

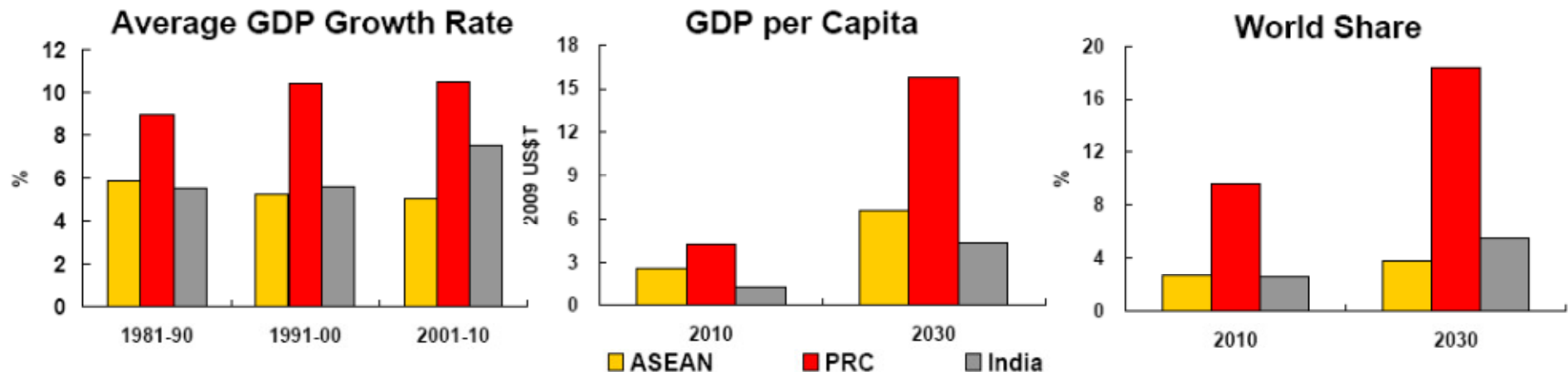
Prospects of the Chinese Economy and ASEAN-China Linkages

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1. Overview: ASEAN in Asia and World Economy

- ASEAN's economic growth rate has been decelerating at a time when the PRC's and India's growth rates have accelerated.
- Future prospects seem to be less brighter for ASEAN than for the PRC and India
- Marginalization is a clear and present danger for ASEAN
- How can ASEAN exploit the opportunities arising from the rapid growth of the PRC and India as it continues its linkages with its traditional markets for goods and services and sources of foreign investment?



Sources: World Development Indicators, 2011; and Zhuang, 2011 (ACI Study Projections).

2. Trade Patterns: Summary

- ASEAN has been banking on FDI and exports as drivers for growth
- FDI has helped ASEAN become a base for the production networks
- In the past 20 years, ASEAN's exports rose more than seven-fold
- The share of exports in GDP has been high since the Asian financial crisis
- ASEAN's trade pattern has changed significantly:
 - ◆ there has been increasing diversification of trade
 - ◆ the share of intra-ASEAN trade in total has been rising
 - ◆ the share of ASEAN's trade with the PRC has been rising, while the shares of ASEAN's traditional export markets have been declining
 - ◆ the share of parts and components in manufacturing trade has been rising
 - ◆ composition of trade by degree of manufacturing with ASEAN's trading partner has been shifting

Share of Parts and Components in Manufacturing Trade, 1992–93 and 2006–7 (%)

