

## EXPANSION OF ASEAN-EC TRADE IN MANUFACTURES: PERTINENT ISSUES AND RECENT DEVELOPMENTS

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### I. INTRODUCTION

**I**N the 1980s, the export drive of ASEAN countries<sup>1</sup> was challenged by contradictory changes in their external economic environment. The decade began with severe economic recessions in all major industrialized countries combined with a steep slump of commodity prices and a rapidly appreciating U.S. dollar exchange rate. Given the pattern of export destinations [14] and the de facto peg of all ASEAN currencies to the U.S. dollar, these changes have tended to frustrate efforts to carry the successful expansion of, in particular, manufactured ASEAN exports in the 1970s over into the next decade. The U.S. import surge as a result of the huge budget deficit, depreciating U.S. dollar exchange rates since 1985, and the approval of a cooperation agreement between ASEAN countries and the European Community (EC) in 1980<sup>2</sup> should, on the other hand, have provided a favorable climate for continued export expansion. Since the major institutional impediment to ASEAN trade in manufactures, the multifibre arrangement (MFA), has more or less remained unaltered, data on ASEAN manufactured export growth indicate that the net impact of the changing external environment was negative. Growth of manufactured exports at current prices dropped from almost 33 per cent annually in 1973–80 to a bit under 8 per cent in 1980–85 (UNCTAD data bank). In this latter period, the ASEAN export performance was still better than manufactured export expansion of all developing countries taken together which was about 7 per cent per annum, but the headway of ASEAN vis-à-vis the group as a whole has also diminished from a multiple of 1.4 in the 1970s to 1.1 in the 1980s.

This is the background, against which the ASEAN-EC trade performance has to be reviewed. The importance of ASEAN countries for EC manufactured imports is evaluated in Section II, using Japanese and U.S. import patterns as points of reference for the 1970–86 period. The competitive position of ASEAN suppliers vis-à-vis other suppliers from developing countries, in particular those

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<sup>1</sup> Throughout this paper ASEAN is defined to include the original five member countries.

The sixth member, Negara Brunei Darussalam, was excluded for data reasons.

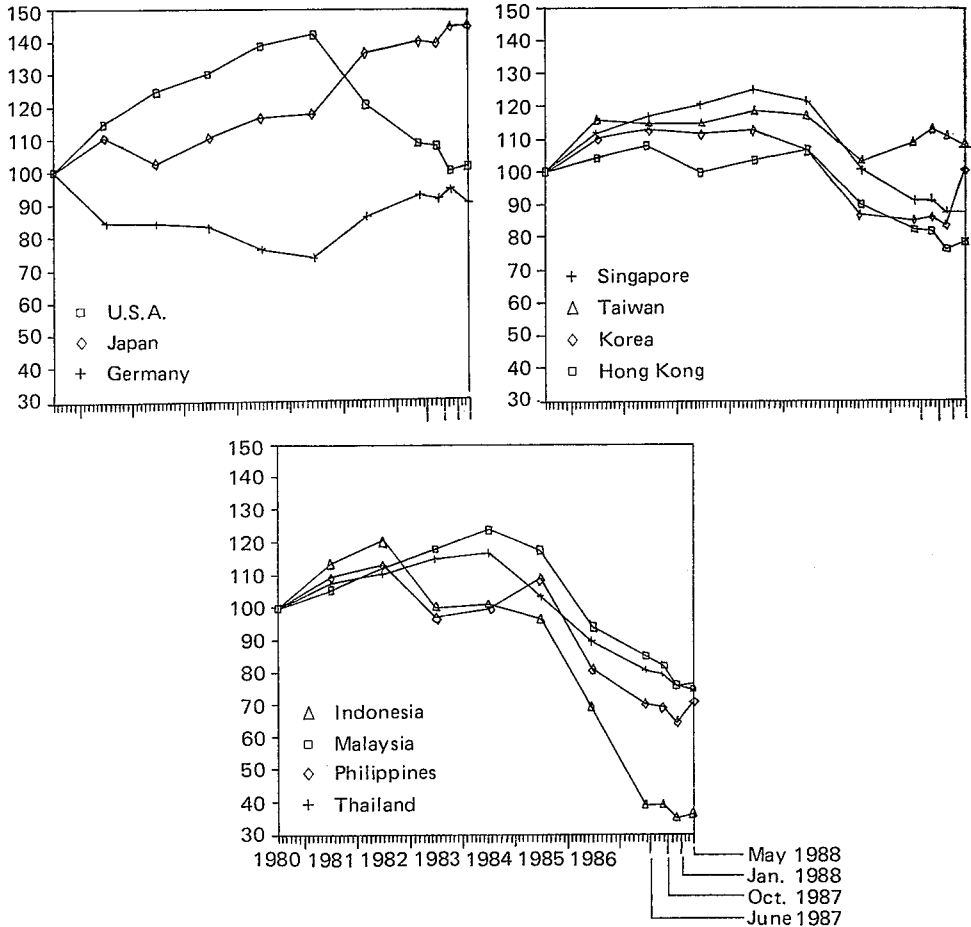
<sup>2</sup> For details, see [10].

TABLE I  
THE DISTRIBUTION OF MANUFACTURED IMPORTS BY REGION OF ORIGIN AMONG MARKETS  
OF MAJOR INDUSTRIALIZED COUNTRIES, 1970-85

Imports	U.S.A.			Japan			EC-10			(% )					
	1970	1980	1985	1970	1980	1985	1970	1980	1985						
World	26.43	22.89	28.75	37.82	39.18	5.25	4.77	5.23	5.34	4.96	68.33	72.34	66.02	56.84	55.86
Industrialized countries	24.87	19.86	24.43	32.49	34.38	5.06	4.17	4.57	4.75	4.38	70.06	75.98	71.00	62.76	61.24
Developing countries	45.89	43.92	51.74	61.30	61.88	7.81	8.97	8.81	7.96	7.73	46.30	47.11	39.45	30.74	30.38
Africa	13.33	35.17	23.87	27.94	20.37	3.80	3.65	2.57	3.81	2.79	82.87	61.18	73.56	68.24	76.84
Latin America	64.91	68.69	73.49	80.61	82.07	3.65	4.92	4.04	4.22	3.27	31.44	26.39	22.47	15.17	14.66
Asia	49.31	47.85	56.21	64.89	65.75	22.75	11.85	11.36	9.78	9.76	27.94	40.31	32.43	25.33	24.49
Far East	64.58	53.66	62.30	70.03	70.91	9.14	11.50	10.23	8.56	8.77	26.28	34.84	27.46	21.41	20.32
ASEAN	60.75	53.74	61.03	66.30	65.65	13.35	9.84	8.75	7.16	7.48	25.91	36.43	30.22	26.54	26.87
NICs	64.97	53.64	62.65	71.11	72.31	8.72	11.94	10.63	8.97	9.11	26.32	34.41	26.71	19.92	18.58

Sources: OECD, Department of Economics and Statistics, *Statistics of Foreign Trade*, Series C, *Foreign Trade by Commodities*, various issues; and Eurostat, Microfiche Statistics, Microfiche Set No. SCE-2311-Import (1986) (Luxembourg: EC, Statistical Office, 1986).  
Note: Total imports to the United States, Japan, and EC-10 are taken as point of reference; imports to these markets add up to 100 per cent.

Fig. 1. Real Effective Exchange Rates (1980=100)



Source: Ifw Data Bank.

Note: For definitions and computation methods of real effective exchange rates, see [2, Appendix I].

from other Asian Newly Industrializing Countries (NICs), and the effects of EC trade policies on the ASEAN trade performance are the subject of Section III. The final Section IV provides an overall assessment of perspectives for ASEAN-EC trade.

