

# Thailand and the China-ASEAN FTA\*

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## IMPACTS OF CHINA'S RAPID DEVELOPMENT ON THAILAND

With a population of over 1.3 billion and a workforce of about 700 million workers, the integration of China into the world economy is bound to have significant impacts. This is the case irrespective of whether China joins the WTO or not, or whether China carries out free trade agreements (FTAs) with some regions or group of countries or not. Between 1990-2001, China's exports increased from about US\$ 62.1 billion to about US\$ 266.2 billion, while imports increased from about US\$ 53.3 billion to about US\$ 243.6 billion during the same period. China's share of world exports increased from about 1.8 percent to about 4.5 percent between 1990-2001 (Table 1).

**Table 1 China's Merchandise Exports and Imports**

(Million US\$)

	Exports	Imports	Export Share in World Trade
1990	62,091	53,345	1.81%
1991	71,843	63,791	2.04%
1992	84,940	80,585	2.26%
1993	91,744	103,959	2.44%
1994	121,006	115,614	2.83%
1995	148,780	132,084	2.91%
1996	151,048	138,833	2.83%
1997	182,792	142,370	3.31%
1998	183,809	140,237	3.38%
1999	194,931	165,699	3.48%
2000	249,210	225,094	3.99%
2001	266,160	243,610	4.45%
Average Growth Rate per Annum	14.15%	14.81%	

Sources: ADB and WTO.

Comparing the data for China with that for ASEAN countries in Table 2, it can be seen that ASEAN exports also grew substantially between 1990-2001, from about US\$ 142.1 billion in 1990 to about US\$ 384 billion in 2001. While the rate of growth of ASEAN

exports was slower than China's rate during this period, total ASEAN exports are still larger than those of China.<sup>1</sup> In more recent years, however, China has been quickly catching up with ASEAN in terms of total export value. Between 1990-1995, the absolute increase in ASEAN's exports was much larger than that for China, with ASEAN exports increasing by about US\$ 177.1 billion between 1990-95 compared to an increase of about US\$ 86.7 billion for China. The situation became reverse between 1995-2001, with ASEAN exports increasing by about US\$ 65.0 billion while China's exports increased by about US\$ 117.4 billion. This may indicate that demand is shifting away from exports of ASEAN to those from China, and should be a source of concern for most of the ASEAN countries. However, to get a more accurate picture of the potential competition between China and various ASEAN economies, one needs to compare in more detailed the trade structures of the ASEAN economies with China.

**Table 2 ASEAN's Merchandise Exports**

(Million US\$)

	Exports	Share in World Exports
1990	142,111	4.13%
1991	162,915	4.61%
1992	184,134	4.90%
1993	210,708	5.60%
1994	260,319	6.08%
1995	319,190	6.23%
1996	338,921	6.35%
1997	351,567	6.37%
1998	327,798	6.03%
1999	355,616	6.34%
2000	423,424	6.78%
2001	384,177	6.42%
Average Growth Rate per Annum	9.46%	

Note: Excluding Brunei.

Sources: ADB and WTO.

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For Thailand, the Thailand Development Research Institute has recently carried out a detailed study of Thailand's changing trade competitiveness and trade structures (Apichat et al. 2002). Some of the analyses in that study give insight into the relationships between Thailand and China's trade patterns and competitiveness.

The similarities of trade patterns between Thailand and other countries were studied by computing the Spearman's rank correlation between the Revealed Comparative Advantages (RCA) ranking of various product groups.<sup>2</sup> The data used was from PC-TAS for the year 2000 and covered about 100 product groups according to the Harmonized System (HS) of trade classification.<sup>3</sup> The rank correlations with Thailand were calculated for about 35 countries, and the results are shown in Figure 1.