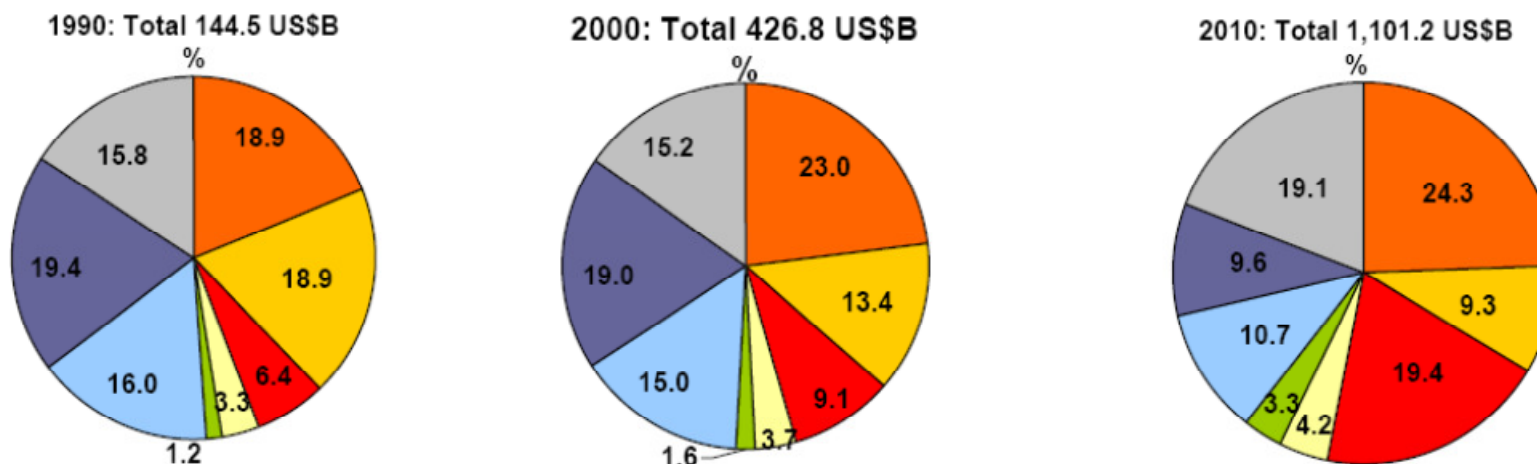
	Exports		Imports	
	1992–93	2006–07	1992–93	2006–07
ASEAN	22.7	44.2	36	47.9
Indonesia	3.8	21.5	27	21.8
Malaysia	27.7	53.6	40.5	50
Philippines	32.9	71.7	32.6	61.3
Singapore	29	49.3	39.9	60.4
Thailand	14.1	29.9	30.6	36.1
Vietnam	---	11	---	19.1
EA	20.2	34.1	27.2	42.1
Japan	23.9	34.4	19.3	29.9
DEA	17.3	34	29	44.2
PRC	7.4	25.6	20.4	44
Hong Kong, China	15.8	33.3	24.1	48.5
Taipei, China	24.7	44.2	29.5	38.9
Korea	18.1	47.3	30.1	31.9
South Asia	2.3	8.2	16.6	23.8
India	3	10.4	17.5	22.9
NAFTA	28.4	31.2	37.4	28.8
Mexico	42.1	34.6	29.4	36.1
EU15	18.3	22.4	21.2	23.2
Developed countries	20.4	25.2	22.6	23.4
Developing countries	14.6	29.2	11.9	33.6
World	19.3	27.1	19.6	27.3

Notes: “—” means data is not available

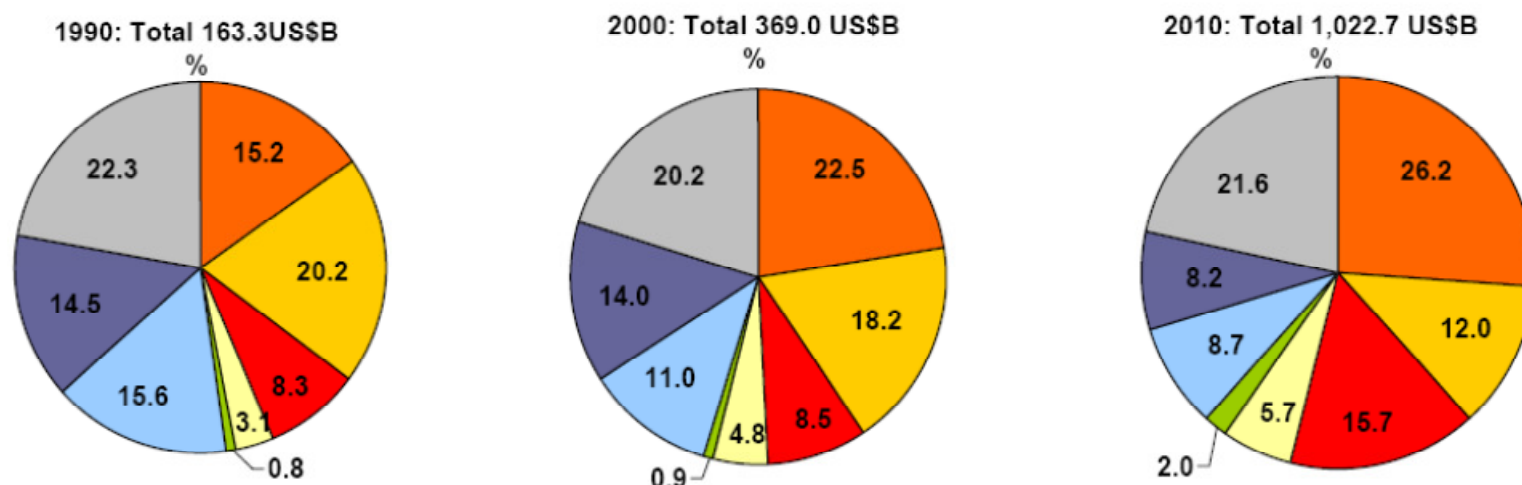
Source: Prema-Chandra A. and A. Kohpaiboon, 2011. Intra-Regional Trade in East Asia: The Decoupling Fallacy, Crisis and Policy Challenges, ADBI Working Paper