## II. EC MANUFACTURED IMPORTS FROM ASEAN COUNTRIES IN THE 1980s

In comparison to the United States and Japan, the EC is the second most important single market for ASEAN manufactured products. By far the leading importer

is the U.S. economy, which absorbed about two-thirds of ASEAN exports to the major industrialized countries in 1985; followed by the EC with roughly a 27 per cent share of these exports (Table I). Japan is far behind with a steadily declining share since 1970, which accounted for a mere 7.5 per cent in 1985. Exchange rate movements are clearly visible in the regional distribution of ASEAN exports over time. Export shares of the United States and Japan declined in the 1970s in favor of an increasing EC share, but this trend was reversed in the 1980s, when the U.S. share dramatically increased in 1980–84 as a result of trade diversion caused by the joint appreciation of ASEAN currencies and the U.S. dollar (Figure 1). The mirror image of these U.S. gains are EC losses, which came to a standstill in 1985, when exchange rates started to turn around. A fairly similar development can be observed for manufactured exports of Asian NICs (Table I).

What matters with respect to the international competitiveness of ASEAN countries are, however, not changes of exports in absolute terms, but the relative position of ASEAN countries vis-à-vis other suppliers as reflected in import market shares.<sup>3</sup> The expansion of ASEAN import market shares observed in all major industrialized countries in the 1970s (Table II) could be carried over well into the 1980s, albeit at a somewhat slower pace than in the 1970s, but came to a grinding halt in 1985 when the respective share declined in all markets covered in Table II. The first EC data available for 1986 indicates that this reversal of previous trends has continued at least in Europe while the NICs were able to recover slightly in 1986. This trade performance suggests that ASEAN exporters were able to successfully overcome problems created by the worldwide recession in 1980–82 and the subsequent appreciation of the U.S. dollar to which all ASEAN currencies are pegged in one form or another.<sup>4</sup> However, when the tide turned and the U.S. dollar started to depreciate in 1985, ASEAN exports to the EC (and the United States) have declined even in absolute terms (Appendix Table I). They recovered in 1986 and 1987, but fell short of average import growth in the EC in 1986, the last year for which comparable data are available.

It is difficult to provide a uniform explanation for the deteriorating import market shares of ASEAN countries since there were a number of conflicting factors

<sup>3</sup> EC foreign trade relations are heavily dominated by intra-industrialized-country trade. Table II shows that EC imports from industrialized countries account for about 90 per cent of total imports. About 60 per cent of these industrialized-country imports originate from EC member countries. This pattern reflects the high level of regional economic integration within the EC, and hence, it is not surprising that the United States and Japan import a much larger share of manufactured goods from developing countries. In both import markets this share accounted for roughly 28 per cent on average in the 1980s. The role of ASEAN countries in manufactured imports of industrialized countries has differed accordingly (Table II). While imports from ASEAN countries amounted to 3–4 per cent in Japan and the United States the corresponding values for the EC have oscillated around 1 per cent in the 1980s. Even if intra-EC trade is excluded the ASEAN share in total manufactured imports would still be much lower (around 2 per cent) than in Japan and the United States. Import market shares of the Asian NICs—Hong Kong, Korea, and Taiwan—show a similar pattern although market shares in Japan and the United States exceed those of ASEAN countries by a substantially larger margin than in the EC.

<sup>4</sup> For details, see [1].

TABLE II  
MANUFACTURED IMPORTS OF MAJOR INDUSTRIALIZED COUNTRIES BY REGION OF ORIGIN, 1970-86

	U.S.A.					Japan					EC-10*						
	1970	1980	1982	1984	1985	1970	1980	1982	1984	1985	1970	1980	1982	1984	1985	1986	
Imports	85.16	72.23	70.98	69.69	71.49	87.27	72.78	72.85	72.12	71.87	92.77	87.44	89.79	89.58	89.30	91.67	91.78
Industrialized countries	14.84	27.77	29.02	30.31	28.51	12.72	27.22	27.15	27.88	28.13	5.79	9.42	9.63	10.11	9.81	8.33	8.22
Developing countries	0.13	1.72	0.75	0.61	0.40	0.19	0.86	0.45	0.59	0.44	0.32	0.95	1.01	0.99	1.06	0.75	0.58
Africa	3.00	5.42	5.66	5.93	5.96	0.85	1.86	1.71	2.20	1.88	0.56	0.66	0.75	0.74	0.75	0.75	0.58
Latin America	10.14	19.64	21.90	22.90	21.39	23.55	23.35	24.31	24.47	25.08	2.22	5.23	5.50	5.95	5.59	n.a.	n.a.
Asia	8.39	17.06	18.88	19.83	18.28	5.98	17.55	17.03	17.18	17.86	1.32	3.50	3.62	4.03	3.67	3.37	3.55
Far East	0.72	3.59	3.96	4.21	3.56	0.80	3.16	3.12	3.22	3.20	0.12	0.77	0.85	1.12	1.02	0.91	0.84
ASEAN	7.67	13.47	14.91	15.62	14.72	5.18	14.39	13.91	13.96	14.65	1.20	2.73	2.77	2.91	2.65	2.46	2.71
NICs																	

Source: As in Table I.

Notes: 1. Manufactured imports consist of SITC 5+6+7+8-67-68.

2. Percentage shares for industrialized and developing countries do not add up to 100 per cent because of OECD category "miscellaneous countries" has not been deleted from this table.

\* Data for 1986 are taken from Eurostat statistics which are not fully consistent with OECD statistics. For this reason data from both sources are shown for 1985.

at work in 1985–86.<sup>5</sup> The overall situation was characterized by the slowdown particularly in the U.S. economy, the swing in the exchange rate movements and fears of a worldwide debt crisis, which caused a great deal of uncertainty. Exchange rate changes and/or slow GDP growth have almost halved U.S. import growth in 1984–85, sharply reduced Japanese import expansion and induced an import surge in the EC, which gained additional momentum in 1986 (Appendix Table I). The depreciation of the U.S. dollar and the appreciation of the Deutsche mark and the Japanese yen did not, however, improve ASEAN competitiveness in the respective import markets immediately. Slower growth of world trade in 1985 was rather accompanied by a general shift of import market shares from developing to developed countries, both in the United States and Europe.

There are several reasons why an improvement of the competitive position of ASEAN suppliers in EC market may have been retarded. First, the realignment of exchange rates measured in terms of real effective exchange rates has been much less pronounced in the EC (as exemplified by the rate for Germany in Figure 1) than in Japan.<sup>6</sup> Even in the first half of 1988, the German real effective exchange rate has remained below its 1980 level. The rapid real depreciation of ASEAN currencies, on the other hand, took place mainly in 1986, and it may take some time for actual trade flows to respond to this new constellation.

Secondly, there are some additional factors not related to exchange rate movements which specifically influence ASEAN-EC trade relations. The decline of the ASEAN import market shown in 1985–86 was mainly caused by losses in electrical machinery and clothing (SITC 77 and 84) (Appendix Table II). These losses were related to changes of foreign direct investment flows and protectionist interventions in the EC. Foreign direct investment of German (and other European) companies in developing countries had dropped sharply in 1985 and 1986 in response to uncertainties created by the debt crisis and the new opportunities in U.S. markets arising from the depreciating dollar (Table III). This redirection of investment flows has, among other things, reduced offshore assembly activities of EC companies in electronics and electronic components for which ASEAN used to be an important partner (further discussion on this point will be given below). This explains part of the drop of ASEAN import market shares in SITC 76 and 77 (Appendix Table II).<sup>7</sup> However, this drop also reflects home-made difficulties of some ASEAN suppliers of these export categories, in particular Singapore. The competitiveness of this country had suffered from increased labor costs as a result of wage developments. In 1982–84 real labor cost increases exceeded productivity growth in Singapore by an average of 9 per cent [17, pp. 41–43]. And finally, bilateral EC (and U.S.) protectionism under the umbrella of the MFA

<sup>5</sup> See also [5, pp. 117–25].

