



**Asia-Pacific
Economic Cooperation**

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Malaysian Perspectives of East Asian Regionalism

Purpose: Information
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Malaysian Perspectives of East Asian Regionalism

Tham Siew Yean
Institute of Malaysian & International Studies
(IKMAS)
National University of Malaysia
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Outline

- Why should we integrate: nature of East Asian integration;
- For whom should we integrate? - Malaysia's linkages with East Asia;
- How should we deepen the process of integration - Malaysian perspectives on the way forward

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Nature of East Asian integration

- Market-driven process;
- Drivers – Japanese FDI and technology and China’s increasing participation in the world economy;
- Nature of integration can be seen through three indicators:
 - Extent of trade network with the world;
 - Trade openness;
 - Share of total trade of East Asia with world trade

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Nature of East Asian integration

Table 1. Change in Trade Connectivities

Region (1995-2005)	% Change of Trade Connectivities
East Asia	10.4
ASEAN	33.76
US	-9.27
NAFTA	-2.39
UK	-7.39
EU-15	-7.25

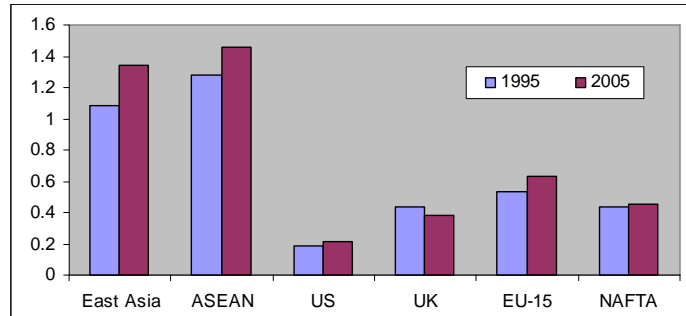
- ASEAN registered the largest increase in trade networks (34%);
- East Asia registered the next largest increase at 10.4%

Source: Sheng and Kwek 2007

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Nature of East Asian integration

Table 2. Trade Openness in East Asia

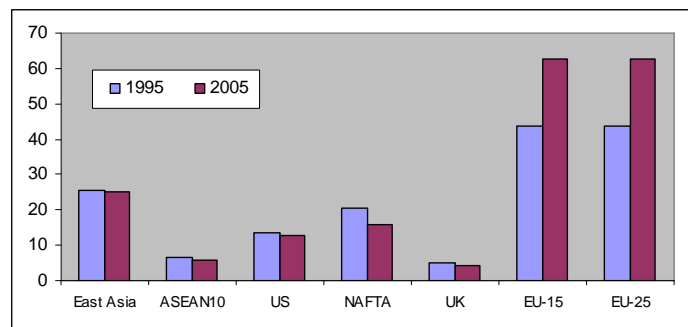


- Increasing trade openness as measured by trade as a percentage of GDP in East Asia and ASEAN;
- Indicate trade integration led by commercial interests is strengthening.

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Nature of East Asian integration

Table 3. Regions' Trade as a Percentage (%) of World Trade

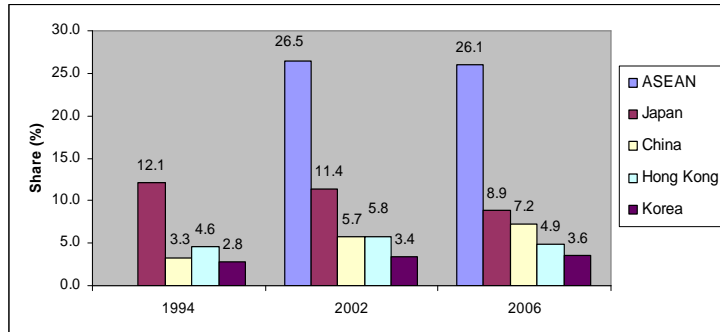


- Increasing importance of East Asia in world trade, larger than NAFTA but less than EU because of high intra-EU trade.

