

# ASIA-PACIFIC TRADE AND INVESTMENT TRENDS 2024/2025

## Preferential Trade Agreements



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## Acknowledgements

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## Highlights

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- The Asia-Pacific region continues to be the largest contributor to the worldwide build-up of preferential trade agreements (PTAs), accounting for nearly 60% of PTAs in force worldwide.<sup>1</sup> PTAs have become bigger, deeper, and increasingly covering issues related to digital trade and sustainable development.
- The Asia-Pacific region's "noodle bowl" of trade agreements now includes 374 PTAs with at least one party in the Asia-Pacific. Of these, 229 are in force, 27 have been signed but are awaiting ratification, 100 are under negotiation, and 18 have been suspended or terminated.
- Between January and December 2024, eight new PTAs were signed, while eleven were under negotiation. Most of these new PTAs are bilateral agreements with economies outside the region. The bilateral approach reflects a growing preference for tailored and flexible trade and investment terms, adding complexity to the existing noodle bowl of agreements. The choice of new partners highlights a strategic shift toward diversifying trade relationships aligned with the drive to seek more resilient supply chains.
- Trade among PTA partners accounts for about half of all trade by Asia and the Pacific economies – approximately 50 per cent of exports and 53 per cent of the total imports. Notably, this trend is significantly driven by economies in East and North-East Asia, and South-East Asia, which are actively engaged in negotiating trade agreements.
- Aside from tariff preferences, the most commonly included provisions in Asia-Pacific PTAs are 'trade facilitation and customs cooperation', followed by 'competition policy', and 'intellectual property'. These provisions are present in more than 50 per cent of the signed and enforced PTAs. Since 2003, the inclusion of provisions surrounding sustainable development and digital trade in Asia-Pacific PTAs has also accelerated.
- The 2030 Agenda emphasizes the integration of economic, social, and environmental dimensions in achieving sustainable development. Sustainable development provisions in trade agreements are aligned with these goals, addressing issues such as labor rights, gender equality, and poverty reduction

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<sup>1</sup> The figures include agreements not notified to the WTO. For agreements that have been notified, Asia-Pacific accounts for approximately 50% of all agreements currently in force worldwide.



alongside environmental concerns.<sup>2</sup> As of December 2024, of the 256 signed and in force PTAs, there are 150 PTAs that have sustainable development-related provisions (including provisions related to labour protection, human rights, gender, health, education, environment and SMEs). A new type of trade agreements is emerging, integrating elements of trade, investment and environmental sustainability. This includes the 'Green Economy Agreement' (GEA)<sup>2</sup> and 'Agreement on Climate Change, Trade and Sustainability' (ACCTS), signed in 2022 and in 2024, respectively.

- Meanwhile, 120 PTAs have digital trade (e-commerce) provisions. Increasingly, these agreements incorporate provisions addressing emerging technologies such as Artificial Intelligence (AI) and the Internet of Things (IoT). The number of stand-alone 'digital trade agreements' (DTA) or 'digital economy agreements' (DEA) in the Asia-Pacific region also increased to eight in 2024. Memberships in the Digital Economy Partnership Agreement (DEPA), established by Chile, New Zealand and Singapore, is expanding, potentially reducing the risk of creating a new "digital noodle bowl." Additionally, ASEAN member states are negotiating the Digital Economy Framework Agreement (DEFA), aiming to establish the first comprehensive digital economy agreement within the ASEAN region.
- As of December 2024, the WTO Joint Statement Initiative (JSI) on Electronic Commerce finalized a "stabilized text" for the Agreement on Electronic Commerce, marking significant progress after five years of negotiations. This could provide a useful common basis for future DTAs and DEAs. However, key JSI participants, including the United States, Brazil, Indonesia, and Türkiye, have raised concerns on this text. Integrating the agreement into the WTO's legal framework also poses challenges, as it requires consensus from all WTO members, including non-participants in the JSI.
- Meanwhile, alternative approaches to trade and economic cooperation have also grown significantly. Specifically, the Indo-Pacific Economic Framework for Prosperity (IPEF) has made progress, while BRICS membership continues to expand. These and other regional trade initiatives are likely to play an increasingly important role as the multilateral trading system continues to face headwinds.

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<sup>2</sup> United Nations, Transforming Our World: The 2030 Agenda for Sustainable Development, available at <https://sdgs.un.org/2030agenda>.



# 1. Introduction

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The Asia-Pacific region continues to be the largest contributor to the worldwide build-up of preferential trade agreements (PTAs), accounting for nearly 60% of all PTAs in force worldwide.<sup>3</sup> The size of the regional noodle-bowl has expanded, encompassing 374 PTAs involving at least one party of the Asia-Pacific region. Among these, 229 are currently in force, 27 are signed and pending ratification, and 100 are under negotiation (figure 1).<sup>4</sup>

In 2024, eight agreements were signed and eleven negotiations launched, most of which are bilateral trade agreements involving non-Asia-Pacific economies. Notably, several Asia-Pacific has formed trade agreements with the United Arab Emirates, followed by New Zealand and the Republic of Korea. These newly signed agreements and negotiations underscore the Asia-Pacific's sustained dynamics of forming extra-regional and bilateral agreements.

As the number of agreements grows, trade agreements move towards broadening their scope. Recent negotiations increasingly address various policy areas, including sustainable development and the digital economy. At the same time, alternative frameworks for trade and economic cooperation involving Asia-Pacific economies are increasingly prevalent.

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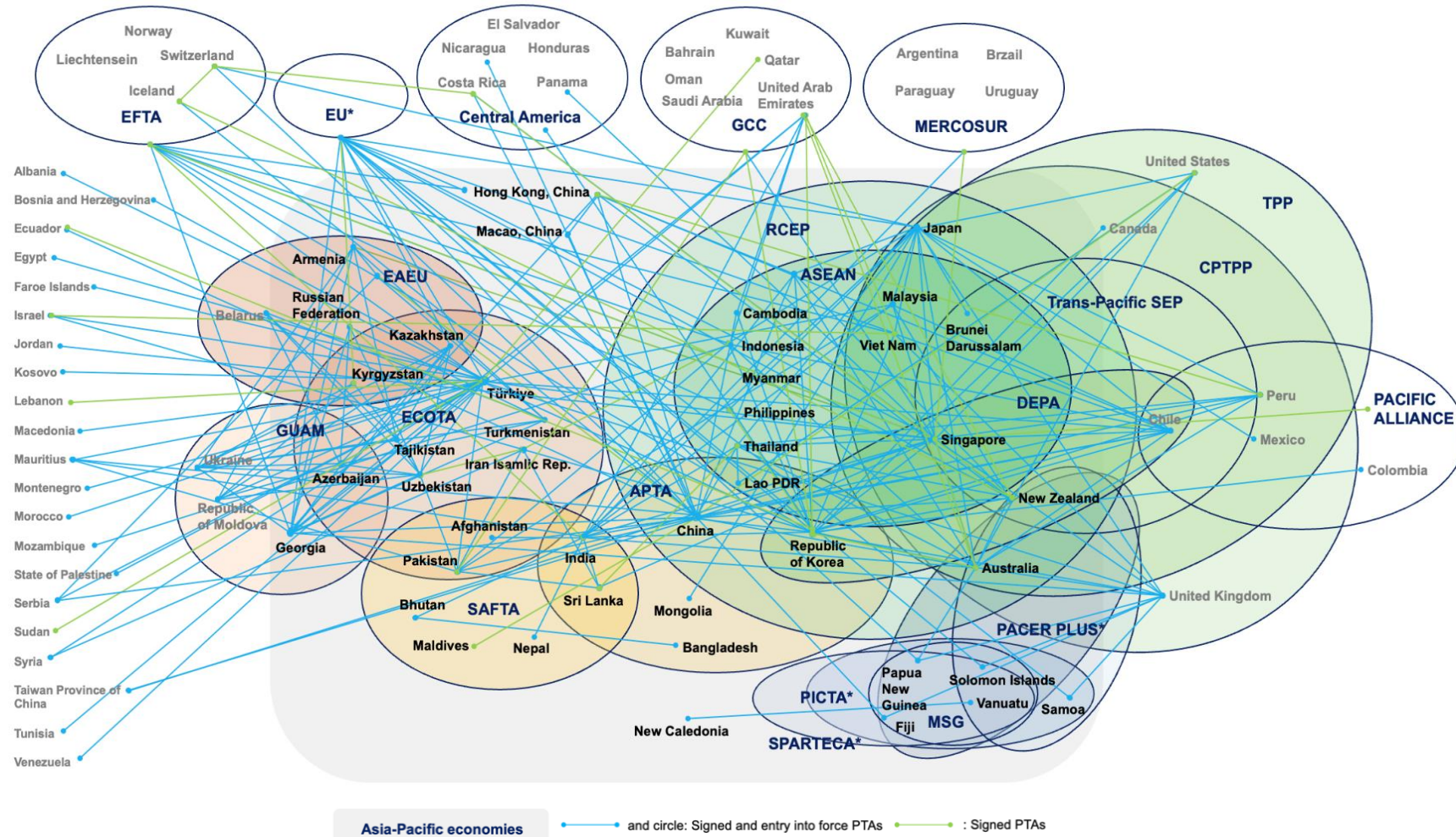
<sup>3</sup> This analysis is based on 229 Preferential Trade Agreements (PTAs) in force in the Asia-Pacific region, including those not notified to the WTO, as of December 2024. Of these 229 agreements, 183 have been notified to the WTO. As of December 2024, the total number of PTAs in force and notified to the WTO is 373. Therefore, share would be 50% if only notified PTAs are considered. For more details, see the WTO's Regional Trade Agreements database <https://rtais.wto.org/UI/PublicMaintainRTAHome.aspx>.

