



A Closer Look at ASEAN Trade Performance, Dependency and Investment



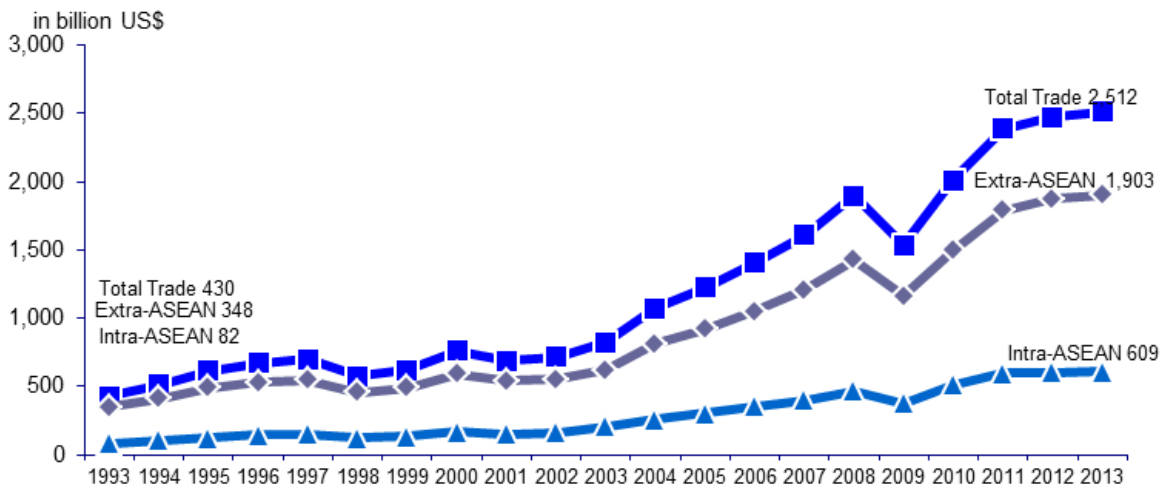
one vision
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The first pillar of the ASEAN Economic Community involves two key aspects on the free flow of goods and free flow of investment in order - to transform ASEAN into a single market and production base by 2015 –. An overview of key trends and patterns of these two fields are presented in ASEAN Community in Figures (ACIF) Special Edition 2014.

Intra-ASEAN Trade Grows Faster than Extra-ASEAN Trade

Intra-ASEAN trade increased at a faster pace, with annual growth rate averaging 10.5%, as compared to either overall ASEAN trade (by 9.2%) or extra-ASEAN trade (by 8.9%) during the period 1993 and 2013. Total trade posted a sixfold increase since the beginning of ASEAN Free Trade Area, from US\$430 billion in 1993 to US\$2.5 trillion in 2013. Intra-ASEAN trade has surged by more than sevenfold in the same period from US\$82 billion to US\$609 billion, while extra-ASEAN trade grew more than five times, from US\$348 billion to US\$1.9 trillion, as presented in Figure 1.

Figure 1. Trend of ASEAN Total Trade and Intra-ASEAN Trade, 1993-2013



The share of intra-ASEAN trade in overall ASEAN trade has been on an increasing trend starting from 19.2% in 1993 to 22.0% in 2000 and 24.2% in 2013, and accounted for 25% of the region's total GDP in 2013 (Figure 2). Moreover, as described in Figure 3 and Figure 4, ASEAN is a very important export market (with a share of 15% or higher) for most of the ASEAN Member States (AMSs), and a very important import supplier (with a share of 15% or higher) for all ten AMSs.

