



Regional Trade Integration in Asia: Opportunities for the Private Sector

9th ASEAN Leadership Forum

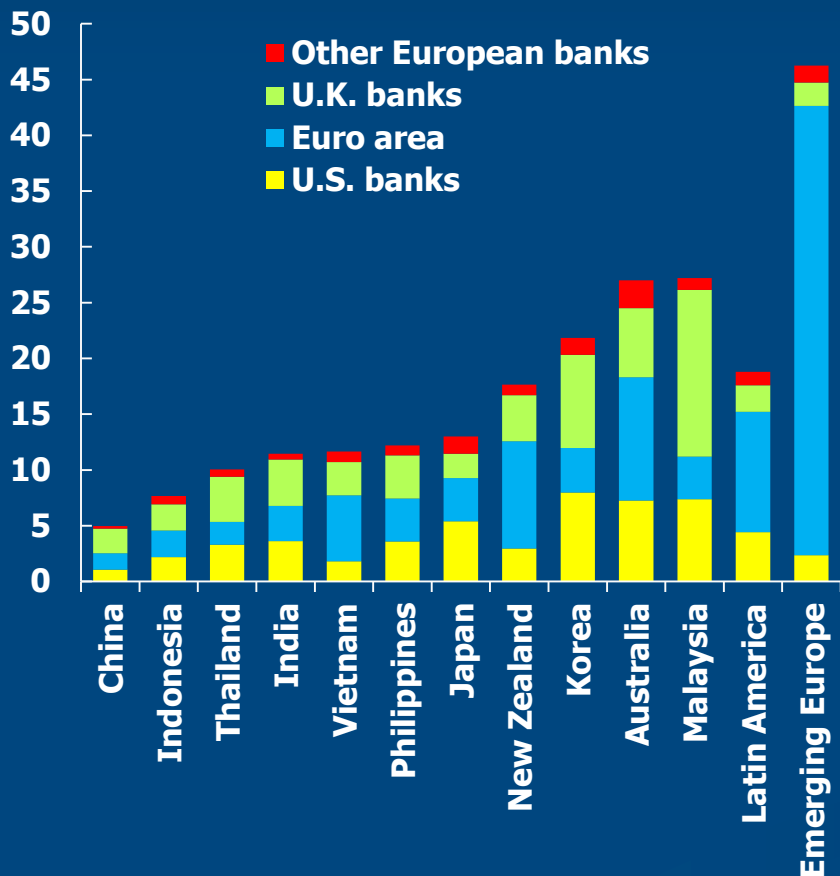
Faisal Ahmed

IMF Resident Representative, Cambodia

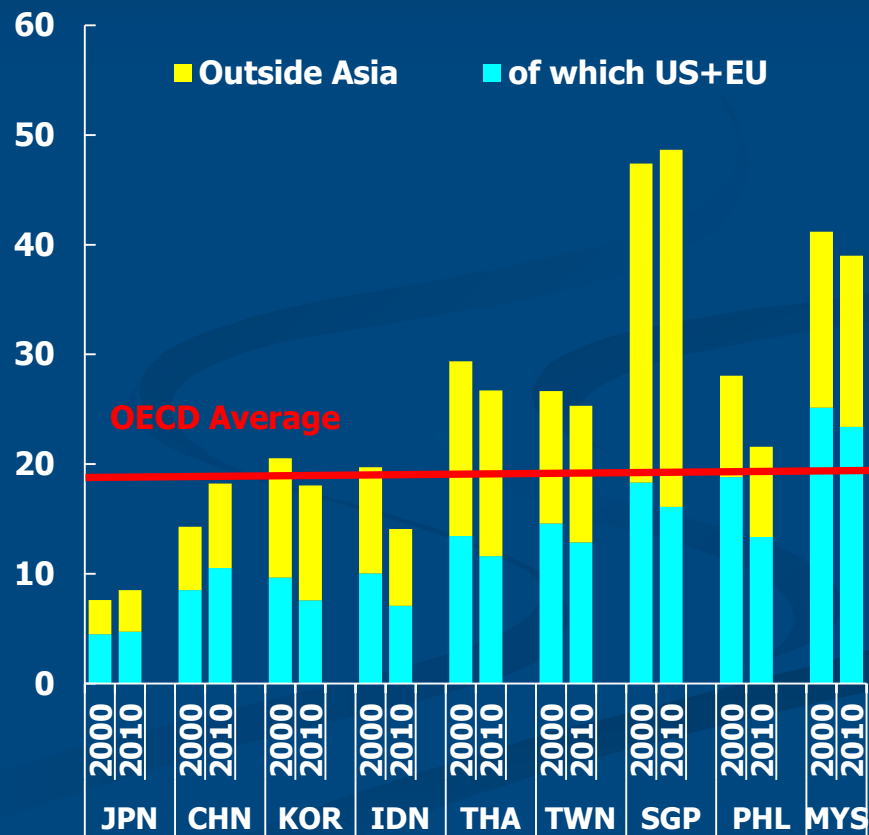
April 5, 2012