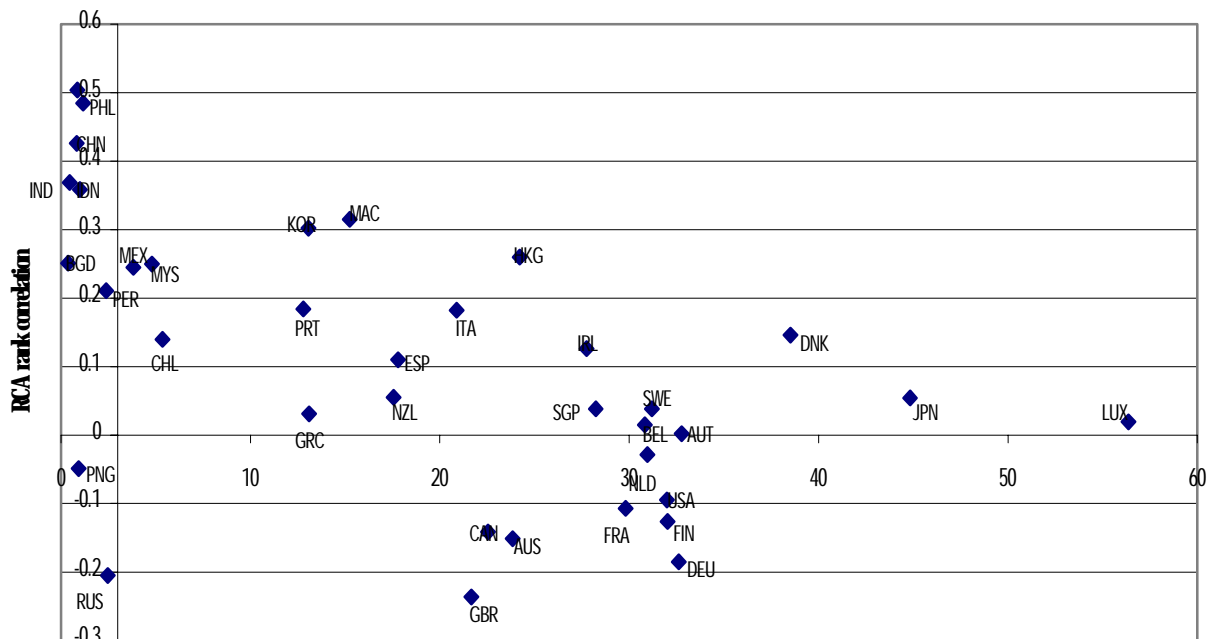
In Figure 1, the RCA rank coefficients are given along the vertical axis. The horizontal axis shows the per capita GDP of the various countries as an indicator of the relative cost of production in various countries. The vertical line toward the left of the figure indicates Thailand's level of per capita GDP. Countries with negative rank correlations or with a rank correlation not too far away from zero are those who do not compete directly with Thailand, and their demand structure may be complementary with the structure of Thailand's exports. For such countries, those that have a higher per capita income compared to Thailand are good potential markets for Thai exports, as consumers in these countries will be relatively well off. In Figure 1, some of the more significant countries in this group include the United States, Canada, Australia, Germany,

France, Japan and Singapore, basically the developed economies.

Countries with fairly high (and positive) rank correlations have similar export structures to Thailand. These countries tend to be competitive with Thailand in export markets. Such countries that also have lower per capita GDP to Thailand are particularly strong competitors, as they are likely to have lower cost of production. These countries include the Philippines, China, Indonesia and India. Thus, China is certainly one country that is a strong competitor to Thailand given the similarities of trade structures and lower cost of production.<sup>4</sup>

To look in more detailed at the similarities of export structures between Thailand and China, the RCA rank correlations can be carried out within various product groupings. Table 3 shows the rank correlations of RCA's within various International Standard Industrial Classification (ISIC) product codes, with the meanings of the ISIC codes shown in Table 4. Table 3 also shows the number of product items within each ISIC group and the value share of each group in Thailand's exports for 2000. It can be seen that the groups with relative high rank correlation coefficients and also significant shares in Thai exports include the followings: ISIC1 (Agriculture, Hunting, Forestry and Fishing), ISIC31 (Manufacture of Food, Beverages and Tobacco), ISIC32 (Textile, Wearing Apparel and Leather Industries), and ISIC38 (Manufacture of Fabricated Metal Products, Machinery and Equipment). These groups altogether account for about 75 percent of total Thai merchandise exports. Thus, the likely competition with China covers a very broad range of Thai exports.

