



The East Asian economic integration experiment

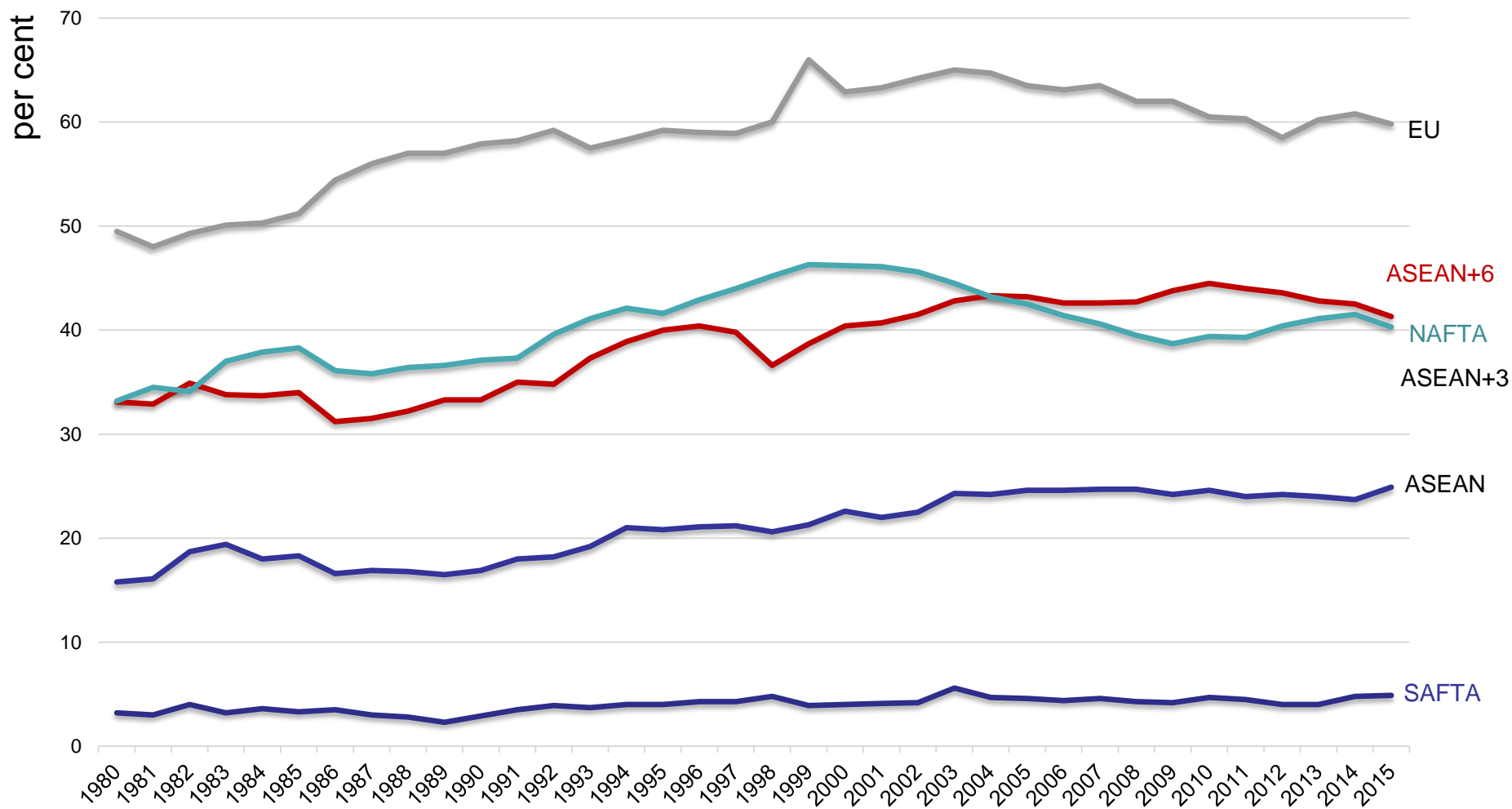
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Brexit and Trade Choices in Europe and Beyond
National Institute of Economic and Social Research and Centre for
Economic Policy Research
London, 7 February 2018

