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Intra-ASEAN Economic Cooperation, 1976-1987

—Setbacks and Changes in ASEAN's Strategy for Collective Import Substituting Industrialization for Heavy and Chemical Industries—

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This paper examines the Association of Southeast Asian Nations (ASEAN)'s strategy for Collective Import Substituting Industrialization for Heavy and Chemical Industries (ASEAN's strategy for CISI). The strategy and results of intra-ASEAN economic cooperation from 1976 to 1987 are examined. An analysis of how interdependency among ASEAN markets changed was carried out. This paper then examined the new strategy of intra-ASEAN economic cooperation, which began from the "Manila Declaration of 1987." This examination is indispensable to understand the current intra-ASEAN economic cooperation including ASEAN Free Trade Area (AFTA) plan and the current economic cooperation among developing countries.

1. Introduction

The Association of Southeast Asian Nations (ASEAN) is made up of nations with growing economies in the Asia-Pacific region with the aim of promoting economic cooperation. In the "Singapore Declaration" at the 4th ASEAN Summit in January, 1992, plans were put in place to promote market integration (ASEAN Free Trade Area: AFTA), to propel ASEAN into economic cooperation. Furthermore, ASEAN has taken the lead in economic cooperation of the entire Asian-Pacific region. Neighboring countries have either joined or approached ASEAN. This is quite different from the economic integration of the Latin American developing countries, which was unsuccessful in the 1960s and 1970s.

However, intra-ASEAN economic cooperation[1] did not start with the 4th

1) In this paper, the term economic cooperation or intra-economic cooperation shall be used. A standard definition or concept of economic cooperation and integration is not clear in either economics or politics. The five phases, ranging from a free trade area to perfect economic integration, which are mentioned in Balassa (1961), are defined from the viewpoint of minimizing discriminations of market for goods and factors between member countries. However, this view is not sufficient for analyzing economic integration, as suggested in Tinbergen (1965). Refer to Balassa B. (1961), *The Theory of Economic Integration*, George Allen & Unwin, London/Tinbergen, J. (1965), *International Economic Integration*, 2nd ed., Elsevier, Amsterdam.

ASEAN Summit. It began in 1976, when the 1st ASEAN Summit was held and the " Declaration of ASEAN Concord " was agreed upon. The progress of intra-ASEAN economic cooperation, however, has not been focused in one direction. It has followed a very circuitous route to this day. If one were to divide its history into two phases, the turning point would have to be the 3rd ASEAN Summit and the " Manila Declaration " in 1987.

To understand current intra-ASEAN economic cooperation, the strategy and results of intra-ASEAN economic cooperation from 1976 to 1987 must be examined. The current intra-ASEAN economic cooperation, including the AFTA plan, stems from the new strategy of intra-ASEAN economic cooperation, which was initiated at the 3rd ASEAN Summit in 1987. The current intra-ASEAN economic cooperation from 1987 was planned based on the experiences of the economic cooperation between 1976 and 1987. Therefore, understanding this strategy and the results is indispensable in tackling common issues in current intra-ASEAN economic cooperation and in providing an overview of future intra-ASEAN economic cooperation.

Past studies on intra-ASEAN economic cooperation consist merely of summaries of intra-ASEAN economic cooperation and individual studies of its policies. In addition, there has been no attempt to analyze the strategy of intra-ASEAN economic cooperation while simultaneously understanding the structural changes in the world economy.

The purpose of this paper is to clarify the strategy of intra-ASEAN economic cooperation from 1976 to 1987, as well as the action taken to implement this strategy. This should help to provide a basic understanding of the current economic cooperation and integration among developing countries (e. g. Mercado Comûn del Sur: MERCOSUR), which is different from the failed economic cooperation among the developing countries of Latin America in the 1960s and 1970s.

This paper will first clarify how intra-ASEAN economic cooperation between 1976 and 1987 was formed in the midst of the structural changes in the world economy and economic hardships among ASEAN countries from the 1970s, and then discuss how this was carried out. Next, an analysis of how interdependency among ASEAN markets changed as a result. Lastly, this paper will examine the new strategy of economic cooperation, which began from the " Manila Declaration of 1987."

2. ASEAN's Strategy for Collective Import Substituting Industrialization for Heavy and Chemical Industries

ASEAN, founded in 1967 for the purpose of political cooperation, had the following goals: industrializing ASEAN member countries; economic cooperation and integration among developing countries, which started from the 1st ASEAN Summit in 1976 against the background of the 70's world recession.

The origin of this economic cooperation was guided by a report entitled "Economic Cooperation among Member Countries of the Association of Southeast Asian Nations" (referred to as the "UN Report")[2] which was formulated by a United Nations Team in 1972. The strategy of economic cooperation that the "UN Report" suggested was similar to Latin American Free Trade Association (LAFTA) -style economic integration. It featured regional market integration with only products from import substituting industries, based on the following theory: if a larger market is formed through the expansion of intra-regional trade of manufactured goods, profits from larger-scale production and specialization will ensue.[3]

The following sections deal with the contents of the "UN Report," followed by the basic details, implementation process, and issues related to intra-ASEAN economic cooperation from 1976.

2. 1. Formation of ASEAN's Strategy for Collective Import Substituting Industrialization for Heavy and Chemical Industries

After ASEAN countries began to promote import substituting industrialization in the 1960s, they faced problems in the 1970s. The main target of import substituting industrialization until then was light industry. Since they decided to switch to the heavy and chemical industries, including capital goods production, they needed a larger-scale market, in order to take advantage of its scale merit and reduce production costs. Also, it was difficult to establish various kinds of heavy and chemical industries in only one country due to resource allocation. Therefore, the "UN Report" suggested to ASEAN that by liberalizing trade they would create interdependent markets and that respective heavy and chemical industries would be established in each country with the cooperation of member

2) United Nations (UN) (1974), "Economic Cooperation among Member Countries of the Association of Southeast Asian Nations," *Journal of Development Planning No. 7*, UN, New York. This report, after the Economic Committee for Asia and the Far East (ECAFE) had proposed an investigation on economic cooperation among ASEAN countries to ASEAN and had received permission from ASEAN in 1968, was released by the UN Secretariat (the Center for Development Planning, Projections and Policies of the Department of Economic and Social Affairs of the UN Secretariat) in 1972 with the cooperation of the ECAFE, the United Nations Conference on Trade and Development (UNCTAD), the Food and Agriculture Organization of the United Nations (FAO) and was included in this magazine in 1974.

3) Refer to Nishimukai, Y. (1981), *The Economic Integration in Latin America,* Yuhikaku, (in Japanese). LAFTA was established in 1960 and commenced economic cooperation. However, due to conflicts of interest between member countries similar to causes of failure of intra-ASEAN cooperation mentioned in this section, LAFTA stagnated in the 1970s.

countries. Specifically, three interrelated policies (or techniques) were developed.

The first policy was "Selective Trade Liberalization" with which each country creates a list of individual items and cuts the tariff in stages, while aiming towards a free trade area (FTA) as a long term goal. The objective of this policy is to develop interdependent ASEAN markets through liberalization.

The second policy stipulated that some ASEAN countries jointly allocate and implement several new larger-scale projects, which would be supported by "Selective Trade Liberalization." This policy was called the "Package Deal Agreements System" dealt with a combination of these larger-scale projects and trade liberalization. It was the central policy of these three policies.

The third policy was the "Complementary Agreements System" in which each country specializes in its existing products.

ASEAN adopted the "UN Report" against the background of economic crisis in the early 1970s. The "Nixon shock" (the beginning of the floating-exchange rate system) in 1971, the oil crisis from 1973, and the subsequent world recession caused each country in the world to search for new avenues of growth through new policies and systems. Advanced countries sought international cooperation through Summits, while developing countries as a whole tried to establish the New International Economic Order (NIEO). ASEAN countries could not avoid similar reorganization. ASEAN countries' growth stagnated in the recession from 1974 to 1975, thus forcing them to face an intractable economic crisis. As a result, in the 7th ASEAN Ministerial Meeting (AMM) in 1974, ASEAN accepted the "UN Report" against the background of the changing world economy and agreed on establishing its three policies as well as the establishment of the Meeting of ASEAN Ministers responsible for National Planning. It would be the ASEAN Economic Ministers Meeting (AEM) in 1975, which would meet to discuss the implementation of these policies.

The strategy of economic cooperation, outlined in the "UN Report," was officially approved at the 1st ASEAN Summit in 1976. The "Declaration of ASEAN Concord,"[4] which was adopted at the summit, mentioned the three policies from the "UN Report" and agreed on establishing larger-scale industrial plants, realized later as the ASEAN Industrial Project (AIP), as well as the Preferential Trading Arrangements (PTA) which were extensions of Selective Trade Liberalization. As for individual projects, the "Joint Communique," released at the same time, revealed the specifics. According to it, the target items for the point projects were urea (fertilizer), superphosphates, potash, petrochemicals, steel, soda ash, newsprint and rubber products. These were the

4) Refer to ASEAN Secretariat (1978), *10 years ASEAN*, Jakarta.

same as the "UN Report" mentioned in the Package Deal Agreements System (with one exception: rubber products were included in the Complementary Agreements System). The Philippines and Singapore had been proposing a FTA plan since 1975 for trade liberalization among ASEAN countries. However, due to Indonesia's strong objection, members finally agreed that "member states shall progress toward the establishment of preferential trading arrangements as a long term objective," thus taking a more passive approach than that of the "UN Report."[5]

ASEAN's strategy of economic cooperation was a far cry from the one the "UN Report" had suggested in two main ways. First of all, they enforced regulations regarding foreign direct investment (FDI) while trying to implement collective import substituting industrialization for heavy and chemical industries.[6] We can see how FDI was regulated, in negotiations between the ASEAN countries before they adopted the strategy of collective substituting industrialization. In a dispute over the FTA from July, 1975, the Indonesian representative expressed an opinion in the Singaporean seminar that "the FTA will be the Trojan horse of the multinational corporations (MNCs) in ASEAN"[7] thus revealing a warning against the FTA and MNCs. That was because the FTA was presumed to benefit from the export to other ASEAN countries from Singapore, which had industrialized with help from MNCs.

