

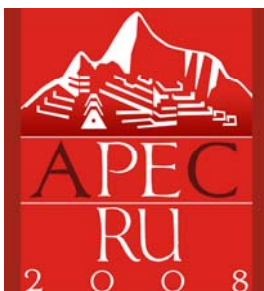


**Asia-Pacific
Economic Cooperation**

2008/ASCC/010a

Economic Dimension of the Evolving East Asian Regional Architecture

Purpose: Information
Submitted by: Philippines



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Piura, Peru
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Economic Dimension of the Evolving East Asian Regional Architecture

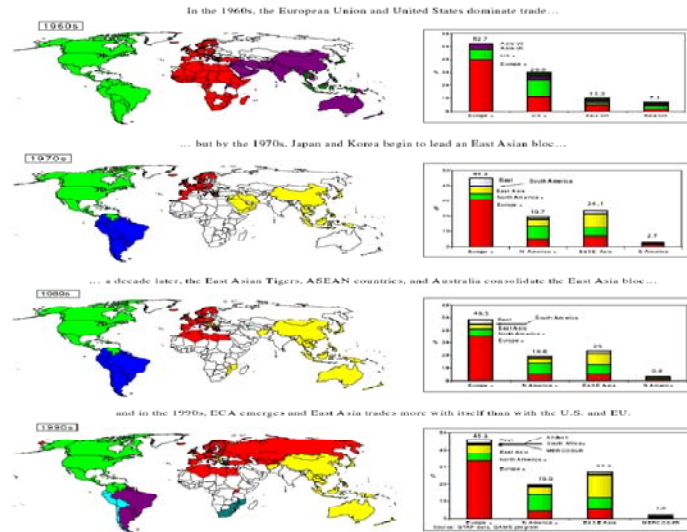
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Philippine Institute for Development Studies



Outline of Presentation

- I. Overview and Background
- II. The Rise of East Asia as a major economic bloc
- III. The Evolving East Asian Regional Economic Architecture
- IV. Institutions that Shape East Asia's Future
- V. Issues and Challenges
- VI. Conclusion

Evolving Global Economic Blocs

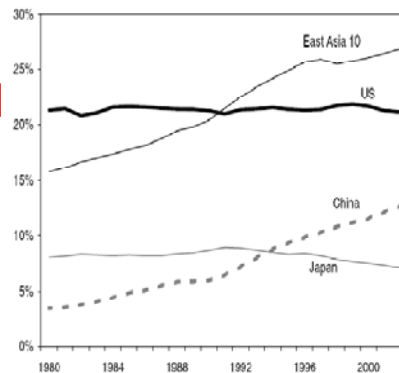


Source: Robinson and Diaz Bonilla, 2004

East Asia's share in world output had risen

China and East Asia: share in world exports (per cent)

	1991-1993	1994-1996	1997-1999	2000-2002
East Asia 10	22.3	23.8	22.8	22.5
China + Hong Kong	3.7	4.5	4.8	5.6
Japan	9.1	8.3	7.2	6.7
Korea	2.2	2.6	2.5	2.6
Taiwan	2.3	2.3	2.2	2.3
ASEAN 5	5	6.2	6	6.1



Note: Output share valued at PPP (per cent).
Source: Australian National University International Economic Database.

Source: Australian National University International Economic Database

As cited in Drysdale, 2005

Table 2. East Asia Has Been Growing More Rapidly Than All Other Regions

percent GDP growth, 1980-2004

Region	1980-84	1985-89	1990-94	1995-99	2000-04
East Asia and the Pacific	7.2	7.8	9.4	6.8	7.2
Latin American and the Caribbean	1.4	2.2	3.6	2.4	2.2
Europe and Central Asia			-5.2	2	5.2
Middle East and North Africa	3.8	1.2	4.6	3.4	4.4
South Asia	5.4	6.0	5.0	5.8	5.6
Sub-Saharan Africa	1.6	2.4	0.6	3.6	3.4

Source: Gill and Kharas, 2007

Table 3. East Asian Growth Has Been Strong and Steady

per capita growth, percent, 1966-2004

Region	Growth	Number of years in which the rate was:		
		Negative	0-2%	Above 2%
East Asia and the Pacific	5.77	2	3	34
China	7.00	3	3	33
Indonesia	4.03	4	3	32
Malaysia	3.95	5	3	31
Philippines	1.28	6	21	12
Thailand	4.79	3	5	31
Latin America and the Caribbean	1.46	10	15	14
Middle East and North Africa	1.23	8	13	9
South Asia	2.56	1	12	26
Sub-Saharan Africa	0.18	14	20	5
OECD	2.49	0	18	21

