

# Free Trade Agreements, Regional Integration and Growth in ASEAN

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## Abstract

The objective of this paper is to assess the proliferation and performance of free trade agreements (FTAs) in ASEAN with emphasis on liberalization of trade in goods and services and capital markets. Our examination of several key economic indicators reveals that the closer economic linkages the ASEAN countries have long embarked on potentially brings about numerous advantages to the member countries in terms of enlarged market size, enhanced competitiveness, and increasing intra- and extra- flows of goods, services and capital investments, on top of rapid economic growth. However, several major challenges facing the ASEAN countries remain, including diminishing marginal returns to economic integration; importance of non-tariff barriers to trade; and lack of leadership among signatories.

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*Key words:* Association of Southeast Asian Nations (ASEAN), ASEAN Free Trade Area (AFTA), Free Trade Agreements (FTAs)

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## **1. Introduction**

The Association of Southeast Asian Nations (ASEAN) was institutionalized in August 1967 by the five founding member countries, namely Indonesia, Malaysia, the Philippines, Singapore and Thailand. The regional grouping was subsequently extended to include the remaining Southeast Asian countries – Brunei Darussalam in January 1984, Laos and Myanmar in July 1997, and Cambodia in April 1999. As the ASEAN Declaration stated, ASEAN established itself as a regional cooperation with two fundamental objectives: (1) to accelerate economic growth, social progress, and cultural development in the region; and (2) to reduce historical conflicts and foster regional peace and stability without interventions in domestic affairs.

The motivation of this paper is to study the development of economic integration; in particular trade integration within ASEAN by assessing the performance of the regional economic ties and to encourage further efforts towards greater integration so as to increase regional trade and capital flows. The ultimate aim of AFTA is to “increase ASEAN’s competitive edge as a production base geared for the world market through trade liberalization and closer economic cooperation” (Cordenillo, 2005). The agreement on Common Effective Preferential Tariff Scheme for AFTA (CEPT-AFTA) is the main instrument through which ASEAN wishes to achieve trade liberalization via the removal of both tariff and non-tariff barriers.

Our analyses indicate that the ASEAN economies have been moving on the right track that leads to peace, stability, prosperity, and sustainable, dynamic development. The attempts in bringing into being the formation of seamless economic linkages and a well-functioning, integrated market help set the stage for successful community building with rapid, robust economic growth, staggering expansions of intra-regional trade and FDI, on top of equipped capacity to leverage on evolving global economic environment as well as intra-regional diversity of economic, social and political structures.

However, the progress on strengthening economic ties among the ASEAN member countries has been slow and rather patchy. The serious challenges facing the ASEAN countries include: diminishing marginal returns to economic integration; importance of non-tariff barriers to trade; ASEAN members as rivals; and lack of

leadership among signatories. These emerging hurdles call for the fine-tuned, more collaborative trade and investment policies that effectively address these difficulties.

The organization of this paper can be briefly outlined as follows. Section 2 enumerates the overall trade patterns and its impacts on ASEAN. Section 3 evaluates the performance of economic integration in ASEAN. This section also highlights some key characteristics of economic integration wherein ASEAN has been particularly successful in attributing to greater intra- and extra-regional trade. Section 4 concludes by identifying the challenges facing the ASEAN countries.

## **2. Trade Patterns in ASEAN**

**[Insert Table 1 here]**

The ASEAN economies have experienced a remarkable increase in both amount and volume of intra-regional trade flows since the last three decades. The evidence proves that the ASEAN region has proliferated since the establishment of AFTA in 1992. Table 1 tracks the intra- and extra- exports and imports trends over a period of 10 years (from 1996 to 2006) within the ASEAN region.

From Table 1, one can observe a rising trend in the value of merchandise trade from 1996 to 2006. The total value of exports to the region rose from US\$341 billion in 1996 to US\$770 billion in 2006, while the total value of imports rose from US\$376 billion to US\$685 billion - the rise in exports trade is more pronounced than that of imports trade with total exports being 125% higher in 2006 than in 1996, while total imports rose only by 82.2%. Although there is a slight decline in trade variables during the Asian crisis, we do observe a general rising trend among the ASEAN countries. Intra-import trade rose more than extra-import trade over this period, while extra-export trade rose more than intra-export trade over the same period.