Secondly, they actively tried to receive aid from advanced countries and make it their financial base for implementing these projects. Specifically, the ASEAN countries, to carry out the AIP, jointly invested in a new AIP corpora-

5) In actuality, the "UN Report" was not easily accepted for the "Declaration of the ASEAN Concord." It was adopted after negotiations between the member countries over their national interests. A dispute over intra-ASEAN economic cooperation began in the ASEAN Chamber of Commerce and Industry (ASEAN-CCI) on July 19-20, 1975 when the Philippines suggested the FTA and Singapore supported the idea. It was followed by Indonesia's strong objection to the FTA and suggestion of the Package Deal Agreements System, the adoption of the Package Deal Agreements System and PTA as a result of the compromise between Singapore and Indonesia. In the end, they managed to come up with something very similar to the "UN Report." For the details of those disputes, refer to *Far Eastern Economic Review* (F. E. E. R.), January 23, 30, February 6, 27, 1976/ Suriyamongkol, M. L. (1988), *Politics of ASEAN Economic Cooperation: The Case of ASEAN Industrial Projects*, Oxford University, Press, Singapore.

6) Regulation for FDI in ASEAN's Strategy for CISI indicates an important aspect characterizing ASEAN's strategy of economic cooperation from 1976. That was connected to regulated foreign capital policies of ASEAN countries. In the 1970s, the ASEAN countries, excluding Singapore, adopted regulated foreign capital policies. Of the ASEAN countries which took the growth policies of depending on advanced countries since the mid-60s, Indonesia, Malaysia and Thailand chose to restrict FDI in the 1970s possibly because of rising nationalism against expanded FDI by mainly MNCs (underlying this problem, was the rise of the worldwide North-South problem).

7) F. E. E. R., Feb. 6, 1976.

tion, instead of entrusting it to MNCs of advanced countries. They tried to acquire financial aid for the AIP particularly from Japan, by taking advantage of "External Joint Approach."[8]

In summary, the strategy of intra-ASEAN economic cooperation from 1976 consisted of the following points. First, this plan would lead to the collective import substituting industrialization for heavy and chemical industries by establishing large-scale heavy and chemical industries, creating large-scale markets for these industries and acquiring the funding for these industries, based on the FDI-regulated foreign capital policies of ASEAN countries since the 1970s. This would also create interdependent ASEAN markets with the AIP as a nucleus. This would thus support the development and growth of individual ASEAN countries. Thus, the intra-ASEAN economic cooperation, which started from 1976, could be called "ASEAN's strategy for Collective Import Substituting Industrialization for Heavy and Chemical Industries (ASEAN's strategy for CISI)."

2. 2. Implementation and Issues related to ASEAN's Collective Import Substituting Industrialization for Heavy and Chemical Industries

ASEAN implemented the strategy for CISI based on the following three policies. These were the ASEAN Industrial Project (AIP), which was the main component of the strategy, the ASEAN Industrial Complementation (AIC), which was secondary to the AIP; and the Preferential Trading Arrangements (PTA), which would assist the AIP and AIC, and at the same time directly create interdependent ASEAN markets.

Although the AIP was the central component of ASEAN's strategy for CISI, due to serious conflicts of interest among the countries, it was extremely difficult to implement. The following failures exemplify the failure of the AIP, setbacks in the petrochemical and steel industries, which are a crucial part of the heavy and chemical industries, and failures in the strategic diesel engine industry. Table 1 illustrates the progress of the AIP, which was adopted in the 1st ASEAN Summit and discussed in the 2nd AEM.

In the 2nd AEM in March 1976, the AIP was allocated among countries. However, due to conflicts of interest over allocation, the meeting did not go smoothly. They could not agree on the petrochemical and steel industries, which were the nucleus of the project from the "UN Report," because of the friction between the member countries, thus agreeing only on five "mid-scale" projects. As for the petrochemical project, Singapore showed interest at first, and then the oil-producing countries of Indonesia and Malaysia also showed interest, followed

8) The "External Joint Approach" began in the Trade Negotiation with the EC in 1972 and the Rubber Negotiation with Japan in 1973, and then expanded particularly after 1976. A typical example was the acquiring of $1-billion in aid from Japan (to the AIP) in 1977.

by the Philippines. As a result, the four countries were deadlocked. As for steel, the Philippines and Malaysia clashed head-on on the first day of the conference.

The joint statement regarding the petrochemical and steel projects stated that " consulting with one another on national programs for development of integrated steel and basic petrochemical industries with a view to coordinating these programs, avoiding unnecessary duplication and competition, so as to achieve maximum benefits for the ASEAN region as a whole."[9] It was a general statement indicating that no country was willing to compromise on these issues.

As for financing the AIP, Japan promised $1 billion in support to the AIP in the ASEAN-Japan ASEAN Summit in August 1977.[10] However, the five projects agreed to in the 2nd AEM, urea (Indonesia, Malaysia), superphosphate (the Philippines), diesel engine (Singapore), and soda ash (Thailand), did not live up to the AIP's initial expectations, due to the collapse of the Singaporean project. This is because when it came to approving the individual projects, potential conflicts of economic interest among member countries surfaced.

In the 2nd AEM, the diesel engine project was allocated to Singapore, and yet after discussing it in the 6th AEM in 1978 and the 11th AMM, it was not approved because of objections from four other countries. In the 6th AEM in June 1978, there was a heated discussion about Singapore's diesel engine project which lingered on until after 1 : 00am the next morning.[11]

Behind of this confusion, there was a confrontation between Singapore and Indonesia over industrial locations. Singapore's diesel engine project included the production of small engines, which were in great demand in the ASEAN region. Indonesia demanded that Singapore produce large engines of 500 hp or greater. This was because Indonesia was already producing diesel engines of 40-120 hp at the Surabaya diesel engine factory. Furthermore, Indonesia was planning to produce diesel engines of up to 500 hp (Indonesia, at the same time, was the largest importer of small diesel engines). The Philippines and Thailand also had plans to produce diesel engines. In the Philippines, a plan to produce engines of 50-250 hp was in progress.[12]

Singapore finally announced that it would abandon the diesel engine project in the 6th Committee on Industry, Menerals and Energy (COIME) in September, 1978, thus virtually pulling out of the AIP. The solidarity of creating a large-scale joint project in each country was already crumbling in 1978. Singapore, at

9) *Nippon Keizai Shinbun*, March 10, 1976, (in Japanese)/ASEAN Secretariat (1988), ASEAN Documents Series 1967-1988, 3rd ed., Jakarta, pp. 178-181.

10) This aid was under the condition that the AIP would be established as an ASEAN project with high feasibility.

11) *Nippon Keizai Shinbun*, June 7, 1978, (in Japanese).

12) F. E. E. R, October 20, 1978.

that point, lowered the investment ratio of the project in other countries to 1%, thus her participation in the AIP became nominal (the reason Singapore maintained its investment was because if it did not have any approved ASEAN projects, ASEAN could not continue to receive Japanese aid). The initial AIP goal to jointly invest in individual projects in other countries collapsed in this manner.

In the end, only the two urea (fertilizer) projects in Indonesia and Malaysia were carried out until 1987. Indonesia's urea (fertilizer) project was approved in the 5th AEM in September 1977 and started its commercial production in January 1, 1984. The Malaysian project was approved in the 6th AEM in June 1978 and its commercial production began in September 1985. The Indonesian project produced 217,039 MT of urea during the first five months of 1987 and the Malaysian project produced 352,330 MT of ammonia and 558,675 MT of urea in the same year.[13]

The AIC, as well, was barely implemented for the same reasons as the AIP. The AIC was derived from the Complementary Agreements System in the " UN Report." With the AIC, private capital would be allocated to the products or the production processes (at the same time endowing exclusive rights) in existing industries, thus leading to scale merit from specialization. It was a plan to allocate auto parts to each country and manufacture an ASEAN car collectively. However, unlike the Brand-to-Brand Complementation (BBC) scheme mentioned in the Conclusion, this plan did not totally correspond with the goal of the MNCs.

The " Basic Agreement on AIC " was signed at the 14th AEM in June 1981 and the package relating to manufacturing auto parts was approved.[14] However, since individual countries considered auto production a strategic industry and they were already jointly manufacturing cars with MNCs, AIC auto manufacturing was limited in its implementation.

The PTA, the third policy with the purpose of creating interdependent markets, was signed in February 1977 and gave preference to AIP and AIC products. The PTA was implemented from 1978 based on the margin of tariff preference for individual items on a product-by-product basis. The PTA initially consisted of 71 items, but the margin of preference was merely a 10% tariff cut. How-

13) ASEAN Secretariat (1988), *Annual Report of the ASEAN Standing Committee 1987-1988*, Jakarta, p. 37.

14) The first AIC package item list was completed in the 15th AEM in October 1983. Its contents were: Indonesia: diesel engine (80-135 hp); Malaysia: spokes and nipples, drive chains and timing chains; the Philippines: body panels for passenger cars, transmissions, transaxles; Singapore: universal joints, oil seals; Thailand: body panels for commercial vehicles of 1 ton and above, brake drums for trucks. (ASEAN Secretariat, 1988, *ASEAN Document Series 1967-1988*, pp. 202-203).

ever, an across-the-board tariff cut was adopted, and the number of items gradually increased and reached 12,783 items in 1987.[15] The tariff-cut rate was raised to between 20～25% in 1981 and then increased to 50% in 1982 for several items.

However, this expansion was only a formality. This was because they allowed the exclusion of " sensitive " items. Individual countries designated the products which each country wanted to protect, as " sensitive " items. The number of those excluded items, of the total number of trading items in each country, reached 63% in Thailand, 54% in Indonesia, 39% in Malaysia, and 25% in the Philippines. In 1986, of the total number of preference items, only 5% of the items were actually traded by the ASEAN member countries within the ASEAN region.[16] Thus these three basic policies were not very successful. The reason for this was the economic interest conflicts among the ASEAN countries.

A similar conflict could be seen in the dispute over the FTA before the " Declaration of ASEAN Concord." Indonesia considered the FTA a disadvantage to a developing country like itself. An Indonesian official once asserted that Indonesia would not be interested in ASEAN FTA " in 100 years."[17]

As seen above, the conflicts of interest over the AIP clearly caused stagnation of AIP activities. Strategic industries such as petrochemicals, steel, and diesel engines were affected most. While each country heeded the requests of her own industries, they obstinately objected to any policy of economic cooperation, when the policy seemed to create obstacles for the establishment of a strategic industry in that country, even though that economic cooperation policy could have benefited ASEAN as a whole.

