

# The Rise of ASEAN Economies and the New Economic Landscape in Asia

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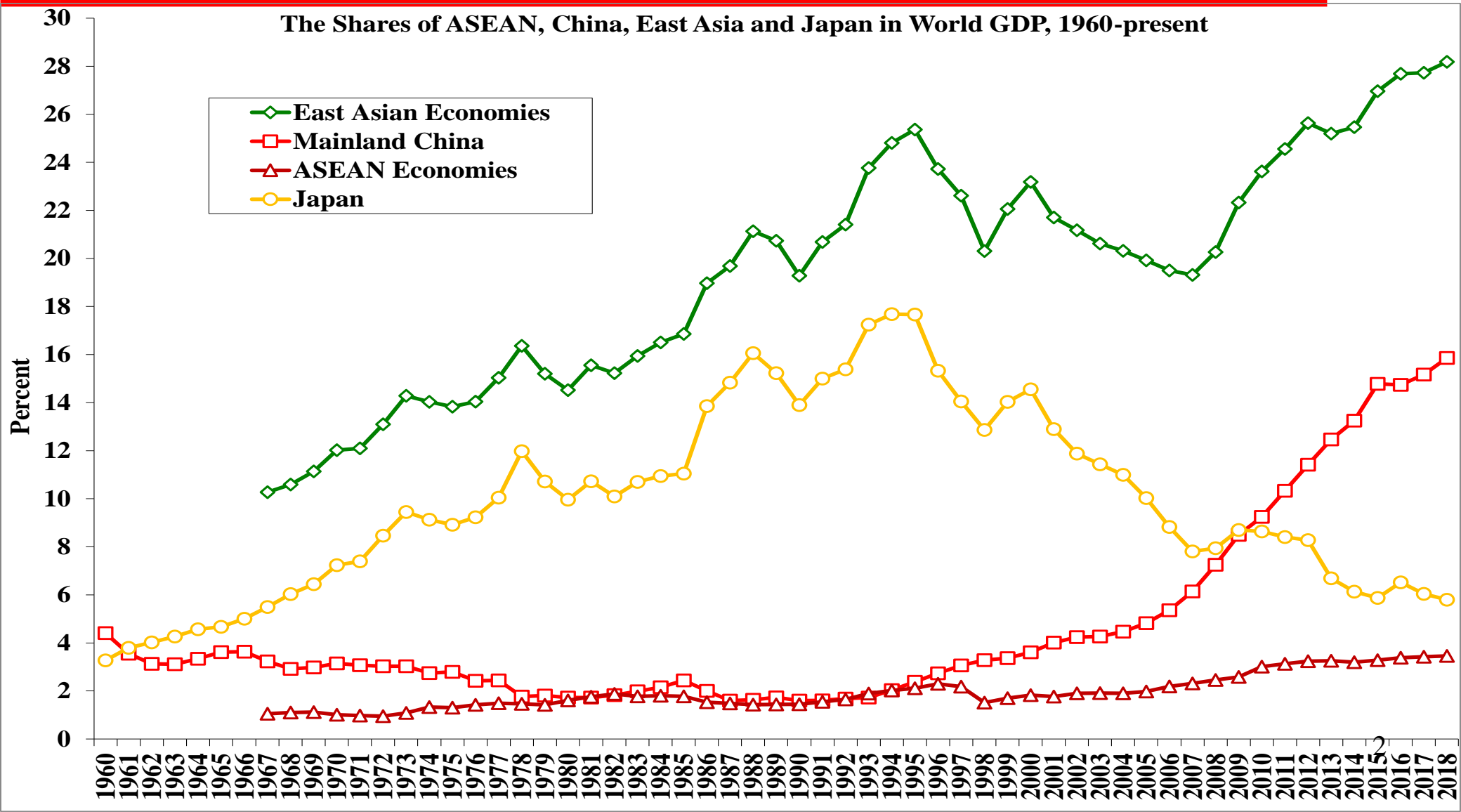
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# The Shares of ASEAN, China, East Asia and Japan in World GDP, 1960-present

