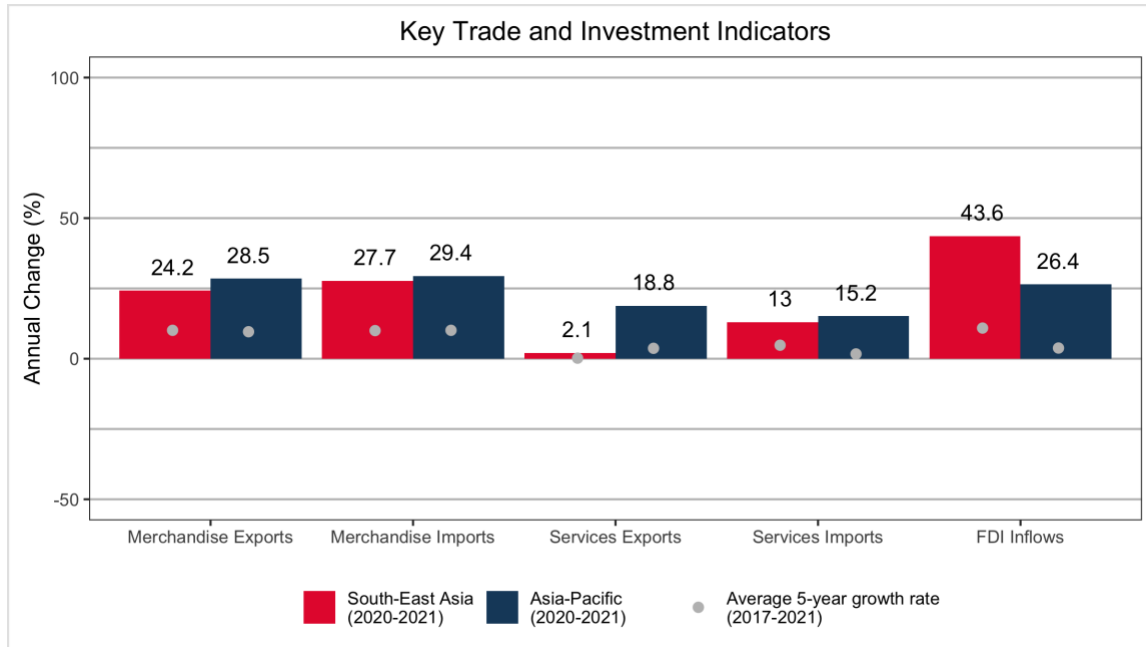




South-East Asia Trade Brief

(Brunei Darussalam, Cambodia, Indonesia, Lao P.D.R., Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor-Leste, Viet Nam)



Merchandise Trade

In 2021, the South-East Asia (SEA) subregion registered a trade-to-GDP ratio of 121.5%, and merchandise trade accounted for 82.5% of SEA's total trade. From 2017-2021, SEA's merchandise exports grew by 10.1% and merchandise imports increased by 10% nominally each year on average. Merchandise exports in SEA experienced faster growth than the Asia-Pacific region's 9.6% annual growth during the same period. However, merchandise imports for SEA trailed behind the Asia-Pacific region's annual growth of 10.1%. In 2021, SEA's merchandise exports increased by 24.2% and merchandise imports grew by 27.7% nominally. Singapore, Viet Nam, Thailand and Malaysia accounted for 25.8%, 20%, 16.1% and 16.1% of the subregion's total merchandise trade for the year, respectively.

Looking ahead, South-East Asia's merchandise exports are expected to grow by 22.6% in 2022 and then by 3.5% in 2023. Comparatively, exports in the Asia-Pacific region (excluding the Russian Federation) are anticipated to expand by 10.2% in 2022 and then by a more modest 1.9% in 2023. On the imports side, SEA is projected to grow by 27.2% in 2022 and then by 4% in 2023. Merchandise imports in the Asia-Pacific region (excluding the Russian Federation), for comparison, are forecasted to increase by 13% in 2022 and then by a more moderate 2.5% in 2023.