According to the static trade theory, free trade or market integration will bring benefit not only to all participants as whole but also to individual countries. However, in a growing economy, when the degree of real income increase varies depending upon the industry, countries tend to promote industries in which an increase in income can be expected in the future. For this reason, each government of the ASEAN countries when allocating the AIP, tried to locate key strategic industries or industries with high elasticity of demand to income, to its own country.

These conflicts can be seen generally when economic integration of an area is undertaken. Therefore, when planning economic cooperation and integration to

15) ASEAN Secretariat (1988), *Annual Report of the ASEAN Standing Committee 1988-1989*," Jakarta, p.74.

16) Secretariat of the Group of Fourteen (ASEAN-CCI) and Institute of Strategic and International Studies (ISIS) (1987), *ASEAN the Way Forward* (*The Report of the Group of Fourteen on ASEAN Economic Cooperation and Integration*), ISIS, Kuala Lumpur, p.25. After the " Manila Declaration of 1987," tariff cuts were promoted at the request of the MNCs as seen in the BBC scheme.

17) F. E. E. R., January 30, 1976.

remove intra-trading barriers these conflicts need to be controlled. This issue, deeply related to the distance between ASEAN and the European Community: EC (or the European Union: EU), cannot be avoided when discussing the economic integration of ASEAN. When formulating a policy for economic cooperation and integration to remove intra-trading barriers, there are some cases in which conflict for national interests over that policy simply do not occur. For example, when there is an interdependent relationship between countries, which will make their economic cooperation and integration rational. One such case is when several small countries with equal economic standards have similar economic policies when implementing economic cooperation and integration. An example of this would be the Benelux Customs Union.

A second case is when there is at least a potential interdependent relationship between the participating countries, similar to the interdependency among the markets within an area. In the EC, there was a potential interdependency between member countries, as seen in the fast implementation of the Customs Union long before other common policies were implemented.

Unfortunately ASEAN lacked those conditions. There was a large gap in economic standards between Singapore and the other ASEAN countries. As seen in the foreign capital policies, the ASEAN countries were not heading in the same direction in terms of economic policies. Each ASEAN country also had strong ties with advanced countries by exporting primary products, thus its interdependent relationships were very weak. The interdependent relationship of markets will be described in Section II.

When economic cooperation and integration lack the above conditions, the rational control of conflict will determine its success. To do so, it is necessary to supplement the redistribution of income and capital in economic cooperation. For example, the EC by adopting the Common Regional Policy and the Common Agricultural Policy, which will be considered as "methods for the redistribution of income or the reallocation of capital," has implemented this for countries experiencing disadvantages as a result of economic cooperation.

ASEAN believed that liberalizing the factor movement was unacceptable and lacked the "methods for the redistribution of income or the reallocation of capital" for countries suffering disadvantages arising from economic cooperation. If there are no "methods for the redistribution of income or the reallocation of capital" when promoting an economic cooperation policy such as creating a free trade area, then less developed countries generally will suffer disadvantages. That is why Indonesia objected to the FTA plan. Although the "UN Report" mentioned equity among member countries regarding the allocations of joint projects for ASEAN, it did not suggest "methods for the redistribution of income or the reallocation of capital" and ASEAN also ignored this issue.

Furthermore, ASEAN did not have any organization to supervise " methods for the redistribution of income or the reallocation of capital " for total ASEAN profits, as well as to control friction between member countries, an organization like the EC Commission or the European Parliament. The AMM and the other ASEAN meetings correspond to the European Council in which the conflict of interests between member nations occurred. Although the establishment of the ASEAN Secretariat was decided in the 1st ASEAN Summit, the Secretariat was merely an organization with a communicative function.

A more fundamental problem was the tension between the economic nationalism of nation states and economic cooperation or integration. This was the base of the conflict of interests among the ASEAN member countries. This nationalism led to a lack of political will to deal with conflicts between the members regarding economic cooperation. Since ASEAN consists of developing countries and each member country possesses strong nationalism, there were strong tensions fundamentally different from those of the EC. ASEAN consisted of relatively younger nation states and these countries did not implement mature national integration. Thus their nationalism strongly affected national policies of those countries.[18]

Lastly, the role of ASEAN Industrial Joint Venture (AIJV) which is a new intra-ASEAN economic cooperation policy dating from 1983 should also be noted. Since the AIP, the AIC and the PTA achieved little success, the AIJV was suggested as a policy with more attainable conditions. The basic agreements on AIJV were signed in the Special AMM in November 1983. This was not part of the " UN Report." It was a small-scale project by private sectors suggested and promoted by the ASEAN Chamber of Commerce and Industry (ASEAN-CCI). AIJV allowed the involvement of foreign capital to a greater degree (up to a maximum of 49% of the investment ratio for a foreign corporation) and it was completely different from the policies based on the ASEAN's CISI, which originated from the " UN Report." Therefore, ASEAN adopting the AIJV seemed to suggest the failure of projects based on that CISI strategy. However, it did not mean that they were turning away entirely from that strategy. The reality was that foreign capital did not make up the majority of the investments and also the foreign investment policy of other countries basically did not change. As of 1987, only 15 projects were approved of as AIJV and only four small-scale projects are in progress,[19] thus its number and scale can't be overestimated.

By examining the policies based on the ASEAN's strategy for CISI as well

18) In developing countries, nationalism is destined to rise. Regarding this issue, refer to Anderson, B. (1983), *Imagined Communities : Reflections on the Origin and Spread of Nationalism*, Verso, London, 1983 ; Geertz, C. (1973), *The Interpretation of Cultures*, Basic Books, New York.

as their implementation, it can be concluded that intra-ASEAN economic cooperation had very limited success.

3. Interdependency among the ASEAN Markets during the 10 Years under ASEAN's Strategy for Collective Import Substituting Industrialization for Heavy and Chemical Industries

The 10 years of intra-ASEAN economic cooperation based on ASEAN's strategy for Collective Import Substituting Industrialization for Heavy and Chemical Industries (ASEAN's strategy for CISI) turned out to be " 10 years of setbacks " from the viewpoint of policy implementation. This paper will now examine how interdependency among the ASEAN markets changed under ASEAN's strategy for CISI. In the following analysis, the results of this strategy in terms of the market structure which includes interdependency of ASEAN markets will be evaluated. In addition, the cause of the strategic change, in 1987, in intra-ASEAN economic cooperation will be examined.

Since there are many problems concerning the ASEAN region trade statistics, the database of the Institute of Developing Economies (IDE) was used and modified for this analysis, and then an original world export matrixes was developed (Table 2-7).[20] The analysis in this section will focus on a comparison between the year 1976 and 1986.[21] During this period, the ASEAN countries' trade GDP ratios to total GDP were increasing. Therefore, when evaluating market interdependency and integration, it is possible to focus upon the trade structure. To analyze ASEAN as a whole, six ASEAN countries will be examined (ASEAN 6 in the tables, the original ASEAN countries plus Brunei, which joined ASEAN in 1984), while adding the five original ASEAN countries (ASEAN 5) when appropriate.

The first section will examine the ASEAN export structure in 1976, which was a starting point for intra-ASEAN economic cooperation. The second section will examine changes in the ASEAN export structure from 1976 to 1986. The third section will examine interdependency within ASEAN markets.

3.1. The ASEAN Export Structure in 1976

The 1st ASEAN Summit in 1976 inaugurated intra-ASEAN economic cooperation. ASEAN exports at that time were made up of the following three charac-

19) The four projects in progress were: constant velocity joint (Malaysia, the Philippines); mechanical and power rack and pinion steering (Malaysia, the Philippines); motor cycle electric parts (Malaysia, Thailand); security paper (Brunei, Malaysia). (ASEAN Secretariat, 1988, *Annual Report of the ASEAN Standing Committee 1987-1988*, pp.42-45). As of July 1991, 18 projects were approved (Federation of Malaysian Manufacturers for the SEAN-CCI Working Group on Industrial Cooperation, 1991, *Guide to ASEAN Industrial Joint Ventures*, Kuala Lumpur, 1991).

teristics. First, the export ratio of ASEAN 6 to the ASEAN region was smaller than that to countries outside the ASEAN region. It was only 14.2% in 1976. The export ratio of the original five ASEAN countries excluding Brunei (ASEAN 5), to the ASEAN region was also 14.2% (see Table 2).

Second, ASEAN exports became largely dependent on markets outside the ASEAN region with an 85.5% export ratio. Advanced countries including Japan (29.6%) and the U. S. A. (20.7%) were the main importers. The export ratio to

20) ASEAN's trade statistics, as also seen in the IMF's "Direction of Trade," have the following discrepancies and problems: 1. The exports from Singapore to Indonesia are not included because Singapore does not release its statistics. 2. There is a big difference between the exports from Singapore to other countries and the imports from Singapore to those countries because Singapore includes "re-export" to its exports. For example, the exports from Singapore to other ASEAN countries in 1976 shows $1.35 billion (not revised) and $1.03 billion (revised in my statistics). 3. Taiwanese trade is not included. 1. and 2. are particularly problematic for analyzing the exports within the ASEAN region since exports from Singapore to other ASEAN countries, especially to Indonesia, makes up much of the exports within the ASEAN region.

ASEAN market integration was studied for individual countries and items and the original statistics are revised in the following publication: Rieger, H. C. (1985): *ASEAN Cooperation and Intra-ASEAN Trade*, ASEAN Economic Research Unit Research Notes and Discussion paper No. 57, Singapore, ISEAS. However, this research uses statistics prior to 1983. In particular, the analysis on items is as of 1982 only, thus time series analysis has been excluded.

In my statistics, I analyze ASEAN market integration and economic cooperation from 1976 to 1986, including its item-by-item analysis. For my thesis, I obtained statistics directly from the database at the Institute of Developing Economies (IDE), called "AID-XT (Ajiken Indicators on Developing Economies: Extended for Trade Statistics)" and then modified these statistics to solve the above problems.

The AID-XT is edited using magnetic tapes from the OECD and UN (As for the Taiwanese statistics, the Institute has input export-import data of Taiwan). In the AID-XT database, data on the export from the country with the UN statistics to Taiwan (e. g. the export from ASEAN countries to Taiwan), and the export from Singapore to Indonesia would be missing.