Figure 2. Shares of ASEAN Trade in GDP, 1993-2013

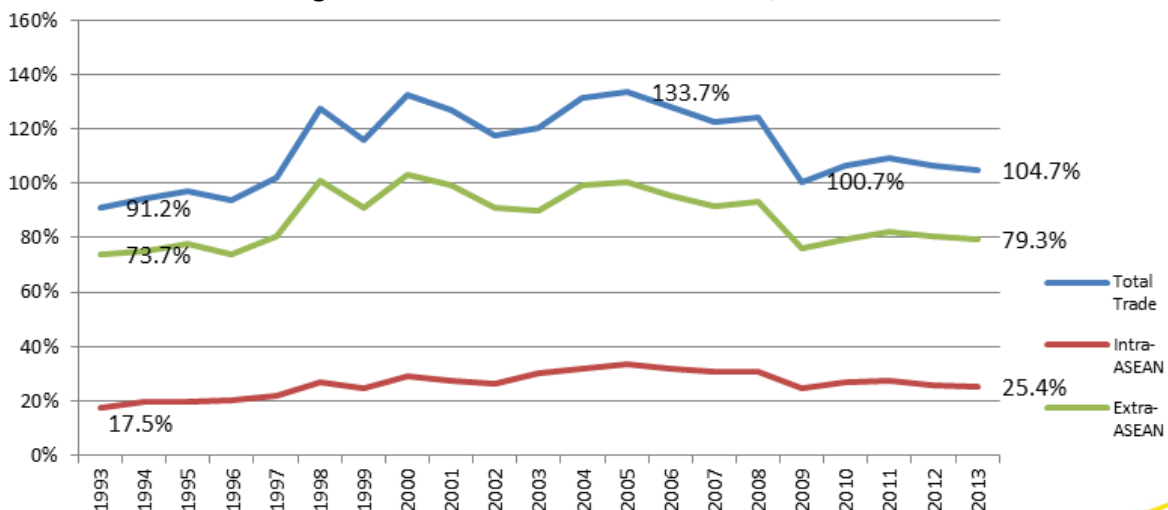


Figure 3. Share of Export to Trade Partners, by Exporting Country, 2013 (in percent)

AMS	ANZ	Chn	India	Japan	ROK	EU-28	USA	ASEAN
Brunei Darussalam	11.5	1.4	7.6	39.8	16.3	0.1	0.1	23.1
Cambodia	0.7	3.0	0.1	3.6	1.1	26.9	22.6	14.2
Indonesia	2.7	12.4	7.1	14.8	6.3	9.2	8.6	22.3
Lao PDR	27.8	14.0	0.0	0.9	0.1	8.8	0.3	47.6
Malaysia	4.6	13.4	3.6	11.1	3.6	9.1	8.1	28.1
Myanmar	0.1	26.7	7.1	6.8	2.9	1.8	0.1	49.2
Philippines	1.6	12.2	0.5	21.2	5.5	11.4	14.5	16.0
Singapore	4.3	11.8	2.7	4.3	4.1	7.6	5.7	31.4
Thailand	5.0	11.9	2.3	9.7	2.0	9.8	10.1	25.9
Viet Nam	2.7	10.0	1.8	10.3	5.0	18.3	18.0	13.7

Notes:

Very important (share above 15%)	●
Important (share 10-14.9%)	●
Fairly important (share 5-9.9%)	●
Less important (share <5%)	●

Figure 4. Share of Import from Trade Partners, by Importing Country, 2013 (in percent)

AMS	ANZ	Chn	India	Japan	ROK	EU-28	USA	ASEAN
Brunei Darussalam	1.7	11.3	0.9	5.8	3.4	9.4	11.9	51.0
Cambodia	0.2	32.6	1.0	1.9	4.0	2.7	12.0	30.7
Indonesia	3.1	16.0	2.1	10.3	6.2	7.3	4.9	29.0
Lao PDR	0.5	15.5	0.4	2.9	2.8	1.2	0.3	75.8
Malaysia	3.0	16.4	2.5	8.7	4.7	10.8	7.9	26.7
Myanmar	0.6	30.5	3.1	13.2	11.7	2.1	0.9	35.3
Philippines	2.4	13.1	1.2	8.6	7.7	10.0	10.9	21.8
Singapore	1.3	11.7	2.4	5.5	6.4	12.4	10.3	20.9
Thailand	2.4	15.1	1.4	16.5	3.6	9.2	5.9	17.8
Viet Nam	1.5	27.9	2.2	8.8	15.7	7.1	4.0	16.2