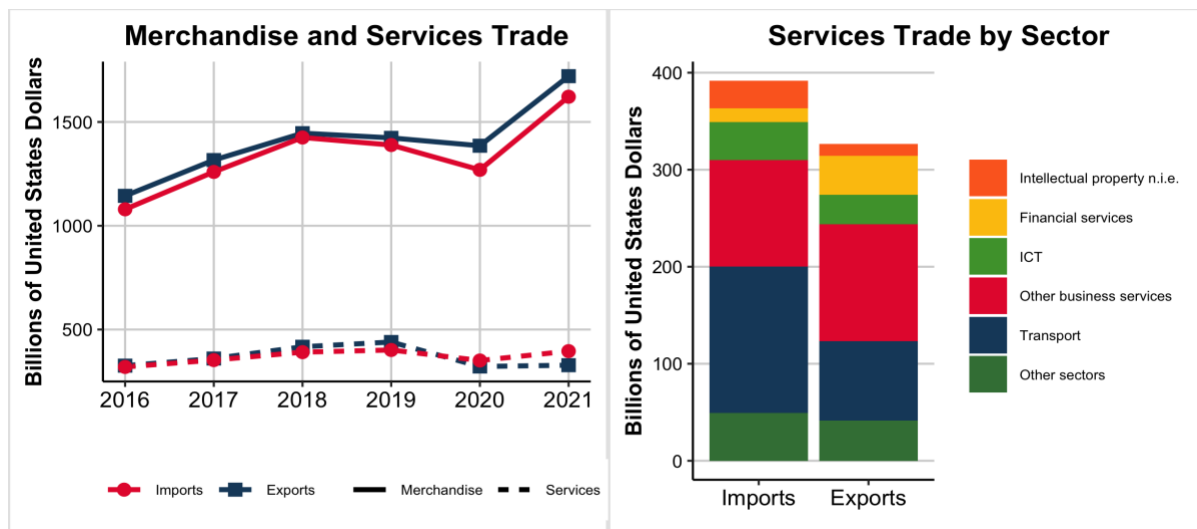


Services Trade

The services trade share of total trade by South-East Asia amounted to 17.5% in 2021. Over the 2017-2021 period, commercial services exports for SEA grew by 0.2% annually and commercial services imports increased by an annual average of 4.8% in nominal terms, as compared to the Asia-Pacific's 3.7% and 1.7% average growth, respectively. In 2021, SEA's services exports grew by 2.1%, following a year of 26.7% decline in 2020. In comparison, exports in the Asia-Pacific region grew by 18.8% in 2021, after falling by 21.4% in 2020. Commercial services imports in SEA recovered by 13% in 2021, compared to 15.2% growth in the Asia-Pacific region.

Sector-wise, "Transport services" comprised 32.4% of South-East Asia's total commercial services trade in 2021, followed by "Other business services" at 32.1% and "ICT services" at 9.7%. The main driver of growth in services exports for SEA over the 2017-2021 period was "Other business services", which saw an average 11.7% increase annually in nominal terms. The export growth of "Other business services" was especially pronounced in Viet Nam, Singapore and Cambodia (28.8%, 19.2% and 9.5%, respectively). On the imports side, "Transport services" was the greatest contributor to growth in commercial services, increasing 12.5% annually on average over the same period.

Looking ahead, South-East Asia's services exports are expected to increase by 19.1% in 2022 and then by 10.3% in 2023. Comparatively, exports in the Asia-Pacific region (excluding the Russian Federation) are anticipated to grow by 8.9% in 2022 and then by 8% in 2023. Meanwhile, SEA's services imports are projected to expand by 10.2% in 2022 and then by 6% in 2023. Services imports in the Asia-Pacific region (excluding the Russian Federation), for comparison, are forecasted to increase by 10.5% in 2022 and then by 4.5% in 2023.