The following modifications were done in order to solve the above problems 1 to 3: 1. Use the import figures from Indonesia, 2. Replace Singapore's export figures with the figures of Singapore's importers, 3. Use the import figures from the Taiwanese side, not from the UN statistics about its trading countries' exports from UN statistics. After the modifications, the "base" statistics were analyzed using the modified tables from these statistics. For one page of the "base" statistics, 126 points have been revised. There will be a difference between the export figure and the import figure (e. g. difference between the f. o. b. price and the c. i. f. price). However the export and import figures were not modified, because there is no standard method to calculate that figure (e. g. the f. o. b. price=the c. i. f. price x 0.9).

Between the ASEAN countries, there was probably a large amount of smuggling. However, since it is extremely difficult to grasp this issue completely, it was not included in the evaluation.

21) The reason for choosing 1986 is that since there are no 1987 AID-XT statistics on Brunei and the Philippines, 1987 export statistics on the six ASEAN countries could not be obtained.

the 12 EC countries was a mere 13.9%, indicating that exports to former colonizing nations was already smaller than that to Japan or the U. S. A. The export ratio to the three Asian Newly Industrializing Economies (NIES) excluding Singapore, that is ASIA NIES 3, was only 6.3% (see Table 2).

Looking at total ASEAN export, the Standard International Trade Classification (SITC) 3 was 38.7%, the SITC 2 was 21.9%, the SITC 0 was 14.2%.[22] The export ratio of the oil-related SITC 3 was the largest. The export ratio of primary goods (SITC 0-4) was 79.4% while that of manufactured goods (SITC 5-8) was 19.1%, thus ASEAN export was mainly primary goods (see Table 7). Both as a whole and as individual members, the ASEAN countries were exporting primary goods to countries mainly outside the ASEAN region.

Third, regarding intra-ASEAN export, there was a large inclination toward particular countries or special items, thus lacking interdependency between member countries. The individual flow ratio among ASEAN countries against total intra-ASEAN export was analyzed with the following findings. The following were the top three trade totals: 1. Exports from Malaysia to Singapore (26.5%); 2. Exports from Indonesia to Singapore (17.6%); 3. Exports from Singapore to Indonesia (15.0%). The export amount between Singapore and Malaysia accounted for 35.5% of total intra-ASEAN exports. If the export amounts between Singapore and Indonesia were included, it would be 68.1%. That implies that Singapore's share of intra-ASEAN trade was quite dominant. Conversely, export between the five ASEAN countries excluding Singapore (ASEAN 4+B), was just 20.1% (see Table 4).

The top three export items in the ASEAN region were: 1. SITC 3 (36.5%); 2. SITC 2 (22.7%); 3. SITC 0 (16.0%). The percent of primary goods (SITC 0-4) was 78.1% and the percent of manufactured goods (SITC 5-8) was 20.9%, thus primary goods, and SITC 3 in particular dominate. The main contents for this classification are oil and oil products (SITC 33) and those two accounted for 99.5% of the SITC 3 in 1976. The SITC 3 exports, for example, accounted for 69.5% and 41.4% for the exports from Singapore to Indonesia and Malaysia respectively. SITC 3 exports also made up 39.2% and 16.9% of exports from Indonesia and Malaysia to Singapore respectively. Crude oil exports from Indonesia and Malaysia to Singapore and oil product exports in the reverse order predominated exports within the ASEAN region (Table 6).

22) Items for the single-digit SITC are: 0. Food and live animals chiefly for food, 1. Beverages and tobacco, 2. Crude materials, inedible, except fuels, 3. Mineral fuels, lubricants, etc., 4. Animal and vegetable oils and fats, 5. Chemicals, 6. Manufactured goods classified chiefly by material, 7. Machinery, Transport equipment, 8. Miscellaneous manufactured articles, 9. Goods not classified by kind. In the AID-XT database, the SITC is based on the R1 classification (For this reason, electric and electronic machines including parts of SITC 77 becomes SITC 72 in the R2 classification).

Those were the characteristics of intra-ASEAN exports in 1976. With this background, intra-ASEAN economic cooperation was inaugurated the same year. Did interdependency among ASEAN markets get stronger through intra-regional economic cooperation? To find out, the structural changes in ASEAN exports from 1976 to 1986 were examined.

3. 2. Structural Changes in ASEAN Exports from 1976 to 1986 and the Involvement of Foreign Capital

From 1976 to 1986, there were not many structural changes for the following reasons. First, the intra-ASEAN export ratio was still smaller than the extra-ASEAN export ratio. This ratio was 16.3% in 1986, and 15.9% for the five ASEAN countries excluding Brunei (ASEAN 5), thus showing little change in the intra-ASEAN export ratio to total exports.

Second, neither the extra-ASEAN export ratio nor its characteristics showed much change. The extra-ASEAN export ratio to the total ASEAN export was 83.7%. As in 1976, Japan (23.8%) and the U. S. A. (22.1%) had a relatively high percentage (see Table 2). Third, intra-ASEAN exports also had a strong inclination to particular countries and items, thus there were no collective or highly interdependent markets within the ASEAN region.

The top three export ratios within the ASEAN countries were: 1. Exports from Malaysia to Singapore (23.6%); 2. Exports from Singapore to Malaysia (16.3%); 3. Exports from Indonesia to Singapore (12.4%). As in 1976, there was a significant inclination to particular countries, as seen in the export ratio of 39.9% between Singapore and Malaysia in 1986 against the total export in the ASEAN region. If the exports between Singapore and Indonesia were added to this, it would reach 62.0%. Singapore's share in intra-ASEAN export was still high. The export percentage among the five ASEAN countries excluding Singapore (ASEAN 4+B), compared with the total intra-ASEAN exports, shrank to 18.3% (see Table 4).

On an item-by-item basis, the top three percentages were: 1. SITC 3 (31. 9%); 2. SITC 7 (23.0%); 3. SITC 6 (10.7%). The SITC 3 still ranked high. Its export percentages from Singapore to Indonesia and Malaysia were 46.3% and 37. 7% respectively, while the export percentages in the reverse order were 34.7% and 24.2% respectively (Table 6).

These structures did not change during the 10 years of intra-ASEAN economic cooperation. However, attention should be paid to the fact that the exporting items of ASEAN did change within the ASEAN region. What happened was that the export ratio of the SITC 5-8 increased. The percentage of manufactured goods (SITC 5-8) compared with the total intra-ASEAN exports more than doubled from 19.1% in 1976 to 41.3% in 1986. Conversely, the percentage of primary goods (SITC 0-4) dropped from 79.4% to 55.6%. The export percentage of the SITC 5-8 to the U. S. A. increased from 24.4% in 1976 to 63.5% in 1986, while at the same time, the SITC 7 percentage also rose from 9.8% to 39.8 (Table 7). Of the SITC 7, electrical and electronic machines including parts (SITC 72) accounted for 92.2% in 1976 and 64.5% in 1986. Although the SITC 5-8 percentage of exports to Japan increased from 7.1% in 1976 to 13.5% in 1986, it is not on the same level with the amount to the U. S. A. (Table 7). As for ASEAN exports to three Asian NIES excluding Singapore (ASIA NIES 3), its percentage compared with the total intra-ASEAN exports increased from 6.3% in 1976 to 9.7% in 1986 (Table 2). Both the SITC 5-8 and SITC 7 percentages of exports to ASIA NIES 3 increased from 19.1% to 40.3% and from 7.2% to 16.4% respectively (Table 7). The rising manufactured goods ratio of the total intra-ASEAN exports suggests that industrialization, particularly export-oriented industrialization and industrialization through MNCs, was occurring in the ASEAN countries.

The SITC 5-8 ratio of exports within the ASEAN region also increased. This increase is important for evaluating ASEAN economic cooperation and market integration through the ASEAN's strategy for CISI. The SITC 5-8 percentage of the total exports within the ASEAN region more than doubled, from 20.9% in 1976 to 45.7% in 1986. Conversely, the percentage of primary goods (SITC 0-4) dropped from 78.1% to 51.4%. The SITC 7 increased to a great degree, from 8.3% in 1976 to 23.0% in 1986. Attention should be paid to the fact that this SITC 7 percentage of total intra-ASEAN exports in 1986 was second to the SITC 3.

The SITC 5-8 percentage and SITC 7 percentage of exports from Malaysia to Singapore increased from 20.0% to 43.6% and from 6.9% to 27.3% respectively, during the same period. The same two percentages of exports from Singapore to Malaysia increased from 45.5% to 56.6% and 19.5% to 36.3% respectively. Although exports from Singapore to Malaysia, in terms of the flow within the ASEAN region, was fourth highest in 1976, they ranked second highest in 1986. Of the total intra-ASEAN exports, both the export percentages from Singapore to Malaysia, and that between Thailand and Singapore, increased from 1976 to 1986. That was because SITC 5-8 exports had increased (Table 6).

Did the ASEAN's strategy for CISI strengthen the interdependent relationship within the ASEAN markets in terms of expanding the export of manufactured goods? The increased exports of manufactured goods was not caused by intra-ASEAN economic cooperation. As mentioned earlier, neither the AIP, the AIC nor the PTA achieved many results. Therefore, the cause of the expanded exports of manufactured goods lies elsewhere. The real cause was a formation of trade relationships through foreign capital, which was to be controlled by the ASEAN's strategy for CISI. In other words, it was an expanded export of industrial products by MNCs.

Let us examine the electric and electronic machines including parts trade, which accounts for a high percentage of exports within the ASEAN region. The SITC 5-8 percentage of total exports within the ASEAN region increased from 20.9% in 1976 to 45.7% in 1986 (Table 6). At that time the SITC 7 percentage compared with the SITC 5-8 increased from 39.8% to 50.4% (calculated from Table 6). Since the SITC 7 was a main component of the SITC 5-8, it was the SITC 7 increase that caused the SITC 5-8 expansion. Furthermore, within the SITC 7, the electric and electronic machines including parts (SITC 72) percentage increased from 56.4% in 1976 to 66.2% in 1986 (calculated from Table 3). The main component of the SITC 7 was the SITC 72, therefore the cause of the increased SITC 7 was the expansion of the SITC 72. As for the international flow of SITC 72 in 1986, export percentage from Singapore to Malaysia was 30.2% and in the reverse direction was 27.3%, thus accounting for the majority of the total SITC 72 exports within the ASEAN region (Table 5).