The growing strength of intra-regional trade transactions among the ASEAN economies is attributed mainly to considerable boosts in international and regional production networks through which production sharing enhances complementarities and degrees of specialisation among entrepreneurs in the region and ultimately augments

intra-industry trade, particularly that in parts and components (Urata, 2004). As trade in intermediate inputs has become more important to business operating, regional economic integration has a crucial role to play in fortifying a nexus that vertically and horizontally links firms in ASEAN vis-à-vis production and procurement networks.

**[Insert Figures 1 and 2 here]**

Figures 1 and 2 demonstrate the relative importance of ASEAN trade as the shares of total trade. The past decade witnessed an exponential increase in ASEAN's share of total trade from approximately 19 percent in 1993 to 25.1 percent in 2006. A staggering boost in the share of world exports is accompanied the declining relative importance of the United States (US), the European Union (EU), and Japan. To date, the largest share of total trade in the world is taken by ASEAN.

**[Insert Table 2 here]**

One of the key catalysts that substantiated ASEAN's increasingly important role in world exports as well as strengthening intra-ASEAN trade is an exploding amount of Free Trade Agreements (FTAs) involving ASEAN observed in the past few decades. The proliferation of FTAs in East Asia observed since 1990s has been unprecedented even though this region is a late comer of regional trade liberalisation compared to the United States (US) and EU. East Asian countries, particularly Singapore and Thailand, have been actively pursuing FTAs not only within the region, but also with those non-ASEAN countries, especially Australia, China, India, Japan, Korea and New Zealand. Table 2 reports the numbers and status of FTAs pertinent to East Asia. As of 2007, 31 FTAs have been concluded; 41 are under negotiation; and 25 are being proposed. Currently, East Asia is in the forefront of bilateral and regional trade negotiations, with a faster progress on trade and investment liberalisation than that of NAFTA and EU.

There are at least three driving forces of the FTAs proliferation in this region. First, to date, world trade is dominated by two mega-trade blocs, namely NAFTA and EU. This triggered the political concerns that ASEAN will become a laggard in the new

era of globalization. This “Domino Effect” forced the ASEAN countries to hasten toward the establishment of FTAs in the region. Second, since the 1997 Asian Financial Crisis, there have been fears that ASEAN’s competitiveness in the global market was deteriorating. AFTA has by far been the only FTAs involving the ten ASEAN member countries. Its scope, however, was confined merely to trade in goods, and some of the members were not agreeable to fully comply with the AFTA guidelines. Last but not least, the emergence of the large developing countries, particularly China and India, has been a major threat to the region’s attractiveness as a hub of international trade and investment. In this sense, the ASEAN countries employed FTAs as a panacea for sustaining their competitiveness in the global market.

Apart from FTAs within the region, the ASEAN countries have also actively pursued FTAs with their neighbour countries. Since the 1997 Asian Financial crisis, several regional trade agreements (RTAs) have been put forward to take up intra- and extra-regional economic ties related to East Asia, including the ASEAN-China, ASEAN-India, ASEAN-Japan, ASEAN-Australia and New Zealand, and ASEAN-Korea groupings. Table 3 summarizes various stages of these trade negotiations.

**[Insert Table 3 here]**

A key message drawn from Table 3 is that RTAs involving ASEAN follows the ASEAN+1 framework in which ASEAN serves as a “hub” of the regional economic cooperation. A closer examination of these arrangements reveals that their coverage goes beyond free flows of goods, services and investment capital, and thus they are more comprehensive than the multilateral negotiations under WTO; in this sense, these RTAs are “WTO-Plus” agreements. These RTAs are potentially beneficial to ASEAN as it will equip the region with a better access to the regional markets as a result of trimmed trade barriers, more cross-border investment opportunities and improved ease of doing business. However, the broader and deeper scope of RTAs pertaining to ASEAN poses serious challenges to the region in terms of limited resources, and much will be revealed as soon as the negotiations are completed.