Figure 1 Thailand's RCA Rank Correlation With Various Countries



Source: Computed from PC-TAS. GDP per capita from World Bank.

GDP per capita US\$ 1,000

**Table 3 Rank Correlation with China within Product Groups**

Product Group	Rank Correlation	No. of Product Items	Share in Thailand's Export (%)	Intra-Industry Trade Index (IIT)
ISIC1	0.32**	372	6.75	0.3
ISIC2	-0.02	112	1.45	0.6
ISIC31	0.43**	381	10.56	0.1
ISIC32	0.17**	863	10.48	0.9
ISIC33	0.65**	70	2.02	0.0
ISIC34	0.37**	151	1.26	0.1
ISIC35	-0.09**	1000	10.51	0.9
ISIC36	0.11	153	1.74	0.1
ISIC37	0.19**	358	2.19	0.2
ISIC38	0.33**	1317	46.91	18.9
ISIC39	0.18*	168	3.71	0.1

\*\* Correlation is significant at the .01 level (2-tailed).

\* Correlation is significant at the .05 level (2-tailed).

Source: Apichat et al. 2002. Calculated from data in PC-TAS, 2002.

**Table 4 International Standard Industrial Classification (ISIC Revision 2)**

1	Agriculture, Hunting, Forestry and Fishing
11	Agriculture and Hunting
12	Forestry and Logging
13	Fishing
2	Mining and Quarrying
21	Coal Mining
22	Crude Petroleum and Natural Gas Production
23	Metal Ore Mining
29	Other Mining
3	Manufacturing
31	Manufacture of Food, Beverages and Tobacco
32	Textile, Wearing Apparel and Leather Industries
33	Manufacture of Wood and Wood Products, Including Furniture
34	Manufacture of Paper and Paper Products, Printing and Publishing
35	Manufacture of Chemicals and Chemical, Petroleum, Coal, Rubber and Plastic Products
36	Manufacture of Non-Metallic Mineral Products, Except Products of Petroleum and Coal
37	Basic Metal Industries
38	Manufacture of Fabricated Metal Products, Machinery and Equipment
39	Other Manufacturing Industries

The above analysis shows that there are many similarities between the structure of Thai and Chinese exports. This suggests that the two countries are very competitive in the global export markets. An additional factor can be investigated further, and this is whether the two countries have a lot of mutual trade with each other in various product groups. Thus, while the export structures may be similar, if the two countries have a lot of intra-sector trading, then the similarity of export structures may indicate complementarities in trade as well as competitiveness. Thus, there could be a lot of intra-industry trading between the two countries. To check on this, one can look at the so-called Intra-Industry Trade Index (IIT).<sup>5</sup> An IIT value close to 100 suggests a lot of intra-industry trading, and the growth in one country's exports could lead to a lot of demand for the other country's exports; for example through demand for intermediate products.

The IIT values for various product groups between Thailand and China are given in the last column

of Table 3. It can be seen that for most of the product groups, the IIT values between Thailand and China are fairly low, suggesting little complementarities between the export structures of the two countries. The only product group that the IIT Index is fairly high is the ISIC38 group (Manufacture of Fabricated Metal Products, Machinery and Equipment). Thus, in this group there could be some bilateral trading in machinery, equipment and parts. However, the overall IIT values suggest that Thailand and China are likely to be much more competitive rather than complementary in external trade.

To be more specific about Thai products that are facing strong competition from China in various export markets, one can look at product groups in major Thai export markets where Thailand has recently suffered declines in market shares and where China's market shares have been increasing. The relevant product groups in the US, EU and Japanese markets are given in Table 5.

**Table 5 Sectors with Recent Declining Thai Shares and Increasing Chinese Shares by Markets**

US Market	EU Market	Japanese Market
Shoes and Accessories	Garments	Animal Feed
Telecommunications Related	Textiles	Garments
Printed Circuits	Air Conditioners and Parts	Furniture
Electrical Appliances and Parts	Video and Audio Equipments	Plastic Products
	Television and Parts	Television and Parts
		Refrigerators and Parts

Source: From PC-TAS data, 2002.