<sup>4</sup> Of the 374 Asia-Pacific PTAs, the remaining 18 agreements have been suspended or terminated.





Figure 1. Noodle bowl of Asia-Pacific PTAs, 1971-2024



Source: APTIAD (accessed 24 December 2024).

Note: \*Not all members are shown. Plurilateral PTAs are not represented, i.e., Group of 8 Preferential Trade Agreement (D-8 PTA), Global System of Trade Preferences (GSTP), Protocol on Trade Negotiations (PTN) and Trade Preferential System among the Organization of the Islamic Conference (TPS/OIC). The economy under a grey rectangle shape refers to ESCAP members and associate members.





## 2. Deeper trade agreements

### 2.1 Increasing complexity of the PTA noodle bowl

The number of new negotiations and newly signed trade agreements continues to flourish. Economies in South-East Asia, and East and North-East Asia have made significant contributions to the increase in PTAs in the Asia-Pacific region. Additionally, in 2024, negotiations for the India-Peru and Malaysia-the Republic of Korea PTAs resumed after being paused in 2019.

From January to December 2024, eight agreements had been signed, and eleven new negotiations had been launched (figure 2).<sup>5</sup> Moreover, seven agreements have entered into force.<sup>6</sup> Of these 7 agreements, two have not been notified to the WTO.<sup>7,8</sup> These unnotified agreements raise concerns about compliance with crucial notification and transparency obligations under the WTO rules.<sup>9</sup> These new agreements reinforce already existing trend in Asia-Pacific trade agreements of an increasing preference for signing bilateral trade agreements with economies outside the region. As of December 2024, approximately 55 per cent of all PTAs in force involve economies beyond the Asia-Pacific region, and 79 per cent are bilateral trade agreements. All Asia-Pacific subregions share a similar trend, with bilateral trade agreements predominating.

Cumulatively, economies in East and North-East Asia leading, followed by South and South-West Asia and South-East Asia respectively, have a substantial number of signed and in force extra-regional PTAs. Unlike other subregions, which often establish more agreements with partners outside the Asia-Pacific, South-East Asia and the Pacific PTAs predominantly focus on PTAs with Asia-Pacific partners (figure 3a).

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<sup>5</sup> The eight newly signed trade agreements in 2024 are: (1) Australia-United Arab Emirates; (2) Hong Kong, China-Peru; (3) India-EFTA; (4) Kyrgyzstan-EU; (5) New Zealand-United Arab Emirates; (6) Sri Lanka-Thailand; (7) Viet Nam-United Arab Emirates; and (8) Agreement on Climate Change, Trade and Sustainability (ACCTS). Moreover, the 11 new negotiations that commenced in 2024 are: (1) Bangladesh-the Republic of Korea; (2) China-El Salvador; (3) Georgia-Israel; (4) Georgia-the Republic of Korea; (5) Indonesia-Gulf Cooperation Council (GCC); (6) Indonesia-Sri Lanka; (7) Japan-United Arab Emirates; (8) New Zealand-United Arab Emirates; (9) the Philippines-Chile; (10) The Republic of Korea-Thailand; and (11) Türkiye-GCC.

<sup>6</sup> The seven trade agreements that entered into force in 2024 are: (1) Cambodia-United Arab Emirates, (2) China-Ecuador, (3) China-Nicaragua, (4) China-Serbia, (5) Georgia-United Arab Emirates, (6) New Zealand-European Union, and (7) Türkiye-Ukraine.

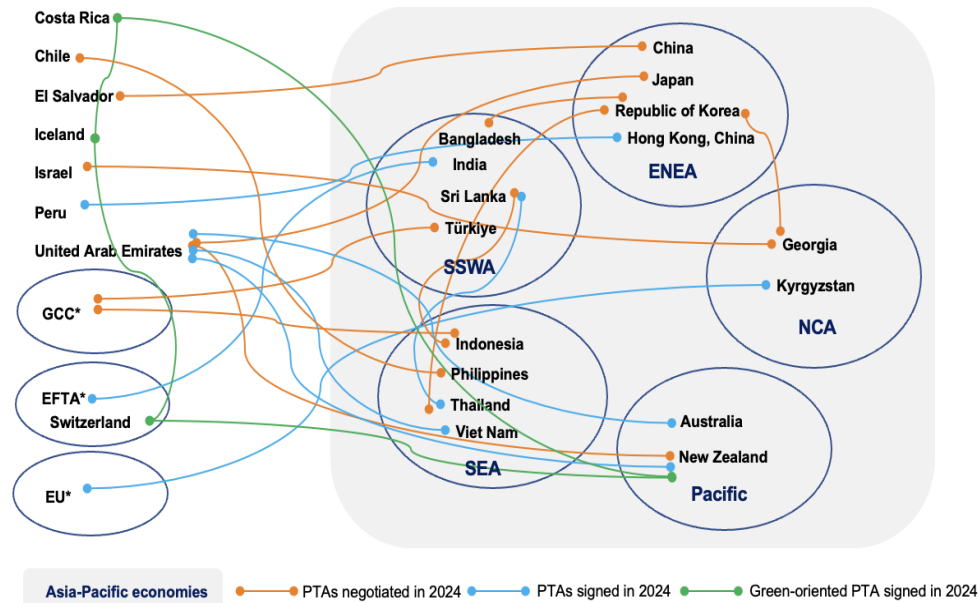
<sup>7</sup> Another five agreements that entered into force in 2024 and have been notified to the WTO are China-Ecuador PTA, China-Nicaragua PTA, China-Serbia PTA, New Zealand-EU PTA, and Türkiye-Ukraine PTA.

<sup>8</sup> Of the 229 PTAs in force in the Asia-Pacific region, 183 have been notified to the WTO.

<sup>9</sup> See WTO Transparency Mechanisms for RTAs, available at [https://www.wto.org/english/tratop\\_e/region\\_e/trans\\_mecha\\_e.htm](https://www.wto.org/english/tratop_e/region_e/trans_mecha_e.htm).



Figure 2. New PTAs signed and negotiated after January 2024



Source: APTIAD (accessed 24 December 2024).

Note: \*Not all members are shown. Gulf Cooperation Council (GCC), European Free Trade Agreement (EFTA) and European Union (EU). The Asia-Pacific subregions include East and North-East Asia (ENEA), the Pacific, South-East Asia (SEA), North and Central Asia (NCA), and South and South-West Asia (SSWA). The economy under a grey rectangle shape refers to ESCAP members and associate members.

Country blocs and plurilateral agreements account for approximately 10 per cent and 11 per cent, respectively, of the total agreements in force (figure 3b). Although small in number, their economic significance is substantial and continues to grow. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP) – are prominent plurilateral agreements, often referred to as ‘mega-regional trade agreements.’

Memberships of plurilateral agreements continue to expand. The RCEP, signed by 15 economies in 2020, is considered the world’s largest trading bloc, representing approximately 30 per cent of world GDP.<sup>10</sup> By December 2024, Chile, Sri Lanka and Hong Kong, China formally requested accession to the RCEP.<sup>11</sup> The CPTPP, initially signed by 11 economies in 2018,<sup>12</sup> has expanded its membership by one. The United Kingdom was successfully acceded and officially started implementing the agreement in December 2024, becoming the first (and non-Pacific) party to the CPTPP agreement since its establishment.

<sup>10</sup> The 15 RCEP members include 10 ASEAN members (Brunei Darussalam, Cambodia, Indonesia, Lao People’s Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Viet Nam) and Australia, China, Japan, New Zealand and the Republic of Korea.