Notes:

Very important (share above 15%)	●
Important (share 10-14.9%)	●
Fairly important (share 5-9.9%)	●
Less important (share <5%)	●

Trade Dependency with Major Trade Partners

Some major trade partners, although accounting for a small share of ASEAN total trade, played a highly important role in some commodities. Except for Pakistan, each major trade partner has selected commodity items in which ASEAN was highly dependent (with shares of above 75% of ASEAN trade in a particular commodity product). In 2013, ASEAN has a high degree of dependency on imports from China for 22 commodities and from EU-28 for 15 commodities. Australia and New Zealand (ANZ) has a highly important role as an import supplier of live animal, meat, wool and oats with more than 80% of ASEAN imports of these commodities. Meanwhile, more than 80% of ASEAN imports of base metals, silver or gold clad; and garnetted stock of wool originated from Japan. ASEAN was also highly dependent on imports of cobalt ores and concentrates from Canada; peanut oilcake and other solid residues from India; and asbestos from Russia.

On the other hand, ASEAN secured its position as a net exporter of agricultural and manufacturing products, with a trade surplus of US\$44 billion and US\$7 billion, respectively. The region has also maintained its position as a net exporter of rice, with a trade surplus of US\$6.5 billion.

Trade on Priority Integration Sectors (PIS)

Over the period 1993-2013, ASEAN trade in PIS expanded the most during 2002-2007. Figure 5 presents that during this period, exports recording either very high (15% or higher) or high (10-15%) annual growth rates, except for wood-based products and textile which grew by around 11% and 14%, respectively. Exports of automotive products export grew at a remarkably high rate of 34% per year. For the period 1993-2013, only the exports of agro-based and automotive products grew at a high rate of between 10-15% per annum, while four PIS products experienced fairly high growth rates (between 5% to 9.9%) and fisheries grew by only 1.9%. During the last few years (2007-2013), exports of wood-based, fisheries, and electronic products declined significantly. Exports of electronic products recorded a negative growth rate of 1.7% per year, after enjoying buoyant growth of 17% per year in the previous five years (2002-2007) and 11% per year from 1993 to 2002. Agro-based, rubber-based and automotive exports maintained a high rate of annual growth of between 9% to 11% during the last few years, while the growth of textile and clothing exports has slowed down to around 7% per year during 2007-2013.

Figure 5. Annual Growth Rates of Exports of PIS Products

	1993-2002	2002-2007	2007-2013	1993-2013
Agro-based	5.0	23.8	9.0	10.6
Rubber-based	1.2	23.0	11.3	9.3
Wood-based	8.2	10.6	-2.0	5.6
Fisheries	0.0	15.0	-5.3	1.9
Textiles and Apparels	0.4	13.5	7.3	5.6
Electronics	10.7	17.3	-1.7	8.4
Automotive	5.4	34.1	9.7	13.3
Very high (15% or higher)				
High (10-14.9%)				
Fairly high (5-9.9%)				
Low (below 5%)				

Trend of Foreign Direct Investment (FDI)

Overall FDI inflows for the period 1995-2013 grew at an average rate of 8.5% per year. FDI inflows into the region peaked in 2000-2013, as intra- and extra-ASEAN FDI inflows registered an annual average growth of 25% and 13%, respectively. In contrast, in 1995-2000, the region posted a reverse trend in FDI inflows for both intra- (-23.5%) and extra-ASEAN FDI (-2.2%). Figure 6 presents average annual growth rates of ASEAN FDI Inflows from 1999 to 2013.

