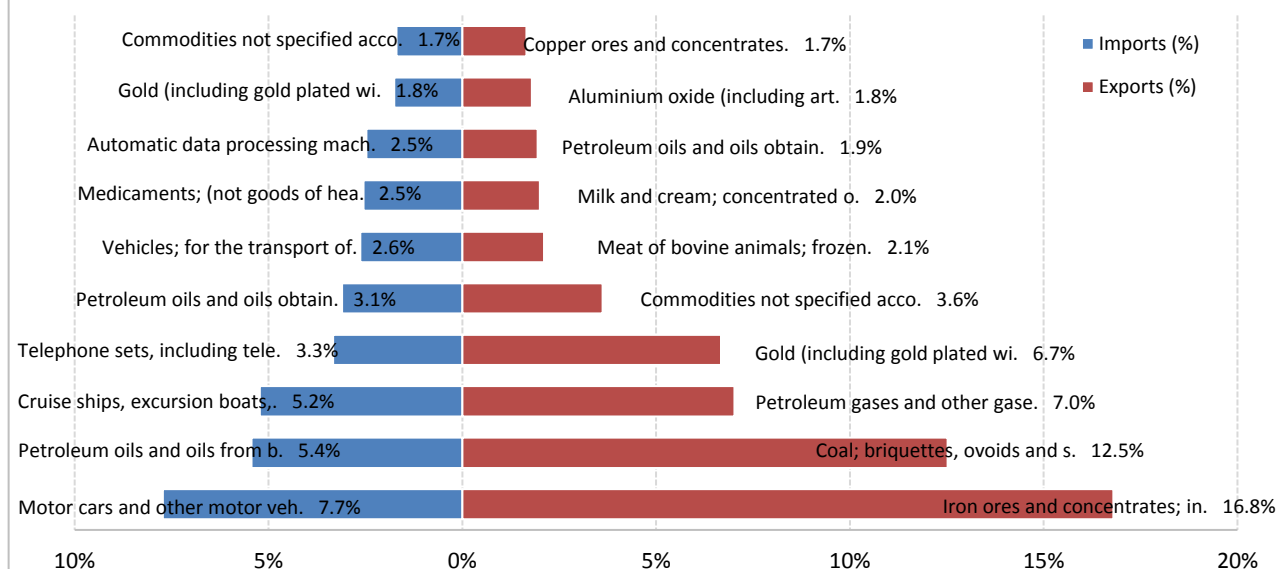
Intraregional trade: The share of merchandise exports from the Pacific to economies in Asia-Pacific in 2016 was 70.7%, the highest among the Asia-Pacific subregions. The high dependency on intraregional markets was driven by commodity exports from Australia to China. At the same time 60.3% of imports were intraregional, which again was driven by imports by Australia. Large variations among the economies of the Pacific subregion limits opportunities for intra-subregional trade; the share of intra-subregional trade was 7.4% for exports and 6.9% for imports in 2016.

Foreign direct investment (FDI): FDI inflows to the Pacific region dramatically increased by 150.3% to US\$ 52.4 billion in 2016. This is in contrast to the average annual FDI inflows decline of 4.0% during 2011-2016, while the Asia-Pacific region recorded an average annual growth of 1.0% in FDI inflows during the same period. This trend is primarily led by Australia and New Zealand, as they recovered from lower levels of FDI inflows in 2015. Positive developments in overseas investment by Australia and New Zealand increased FDI outflows from the Pacific in 2016.

Top merchandise markets (2016)



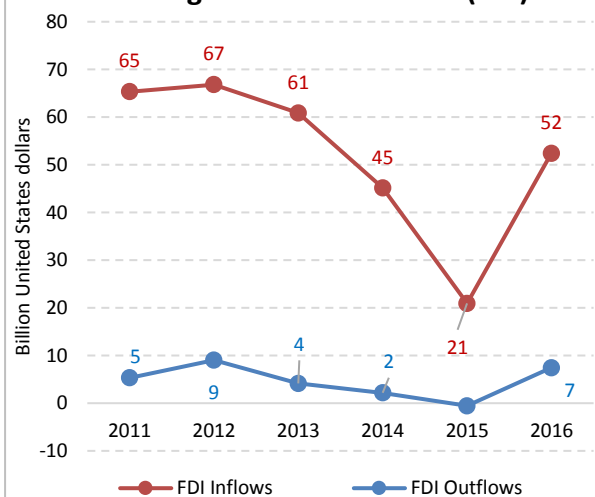
Top merchandise products (2016)