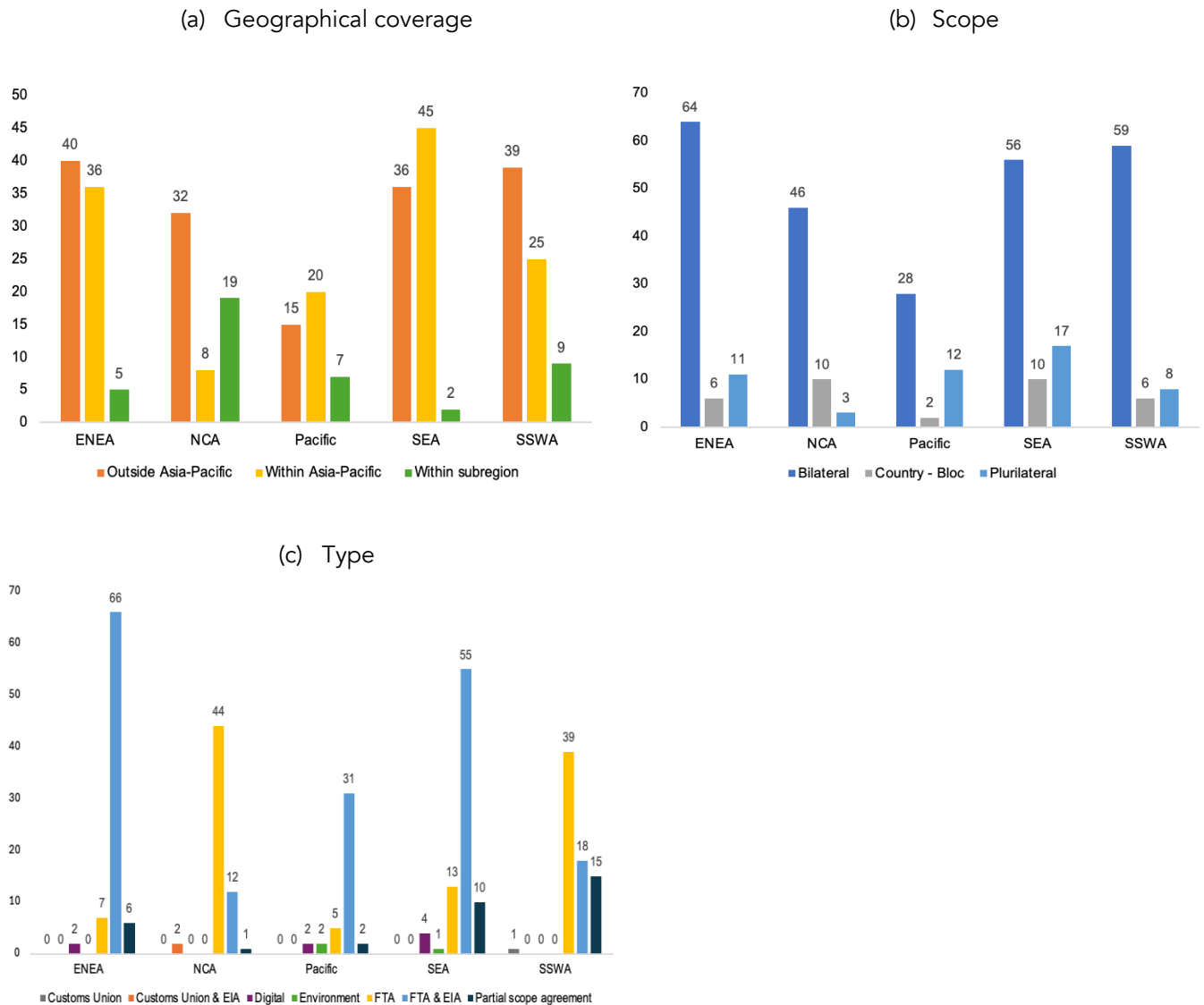
<sup>11</sup> Bangladesh and Chile have expressed interest in becoming RCEP members.

<sup>12</sup> The 11 CPTPP original signatories are Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Viet Nam.



Additionally, more economies, including China, Costa Rica, Ecuador, Indonesia, Ukraine, Uruguay, and Taiwan Province of China have submitted formal accession requests to CPTPP. Similarly, the Gulf Cooperation Council (GCC) has commenced two new trade negotiations with Indonesia and Türkiye. Overlapping memberships will grow, further complicating the “noodle bowl” of trade agreements.

Figure 3. Pattern of signed and in force Asia-Pacific PTAs, by subregions, 1971-2024



Source: APTIAD (accessed 24 December 2024).

Note: The Asia-Pacific subregions include East and North-East Asia (ENE), the Pacific, South-East Asia (SEA), North and Central Asia (NCA) and South and South-West Asia (SSWA).



## 2.2 Broadening the scope of trade negotiations

While the number of agreements continues to grow, their scope continues to expand beyond trade in goods and tariff liberalization. Most of the PTAs signed over the past decades are Free Trade Agreements and Economic Integration Agreements (FTA and EIA) (figure 3c). These broadening trade agreements are often called the “Comprehensive Economic Partnership Agreement (CEPA)” (ESCAP, 2022). Accordingly, several signed and enforced PTAs go beyond the liberalization of trade in goods, covering services and investment as well as addressing behind-the-border issues, such as government procurement, competition, intellectual property, environment and SMEs.

This trend has been primarily driven by economies in East and North-East Asia, followed by South-East Asia and the Pacific. As of December 2024, more than 50 per cent of the signed and enforced PTAs include provisions on “trade facilitation and customs cooperation” (approximately 70%), followed by “competition policy” and “intellectual property” (figure 4). Many new trade agreement negotiations tend to concentrate on non-trade topics, incorporating a wide spectrum of domestic issues, such as addressing sustainable development issues (health, education, gender, human rights, and environment provisions) and cross-cutting issues, i.e., digital economy (data privacy protection, cross-border data flows, online consumer protection, and cybersecurity provisions). The sustainable and digital provisions are discussed in detail in the next section.

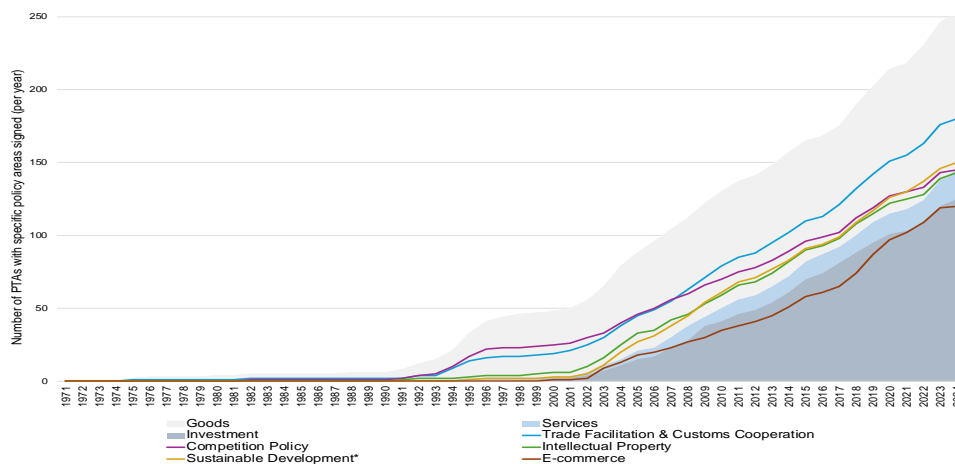
In addition, several longstanding agreements have been renegotiated and upgraded to make their provisions “fit for purpose” and enhance their inclusivity and comprehensiveness. The key amendment areas of the upgraded agreements by the Asia-Pacific economies are often focusing on enhancing market access commitments for “trade in services” or addressing an emerging issue, such as incorporating additional e-commerce provisions. To adapt to the evolving global economic architecture, some trade agreements have undergone multiple upgrades.

For example, the China and New Zealand PTA, which entered into force in 2008, completed the ratification process of the Upgrade Protocol in 2022 and relaunched the upgraded negotiations this year. In the previous upgraded round, the parties not only further reduced tariff rates and non-tariff measures, but also incorporated new chapters on e-commerce, competition, government procurement and environment. The 2024 upgrade aims to further liberalize service trade and investment based on the negative list model. Moreover, Japan and the European Union have concluded rules on cross-border data flows in their Economic Partnership Agreement (EPA),



which entered into force in July 2024. This deal ensures efficient data flows, enabling businesses to operate without cumbersome administrative or storage requirements (European Union, 2024).

Figure 4. Evolution in the policy coverage of Asia-Pacific PTAs, in selected policy areas, 1971-2024



Source: APTIAD (accessed 24 December 2024).

Note: \*Sustainable development includes provisions explicitly mentioning the term “sustainable development” as well as provisions related to seven non-trade sustainable development-related topics, which are human rights, health, SMEs, labour protection, gender, environment and education.