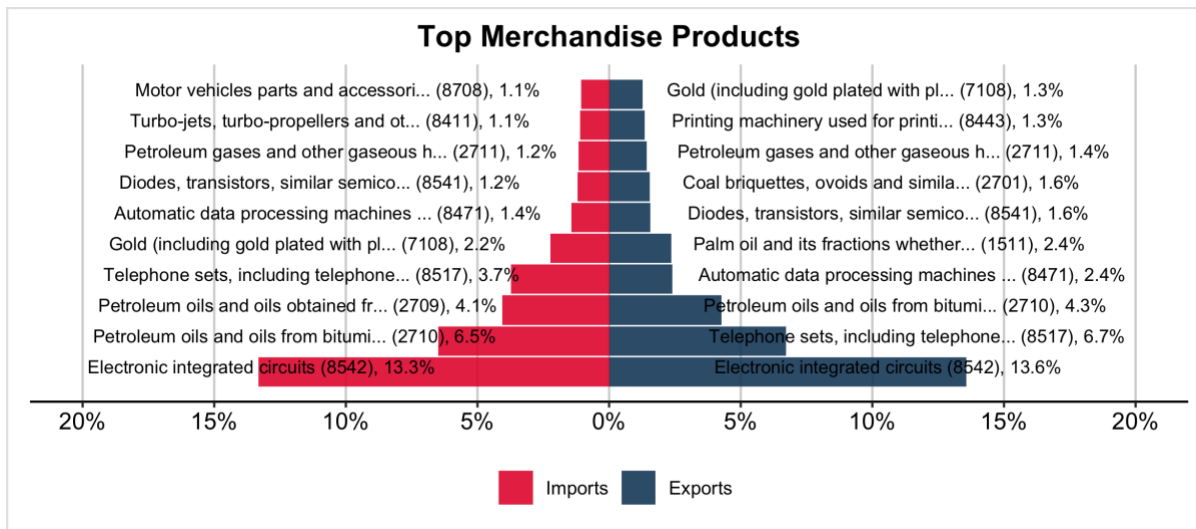
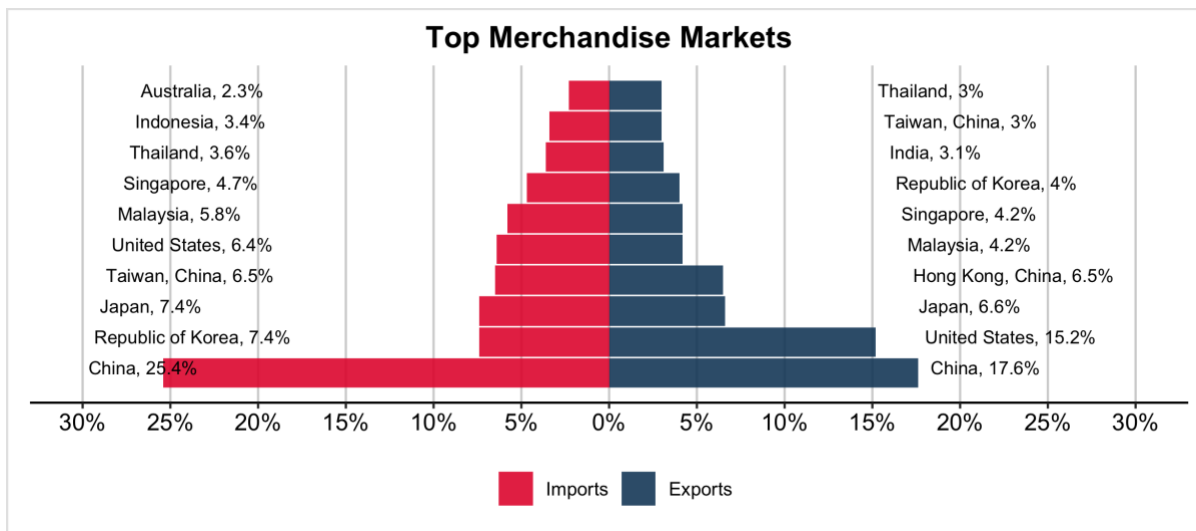
Top Trade Partners

In 2021, the largest merchandise trade partner of South-East Asia was China, representing 17.6% of its exports and 25.4% of its imports. 15.2% of SEA's exports and 6.4% of SEA's imports by value were traded with the United States, its second largest trade partner. Other significant trade partners were Japan; the Republic of Korea; Malaysia; Taiwan, China; Singapore; Hong Kong, China; Thailand; and Indonesia.



Top Traded Products

The largest merchandise product category exported by South-East Asia in 2021 was "Electronic integrated circuits" (8542), with an export share of 13.6% of total exports, followed by the second most exported product category, "Telephone sets, including telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data (including wired/wireless networks), excluding items of 8443, 8525, 8527, or 8528" (8517), which accounted for 6.7% of SEA's total exports. In terms of imports, "Electronic integrated circuits" (8542) represented 13.3% of total imports, standing out the top imported product category. Meanwhile, "Petroleum oils and oils from bituminous minerals, not crude; preparations n.e.c, containing by weight 70% or more of petroleum oils or oils from bituminous minerals; these being the basic constituents of the preparations; waste oils" (2710) had a share of 6.5%, the second largest imported product category in SEA in 2021.