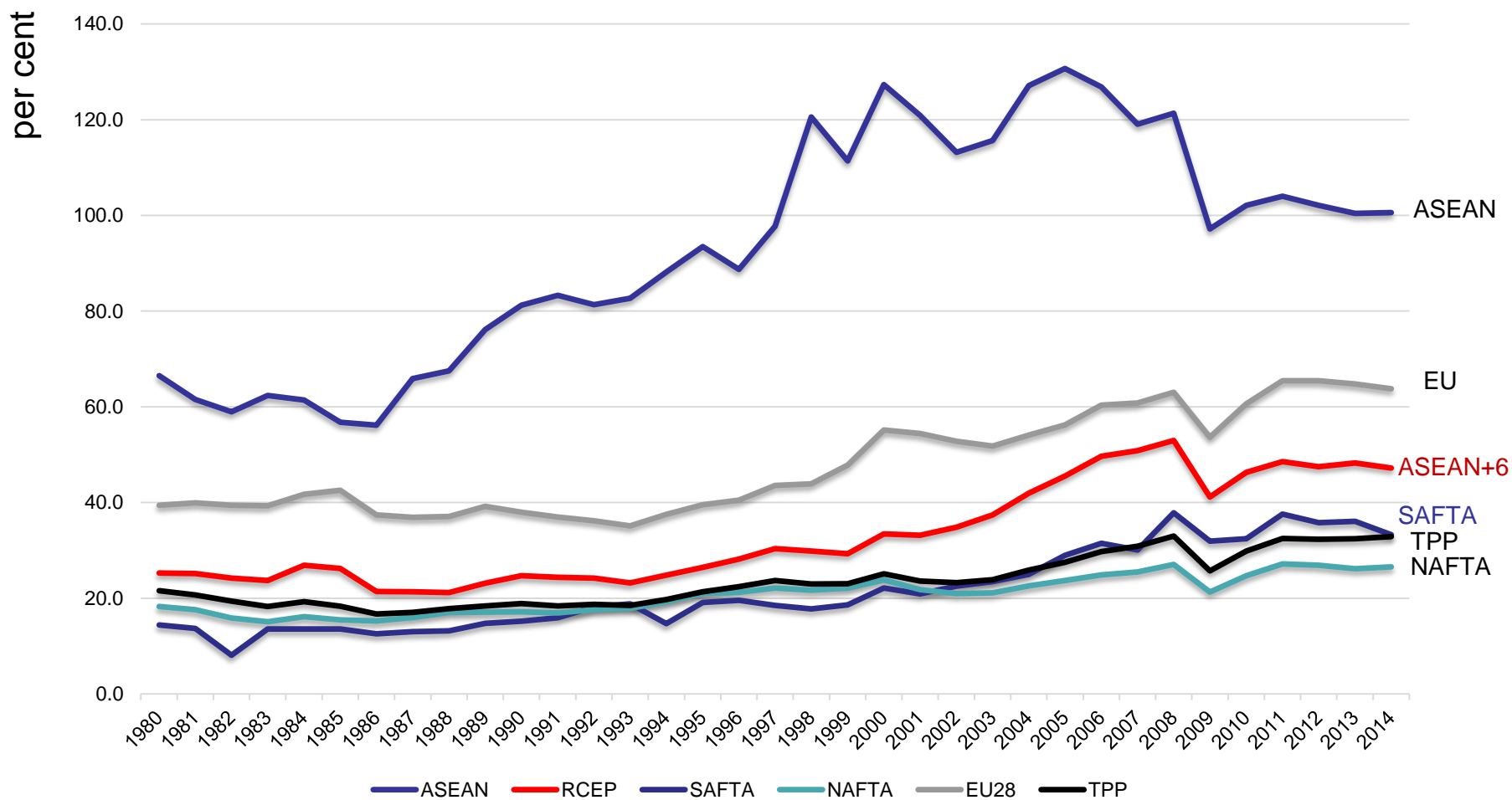
Character of East Asian regionalism

- East Asian trade integration on par with Europe
 - Achievement of trade potential higher than Europe (Pangestu and Armstrong, 2018)
- Characterised by open regionalism
 - ASEAN and APEC increase achievement of trade potential with non-members, no trade diversion (Armstrong, 2012; PC 2010)
- Commitment to openness for development
 - Concerted unilateral liberalization in the 1980s and 90s