<sup>6</sup> Real effective exchange rates presented in Figure 1 have been calculated on the basis of consumer price indices and world trade shares as weighting scheme. Therefore, they capture the actual and the potential competitive position of the respective countries in world markets. For details on the methodology, see [3, Appendix I].

<sup>7</sup> A similar causal relationship exists between slackening U.S. foreign investment in ASEAN countries and ASEAN losses of market shares in U.S. imports of SITC 76 and 77.

TABLE III  
CHANGES OF FOREIGN DIRECT INVESTMENT FLOWS FROM  
INDUSTRIALIZED COUNTRIES, FY1985-86

(U.S.\$ million and % of total FDI)

Receiving Region	Home Country					
	U.S.A.		Japan*		Germany	
World	27,223	100	34,660	100	2,876	100
Industrialized countries	21,960	78.2	22,994	66.3	3,366	
Developing countries	6,135	21.8	11,666	33.7	-414	-14.4
ASEAN	235	0.8	1,149	3.3	-62	-2.2
NICs	991	3.5	2,249	6.5	87	3.0

Sources: Own computations based on U.S. Department of Commerce, *Survey of Current Business*, current August issues; Japan, Ministry of Finance, *Zaisei kinyū tōkei geppō* [Monetary and financial statistics monthly], No. 428 (December 1987); and Deutsche Bundesbank, *Statistische Beihefte zu den Monatsberichten der Deutschen Bundesbank*, Reihe 3, *Zahlungsbilanzstatistik*, Nr. 3 (March 1988).

Note: FDI in industrialized and developing countries do not add up to world total since the sources include residual investment flows without regional specification.

\* Figures for Japan are total of two successive fiscal years, 1984-86.

had promoted trade in clothing (SITC 84) among industrialized countries and limited the expansion of exports of clothing from ASEAN and other developing countries, which contributed to the declining import market shares for these countries in this product category since 1982 (Appendix Table II).

### III. THE COMMODITY COMPOSITION OF ASEAN-EC TRADE IN MANUFACTURES

Expansion and contraction of trade with different markets was accompanied by significant changes of the export composition of ASEAN countries, which reflect both structural change in ASEAN industrial production and specific conditions in import markets (Table IV). In general, the export composition shifted from resource-based products captured in SITC 5 and 6 to more sophisticated, but mostly labor-intensive goods in the machinery and transport equipment category (SITC 7). This category has acquired the same dominating importance for ASEAN exports as labor-intensive products of SITC 8 continue to possess for Asian NICs. This miscellaneous category has become the second most important product category for ASEAN countries, too, but time trends have differed between import markets. The share of miscellaneous manufactures in total ASEAN manufactured exports to the United States had sharply declined in the 1970s and more or less stagnated until 1985, when there was a recovery. In the EC, that share had steeply increased in the 1970s, but dropped again in the 1980s to recover only in 1986. These changes reflect in large part the development of clothing exports (SITC 84) which will be evaluated in greater detail below.

TABLE IV  
 IMPORTS OF MAJOR INDUSTRIALIZED COUNTRIES FROM ASEAN AND ASIAN NICs BY  
 SELECTED PRODUCT CATEGORIES, 1970-86  
 —PER CENT OF TOTAL MANUFACTURED IMPORTS FROM THE RESPECTIVE REGIONS—

Imports	U.S.A.						Japan						EC-10					
	1970	1980	1982	1984	1985	1986	1970	1980	1982	1984	1985	1986	1970	1980	1982	1984	1985	1986
SITC 5																		
ASEAN	1.88	0.94	0.80	0.78	1.57	24.50	24.01	26.74	22.00	27.66	10.13	1.73	2.36	6.87	3.59	2.91		
NICs	0.46	0.77	0.88	0.96	0.92	4.99	9.49	9.31	4.63	7.01	0.71	0.67	0.70	0.87	1.21	1.10		
SITC 6 (excluding 67 and 68)																		
ASEAN	34.35	8.99	6.78	7.41	8.44	55.27	27.94	28.28	24.71	27.69	46.13	22.43	20.98	18.59	19.41	20.69		
NICs	14.93	13.82	12.77	12.71	13.05	45.05	27.81	24.45	20.90	23.02	19.80	16.94	15.37	13.46	13.07	12.69		
SITC 63																		
ASEAN	27.54	3.73	3.06	3.45	4.31	35.33	7.04	5.72	7.15	10.76	30.23	8.33	7.85	7.29	7.11	9.05		
NICs	7.26	2.80	1.83	1.45	1.30	12.64	2.99	2.14	1.70	1.53	0.62	2.39	1.70	1.02	0.76	0.73		
SITC 65																		
ASEAN	4.51	1.63	1.63	1.77	2.04	9.69	10.09	10.95	8.66	7.93	4.84	7.44	6.14	5.44	6.62	7.29		
NICs	4.17	2.30	2.37	2.45	2.53	27.60	17.07	15.06	12.94	14.33	14.88	6.01	5.85	4.66	5.16	4.95		
SITC 7																		
ASEAN	23.97	68.30	70.29	69.09	62.85	4.56	28.79	28.54	40.07	31.12	25.24	41.01	44.37	50.55	53.72	47.70		
NICs	20.20	25.20	27.03	32.46	30.83	13.74	18.02	17.06	20.85	20.05	7.35	18.71	19.94	27.13	29.50	30.61		
SITC 75																		
ASEAN	0.75	1.89	4.54	12.68	12.26	0.00	0.38	0.31	0.68	1.39	0.15	1.37	3.24	7.31	8.92	10.01		
NICs	1.39	2.26	2.41	5.48	4.97	0.83	0.75	0.66	1.36	2.02	0.68	1.36	1.42	7.43	8.04	9.60		
SITC 76																		
ASEAN	2.19	11.88	10.38	8.82	10.52	0.00	2.46	2.65	1.70	1.92	4.26	14.67	14.60	10.52	10.55	12.56		
NICs	9.91	11.18	11.05	11.23	10.52	1.88	4.67	3.47	3.77	4.18	3.35	9.54	8.82	7.87	7.37	8.82		
SITC 77																		
ASEAN	19.78	50.99	51.92	43.77	35.46	0.57	15.10	16.15	19.44	12.61	14.24	18.97	22.11	26.06	27.14	18.97		
NICs	7.97	7.56	8.35	10.22	9.32	10.37	9.51	9.85	11.48	9.72	2.23	5.25	6.30	8.70	9.55	7.39		



TABLE IV (Continued)

Imports	U.S.A.					Japan					EC-10					
	1970	1980	1982	1984	1985	1970	1980	1982	1984	1985	1970	1980	1982	1984	1985	1986
SITC 8																
ASEAN	39.81	21.76	22.13	22.72	27.14	15.67	19.26	16.45	13.21	13.55	18.49	34.83	32.29	23.99	23.28	28.70
NICs	64.42	60.21	59.32	53.87	55.20	36.22	44.68	49.19	53.62	49.92	72.14	63.69	63.99	58.54	56.22	55.60
SITC 86																
ASEAN	33.55	12.12	13.54	15.54	18.45	1.99	3.84	3.52	2.63	6.52	3.51	19.54	19.32	12.15	11.58	15.15
NICs	31.20	27.50	26.35	24.58	24.13	21.09	22.95	31.98	28.55	25.35	43.35	34.39	35.79	31.54	28.99	29.08
SITC 87+88																
ASEAN	0.06	2.27	1.90	1.34	1.56	0.85	6.54	4.49	3.94	4.14	0.73	5.05	2.91	1.45	2.56	2.32
NICs	0.75	4.18	3.60	3.05	2.83	1.53	3.58	2.80	4.53	4.18	1.09	6.50	4.86	4.36	4.41	4.60
SITC 89																
ASEAN	3.00	3.70	3.37	3.35	4.04	11.97	5.02	5.09	4.02	4.20	12.04	7.33	7.25	7.57	6.57	7.94
NICs	25.36	13.87	14.53	12.26	13.17	11.42	9.45	10.16	10.56	10.77	20.18	12.87	13.79	13.32	13.22	12.89

Source: As in Table I.