As with the earlier analyses, Table 5 shows that the product groups that appear to be significantly affected by Chinese competition are very broad, ranging from food sectors to labor intensive manufacturing to the more technologically intensive products. This suggests that China's range of competitive advantage over Thailand is rather broad, and the emergence of China into the world market has and will significantly affect Thailand, irrespective of China's entry into the WTO or an FTA between China and ASEAN (or bilaterally with Thailand).

#### CHINA-ASEAN FTA

The "Framework Agreement on Comprehensive Economic Cooperation between the Association of Southeast Asian Nations and the People's Republic of China" was signed on November 4, 2002 in Phnom Penh, and is planned to be applicable on July 1, 2003. This is only about one year after the idea was introduced by China in 2001, and may appear rather surprising given the high competitiveness of the Chinese economy in a broad range of product areas. There are however various possible reasons why the China-ASEAN economic cooperation framework has progressed very quickly.

First, the Chinese economy has been the fastest growing economy in the region for a number of years, and it is expected to play a bigger role in absorbing some of the exports from ASEAN countries in the future. While the average per capita income in China is still lower than all the original ASEAN-6 countries except for Indonesia (Table 6), China's population is very large and its economy is diverse. The booming and well-off coastal areas in particular could be an important source of demand for relatively high quality products from ASEAN. Also, if China's economy continues to grow at 7-8 percent per year well into the future, the relative gap in per capita incomes between China and various ASEAN economies will likely narrow substantially.

Second, while China is competitive in a broad range of sectors, there are also tremendous opportunities for trade and investment in China. Some big businesses will certainly benefit by being able to more easily invest in China. For Thailand, there are already business groups that are major investors in China, in particular the CP Group, which also has very good connections with

the Chinese leaders.<sup>6</sup> The CP Group is active in many sectors, including chicken, animal feed, motorcycles, and wholesale and retail trades. Just last year, the CP Group opened the largest shopping complex in China, the "Super Brand Mall" in Shanghai.

**Table 6 Per Capita GNP (US\$)**

	Year 2000
China	840
Brunei	12,751
Indonesia	570
Malaysia	3,380
Philippines	1,040
Singapore	24,740
Thailand	2,000

Note: Figure for Brunei is per capita GDP.

Sources: ADB and ASEAN Secretariat.

Some goods and services also have good potential in the Chinese market. High-end Thai rice already has an established market in China, and Chinese tourists are becoming more and more important to the Thai tourism industry, with about 800,000 arrivals in 2001 compared to about 450,000 arrivals in 1997. Other service sectors may also be able to exploit the Chinese markets, for example the telecommunications sector. Thus, there are plenty of opportunities available.

There are, of course, also many downside risks, both on the trade and investment side. However, the full negative impacts on ASEAN economies from the integration of China into the world market may not have been fully felt at the current time, and therefore the potential impacts may be somewhat underestimated at present. As already shown in Table 2, ASEAN exports over the past five years or so have still been rising, although the absolute increase in exports has become less than that for Chinese exports. The fact that ASEAN exports may have been helped in recent years by the depreciation of ASEAN currencies in relation to the Yuan as a result of the financial crisis may not have been sufficiently appreciated. With more stable exchange rates in ASEAN in the last couple of years, the competitive advantages from depreciating ASEAN currencies are no longer present, and this may help to explain why ASEAN exports declined sharply in 2001 while Chinese exports were still increasing at a healthy

rate (Tables 1 and 2). This could signal the trend of what may become more apparent in the future, although the picture is not absolutely clear at the present time.

The flow of cheap Chinese goods into ASEAN markets is also still at an early stage. In Thailand, the total imports from China was only about US\$ 3.7 billion in 2001, representing about 6.0 percent of total imports. While China's share of imports has doubled over the past five years, the still relatively low volume of Chinese imports has not yet created a lot of attention about possible adverse impacts on domestic production. However, over the past year or so, the competitiveness of Chinese imports is becoming more apparent. High-end products, such as DVD players and LCD computer monitors are now more widely available and at prices about 35-50 percent cheaper than products with comparable specifications from South Korea and Japan. This shows that China is competitive in a very broad range of products, from cheap low-end labor intensive products, such as garments, to high end products such as electronics and electrical appliances, and the impacts on the domestic markets of ASEAN economies may become much more apparent over the medium term.