While ASEAN has become more resilient, it remains exposed to external shocks

European and U.S. Banks' Foreign Claims on Selected Asian and other EM Economies
(In percent of GDP; as of 2011:Q3)

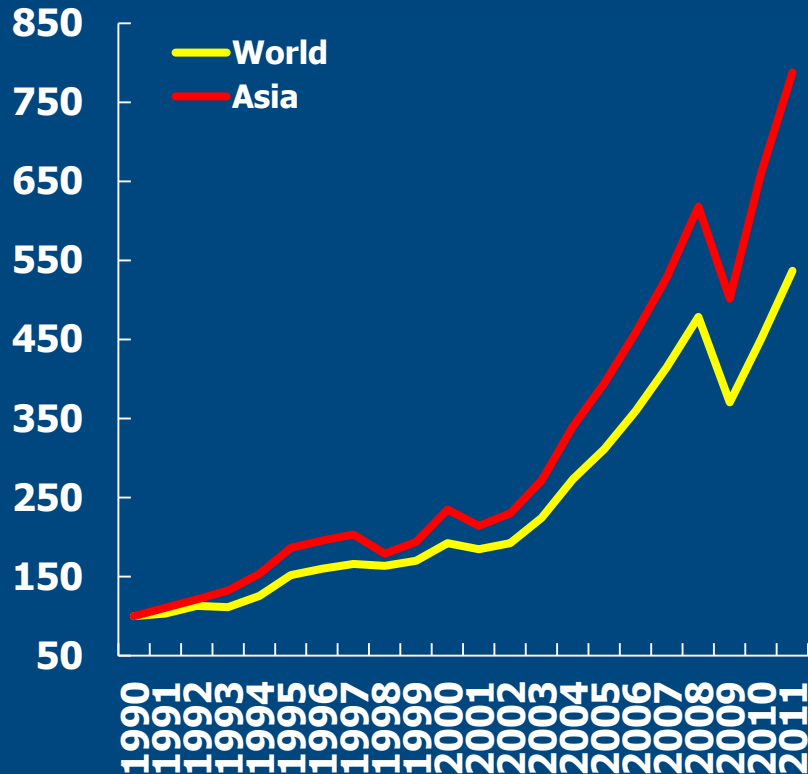


Value Added Exported, by Destination
(In percent of GDP)