Figure 6. Annual Growth Rates of Intra- and Extra-ASEAN FDI Inflows, in percent

FDI Inflows	1995-2000	2000-2013	1995-2013	Ratio 2013/1995
Total	-5.0	14.2	8.5	4.3
Intra-ASEAN	-23.5	24.6	8.8	4.6
Extra-ASEAN	-2.2	12.9	8.5	4.3
Very high (>15%)				
High (10-14.9%)				
Fairly High (5-9.9%)				
Low (0-4.9%)				
Declining (<0%)				

In 2013, ASEAN FDI inflows reached US\$122 billion, with extra-ASEAN inflows contributing more than 80% to the total inflows (at US\$101 billion). The level of intra- and extra-ASEAN FDI in 2013 have increased nearly fivefold of the level in 1995 (Figure 7). EU-28 was the top source of FDI inflows in ASEAN in 2013, with total share of 22%. Other major sources of FDI were Japan (with 18.7%), ASEAN Member States (intra-ASEAN, 17.4%), China (with 7.1%) and Hong Kong (with 3.7%).

Figure 7. FDI Inflows into ASEAN, by Source Country (US\$ million)

Source Country	1995	2000	2009	2010	2011	2012	2013p/
Intra-ASEAN	4,651	1,219	6,672	15,200	15,228	20,658	21,322
Australia	535	-325	994	4,001	1,530	1,831	2,002
Canada	609	-98	753	1,298	768	924	851
China	137	20	1,965	4,052	7,858	5,377	8,644
EU-28	5,049	9,210	8,598	19,018	29,693	18,085	26,980
Hong Kong	1,257	912	5,650	1,735	4,274	5,030	4,517
India	108	59	553	3,474	-2,230	2,233	1,317
Japan	5,633	968	3,919	11,171	9,709	23,777	22,904
New Zealand	35	24	-157	22	7	-108	246
Pakistan	3	1	15	30	12	-21	-1
Republic of Korea	611	-191	1,799	4,299	1,742	1,708	3,516
Russia	-	-	140	60	68	184	542
Taiwan, Province of China	913	866	-70	1,116	1,033	2,317	2,242
USA	4,335	6,913	5,215	12,285	9,130	11,080	3,758
Rest of the World	4,286	2,563	10,695	22,683	17,432	21,284	24,456
Unspecified	-	-334	-	-	-	-	-
Total	28,164	21,809	47,927	100,360	97,538	114,284	122,377

Note: p/ Preliminary as of 30 July 2014

Economic activities under the Services sector accounted for the bulk of FDI inflows to ASEAN, with an average share of nearly 70% in the last four years, followed by FDI in Manufacturing. Figure 8 shows that, in 2013, FDI inflows in the Services sector continued to contribute a major part to the region's FDI inflows, representing more than 50% share of the total. Manufacturing, and Mining and Quarrying placed second and third with 33.3% and 6.7% shares, respectively.

Figure 8. Trend of ASEAN Total FDI Inflows, by Economic Activity

Sectors	Average Annual Rate of Growth			Percent Share to Total				
	2005/2008	2008/2013	2005/2013	2005	2010	2011	2012	2013
Agriculture, Fishery, Forestry	44.5	31.8	21.0	0.5	0.6	0.7	1.5	1.9
Mining and Quarrying	16.4	14.0	8.9	6.4	4.7	8.9	5.8	6.7
Manufacturing	8.8	14.6	7.5	37.7	27.5	25.3	15.5	33.3
Services	-1.2	25.2	8.7	51.5	62.1	60.3	75.1	53.2
All others	22.4	13.9	10.2	4.0	5.2	4.8	2.2	4.9
Total	5.4	19.8	8.5	100.0	100.0	100.0	100.0	100.0

Reference: ASEAN (2014). ASEAN Community in Figures Special Edition 2014: A Closer Look to at Trade Performance and Dependency, and Investment. Jakarta: ASEAN Secretariat

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