### 2.3 Focus Areas: Digital trade and sustainability

Digital trade and the green economy have become key negotiation topics. Stand-alone agreements focusing on specific areas, particularly digital trade and the green economy, have emerged. Digital Trade Agreements (DTAs), also known as Digital Economy Agreements (DEAs), focus exclusively on digital trade. Similarly, environment-focused agreements, such as the Green Economy Agreement (GEA) and the Agreement on Climate Change, Trade, and Sustainability (ACCTS) have been introduced.

In the Asia-Pacific region, the three subregions with deep trade agreements are the leading signatories of these digital and environmental agreements. South-East Asia, followed by East and North-East Asia and the Pacific, have engaged in at least one of the eight out of ten existing DTAs globally.<sup>13</sup> Of these eight DTAs, five are in force,

<sup>13</sup> Of the 10 DTAs globally, Asia-Pacific economies have participated in eight of them. Specifically, the eight DTAs comprise five in force agreements and three pending negotiations. Specifically, the Japan-United States Digital Trade Agreement (DTA) was signed in 2019, followed by the Australia-Singapore Digital Economy Partnership Agreement (DEA) (signed in 2020), Digital Economy Partnership Agreement (DEPA) (signed in 2020), Singapore-United Kingdom DEA (signed in 2022), and the Republic of Korea-Singapore Digital Partnership Agreement





and three are under negotiation. The DTA negotiation between Singapore and the European Union substantially concluded this year. Similarly, South-East Asia and the Pacific actively contributed to the environmental-oriented agreements.

The first DTA was signed between Japan and the United States in 2019 and entered into force in 2020. DTAs generally build upon existing digital (e-commerce) provisions in traditional trade agreements. However, unlike digital provisions or chapters under trade agreements, the DTAs facilitate domestic regulatory reforms and “soft” cross-border collaboration on a wide range of issues, such as data innovation, digital identities, cybersecurity, and digital inclusion (Warran and Fan, 2022). They further encompass inclusive digital economy and sustainable development provisions, such as the inclusion of special treatment and cooperation from MSMEs, as well as regional capacity-building. These concluded provisions further complement multilateral and regional digital trade frameworks. Notably, recent developments in 2024, such as the proposed WTO E-commerce Agreement and ASEAN Digital Economy Framework Agreement (DEFA), are particularly significant (Box 1).

Singapore is at the forefront of negotiating DTAs, actively participating in more than half of the established DTAs. A partnership between Chile, New Zealand, and Singapore—the Digital Economy Partnership Agreement (DEPA) has expanded. In 2023, the Republic of Korea officially acceded as the first non-founding member of this plurilateral DTA. Eligible WTO members, Canada, China, Costa Rica, and Peru are progressing with the accession procedures. The United Arab Emirates, El Salvador and Ukraine have applied to join the DEPA. The DEPA’s modular approach, where parties can select any of the 16 digital economy modules to implement, could enable more economies to engage. These policy spaces offer promising prospects in shaping the harmonized digital trade rules and mitigating the risk of creating a new “digital noodle bowl” (ESCAP, UNCTAD, UNIDO, 2023).

Beyond incorporating environmental provisions into PTAs, standalone environmental agreements are gaining traction among like-minded economies. These agreements have established common lists of environmental goods and services and created frameworks to address pressing environmental challenges.<sup>14</sup> Among them, the Singapore-Australia Green Economy Agreement (GEA), introduced in 2022, serves as a framework agreement complementing existing bilateral trade arrangements. A notable example of a relatively high standard in this domain is the Agreement on

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(signed in 2022). The Singapore-EFTA DEA (launched in February 2023), the Republic of Korea-EU DTA (launched in October 2023), and Singapore-EU DTA (launched in July 2023) are under negotiation. Additionally, two DTAs outside Asia-Pacific are MERCOSUR Agreement on Electronic Commerce (signed in 2021) and the United Kingdom-Ukraine DTA (signed in 2023).

<sup>14</sup> See GEA Annex B 1.1 (Environmental Goods List), Annex B 1.2 (Environmental Services List), available at <https://file.go.gov.sg/sagea-text-full.pdf>.



Climate Change, Trade, and Sustainability (ACCTS), an open plurilateral agreement signed in 2024 by Costa Rica, Iceland, New Zealand, and Switzerland. The ACCTS integrates trade, investment, and sustainable development, with an emphasis on liberalizing trade in over 300 environmental goods and more than 100 environmentally related services. It also establishes a framework to address harmful fossil fuel subsidies and ecolabelling, while shaping common standards for trade and investment in environmental goods and services.<sup>15</sup> Although still limited in number, such agreements hold significant potential for future expansion. Notably, the ACCTS is open for WTO members to join, complementing multilateral initiatives, with Norway actively considering joining as a signatory.

### Box 1. Important developments in the WTO E-Commerce Agreement and ASEAN DEFA

The Asia-Pacific economies have increasingly influenced the crafting of digital trade rules. Australia, Japan, and Singapore are co-conveners of the WTO Joint Statement Initiative (JSI) on E-commerce. The JSI on E-commerce aims to shape global digital trade rules. As of June 2024, 91 WTO members accounting for over 90 per cent of global trade have participated, with 20 of them from the Asia-Pacific (WTO, 2024).<sup>16</sup> As of July 2024, 80 members agreed on the stabilized text for the Agreement on E-commerce, although some members, including the United States, Brazil, Indonesia, and Türkiye, expressed reservations. Among the highlights in the stabilized text is the clause which prohibits Parties from imposing customs duties on electronic transmissions. The prohibition remains indefinite unless amended in a future review or agreement. Moreover, the stabilized text also provides frameworks for practices in electronic transactions, paperless trade, data and consumer protection, cybersecurity, and transparency.<sup>17</sup>

At the regional level, the ASEAN Digital Economy Framework Agreement (DEFA) is expected to be finalized by 2025. Launched in September 2023, the ASEAN member states agreed to develop a comprehensive and coherent strategy.<sup>18</sup> DEFA aims to

<sup>15</sup> The ACCT Agreement text is not available as of December 2024.

<sup>16</sup> The 20 Asia-Pacific economies are Australia, Brunei Darussalam, China, Georgia, Indonesia, Japan, Kazakhstan, Kyrgyzstan, Lao People's Democratic Republic, Malaysia, Mongolia, Myanmar, New Zealand, the Philippines, the Republic of Korea, the Russian Federation, Singapore, Thailand, Türkiye, and Hong Kong, China.

<sup>17</sup> The WTO JSI on E-commerce covers six key sections, which are enabling electronic commerce (Section B), openness and electronic commerce (Section C), trust and electronic commerce (Section D), transparency, cooperation and development (Section E), telecommunications (Section F) and exceptions (Section G).

<sup>18</sup> ASEAN Leader's Statement on the Development of the ASEAN Digital Economy Framework Agreement 2023, see <https://asean.org/wp-content/uploads/2023/09/Leaders-Statement-DIGITAL-ECONOMY-FRAMEWORK-AGREEMENT.pdf>



harmonize digital trade rules among ASEAN member states. If finalized by the target, it is the world's first regional specific digital economy agreement. It aims to be a dynamic and broad framework covering a broad spectrum of digital economy aspects, including digital trade, e-commerce, cybersecurity, cross-border data flows, data protection, and emerging technologies. It also emphasizes support for SMEs and digital talent development. By establishing robust and harmonized frameworks for digital trade regulations across ASEAN, it is anticipated that DEFA could significantly boost the region's digital economy, potentially doubling its value from \$1 trillion to \$2 trillion by 2030.<sup>19</sup>

Comparably, while ASEAN economies share joint digital initiatives and are signatories to the RCEP, each member presents different commitments and numbers of digital provisions. The ASEAN DEFA could also build upon existing agreements and initiatives.

In general, these developments in multilateral and regional frameworks are promising toward promoting greater coherence in digital trade rules. Although the proposed E-commerce Agreement remains plurilateral, this WTO agreement will have implications for setting multilateral digital trade norms. This is because non-participating Members still can benefit from certain commitments made by participating Members due to the most-favored-nation (MFN) principle. Based on the stabilized text, several articles under the Agreement align with the digital provisions established in existing DTAs and PTAs. The stabilized text could also serve as a reference for negotiating new digital trade agreements, encouraging Members to adopt similar language and provisions, thereby harmonizing approaches.

Similarly, the ASEAN DEFA contributes to this coherence by harmonizing regulations across ASEAN, aligning with global standards, and fostering regional collaboration. By ensuring that all member states, regardless of digital readiness, benefit from cohesive policies, DEFA holds great potential to position ASEAN as a leading model for regional digital economic integration.