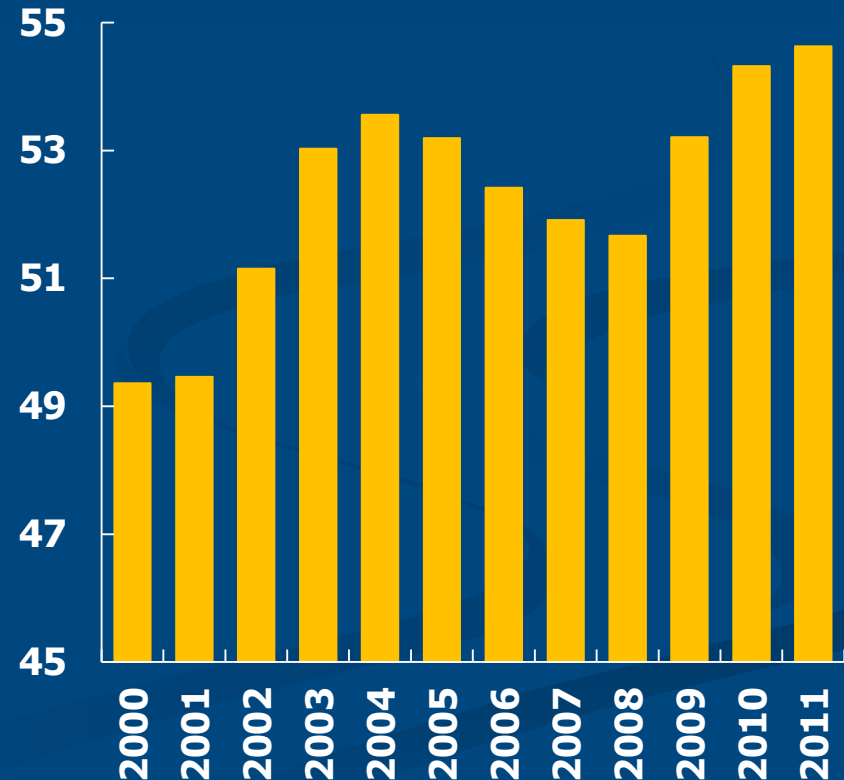


Trade within Asia has driven growth in global trade.

**Global Trade in Goods
(Exports plus Imports)**
(Index; 1990=100)



Asia: Intra-Regional Goods Exports
(In percent of total Asian goods exports)

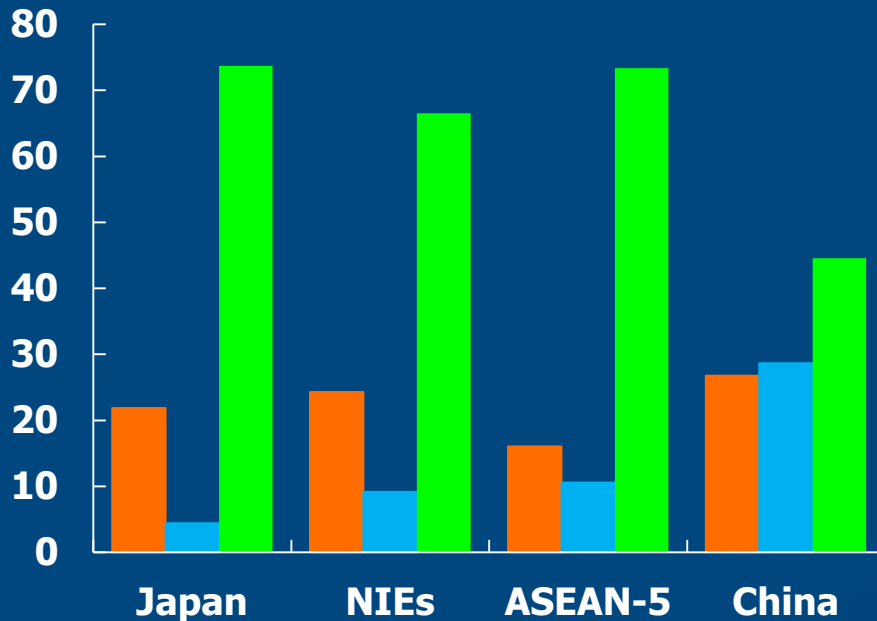


Trade within Asia has been fuelled by vertical integration; centered on China

Selected Asia: Contribution to Export Growth

(In percent of total export growth; 1998-2009)