Increasing intra-ASEAN and PRC shares in total trade...

Exports



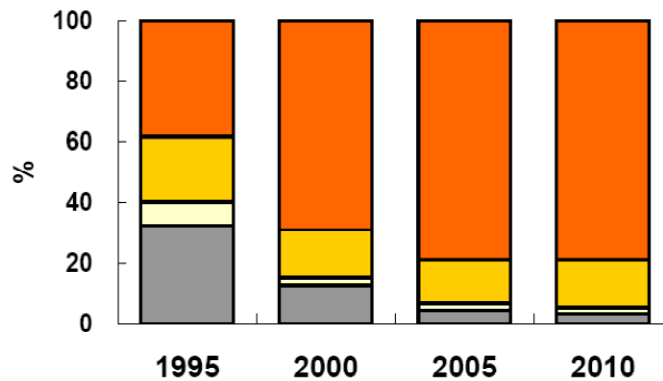
Imports



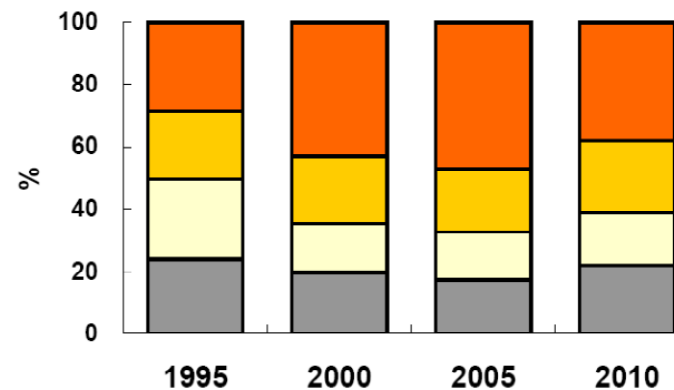
Source: IMF, Direction of Trade (DOT) Statistics, <http://elibrary-data.imf.org/FindDataReports.aspx?d=33061&e=170921> accessed October 2011

- ASEAN's exports to the PRC are shifting toward highly skilled and technology-intensive manufactures, while its imports from PRC are more diversified...
- ASEAN's exports to India are concentrated on highly skilled and technology-intensive manufactures, while its imports from India are shifting toward low-skilled and less technology-intensive manufactures...