Note: SITC 5, chemicals and related products, n.e.s.; SITC 6 (excluding 67 and 68), manufactured goods classified chiefly by material; SITC 63, cork and wood manufactures (excluding furniture); SITC 65, textile yarn, fabrics, made-up articles, n.e.s.; SITC 7, machinery and transport equipment; SITC 75, office machines and automatic data processing equipment; SITC 76, telecommunications and sound recording and reproducing apparatus; SITC 77, electrical machinery, apparatus, and appliances, n.e.s.; SITC 8, miscellaneous manufactured articles; SITC 86, articles of apparel and clothing accessories; SITC 87+88, professional, scientific, and controlling instruments and apparatus, n.e.s. plus photographic apparatus, equipment and supplies and optical goods, n.e.s.; SITC 89, miscellaneous manufactured articles, n.e.s.

TABLE V  
STOCKS OF FOREIGN DIRECT INVESTMENT IN ASEAN COUNTRIES BY  
COUNTRY OF ORIGIN AND INDUSTRY, 1983

(U.S.\$ million)

	Country of Origin			
	U.S.A. <sup>a</sup>	Japan	West Germany	U.K. <sup>b</sup>
Total manufacturing industries	1,462	4,224	202	1,228
Food	90	136	n.a.	n.a.
Chemical and allied industries	303	650	55	286
Metals and metal manufacturing	107	1,343	n.a.	1
Machinery except electrical	72	237	9	11 <sup>c</sup>
Electrical machinery	585	295	62	66
Transport equipment	86	304	3 <sup>d</sup>	0
Other manufacturing	219	1,259	73	692

Source: [8, Table 12].

Note: Data for Germany and the United Kingdom are used to represent EC since FDI from EC member countries other than these two are negligible.

<sup>a</sup> Some information suppressed in published statistics were estimated on the basis of data for previous years.

<sup>b</sup> Figures are for 1981 and broken down by the sectoral pattern of FDI in 1978.

<sup>c</sup> Estimates.

<sup>d</sup> Estimates.

More generally speaking, the export composition in different markets can be related to specific demand and supply factors. On the demand side, foreign direct investment, intra-firm trade, and offshore assembly activities play an important role for machinery imports in both the United States and the EC markets. In the 1970s, U.S. (as well as Japanese) companies have established production capacities in ASEAN countries to make use of the local availability of raw materials and cheap qualified labor. The thrust of U.S. foreign direct investment was to shift labor-intensive lines of production (particularly in electronics) to ASEAN countries and to re-import intermediate products. Foreign subsidiaries have, thus, served as a door-opener to U.S. markets. In much the same way, Japanese direct investment has facilitated raw materials exports to Japan.

Gross has shown that foreign direct investment in electrical machinery industries, in particular, has given rise to substantial intra-firm exports of ASEAN countries to the home countries of the investors, while foreign direct investment in other manufacturing industries is more geared towards world markets or domestic demand in the host country [5, pp.25-32]. Compared to the EC larger stocks of U.S. foreign direct investment in the electrical machinery sector (Table V)<sup>8</sup> are, therefore, responsible for the higher share of SITC 77 imports in the United States (Table IV).

<sup>8</sup> Since foreign direct investment from EC member countries other than Germany and the United Kingdom are negligible, data for these two countries can be taken to represent the EC [11].

TABLE VI  
ASEAN COUNTRIES' EXPORT TO EC UNDER OUTWARD  
PROCESSING REGIMES, 1985

	Share of		Total Exports to EC under Outward Processing Regimes (ECU Million)
	Clothing (BTN 61)* (%)	Electrical Machinery (BTN 85)* (%)	
Indonesia	—	—	0.5
Malaysia	0.6	12.2	75.4
Philippines	15.3	34.2	99.9
Singapore	0.3	22.3	196.8
Thailand	0.1	32.1	12.7
European socialist countries	66.8	4.2	896.6
Mediterranean countries	24.2	5.9	3,189.3

Source: Eurostat, Microfiche statistics, Microfiche Set No. SCE-2119 (1985) (Luxembourg: EC, Statistical Office, 1985).

\* BTN=Brussels' Tariff Nomenclature.

In the EC, on the other hand, imports of consumer goods are depending to a substantial degree on decisions of mail order houses and large department stores, which import directly from source countries. Their influence is visible in higher shares relative to the United States of textile and resource-based products in total EC imports from ASEAN (Table IV) and in the dominating position of EC markets for ASEAN exports in several SITC 6 and 8 categories (Appendix Table III).

In addition, German as well as U.S. multinationals have exploited special offshore assembly provisions (outward processing regimes) included in the trade legislation of their countries to circumvent legal non-tariff barriers in so-called sensitive sectors such as textiles and consumer electronics. These provisions allow an unrestricted re-import of goods exported for further processing in foreign countries.<sup>9</sup> In the EC, rather generous offshore assembly provisions have been established for associated countries in the Mediterranean basin (mainly Yugoslavia, Tunisia, and Morocco) and European socialist countries. Compared to these countries, offshore assembly has not achieved any significant scale in ASEAN, at least up to 1985. Only imports in consumer electronics from the Philippines and Singapore are worth mentioning in terms of both share in EC imports and absolute size (Table VI).

What matters on the supply side is primarily the competition with exports from Asian NICs. Despite some distinct differences in product composition, there is still a great deal of similarity between ASEAN and NICs exports. This is confirmed by overlap indices (Table VII) which vary between 0 (no similarity) and 100 (complete similarity).<sup>10</sup> In the 1980s, the overlap has continuously been highest

<sup>9</sup> For details, see [8, pp.96-102].

<sup>10</sup> For the methodology, see [2].

TABLE VII  
OVERLAP INDICES OF IMPORTS FROM ASEAN COUNTRIES AND ASIAN NICs  
IN SELECTED MARKETS OF INDUSTRIALIZED COUNTRIES

Year	U.S.A.	Japan	EC-10
1970	59.39	46.13	32.87
1980	52.67	58.73	61.93
1982	52.05	57.92	64.75
1984	56.18	50.14	60.05
1985	61.65	56.81	67.14

Source: As in Table I.

Note: For the methodology, see [2].