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<sup>19</sup> Boston Consulting Group (2023). Study on the ASEAN Digital Economy Framework Agreement, see <https://asean.org/wp-content/uploads/2023/10/ASEAN-Digital-Economy-Framework-Agreement-Public-Summary-Final-published-version-1.pdf>



## 2.4 Beyond formal trade agreements

In parallel, alternative approaches, such as Memoranda of Understanding (MoUs), framework cooperation, and other flexible arrangements, have become increasingly common. These approaches offer greater flexibility, enabling countries to narrow the scope of negotiations or implementation while tackling evolving challenges, including sensitive issues.

Among these initiatives is the Indo-Pacific Economic Framework for Prosperity (IPEF). The IPEF was introduced in 2022 and signed in 2024. It addresses key areas such as digital trade, supply chain resilience, clean energy, and inclusive growth. Unlike traditional trade agreements, IPEF does not focus on tariff reductions or an increase in market access but emphasizes setting economic and governance standards to support sustainable development (Box 2). The framework also reflects broader efforts to strengthen regional partnerships and align economic priorities among participating nations (Box 2).

Another significant development in alternative frameworks for international cooperation is the expansion of BRICS (Brazil, Russian Federation, India, China, and South Africa). Formed in 2006, BRICS promotes trade and economic cooperation among members. In August 2023, BRICS announced its first expansion in 13 years, inviting Argentina, Egypt, Ethiopia, Iran (Islamic Rep. of), Saudi Arabia, and the United Arab Emirates to join. As of January 1, 2024, all invited countries except Argentina and Saudi Arabia became full members. In October 2024, BRICS further extended invitations to 13 economies, including Indonesia, Malaysia, Kazakhstan, Thailand, Türkiye, Uzbekistan, Viet Nam and others.<sup>20</sup> This expansion enhances BRICS economic importance and reflects its ambition to represent the Global South (ESCAP, 2023). However, the absence of a formal framework to guide the direction and the diverse political, economic, and social backgrounds of the members pose uncertainties for the effectiveness of BRICS in shaping global economic governance (Daldegan, 2023).

In addition to comprehensive initiatives, selected Asia-Pacific economies have also engaged in targeted cooperation efforts focusing on digital trade policies. For instance, the European Union has established individual Digital Partnerships with Japan, the Republic of Korea, and Singapore, each tailored to specific areas of digital policy cooperation, including semiconductors, high-performance computing, quantum technology, AI, and digital trade facilitation (ESCAP, 2023). In 2024, bilateral

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<sup>20</sup> Apart from the seven Asia-Pacific economies, BRICS invited Algeria, Belarus, Cuba, Bolivia, Nigeria and Uganda.



Digital Partnership Council meetings between the European Union and its Asia-Pacific partners further expanded the scope of cooperation to include additional areas.

Similarly, several environment-related MoUs have been established, including initiatives under Article 6 of the Paris Agreement to support climate action and the transition to low-carbon energy. A notable example is the bilateral Green Economy Framework (GEF) between Singapore and the United Kingdom, which focuses on green sector growth and decarbonization across three key areas: Green Transport, Low-Carbon Energy and Technologies, and Carbon Markets and Sustainable Finance.<sup>21</sup>

### Box 2. IPEF: Key developments and challenges, 2024

IPEF is a U.S.-led initiative aimed at fostering economic cooperation in the Indo-Pacific region. The framework also reflects broader efforts to strengthen regional partnerships and align economic priorities among participating nations. The 14 IPEF partners include Fiji, which is the Pacific Small Island Developing State (PIDE), and other developing and developed economies.<sup>22</sup> The Agreement on IPEF was signed in 2024.<sup>23</sup> The IPEF Council and a Joint Commission for the subject agreements will be established. The IPEF Council shall consider matters affecting the collective operation of the agreements and consider a proposal to negotiate a new agreement.<sup>24</sup>

Within the IPEF, there are subject agreements, each with its own status regarding signing and enforcement. As of December 2024, the following agreements have been signed and entered into force:<sup>25</sup>

1. Supply Chain Agreement (Pillar 2): Signed by all 14 IPEF partners on November 14, 2023, this agreement entered into force on February 24, 2024, following ratification by Japan, the United States, Singapore, Fiji, and India.

<sup>21</sup> Please see <https://www.gov.uk/government/publications/green-economy-framework-memorandum-of-understanding/memorandum-of-understanding-on-the-green-economy-framework-between-the-government-of-the-united-kingdom-and-the-government-of-the-republic-of-singapore>.

<sup>22</sup> Australia, Brunei Darussalam, Fiji, India, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, the United States, and Viet Nam.

<sup>23</sup> The Agreement shall enter into force 30 days after the date on which at least five of the States listed in Article 11, paragraph 1 that are party to one or more of the IPEF agreements have deposited their instruments of ratification, acceptance, or approval of this Agreement with the Depositary (Article 11, paragraph 3). For more information, see <https://www.state.gov/ipef-overarching-agreement>.

<sup>24</sup> IPEF Article 2, Article 3, Article 4, and Article 5

<sup>25</sup> See <https://www.ipef.gov.sg/>.





2. Clean Economy Agreement (Pillar 3): Negotiations for this agreement were substantially concluded on November 14, 2023, and officially signed on June 6, 2024.
3. Fair Economy Agreement (Pillar 4): Similarly, this agreement was signed on June 6, 2024, after negotiations were substantially concluded on November 14, 2023.

The framework provides a flexible approach, permitting members to choose and engage in any number of the subject agreements based on their needs and interests. Furthermore, it is open to any state or customs territory that is a party to one or more of the agreements for accession,<sup>26</sup> enabling the potential for expanded participation and integration in the Indo-Pacific.

However, negotiations for the Fair and Resilient Trade (Pillar 1) have yet to be reached. Notably, this Trade pillar does not focus on market access and tariff liberalizations. The parties instead seek to pursue provisions such as labor, environment, digital economy, trade facilitation, transparency, and inclusivity.<sup>27</sup> The varying levels of regulatory frameworks and domestic capacities among IPEF members complicate negotiations. Some members might hesitate to engage on complex trade issues, such as labor standards and cross-border data flows, due to the lack of established domestic regulations (Palit and Iyer, 2023). Additionally, the change in the United States administration brings considerable uncertainty to the IPEF's future.

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<sup>26</sup> IPEF Article 14

<sup>27</sup> See Ministerial Text for Trade Pillar of the Indo-Pacific Economic Framework for Prosperity (IPEF) Pillar I – Trade, available at [https://ustr.gov/sites/default/files/2022-09/IPEF%20Pillar%201%20Ministerial%20Text%20\(Trade%20Pillar\)\\_FOR%20PUBLIC%20RELEASE%20\(1\).pdf](https://ustr.gov/sites/default/files/2022-09/IPEF%20Pillar%201%20Ministerial%20Text%20(Trade%20Pillar)_FOR%20PUBLIC%20RELEASE%20(1).pdf)



### 3. Sustainable development and digital provisions

The 2030 Agenda emphasizes the integration of economic, social, and environmental dimensions in achieving sustainable development. Sustainable development provisions in trade agreements are aligned with these goals, addressing issues such as labor rights, gender equality, and poverty reduction alongside environmental concerns.<sup>28</sup>

The inclusion of sustainable development and digital provisions has become increasingly common in comprehensive trade agreements. Sustainable development encompasses a broad concept covering a wide range of economic, social and environmental issues as reflected in the 17 Sustainable Development Goals (SDGs) (ESCAP, 2022). In Asia and the Pacific, the sustainable development-related provisions concerning SMEs, health and environment have been included in trade agreement since the 1990s. Additional dimensions of sustainable development provisions, including education, labour protection, human rights and genders subsequently emerged in the 2000s. Specifically, the first agreement explicating the term “sustainable development” is the Singapore-the United States PTA signed in 2003.<sup>29,30</sup>

Following the establishment of sustainable development provisions, digital (e-commerce) provisions have subsequently been formed since the 2000s. The New Zealand-Singapore Closer Economic Partnership Agreement (CEPA) was the world’s first substantive digital provision. A dedicated chapter focusing on digital was developed later in 2003,<sup>31</sup> and in 2019 the first stand-alone digital trade agreement

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<sup>28</sup> United Nations, Transforming Our World: The 2030 Agenda for Sustainable Development, available at <https://sdgs.un.org/2030agenda>

<sup>29</sup> For the purpose of analyzing sustainable development provisions in PTAs, ESCAP considers provisions explicitly mentioning the term “sustainable development” as well as provisions related to seven non-trade sustainable development-related topics, which are human rights, health, SMEs, labour protection, gender, environment and education. Specifically, “sustainable development” provisions include examples such as Chapter 16 of the Japan-the United Kingdom PTA on Trade and Sustainable Development. This chapter covers articles such as Article 16.5 on trade and investment favouring sustainable development, Article 16.7 on sustainable management of forests and trade in timber and timber products, and Article 16.8 on trade and sustainable use of fisheries resources and sustainable aquaculture. See Malingrey and Duval, 2022 for more details.