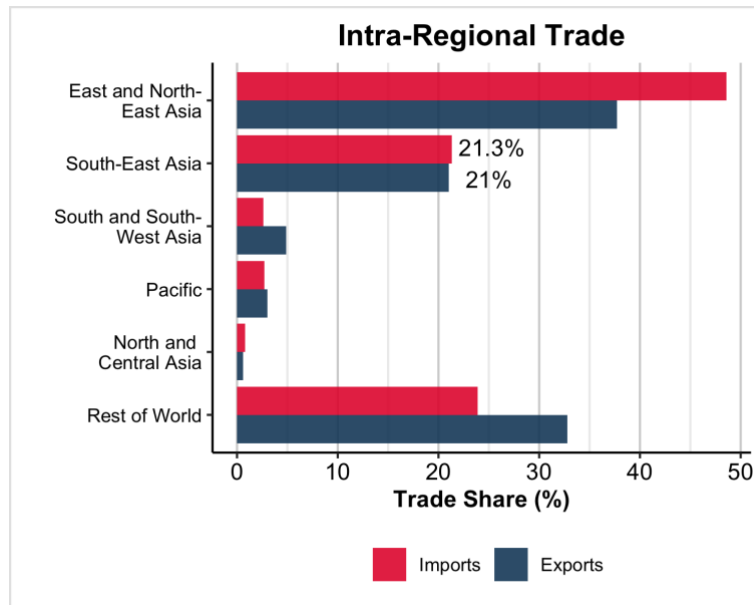


Intra-Regional Trade

In 2021, 71.4% of all merchandise trade from the South-East Asia subregion went to economies in the Asia-Pacific region, which was a higher level of regional integration than the Asia-Pacific's 59.5% average. Specifically,



67.2% of merchandise exports from SEA went to other economies in the region. The largest trading partner for the subregion was East and North-East Asia, absorbing 37.7% of SEA's exports. Exports to countries in the same subregion accounted for 21% of the total exports. Meanwhile, the shares of intraregional and intra-subregional imports were 76.1% and 21.3% in 2021, respectively.



Tariffs

In 2021, the average MFN applied and effectively applied tariff rates faced by South-East Asia amounted to 4.4% and 2.8%, respectively, which were higher than the Asia-Pacific's average rates faced of 4% and 3%. As for tariffs imposed by SEA, the MFN applied and effectively applied tariff rates averaged 4.6% and 2.5% in 2021, and the average MFN bound tariff rate amounted to 13.7%. SEA's imposed tariff rates were mostly higher than the Asia-Pacific's average MFN applied, effectively applied and MFN bound rates of 4.2%, 3.4% and 11.5%, respectively. Currently, 77.6% of SEA's tariff lines are bound.

Foreign Direct Investment (FDI)