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Malaysia's links with East Asia

Table 4: Share of Exports to ASEAN and North East Asia

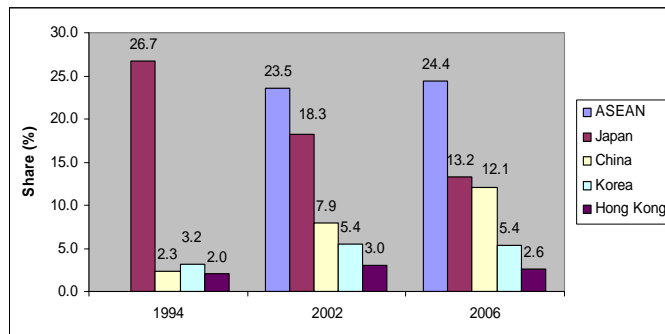


- Malaysia's exports are directed to ASEAN and North East Asian countries and this has amounted to more than 50% of total exports in 2006

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Malaysia's links with East Asia

Table 5. Share of Imports from ASEAN and North East Asia

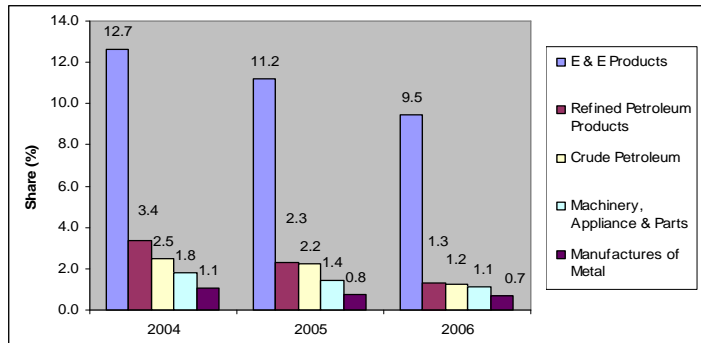


- Imports from ASEAN and North East Asia amounted to 58% in 2006.

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Malaysia's links with East Asia

Table 6. Share of Major Exports to ASEAN

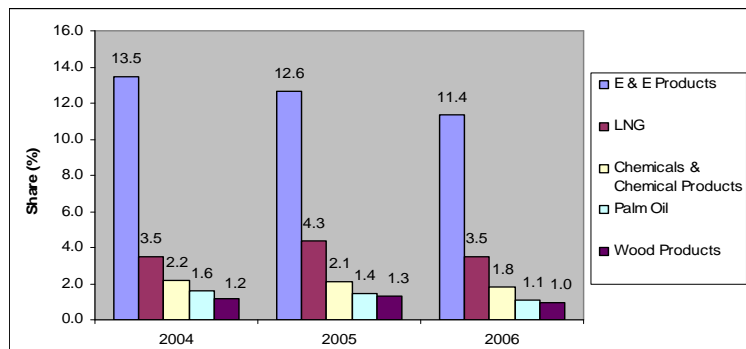


- E & E products contribute about 10% of total exports to ASEAN in 2006.

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Malaysia's links with East Asia

Table 7. Share of Major Exports to North East Asia

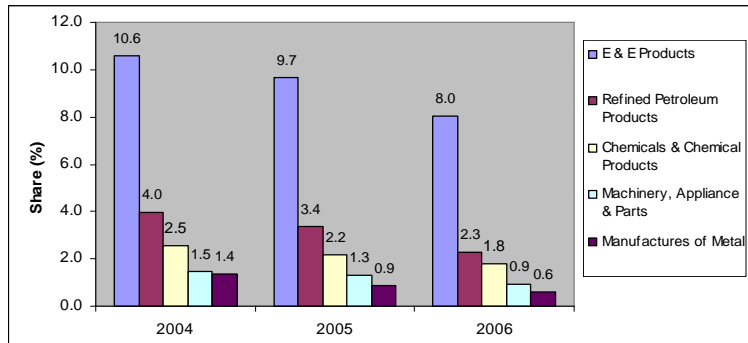


- E&E products are also an important share of Malaysia's exports to North East Asia

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Malaysia's links with East Asia

Table 8. Share of Major Imports from ASEAN

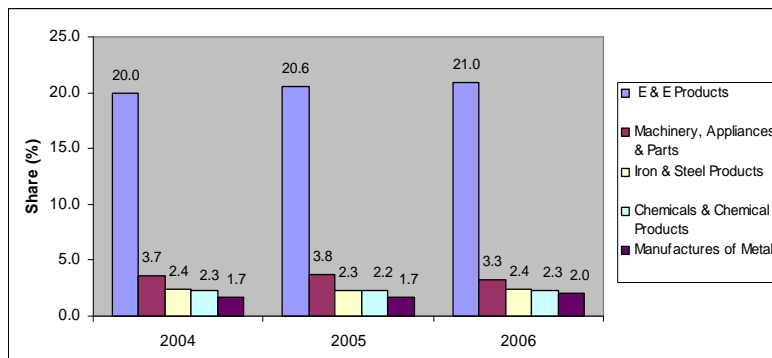


- E&E products are also an important component of Malaysia's imports from ASEAN

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Malaysia's links with East Asia