TABLE VIII  
ASEAN EXPORTS TO EC UNDER THE GENERALIZED SYSTEM OF  
PREFERENCES, 1978 AND 1985

Exports to	1978		1985	
	A (ECU Million)	B (%)	A (ECU Million)	B (%)
Germany	657	38.1	1,732	48.1
France	234	22.2	761	36.8
Italy	217	17.5	615	40.7
Benelux	442	31.4	819	44.8
United Kingdom	506	45.1	1,489	35.1
Ireland	13	29.4	64	39.6
Denmark	56	54.5	125	44.7
Greece	—	—	14	45.9
EC	2,125	34.8	5,619	41.6

Source: Eurostat, Microfiche Statistics, Microfiche Set No. SPG-2441 (1978) and (1985) (Luxembourg: EC, Statistical Office).

Note: A=total exports of goods for which preferences can be claimed.

B=share of goods actually receiving preferences.

in EC imports, although with a declining trend vis-à-vis the U.S. import composition. An indication of tougher competition between ASEAN countries and NICs in the EC compared to the United States is given by the relative importance of clothing imports (SITC 84) from both sources in the two markets in the 1980s. In the EC, suppliers from NICs (in particular Hong Kong) were able to defend their markets much better than in the United States, and hence ASEAN exporters were less successful in expanding their import shares (Appendix Table II). However, suppliers of clothing from both Asian developing regions lost out against suppliers from industrialized countries which have boosted clothing production under the umbrella of the MFA.

A further aspect of ASEAN manufactured exports to industrialized countries is related to the concessions of the generalized systems of preferences (GSP) applied in the United States and the EC. Langhammer and Sapir [12] have

shown that both systems have hardly promoted manufactured export expansion in developing countries but rather tended to discriminate against potent suppliers through a complex network of product and country quotas. This general conclusion is also applicable to the case of ASEAN-EC trade.<sup>11</sup> ASEAN exports of goods covered by the GSP more than doubled between 1978 and 1985 (Table VIII). However, only about 42 per cent of these exports actually entered the EC market duty-free or, in the case of some processed agricultural goods, duty-reduced. The majority of exports eligible for GSP treatment still faced MEN tariffs. Between 1978 and 1985 the preference-receiving share in total GSP-covered exports to the EC rose, but there were some differences among EC member states. Some countries, in particular France, the United Kingdom, and Ireland, seem either to have applied the sophisticated GSP rules in a rather restrictive manner, or over-proportionately imported goods from ASEAN which are subject to strict tariff quotas ("sensitive" goods). Other members, such as for instance Germany and Denmark, appear to have been more liberal though even in these cases the preference-receiving share did not exceed 50 per cent.

Overall, the GSP has been of only limited relevance for ASEAN as an export-stimulating instrument. Many important agricultural products of export interest to ASEAN are excluded from it. Other ASEAN exports, textiles and consumer electronics in particular, face restrictive tariff quotas because countries such as Malaysia and Singapore were classified as "very successful suppliers" in the GSP reform of 1981, which has increased the country-specific selectivity in the system. The most important reason, however, for the limited impact of GSP preferences is that tariffs have become increasingly irrelevant as barriers to trade. Non-tariff barriers (e.g., voluntary export restraints, quantitative restrictions, and variable levies) are not eroded by the GSP. This inherent weakness of unilateral tariff concessions has remained despite ASEAN's success in urging, through the various ASEAN-EC committees, for extended GSP product coverage, higher preference margins, and less restrictive quotas.

#### IV. PROSPECTS FOR ASEAN-EC TRADE IN MANUFACTURES

##### A. *Major Determinants*

The institutional barriers to trade discussed in the previous section may have dampened the expansion of ASEAN exports to the EC, but they have certainly not succeeded in preventing ASEAN suppliers from capturing market shares in EC member countries comparable to those in other industrialized countries. Table IX shows ASEAN shares (market penetration ratios) in EC, North American, and Japanese markets of manufactured products for 1970 and 1985, the latest year for which the required data are available. In all industrialized regions/countries covered in Table IX the ASEAN market shares in total manufacturing have remained small until 1985; there has, however, been a substantial increase of these shares in all regional markets reflecting the industrialization and export

<sup>11</sup> For details, see [10].

TABLE IX  
 MARKET PENETRATION RATIOS FOR IMPORTS FROM ASEAN COUNTRIES  
 IN SELECTED INDUSTRIALIZED COUNTRIES, 1970 AND 1985

Product Category	1970			1985		
	EC	U.S.A. and Canada	Japan	EC	U.S.A. and Canada	Japan
Food, beverages, & tobacco	0.05	0.20	0.17	0.20	0.21	0.41
Textiles	0.01	0.04	0.03	0.46	0.24	0.37
Clothing	0.01	0.20	0.03	0.80	1.57	0.12
Wood products, paper, & printing	0.13	0.08	0.13	0.64	0.24	0.34
Rubber	0.01	0.01	0	0.09	0.06	0.07
Chemicals	0.09	0.15	0.10	0.44	0.26	0.35
Petroleum & coal products	0.04	0	2.32	0.10	0.34	2.56
Nonmetallic mineral products	0	0	0	0.02	0.03	0
Ferrous & nonferrous metals	0.19	0.17	0.49	0.19	0.08	0.45
Transport equipment	0	0	0.01	0.04	0.04	0.02
Machinery & other manufactured products	0.01	0.02	0.01	0.85	1.23	0.19
Total manufactures	0.06	0.08	0.18	0.38	0.45	0.47

Sources: Own calculations based on OECD, Department of Economics and Statistics, *Foreign Trade by Commodities*, Series C, 1970 and 1985 edition (Paris) and UNCTAD, *Handbook of International Trade and Development Statistics*, 1979 and 1988 editions (New York).

Note: Market penetration ratio is the share of imports in apparent consumption.

efforts of all ASEAN countries in the 1970s and 1980s. The penetration ratios suggest that the EC could ultimately not protect her markets to a higher degree than, for example, the United States.

A comparison of market shares by product categories reveals substantial differences in the division of labor between ASEAN countries and individual industrialized markets. Both in the EC and North America, ASEAN exporters have made inroads into markets for labor-intensive resource-based products as well as machinery. The latter was rather prominent in the case of North America which indicates that ASEAN-U.S. trade relations are characterized by an emphasis on intra-industry division of labor while more inter-industry division of labor occurred in the EC case. Trade with Japan narrowly focuses on raw materials such as oil and metals while ASEAN market shares in other traditional and nontraditional exports have remained insignificant.

Trade patterns primarily reflect both the efforts of ASEAN exporters to gain access to markets and the response of competing firms in industrialized countries (see Section III above). Exchange rate changes have had a clearly traceable impact on the volume of manufactured exports, but they do not solely determine the competitive position of ASEAN exporters on EC. The realignment of EC and ASEAN exchange rates which was supported by the recent depreciations of the Indonesian rupiah and the Thai baht will undoubtedly stimulate ASEAN-EC trade, at least in the medium term, but the above analysis has also shown that future perspectives for ASEAN manufactured exports to the EC will likewise hinge on other major determinants such as institutional barriers to market access in the EC, the attitude of EC firms towards ASEAN countries, and last not least the results of present GATT negotiations.

#### B. *Policy Conclusions*

Concerning institutional barriers, future changes are hard to predict since a number of conflicting forces will remain at work. EC member countries have agreed to establish a Common Internal Market by 1992. This is a political decision which would require an enormous amount of harmonization among widely differing national standards and norms, common rules for national subsidy schemes, and a dismantling of non-tariff trade barriers. Observers tend to agree that the necessary negotiations and legal procedures will not be completed until the envisaged date, in particular since the Southern enlargement of the EC has complicated the matter substantially. Nonetheless, there are many proponents of deregulating trade within the EC who expect a common market to create new trade opportunities and to enforce a harmonization of economic policymaking among EC member countries. They refer to the experience with the European Monetary Union which has forced more monetary restraint upon EC governments [16, pp. 21–23] and contributed to price equalization within the EC [10]. Irrespective of the final shape of EC integration, there is an imminent danger that a common market will only be achieved at the expense of more discrimination against suppliers from non-EC countries.

