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The Changing Pattern of China's Economic Relations with Southeast Asia

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The Changing Pattern of China's Economic Relations with Southeast Asia

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Abstract

This paper examines the debates which have arisen in the ten countries of ASEAN about the impact of growing trade and investment ties with China, both before and after the full implementation of the ASEAN-China Free Trade Agreement in 2010. It examines the changes which have taken place in the country composition of trade and investment flows within the ASEAN countries, and between the ASEAN countries, China, and the rest of the world. The evidence indicates that while merchandise trade values have increased between China and ASEAN since 2010, the increase has not been as rapid as some predicted. But China is now running a substantial trade surplus with the ASEAN countries; the value of exports from China to ASEAN exceed the value of imports to China from the ASEAN countries. This surplus could lead to frictions in the future. Investment flows from China to ASEAN are still small in relation to flows into ASEAN from the rest of the world.

Keywords:

ASEAN, China, Trade, Investment, Migration

JEL classification:

F55, O19, O53

Introduction

This paper examines the debates over China's increasing trade and investment ties with the ten member states of ASEAN. Following China's accession to the WTO, there were extensive discussions about the impact of China on the ASEAN countries. Would China's rapid emergence as the world's factory have an adverse impact on the manufacturing sectors of these countries or would they benefit from the emergence of "Factory Asia", characterised by the growth in trade in parts and components between China and other parts of the global economy. What would the impact of growing Chinese demand for raw materials have on trade and investment links with Southeast Asia? The paper looks at the evidence on changing patterns of trade within ASEAN and between ASEAN and other parts of the global economy, on investment flows and flows of people both before and after 2010 when the ASEAN-China Free Trade Agreement came into force. The paper also assesses the impact of the ASEAN Economic Community which after lengthy preparations was finally inaugurated in January 2016.

1. The Rise of China and the Challenges to Southeast Asia

In the early 1990s, several of the economies of Southeast Asia were viewed as role models for other parts of the developing world. The World Bank (1993) in their widely publicized "Asian Miracle" report selected four countries in the region, Singapore, Malaysia, Thailand and Indonesia, along with Hong Kong, Taiwan, South Korea and Japan as examples of countries which had 'got their policies right' and had as a result achieved rapid economic growth and an equitable distribution of income. The 1993 report, written in the aftermath of the violence in Tiananmen Square, did not include China as one of the Asian miracles, although there was some discussion of the 'growth spillover' from Hong Kong into southern China. At that time there was still doubt about the growth potential of Vietnam, Laos, Cambodia and Myanmar, given that their governments had not made unequivocal commitments to economic reform, and were still far from fully integrated into regional and global economic systems.

Even in the latter part of 1996, when influential commentators were already pointing to signs of trouble in some of the miracle economies, especially in Thailand, few expected that the economies in South East Asia would be in any way 'threatened' by China. The financial crisis which hit much of the region in the latter part of 1997 and the ensuing capital outflow triggered a growth collapse in 1998 in several countries, and a slow economic recovery, especially in Thailand and Indonesia. But even allowing for these reversals, per capita GDP in six of the ASEAN countries in 2000 was still above that in China (Table 1), although it was lower than China in Vietnam, Laos, and Cambodia. In 2001, there was a further growth slowdown, especially in Malaysia and Singapore, as a result of falling world demand for electronics exports. By contrast, the Chinese economy was, at least according to the official data,

booming, and rapid growth continued through to 2014. In that year, per capita GDP in China had moved ahead of the Philippines and Indonesia, although it was still below Singapore, Brunei, Malaysia and Thailand (Table 1).

In the early 2000s, opinions about the impact of the rise of China on other parts of Asia, and other parts of the developing world, began to change. A number of studies were published which suggested that China's membership of the WTO would pose both opportunities and threats to other economies, both in Asia and in other parts of the world. In the Asian context, there were several strands to this argument (Ianchovichina, Suthiwart-Narueput and Zhao 2004: 22). The main opportunity was seen as the rapidly expanding market in China for imports of goods and services from ASEAN countries. Some commentators also predicted that Chinese investment into ASEAN would increase, especially in those sectors producing natural resources for which demand in China was growing rapidly. A further opportunity was offered by China's rapidly developing capital goods industries which could provide plant and equipment more cheaply than firms in Japan, Europe or the USA.

On the threat side, it was feared that Chinese exports of a range of labour-intensive manufactures (textiles, garments, footwear, toys, low-end electronics) would out-compete those from the ASEAN economies in the major OECD markets. When an ASEAN-China free trade agreement was first proposed by the then Chinese premier, Zhu Rongji in November 2000, there were worries that Chinese imports would flood into the ASEAN economies, putting the local industries under further pressure. Many in the ASEAN economies worried that both these trends could lead to a sharp slow-down in growth in the manufacturing sectors in ASEAN countries. It was argued that given "the broad similarity in trade structures and the fundamentally competitive nature of Sino-ASEAN economic relations", there are more possibilities that China and ASEAN would compete, rather than complement one another (Wong and Chan 2003: 523).

In addition, as a result of China's abundant supplies of cheap labour, huge investments in infrastructure and improvements in the legal and regulatory environment, ASEAN countries were worried that foreign investment would flood into China at the expense of other parts of developing Asia. As per capita GDP grew, and a large middle class emerged, it was also argued that more foreign investment in China would be oriented to the domestic market rather than to export production. But in either case, there were fears that investment flows to the ASEAN countries would be affected (Wong and Chan 2003: 517). Not just would new FDI be increasingly directed to China rather than to the ASEAN economies, but large multi-nationals which had established export bases in Malaysia,

Thailand and Indonesia would be tempted to relocate to China to take advantage of lower production costs, better logistics and the large domestic market.

In the early years of the 21st century, there seemed to be more evidence to support the pessimists, who worried about the potential costs from China's rise, than the optimists who stressed the opportunities. Ianchovichina, Suthiwart-Narueput and Zhao (2004: 36) argued that with the abolition of quotas in the global textile and garment trade, China would become a formidable competitor for other Asian exporters; these fears were echoed by Eichengreen and Tong (2006: 79) who argued that China would make life especially difficult for exporters of textiles and apparel from other parts of Asia. Studies using computable general equilibrium models or other quantitative techniques showed that China would continue to take market share in a number of labour-intensive products from other developing countries, including those in ASEAN (Tongzon 2005: 194)¹. Unsurprisingly, Tongzon found that the product categories where Chinese competition would be most fierce were textiles and garments, footwear and some electrical products. In common with other analysts, Tongzon pointed out that the main source of China's comparative advantage were low unit labour costs. He also stressed that China's large and rapidly growing domestic market allowed firms to achieve economies of scale which further lowered costs, compared with many other developing countries.