The production of electric and eletronic machines including parts in Singapore and Malaysia were conducted mainly by Japanese and U.S. MNCs while most of those products were exported. For example, of the 1982 total sales of $3.8 billion in the Malaysian electronics industry, almost all (99.2%) was for export. As for this production, free trade zones (FTZ) and Licensed Manufacturing Warehouses (LMWs) accounted for 87% and most of these companies were either U.S., Japanese or European.[23] In Singapore, the foreign firm capital ratio to all capital in 1987 was 90% for electronic products, and 69% for electrical appliances, while the export percentage of the total sales in the same year was 85% for electronic products, and 69% for electrical appliances.[24]

As for the national origin of electronic parts companies, of the 1986 electronic parts production amount in Singapore and Malaysia, Japanese companies accounted for 81%, US- or European companies 13%, and local companies only 6%.[25] Japanese and US corporations were already investing in Singapore and Malaysia before the Plaza Accord of 1985. After the Plaza Accord, as a result of the new and expanded investments, production and exports skyrocketed. Those investments expanded an intra-regional export of parts in addition to the

23) Aoki, T. (1990). *An Introduction to the Malaysian Economy*, Nippon Hyoron Sha, p.122, (in Japanese).

24) Kitamura, K., ed. (1991), *Present NIEs Machinery Industry and Parts Supply*, Economic Cooperation Series No. 156, IDE, pp. 192-193, (in Japanese).

25) Ishii, S. (1988), "International division of labor by Japanese Electronic and Electric Industry in Asia," *Kaigaitoushi Kenkyusho Ho*, Vol. 14, No. 2, February 1988, p.39, (in Japanese).

product export. Specifically, the supply ratio of raw materials and parts to the Japanese manufacturers in Malaysia from other ASEAN countries in 1986 reached 16.6% for electric machines including parts (the local supply ratio: 29.7%).[26] After 1986, the export of electric and electronic machines including parts between Singapore and Malaysia by MNCs greatly increased. For example, the increase in non-petroleum products export from Singapore to Malaysia was based on the increase in demand from the MNCs in Malaysia, such as electronic circuit parts, electronic tubes, communications equipment, and textiles.[27]

Thus electric and electronic machines including parts in Singapore as well as Malaysia were produced and exported by MNCs. Moreover, they were able to take advantage of FTZ and the preferential system of LMWs in each country rather than depending on the PTA, and then expanded their exports within or outside the ASEAN region.[28] In addition to the fact that the PTA was not very effective, the main objectives of intra-ASEAN economic cooperation, such as the AIP, the AIC and the AIJV, did not include electric and electronic machines including parts.

After the Plaza Accord, the demand for parts increased greatly because of the higher yen. Japanese MNCs supplied parts mainly from the ASEAN region and neighboring countries. For example, Matsushita Electric Company started to form a parts network with factories in Singapore and Malaysia as pivotal production sites. From the compressor and motor factories in Malaysia which began their operations in April, 1987, they have been supplying parts for the ASEAN region: air conditioner compressors to Thailand, fan motors to Indonesia, compressors and fan motors to the Philippines. Their parts for audio products in Singapore are all from Singapore and its neighboring nations.[29] Some machine tool and precision machinery industries supply parts between ASEAN countries.[30] Furthermore, the automobile industry, which had been protected with high tariffs based on the ASEAN countries' localization policies, conducted parts distribution. The expanded parts distribution by MNCs introduced new potential to the interdependent relationship among ASEAN markets.

In summary, the expanded ratio of manufactured goods in the export within the ASEAN region was due to the MNCs. That fact, ironically, indicates that

26) Aoki, op., cit. p. 74.
27) Japan External Trade Organization (JETRO) (1988), *JETRO White Paper on Trade 1988*, p.143, (in Japanese). However, this analysis includes Singapore's reexport amount.
28) However, since I do not have specific information on trade between corporations FTZ and LMWs, it will be done at some future time.
29) *JETRO Sensor*, Vol. 38, No. 441, July 1988, p.49, (in Japanese).
30) Kitamura, K. ed. (1990), *Internationalization of Machinery Industry and Parts Supply*, Economic Cooperation Series No. 150, IDE, (in Japanese).

the new interdependent relationship among the ASEAN markets has resulted in something contrary to the purpose of the ASEAN's strategy for CISI.

3. 3. Summary : Interdependency among the ASEAN Markets

The export percentages of total ASEAN exports (ASEAN 6) were 14.2% in 1976 and 16.3% in 1986, thus showing a small 2.1% increase during the ten-year period. The export percentages of the five ASEAN countries excluding Brunei (ASEAN 5) were 14.2% in 1976 and 15.9% in 1986, indicating 1.7% increase.

Let us compare those ratios to other organizations of economic cooperation and integration. In the case of the EC, the export percentage within the EC compared with total EC exports was 30.1% in 1958 when its customs union was organized, but it increased to 45.0% in 1968.[31] In the case of the Central America Common Market (CACM) which was inaugurated in 1960 as a result of the Managua Treaty, the export ratio within the CACM area jumped from 8.5% between 1960 and 1962 to 25.7% between 1969 and 1971. This was partly due to the fact that the CACM managed to liberalize the intra-regional trade while imposing common external tariff to perform common market.[32] As for LAFTA, which was established as a result of the Treaty of Montevideo in 1960, the percentages only slightly increased from 7.6% between 1957 and 1961 to 10.1% between 1968 and 1970.[33] That was because LAFTA had a difficult problem similar to the one ASEAN experienced. Like ASEAN, LAFTA tried to create large-scale markets by cutting tariffs on a product-by-product basis, but failed to do so because of conflicts of interest between member countries. In comparison with the EC, CACM and LAFTA, the interdependency within ASEAN markets increased slightly during the ten years from 1976.

Furthermore, except for an increase in the manufactured goods export ratio, the ASEAN export structure showed little change. And even this increase was brought about through MNCs, which was contrary to the purpose of the ASEAN's strategy for CISI.

Lastly, the structural change in the world economy to reflect ASEAN economic cooperation must be pointed out. In the background of the international division of labor and interdependent relationship within the ASEAN region, which was introduced by MNCs as well as joint ventures between locals and advanced countries, there was a definite structural change in the world economy from the late 1970s. This period saw the rise of new growing industries of electrical and electronic machines including parts, which took the place of heavy and

31) Eurostat, (1961, 1970), *Basic Statistics of the Community 1961, 1970*, Luxembourg.
32) Nishimukai, Y. (1981), op., cit. pp. 27-28. However, due to conflicts between El Salvador and Honduras (the Soccer War) in 1969, the cooperation of CACM ended in failure.
33) Ibid., pp.23-24.

chemical industries. In these growing industries, MNCs were expanding production through international division of labor and increasing their markets in advanced countries' markets.

As a result, the expanded trade of electric and electronic machines including parts from the ASEAN region to other regions by MNCs, along with the interdependent formation within the ASEAN markets also by MNCs, dealt a devastating blow to the ASEAN's strategy for CISI, for the following three reasons. First, contrary to the ASEAN's strategy for CISI, an interdependent relationship within the ASEAN region was formed as a result of MNCs foreign capital. Second, this interdependent relationship was brought about by exports to advanced countries. Third, the sectors that had brought about the interdependent relationship did not turn out to include heavy and chemical industries, which the ASEAN's strategy for CISI had intended to promote.

4. Conclusion
—Switching to ASEAN's Strategy for Collective FDI-Dependent and Export-Oriented Industrialization—

The intra-ASEAN economic cooperation, which was attempted from 1976, ended in failure. Its strategy, namely ASEAN's strategy for Collective Import Substituting Industrialization for Heavy and Chemical Industries, was guided according to the " UN Report " and planned under restrictions against foreign capital. Its specific policies of various kinds (AIP, AIC and PTA) achieved few results because of the economic interest conflicts among the member states. Furthermore, they also failed to achieve the goal of establishing interdependent markets within the ASEAN region. Owing to those setbacks as well as the fundamental change in intra-regional economic structure, ASEAN was under great pressure to reorganize its intra-regional economic cooperation.

The first step of the reorganization consisted of the formation of interdependent markets by MNCs and their international division of labor within the ASEAN region. Behind the scenes of the international division of labor and interdependent relationship, there was a structural change in the world economy, which started in the late 1970s.[34] In place of existing heavy and chemical industries, the electrical and electronics industries emerged as the new growth industries. Meanwhile, MNCs began to produce electric and electronic machines including parts within the framework of international division of labor, thus accommodating to expand their market mainly in advanced countries. This international division of labor by MNCs rapidly spread after the Plaza Accord in

34) For issues, related to structural changes in the world economy, refer to Sasaki, T. (1993), " Issues and Methods in World Economics," in Muraoka, S. and Sasaki, T. (1993), *Structural Changes and the World Economy*, Fujiwara Shoten, (in Japanese).

September 1985, with the background of the high yen and cheap dollar as Japanese FDI to the NIES and ASEAN countries increased rapidly. Japanese FDI (in approved base) in Thailand skyrocketed from 169 million baht in 1985 to 1.675 billion baht in 1986 and then to 3.66 billion baht in 1987.[35] Moreover, according to a JETRO survey in 156 cases out of 160 cases of approved Japanese investment from 1986 to 1988, approximately three quarters (117 cases) were export-oriented cases with an export ratio of 80-100%. Electric and electronic machines production, in particular, was all export-oriented.[36]

MNCs, leading this new international division of labor and interdependent market formation, requested ASEAN to change its strategy of economic cooperation. Mitsubishi Motor Corporation (MMC)'s proposal of the BBC scheme reflected that movement. MMC, which had auto-parts and assembly joint ventures in ASEAN countries, proposed a preferential program to accommodate regional auto parts distribution from 1987 because of the necessity of parts distribution within the area.[37] At the 20th AEM in October 1988, the "Memorandum of Understanding, Brand to Brand Complementation in the Automotive Industry" was signed.[38]

As a second step for reorganization, meanwhile, each ASEAN country switched its foreign capital policies from FDI-regulated ones, which was the premise of the ASEAN's strategy for CISI, to FDI-attractive ones. As prices of primary goods dropped in the 1980s, caused by the world recession as well as resource-saving innovations, economic growth stagnated in every ASEAN country in 1985 and 1986. They were under tremendous pressure to search for a new type of development and growth, thus adopting the FDI-dependent and export-oriented policies. The decisive factor for this change of policies was the rapid expansion of Japanese FDI to ASEAN countries, which originated in the Plaza Accord. ASEAN countries switched foreign capital policies drastically. Even

35) *Activity Report for the Month of June 1988*, July, 1988, Board of Investment (Thailand).
36) JETRO (1989), *JETRO White Paper on Investment*, p.137.
37) For example, the joint venture with Mitsubishi Motor Corporation (MMC) in Thailand, MMC Sittipol Co., Ltd., which began to export automobiles to Canada in January, 1988. This Thai-made car included Philippine-made transmission and other auto parts which were manufactured by MMC's joint ventures in ASEAN countries.
38) Each BBC Scheme shall be an arrangement whereby specified parts/components of a specific vehicle model are traded and used by the Brand-Owners and Brand Related Original Equipment Manufacturers. Paticipating countries (ASEAN Member Country which has agreed to participate in a specific BBC scheme) shall automatically grant: a) local content accreditation if a BBC product is a component for the manufacturer of any products in the participating countries; b) a minimum of 50% margin of tariff preference to BBC products. "Memorandum of Understanding, Brand to Brand Complementation in the Automotive Industry under the Basic Agreement on ASEAN Industrial Complementation (BAAIC)," *ASEAN Newsletter*, ASEAN Secretariat, No. 29, 1988.