At the same time, the increasing pressure on EC institutions and member governments to open EC markets to non-EC suppliers is not likely to abate. Mainly the United States, but also some highly indebted NICs demand a reduction of EC trade barriers in agriculture and less subsidies for declining industries. The United States is also pushing the issue of free trade in services. Most of these topics are on the agenda of the current GATT Round, and the United States appears to be determined to win some concessions from the EC.

The ultimate outcome of this struggle between countervailing political and economic forces is hard to predict with any accuracy. The writing on the wall, however, is that institutional intervention in the functioning of EC markets is going to increase rather than to be diminished over the next ten or so years.<sup>12</sup> These interventions will continue to aim at slowing down structural adjustment with the underlying intention to preserve existing jobs. In addition, they will

<sup>12</sup> For details, see [7].

attempt to enhance technological progress based on a concept of strategic industrial policies. More interventions will in any case mean slower growth of imports from non-EC countries.

What matters most for ASEAN countries are the MFA and non-tariff trade barriers mostly applied by individual EC member countries. Under the threat of an increasingly inward-oriented industrial policy in the EC, ASEAN countries have primarily two options to sustain their export expansion to European markets: product differentiation and political pressure in favor of deregulation.

Product differentiation means to shift the export mix gradually towards more intra-industry specialization with the EC as it was observed between the NICs and the EC or the ASEAN region and the United States. Intra-industry specialization is less prone to protectionist measures than inter-industry specialization which threatens to extinguish declining labor-intensive industries usually located in backward regions of the EC. Since an inter-industrial division of labor may directly cause unemployment and enforce regional imbalances, politicians and governments tend to yield to interest group pressure from employers and trade unions engaged in these industries. Intra-industry trade rather requires adjustments at the firm level and does not generally endanger the existence of firms as such. Therefore, the need for protection is much less obvious and politicians are more reluctant to grant support in this case.

Political pressure can help to stem the tide of protectionist sentiments in the EC, if applied in common by all ASEAN countries. The ASEAN-EC Co-operation Agreement has already been successful in that ASEAN countries were granted a special quote regulation under the MFA.<sup>13</sup> This agreement could be further exploited to improve the GSP (with respect to, for example, less binding rules of origin) and to liberalize the MFA. Furthermore, the ASEAN group should, perhaps together with the East Asian countries, be able to influence GATT negotiations on trade in services, a point which will be elaborated below.

More intra-industry specialization between ASEAN and the EC could be facilitated if EC firms would directly engage in production activities in ASEAN countries. This region has played only a marginal role as a destination for EC foreign direct investment, but there are indications that the attitude of EC firms towards investing in ASEAN countries is changing slowly. Rapid economic growth and an increasing division of labor in the Asia-Pacific region compared to economic decline and disintegration in Latin America and Africa, the traditional destinations of EC foreign investment in developing countries, have finally caught the attention of both managers and politicians in the EC. Whether the growing interest in Asia in general will finally generate more EC investment in ASEAN countries will depend on the attractiveness of ASEAN vis-à-vis other locations in the region. ASEAN governments can contribute to improve this attractiveness by further liberalizing investment regulations and removing red tape, but even more so by eliminating the still substantial inward biases in their own trade and industrialization policies.<sup>14</sup> The bad example of the EC should not be used as an excuse to

<sup>13</sup> For details, see [9].

<sup>14</sup> For details, see [13].



repeat the same mistakes in ASEAN countries which cause high economic costs in terms of potential income growth and employment opportunities foregone.

Internal budget constraints and external pressure in the Uruguay Round may lead to some reduction of agricultural protectionism in the EC which could be exploited by ASEAN suppliers.<sup>15</sup> The main hope for the GATT negotiations is, however, related to a substantial liberalization of trade in services. The EC Commission has already put pressure on national governments to deregulate air traffic and is preparing suggestions for better access to banking [4]. The latter also reflects external pressure from the United States to open up the EC market to foreign banks, much in the same way Japan has begun to liberalize her capital market. Pressure on the EC could be greatly increased if developing countries and in particular Asian developing countries would join the United States in demanding freer trade in services. The negotiating stance of Asian developing countries would become even stronger if they were prepared to offer reciprocal concessions in return for better access to EC markets for services, that is, if they would offer better access to their own markets in exchange for a liberalization of EC markets.

Lower barriers to trade in services holds great promises for ASEAN services' exports which could supplement and facilitate traditional manufactured exports. A deregulation of air traffic offers chances to the already very competitive ASEAN airlines to conquer additional market shares in the EC-Asia business, to enter into the intra-EC market, and to promote tourism in ASEAN countries. In addition to air transport and tourism, there are a number of other service activities in ASEAN countries which will benefit from a deregulation of trade in services with the EC.<sup>16</sup> As far as the meager data base goes, indications are that better access to national capital markets in EC member countries and participation in information as well as communication services can improve EC-ASEAN economic relations and hence, also help to promote manufactured exports.

<sup>15</sup> As members of the so-called Cairns Group ASEAN countries have already made proposals for liberalizing trade in agricultural products under GATT rules and disciplines.

<sup>16</sup> For details, see [15].

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APPENDIX TABLE I  
 AVERAGE ANNUAL GROWTH OF MANUFACTURED IMPORTS OF MAJOR INDUSTRIALIZED COUNTRIES BY REGION OF ORIGIN, 1970-86

Imports	U.S.A.												Japan					EC-10				
	1970-80	1980-82	1982-84	1984-85	1970-80	1980-82	1982-84	1984-85	1970-80	1980-82	1982-84	1984-85	1970-80	1980-82	1982-84	1984-85	1985-86*					
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)					
World	17.98	7.79	25.30	13.27	18.54	0.77	10.33	1.61	20.37	-8.12	1.35	7.49	34.00									
ICs	16.05	6.85	24.16	16.20	16.41	0.82	9.77	1.27	19.66	-6.89	1.23	7.15	34.15									
DCs	25.60	10.19	28.04	6.54	27.91	0.64	11.81	2.51	26.38	-7.10	3.84	4.31	32.33									
Africa	52.27	-28.62	12.85	-25.62	37.60	-27.21	27.00	-25.29	34.05	-4.98	0.45	14.92	n.a.									
Latin																						
America	25.18	10.17	28.23	13.86	28.23	-3.44	25.05	-13.27	22.31	-1.71	0.59	8.11	4.68									
Asia	26.04	13.81	28.14	5.79	18.44	2.81	10.69	4.17	31.14	-5.82	5.41	0.95	n.a.									
Far East	26.66	13.38	28.43	4.42	32.03	-0.75	10.82	5.63	32.72	-6.57	6.95	-2.09	40.86									
ASEAN	38.57	13.18	29.17	-4.23	36.06	0.19	12.11	1.05	45.14	-3.27	16.15	-2.10	23.67									
NICs	24.81	13.44	28.23	6.75	31.30	-0.95	10.53	6.69	30.69	-7.52	3.95	-2.09	47.21									

Source: As in Table II.

Notes: 1. Manufactured imports consist of SITC 5+6+7-67-68.

2. ICs=Industrialized countries; DCs=Developing countries.

\* Computed from Eurostat statistics which do not provide data for total Asia.



