

Annex B – Frequently Asked Questions on the ASEAN Trade in Goods Agreement (ATIGA)

What is the ATIGA and why is it important?

The ATIGA is an integral part of the ASEAN Economic Community (AEC). It entered into force for ASEAN member states (AMS) in 2010 and seeks to streamline and simplify the process of intra-ASEAN Trade in Goods. Containing 11 Chapters and 98 Articles, the ATIGA's primary objective is to foster economic integration and cooperation among member countries through the elimination and/or reduction of tariffs and non-tariff barriers. For example, the ATIGA contains commitments on (i) tariff elimination for 98.6%¹ of products; (ii) promoting cooperation on trade, such as transparency (i.e., the publication of regulations); and (iii) providing a platform to discuss and address issues regarding Non-Tariff Measures (NTMs) in the region, amongst others. By facilitating regional trade, the ATIGA plays an essential role in fostering economic growth and stability within the region and is a key instrument in achieving ASEAN's vision of becoming a single market and production base.

Which countries are negotiating the ATIGA? How has the ATIGA benefited these countries?

The ATIGA is negotiated among ASEAN Member States (AMS): Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Viet Nam. It is a crucial component of economic integration within the ASEAN region. Total intra-ASEAN trade reached US\$ 710 billion in 2021, with an average year-on-year growth of 7.3% (from 2017 to 2021)². Total Gross Domestic Product (GDP) of the ASEAN region was at US\$ 3.3 trillion in 2021, with an average year-on-year growth of 4.7% (from 2017 to 2021)³.

What upgrades are being considered for the ATIGA and why are they being considered?

The proposed upgrades to the ATIGA currently being considered include provisions to respond to emerging trade issues and alleviate certain issues faced in the implementation of the agreement. These include, among others, proposals on:

- (i) **Digital trade** to address the increasing importance of e-commerce and digital technologies in regional and global trade;
- (ii) **Environmental considerations** to encourage sustainable trade practices, reflecting the growing international concern over environmental protection and climate change;
- (iii) **Supply chain resilience** including provisions to help maintain trade flows during crises; and
- (iv) **Making the Agreement more user friendly** so that businesses, including Micro, Small and Medium Enterprises (MSMEs) can easily utilise the Agreement and benefit from it.

These improvements seek to make the Agreement more relevant and effective in the rapidly changing global economic environment and are expected to contribute towards the comprehensive and progressive development of the AEC.

How has the COVID-19 pandemic influenced the proposed upgrade to the ATIGA?

The COVID-19 pandemic highlighted the importance of putting in place policies as well as cooperation with partners to ensure the continuity of trade in times of crisis. In response to this, one of the proposed areas under consideration for the ATIGA Upgrade is the inclusion of provisions to strengthen supply chain resilience and address digitalisation.

¹ Source: ATIGA Summary Fact Sheet 2021.

² Source: ASEANStats 2022.

³ Source: ASEANStats 2022.