Indonesia, which had continued to strictly regulate foreign investments since the mid-1970s, was making a quick switch to the FDI-attractive policies, after the " May 6 Package " in May, 1986.

Owing to a fundamental change of basic structures in intra-economic cooperation, a new strategy of intra-economic cooperation, specifically the strategies adaptable to FDI-dependent and export-oriented industrialization became the centerpiece of ASEAN economic cooperation. The switch in the strategy of economic cooperation at the 3rd ASEAN Summit and the " Manila Declaration of 1987 " in December 1987, was simply a result of this fundamental change. ASEAN Heads of Government expressed a clear intent to combine intra-ASEAN economic cooperation and FDI from advanced countries. In the " Joint Press Statement," which was announced along with the " Manila Declaration," " ASEAN Heads of Government agreed on the need to enhance intra-ASEAN trade cooperation to attract foreign investments and agreed as a long-term goal that ASEAN should work towards the significant expansion in intra-ASEAN trade."

They specifically agreed on a 60% tariff cut for the AIJV as well as an extensive improvement in the PTA. It became possible that foreign capital might make up the majority of the AIJV. The ASEAN-Japan Development Fund, agreed upon at the ASEAN-Japan Summit which followed the 3rd ASEAN Summit, promised to foster not AIP-type projects, but private sectors in terms of FDI and exports.[39]

The " Manila Declaration " did not even mention the AIP and AIC, which

39) The " Manila Declaration " emphasized economic importance in the " Preamble." Regarding " Economic Cooperation," Paragraph 7 pledged the improvement of the PTA toward significant expansion of intra-ASEAN trade and the rollback of non-tariff barriers. Paragraph 8 pledged to improve the AIJV and conclude an investment guarantee agreement in relation to the AIJV. According to the " Joint Press Statement," ASEAN Heads of Government agreed to reduce the PTA's exclusion lists of individual member countries to not more than 10% of the number of traded items and to not more than 50% of the value of intra-ASEAN trade over the next five years. They also agreed to deepen the minimum margin of preference for items already included in the PTA from 25% to 50% over the next five years. As for the AIJV, they agreed to improve the AIJV by liberalizing the non-ASEAN AIJVs investment from 49% to 60% and deepening the margin of preference from a minimum 75% to 90% (these contents of the " Manila Declaration of 1987 " were from the Secretariat of the Group of Fourteen [ASEAN-CCI] (1987), op., cit. The Group of Fourteen is an organization, which was founded to provide advice to the ASEAN-CCI. It represents the private sector of ASEAN and is enthusiastic about FDI. It is clear to see the ASEAN-CCI's influence on it). For those policies, Japanese Prime Minister Takeshita promised to establish the $2-billion ASEAN-Japan Development Fund at the ASEAN-Japan Summit following the 3rd ASEAN Summit. For details, refer to ASEAN Secretariat (1988), *Meeting of the ASEAN Heads of Government (Manila, 14-15 December 1987) and Meeting of the ASEAN Heads of Government and the Prime Minister of JAPAN (Manila, 15 December 1987)*, Jakarta.

used to be the nucleus of ASEAN's strategy for CISI and had great expectations at the 1st ASEAN Summit in 1976. It became clear that the strategy of intra-regional economic cooperation had switched from ASEAN's strategy for Collective Import Substituting Industrialization for Heavy and Chemical Industries (ASEAN's strategy for CISI) to a new strategy. This new strategy was ASEAN's strategy for Collective FDI-dependent and Export-oriented Industrialization (ASEAN's strategy for CFEI).

Finally, some hints or advice on current intra-ASEAN economic cooperation including the AFTA will be provided. After the "Manila Declaration" in December 1987, intra-ASEAN economic cooperation entered a new phase based on a new strategy. Not only the BBC scheme signed in 1988 but also the AFTA from 1992 (also the ASEAN Industrial Cooperation: AICO and the ASEAN Investment Area: AIA) featured ASEAN's Strategy for CFEI. ASEAN countries will try to attract FDI by taking advantage of the AFTA while MNCs, such as Japanese corporations, remain behind the scenes with their own motives.[40] Unlike ASEAN's strategy for CISI, ASEAN's strategy for CFEI featured aspects adaptable to the structural changes in the world economy.

However, it is necessary to pay attention to the fact that they have not solved the causes of the failure in ASEAN's Strategy for CISI from 1976 to 1987. The friction over economic interests still looms over the implementation of the AFTA. In fact, although AFTA was approved in January 1992, owing to the national interests of Indonesia and other member countries, a lack of solidarity was apparent in January, 1993 when they entered the implementation phase.[41] This is the same trend observed in the AIP and PTA based on ASEAN's strategy for CISI.

Furthermore, the following issues should be pointed out. First, there still aren't any "methods for redistribution of income or the reallocation of capital" and any organization to supervise these methods for total ASEAN profits. Second, the political factor "Anti-Indochina," which used to be the main reason for ASEAN cooperation, has deteriorated. Third, ASEAN and ASEAN countries have been dependent on Japan and the U. S. A. in terms of export markets and investments. Fourth, there is also a possibility that ASEAN will be absorbed into the Asia-Pacific Economic Conference (APEC).

40) Japanese corporations, a. k. a. the "shadow protagonists of the AFTA" are quick in their movement. For example, Nissan Motors launched small-car production for the Southeast Asian market from the summer of 1993. The amount of complementary auto parts deals in the three countries should jump from $60 million to approximately $2 billion. According to Siam Nissan Automobile Co., Ltd. (Thailand), they hope to "consolidate auto parts production in each country and accelerate horizontal international division of labor in the future while taking advantage of the AFTA" (*Nippon Keizai Shinbun*, January 11, 1993).

41) Only Singapore began cutting tariffs from January 1, 1993, as it originally planned (ibid.).

The future prospects of intra-ASEAN economic cooperation will be greatly affected by the balance or tension between these centripetal forces and these centrifugal forces for ASEAN cooperation.

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Notes

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Table 1 ASEAN Industrial Projects (AIP)

Project	Country	Implementation
1. Urea (Fertilizer)	Indonesia	Approved as the first AIP project in the 5th AEM in September, 1977. Construction was begun in Lhokseumawe, Aceh (Sumatra) in September, 1981, and production was begun and completed in January of 1984. Currently producing (name: P. T. ASEAN Aceh Fertilizer). Of the total cost of $410 million, 70% consisted of a loan from Japan. Of the remaining 30%, Indonesia took up 60%, Malaysia, Thailand, the Philippines 13% respectively, and Singapore 1%.
	Malaysia	Approved in the 6th AEM in June, 1978. Constructed in Bintulu, Sarawak Province. Production commenced in September, 1985. Currently producing (name: ASEAN Bintulu Fertilizer Sdn. Bhd.). Of the Total cost of $375 million, 75% was a loan from Japan. Of the remaining 25%, Indonesia took up 60%, Malaysia, Thailand, the Philippines 13% respectively, and Singapore 1%.
2. Superphosphate	The Philippines	Approved in the 8th AEM in September, 1979. Since it became possible to construct a fertilizer project of a similar kind earlier in the own country, this project was converted to a paper pulp project (approved in the 9th AEM in April, 1980). However, due to the profitability problem stemming from the lack of raw materials, the project was switched to a copper project (approved in the 12th AEM in January, 1982). No Progress since.
3. Diesel Engine	Singapore	As a result of discussions in the 6th AEM in June, 1978 and the 11th AMM, this project was not approved due to objections from four other countries. Singapore announced it would abandon the project in the 6th Committee on Industry, Minerals and Energy (COIME) in September, 1978. Later, the B-type hepatitis vaccination project was approved instead in the 16th AEM in March, 1984. However, due to technical problems, a substituting project was contemplated, but there has been no progress since then.
4. Soda Ash	Thailand	Approved in the 7th AEM in December, 1978. Problems included its location in Thailand, lack of transportational infrastructure, and technical problems. Thailand announced it would postpone the project indefinitely in February, 1984. Later, a potash project was approved in the 21st AEM in December, 1989.
5. Petrochemicals		Singapore, Indonesia, Malaysia, and the Philippines expressed interest in the 2nd AEM in March, 1976. No agreement was reached due to conflicts of interest. No progress since.
6. Steel		The Philippines and Malaysia expressed interest in the 2nd AEM, but could not agree owing to conflicts of interest. No progress since.
7. Newsprint Paper		In the 2nd AEM, they decided to look into its technical and economic feasibility. Later, it became a Philippine paper pulp project (refer to Project 2), but ended in failure.
		In the 2nd AEM, it was decided that they look into its technical and economic feasibility. Later, it became a Thai project (refer to Project 4).

(Sources) ASEAN Secretariat, *Annual Report of the ASEAN Standing Committee*, several edn., Jakarta/ASEAN Secretariat (1988), *ASEAN Documents Series 1967-1988*, Jakarta, 3rd edn./Tonan Ajia Chosakai, *Tonan Ajia Youran*, several edn./*Nippon Keizai Shinbun/Far Eastern Economic Review/* Suriyamongkol, M. L. (1988), *Politics of ASEAN Economic Cooperation : The Case of ASEAN Industrial Projects*, Oxford University Press, Singapore.