<sup>30</sup> The sustainable development provisions are vital to the achievement of the SDGs. For example, SMEs can contribute to all SDGs, with direct relevance to SDG 8 (Decent work and economic growth) and SDG 9 (Industry, innovation and infrastructure) through their role in expanding employment, fostering innovation and promoting industrial practices. See Handbook on Provisions and Options for Inclusive and Sustainable Development in Trade Agreements, available at <https://hdl.handle.net/20.500.12870/5757>

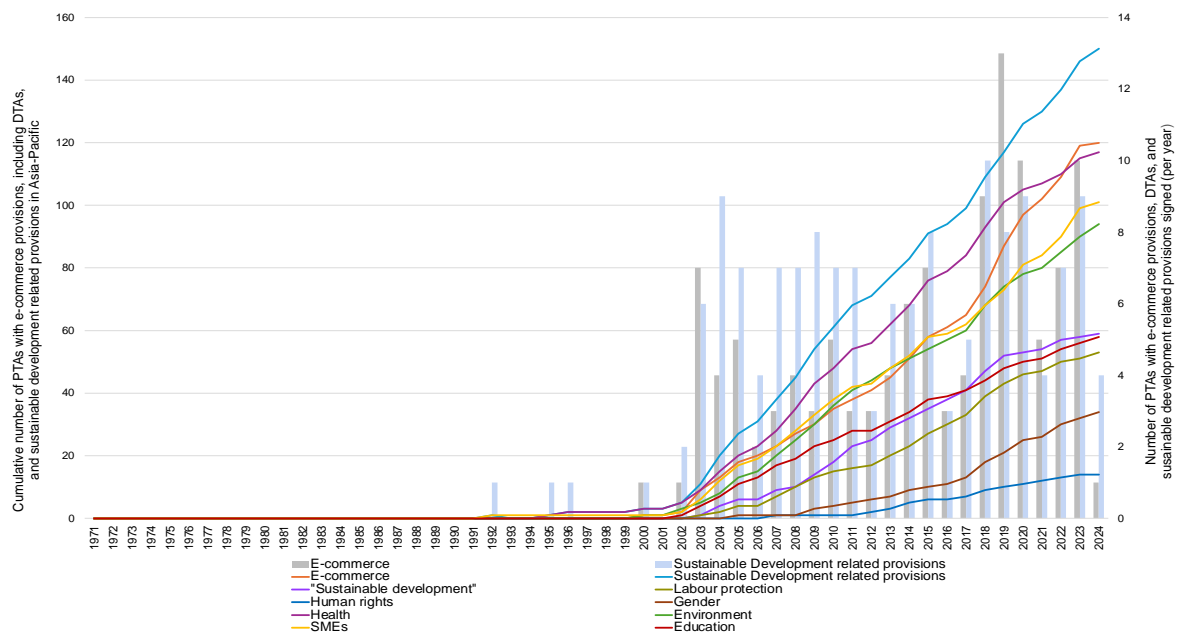
<sup>31</sup> The Australia-Singapore PTA signed in February 2003 is the first Asia-Pacific trade agreement comprising a dedicated e-commerce chapter.



(DTA) between Japan and the United States was signed, marking a significant trend toward the comprehensive development of digital provisions (ESCAP, 2023).

The trend of trade agreements addressing sustainable development and digital has accelerated since 2003. As of December 2024, there were 150 PTAs with sustainable development provisions, 120 PTAs with digital provisions and five stand-alone DTAs, out of the 256 signed and in force agreements, respectively (figure 5).<sup>32</sup> Similar to the regional pattern, East and North-East Asia, and South-East Asia actively engage in both sustainability and digital provisions.<sup>33</sup> Nonetheless, North and Central Asia has the least participation in these areas, accounting for less than 10 per cent of the total PTAs incorporating sustainable and digital provisions.

Figure 5. Development of sustainable development and digital provisions in Asia-Pacific PTAs, 1971-2024



Source: APTIAD (accessed 24 December 2024).

Note: Sustainable development related provisions include provisions explicitly mentioning the term “sustainable development” as well as provisions related to seven non-trade sustainable development-related topics, which are human rights, health, SMEs, labour protection, gender, environment and education.

<sup>32</sup> By December 2024, 150 of the 256 signed PTAs in the Asia-Pacific region included sustainable development provisions, with 94 of them specifically addressing environmental issues.

<sup>33</sup> For PTAs with digital (e-commerce) provisions, East and North-East Asia and South-East Asia have signed approximately 43.33 per cent and 51.67 per cent of the total signed and entry into force agreements, respectively. The Pacific has engaged in 26.67 per cent, followed by South and South-West Asia (12.50 per cent) and North and Central Asia (10 per cent). In addition, for PTAs with sustainable development provisions, East and North-East Asia, and South-East Asia have contributed 44 per cent from each subregion, followed by the Pacific (23.33 per cent), South and South-West Asia (21.33 per cent) and North and Central Asia (8 per cent). A similar trend is observed in PTAs with environmental provisions, where East and Northeast Asia accounted for 53.19 per cent, Southeast Asia 42.55 per cent, the Pacific 24.47 per cent, South and Southwest Asia 11.70 per cent, and North and Central Asia 9.57 per cent.



The coverage and level of commitments vary significantly across sustainable development and digital provisions. Health provisions are the most widespread, found in more than 110 PTAs due to the proliferation of SPS provisions, while other social issues provisions, such as human rights and gender are less common, appearing in only 14 and 34 signed and in force PTAs, respectively.

Provisions related to SMEs and the environment are prevalent in the Asia-Pacific trade negotiations found in 90 or more of the signed and in force agreements. In most cases, sustainability provisions are limited in enforceability, frequently appearing as general acknowledgments of the importance of trade for sustainable development, without binding obligations for parties (ESCAP, 2022).<sup>34</sup>

Dedicated e-commerce chapters have become increasingly common, with 81 chapters included across 120 PTAs containing e-commerce provisions over the past decade. An examination of e-commerce provisions in PTAs and DEAs reveals significant overlap in elements, particularly among DEAs.<sup>35</sup> However, there is considerable variation in the level of commitments and policy spaces. Comprehensive digital provisions associated with binding obligations are notably present in agreements participated by advanced economies, such as Australia-Singapore DEA, the Republic of Korea-Singapore DPA, Singapore-the United Kingdom DEA, Australia-United Arab Emirates, the DEPA, Australia-the United Kingdom, Australia-Peru, the Trans-Pacific Partnership Agreement (TPP)<sup>36</sup>, and mega trade agreement, the CPTPP. The digital chapters in these agreements have covered more than 50 digital trade-related areas with a greater number of binding commitments (figure 6).<sup>37</sup> Specifically, these areas include emerging technologies surrounding provisions, such as data flows, source codes, and algorithms, to provisions that explicitly address specific types of emerging technologies, such as AI and the Internet of Things (IoT) (Box 3).

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<sup>34</sup> For more information about the sustainable development provisions and PTAs options for negotiators to enhance the contribution of trade to inclusive and sustainable development, see the Handbook on Provisions and Options for Inclusive and Sustainable Development in Trade Agreements, available at <https://hdl.handle.net/20.500.12870/5757>.