The other major concern is the “noodle bowl” effect prompted by the proliferation of FTAs in this region (Baldwin, 2006). In principle, a FTA pertains to the Rules of Origin (RoO) – the ones determining whether goods are eligible to enjoy preferential tariffs under a particular FTA – which are of three categories: (i) a change in tariff classification (CTC) rule which defines a Harmonised System (HS) level; (ii) a local value content (VC) which specifies a minimum local value of goods, originated by the members of FTAs; and (iii) a specific process (SP) rule which determines a specific production process.

Kawai and Wignaraja (2007) documented that among 30 concluded FTAs involving ASEAN, most of them have employed a combination of RoOs depicted above, rather than a uniform rule. As the ASEAN countries paved the way toward economic integration through a series of bilateral and regional trade negotiations, the overlapping FTAs pertinent to East Asia could make RoO multiple. Inconsistency and complication of RoOs that emanated from a tariff structure of combined FTAs that is abstract from that of the other increased transaction costs, discouraged utilisation of FTA preferences, prevented the well-functioning production and procurement networks from being put in place, and ultimately transformed ASEAN economic partnership into a bane. The unsatisfactorily low utilisation of FTA preferences calls for consolidation of the noodle bowl into a single, region-wide FTA, perhaps through the East Asia Free Trade Area and/or Comprehensive partnership in East Asia.

### **3. Economic Integration in ASEAN**

In the general sense of the term, economic integration is the abolition of the various restraints of trade between nations. The four main characteristics of this process include the establishment of Free Trade Areas (FTAs) wherein tariffs between member countries are abolished, the establishment of a customs union, the setting up of a common market (with no limitations on factor mobility) as well as complete economic integration through the unification of monetary, social and counter-cyclical policies.

In this paper, we consider a narrower definition of economic integration as suggested by ASEAN Vision 2020. In the ASEAN Vision 2020, ASEAN has set its goal as “a stable, prosperous and highly competitive ASEAN economic region in which there

is a free flow of goods, services and investment and a freer flow of capital”. In line with this objective, ASEAN implements a two-pronged strategy:

First, it accelerates the pace of economic integration through its four main pillars namely the Agreement on the Common Effective Preferential Tariff Scheme for the ASEAN Free Trade Area (CEPT-AFTA) signed in 1992, the ASEAN Framework on Services (AFAS) signed in 1995, the Basic Agreement on the ASEAN Industrial Cooperation Scheme (AICO) signed in 1996 and the Framework Agreement on the ASEAN Investment Area (AIA) which was signed in 1998.

Additionally, it also aims to initiate and deepen cooperative efforts, for instance the development of specific economic projects like ASEAN infrastructure and harmonizing regulations, customs and standards to further enhance trade in the region.

In November 2002, at the ASEAN Leaders’ Summit meeting in Phnom Penh, Cambodia, the initiative for ASEAN Economic Community (AEC) was first introduced, as it was believed to be a “logical extension” of ASEAN’s move towards integration. To facilitate the acceleration of the AEC, the ASEAN Economic Ministers (AEM), during their informal Meeting on 11 January 2007 in Cebu, Philippines, considered the Blueprint of the AEC which included the proposal of the AEC Structure, the strategic schedule for the AEC and reporting mechanism in realizing it. The result of this was the consensus on the general thrust of four foundations for the AEC Blueprint, “being a single market and production base, a highly competitive economic region, a region of equitable economic development and full integration into the global economy” (MDPWG, 2007).

The 1990s marked the stepping-stone economic integration initiatives the ASEAN countries have embarked on. With this in mind, the performance of these economic integration frameworks will be the focus of this study, including ASEAN Free Trade Area (AFTA), ASEAN Framework Agreement on Services (AFAS) and ASEAN Investment Area (AIA).

### *3.1 Regional Integration in Goods Sector*

The momentum toward an integrated market in the region inaugurated with the establishment of the ASEAN Free Trade Agreement (AFTA) with the signing of a Common Effective Preferential Tariff (CEPT) in 1992. Fully implemented in 2003 with

respect to the ASEAN-6 countries (the five founding member countries plus Brunei Darussalam), AFTA contains four key measures for trade liberalization: (1) reducing tariff rates under CEPT; (2) eliminating non-tariff barriers (NTBs); (3) prohibiting quantitative restrictions; and (4) enhancing trade facilitations such as harmonization of standards and the reciprocal of tests and certification of products.