(Notes) This is a table of the AIP projects which, based on the "UN Report," were agreed to in the 1st ASEAN Summit in February, 1976 and were discussed specifically in the 2nd AEM in March of the same year.

Table 2 ASEAN Export Matrix

	Malaysia		Philippines		Singapore		Thailand		ASEAN 5		ASEAN 4+B		ASEAN 6		Japan		Hong Kong		South Korea		Taiwan		ASIA NIES 3	
6	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986
1	74	25	2	13	20	120	0	146	96	305	76	185	96	305	903	1,202	0	1	0	132	49	36	49	169
0	5.5	1.4	0.1	0.7	1.5	6.6	0.0	8.0	7.1	16.6	5.7	10.1	7.1	16.6	67.0	65.5	0.0	0.0	0.0	7.2	3.6	2.0	3.6	9.2
-	23	82	90	108	644	1,239	2	83	758	1,513	114	274	758	1,513	3,564	6,644	24	345	152	355	201	356	377	1,057
-	0.3	0.5	1.0	0.7	7.4	8.2	0.0	0.5	8.7	10.0	1.3	1.8	8.7	10.0	40.7	43.8	0.3	2.3	1.7	2.3	2.3	2.3	4.3	7.0
4	-	-	79	245	967	2,360	68	358	1,138	3,016	208	692	1,176	3,052	1,117	3,120	66	312	95	721	105	499	266	1,532
4	-	-	1.5	1.7	17.9	16.5	1.3	2.5	21.1	21.0	3.9	4.8	21.8	21.3	20.7	21.8	1.2	2.2	1.8	5.0	1.9	3.5	4.9	10.7
8	5	98	-	-	56	158	7	67	80	351	24	194	81	351	625	853	39	222	26	112	32	152	97	487
6	0.2	2.0	-	-	2.2	3.2	0.3	1.3	3.1	7.0	0.9	3.9	3.1	7.0	24.0	17.1	1.5	4.5	1.0	2.2	1.2	3.1	3.7	9.8
9	329	1,626	22	130	-	-	90	600	991	3,325	1,030	3,494	1,030	3,494	647	1,447	518	1,400	19	214	37	336	574	1,951
1	7.2	10.3	0.5	0.8	-	-	2.0	3.8	21.6	21.1	22.4	22.1	22.4	22.1	14.1	9.2	11.3	8.9	0.4	1.4	0.8	2.1	12.5	12.4
7	125	380	30	29	202	783	-	-	510	1,249	312	480	514	1,264	769	1,254	149	352	30	243	92	163	271	758
6	4.1	4.2	1.0	0.3	6.6	8.7	-	-	16.6	13.9	10.2	5.3	16.7	14.0	25.0	13.9	4.8	3.9	1.0	2.7	3.0	1.8	8.8	8.4
8	482	2,186	221	513	1,869	4,539	167	1,108	3,477	9,454	1,689	5,134	3,558	9,673	6,722	13,318	796	2,632	322	1,647	467	1,506	1,584	5,785
9	2.0	3.7	0.9	0.9	7.6	7.7	0.7	1.9	14.2	15.9	6.9	8.7	14.6	16.3	27.5	22.5	3.3	4.4	1.3	2.8	1.9	2.5	6.5	9.8
0	227	585	201	396	1,889	4,660	77	654	2,582	6,434	736	1,825	2,625	6,485	6,978	13,073	278	1,233	303	1,564	479	1,206	1,060	4,003
3	1.1	1.3	0.9	0.9	8.9	10.3	0.4	1.4	12.2	14.2	3.5	4.0	12.4	14.3	32.9	28.8	1.3	2.7	1.4	3.5	2.3	2.7	5.0	8.8
8	556	2,211	223	526	1,889	4,660	167	1,254	3,573	9,759	1,765	5,319	3,654	9,978	7,625	14,520	796	2,633	322	1,779	516	1,542	1,633	5,954
8	2.2	3.6	0.9	0.9	7.3	7.6	0.6	2.1	13.9	16.0	6.8	8.7	14.2	16.3	29.6	23.8	3.1	4.3	1.2	2.9	2.0	2.5	6.3	9.7
2	703	1,706	1,113	1,088	1,531	4,540	1,070	2,027	6,056	12,024	4,557	7,541	6,088	12,082	-	-	1,837	7,157	2,823	10,462	2,279	7,843	6,938	25,462
2	1.0	0.8	1.6	0.5	2.2	2.1	1.5	0.9	8.7	5.5	6.6	3.5	8.8	5.6	-	-	2.6	3.3	4.1	4.8	3.3	3.6	10.0	11.7
8	102	231	92	393	353	1,033	112	279	835	2,313	487	1,289	840	2,322	595	1,652	-	-	98	831	97	373	194	1,204
1	1.2	0.6	1.1	1.1	4.1	2.9	1.3	0.8	9.7	6.5	5.7	3.6	9.7	6.5	6.9	4.6	-	-	1.1	2.3	1.1	1.0	2.3	3.4
9	18	219	29	186	78	531	24	192	198	1,307	120	779	199	1,310	1,802	5,426	325	1,691	-	-	87	326	412	2,017
5	0.2	0.6	0.4	0.5	1.0	1.5	0.3	0.5	2.5	3.7	1.5	2.2	2.5	3.7	23.1	15.5	4.2	4.8	-	-	1.1	0.9	5.3	5.8
3	54	205	77	328	213	928	80	278	643	2,132	432	1,212	645	2,140	1,101	4,541	607	2,901	73	348	-	-	680	3,249
0	0.7	0.5	0.9	0.8	2.6	2.3	1.0	0.7	7.9	5.4	5.3	3.1	7.9	5.4	13.5	11.5	7.4	7.3	0.9	0.9	-	-	8.3	8.2
9	174	655	198	906	644	2,493	216	749	1,677	5,752	1,039	3,281	1,684	5,773	3,498	11,619	932	4,592	171	1,179	183	699	1,286	6,470
9	0.7	0.6	0.8	0.8	2.6	2.3	0.9	0.7	6.8	5.2	4.2	3.0	6.9	5.2	14.2	10.5	3.8	4.2	0.7	1.1	0.7	0.6	5.2	5.9
8	503	2,281	220	1,037	644	2,493	306	1,349	2,668	9,077	2,069	6,774	2,713	9,267	4,144	13,066	1,450	5,992	190	1,393	221	1,036	1,860	8,421
5	1.7	1.8	0.8	0.8	2.2	2.0	1.0	1.1	9.1	7.2	7.1	5.4	9.3	7.3	14.2	10.3	5.0	4.7	0.7	1.1	0.8	0.8	6.4	6.7
1	458	1,689	789	1,326	931	3,239	329	841	3,539	8,005	2,640	4,967	3,571	8,206	9,995	22,647	1,084	2,863	1,845	5,792	1,589	5,057	4,518	13,712
4	0.4	0.8	0.7	0.6	0.8	1.5	0.3	0.4	3.1	3.8	2.3	2.4	3.1	3.9	8.7	10.8	0.9	1.4	1.6	2.8	1.4	2.4	3.9	6.5
5	541	1,288	465	636	872	2,767	396	1,462	3,497	7,989	2,664	5,494	3,536	8,261	3,225	11,188	1,061	4,117	602	3,009	547	2,419	2,209	9,545
2	0.2	0.2	0.1	0.1	0.3	0.3	0.1	0.2	1.0	1.0	0.8	0.7	1.0	1.0	1.0	1.4	0.3	0.5	0.2	0.4	0.2	0.3	0.7	1.2
6	3,825	10,056	3,697	5,043	8,017	19,293	3,133	7,221	23,884	49,179	16,120	30,855	24,137	50,148	45,672	78,608	6,782	23,710	7,646	25,112	6,703	21,666	21,132	70,488
4	0.4	0.6	0.4	0.3	0.9	1.1	0.4	0.4	2.7	2.8	1.9	1.7	2.8	2.8	5.3	4.4	0.8	1.3	0.9	1.4	0.8	1.2	2.4	3.9

XT (Ajiken Indicators on Developing Economies: Extended for Trade Statistics) at the Institute of Developing Economies (IDE). I directly obtained and modified it for
g country, row represents importing country. The upper row is export amount (US$ million), the lower row the export ratio (%) from the exporter t

Table 3 ASEAN Export Matrix (SITC 72, SITC 7)