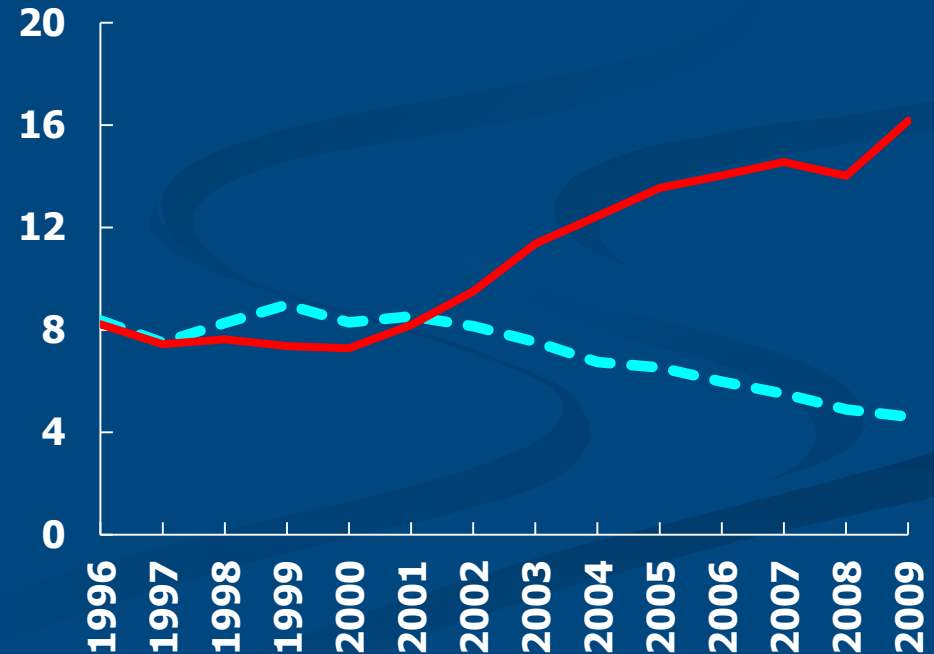
- Capital goods
- Consumer goods
- Intermediate goods



Asia (excl. China): Exports to G2 and China

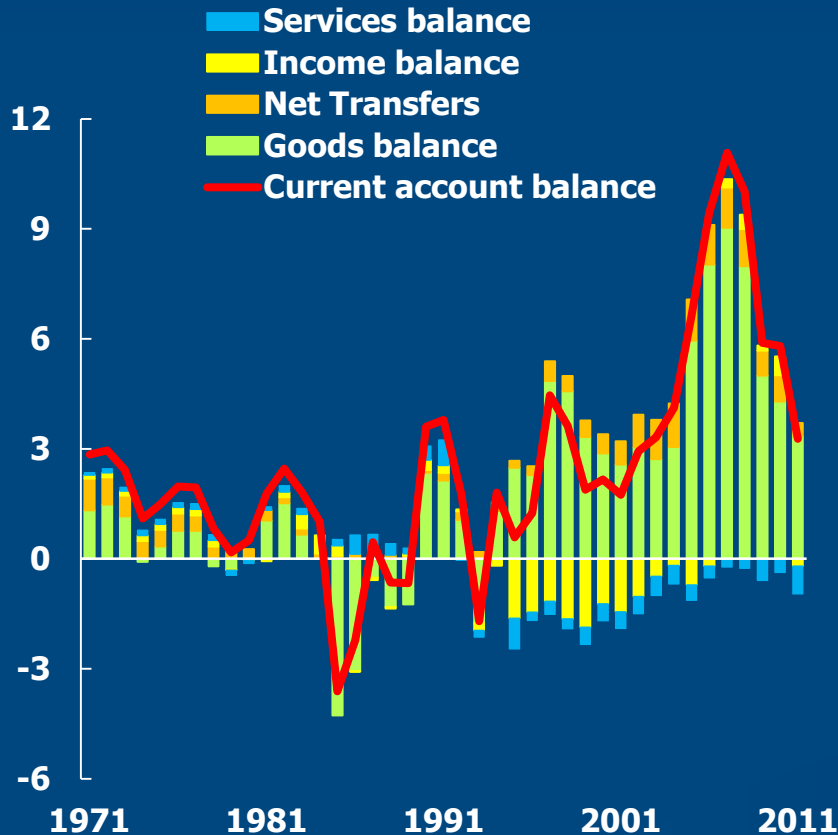
(In percent of total exports)