Tongzon acknowledged that the rapidly growing China market presented opportunities for exports from ASEAN into China. But he pointed out that, even after its entry into the WTO, there remained a range of non-tariff barriers in China including inefficient customs administration and weak enforcement of rules and regulations governing imports at the regional level. Other studies published between 2004 and 2007 also found that labour-intensive export industries in the ASEAN countries, with the exception of Vietnam, would tend to contract while agricultural and resource-based exports would expand (Holst and Weiss 2004: 1273; Coxhead 2007: 1110). But other simulation studies also stressed that the rapid growth of China's foreign trade created benefits for many economies in terms of improved volume of trade and improved terms of trade. This was especially the case for agricultural, mineral and other resource-based products (Yang 2006: 54). It was also argued that the growth of trade in parts and components would benefit those economies linked in to the growth of "Factory Asia". This argument is explored in more detail in the next section.

¹ Most of these studies depended on GCE models, and the results have been to a considerable extent dictated by the parameters chosen. For a critique of these models see Eichengreen and Tong (2006: 75), Ravenhill (2010: 193-5) and Rodrik (2016).

2. Crowding Out or Linking In? ASEAN and the Rise of Factory Asia

The debates about the impact of the rise of China on the rest of Asia, and indeed on the rest of the developing world, took place in the early part of the new century in tandem with another discussion about the growth of “Factory Asia”, where “billions of different parts and components from plants spread across a dozen nations” are assembled and dispatched to markets all over the world (Baldwin 2006). By the early 21st century, trade in parts, components and accessories (intermediate goods) had become the most dynamic part of international trade; in 2009 it accounted for more than half of non-fuel merchandise trade. According to one analysis, trade in intermediate products encourages ‘specialization of different economies, leading to a “trade in tasks” that adds value along the production chain’ (World Trade Organization 2011:4). As early as 2001, parts and components accounted for as much as half of total trade in the Philippines, and a lower but still significant component in Malaysia, Thailand and Vietnam (Haddad 2007: 11).

Some researchers used the evidence on the growth of trade in intermediate goods to refute the argument that China’s rise would “crowd out” exports from other parts of Asia. It was argued that, to the extent that exports of textiles, footwear, garments etc were stagnating or even falling after 2001, it happened mainly in the high-wage Asian economies as a result of their own changing comparative advantage (Haddad (2007: 21; Athukorala 2009: 260). Haddad argued that many of the products which have been negatively affected by competition from China were intermediate and high-technology products including electronics, communication equipment and other machinery. Producers of these products in countries such as Japan, South Korea and Germany were more affected by competition from China than the ASEAN countries. Other researchers argued that over the first decade of the 21st century there had been a ‘sustained shift from parts and components towards final goods’ in the composition of China’s imports from other parts of Asia. The implication is that China is ‘becoming more of a consumer and less of an assembler’ (Park and Shin 2010: 179-80).

The evidence does show that the rise of China, and the robust growth of the global economy as a whole until 2008, presented at least some of the ASEAN economies with a number of opportunities to integrate themselves into global production networks. These opportunities have led to the rapid growth of plants, many Japanese-owned, producing vehicles and vehicle parts, and computer components in Thailand. Lee (2013: 17) points out that in 1995 agricultural exports comprised around 40 per cent of all Thai exports to China; by 2012 the share had dropped to 21 per cent. Manufactures accounted for 68 per cent of Thai exports to China in that year. In the Philippines, exports of electronic products also increased rapidly, mainly as a result of investment by Japanese and American

multinationals (Haltmeir et al.2007: 32-35). In contrast to the Philippines, Thailand, Malaysia and Singapore, Indonesia has been criticized for ‘not participating vigorously’ in the new regional production networks which were evolving across East and Southeast Asia (Gill and Kharas 2007: 29; see also AswicaHyono, Narjoko and Hill 2008: 18; Lipsey and Sjöholm 2011: 56-7). Although Indonesia’s share of world manufactured exports increased between 1994/5 and 2006/7, its share of several categories was below Malaysia and Thailand (Athukorala and Hill 2010: Table 7).

The blame for Indonesia’s supposedly poor performance was placed on poor logistics and cumbersome customs procedures, as well as inadequate investment in education, which made it difficult for many firms to find labour with appropriate skills. The labour problem was aggravated by legislation introduced in 2003, which increased minimum wages and made it more difficult and expensive for firms to dismiss workers. Another problem concerned the exchange rate. To the extent that exports of oil, gas coal and agricultural products boomed, at least partly as a result of growing demand from China, the rupiah/dollar exchange rate was maintained at a level which made many labour-intensive industries uncompetitive with those not just in China but in other parts of Asia as well. In fact, the problem in Indonesia in the decade after 2004 was not the poor performance of the export sector as a whole, but rather the adverse impact of the “booming sectors” on other export-oriented parts of the economy, a problem familiar from the oil-boom years of the 1970s². In dollar terms, Indonesian exports grew faster than the total for all ASEAN economies between 2004 and 2014, and faster than in Malaysia, Thailand, the Philippines and Singapore. The Indonesian experience from 2004 to 2014 shows that export growth can be rapid even in a country not linked in to the Factory Asia networks. The next section examines trends in ASEAN trade patterns in more detail.

3. Changing Patterns of ASEAN Merchandise Trade; 1996-2014

Having surveyed the various claims which have been made in the literature about the impact of China’s rise, and the rise of “Factory Asia” on exports from and imports into ASEAN, I now examine the statistical evidence in greater detail. This section looks at the evolution of ASEAN merchandise trade from the early years of the new century down to 2015. The severe economic crisis of 1997/98 caused a fall in merchandise exports from, and imports into the main ASEAN economies, but by 2000 the total

² It is frequently asserted that Indonesia’s growth since 2004 has been driven by growth in household and government consumption expenditures. In fact in recent years, a considerable proportion of the growth in real GDP can be attributed to export growth.

value of exports and imports had surpassed the 1997 level (ASEAN 2010a: 62). Between 2003 and 2008 export and import growth was rapid; in 2008 the total value of imports and exports was US\$ 1.9 trillion, which was close to three times 1997 level. The global recession caused a fall in 2009, but in 2010 there was a recovery. By 2014 the total value of exports and imports from the ASEAN 10 was estimated to be US\$ 2.53 trillion, falling to 2.276 trillion in 2015.