APPENDIX TABLE II (Continued)

	(%)															
	U.S.A.				Japan				EC-10							
	1970	1980	1982	1984	1985	1970	1980	1982	1984	1985	1970	1980	1982	1984	1985	1986*
SITC 65																
DCs	31.5	52.8	50.6	50.8	49.5	44.7	63.5	65.7	70.9	69.3	12.1	17.9	16.6	16.8	16.5	14.3
Latin America	3.6	9.3	8.6	8.7	7.7	0.4	1.2	2.9	2.7	2.6	0.2	2.2	2.1	2.1	2.0	1.5
Asia	25.9	40.2	40.1	40.0	39.7	35.1	61.3	61.5	67.0	65.2	7.8	11.7	10.5	10.4	10.1	
ASEAN	0.6	2.7	3.1	3.4	3.5	1.5	4.5	4.9	4.1	3.8	0.1	0.9	0.9	1.0	1.1	1.1
SITC 66																
DCs	25.7	46.2	38.8	41.6	40.0	41.4	57.2	59.0	54.2	55.8	8.3	9.4	15.2	15.5	17.3	13.0
Latin America	4.4	5.0	5.1	0.7	3.9	7.6	4.9	5.6	3.4	3.3	0.4	0.3	0.6	0.6	0.5	0.4
Asia	10.6	23.1	26.1	28.3	27.6	26.2	45.3	49.4	47.2	48.4	1.8	4.8	7.7	6.9	6.4	
ASEAN	0.3	2.1	1.5	1.8	1.3	2.2	5.2	6.7	5.7	5.4	0.2	0.4	0.7	0.7	0.6	0.1
SITC 7																
DCs	5.3	16.1	17.8	19.6	17.4	3.1	14.5	12.6	15.7	13.7	2.2	4.5	5.0	5.8	5.3	4.4
Latin America	1.6	4.5	4.9	5.1	5.2	0.1	2.2	1.5	2.4	1.7	0.2	0.4	0.6	0.6	0.6	0.4
Asia	3.4	11.1	12.6	14.2	12.0	1.6	10.2	10.6	12.5	11.6	0.5	2.3	2.8	3.7	3.6	
ASEAN	0.3	4.5	4.9	5.0	3.8	0.1	2.6	2.8	3.8	2.9	0.1	0.7	0.9	1.3	1.2	0.9
SITC 73																
DCs	2.9	11.1	10.9	8.9	9.4	8.2	12.4	13.4	15.8	13.3	6.5	5.5	4.5	4.1	4.3	4.3
Latin America	0.3	0.8	0.9	0.6	1.1	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.5	0.1	0.1
Asia	0.4	7.6	8.2	7.7	7.8	0.2	7.5	8.6	11.9	9.2	0.1	1.0	1.2	1.5	1.5	
ASEAN	0.0	0.8	0.7	0.4	0.7	0.0	1.9	2.6	4.6	3.4	0.0	0.1	0.1	0.1	0.2	0.1
SITC 74																
DCs	1.9	11.3	15.7	17.7	17.7	0.5	4.6	5.8	10.4	11.3	1.5	2.0	2.6	2.5	2.6	2.1
Latin America	0.6	2.4	2.9	3.2	4.0	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.3	0.2	0.2	0.2
Asia	0.7	8.0	11.8	13.9	13.1	0.5	4.3	5.6	10.2	11.1	0.2	0.6	0.9	1.0	1.1	
ASEAN	0.0	1.4	1.4	1.8	2.0	0.0	2.8	3.8	8.0	7.9	0.0	0.1	0.2	0.3	0.3	0.2

APPENDIX TABLE II (Continued)

	(%)															
	U.S.A.				Japan				EC-10							
	1970	1980	1982	1984	1985	1970	1980	1982	1984	1985	1970	1980	1982	1984	1985	1986*
<b>SITC 75</b>																
DCs	11.4	19.8	21.0	30.0	27.5	0.8	13.3	11.8	12.3	15.1	1.5	2.4	2.8	5.5	5.2	5.7
Latin America	6.0	4.7	3.7	2.9	3.0	0.1	10.4	8.9	7.1	8.1	0.7	0.5	0.8	0.4	0.3	0.2
Asia	5.2	14.8	16.7	27.0	24.4	0.6	2.9	2.8	5.2	6.9	0.3	1.4	1.7	4.8	4.7	
ASEAN	0.2	2.6	5.5	10.1	8.8	0.0	0.3	0.2	0.5	0.9	0.0	0.3	0.6	1.2	1.3	1.3
<b>SITC 76</b>																
DCs	15.3	44.1	40.2	36.6	32.6	6.6	45.2	31.2	34.7	40.4	3.1	14.0	12.2	13.4	11.9	12.2
Latin America	0.0	11.6	9.8	8.6	7.9	0.0	1.2	0.2	0.4	0.1	0.1	0.3	0.2	0.4	0.4	0.6
Asia	11.6	32.4	30.3	28.0	24.7	6.6	43.9	31.0	34.3	40.2	1.9	12.7	11.1	12.0	10.6	
ASEAN	0.2	7.1	6.0	4.8	4.7	0.0	4.5	4.5	3.2	3.6	0.2	3.7	3.6	3.8	3.4	3.1
<b>SITC 77</b>																
DCs	21.3	52.7	55.8	51.7	48.6	6.5	26.3	25.6	25.5	23.0	2.7	7.3	8.3	10.1	9.9	6.6
Latin America	6.4	12.3	12.5	12.0	12.6	0.0	0.1	0.2	0.3	0.2	0.2	0.3	0.3	0.3	0.3	0.2
Asia	14.5	39.8	43.0	39.4	35.6	5.8	26.1	25.2	25.0	22.7	0.7	4.9	5.9	7.8	7.6	
ASEAN	2.7	25.3	26.2	20.6	16.5	0.0	6.7	6.7	7.0	4.9	0.2	2.3	3.0	4.0	3.8	2.2
<b>SITC 8</b>																
DCs	32.2	58.3	60.2	59.8	58.0	20.5	39.6	42.7	45.1	45.3	11.3	19.9	20.2	20.6	19.3	17.2
Latin America	3.3	7.2	7.1	6.9	7.0	0.2	0.2	0.2	0.1	0.3	0.1	0.5	0.4	0.4	0.4	0.3
Asia	27.3	45.4	50.4	50.4	49.3	15.4	38.7	42.2	44.5	44.7	6.7	13.6	14.1	14.2	12.9	
ASEAN	1.4	3.7	4.0	4.5	4.5	0.9	2.7	2.1	1.9	1.9	0.1	1.4	1.5	1.5	1.3	1.3
<b>SITC 82</b>																
DCs	18.4	45.2	46.5	43.0	41.8	25.8	72.3	76.6	73.9	69.6	7.6	12.0	12.8	13.3	12.7	10.0
Latin America	2.7	6.3	5.1	6.2	5.8	0.0	0.3	0.2	0.0	0.0	0.2	0.1	0.1	0.1	0.1	0.1
Asia	7.5	29.9	32.8	30.9	30.5	15.2	69.9	74.7	71.8	67.5	0.4	2.5	3.1	2.7	2.1	
ASEAN	0.0	7.6	7.2	5.3	4.6	0.0	11.4	6.5	6.1	6.0	0.0	0.7	0.8	0.8	0.7	0.8

APPENDIX TABLE II (Continued)