After several decades of development in trade liberalization, average tariff rate of ASEAN countries have been significantly lowered. The nominal average tariff rate of Indonesia in the 1950s and 1960s was as high as 85% and it fell to 17% at the start of the 1990s (Qing, 2005). The same pattern was also seen in other member countries. The construction of CEPT-AFTA in 1992 greatly accelerated this movement towards removing tariff barriers to a large extent.

**[Insert Figure 3 here]**

Figure 3 shows the current level of tariffs under the CEPT-AFTA in 2005. As of 2005, tariffs on 98.99% (or 65,080 out of the total 65,743 tariff lines) of the products of the ASEAN-6 have been reduced to the 0-5 percent tariff range. For Cambodia, Laos, Myanmar and Vietnam (CLMV), on the other hand, 71.05% of tariff lines are in the 0-5 percent tariff range (or 26,676 out of the 37,545). Overall, 88.84% of ASEAN tariffs are now in the 0-5 percent tariff range and notably, 46,600 of these tariffs are at 0% (Cordenillo, 2005).

**[Insert Table 4 here]**

In general, there has been a downward trend in the average tariff that has been applied within the ASEAN region as seen from Table 4. In fact, the decline became more pronounced beginning in the year 1999 (7 years after the implementation of AFTA). Coupled with other schemes like the Bali Accord II and CEPT-AFTA, average tariff rates have been brought down tremendously. The greatest decrease in tariffs can be seen in Cambodia and Philippines. Only Singapore reached the ideal level of tariffs in ASEAN, that being, zero tariffs. The ultimate goal of CEPT-AFTA is to remove all barriers to

trade and attain zero level of tariff by 2010 for ASEAN-6 and by 2015 for CLMV. Judging from the current situation, there is much hope for the attainment of integration with regards to the total abolition of tariffs within the region.

### *3.2 Regional Integration in Services and Priority Sectors*

Signed during the Fifth ASEAN Summit in December 1995, the ASEAN Framework Agreement on Services (AFAS) – a regional agreement on services trade cooperation among the ASEAN member countries – aimed to eliminate services trade restrictions and enlarge the scope of liberalization of trade in services beyond what already implemented under the General Agreement on Trade in Services (GATS). In September 2003, AFAS roped in the “ASEAN minus X” principle to expedite the progressive liberalization progress. Under this approach, those countries that are ready are eligible to conclude the respective agreements while others could abide by the agreements at a later time.

Nevertheless, an assessment of commitments on liberalization of services trade by the individual ASEAN countries reveals that the progress made by AFAS is at best unsatisfactory since little has been done in terms of substance. The evidence shows that the barriers to services trade continue to undermine efficiency and competitiveness of the services sector in the region. The weak AFAS commitments are attributable mainly to the fact that the restrictions the governments impose in the services sector essentially serves as a policy instrument to secure and accommodate the domestic business interests. The challenges facing the ASEAN member countries are how to taper a gap in readiness to open up the services sector among the signatories and how to ensure a robust momentum of services trade liberalization in the region. To achieve this, the technical and legal expertise as well as a multi-track approach – one that allows the member countries who are more ready and less affected by the trimmed restrictions, to take initiatives of liberalization in the services sector – must be put in place.

According to ASEAN Vision 2020, ASEAN has vouched to improve its steps towards regional integration in priority sectors by 2010. According to the 30<sup>th</sup> Meeting of the ASEAN Consultative Committee for Standards and Conformance (ACCSQ) in August 2007, much development was made in the discussion of integration in priority

sectors. The ASEAN Framework (Amendment) Agreement for the Integration of Priority Sectors and the ASEAN Sectoral Integration (Amendment) Protocol for the Integration of Priority Sectors were signed by the AEM in December 2006 in Cebu.

The effects of this form of integration in the priority sectors leaves to be determined when the full ratification of the effort takes place in 2010. These measures are in sync with the targets set by ASEAN in its Vision, suggesting that integration is well underway.

### *3.3 Financial Market Integration*

The Framework Agreement on the ASEAN Investment Area (AIA) was initiated in October 1998. Its main objective is to attain the greater and more sustainable levels of foreign direct investment (FDI) into the region and substantially realize a surge in FDI flows from both ASEAN and non-ASEAN sources by transforming ASEAN into an attractive, competitive, and liberal investment area.