The growth in the total value of ASEAN trade since the crisis of the late 1990s can be attributed to a number of factors. The total value of world trade was growing over these years, at least partly as a result of China's growing participation in the global economy. The ASEAN countries' trade with China grew rapidly, both in absolute terms and as a percentage of their total merchandise trade. In 1996, exports to China accounted for only about 2.3 per cent of total exports from ASEAN countries. By 2015 this percentage had jumped to 11.3 per cent. China's share of total imports into ASEAN increased from 2.6 per cent to 19.5 per cent over this nineteen year period (Table 2). At the same time, intra-ASEAN trade was also growing; in 1996 about 21.5 per cent of the total trade of the ASEAN countries took place within ASEAN; by 2003 this had increased to 25 per cent (Table 3). This percentage remained fairly stable until 2015. The rise in China's share of ASEAN's import and export trade was offset by a fall in the relative share of Japan, the EU and the USA, although in absolute terms ASEAN trade with all three continued to expand.

If we look at the percentage breakdown of the increase in ASEAN merchandise trade by value between 2002 and 2014, intra-ASEAN trade accounted for almost 27 per cent of the increase in exports and 23 per cent of the increase in imports (Table 4). China accounted for 14.4 per cent of the increase in exports and 21.3 per cent of the increase in imports. Intra-ASEAN trade was thus a more important factor driving the growth in total ASEAN trade than was China. Japan and the EU accounted for over eight per cent of the growth in exports from ASEAN countries over these years but a smaller percentage of the growth of imports into ASEAN. Looking at the ASEAN figures as a whole, it is clear that growth in trade with China was an important factor in total growth of merchandise exports and imports but by no means the only cause.

By 2015 it was also clear that there was substantial variation in the extent to which the ten ASEAN countries were trading with one another, with China and with other parts of the world. While Laos was conducting 64 per cent of its total trade with ASEAN partners, and Myanmar 40 per cent, only 13 per cent of Vietnam's merchandise trade was with ASEAN partners (Table 5). Laos is land-locked so all its export and import trade has to pass through neighboring countries, while the sanctions imposed by

most OECD countries meant that Myanmar had to trade mainly with other parts of Asia, although this will certainly change as sanctions are eased. All the other ASEAN economies were conducting less than 30 per cent of their trade with one another in 2014. The implications of this for an ASEAN single market are discussed further below.

Turning to ASEAN trade with China, the data for 2013 show that the various countries of Southeast Asia have reacted to the challenges posed by the rise of China in very different ways. Countries such as Cambodia and Brunei are sending only a relatively small proportion of their total exports to China, but procure a larger share of their imports from China. With the exception of Myanmar, no ASEAN country was sending more than 14 per cent of its total merchandise exports to China, although Cambodia, Myanmar and Vietnam were all obtaining more than 25 per cent of their imports from China (Table 5). The differences shown in Table 5 are due to a number of factors; countries such as Cambodia and Vietnam export labour-intensive manufactures which compete with Chinese products, although they remain very dependent on imports of both machinery and textiles from China (Salidjanova and Koch-Weser 2015: 29-35). Brunei's exports of oil and gas go mainly to countries such as Japan and Korea with which it has long-term contracts. Some exports of components from Singapore, Malaysia, and Thailand probably go to factories in China, but this does not appear to account for a significant proportion of their total merchandise exports. On the import side, the relatively high proportion of imports from China in Myanmar and Vietnam reflect cross-border trade, and in the case of Myanmar the lingering effect of sanctions. Cambodia has increased its economic ties with China in recent years, although the impact is entirely felt on the import side.

Before leaving the subject of ASEAN merchandise trade flows, it is important to address the issue of trade surpluses and deficits. It is well-known that China runs a surplus on its merchandise trade with the world as a whole; with some countries, including the USA, and this has been a source of friction in China's bilateral relations. The ASEAN countries as a group have also run large merchandise trade surpluses with the rest of the world; in 2010 and 2011 these surpluses were around 96 billion dollars, according to the ASEAN Secretariat, and although they fell slightly until 2014, in 2015 the surplus had increased again to 94 billion dollars. But with China, the ASEAN Secretariat data show that the ASEAN-10 have consistently run trade deficits since the early 2000s, and that the deficits have been increasing since 2010. In 2010 the deficit was estimated to be 13.1 billion dollars, increasing to 65.7 billion dollars in 2014.

In the years from 2005 to 2011, the Chinese figures on trade with the ASEAN countries showed a different trend; in those years, China claimed to be running trade deficits with the ASEAN countries. In other words China was importing more from ASEAN than it was exporting. According to the Chinese figures, the deficit amounted to \$ 16.5 billion in 2010 and almost \$23 billion in 2011³. These figures were in sharp contradiction to the ASEAN Secretariat data, which showed that imports from China exceeding exports to China by some US\$13.1 billion in 2010, and almost \$25 billion in 2011. It was far from clear why the two sets of data showed such a different result and some analysts suspected that considerable mis-invoicing of merchandise trade data was part of the explanation (Booth 2014: 79-81). Whatever the reason, by 2013 the Chinese data showed a substantial surplus on merchandise trade with the ten ASEAN countries of 44.5 billion dollars which closely matched the figure from the ASEAN Secretariat of a deficit of 45.4 billion dollars. Using the Chinese data, Salidjanova and Koch-Weser (2015: 4) have argued that since the full implementation of the ASEAN-China Free Trade Agreement the merchandise trade balance has switched from a deficit to a surplus in favour of China. The ASEAN data suggest that this is not correct; there was already a deficit in 2010, although it has increased since then.

The 2014 figures published in the *China Statistical Yearbook* show that the largest surplus in merchandise trade was with Vietnam, where Chinese exports to Vietnam exceeded Chinese imports from Vietnam by almost \$44 billion in 2014 (Table 6). This accounted for a large share, almost 70 per cent, of the total Chinese surplus with the ASEAN countries⁴. China was also running a substantial surplus on merchandise trade with Singapore and Indonesia. By contrast, Thailand, Malaysia and Myanmar were, according to the Chinese data, running surpluses with China. By 2014 there were large differences in the extent of trade with China among the ASEAN countries; total merchandise trade (imports and exports) between Malaysia and China amounted to more than 100 billion dollars, compared with less than five billion dollars in Cambodia, Laos and Brunei. The ASEAN countries as a block accounted for around eleven per cent of China's total merchandise trade in 2014, and almost 17 per cent of China's total surplus on merchandise trade.

³ Park and Shin (2010: Table 1), using data from a Hong Kong source claim that China was running a trade deficit with ASEAN of over 26 billion dollars in 2007. The ASEAN data present a very different story; they show that ASEAN was running a deficit with China of 15.2 billion dollars.