- Consumer goods exports to G-2
- Intermediate goods exports to China

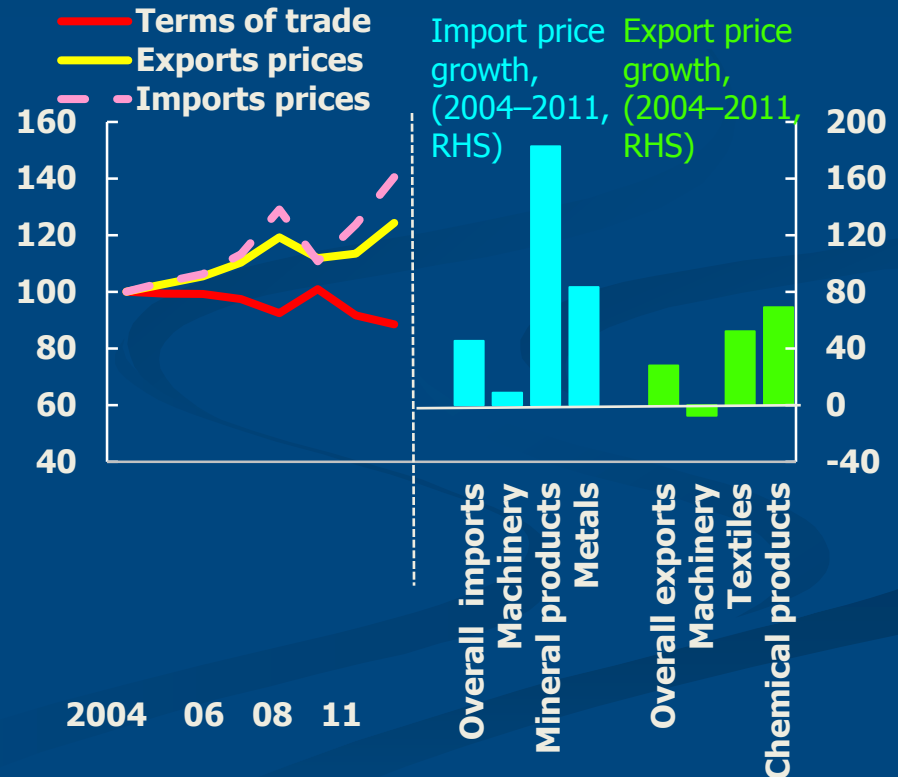


However, China's role may be changing in important ways

China: Current Account and Components
(In percent of GDP)