**[Insert Table 5 here]**

Recent developments unveiled that the ASEAN countries are now facing serious challenges of sustaining their attractiveness as the host economies. Table 5 shows the net FDI inflows across the ASEAN countries and regions. The ASEAN countries experienced a substantial influx of FDI flows in the late 1980s and 1990s, achieving its peak of US\$ 30,369 million in 1997. A number of internal and external factors account for the substantially increasing trends of FDI in the region, including the subsequent appreciation of the yen and the East Asian currencies following the Plaza Accord, an increasingly important role of ASEAN as a hub of labor-intensive production, on top of the strikingly progressive pace of trade and investment liberalization (Tham, 1998). However, intensive competition from China after its accession to the World Trade Organization, together with a backdrop of the 1997 Asian Financial Crisis, the prolonged stagnation of the Japanese economy, and rising labor costs within the region, reversed the mounting trend of FDI flows in the region. As shown in Table 4, the net FDI inflows in

ASEAN exhibited a sharp plummet to US\$ 18,504 million in 1998, and the declining trend persisted until 2002.

### *3.4 Regional Infrastructure Cooperation*

The establishment of regional production network relates to the work undertaken by private sector and multinationals at improving trade facilitation and investment. With regards to ASEAN, to date, it has made major efforts in financial and monetary integration, transportation network production and communication network production which have contributed greatly towards the reduction of trade and transportation costs.

One example wherein ASEAN has made efforts in improving trade facilitation among its member states is the establishment of the ASEAN Trade Facilitation Work Program (ATFWP) which is responsible for implementing the work program with financial assistance from ASEAN-US Technical Assistance and Training Facility (ASEAN-US TATF) (MDPWG, 2007). In addition, major inter-state highway and railway networks were built to improve the infrastructure among the members. Some examples are the Singapore to Kunming Rail-Link, principal ports and sea lanes for maritime traffic and major civil aviation links.

In view of the measures undertaken by ASEAN in achieving economic integration, it thus appears that ASEAN is moving towards its objectives as outlined by ASEAN Vision 2020.

## **4. Policy Conclusion: Key Challenges to ASEAN Integration**

### *4.1 Diminishing Marginal Returns to Economic Integration*

**[Insert Table 6 here]**

Table 6 gives a measurement of the share of ASEAN exports compared to other blocs and to the rest of the world. It seems to suggest a limited scope in increasing intra-ASEAN trade through integration. The evidence drawn from this table shows that

although intra-ASEAN trade increased largely over the years from 2.3 percent of world exports in 1970 to 6.1 percent in 2003, this increase has been less than significant in the later years. In fact, it seems that benefits to integration might undergo “diminishing marginal returns”. This can be attributed largely to the small size of the ASEAN market. In comparing the percentage of intra-regional trade with other blocs, the extent to which ASEAN can raise its intra-ASEAN trade is very limited, hitting the maximum cap of around 23-24%. Mohammed (1997) also mentioned this exhaustive nature of ASEAN integration, “it is highly unlikely to reach a very high intra-region trade rate in AFTA. Even if the rate increases to 30 percent, it will stagnate after that (though the amount may continue to grow)”.

#### *4.2 Importance of Non-tariff Barriers to Trade*

**[Insert Table 7 here]**

Whilst AFTA has effectively brought down the tariff rates of ASEAN members, it seems that this measure has limited impact on increasing trade flows within the region. This is largely attributed to the presence of non-tariff barriers to trade. As seen from Table 7, for large decreases in tariff rates, both income and trade rise by very insignificant amounts in countries in Southeast Asia. Thus, this is further evidence to show that integration in the form of reducing tariff barriers is soon being exhausted.

#### *4.3 ASEAN Members as Rivals*

ASEAN unlike other regions is very outward looking. This can be attributed to the fact that it has a small market size and constantly looks towards extra-ASEAN trade for economic growth. If this continues, ASEAN integration will soon exhaust its potential benefits. Thus, ASEAN should consider extending its ties with external relations as a whole rather than as individual member countries since individual FTAs have been proven to undermine integration.