ASEAN Exports to the PRC

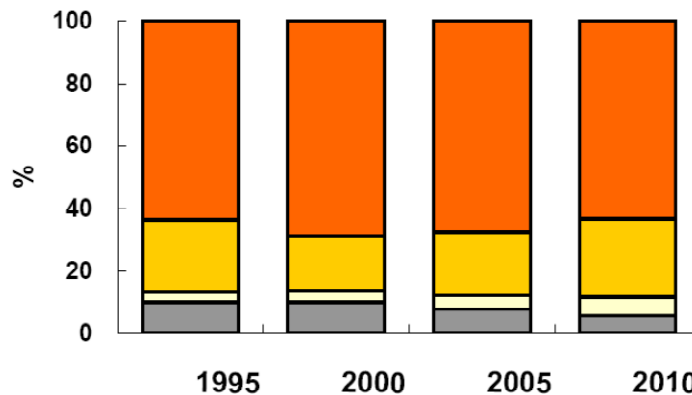


ASEAN Imports from the PRC

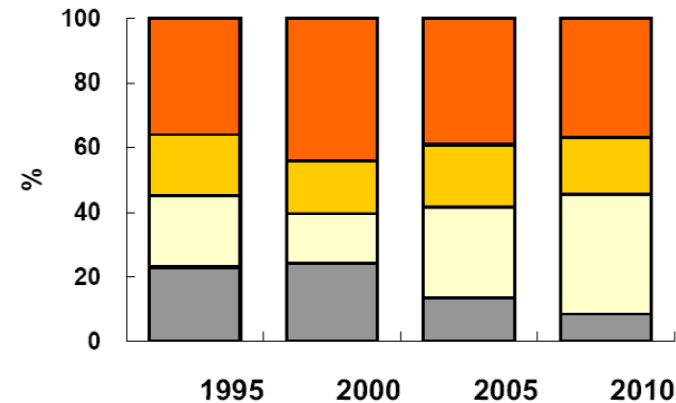


Labour-intensive and resource-based
 Low skill and technology intensity
 Medium skill and technology intensity
 High skill and technology intensit