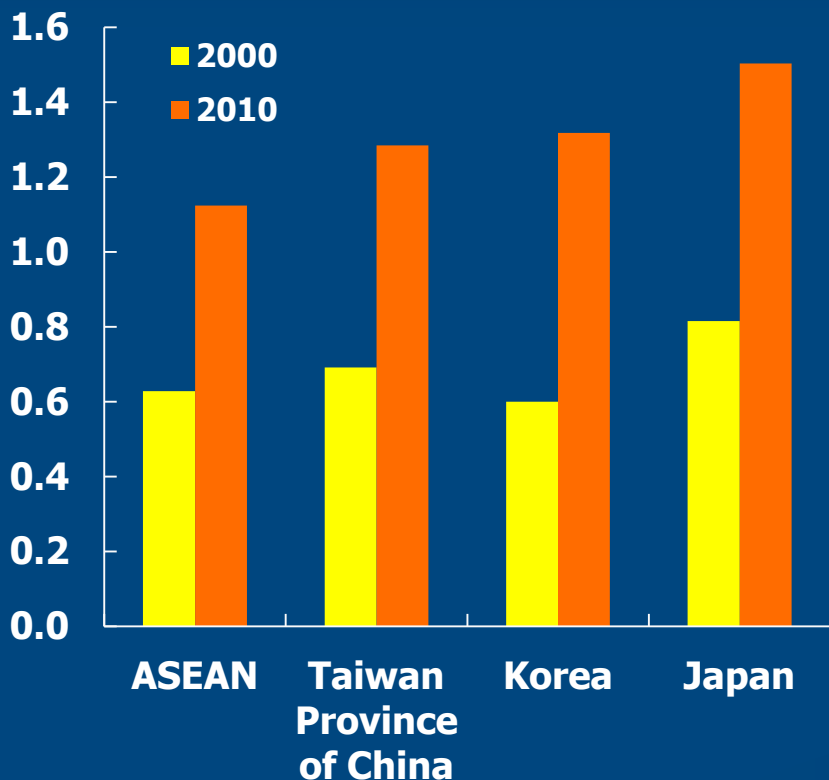


China: Terms of Trade
(Index: 2004=100)

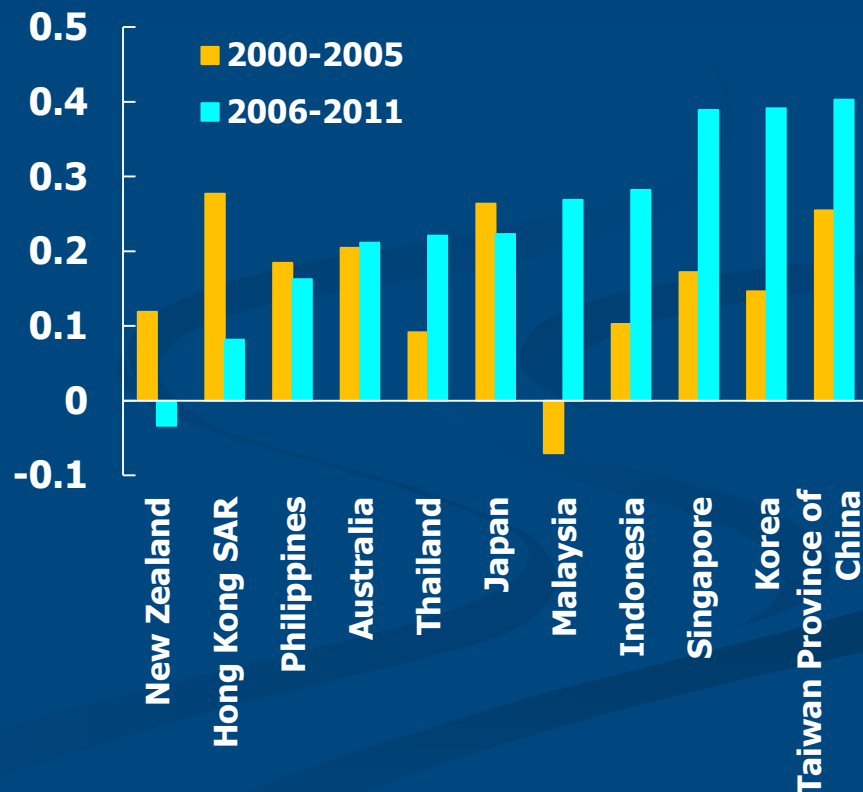


With implications for Asian trading partners

Selected Asia: Domestic Value Added in Exports to China
(Investment goods relative to consumer goods)