⁴ A more detailed discussion of China-Vietnam trade is given in Salidjanova and Koch-Weser (2015: 28-31). These authors point out that although the Chinese data showed that China was running a deficit with both Malaysia and Thailand in 2013, World Bank figures showed exactly the opposite. The World Bank figures are taken from Malaysian and Thai trade statistics, which in both cases show that imports from China exceeded exports to China in both 2013 and 2014.

4. Growth in Trade in Services

In common with other parts of the global economy, the ASEAN countries have seen a considerable growth in trade in services in recent years; by 2014 estimates from the ASEAN secretariat showed that trade in services comprised almost 25 per cent of the value of merchandise trade in 2014 (Table 7). Singapore accounted for about half of this trade, followed by Thailand and Malaysia. Although there was still a deficit in service trade in 2014 (imports exceeded exports), the percentage deficit was lower than in 2005. This was due to the growth in exports of transport, travel and business services; in 2014 these three sectors accounted for almost 80 per cent of service exports (Table 7). It is difficult to ascertain from the available data how much of the growth in service trade in the ASEAN-10 was due to exports to, and imports from China, but the Singapore data for 2013 show that China accounted for only about five per cent of Singapore's service exports, and a slightly smaller proportion of Singapore's service imports.⁵ The big increase in exports of travel-related services was directly related to the tourism boom; total tourist arrivals in the ASEAN countries have more than doubled between 2002 and 2014 (Table 8). By 2014, Chinese tourists accounted for almost 13 per cent of total tourist arrivals, almost double the percentage in 2002.

5. The Evidence on Investment Flows

Turning to the evidence on investment flows, after 1997 the absolute size of investment flows into the ASEAN countries fell sharply. By 2000, total flows were estimated at \$21.8 billion compared with \$28.2 billion in 1995 (Table 9). The contraction was especially severe in Indonesia where inflows were negative for most years between 1999 and 2003. But much of this fall was due to the impact of the Asian financial crisis and the ensuing political and economic instability, rather than to competition from China. After 2002, inflows of foreign direct investment (FDI) into the ASEAN economies did begin to grow again, especially in Singapore, Malaysia and Thailand (ASEAN 2010a: 106-7). But with the onset of the global financial crisis in 2008, there was a fall in flows to ASEAN as a whole. But by 2010, inflows were estimated to be just over \$100 billion, increasing to \$122.4 billion by 2013 (Table 9). In that year around half of total foreign direct investment was going to Singapore, followed by 15 per cent to Indonesia and around ten per cent to Thailand and Malaysia (ASEAN 2014: Figure 6.5).

The figures on inward and outward flows of foreign direct investment compiled by UNCTAD show that inflows into Southeast Asia comprised \$46.1 billion in 2009, rising to \$132.9 billion by 2014 (Table 10). This was a faster increase than inflows into China, and in 2013 and 2014 inflows into ASEAN were higher than those into China. Whether these trends will continue can be debated but they do suggest

⁵ See *Yearbook of Statistics, Singapore 2015*, Tables 16.11 to 16.13.

that claims that the ASEAN countries have been 'losing out' to China in FDI inflows have little validity. Considerable attention has also been given to capital outflows from China in recent years, both to ASEAN and to other parts of the world. In fact the data compiled by the ASEAN Secretariat show that only a small part of the capital inflow into the ASEAN countries came from China between 1995 and 2013, less than one per cent in 1995, rising to seven per cent in 2013 (Table 9). Other estimates put the percentage as low as 2.3 per cent (Salidjanova and Koch-Weser 2015: 6)⁶. The estimates of Scissors (2015: Table 2) show that, within ASEAN, Indonesia has been the largest recipient of investment from China in the years from 2005 to 2014 with cumulative investment amounting to 14.1 billion dollars. This made Indonesia the ninth largest recipient of Chinese non-bond investment over these years, after the USA, Australia, Canada, Brazil, Great Britain, Russia, Kazakhstan and Peru⁷.

Several ASEAN countries have themselves become important exporters of capital in recent years, including Singapore, Malaysia, Thailand and Indonesia. In 2014, the UNCTAD data show that outward flows of direct investment from Southeast Asia amounted to \$80 billion compared with outward flows from China of \$116 billion (Table 10). In Malaysia, capital outflows have exceeded inflows for the period from 2006 to 2014. Although Singapore is a larger exporter of capital than Malaysia, it still manages to attract large inflows as well. One study has found that FDI inflows into Malaysia have been positively correlated with those into China which suggests that there is complementarity rather than competition in FDI-led industrial development between the two countries (Athukorala and Wagle 2011: 126).

Should the net outflows of capital from Malaysia (and Thailand in some years after 2010) be seen as a sign of failure in that these economies are no longer providing profitable opportunities for investment at home for either domestic or foreign capital? Or is it a sign that Malaysian firms, together

⁶ Lee (2013: 24) quotes figures from the Bank of Thailand which show that China in 2011 accounted for less than one per cent of the stock of FDI in the country.

⁷ Chinese outward investment data are extremely difficult to interpret, given the fact that a high percentage goes to Hong Kong, the Cayman Islands and the British Virgin Islands. It is widely suspected that much of this goes back to China. For a discussion of the data see Schuler-Zhou and Schuller (2009). While some of the outward investment to Hong Kong may end up in South East Asia, it has also been argued that in Vietnam and Cambodia, some investment registered as Chinese is in fact owned by companies in Taiwan, Hong Kong or Macao. See Kubny and Voss (2010). For a complete breakdown of all Chinese overseas investment deals between 2008 and 2010 see Salidjanova (2011), Appendix 1. More recent data are given in Scissors (2015).

with those from Thailand, Singapore and Indonesia are becoming more outward looking and successful in investing abroad in profitable businesses? The available evidence shows that a considerable part of the outward flows from both Singapore and Malaysia are going to other ASEAN countries. An analysis of Malaysian outward investment has found that much of it is driven by government linked companies such as *Petronas*, the state oil company. In the decade from 2003 to 2013, around 30 per cent of the stock of outward investment was in Singapore, Indonesia and Thailand (Tham, Theo and Kam 2015) In 2015, it was estimated that Singapore and Malaysian firms invested \$9 billion in Indonesia, which was around 30 per cent of total inflows of foreign direct investment excluding the mining and banking sectors. The impact of the ASEAN Economic Community on future investment flows will be addressed in section 7.