Table 9. Share of Major Imports from North East Asia

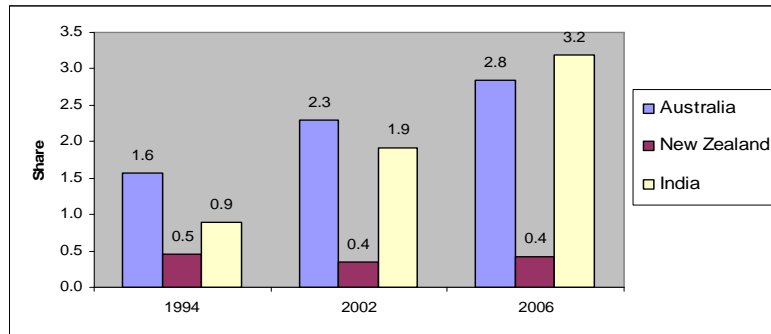


- E&E products are also an important component of the imports from North East Asia

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Malaysia's links with East Asia

Table 10. Share of Major Exports to Oceania and India

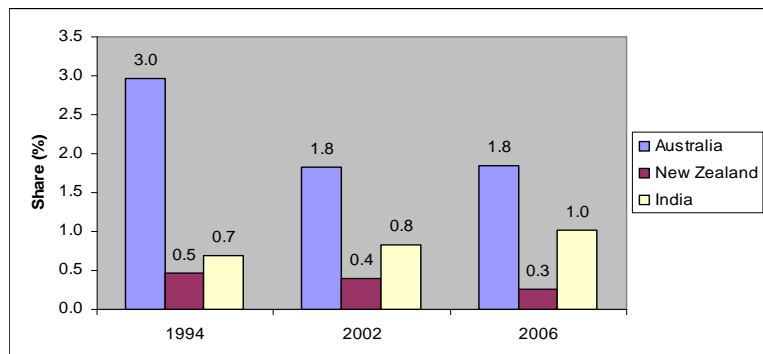


- In contrast, exports to Oceania (including Australia and NZ) and India are tiny.

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Malaysia's links with East Asia

Table 11. Share of Major Imports to Oceania and India

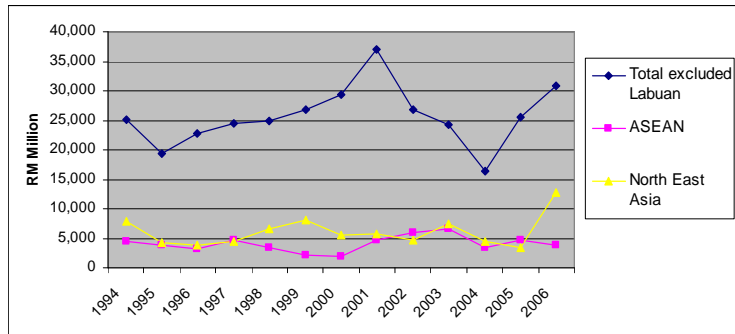


- Imports from Oceania and India are also insignificant.

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Malaysia's links with East Asia

Table 12. Malaysia's FDI Inflows from ASEAN & North East Asia

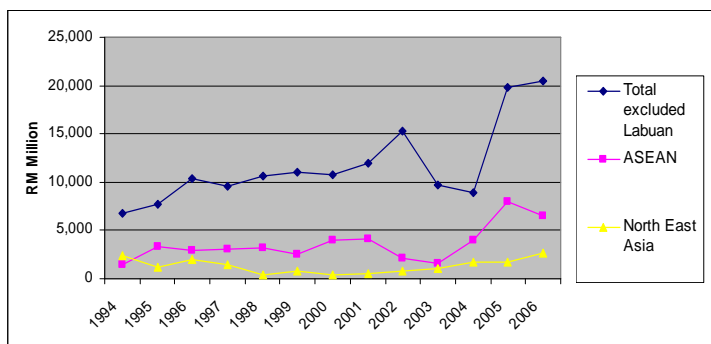


- In 2006, FDI inflows from ASEAN and North East Asia accounted for 54% of total inflows.