	(%)																
	U.S.A.							Japan							EC-10		
	1970	1980	1982	1984	1985	1970	1980	1982	1984	1985	1970	1980	1982	1984	1985	1986*	
SITC 83																	
DCs	41.2	82.6	86.2	85.2	83.8	38.8	14.5	14.5	17.8	21.5	19.7	48.7	51.9	53.4	52.6	51.5	
Latin America	2.7	9.9	6.5	4.6	4.3	1.0	0.4	0.0	0.1	0.1	0.0	1.7	1.0	1.2	0.9	0.8	
Asia	37.8	72.1	79.0	79.9	78.6	33.7	14.0	14.4	17.8	21.4	9.3	39.5	43.4	45.0	44.0		
ASEAN	0.1	0.0	0.6	0.5	0.7	2.0	0.1	0.6	0.6	0.8	0.0	0.3	1.5	2.1	2.1	2.2	
SITC 84																	
DCs	53.8	89.3	90.3	86.7	84.9	70.3	71.8	77.7	82.8	82.7	20.7	38.7	40.7	40.6	38.5	33.0	
Latin America	4.2	9.2	7.1	6.9	7.4	0.2	0.1	0.2	0.1	0.1	0.1	0.8	0.6	0.6	0.5	0.4	
Asia	48.5	78.5	81.6	78.1	75.6	57.2	71.5	77.4	82.6	82.5	13.6	26.1	28.0	27.2	24.8		
ASEAN	4.2	7.3	8.2	9.5	9.7	0.8	1.9	1.5	1.3	3.2	0.1	2.7	3.0	2.6	2.3	2.3	
SITC 89																	
DCs	35.3	49.2	48.9	46.5	44.5	15.9	32.2	31.3	35.8	37.3	6.2	12.4	12.9	13.8	12.7	12.2	
Latin America	4.1	6.1	7.3	4.0	4.6	0.2	0.3	0.4	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.2	
Asia	30.0	30.7	37.1	38.2	38.7	10.8	30.9	30.2	34.5	35.7	6.4	9.9	10.6	11.6	10.5		
ASEAN	0.3	1.9	1.9	2.3	2.3	1.4	2.7	2.6	2.4	2.3	0.3	1.1	1.2	1.6	1.3	1.3	

Source: As in Table I.

Notes: 1. SITC 5, chemical and related products, n.e.s.; SITC 6 (excluding 67 and 68), manufactured goods classified chiefly by material; SITC 61, leather manufactures, n.e.s.; SITC 62, rubber manufactures, n.e.s.; SITC 63, cork and wood manufactures (excluding furniture); SITC 65, textile yarn, fabrics, made-up articles, n.e.s.; SITC 66, nonmetallic mineral manufactures, n.e.s.; SITC 7, machinery and transport equipment; SITC 73, metalworking machinery; SITC 74, general industrial machinery and equipment, n.e.s. and machine parts, n.e.s.; SITC 75, office machines and automatic data processing equipment; SITC 76, telecommunications and sound recording and reproducing apparatus; SITC 77, electrical machinery, apparatus and appliances, n.e.s.; SITC 8, miscellaneous manufactured articles; SITC 82, furniture and parts thereof; SITC 83, travel goods, handbags, and similar containers; SITC 84, articles of apparel and clothing accessories; SITC 89, miscellaneous manufactured articles, n.e.s.

2. DCs=Developing countries.

\* Figures for 1986 are computed from Eurostat statistics which do not provide data for total Asia.





APPENDIX TABLE III (Continued)

	(%)														
	U.S.A.						Japan						EC-10		
	1970	1980	1982	1984	1985	1970	1980	1982	1984	1985	1970	1980	1982	1984	1985
SITC 7															
ASEAN	67.1	67.4	73.0	73.8	71.1	2.8	5.2	4.2	4.6	4.0	30.1	27.4	22.8	21.6	24.9
NICs	80.7	61.1	70.3	76.0	75.3	7.4	9.7	7.5	6.2	6.2	11.9	29.1	22.1	17.8	18.5
SITC 71															
ASEAN	0.0	45.3	49.3	30.2	31.1	0.0	9.1	9.1	4.4	8.2	100.0	45.6	41.5	65.3	60.7
NICs	16.7	28.0	37.3	39.4	42.4	8.3	45.3	32.0	34.8	28.4	75.0	26.7	30.7	25.7	29.2
SITC 72															
ASEAN	71.4	29.9	40.8	51.9	45.4	0.0	17.3	11.4	14.5	18.3	28.6	52.8	47.8	33.6	36.3
NICs	42.9	51.0	67.1	72.9	72.3	14.3	11.4	8.0	8.6	8.3	42.9	37.6	24.9	18.5	18.9
SITC 79															
ASEAN	32.5	24.0	68.2	56.4	63.9	32.5	22.1	1.2	22.3	0.8	35.0	53.9	30.6	21.3	35.2
NICs	88.3	60.7	63.9	80.6	68.5	0.0	1.6	0.9	13.2	1.1	11.7	37.6	35.2	6.2	30.5
SITC 8															
ASEAN	77.8	44.5	54.7	67.3	71.0	6.7	7.2	5.8	4.2	4.0	15.4	48.3	39.5	28.5	24.9
NICs	65.4	54.2	62.5	69.9	72.7	4.9	9.0	8.8	8.8	8.3	29.7	36.8	28.7	21.3	19.0
SITC 83															
ASEAN	33.3	8.1	26.3	23.5	30.7	66.7	5.4	5.6	4.0	4.7	0.0	86.5	68.2	72.6	64.6
NICs	80.2	0.0	65.7	73.5	73.2	4.0	3.5	2.3	2.0	2.6	15.8	96.5	32.1	24.5	24.3
SITC 85															
ASEAN	47.4	61.2	67.8	66.4	50.3	0.0	3.2	5.3	6.6	7.6	52.6	35.6	26.9	27.1	42.1
NICs	60.2	68.1	76.2	80.1	82.0	1.8	7.9	7.5	6.8	5.9	38.0	24.0	16.3	13.1	12.1

APPENDIX TABLE III (Continued)

	(%)														
	U.S.A.				Japan				EC-10						
	1970	1980	1982	1985	1970	1980	1982	1984	1985	1970	1980	1982	1984	1985	
SITC 87+88															
ASEAN	11.1	32.9	47.7	57.1	50.7	33.3	17.4	16.2	18.1	15.3	55.6	49.7	36.1	24.7	34.0
NICs	53.6	45.7	58.6	63.0	63.1	14.8	8.7	7.7	11.8	11.7	31.6	45.6	33.7	25.2	25.2
SITC 89															
ASEAN	27.9	38.6	43.8	49.2	56.1	24.4	9.6	9.5	6.4	6.6	47.7	51.8	46.7	44.5	37.3
NICs	72.3	57.3	65.7	70.8	73.5	4.4	8.7	7.8	7.7	7.6	23.3	34.1	26.6	21.6	19.0

Source: As in Table I.

Notes: 1. SITC 5, chemical and related products, n.e.s.; SITC 6 (excluding 67 and 68), manufactured goods classified chiefly by material; SITC 61, leather, leather manufactures, n.e.s.; SITC 62, rubber manufactures, n.e.s.; SITC 65, textile yarn, fabrics, made-up articles, n.e.s.; SITC 69, manufactures of metal, n.e.s.; SITC 7, machinery and transport equipment; SITC 71, power generating machinery and equipment; SITC 72, machinery specialized for particular industries; SITC 79, other transport equipment; SITC 8, miscellaneous manufactured articles; SITC 83, travel goods, handbags and similar containers; SITC 85, footwear; SITC 87+88, professional, scientific and controlling instruments and apparatus, n.e.s. plus photographic apparatus, equipment and supplies and optical goods, n.e.s.; SITC 89, miscellaneous manufactured articles, n.e.s.

2. Total imports to the United States, Japan, and EC add up to 100 per cent.