6. Flows of People between China and ASEAN

Over the past decade much has been written about growing movements of labour from the developing countries of Asia, and the associated remittances. In 2010, India and China were receiving in excess of fifty billion dollars in remittances and the three largest labour-exporting countries in ASEAN (Philippines, Vietnam and Indonesia) a further 35 billion dollars (Jha and McCawley 2011: 17). Although the data on destinations of migrant workers from and to East and South East Asia are far from complete, most migrants head for the higher-income countries in their immediate vicinity, or to high-income countries where they have some historical ties. Migrants from Myanmar go to Thailand, Indonesians go to Malaysia and the Middle East, Filipinos to Malaysia, Singapore and Hong Kong, as well as to the USA, the Middle East and the EU, and Vietnamese to Taiwan, Korea and also the USA. There are thought to be large numbers of migrants from both China and ASEAN in Japan but the available data are not considered to be very accurate⁸.

One estimate of migration within ASEAN in 2010 found that four countries had net in-migration from other parts of the region, Singapore, Malaysia, Thailand and Brunei (Sugiyarto 2015: 283). Indonesia, Vietnam, the Philippines and Laos all send more people to other ASEAN countries, and to other parts of the world, than they receive. Singapore and Brunei in particular had very high numbers of migrant labour relative to the size of the total labour force; in Malaysia and Thailand the ratio was lower but still quite significant. In all four countries, governments seem to have accepted that net in-migration is

⁸ A migrant stock matrix for 2010 shows that around 12.8 million people born in Southeast Asia were living outside their countries of birth. Around 3.96 million were in other parts of Southeast Asia while the rest were in North America, the Middle East, the EU and Oceania (Asian Development Bank 2012: 29).

necessary to maintain economic growth, given the demographic trends (low fertility and population ageing) which are slowing the growth of the domestic labour force. But at the same time, governments will have to deal with the economic and social pressures which large-scale migration inevitably bring, including pressure on housing and social services. Although formal commitment to free movement of skilled labour is part of the aim of the ASEAN Economic Community, it is likely that such movement will be controlled by both sending and receiving nations, for reasons which are discussed further in section 8.

As far as can be ascertained from the available data, there are not large numbers of Chinese citizens working in the ASEAN-6, except for Singapore. Countries such as Malaysia and Indonesia are hostile to Chinese in-migration, as they have been ever since independence. There are thought to be large numbers of Chinese in Myanmar, especially in Mandalay and northern towns, although the numbers are not easy to establish, and may well have declined in recent years⁹. The flow of people from China to ASEAN which has been growing in recent years, and which is easier to quantify, relates to tourism. In 2014, tourist arrivals to ASEAN reached a record 105 million people, of whom 12.4 million came from China. This made China the largest single source of tourists to ASEAN from outside the ASEAN region, overtaking Japan, Australia and Korea (Table 8). Given that all the ASEAN countries have ambitions to increase their tourism sectors, it is likely that arrivals from China will continue to grow.

7. The ASEAN-China FTA

Discussions about enhanced economic cooperation between China and ASEAN began in 2000, at the ASEAN-China summit in that year. It was decided to move towards a formal Free Trade Area, incorporating six of the ten ASEAN countries in 2010, with Vietnam, Laos, Cambodia and Myanmar joining in 2015. The formal commencement of the ASEAN-China Free Trade Agreement (ACFTA) on January 1, 2010 was greeted with enthusiasm at the official level in China and in some multilateral bodies. The official Chinese view was that “China and ASEAN enjoy geographic advantage in their economic cooperation, and their economies are highly complementary to each other”. Senior officials in the Asian Development Bank were quoted as arguing that ACFTA was an important vehicle for trade-led recovery in the Asia-Pacific region. It was also pointed out that ACFTA presented an opportunity for the ASEAN countries to ‘latch on to China’s production networks’ and sell to Chinese consumers (Macan-Markar 2010)¹⁰. The reaction in ASEAN was more muted, although the ASEAN

⁹ Some sources quote figures of two million, but they are difficult to verify. The government now appears to be taking a harder line towards both migrants and investment from China, so many migrants may be repatriated.

¹⁰ See Marwaan Macan-Markar, “ASIA: China-ASEAN Free Trade Area Sparks Cautious Optimism”,

Secretary-General stated that the free trade area “will benefit both sides and help lift the world economy out of the crisis”.

In one sense the official enthusiasm around a free trade area between China and the ASEAN-6 might seem rather odd, given that all these countries were already WTO members, and as such supposedly committed to non-discriminatory free trade at the global level. Most of the supporters of the ACFTA made little attempt to spell out exactly what the benefits would be, either to China or to the various ASEAN countries. Indeed some commentators have suggested that the business communities in ASEAN and China played little role in creating the ACFTA, which appeared to be largely driven by political factors (Ravenhill 2010). At the same time, voices were raised in the ASEAN region which were much less supportive of the ACFTA. In the Philippines, fears were expressed that it would simply legalise the widespread smuggling of footwear, garments, shoes, and other manufactures and agricultural products which has already placed considerable pressure on domestic producers¹¹. The Indonesian government, no doubt concerned about the domestic implications of the ACFTA, formally lodged a letter on January 14, 2010, asking the ten ASEAN nations to defer the implementation until January 2011, although this did not happen.

Part of the concern in both Indonesia and the Philippines resulted from a fear that there might be a repeat of the Thai experience, when the so-called “early harvest” experiment during the Thaksin government caused problems for Thai farmers. In Thailand, tariffs on around two hundred fruits and vegetables between Thailand and China were removed. This resulted in a flood of products from China into Thailand, but Thai farmers found that exports of their products into China were still being subject to various tariff and non-tariff barriers. As tariffs were reduced or removed on a much broader range of agricultural and manufactured products, there was an expectation in several ASEAN countries that China will continue with what has been termed it’s “half-open” model. This implied that China would flood the ASEAN countries with Chinese products, from garments and footwear to steel, sold at extremely low prices, while taking in return only those products, mainly unprocessed raw materials, which are needed for China’s accelerated industrialization. The fact that many Chinese producers had by early 2010 large unsold stocks of manufactures as a result of slowing world demand added to the

(HYPERLINK "<http://ipsnews.net>" <http://ipsnews.net>). Accessed 9.12.2009

¹¹See Walden Bello, “The China-ASEAN Free Trade Area: Propaganda and Reality”, (HYPERLINK "<http://focusweb.org>" <http://focusweb.org>). Accessed 9.12.2009. Mendoza, in his contribution to Flick (2011) claims that there was a large amount of ‘smuggled or hoarded’ low cost Chinese goods in the Philippines which were not included in the official trade data, which suggests that the Philippine trade surplus with China shown in the official data may be overstated.

concerns in ASEAN that these products will be dumped in Southeast Asia at below cost prices. While it is easy to dismiss some of these claims as attempts by high-cost local producers to claim protection against cheaper imports, whether from China or elsewhere, the problem of dumping cannot be dismissed out of hand. The ACFTA agreement did not appear to include any formal procedures for settling disputes; in the longer term these will have to be introduced.