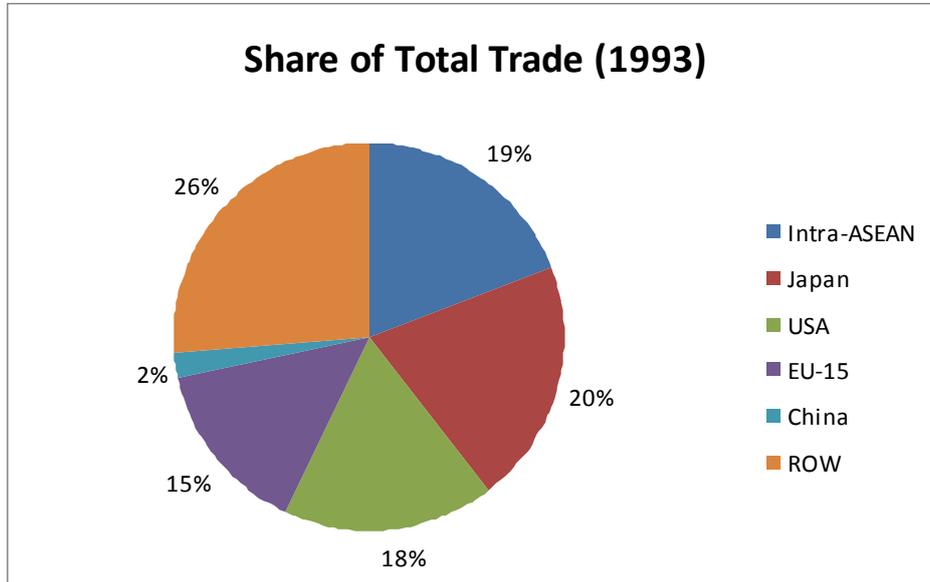
#### *4.4 Lack of Leadership*

ASEAN, unlike its other regional counterparts, lacks a strong leader who is capable of coordinating the integration efforts of the region and in further promoting the region. If there were such a leader in ASEAN in as much the same way as America is in North America and France and Germany are in the EU, ASEAN would be able to reduce the above-mentioned limitations to a large extent. ASEAN member countries, despite sharing common cultural and historical background, are essentially very different in terms of their levels of development. Countries like Singapore and Malaysia have been accepted as developed countries, while the CLMV countries are ranked along with the third world countries. This disparity within ASEAN is quite large. Furthermore, recent analysis does attribute a significant role of income per capita in increasing trade. Thus, with different levels of income and development, these countries will differ in their motivations and interests which might even diverge from each other, as clearly seen by the willingness of some members like Singapore and Malaysia to open up their markets to external relations and the reluctance of others like Laos. This divergence of interests can only be reconciled under strong leadership, which will in turn promote greater integration within the region.

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Figure 1: Share of Total Trade, 1993



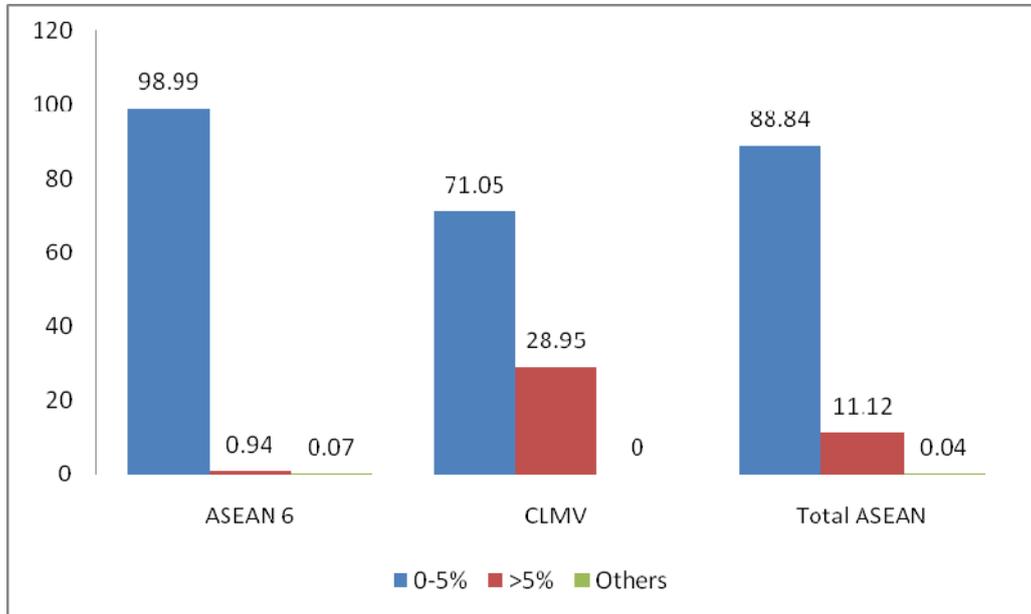
Source: ASEAN Trade Database (ASEAN Secretariat)