Intra-regional trade shares



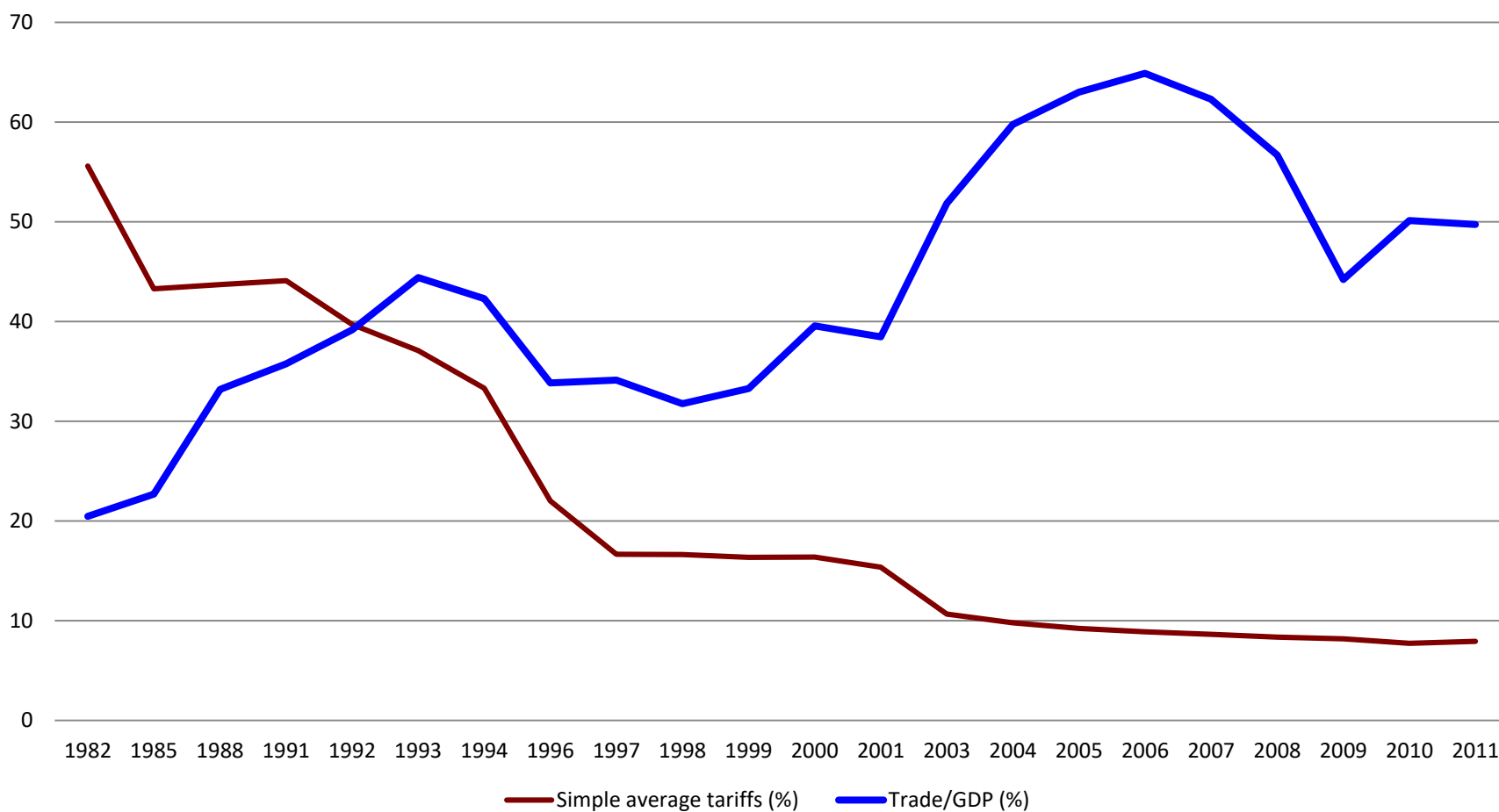
Merchandise trade as percentage of GDP, 1980-2014



Asian regionalism

- Weak or loose regional institutions
 - Lack of political closeness between countries
 - Diversity in systems and levels of development
 - No supranational authority in regional arrangements
 - Voluntary, non-binding commitment
- Arrangements that rely on and support the global system
 - APEC and open arrangements
 - Japan-China 3rd largest economic relationship globally despite political distance and managed under global framework: disputes settled in WTO
- FTAs have not played a significant role