Indonesian fears were expressed in an opinion piece in Indonesia's leading English-language paper, published in October 2010, which pointed out that 'most people are of the opinion that Indonesia's agricultural products and manufacturing goods are extremely uncompetitive against China's'. It went on to argue that instead of seeing the China-ASEAN free trade agreement as an instrument to strengthen the interdependence of the ASEAN region with China, many Indonesians see it as leading to 'cutthroat competition that will have negative impacts on the development of Indonesian economic capabilities in the long term'¹². Others view Chinese policies as essentially neo-colonial; in its hunger for raw materials, China is in effect seeking to re-impose colonial patterns of trade on Southeast Asia. These views appeared to reflect widely held beliefs in Indonesian business, media and political circles. But how realistic were they? The evidence on the growth in Indonesia's merchandise exports since 2002 indicates that in fact Indonesia's traded goods sectors still can compete in international markets, while in other parts of ASEAN there has been robust growth in a range of export activities from parts and components to tourism. What does seem clear is that China's growing export power has forced Indonesia in particular to re-evaluate its comparative advantage, away from labour-intensive manufactures and towards a range of primary exports, including coal and natural gas, and agricultural products including rubber and palm oil (Marks 2015)¹³. Other ASEAN countries have been successful in promoting exports of more sophisticated manufactures and traded services. Whether Indonesia will be able to do this in future depends on a number of factors including the skill level of the labour force, and improvements in infrastructure.

¹² Jakarta Post, 27 October, 2010

¹³ More evidence on the growth of China-Indonesia trade is given in Booth (2011). By 2009, exports from Indonesia were dominated by mineral fuels, coal and vegetable oils, while imports from China were dominated by manufactures and machinery. A further analysis of the impact of ACFTA on China-Indonesia trade is given in Marks (2015). His analysis suggests that while the ACFTA contributed to a trade surplus in primary commodities such as minerals, it also contributed a deficit in manufactured goods.

The ASEAN-4 (Thailand, Malaysia, the Philippines and Indonesia) all made considerable progress in increasing the share of manufactured exports in total exports from the 1970s to the 1990s, although exports of oil and gas and other mineral and agricultural products remained important in Indonesia, even after the reforms of the late 1980s led to rapid growth of exports of manufactures. Although it is true that Indonesia after the crisis of 1997/98 has not been as successful as Thailand or the Philippines in benefiting from the growth of trade in parts and components, it has continued to develop land-based export products such as palm oil, while at the same time taking advantage of growing world demand for both gas and other mineral products including coal. China has been an important market for these exports but so have other countries, both in other parts of Asia and in other parts of the world.

So far the evidence on both trade and investment flows hardly supports the argument that, after the creation of ACFTA, China would rapidly dominate both trade and investment flows within ASEAN. After 2009, China has increased its share of ASEAN merchandise trade, but only from 11.6 to 15.2 per cent in 2015. Its share of inward investment has also risen but only to seven per cent of the total. ASEAN has signed free trade agreements with several other countries in Asia including India, the Republic of Korea, Japan and Australia/New Zealand. Together their share of ASEAN merchandise trade and investment exceeds that of China. In addition, four ASEAN countries (Singapore, Malaysia, Brunei and Vietnam) have joined the American-sponsored Trans-Pacific Partnership (TPP) and Indonesia has also expressed interest in becoming a member¹⁴. But given hostility within the USA to further trade agreements, it is likely that the TPP will not receive congressional approval. The other “mega trade agreement” still in its planning stages is the ASEAN-led Regional Comprehensive Economic Partnership (RCEP). This will link the ten ASEAN member nations to six countries with which it already has some form of trade agreement (Australia, New Zealand, China, India, Korea, and Japan). The negotiations are scheduled to finish by the end of 2016, although what sort of agreement will finally emerge, and how much support it will gain within ASEAN, is still unclear.

8. The ASEAN Economic Community

Any evaluation of the future of ASEAN-China economic ties, and indeed ASEAN ties with other Asian economies such as India, Japan and Korea, should take into account the formation of the ASEAN Economic Community (AEC), officially inaugurated in January 2016. The AEC is expected to create a

¹⁴ Criticisms of the TPP began to emerge almost as soon as the agreement was signed. Stiglitz and Hersh (2015) argued that it was not a free trade agreement, but an agreement to manage the trade and investment relations of members on behalf of powerful business lobbies, especially in the USA.

single market and production base, and push forward other initiatives to deepen and broaden economic integration (ASEAN 2010b: 21; ASEAN 2014: 1). All tariff and non-tariff barriers are supposed to have been eliminated by the end of 2015 in the ASEAN-6 countries and by 2018 for the CMLV countries, although some exemptions have been allowed for 'sensitive' products. It is also proposed to remove restrictions on trade in services for transport, healthcare, tourism and logistics, and remove most other restrictions on trade in services, including financial services¹⁵. It is also proposed to establish a liberal investment regime to facilitate free flows of capital. Controls on the movement of skilled labour will also be removed, although this will involve the introduction of mutual recognition arrangements between countries so that qualifications can be recognized across the region.

The advocates of the AEC argue that the interaction between the diverse peoples of the ASEAN region has greatly increased over the four decades since 1976, the year when the Bali Declaration first committed the original five ASEAN countries to greater economic cooperation. Whether one looks at trade and investment flows, or flows of people as both tourists and migrant workers, intra-ASEAN economic ties have increased in absolute terms, and as a proportion of total ASEAN trade, investment and migration. ASEAN has also been quite successful as a negotiating group in international economic organizations such as the WTO, and will become more influential to the extent that its own integration process is viewed as successful by the rest of the world. But there are still many skeptics about the AEC. They point out that intra-ASEAN trade reached 25 per cent of total trade among the ASEAN-10 in 2003, but does not seem to have increased in the decade up until 2014 (Table 3). Most countries in ASEAN send less than one third of their exports to other ASEAN countries; for several the percentage is under 20 per cent (Table 5).

Skeptics also point out that well under half of all trade conducted within ASEAN takes advantage of AFTA preferences, mainly because the bureaucratic procedures are too costly (Ravenhill 2010: 196-7). While the AEC may lead to greater intra-ASEAN investment flows, the share of ASEAN countries in total direct investment flows into ASEAN was under 20 per cent in 2013, and is unlikely to increase rapidly after 2016. There also appears to be some concern that the agreement to remove controls on migration of skilled workers will be hampered by regulatory barriers, imposed through a fear in countries such as Indonesia and the Philippines that teachers, health workers and other workers with internationally recognized qualifications will leave for Singapore and Malaysia.