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Malaysia's links with East Asia

Table 13. Malaysia's FDI Outflows to ASEAN & North East Asia

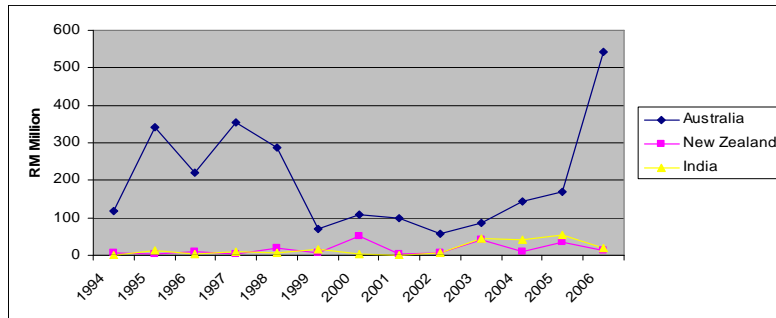


- In 2006, FDI outflows to ASEAN and North East Asia amounted to 45% of total outflows

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Malaysia's links with East Asia

Table 14. Malaysia's FDI Inflows from Oceania & India

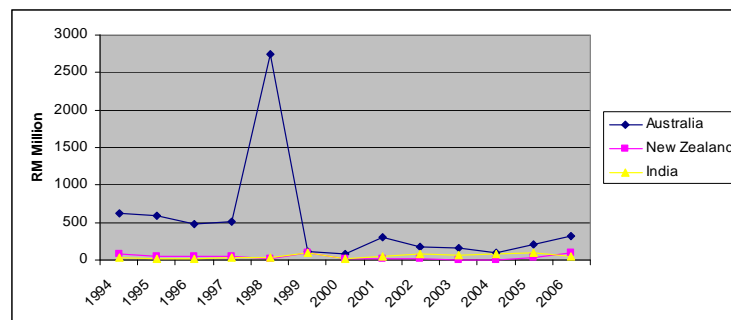


- Inflows from Australia, NZ and India are insignificant.

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Malaysia's links with East Asia

Table 15. Malaysia's FDI Outflows to Oceania and India

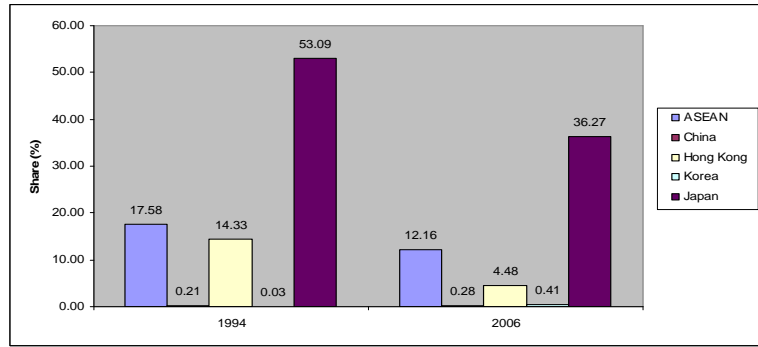


- Outflows to Australia, NZ and India are also insignificant.

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Malaysia's links with East Asia

Table 15. Share of FDI Inflows from ASEAN & North East Asia

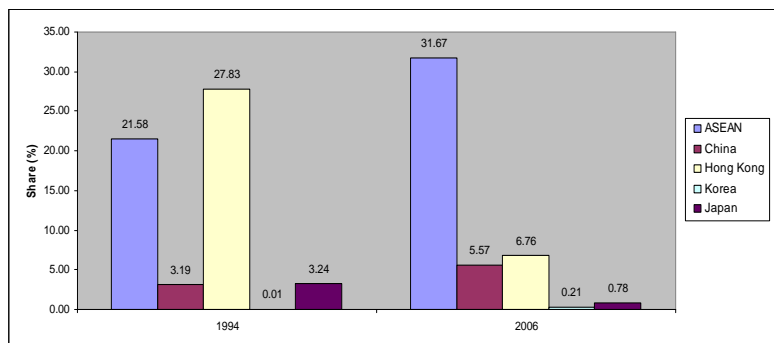


- Main contributor of FDI from East Asia is Japan.

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Malaysia's links with East Asia

Table 16. Share of FDI Outflows to ASEAN & North East Asia



- Main recipient of FDI outflows from Malaysia is ASEAN

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Options for the way forward

- Trade integration has led the process of integration in East Asia and also in the case of Malaysia's integration with East Asia;
- Deeper integration will need formal efforts to further reduce trade barriers;
- One option is to consolidate the existing ASEAN Plus One FTAs, namely ASEAN-China, ASEAN-Korea, ASEAN-Japan.

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Options for the way forward: Contd.

- Advantages of consolidating ASEAN-Plus FTAs - Having a shared vision:
 - FTAs have agreed areas of liberalization and cooperation;
 - Building of common interests beyond trade after the Asian Financial crisis, see the initiatives under the APT framework;

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Options for the way forward: Contd.

- Extending beyond ASEAN-Plus Three:
 - Complete the negotiations for ASEAN-India and ASEAN-CER;
 - Build on the ASEAN-Plus Six Framework;
 - Community-building is a process.

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Thank you

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