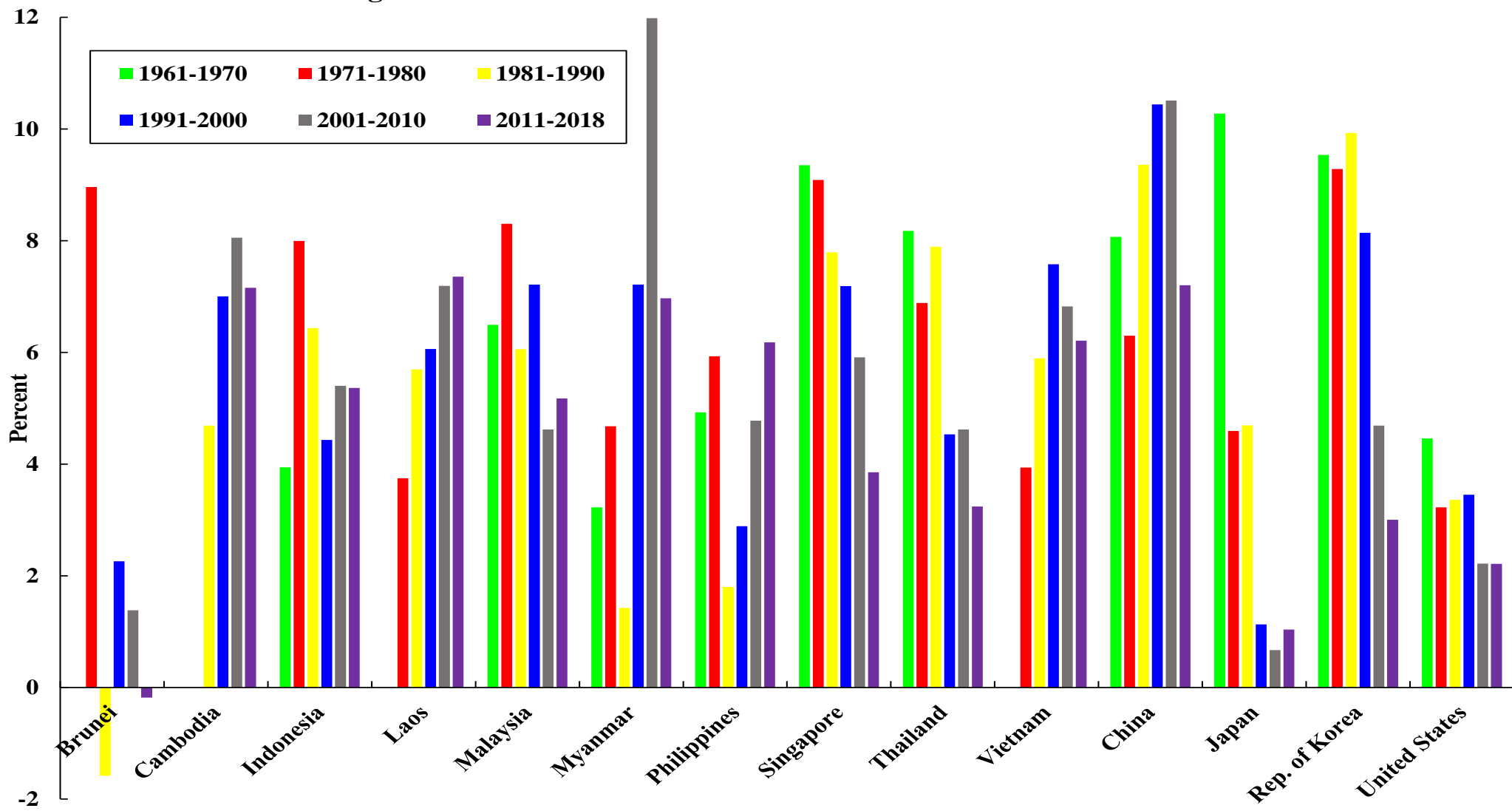


# The State of the ASEAN Economies, 2018

ASEAN COUNTRIES	POPULATION	GDP	GDP PER CAPITA	EXPORTS OF GOODS AND SERVICES	IMPORTS OF GOODS AND SERVICES	TOTAL INTERNATIONAL TRADE	TRADE-GDP RATIO	RATE OF INFLATION, CONSUMER PRICE INDEX	RATE OF INFLATION, GDP DEFLATOR
	Mid-year, million persons	USD billions	USD	USD billions	USD billions	USD billions	percent	annual percent	annual percent
Brunei	0.43	13.57	31,627.74	7.04	5.68	12.72	93.78	0.15	9.22
Cambodia	16.25	24.57	1,512.13	18.41	21.82	40.24	163.75	2.50	3.06
Indonesia	267.66	1,042.17	3,893.60	208.73	216.23	424.96	40.78	3.20	3.83
Laos	7.06	18.13	2,567.54	6.22	7.32	13.53	74.65	2.04	1.69
Malaysia	31.53	354.35	11,238.96	246.47	221.34	467.81	132.02	0.88	0.88
Myanmar	53.71	71.21	1,325.95	15.76	18.87	34.63	48.63	6.87	8.28
Philippines	106.65	330.91	3,102.71	89.14	127.69	216.83	65.52	5.21	3.76
Singapore	5.64	364.16	64,581.94	642.27	545.55	1,187.82	326.18	0.44	1.91
Thailand	69.43	504.99	7,273.56	336.29	285.10	621.39	123.05	1.06	1.41
Vietnam	95.54	244.95	2,563.82	258.50	245.64	504.13	205.81	3.54	3.27

# Decade Average Annual Rates of Growth of Real GDP of ASEAN and Selected Economies

Decade Average Annual Rates of Growth of Real GDP of ASEAN and Selected Economies



# The Adequacy of the Official Foreign Exchange Reserves of ASEAN Economies

<b>Country</b>	<b>Foreign exchange reserves in 2018 (as of end of period)(in million US\$)</b>	<b>Value of imports of goods and services in 2018 (in million US\$)</b>	<b>Total foreign-currency debt (due within 12 months) in 2018 (in million US\$)</b>	<b>(6 months of imports of goods and services + total foreign-currency debt due within 12 months)/total foreign exchange reserves</b>
Brunei	3,407	5,682	0	0.83