Intraregional trade

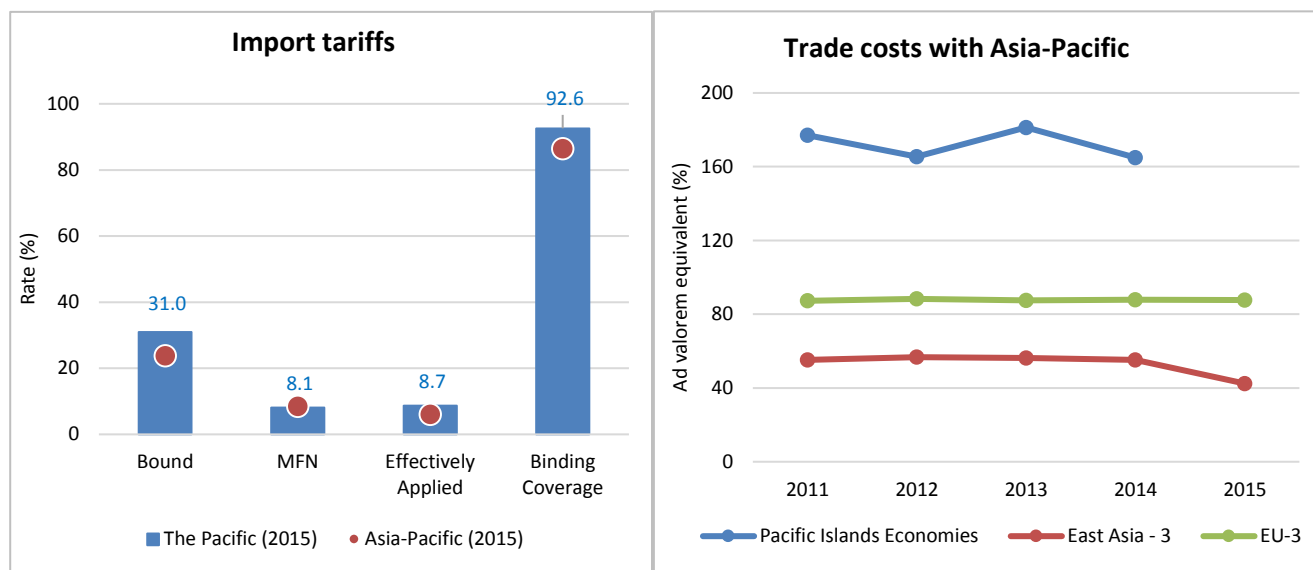
Sources/ Destinations (% share)	North and Central Asia imports		North and Central Asia exports	
	2015	2016	2015	2016
Asia-Pacific	60.4	60.3	74.3	70.7
East and North-East Asia	34.7	34.8	51.4	47.2
South-East Asia	16.7	16.1	10.5	11.7
South and South-West Asia	2.4	2.5	4.8	4.2
North and Central Asia	0.2	0.1	0.3	0.2
Pacific	6.3	6.9	7.3	7.4

Foreign direct investment (FDI)



Trade costs: Trade costs of the Pacific with four major developing economies in Asia and the Pacific (China, India, Indonesia and the Russian Federation) slightly decreased between 2011 and 2014. In 2014, the Pacific trade costs with these economies were about 110 percentage points higher than those of the East Asia-3, which includes some of the most efficient intraregional traders in Asia and the Pacific. Trade costs of the European Union-3 incurred in reaching major developing Asian markets are, on average, lower than those of the Pacific economies.

Tariffs: In 2015, average MFN applied, effectively applied tariffs rates were approximately at the regional average. The binding coverage and MFN bound rates were lower than the Asia Pacific average.



Sources: Trade and tariff data were accessed through WITS and IMF direction of trade database. FDI data were accessed through UNCTAD stat. Trade costs data were based on the ESCAP-World Bank trade cost database.

Notes: Data are based on countries or regions for which data available only (e.g. trade cost data of Japan are missing for 2015). Merchandise trade data follow the HS2012 classification. Mirror data are used. Products are defined at the 4-digit level. Tariffs are simple average. Trade costs shown are tariff equivalents, calculated as trade-weighted average trade costs of countries or regions with the Asian developing economies (China, India, Indonesia and Russian Federation). East Asia-3 comprises China, Japan and the Republic of Korea; European Union-3 comprises Germany, France and the United Kingdom. Average growth rate over a period means simple average growth rate.

Definitions: 1) Other commercial services include: Construction, Insurance and pension services, Financial services, Charges for the use of intellectual, Telecommunications & computer, Other business services, Personal & cultural & recreation. Other business services include: Research and development services, Professional & management consulting services, Technical & trade-related & other business services. 2) MFN bound tariff is the maximum most-favoured nation (MFN) tariff permitted under WTO obligations. MFN applied tariff is the tariff applied to imports among WTO members. The effectively applied rate is the ratio of collected import tariff revenue and value of imports. Binding coverage refers to the share of bound tariff lines in the total number of tariff lines.

For the full report, please visit:

<http://bit.ly/APTIR2017>

For more details, please contact escap-tiid@un.org