Source: Gil and Kharas, 2007

Table 4. East Asia is a Trade Powerhouse

merchandise exports, current US\$

Region	Value US\$ Billion			Share of world total %		
	1990	1998	2004	1990	1998	2004
Emerging East Asia	427.7	939.0	1,847.6	12.3	17.1	20.2
Australia, Japan, and New Zealand	336.7	455.9	672.6	9.7	8.3	7.4
North America (3)	521.3	896.5	1,135.40	15	16.3	12.4
Eastern Europe (12)	34.5	119.0	291.2	1.0	2.2	3.2
Rest of Europe (28)	1,623.00	2,383.5	3,718.10	46.7	43.3	40.7
Former Soviet Union (15)	n.a.	115.6	284.9	n.a.	2.1	3.1
Memo European Union (25)	1,535.2	2322.4	3760.8	44.2	42.2	40.6
Middle East (14)	138.4	144.5	389.6	4	2.6	4.3
North Africa (7)	38.6	34.4	82.8	1.1	0.6	0.9
Sub-Saharan Africa (48)	68.2	71.8	143.7	2	1.3	1.6
World	3475.1	5,504.4	9,145.0	100.0	100.0	100.0

Source: Gill and Kharas, 2007

Note: n.a.=not applicable

The number of countries is shown in parentheses

Table 5. Growth of Intra-regional Export in East Asia

percent of total exports going to East Asia, China and Japan

Exporter	East Asia		China		Japan	
	1990-94	2000-04	1990-94	2000-04	1990-94	2000-04
East Asia	44.1	49.0	6.4	11.1	8.6	8.2
China	60.5	45.3	n.a.	n.a.	15.8	14.3
Hongkong, China	47.0	55.5	29.9	39.3	5.4	5.4
Indonesia	62.0	56.9	3.6	5.4	32.9	21.0
Japan	34.6	43.1	3.7	10.0	n.a.	n.a.
Korea, Rep. of	40.8	46.6	4.2	15.6	15.7	9.8
Malaysia	54.7	54.2	2.5	5.3	13.6	11.5
Philippines	36.1	53.7	1.2	4.2	17.4	16.4
Singapore	48.2	56.4	2.0	6.1	7.8	7.0
Taiwan, China	42.7	55.2	0.0	10.3	11.3	9.2
Thailand	41.7	48.3	1.5	5.3	17.3	14.7
Vietnam		49.0		9.6		15.7

Source: Gill and Kharas, 2007

The Evolving East Asian Regional Economic Architecture

- Market Driven Economic Integration in East Asia
- Negotiated Trade Liberalization: Proliferation of Free Trade Agreement
- Regional Financial Cooperation and Integration

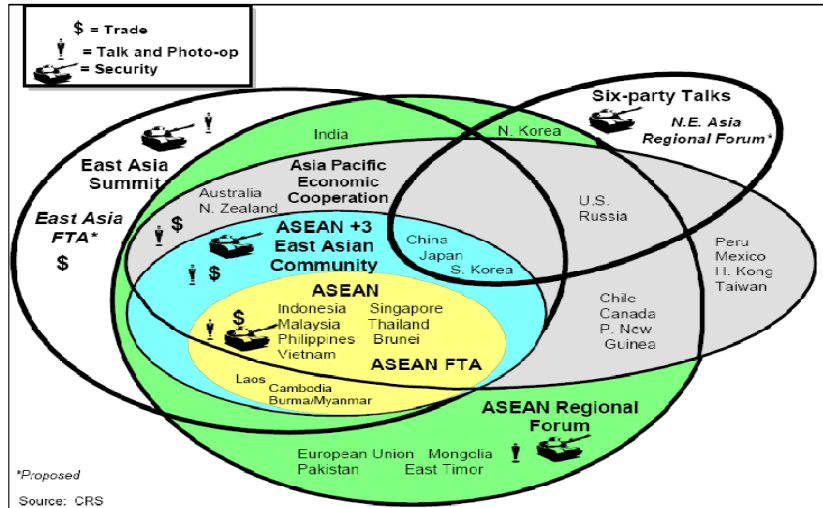
Major FTAs Involving East Asian Economies as of May 2008