Cambodia	13,373	21,823	2,366	0.99
Indonesia	117,425	216,235	53,007	1.37
Laos	944	7,318	404	4.30
Malaysia	101,444	221,336	100,514	2.08
Myanmar	5,347	18,866	879	1.93
Philippines	71,040	127,686	16,068	1.12
Singapore	287,673	545,548	1,121,711	4.85
Thailand	199,296	285,103	60,305	1.02
Vietnam	55,453	245,637	19,585	2.57

# **A Comparison of China and the U.S. Ranks among ASEAN Economies by Total Trade, '18**

<b>ASEAN Countries</b>	<b>Chinese Rank as Trading Partner of Country/Region</b>	<b>U.S. Rank as Trading Partner of Country/Region</b>	<b>1 if the trade rank of China is higher than that of the U.S., 0 otherwise</b>
<b>Brunei</b>	<b>1</b>	<b>6</b>	<b>1</b>
<b>Cambodia</b>	<b>1</b>	<b>2</b>	<b>1</b>
<b>Indonesia</b>	<b>1</b>	<b>3</b>	<b>1</b>
<b>Laos</b>	<b>2</b>	<b>5</b>	<b>1</b>
<b>Malaysia</b>	<b>1</b>	<b>3</b>	<b>1</b>
<b>Myanmar</b>	<b>1</b>	<b>6</b>	<b>1</b>
<b>Philippines</b>	<b>1</b>	<b>2</b>	<b>1</b>
<b>Singapore</b>	<b>1</b>	<b>2</b>	<b>1</b>
<b>Thailand</b>	<b>1</b>	<b>2</b>	<b>1</b>
<b>Vietnam</b>	<b>1</b>	<b>2</b>	<b>1</b>

# A Comparison of China and the U.S. Ranks among ASEAN Economies by Exports, 2018

<b>ASEAN Countries</b>	<b>Chinese Rank as Export Destination of Country/Region</b>	<b>U.S. Rank as Export Destination of Country/Region</b>	<b>1 if the rank of China is higher than that of the U.S., 0 otherwise</b>
<b>Brunei</b>	<b>6</b>	<b>7</b>	<b>1</b>
<b>Cambodia</b>	<b>3</b>	<b>1</b>	<b>0</b>
<b>Indonesia</b>	<b>1</b>	<b>2</b>	<b>1</b>
<b>Laos</b>	<b>2</b>	<b>4</b>	<b>1</b>
<b>Malaysia</b>	<b>2</b>	<b>3</b>	<b>1</b>
<b>Myanmar</b>	<b>1</b>	<b>7</b>	<b>1</b>
<b>Philippines</b>	<b>2</b>	<b>1</b>	<b>0</b>
<b>Singapore</b>	<b>1</b>	<b>4</b>	<b>1</b>
<b>Thailand</b>	<b>1</b>	<b>2</b>	<b>1</b>
<b>Vietnam</b>	<b>2</b>	<b>1</b>	<b>0</b>