ASEAN Exports to India



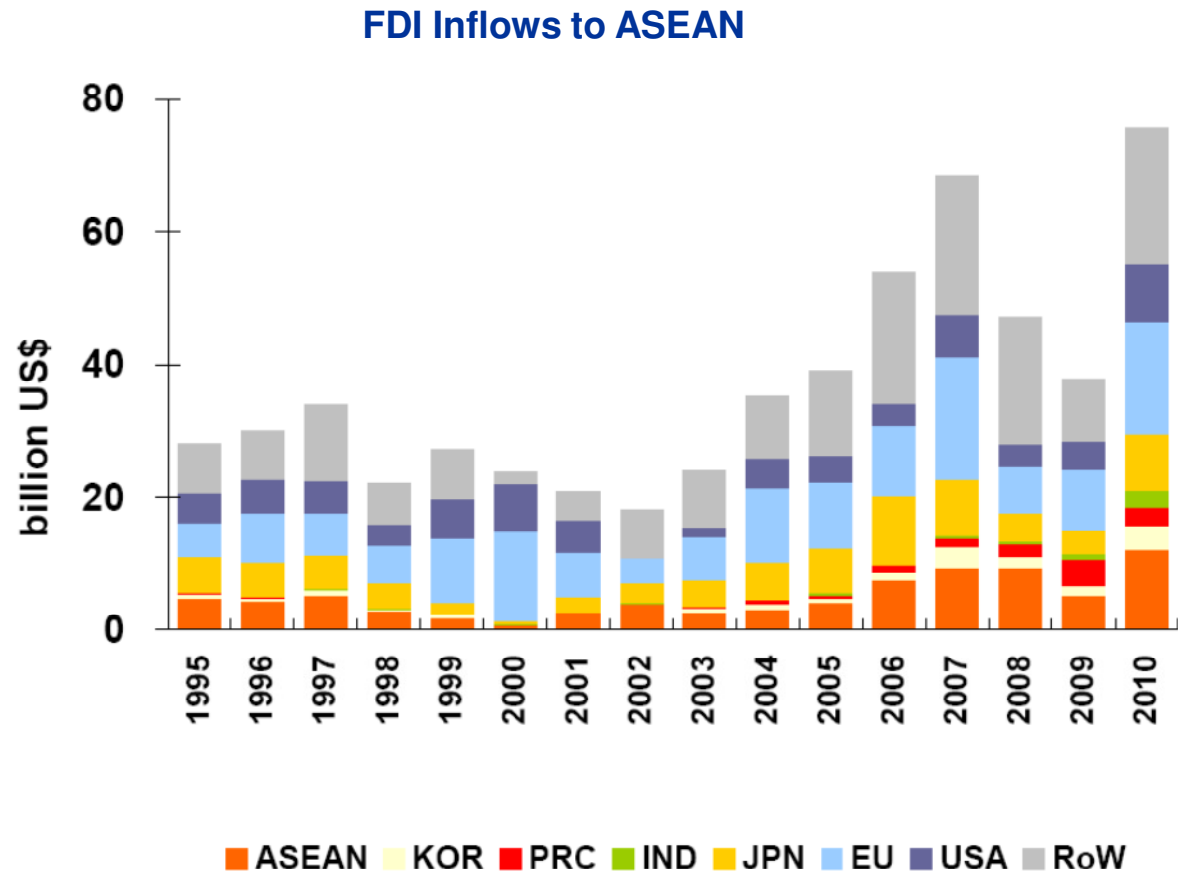
ASEAN Imports from India



Notes: UNCTAD Stat applies the Standard International Trade Classification (SITC) Revision 3 for classification of products, manufactured goods by degree of manufacturing. Classification has done as of 8 July 2011
 Source: UNCTADStat, <http://unctadstat.unctad.org> accessed 18 October 2011

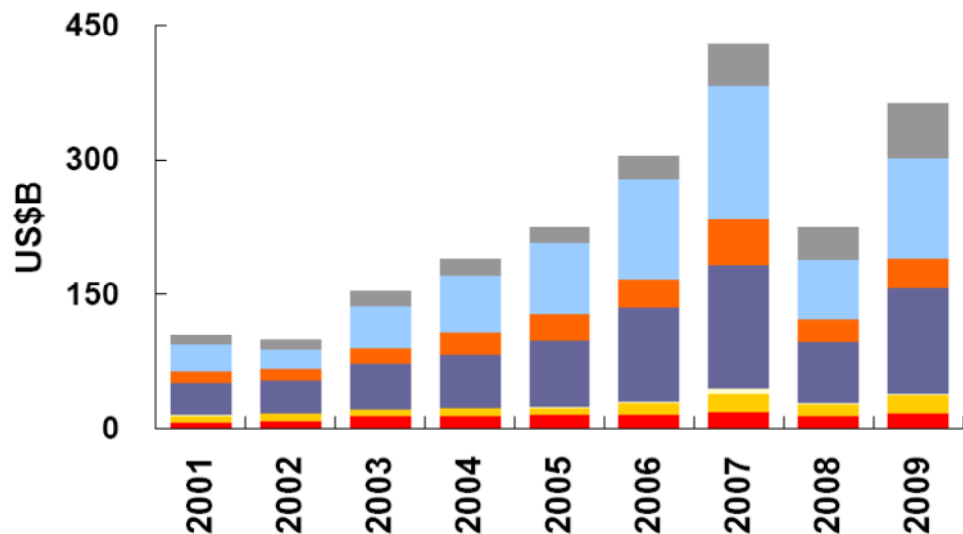
3. Foreign Investment and Tourism

- FDI inflows to ASEAN has been rising, though it has been affected by crises
- Significant contributors are EU, Japan and US
- Intra-ASEAN FDI has also been significant
- The PRC has started to invest in ASEAN in recent years



Source: ASEAN's official web site, <http://www.asean.org> accessed 14 October 2011.

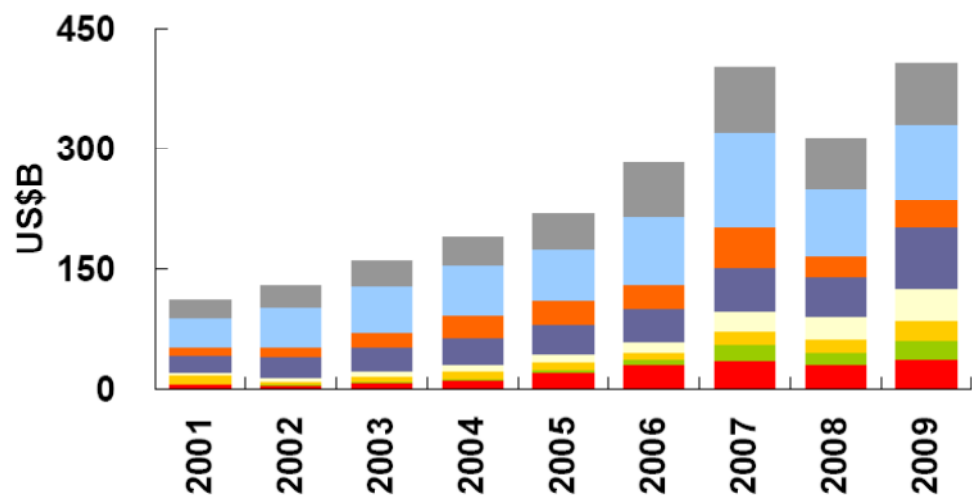
ASEAN Inward Portfolio Investment Flow



➤ Inward and outward portfolio flows in ASEAN largely dominated by the EU and the US...