In effect	In negotiation	In negotiation
Bangkok Treaty (1976)	Japan-Korea	Thailand-EFTA
AFTA (1992)	Japan-Philippines**	Thailand-Australia
Singapore-NZ (2001)	Japan-ASEAN	Thailand-US
Japan-Singapore (2002)	Japan-Indonesia*	Hongkong-NZ
Singapore-Australia (2001)	Japan GCC	Taiwan-El Salvador
Singapore-EFTA (2003)	Japan-Brunei*	Taiwan-Guatemala
Singapore-US (2004)	Japan-Vietnam	Taiwan-Nicaragua
Korea-Chile (2004)	Japan-India	Taiwan-Paraguay
China-Hongkong (2004)	Japan-Australia	
China-Macao (2004)	Korea-US*	
Taiwan-Panama (2004)	Korea-Canada	
Singapore-Jordan (2004)	Korea-India	
Japan-Mexico (2005)	Korea-Mexico	
China-ASEAN (2005)	Korea-EU	
Thailand-Australia (2005)	Korea-ASEAN (ex. Thailand**)	
Thailand-NZ (2005)	China-Australia	
Singapore-India (2005)	China-GCC	
Korea-Singapore (2006)	China-SACUFTA	
Japan-Malaysia (2006)	China-Singapore	
Korea-EFTA (2006)	Malaysia-Australia	
Japan-Chile (2007)	Malaysia-NZ	
Japan-Thailand (2007)	Malaysia-US	
Singapore-India (2007)	Singapore-Canada	
Singapore-Panama (2007)	Singapore-Mexico	
China-Chile (2007)	Singapore-Egypt	
China-NZ (2008)	Singapore-Qatar	
China-Pakistan (2008)	Singapore-Peru	
Malaysia-Pakistan (2008)	Thailand-India*	

Source:Urata, 2008

Notes:** indicates that treaty has been signed and waiting for ratification of respective legislative bodies. *indicates that the negotiation reached an agreement

Institutions that Shape East Asia's Future



Core Institutions in East Asian Architecture

Regional

- ASEAN
- ASEAN + 3
- ASEAN + 6 (East Asia Summit)

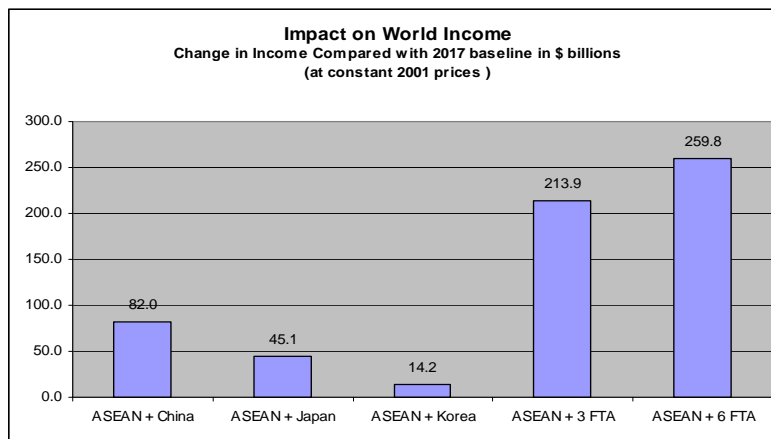
Trans regional

- APEC
- ASEM

Issues and Challenges

- How to consolidate and tighten the networks and institutions
- How to narrow the development divide in East Asia
- How to address supply side constraints of the poorer economies of East Asia
- How to bring home the fruits of economic success to individual economies

Impact of RTAs (ASEAN + 1, ASEAN + 3, ASEAN + 6)



Source: Kawai and Wignaraja, 2008

Table 7. Summary Measures for Europe 34, East Asia 14, SEA 11 and other Regions

	Mean	CV
Per Capita GDP (PPP\$) SEA 11	6937	113.1
Per Capita GDP (PPP\$) East Asia 14	9090	101.9
Per Capita GDP (PPP\$) Europe 34	18286	71.3
Per Capita GDP (PPP\$) Accession-12	13491	29.7
Per Capita GDP (PPP\$) South Asia	2321	37.3
Per Capita GDP (PPP\$) North Africa	5306	30.0
Per Capita GDP (PPP\$) Latin America	8223	32.0

Notes:

- 1) CV is the coefficient of variation. The higher the measure, the higher the disparity
- 2) SEA 11 are the ASEAN member countries plus Timor L'este. The East Asia 14 are the SEA 11 plus Japan, Korea and China. 2002 value was used for Myanmar.
- 3) Europe 34 is composed of the 15 EU member countries and the 12 Accession countries and the so-called CIS-7 (Armenia, Azerbaijan, Georgia, Kyrgystan, Moldova, Tajikistan and Uzbekistan)
- 4) South Asia covers India, Pakistan, Nepal, Bangladesh, Sri Lanka, Bhutan and Maldives
- 5) The North African countries are Algeria, Egypt, Morocco and Tunisia
- 6) The Latin American countries included are Argentina, Brazil, Chile, Mexico

Source: Balboa, Medalla and Yap:2007 Basic data from 2005 UNDP Human Development Report

Within country inequality has increased...



Source: Gill and Kharas, 2007

Conclusion

- East Asian economic landscape has changed dramatically in the past decade
- East Asia has successfully integrated itself to the global economy and is now in the process of integrating regionally
- East Asia's biggest challenge is how to narrow the development divide in the region in the face of complex political-economic dynamics of the region

Thank You Very Much!!!