# A Comparison of China and the U.S. Ranks among ASEAN Economies by Imports, 2018

<b>ASEAN Countries</b>	<b>Chinese Rank as Import Origin of Country/Region</b>	<b>U.S. Rank as Import Origin of Country/Region</b>	<b>1 if the rank of China is higher than that of the U.S., 0 otherwise</b>
<b>Brunei</b>	<b>1</b>	<b>3</b>	<b>1</b>
<b>Cambodia</b>	<b>1</b>	<b>9</b>	<b>1</b>
<b>Indonesia</b>	<b>1</b>	<b>4</b>	<b>1</b>
<b>Laos</b>	<b>2</b>	<b>13</b>	<b>1</b>
<b>Malaysia</b>	<b>1</b>	<b>3</b>	<b>1</b>
<b>Myanmar</b>	<b>1</b>	<b>7</b>	<b>1</b>
<b>Philippines</b>	<b>1</b>	<b>2</b>	<b>1</b>
<b>Singapore</b>	<b>1</b>	<b>2</b>	<b>1</b>
<b>Thailand</b>	<b>1</b>	<b>2</b>	<b>1</b>
<b>Vietnam</b>	<b>1</b>	<b>3</b>	<b>1</b>



# Concluding Remarks

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- ◆ The ASEAN region is poised for a period of rapid economic growth. Its GDP is likely to grow at twice the rate of growth of world GDP. The diversity of the stages of economic development among the ASEAN countries, ranging from Singapore to Myanmar, actually enhances the benefits of economic cooperation and integration.
- ◆ China is the largest trading-partner country of all of the ASEAN countries except one (Laos). It is also the most important import origin of all of the ASEAN countries except one (Laos). It is a more important export destination than the U.S. in seven out of ten ASEAN countries. It is also fast becoming the largest foreign direct investor in these countries.
- ◆ The China-U.S. trade war will have negative impacts on both the Chinese and the U.S. economies, but they will be limited and completely manageable. Even if Chinese exports to the U.S. were totally halted, the maximum damage to the Chinese economy may be estimated at 2.4 percent of its GDP. For the U.S., it will be even smaller, around 0.5 percent of GDP, assuming that U.S. exports to China were also completely halted.
- ◆ However, the trade war is not only about trade alone. There are two forces at work behind the trade war: One is competition for economic and technological dominance between China and the U.S., which is probably not avoidable; the other is the rise of isolationist, nationalist, populist and protectionist sentiments in the world and in particular in the U.S. This will be the “new normal”.

# Concluding Remarks

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- ◆ The ASEAN economies may well turn out to be the unintended beneficiaries of the China-U.S. trade war. Many exporters already have operations in the ASEAN and they only have to deliver their merchandise from their ASEAN operations, e.g., Vietnam, Cambodia, or Indonesia, rather than their Chinese operations. The trade war, even if a “Phase I” agreement is reached, will accelerate the process of second-sourcing and migration of light manufacturing industries and processing and assembly operations from China, which already began in 2010.
- ◆ The “Maritime Silk Road” component of the Chinese Belt and Road Initiative will enhance connectivity and cultural and economic exchange between China and the ASEAN region.
- ◆ The Regional Comprehensive Economic Partnership (RCEP) initiative, which includes ASEAN + 3 (China, Japan and Republic of Korea) + Australia and New Zealand, appears ready to move forward. However, India has decided to opt out of RCEP in 2019.
- ◆ There is no need for ASEAN countries to choose between China and the U.S. because the competition between China and the U.S., is different from the earlier competition between the former Soviet Union and the U.S. in that it is not existential. Unlike the former Soviet Union, China has no desire or intention to impose its system on other countries. The emphasis on “Chinese characteristics” reflects the fact that China will adopt a system that is suitable for its own purposes given its economic, political and social conditions. Likewise, it also reflects its recognition that other countries will choose systems with their own individual characteristics.

# The Distribution of U.S. Apparel Imports by Countries and Regions of Origin