ASEAN Outward Portfolio Investment Flow

■ PRC+HKG ■ IND ■ JPN ■ KOR ■ US ■ ASEAN ■ EU ■ RoW

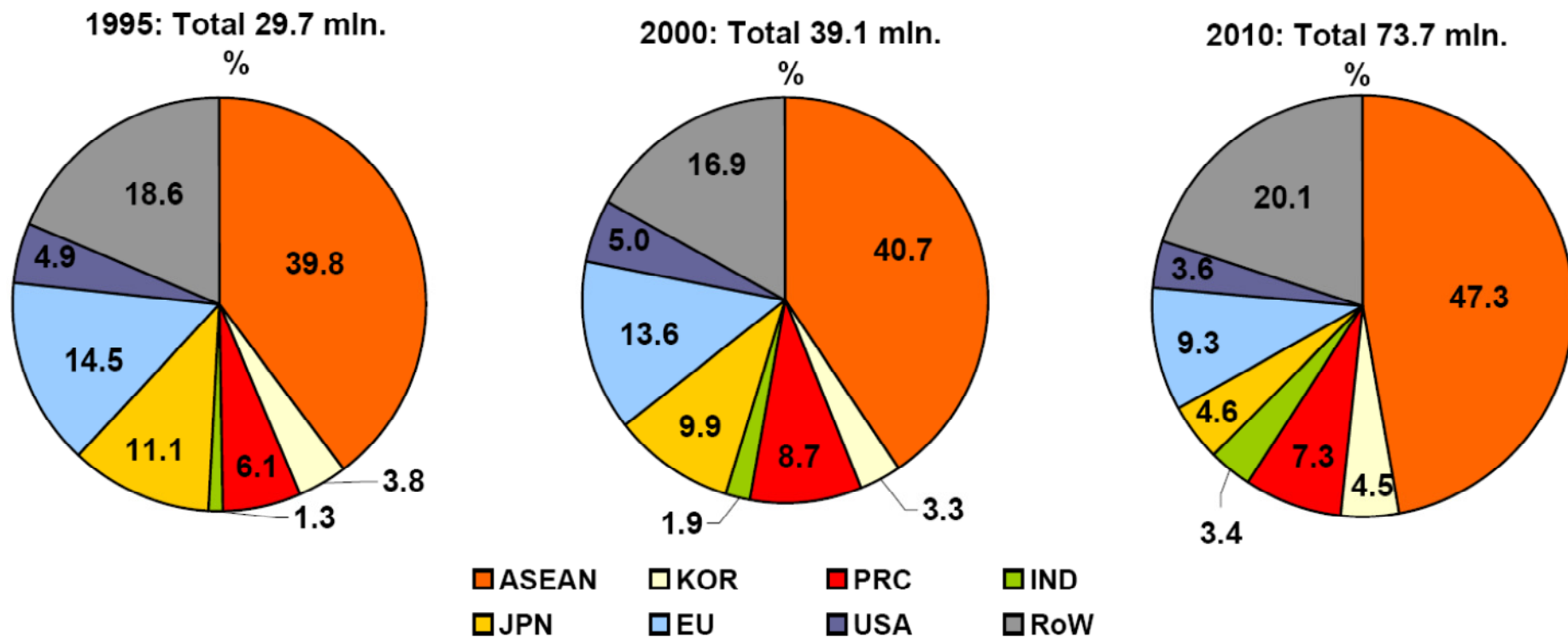


➤ ASEAN portfolio investment in PRC modest but rising

Source: IMF, Portfolio Investment: Coordinated Portfolio Investment Survey (CPIS) Data, <http://www.imf.org/external/np/sta/pi/geo.htm> accessed 14 October 2011

- In the last 15 years, tourist arrivals in ASEAN increased on average by 10 percent per year
- The share of intra-ASEAN tourist arrivals has been large and has increased in 2010
- The increase in the PRC's share is notable

Tourist Arrivals in ASEAN by Selected Partner Country



Source: ASEAN official website, statistical yearbooks 2003 and 2008, <http://www.asean.org> accessed 17 October 2011

Thank you very much!

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