Third, the inclusion of the "Early Harvest Programme" in the China-ASEAN Comprehensive Economic Cooperation Agreement is a master stroke of diplomacy. Many ASEAN economies have some comparative advantages in some food and agriculture sectors included as part of the programme (Table 7), and these economies (including Thailand) are therefore attracted to the benefits that could be gained in the relatively short-term.<sup>7</sup> Some of the sectors are also complementary between tropical ASEAN and the more moderate climate China, such as fruits and vegetables.

**Table 7 Sectors in Early Harvest Programme**

HS Chapter	Description
01	Live Animals
02	Meat and Edible Meat Offals
03	Fish
04	Dairy Produce
05	Other Animal Products
06	Live Trees
07	Edible Vegetables
08	Edible Fruits and Nuts

Source: China-ASEAN Framework Agreement.

By introducing the "Early Harvest Programme," China also basically makes its economic cooperation framework proposal stand out from what could be matched by Japan (or South Korea), and in some sense took the leadership role away from Japan in the area of regional economic cooperation. While Japan has concluded an Economic Agreement for a New Age Partnership with Singapore, the fact that Singapore had a negligible agriculture sector was critical to the ability to conclude the agreement. It is highly unlikely that Japan can offer anything similar to ASEAN countries, so the Chinese agreement will stand out from anything that may

develop later between ASEAN and Japan or other countries in the region. I believe that an important part of the reason for the FTA initiative from China is to promote its own leadership role in the region.

Fourth, because the China-ASEAN agreement cannot be viewed purely from the economic benefits that may result from the agreement, but also from geo-political power play perspectives, particular between China and Japan and even between China and the United States, the China-ASEAN agreement is attractive for the ASEAN economies as it gives an impetus for other major economic powers to attach more importance to developing further economic cooperation with ASEAN.

Japan had to respond quickly to the China-ASEAN initiative, and surely enough a "Joint Declaration of the Leaders of ASEAN and Japan on the Comprehensive Economic Partnership" was announced on November 5, 2002, in Phnom Penh just one day after the signing of the China-ASEAN economic cooperation framework agreement. If China did not initiate the China-ASEAN FTA, then it is unlikely that Japan would have moved as quickly to develop a framework for economic partnerships with ASEAN. Apart from Japan, even the United States took notice of China's initiative, and also introduced an Enterprise for ASEAN Initiative (EAI) that opened the window for possible bilateral FTAs between the United States and members of ASEAN along the lines of the Singapore-US FTA.<sup>8</sup> The China-ASEAN economic cooperation initiative therefore has implications beyond the direct impacts of the agreement because it became an impetus for other economic powers to develop more seriously greater economic cooperation with ASEAN. This is of great indirect benefit to ASEAN. For ASEAN, it appears to be of much greater benefit to develop an FTA with an economy that is at a more advanced stage of development compared to ASEAN than with a country that is still at a lower level of development on average compared to ASEAN. Because of geo-political considerations, while the agreement with China may be risky in competitive terms, if it can bring about indirect benefits through FTAs with countries such as Japan and the United States, the net benefits are likely to be significantly positive.

The China-ASEAN framework agreement has the goal to achieve zero tariffs for all products in the "normal" track by 2010 between China and ASEAN-6 and by 2015 between China and the newer ASEAN member countries. Some products could also be put into the so-called "sensitive" track, and the parties will have to negotiate specific agreements for these products. At this point, it is hard to say whether the negotiations under this framework agreement will proceed smoothly. The experience within ASEAN in trying to establish the ASEAN Free Trade Area (AFTA) shows that countries could try to exclude many sensitive sectors from the agreement, or delay the reduction of tariffs or non-tariff barriers on these sensitive sectors. The situation in the negotiations with China may develop in a similar

fashion, especially since China is already highly competitive in many sectors even without an FTA, and this will become clearer and clearer over the next few years or so.

