



16th Singapore Economic Roundtable

Tuesday, 8 November 2011

Orchard Ballroom Three

Level 3, Orchard Hotel

Economic Integration in Asia: The case of ASEAN+3

Discussed by

AEKAPOL CHONGVILAIVAN

Institute of Southeast Asian Studies (ISEAS), Singapore

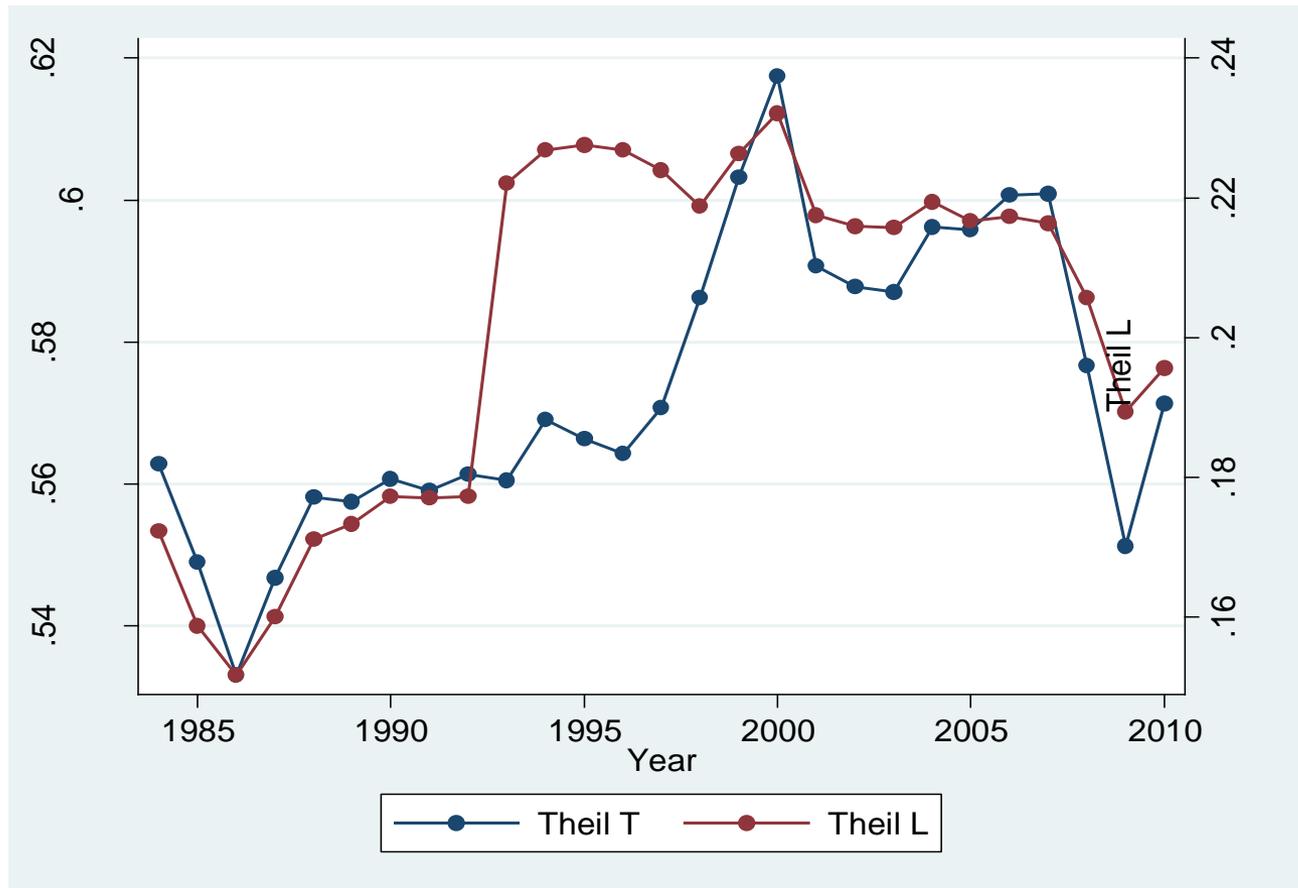
Key messages from the paper

- This paper examines the fundamental ideas and the recent developments of East Asia Integration (EAI), namely ASEAN+3.
- It paints a rather rosy picture that ASEAN+3 stands in good stead to become a steppingstone of EAI.
- This paper shows that trade, financial markets and macroeconomic/monetary policies in the region have been increasingly integrated.
- My objective is to push forward some discussions regarding the challenges facing ASEAN+3, which have not been sufficiently emphasized in the paper.

1. Non-tariff barriers remain high

- It has been widely argued that the impacts of rapidly proliferating FTAs in ASEAN on the way toward EAI are limited, notwithstanding a remarkable plunge in tariffs.
- This can be partly explained by the non-tariff barriers which have been untackled, if not fueled, by the existing FTAs involving ASEAN and “+3” countries.
- This implies that the AFTA framework has not been fully functional yet.
- The concern is that NTBs critically plague a solid foundation of EAI, thereby undoing the impacts of lowering tariffs.

2. Rising intra-ASEAN inequality



Source: Author's calculation based on World Development Indicators (WDI).

3. ASEAN Centrality?

- The existence of ASEAN centrality, though vital to the meaningful EAI, is questionable.
- The existing ASEAN+3 trade and investment arrangements involve a nexus of many bilateral FTAs, e.g. those between individual ASEAN countries and individual “+3” countries.
- The absence of ASEAN centrality implies that there is no such thing as a “hub” of economic integration in ASEAN.
- Rather, the fact that emerging giants like China and India are playing an evident role as a “hub” underlines that ASEAN is a “spoke” and may fall out from the race toward liberalization.

THANK YOU