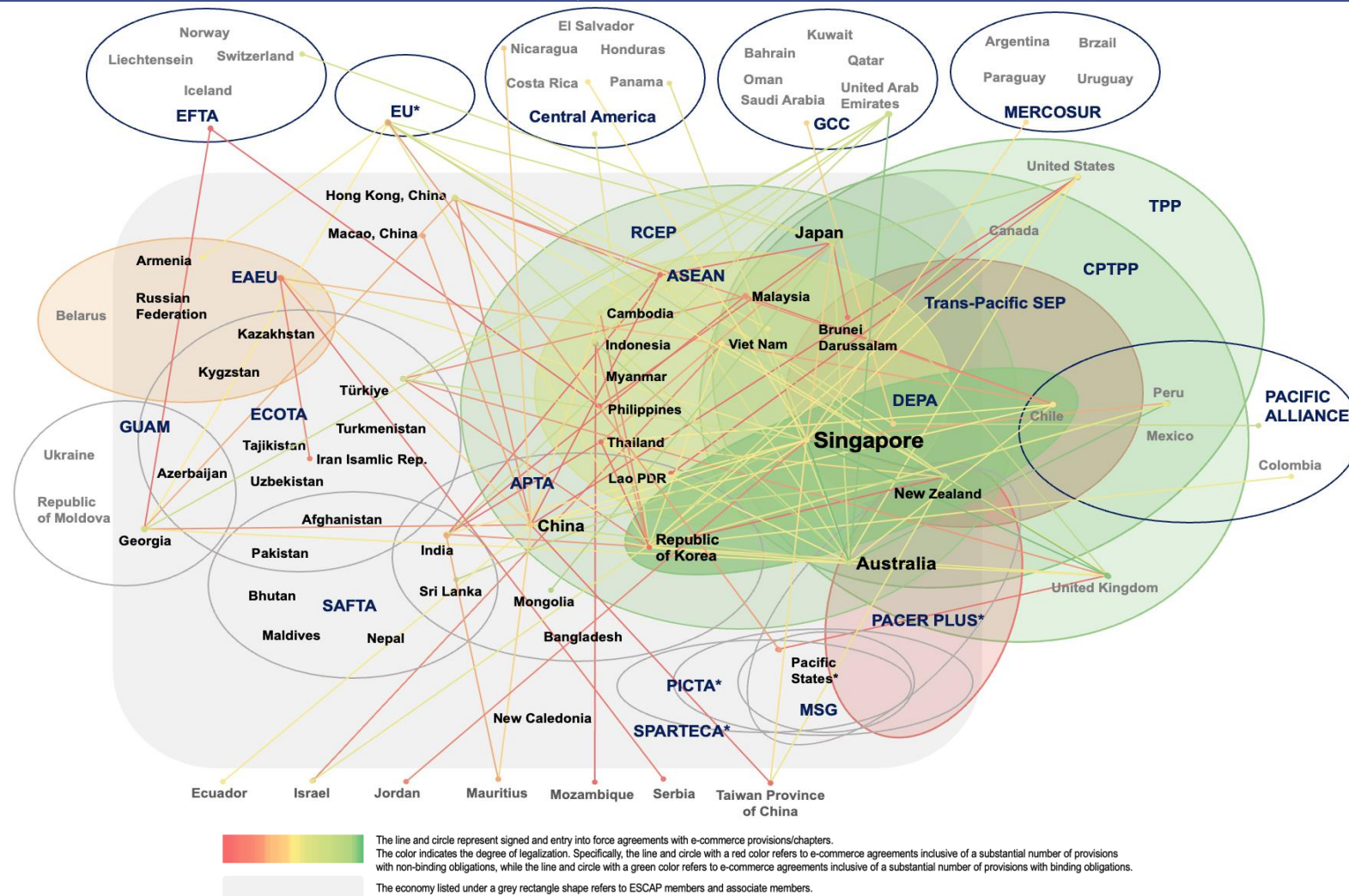
<sup>35</sup> For more information, readers can use Legal TINA, a trade intelligence tool developed by ESCAP, to search and compare texts of trade agreements. Legal TINA is available at <https://legal.tina.trade/>.

<sup>36</sup> The TPP was signed by 12 Pacific-rim economies in 2016, i.e., 11 CPTPP members and the United States. The United States withdrew from the Agreement, and in January 2018, negotiators were concluded on the CPTPP. For more information, see <https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-concluded-but-not-in-force/trans-pacific-partnership-agreement-tpp/>.

<sup>37</sup> Binding commitments mean the use of hard legalization, i.e., binding language safeguards the enforceability of the agreements that the parties will subject to dispute settlement mechanisms. In contrast, a non-binding approach gives the parties greater flexibility to address certain issues.



Figure 6. Noodle bowl of digital provisions with the level of commitment, 2000-2024



Sources: APTIAD and TAPED (accessed 24 December 2024).

Note: 1) \*Not all members of the agreement are shown. 2) Lines and circles represent signed and active agreements with e-commerce provisions. The color indicates the level of obligation: red for agreements with mostly non-binding provisions and green for those with mostly binding provisions. 3) Economies in grey rectangles are ESCAP members and associates. 4) Larger fonts indicate economies with more e-commerce agreements, regardless of the level of obligation.





### Box 3. Artificial Intelligence provisions

AI provisions were first introduced in the Asia-Pacific trade agreements in 2019 under the China-Mauritius PTA, focusing on cooperation in education exchanges.<sup>38</sup> As of December 2024, 13 out of 14 PTAs globally that have incorporated AI provisions are from the Asia-Pacific region.<sup>39</sup> These provisions appear in comprehensive trade agreements—FTA & EIA, and DEA. The major contributors are economies in East and North-East Asia, the Pacific and South-East Asia. Notably, AI provisions have also been adopted by North and Central Asia and South and South-West Asia, highlighting the growing recognition of AI's importance across all Asia-Pacific subregions.

Of the 13 PTAs, nine include provisions specifically focused on AI, while the remaining four incorporate AI within broader cooperation frameworks.<sup>40</sup> The nine dedicated AI provisions are generally non-binding and share three common features (Table):

- **Recognize the importance** of emerging technologies and/or AI, which are becoming increasingly important, offering significant social and economic benefits to natural persons and enterprises.
- **Promote the development of internationally aligned Governance Frameworks** for emerging technologies and/or AI that support the trusted, safe, and responsible use of AI technologies. To achieve this, the parties shall endeavor to collaborate through relevant international fora and take internationally recognized principles or guidelines into consideration when developing such frameworks.
- **Focus on cooperation** on emerging technologies and/or AI, such as sharing research and industry practices and encouraging commercialization opportunities.

Despite these shared elements, varying levels of comprehensiveness have been observed under the dedicated AI provisions. For instance, compared to sample provisions, the Singapore-the United Kingdom DEA and New Zealand-the United Kingdom PTA go further by emphasizing the importance of adopting risk management best practices, principles of technological interoperability, and technological neutrality in developing governance frameworks.

<sup>38</sup> China-Mauritius PTA Article 12.10 (education) under Chapter 12 Economic Cooperation.

<sup>39</sup> Of the 14 PTAs with AI provisions, one agreement outside the Asia-Pacific region is the United Kingdom-Ukraine DTA, Article 132-V (Emerging technology).

<sup>40</sup> China-Mauritius PTA Article 12.10 (education), Japan-the United Kingdom PTA Article 8.83 (cooperation on electronic commerce), the Republic of Korea-Israel PTA Article 17.3 (areas of cooperation), and India-United Arab Emirates PTA Article 9.13 (digital government).



The inclusion of AI provisions in trade agreements reflects growing efforts to regulate AI. These provisions establish a foundation for future negotiations and the development of Governance Frameworks. The non-binding commitments give flexibility for parties to adapt their AI regulations to the rapidly evolving landscape of emerging technologies.

**Table 1. Breakdown elements of dedicated AI provisions under DEAs and PTAs**

Type		DEA				PTA				
Agreements/ Areas		Australia-Singapore DEA	DEPA	ROK-Singapore DPA	Singapore-United Kingdom DEA	Australia-United Kingdom	Australia-United Arab Emirates	Georgia-United Arab Emirates	New Zealand-United Kingdom	Türkiye-United Arab Emirates
Coverage	Emerging technologies	X	X	X	Article 8.61-R.1	Article 20.4.1	X	X	Article 15.19	X
	AI	Article 31.1	Article 8.2.1	Article 14.28.1	Article 8.61-R.1	Article 20.4.1	Article 12.24.1	Article 9.19.1	(Article 15.1)	Article 9.18
Develop Governance Frameworks	Align with International Frameworks	Article 31.2	Article 8.2.2	Article 14.28.2	Article 8.61-R.2	Article 20.4.3	Article 12.24.2	Article 9.19.2	Article 15.19.3 (a)	Article 9.18.2
	Collaborate in Regional/ International Fora	Article 31.3 (a)	Article 8.2.2	Article 14.28.3 (a)	X	Article 20.4.3 (a) Global Partnership on AI	Article 12.24.3 (a)	Article 9.19.2 (a)	X	Article 9.18.2 (a)
	Recognize Principles/ Guidelines	Article 31.3 (b)	Article 8.2.2 Explainability, transparency, fairness and human-centred values	Article 14.28.3(b)	Article 8.61-R.2 (a)	Article 20.4.3 (b) OECD Principles on AI	Article 12.24.3 (b)	Article 9.19.2 (b)	Article 15.19.3 (a) OECD Principles on AI	Article 9.18.2 (b)
	Emphasize Risk-Based Approaches	X	X	X	Article 8.61-R.2 (b)	X	X	X	Article 15.19.3 (b)	X
	Ensure Technological Interoperability and Neutrality	X	X	X	Article 8.61-R.2 (c)	X	X	X	Article 15.19.3 (c)	X
Cooperation	Promote Dialogue and Experience Sharing	X	X	Article 14.28.3(c)	Article 8.61-R.3 (a)	X	X	X	Article 15.19.4	X
	Share Research on Emerging Technologies	Article 31.1(a)	X	X	Article 8.61-R.3 (c)	Article 20.4.2 (a)	Article 12.24.1 (a)	Article 9.19.1 (a)	X	Article 9.18.1 (a)
	Encourage Responsible Use by Business	Article 31.1 (b)	X	X	X	Article 20.4.2 (b)	Article 12.24.1 (b)	Article 9.19.1 (b)	X	Article 9.18.1 (b)
	Encourage Commercialization Opportunities	Article 31.1 (c)	X	X	Article 8.61-R.3 (c)	Article 20.4.2 (c)	Article 12.24.1 (c)	Article 9.19.1 (c)	X	Article 9.18.1 (c)
	Develop International Standards and Regulations	X	X	X	Article 8.61-R.3 (b)	Article 20.4.2 (d)	X	X	X	
	Support R&D Investment	X	X	X	Article 8.61-R.3 (c)	Article 20.4.2 (e)	X	X	X	
	Facilitate Trade	X	X	X	Article 8.61-R.3 (d) Global Partnership on AI	Article 20.4.2 (f)	X	X	X	

Sources: APTIAD, Trade Agreement Text Analysis Tool and TAPED (accessed 24 December 2024).