During the process of moving toward an FTA with China, ASEAN needs to become much more serious in fully implementing AFTA to make the region more attractive as an investment destination. This also requires the harmonization of rules, procedures and regulations that will lower the cost of producing, transporting and generally doing business in ASEAN. One can already see that the investment destination of choice at the present time is China. ASEAN has lost much of its attractiveness, especially after the financial crisis in 1997. However, investors still have not abandoned ASEAN completely, partly from a need to diversify the production base to include other locations apart from China in order to reduce risks. Many major multinational companies are using a strategy of China+1, meaning that going to China is a must, but the company would also like one other significant destination to diversify the location of its production facilities. Unfortunately, the various ASEAN countries are competing with each other for the +1 part of this strategy at present. Unless ASEAN can get its act together in the not too distant future and merge to form one single market, there is real danger that each of the ASEAN economies will end up becoming marginalized.

For ASEAN, it is critical to be able to retain the foreign partners and investors that have helped to develop the region over the past couple of decades. Thailand has relied on partnerships with all countries to attract Foreign Direct Investments (FDI) and develop the domestic industrial capabilities. Thailand's partnership with Japan has been particularly close, and Japanese investment in numerous sectors in Thailand, and Japan's assistances throughout the period of the financial crisis are highly appreciated in Thailand. There is of course the worry that significant amounts of foreign investment may be diverted away from Thailand to China. However, even if Thailand is only competing for the +1 part of the multinational companies' investment strategy, I believe that Thailand is still sufficiently attractive as an investment location, particularly from the social and cultural perspectives, to be able to attract a significant amount of FDI for some sectors. As for investment from China as a result of the China-ASEAN agreement, it is unlikely to be as significant as the FDI from Thailand's traditional partners, such as Japan, Asian NICs, the US and Europe. The reason is that China itself is likely to be still highly attractive for domestic investment for some time, whether for the domestic or the export market, with a large pool of workers still available to be drawn upon and the large size of its markets. There will not be as much incentives for Chinese companies to seek foreign investment destinations as for example there were for Japanese companies to do so in the mid-1980s.

## REGIONAL INTEGRATION IN EAST ASIA

Greater economic integration in East Asia in the medium to long term, whether in terms of trade, investment, finance or monetary matters, is inevitable and also desirable. While trade negotiations at the global level through the WTO should lead to a more liberalized global trade environment, this can be supplemented by special economic and trade relationships at the regional or sub-regional levels. Indeed, FTAs at the sub-regional level abound, and more continue to be negotiated. These sub-regional FTAs may not necessarily be impediments to expansions of inter-regional trades, but it seems clear that they tend to create an impetus for rapid expansion of intra-regional trade and investment.

Other parts of the world have moved rapidly toward sub-regional integration; the EU of course, together with the current plan for expansions to Eastern Europe, and also the Free Trade Area of the Americas (FTAA). These will create a great deal of intra-regional economic activities within these regions, with the potential to divert trade and investment flows from East Asia. It is therefore important that East Asian economies should develop their own modes of regional integration. There are of course many on-going regional cooperation schemes that will inevitably lead to closer economic integration in East Asia, such as AFTA, the China-ASEAN agreement, the Japan-Singapore economic agreement for a new age partnership, the proposed Japan-ASEAN Comprehensive Economic Partnership, and various ideas for greater economic integration of Northeast Asia involving Japan, the Koreas and China. These should eventually evolve into an integrated East Asian regional cooperation arrangement.

With closer economic integration in East Asia, each country/region will need to develop its own niches based on its natural comparative advantages. Thailand should be able to maintain its advantages in agriculture and food related sectors and socio-cultural service based sectors, such as tourism, for some time. Thailand's motor vehicles sector, which is now quite efficient and encompasses most of the major producers of the world, should also be able to withstand the fierce competition in the future. There will, of course, inevitably be a great deal of regional rationalization of production locations and division of labor. However, I do not think that production locations and division of labor in East Asia will fall neatly into simple patterns. The reason is that East Asia is a big region, whether in terms of geography, population or cultures. While there will be greater integration, there will continue to be a great deal of differentiation. Countries and sub-regions will cooperate and compete. There should be multiple interlocking partnerships and competitors, with no simple pattern of production location and division of labor.