China trade/GDP and China's tariff rate

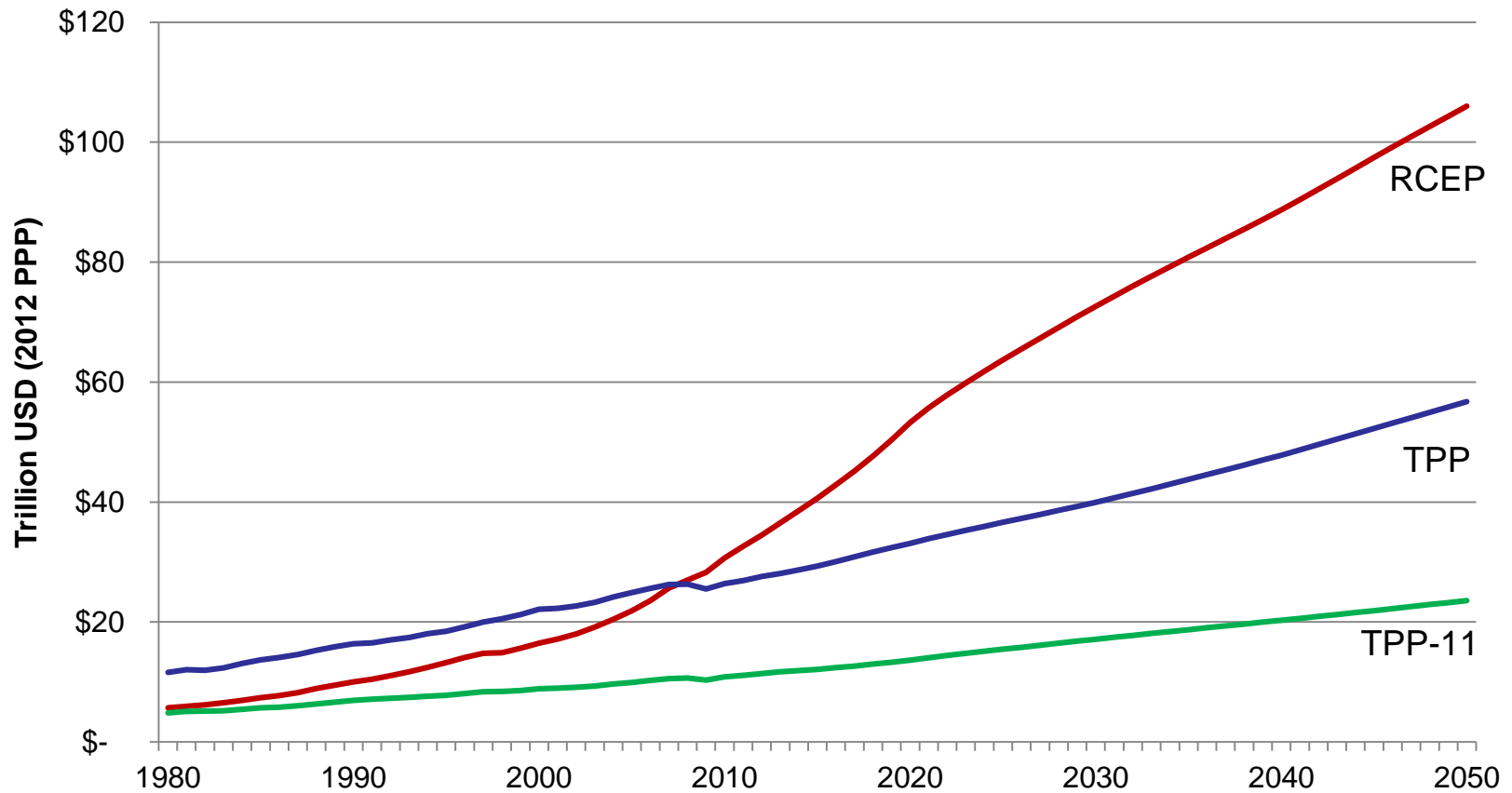


Source: UN Comtrade, World Development Indicators and MOFCOM

The forward agenda and global interest

- Progressing an ASEAN+6 agreement: RCEP
 - strategic importance given grouping and weight
 - Asian cooperation with binding commitments and economic cooperation agenda
- Securing a TPP-11
 - Frozen IP provisions and possible expansion
 - Keeping arrangements open to the US
- A regional dialogue on social protections and spreading gains from trade and innovation (RCEP, APEC)

RCEP vs TPP vs TPP-11 GDPs



Source: Author's calculations from Hubbard and Sharma 2016