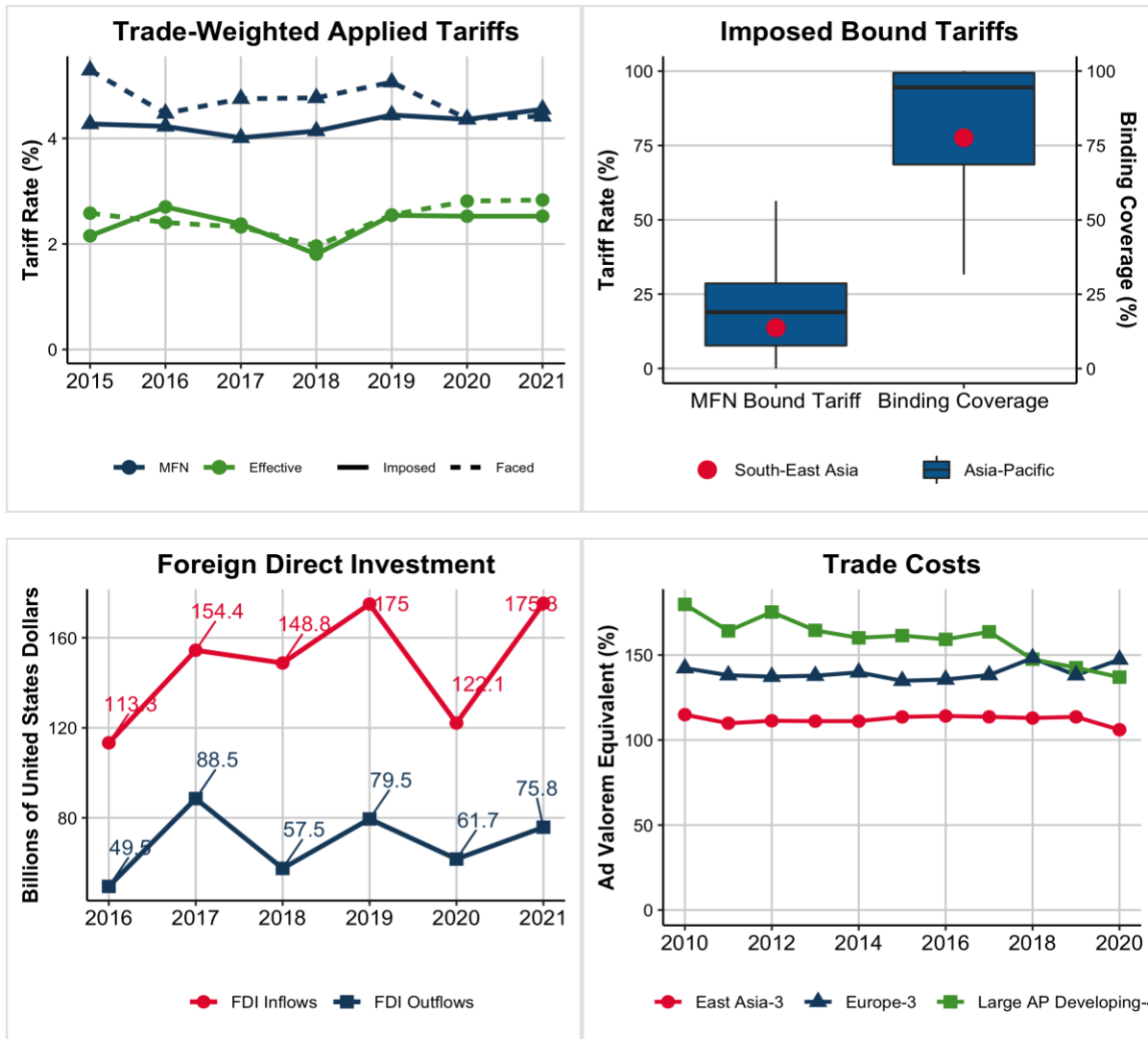
South-East Asia recorded an average annual FDI inflows growth of 10.9% from 2017 to 2021, which was higher than the Asia-Pacific's 3.8% average annual FDI inflows growth. In 2021, SEA experienced an increase in FDI inflows by 43.6%. Singapore, Indonesia, Viet Nam and Malaysia were the primary destinations for FDI, accounting for 56.5%, 11.5%, 8.9% and 6.6% of the FDI inflows to the subregion for the year, respectively. In terms of FDI outflows, SEA had an average annual FDI outflows growth of 10.6% in the last five years, which was also higher than the Asia-Pacific's 3.2% average annual FDI outflows growth. In 2021, SEA experienced an increase in FDI outflows by 22.9%.

Trade Costs

South-East Asia's trade costs were lowest with the East Asia-3 economies of China, Japan and the Republic of Korea. In 2020, trade costs with the East Asia-3 economies, on average, amounted to 106.1% of the value of goods, as compared to when the countries trade these goods within their borders. Trade costs were higher with the Large Asia-Pacific Developing-4 economies (China, India, Indonesia and the Russian Federation) and



Europe-3 economies (Germany, France and the United Kingdom), amounting to 137% and 147.3%, respectively.



Sources: Historic merchandise trade and commercial services data were accessed from the WTO statistics website. Product-level and partner-level trade data were accessed through the UN Comtrade database. Tariff data were accessed through WITS and WTO tariff database. FDI data were accessed through UNCTAD stat. Trade costs data were based on the ESCAP-World Bank trade cost database. Trade-to-GDP ratio was calculating by summing commercial and merchandise exports and imports and dividing the sum by the latest GDP (current United States dollars), retrieved from the World Bank World Development indicators database.

Note: Data are based on economies for which data available only. Mirror trade data was used when not reported for individual countries. Merchandise trade data follow the latest HS classification. Products are defined at the 4-digit level. Tariffs are trade-weighted averages. Trade costs are simple average across country groups and exclude the cost of tariffs.

Definitions: 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 lowest available tariff (between any preferential tariffs and MFN tariffs at the HS 6-digit level). Binding coverage refers to the share of bound tariff lines in the total number of tariff lines. For more details contact escap-tiid@un.org. For subregional reports on regional integration, please visit the [RIA website](http://ria.un.org).