Figure 2: Share of Total TRADE, 2006



Source: ASEAN Trade Database (ASEAN Secretariat)

**Figure 3:** Percentage of Tariff Lines in the 2005 CEPT Package.



Source: ASEAN Secretariat (2006)

Table 1: Merchandise Trade within ASEAN (US\$ billion), 1996-2006.

<b>Year</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Total exports</b>	341	356	331	362	432	388	407	475	569	655	770
<b>Intra-exports</b>	87	88	73	81	104	91	95	116	145	167	193
<b>Extra-exports</b>	254	268	259	281	328	297	312	259	423	288	577
<b>Total imports</b>	376	382	287	310	381	347	365	410	511	601	685
<b>Intra-imports</b>	74	76	64	70	89	78	86	97	113	138	158
<b>Extra-imports</b>	302	306	223	250	291	269	279	313	298	463	527

Source: World Trade Organization (WTO) Website.

Table 2: Proliferation of FTAs in East Asia.

<b>Year</b>	<b>No. of FTAs</b>	<b>Status of FTAs</b>		
		<b>Concluded</b>	<b>Under Negotiation</b>	<b>Proposed</b>
1976	1	1	0	0
1986	1	1	0	0
1996	4	3	0	1
2000	7	3	1	3
2001	10	5	2	3
2002	14	6	4	4
2003	23	9	5	9
2004	42	14	16	12
2005	67	21	30	16
2006	96	31	42	23
2007	102	36	41	25

Source: Kawai and Wignaraja (2007).

Table 3: ASEAN's Ongoing RTA Initiatives

<b>RTA</b>	<b>Status</b>	<b>Coverage Area</b>	<b>Timeframe</b>
ASEAN-China Comprehensive Economic Co-operation Agreement	Early Harvest Program (EHP) in force; FTA under negotiation	Economic Partnership Agreement and FTA for trade in goods	Duty-free status to all commodities by 2010
ASEAN-India Comprehensive Economic Co-operation Agreement	FTA for trade in goods concluded	FTA for trade in goods	Implemented from January 1, 2009
ASEAN-Japan Comprehensive Economic Partnership Agreement	Framework Agreement Signed	FTA for trade in goods	In force from December 1, 2008
ASEAN-Australia and New Zealand Free Trade Area	Framework Agreement concluded	FTA for trade in goods and services, and investment in a single undertaking	Expected to be signed in December 2008
ASEAN-Korea Comprehensive Co-operation Partnership	Agreement in force	FTA for trade in goods and services, and investment, including "WTO-plus" issues	Eliminate tariffs for 80 percent of all products by 2010

Source: Authors' Compilation.

Table 4: Trends in Average Applied Tariff Rates in ASEAN (unweighted %), 1996-2007.

<b>Country</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Cambodia</b>	35.0		18.0	18.0	17.0	16.7	16.3	16.3	15.6	14.1		12.5
<b>Lao, PDR</b>	9.5			9.5	9.3	9.5			8.7	7.0	6.5	5.8
<b>Myanmar</b>	4.5	4.8	4.5	4.7	4.7	4.6	4.7	4.7	4.5	4.5	4.4	4.1
<b>Vietnam</b>		13.0	13.0	15.6	15.1	15.2	14.2	13.7	13.9	13.0	13.1	11.7
<b>Indonesia</b>	10.8			9.9	7.8	6.1	6.4	6.0	6.1	6.0	6.0	6.6
<b>Malaysia</b>	8.4	8.9		8.2	8.0	7.5	7.5	7.4		7.4	6.2	5.8
<b>Philippines</b>	14.0	12.7	10.4	9.5	7.1	6.9	5.3	4.5	5.5	5.4	5.4	5.3
<b>Thailand</b>				16.9	16.4	14.7		13.6		10.5	10.8	10.0
<b>Singapore</b>	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Brunei</b>	3.1	3.1	3.1	3.1	3.1	3.1	3.0	2.9	2.9	3.0	2.9	2.9