¹⁵ Barriers to integrating trade in services are especially difficult to overcome. According to a number of independent studies, the EU has still a considerable way to go in achieving a single market, especially in the service sectors. Language is a major barrier, as it is in the ASEAN states.

Fears have also been expressed that the AEC may lead to more trade diversion, when cheaper products from outside the AEC can no longer compete with more expensive products produced within the region enjoying zero tariffs, or exemption from quantitative restrictions. On the one hand it has been argued that the ASEAN countries have historically been open trading economies and since the formation of AFTA have tended to reduce tariffs and most non-tariff barriers on a multilateral basis rather than just within ASEAN (Eichengreen and Tong 2006: 91; Hill and Menon 2015: 382). On the other hand, it is well-known that some industries within the ASEAN region enjoy considerable state support; the Malaysian car industry is one such case. It is possible that the AEC will encourage the Malaysian government to exert pressure on other countries with large domestic markets such as Indonesia and the Philippines to give preferential treatment to Malaysian cars in their markets. Whether national governments will succumb to these pressures or abide by WTO-mandated trade policies remains to be seen.

9. Conclusions

Several conclusions can be drawn from this paper. First, for the ASEAN countries as a group, the “threats” from the rise of China were exaggerated in some studies carried out in the first decade of new century, and the opportunities underplayed. Some commentators tended to blame the problems which several ASEAN countries faced in the wake of the 1997/98 crisis, especially the sharp drop in inward investment flows, on competition from China. In the past few years as the ASEAN countries have put the consequences of the 1997/98 crisis behind them, a clearer view of the benefits accruing from the rise of China has emerged, especially as they relate to trade in both goods and services. Several ASEAN countries have benefited from the growth in trade in parts and components with China, while others, especially Indonesia have benefited from China’s growing demand for imports of oil gas and coal, and agricultural raw materials. But there have been costs, especially to producers of labour-intensive exports (textiles, garments, footwear, some electronics products) who found it difficult to compete with Chinese products.

A second conclusion relates to the growing role of China as a trading partner of the ASEAN countries, and as a source of investment. It is important not to overstate this role. Between 2002 and 2014, China accounted for around 14 per cent of the total growth in the exports of the ASEAN countries, and 21 per cent of the growth in imports. Intra-ASEAN trade accounted for a larger percentage of the growth in both exports and imports. The ‘old’ economic powers, Japan, the USA and the EU accounted for over 23 per cent of ASEAN merchandise export growth over these years and almost 20 per cent of imports. Thus to the extent that Chinese demand for imports from ASEAN slows in coming years, the

impact should not be too severe. Sources of inward flows of direct investment were also very diversified with China accounting for less than ten per cent, so a slowdown in Chinese investment flows, if it does occur, is unlikely to have much impact.

A third conclusion relates to the very considerable differences within the ASEAN countries in the extent to which they are trading with one another, with China, and with other parts of the global economy. The proportion of total trade which takes place within ASEAN varies from 64 per cent in Laos and 40 per cent in Myanmar to 14 per cent in Vietnam. The proportion of total exports to China from ASEAN countries varies from 1.4 per cent in Brunei to 27 per cent in Myanmar. These differences can be explained by a number of factors; in Myanmar sanctions forced most of the trade away from the OECD countries and towards other parts of Asia. These percentages may well change in future years, depending on developments both within ASEAN and between ASEAN and other parts of the world. But to the extent that most countries in the regions have quite diversified trading patterns, they should be not be greatly affected by a slowdown in China, or indeed in other parts of the global economy.

A fourth conclusion relates to the issue of deficits in merchandise trade between China and ASEAN. Until 2013, there was a disparity in the data provided by the ASEAN secretariat and the Chinese government; the former showed a surplus in favour of China while the latter showed a deficit. In 2013 and 2014 the two sets of data are broadly in agreement. In 2014, both agreed that the surplus in China's favour was of the order of US\$64-65 billion. But in 2014 a large part, almost 70 per cent of this surplus, originated from trade with Vietnam (Table 6). China was, according to the Chinese figures, running a deficit in merchandise trade with Malaysia, Thailand and Myanmar, although the data from Malaysia and Thailand showed that imports from China exceeded exports to China in both countries. The size of the surplus has increased since the full implementation of the ASEAN-China Free Trade Agreement in 2010.

A fifth conclusion relates to future economic groupings within ASEAN and between ASEAN and the wider world. Whatever happens to trade and investment flows both within ASEAN and between ASEAN and other countries, it is probable that, at least for the next decade, the ASEAN-10 will continue to conduct much of their merchandise trade with countries outside ASEAN. It is also probable that flows of investment into ASEAN will continue to be quite diversified by country of origin with the USA, the EU and Japan all playing an important role, although intra-ASEAN flows are likely to grow. In 2014 around 60 per cent of ASEAN merchandise imports and exports originated from, or were sent either to ASEAN itself or to China, Japan, Korea, Taiwan and Hong Kong (Table 2). Is this an argument for the ASEAN countries putting more effort into promoting an East Asian Economic Community? If the goal is to maintain diversified trade and investment flows, should more ASEAN countries join a wider Pacific

agreement, such as the TPP? A distrust of China's hegemonic motives is likely to push at least some ASEAN countries towards a wider trans-Pacific agreement, while others such as Indonesia may resort to greater protection, especially for manufacturing. Yet others might prefer to strengthen economic ties with China. In the final analysis the choices made by individual ASEAN countries will be influenced by political and strategic factors as much as economic ones.

Table 1: Per Capita GDP (Current international dollars) for the ASEAN Countries and China, 2000 and 2014

Country	2000	2014
Singapore	40,950	82,763
Brunei	60,303	77,000
Malaysia	12,403	25,499
Thailand	7,309	15,929
China	2,906	13,235
Indonesia	4,720	10,613
Philippines	3,401	6,991
Vietnam	1,959	5,629
Lao PDR	1,850	5,217
Myanmar	n.a	5,078
Cambodia	1,064	3,306

Source: Asian Development Bank (2015), Table 2.2

Table 2: ASEAN's Exports to and Imports from Its Top Eight Trading Partners

Expressed as Shares of All ASEAN Exports and Imports (Worldwide) in 1996 and 2015

	-----Exports-----		-----Imports-----	
	1996	2015	1996	2015
	(%)	(%)	(%)	(%)
ASEAN	25.0	25.8	18.3	21.9
China	2.3	11.3	2.6	19.5
USA	18.4	10.9	15.1	7.6
EU	14.5	10.8	16.4	9.2
Japan	13.3	9.7	20.9	11.4
Korea	2.9	3.9	3.8	7.0
India	1.2	3.3	0.8	1.8
Australia	1.9	2.8	2.5	1.7

Note: The ASEAN figure for 1996 does not include later joiners Laos and Myanmar (1997), Cambodia (1999), and Vietnam (July 1995). The EU figures refer to the EU as it was in 2014 and 2015 respectively.