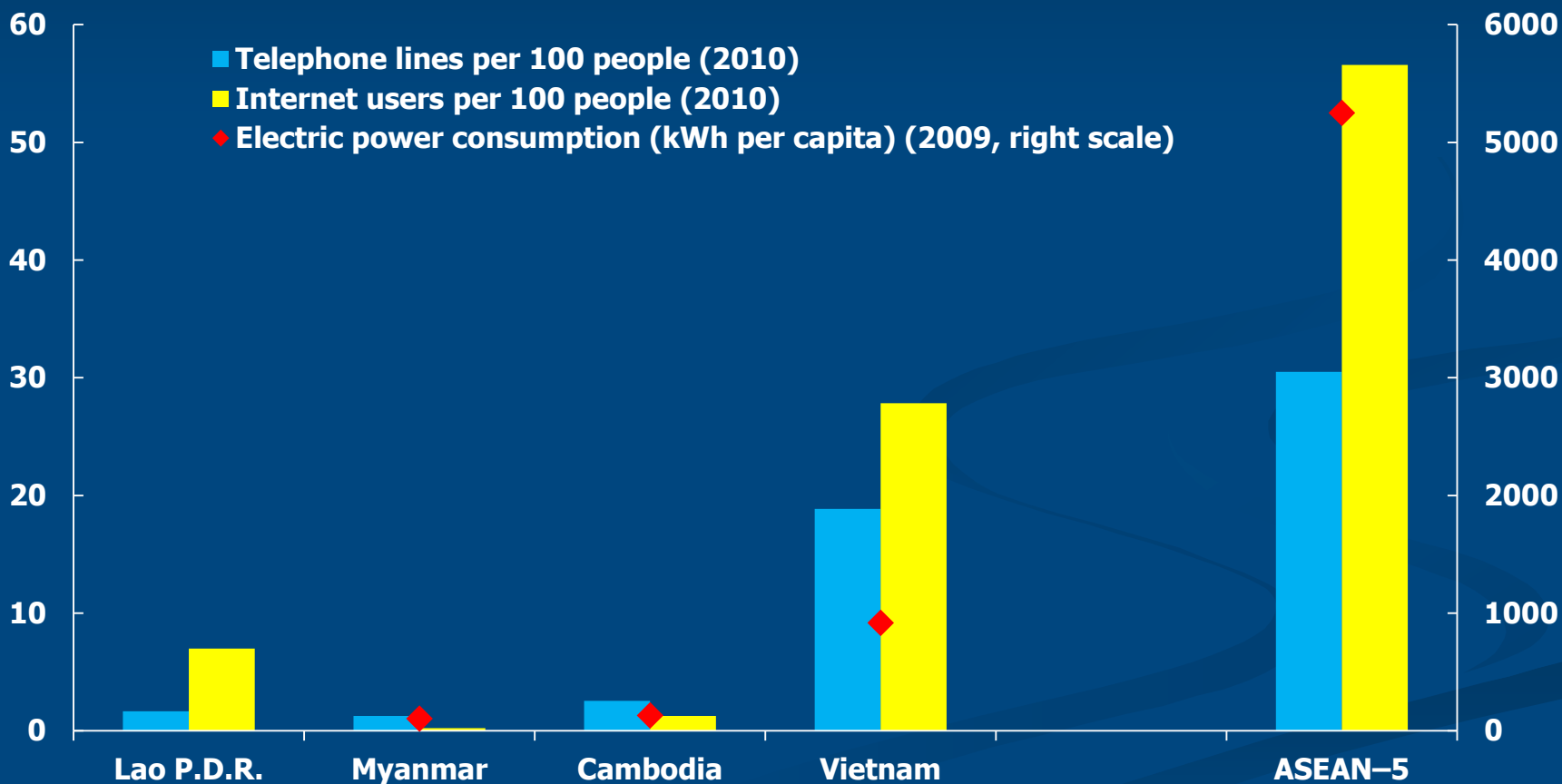


Selected Asia: Correlation of Exports to China with Chinese Exports
(1 quarter lag)



Filling the infrastructure gap in ASEAN LICs is a major longer-term priority

Infrastructure Indicators





Conclusions

- Growth in ASEAN is set to gain momentum, but exposures to outside risks are significant
- Promoting economic rebalancing and inclusive growth remain key priorities
- Trade integration within Asia means that rebalancing in China will provide opportunities and challenges
- ASEAN connectivity – through both hard and soft infrastructure – is critical to take advantage of Asian rebalancing.



THANK YOU.