Note: The articles under the "Coverage" section are not highlighted with color because they serve to define the scope of the article whether it applies broadly to emerging technologies or more specifically to AI. The articles under "Develop Governance Frameworks" and "Cooperation" are highlighted in green to indicate that they contain substantive provisions, which address specific elements of dedicated AI provisions.



## 4. Trade with PTA partners

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The share of Asia-Pacific trade has increased in line with the growing number of PTAs. By 2023, on average, exports to PTA partners accounted for approximately 50 per cent of the Asia-Pacific region's exports to the world, and imports from PTA partners made up 53 per cent of the total imports. Trade covered by PTA partners varies considerably across the subregions. South-East Asia, and East and North-East Asia on average exhibit higher exports and imports with their partners, representing approximately 55 per cent of the total trade share in exports and around 49 per cent in imports, largely due to the numerous PTAs in force.<sup>41</sup> These subregions include advanced economies such as Singapore, the Republic of Korea, and Japan, which have historically prioritized negotiating agreements with major trade and investment partners, contributing to their larger trade shares with PTA partners.

Figure 7 illustrates that the Lao People's Democratic Republic (95.4 per cent), Bhutan (95.2 per cent) and Singapore (94.5 per cent) lead in exports with PTA partners, while Marshall Islands (0.6 per cent), Micronesia (Federated States of) (1.1 per cent) and Tuvalu (1.3 per cent) have the least exports. Land-locked developing countries (LLDCs), such as Bhutan, the Lao People's Democratic Republic and Nepal, frequently have preferential arrangements with neighbouring economies which often serve as their few or only export destinations. Other LDCs and PIDES generally benefit from non-reciprocal preferential tariffs and related measures, such as Duty-Free Quota-Free (DFQF) market access. LDCs such as Bangladesh, Kiribati, and Tuvalu, have lower export shares with their PTA partners as they rely more heavily on trade with partners offering DFQF.

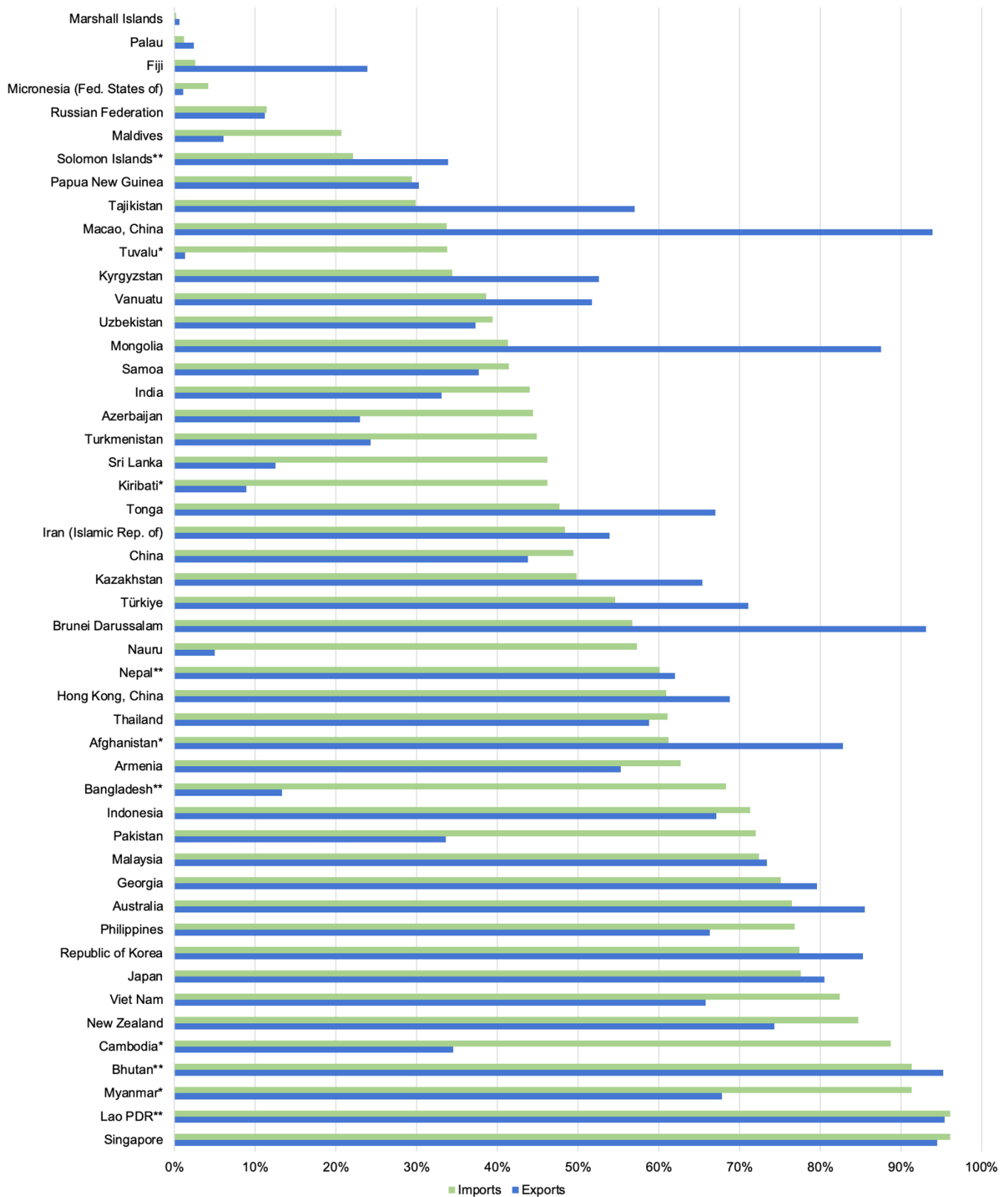
On the import side, Pacific Island economies and LDCs, including Nauru, Cambodia, Bangladesh, Nauru, and Kiribati, have significantly stronger shares of imports than exports with PTA partners, highlighting persistent trade imbalances that existing agreements fail to address. In particular, the Lao People's Democratic Republic and Singapore (96.1), followed by Bhutan and Myanmar (91.3 per cent) have the highest import shares with their partners, while the Marshall Islands have the lowest at 0.2 per cent.

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<sup>41</sup> On exports, East and North-East Asia (28.84%), North and Central Asia (16.85%), Pacific (11.24%), South-East Asia (26.48%), and South and South-West Asia (16.48%). On imports, East and North-East Asia (21.19%), North and Central Asia (16.36%), Pacific (13.01%), South-East Asia (28.62%), and South and South-West Asia (21.19%).



Figure 7. Share of trade with partners of the in-force PTAs in 2024



Sources: IMF DOTS and APTIAD (accessed 22 October 2024).

Note: Only reciprocal PTAs in force are included; \* refers to LDCs; \*\* refers to graduating LDCs.



## 5. Conclusion

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The Asia-Pacific economies contribute to approximately half of the PTAs worldwide. East and North-East Asia, and South-East Asia actively contribute to the increasing size and opacity of the regional noodle bowl and high trade shares with their PTA partners. Alongside the growing number of PTAs, memberships of CPTPP, RCEP, DEPA, and ACCTS tend to expand with the expected accession or successfully acceded by the new members. The proliferation of trade agreements continues to become more extensive and encompass various aspects beyond trade, including sustainable development and digital economy.

Looking ahead, the landscape of PTAs tends to be increasingly more complex to cover a variety of agreement types, nature and topics. In response to the growing digital economy and green economy, new negotiation topics addressing digital and environment will rise. Digital and sustainable development-related provisions are expected to be incorporated into newly negotiated or upgraded agreements. In addition, international and regional frameworks like the proposed WTO Agreement on E-commerce and ASEAN DEFA, as well as alternative frameworks for trade and economic cooperation, such as the IPEF and digital partnerships, are on the rise, setting a pathway towards regulatory harmonization among the like-minded memberships.



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