Sources: 1996: *ASEAN Statistical Yearbook 2001* (Jakarta: ASEAN Secretariat), pp. 58-63; 2015: ASEAN Statistics, <http://asean.org/storage/2015/12/table19>, accessed 31 July 2016

Table 3: Percentage of Total ASEAN Merchandise Trade within ASEAN and with China, 2002-2015

Year	Intra-ASEAN	China
2002	22.5	6.0
2003	25.1	7.2
2004	24.3	8.3
2005	24.9	9.3
2006	25.1	10.0
2007	25.0	10.6
2008	24.8	10.4
2009	24.5	11.6
2010	25.4	11.3
2011	25.0	11.7
2012	24.3	12.9
2013	24.2	14.0
2014	24.1	14.5
2015	24.0	15.2

Source: ASEAN (2010a), Table V.12; from 2009 onwards, 2015: ASEAN Statistics, <http://asean.org/storage/2015/12/table19>, accessed 31 July 2016

Table 4: Percentage Breakdown of Increase in ASEAN Exports and Imports: 2002-14

Country	Exports	Imports
ASEAN	26.7	22.6
China	14.4	21.3
EU	8.4	8.3
Japan	8.3	6.2
USA	6.7	5.1
Korea	4.0	7.2
Australia	3.9	2.0
India	3.8	2.8
Other	26.1	24.5
Total	100.0	100.0

Source: Source: ASEAN (2010a), Table V.14; 2014 data, ASEAN Statistics

<http://asean.org/storage/2014/12/table19>, accessed 17 June 2015.

Table 5: Percentage of Total Merchandise Exports and Imports within ASEAN and with China: 2013, and Percentage of Total Trade within ASEAN:

Country	Exports to:		Imports from:		Total ASEAN ^a
	ASEAN	China	ASEAN	China	
Lao PDR	47.6	14.0	75.8	15.5	64.4
Myanmar	49.2	26.7	35.3	30.5	39.9
Brunei	23.1	1.4	51.0	11.3	28.2
Singapore	31.4	11.8	20.9	11.7	27.5
Malaysia	28.1	13.4	26.7	16.4	27.4
Thailand	25.9	11.9	17.8	15.1	25.1
Cambodia	14.2	3.0	30.7	32.6	23.1
Indonesia	22.3	12.4	29.0	16.0	21.7
Philippines	16.0	12.2	21.8	13.1	19.9
Vietnam	13.7	10.0	16.2	27.9	12.8

^aTotal merchandise trade (imports and exports) taking place within ASEAN, 2015.

Sources: ASEAN (2014), pp. 16-20; 2015 data on total ASEAN trade from ASEAN Statistics <http://asean.org/storage/2015/12/table198>, accessed 31 July 2016

Table 6: Total Merchandise Trade Between China and ASEAN Countries, and Trade Balances,

2013 and 2014

Country	2013 (\$ Billion)		2014 (\$ Billion)	
	Total	Surplus/ Deficit	Total	Surplus/ Deficit
	Trade		Trade	
Malaysia	106.1	-14.2	102.0	-9.2
Vietnam	65.5	31.7	83.6	43.8
Singapore	75.9	15.8	79.7	18.1
Thailand	71.2	-5.8	72.6	-4.0
Indonesia	68.4	5.5	63.5	14.6
Philippines	38.0	1.7	44.5	2.5
Myanmar	10.2	4.5	25.0	-6.2
Cambodia	3.8	3.0	3.8	2.8
Laos	2.7	0.7	3.6	0.1
Brunei	1.8	1.6	1.9	1.6
ASEAN	443.6	44.5	480.3	63.8
ASEAN as % of:				
Asia	19.9	100.8	21.1	61.8
World	10.7	17.2	11.2	16.7

Source: National Bureau of Statistics of China (2015), Table 11-6.

Table 7: ASEAN Trade in Services: Exports and Imports 2005 and 2014 (\$ billions)

Country	Exports		Imports	
	2005	2014	2005	2014
Transport	34.3	64.5	56.2	104.8
Travel	35.0	108.1	26.0	64.5
Business	25.6	70.9	29.5	69.0
Intellectual	0.9	3.5	13.6	30.7
Financial	7.2	26.6	7.0	19.9
Telecom	4.0	13.6	3.4	13.8
Other	6.8	18.6	5.4	11.3
Total	113.8	305.8	141.1	314.0
% of MT	17.6	23.7	24.5	25.4

Note: MT = Merchandise Trade

Sources: ASEAN Statistics, Table 32 (www.asean.org), dated 31 October 2015.

Table 8: Percentage Breakdown of Tourist Arrivals by Source, 2002 and 2014

Country	2002	2014
ASEAN	42.9	46.8
China	6.5	12.4
EU	12.7	8.8
Korea	4.1	4.8
Japan	8.4	4.4
Australia	3.8	4.2
USA	4.2	3.1
India	2.0	2.9
Other	15.4	12.6
Total	100.0	100.0

Source: Source: ASEAN (2010a), Table VIII.5; 2014 data, ASEAN Statistics (www.asean.org), Table 30, dated 30 September 2015

Table 9: Percentage Breakdown of Total Inflows of Foreign Direct Investment to ASEAN by Source: 1995-2013

Source Country:	1995	2000	2010	2013
ASEAN	16.5	5.6	15.1	17.4
EU-28 ^b	24.6	42.2	18.9	22.0
Japan	27.4	4.4	11.1	18.7
USA	15.4	31.6	12.2	3.1
China	0.5	0.1	4.0	7.1
Other	15.6	16.1	38.7	31.7
Total	100.0	100.0	100.0	100.0
Total (\$ billion)	28.2	21.8	100.4	122.4

Sources: ASEAN (2014), Table 6.2

Table 10: Inflows and Outflows of Foreign Direct Investment: 2009-2014 (\$ billion)

Year	China		Southeast Asia	
	Inflows	Outflows	Inflows	Outflows
2009	95.0	56.5	46.1	41.5
2010	114.7	68.8	106.2	55.5
2011	124.0	74.7	93.5	54.9
2012	121.1	87.8	108.1	50.7
2013	123.9	101.0	126.1	67.2
2014	128.5	116.0	132.9	80.1

Source: UNCTAD, **World Investment Report**, 2015 (Web tables 2 and 3)

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