There will also be greater financial and monetary cooperation in East Asia in line with greater economic cooperation in general. Recently, there have been many

suggestions of possible exchange rate arrangements, and even monetary integration in East Asia along the line of the EU. Of course, as the economic integration in East Asia deepens, a reduction of currency risks in intra-regional transactions will promote more efficient integration, and these proposals and analyses lay useful groundwork to support the long-term integration of East Asia. However, my own view is that too much focus on a common exchange rate arrangement or monetary union in East Asia at this stage is pre-mature and could be counter-productive. The socio-economic and political environment in East Asia is still a long way from being ready for any kind of integration that will involve a sacrifice of national sovereignty. Nevertheless, there are many promising lines of financial cooperation in East Asia that generate win-win solutions for all East Asian economies and also strengthen the financial leverage of the whole region (see Chalongphob 2002). East Asian economies possess about one trillion US dollars in official foreign reserves, accounting for almost 50 percent of the world's foreign reserves. They also have a combined saving surplus of about US\$ 200 billion annually at the present time. Judiciously leveraging on these huge financial resources would give the East Asian region much greater say in the development of the global financial system, and also generate greater financial stability for the region as a whole.

It was ironic that prior to the financial crisis in 1997, East Asian economies also had a lot of financial resources, whether in foreign reserves or in saving surplus, yet countries who had saving deficits had to resort to short-term foreign borrowing to finance their development. This led to a huge buildup of short-term foreign debt that eventually brought about the financial crisis in the region at huge economic costs to most of the regional economies. Financial cooperation in the region to promote the availability of long-term financing for development, such as the development of a regional bond market to recycle surplus saving in the region to countries in the region needing development financing would be one example of a win-win cooperation scheme. This is one area that the Thai government is actively pushing for at present, and much more can be done along these lines.

The main thing to bear in mind is that East Asian countries are very diverse, and there are a great deal of historical hurdles to overcome when exploring potentially effective regional cooperation arrangements. Some of the recent initiatives for regional economic cooperation clearly arose from competitive considerations between some countries in the region. However, as the region moves to rationalize all the various forms of economic cooperation initiatives to develop a truly integrated East Asian economic cooperation arrangement, all countries of the East Asian region will have to be involved. For this to happen effectively, the focus needs to be on initiatives and proposals that are win-win by nature, rather than those

that would lead countries to focus on what they might lose as a result of the cooperation.

## ENDNOTES

- 1 However, the numbers in Table 2 include intra-ASEAN exports.
- 2 The Revealed Comparative Advantage RCA is computed as  $RCA = (X_{IK}/\Sigma X_K) / (X_{IW}/\Sigma X_W)$  where  $X_{IK}$  is the value of sector I export of country K, and  $X_{IW}$  is the total value of world export of product I.
- 3 PC-TAS is the Trade Analysis System for personal computers developed by the International Trade Center UNCTAD/WTO, the United Nations Statistics Division.
- 4 The high correlation between Thailand's and China's export structures is also confirmed by another recent preliminary study being carried out by the World Bank on the Regional Impact of China WTO Accession.
- 5 The IIT Index is calculated as 
$$IIT = \left(1 - \left| \frac{x_{ij} - m_{ij}}{x_{ij} + m_{ij}} \right| \right) * 100$$
 where  $x_{ij}$  is the value of country i's export of product j to the market under focus, and  $m_{ij}$  is the import value of in country of product j from the market under focus. See Felt and Wisarn (1995).
- 6 Mr. Dhanin Chearavanont was the only foreigner appointed to the committee to advise the Chinese government on the handover of Hong Kong back to China.
- 7 Countries can put some of these sectors and subsector on an exclusion list. Some of the newer ASEAN member countries did just that. Countries can also add various sectors to the Early Harvest Programme. For example, Thailand added some sectors related to coal.
- 8 The EAI was announced by President George W. Bush to the ASEAN Leaders in Los Cabos, Mexico on 26 October 2002.
- 9 For example Williamson (1999), Kwan (2001), Kawai and Takagi (2000) and Fabella (2002).

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