

Regional Integration

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Trade Creation – Through common external tariff but zero internal tariff trade is created within the regionally integrated economy

Trade Diversion – Trade gets diverted from the most efficient producers, which may violate the basic principle of Comparative Advantage

So this has short term gains versus long term efficiency issues

There are stages of regional integration

Stages of economic integration

	Free intra-schem trade	Common commercial policy	Free factor mobility	Common monetary and fiscal policy
FTA	YES	NO	NO	NO
CU	YES	YES	NO	NO
CM	YES	YES	YES	NO
EcU	YES	YES	YES	YES
	YES			
	NO			

South Asian integration

- South Asia is one of the least economically integrated regions
- Most efforts for economic integration in this region is done through bilateral as well as multilateral agreements like SAFTA or Bilateral FTA like India-Sri Lanka FTA or Pakistan Sri-Lanka FTA
- Unfortunately, little effort is done to try integration through markets which creates true economic inter-dependence, which is the cornerstone of ASEAN

Reporter	Partner	Indicator	2000	2005	2010	2014	Source
ASEAN+3	ASEAN+3	Cumulative FDI Share (%)	18.86292	20.13545	18.48861	18.48861	UNCTAD FDI database
ASEAN+3	ASEAN+3	Intra-regional Trade Share (%)	45.01213	47.38246	46.54453	45.46476	IMF Directions of Trade Statistics
ASEAN+3	ASEAN+3	Total Trade Growth (%)	26.40558	14.12496	31.41399	1.109864	IMF Directions of Trade Statistics
BIMSTEC	BIMSTEC	Intra-regional Trade Share (%)	3.769406	4.743707	4.66953	5.730814	IMF Directions of Trade Statistics
BIMSTEC	BIMSTEC	Total Trade Growth (%)	28.88104	24.38571	31.16478	13.53064	IMF Directions of Trade Statistics
SAARC	SAARC	Cumulative FDI Share (%)	0.09665	0.14582	0.098415	0.098415	UNCTAD FDI database
SAARC	SAARC	Intra-regional Trade Share (%)	4.411329	5.46038	4.54854	5.310792	IMF Directions of Trade Statistics
SAARC	SAARC	Total Trade Growth (%)	21.44021	30.69118	41.34384	19.52741	IMF Directions of Trade Statistics

Intra-regional investment flows in SAARC

	India 2006-07	Bangladesh 2005-06	Pakistan 2006-08	Nepal 2006-07	Sri Lanka 2005
Share of South Asia (%)	0.023	2.82	0.102	46.6	7.0

Source: Aradhana Agarwal, 2008, Regional Economic Integration and FDI in South Asia: Prospects and Problem. New Delhi, ICRIER, WP 218.

Intra-regional investment in ASEAN

	Malaysia 1995-2003	Thailand 1995-2003	Singapore 1995-2003	Vietnam 1995-2003
Share of ASEAN countries (%)	25.1	20.9	23.6	9.7

Source: D. Hiratsuka, 2006, Outward FDI and Inter Regional FDI in ASEAN: Trends and Drivers. Tokyo, Institute of Developing Economies, DP 77

Nature of ASEAN +3 intra-regional trade

- Intra -regional Exports of Parts and Components of ASEAN+3 countries touched 59.3 % in 2005. Thus there was stress on Intermediate goods trade intra regionally.
- Aminian, Fung and Ng (2008) showed that RCA reveals that ASEAN+3 have transcended to more export oriented 'Processing' stage compared to import based 'Assembling' stage.
- This has helped MNCs as well as smaller sized Local companies in this region to fragment their production process
- This vertical specialisation across borders developed for

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_3266