Source: UNCTAD TRAINS database and WTO IDB database

Table 5: Net FDI Inflows by Host Regions/Economies, 1990-2002 (US\$ million).

<b>Region/Economy</b>	<b>1990-95</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
World	225,321	386,140	481,911	686,028	1,079,083	1,392,957	823,825	651,188
Developed Economies	145,019	219,908	269,654	472,265	824,642	1,120,528	589,379	460,334
Developing Economies	74,288	152,685	193,224	191,284	229,295	246,057	209,431	162,145
China	19,360	40,180	44,237	43,751	40,319	40,772	46,846	52,700
ASEAN	16,932	29,370	30,369	18,504	19,691	11,056	13,241	13,957
Brunei Darussalam	102	654	702	573	748	549	526	1,035
Cambodia	80	586	168	243	230	149	148	54
Indonesia	2,135	6,194	4,678	-356	-2,745	-4,550	-3,279	-1,523
Laos	33	128	86	45	52	34	24	25
Malaysia	4,655	7,296	6,324	2,714	3,895	3,788	554	3,203
Myanmar	180	310	879	684	304	208	192	129
Philippines	1,028	1,520	1,261	1,718	1,725	1,345	982	1,111
Singapore	5,782	8,608	13,533	7,594	13,245	12,464	10,949	7,655
Thailand	1,990	2,271	3,882	7,419	6,091	3,350	3,813	1,068
Vietnam	947	1,803	2,587	1,700	1,484	1,289	1,300	1,200

Source: UNCTAD (2003).

Table 6: ASEAN Export Values (US\$ million), Percentage of Total Bloc Exports and Percentage of World Exports, 1980-2003.

	<b>1980</b>	<b>1990</b>	<b>1995</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
<b>Total export</b>	13,350	28,648	81,911	72,352	80,415	101,848	89,478	95,864	104,872
<b>% of total bloc exports</b>	18.7	19.8	25.4	21.9	22.4	23.9	23.2	23.7	23.0
<b>% of world exports</b>	3.9	4.3	6.4	6.1	6.3	6.7	6.3	6.3	6.1

Source: The World Bank, World Development Indicators 2005

Table 7: Agreement on the CEPT.

<b>Tariff Cuts</b>	<b>50%</b>	<b>80%</b>	<b>100%</b>	<b>50%</b>	<b>80%</b>	<b>100%</b>
<b>Trade increase</b>	<b>Sum (million dollars)</b>			<b>% of total</b>		
Indonesia	411	685	882	1.5	2.3	2.9
Malaysia	574	919	1,490	2.0	3.2	4.0
Philippine	110	176	220	1.4	2.3	2.8
Singapore	554	887	1,080	1.0	1.6	2.0
Thailand	380	608	761	1.8	2.9	3.6
<b>Total</b>	<b>2,030</b>	<b>3,248</b>	<b>4,060</b>	<b>1.4</b>	<b>2.3</b>	<b>2.9</b>
<b>Income increase</b>						
Indonesia	1,258	2,013	2,517	1.2	1.9	2.3
Malaysia	1,087	1,739	2,173	2.6	4.0	5.1
Philippine	397	635	793	0.9	1.4	1.8
Singapore	946	1,514	1,892	2.7	4.4	5.5
Thailand	1,069	1,711	2,136	1.3	2.1	2.7
<b>Total</b>	<b>4,757</b>	<b>7,612</b>	<b>9,515</b>	<b>1.5</b>	<b>2.5</b>	<b>3.1</b>

Source: Institute of Southeast Asian Studies, Regional outlook: Southeast Asia 1993-4.