a	Malaysia		Philippines		Singapore		Thailand		ASEAN 5		ASEAN 4+B		ASEAN 6		Japan		Hong Kong		South Korea		Taiwan		ASIA NIES 3	
6	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986
0	1	0	0	0	0	1	0	0	1	1	1	0	1	1	0	0	0	0	0	0	0	0	0	0
0	3	6	0	0	2	12	0	0	4	19	3	6	4	19	0	0	0	0	0	0	0	0	0	0
-	5	0	0	0	22	10	0	0	27	11	5	0	27	11	0	0	0	0	0	0	0	1	0	1
-	5	1	0	0	33	28	0	0	39	29	5	1	39	29	0	0	0	0	0	0	1	1	1	2
2	-	-	2	28	42	415	3	33	48	479	7	64	49	480	15	211	9	170	0	31	0	66	10	267
15	-	-	2	35	66	643	5	41	84	734	19	97	86	740	20	259	12	186	0	34	1	67	13	286
0	0	38	-	-	2	34	0	0	2	73	0	39	2	73	1	23	0	39	0	18	0	20	0	77
1	1	40	-	-	3	41	1	1	5	82	3	42	5	82	3	27	0	42	0	18	2	21	2	81
35	46	459	1	12	-	-	1	71	71	577	73	581	73	581	12	105	50	266	4	43	7	90	61	398
08	64	590	6	25	-	-	1	154	134	978	140	1,000	140	1,000	81	183	67	364	6	68	13	141	86	573
1	5	67	0	5	14	298	-	-	19	371	5	73	20	371	1	9	6	10	4	5	0	5	11	20
5	6	80	2	6	18	335	-	-	28	425	11	90	29	425	1	69	12	15	5	9	0	9	16	33
38	55	564	4	45	80	758	4	105	168	1,510	90	760	170	1,518	28	349	66	485	9	96	7	182	82	764
28	76	710	11	66	120	1,047	7	196	291	2,248	179	1,229	299	2,276	105	538	91	608	11	129	17	238	118	975
4	10	106	2	33	81	759	3	34	98	934	18	177	98	935	16	243	16	220	5	54	1	92	21	366
20	14	126	5	41	122	1,059	6	42	161	1,289	41	236	163	1,295	24	355	24	244	5	61	3	98	32	403
38	56	565	4	45	81	759	4	105	168	1,511	91	761	171	1,519	28	349	66	485	9	96	7	182	82	764
28	78	716	11	66	122	1,059	7	196	296	2,266	181	1,236	303	2,295	105	538	91	608	11	129	17	238	118	975
51	90	557	102	188	197	1,754	92	297	683	3,047	487	1,301	684	3,055	-	-	263	1,735	376	2,418	415	1,960	1,054	6,113
95	371	1,042	561	467	845	2,773	538	1,011	3,101	6,689	2,271	3,956	3,117	6,729	-	-	536	3,029	953	5,494	896	3,895	2,385	12,419
20	12	41	8	47	30	232	10	17	71	357	41	127	71	359	26	113	-	-	13	156	23	99	36	255
58	20	54	21	77	54	347	19	46	149	583	96	239	150	586	33	178	-	-	14	174	28	121	42	295
27	5	82	1	25	15	103	2	22	24	260	9	157	24	260	189	498	65	273	-	-	6	79	71	352
43	6	116	11	45	19	218	4	36	45	458	26	240	46	458	236	664	70	518	-	-	9	91	79	609
42	5	32	5	27	23	217	13	20	58	338	35	122	58	338	82	370	102	509	9	93	-	-	111	603
55	15	69	21	55	48	313	35	88	176	680	128	368	176	680	116	617	117	753	10	126	-	-	127	879
39	22	156	14	99	68	552	26	58	153	955	85	405	153	957	297	982	167	782	22	250	29	178	218	1,210
56	41	239	52	177	121	879	58	170	371	1,721	251	847	372	1,725	385	1,459	186	1,271	23	299	37	213	247	1,783
24	68	615	16	111	68	552	27	130	224	1,532	158	989	226	1,541	309	1,087	217	1,048	26	292	35	268	279	1,608
54	105	830	58	202	121	879	60	324	506	2,699	391	1,846	513	2,725	466	1,642	253	1,635	29	367	50	353	333	2,355
60	208	1,042	119	490	260	818	28	303	811	2,712	553	1,897	813	2,715	445	1,814	161	412	268	973	235	845	664	2,230
59	329	1,356	368	660	647	2,277	102	485	2,072	5,136	1,446	3,051	2,093	5,328	1,727	6,672	330	1,126	543	2,160	665	1,828	1,537	5,114
51	91	250	54	131	151	615	32	168	689	1,515	545	913	696	1,528	168	629	101	377	115	307	66	384	283	1,068
52	318	567	287	309	453	1,323	180	784	2,138	4,044	1,703	2,787	2,157	4,110	869	3,156	313	1,321	422	1,366	300	1,148	1,034	3,835
1	591	2,894	314	981	787	4,608	228	1,033	2,735	10,327	1,967	5,766	2,754	10,375	995	4,043	771	3,867	815	4,155	761	3,639	2,347	11,662
7	1,471	4,640	1,378	1,744	2,334	8,815	1,001	2,863	8,747	21,340	6,501	12,918	8,835	21,733	3,367	12,883	1,526	7,646	2,022	9,847	1,968	7,597	5,516	25,090

untry, row is the importing country. SITC 72 is electrical and electronic machines including parts. Upper row is SITC 72 and the lower row SITC
te No.20).

Table 4 Intra-ASEAN Export Flow Between Countries

(%)

	Brunei		Indonesia		Malaysia		Philippines		Singapore		Thailand		ASEAN 5		ASEAN 4 +B		ASEAN 6	
	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986
Brunei	-	-	0.0	0.0	2.0	0.2	0.0	0.1	0.5	1.2	0.0	1.5	2.6	3.1	2.1	1.9	2.6	3.1
Indonesia	0.0	0.0	-	-	0.6	0.8	2.5	1.1	17.6	12.4	0.0	0.8	20.7	15.2	3.1	2.7	20.7	15.2
Malaysia	1.0	0.4	0.6	0.5	-	-	2.2	2.5	26.5	23.6	1.9	3.6	31.1	30.2	5.7	6.9	32.2	30.6
Philippines	0.0	0.0	0.3	0.3	0.1	1.0	-	-	1.5	1.6	0.2	0.7	2.2	3.5	0.7	1.9	2.2	3.5
Singapore	1.1	1.7	15.0	9.7	9.0	16.3	0.6	1.3	-	-	2.5	6.0	27.1	33.3	28.2	35.0	28.2	35.0
Thailand	0.1	0.1	4.2	0.6	3.4	3.8	0.8	0.3	5.5	7.9	-	-	14.0	12.5	8.5	4.8	14.1	12.7
ASEAN 5	2.2	2.2	20.2	11.1	13.2	21.9	6.0	5.1	51.1	45.5	4.6	11.1	95.1	94.7	46.2	51.5	97.4	96.9
ASEAN 4+B	1.2	0.5	5.2	1.4	6.2	5.9	5.5	4.0	51.7	46.7	2.1	6.6	70.7	64.5	20.1	18.3	71.8	65.0
ASEAN 6	2.2	2.2	20.2	11.1	15.2	22.2	6.1	5.3	51.7	46.7	4.6	12.6	97.8	97.8	48.3	53.3	100	100

(Source) Same as Table 2.
(Notes) Column is the exporting country and row is the importing country. The total intra-ASEAN export is 100%.

Table 5 Intra-ASEAN Export Flow Between Countries (SITC 72)

(%)

	Brunei		Indonesia		Malaysia		Philippines		Singapore		Thailand		ASEAN 5		ASEAN 4 +B		ASEAN 6	
	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986
Brunei	-	-	0.0	0.0	0.3	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.4	0.1	0.3	0.0	0.4	0.1
Indonesia	0.0	0.0	-	-	2.8	0.0	0.1	0.0	12.7	0.7	0.1	0.0	15.6	0.7	2.9	0.0	15.6	0.7
Malaysia	0.2	0.1	0.6	0.1	-	-	1.2	1.9	24.7	27.3	1.9	2.2	28.3	31.5	3.9	4.2	28.5	31.6
Philippines	0.0	0.0	0.0	0.0	0.0	2.5	-	-	1.3	2.3	0.0	0.0	1.3	4.8	0.1	2.6	1.3	4.8
Singapore	1.2	0.5	13.3	2.3	26.9	30.2	0.8	0.8	-	-	0.5	4.7	41.4	38.0	42.6	38.4	42.6	38.4
Thailand	0.1	0.0	0.2	0.1	2.8	4.4	0.0	0.3	8.4	19.6	-	-	11.4	24.4	3.1	4.8	11.4	24.4
ASEAN 5	1.5	0.5	14.1	2.5	32.4	37.2	2.1	2.9	47.0	49.9	2.5	6.9	98.0	99.4	52.6	50.0	99.6	99.9
ASEAN 4+B	0.3	0.1	0.8	0.2	5.9	7.0	1.4	2.2	47.1	49.9	2.0	2.2	57.1	61.5	10.3	11.6	57.4	61.6
ASEAN 6	1.5	0.5	14.1	2.5	32.7	37.2	2.1	2.9	47.1	49.9	2.5	6.9	98.5	99.5	52.9	50.1	100	100

(Source) Same as Table 2.
(Notes) Column is the exporting country and row is the importing country. SITC 72 is electrical and electronic machines including parts. The total intra-ASEAN export of the SITC 72 items is 100%. The SITC classification is based on the R1 classification (Refer to Note No.20).

Table 6 Intra-ASEAN Export Main Flow Between Two Countries

(Item by Item) (Unit/upper row : US$ million. lower row : %)

	Order of Amount of Trade		SITC 0		SITC 1		SITC 2		SITC 3		SITC 4		SITC 5		SITC 6	
	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986
Malaysia → Singapore	First	First	109	270	5	12	422	234	164	572	68	240	13	52	59	229
			11.3	11.4	0.5	0.5	43.6	9.9	16.9	24.2	7.1	10.2	1.4	2.2	6.1	9.7
Indonesia → Singapore	Second	Third	39	76	0	2	303	216	253	430	1	3	1	67	9	288
			6.1	6.1	0.0	0.1	47.1	17.5	39.2	34.7	0.2	0.3	0.2	5.4	1.4	23.2
Singapore → Indonesia	Third	Fourth	4	11	2	2	10	25	382	448	1	3	23	180	56	62
			0.7	1.1	0.4	0.2	1.8	2.6	69.5	46.3	0.1	0.3	4.1	18.6	10.2	6.4
Singapore → Malaysia	Fourth	Second	27	30	2	2	4	12	137	612	2	9	16	166	42	98
			8.2	1.8	0.5	0.1	1.3	0.7	41.4	37.7	0.7	0.5	4.8	10.2	12.6	6.0
Thailand → Singapore	Fifth	Fifth	115	192	1	1	37	39	0	1	0	0	1	13	24	133
			57.0	24.6	0.3	0.1	18.5	5.0	0.1	0.1	0.2	0.0	0.7	1.7	11.8	16.9
Thailand → Indonesia	Sixth	Twentieth	132	29	0	1	4	3	0	0	0	0	1	9	13	8
			85.8	50.8	0.0	1.8	2.7	5.3	0.0	0.0	0.0	0.0	0.6	15.8	8.6	14.0
Singapore → Thailand	Eighth	Sixth	3	24	0	2	1	8	74	290	0	0	5	66	2	22
			3.3	4.1	0.0	0.3	1.1	1.4	82.2	48.4	0.0	0.0	5.6	11.1	2.2	3.6
ASEAN 6 → ASEAN 6			585	999	17	49	830	632	1,334	3,178	86	266	83	733	254	1,068
			16.0	10.0	0.5	0.5	22.7	6.3	36.5	31.9	2.4	2.7	2.3	7.3	6.9	10.7

	Order of Amount of Trade		SITC 7		SITC 8		SITC 9		SITC-TOTAL		Against Total Intra-ASEAN Export		SITC 0-4		SITC 5-8	
	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986
Malaysia → Singapore	First	First	66	643	55	104	6	5	967	2,360			767	1,327	194	1,028
			6.9	27.3	5.7	4.4	0.6	0.2	100	100	26.5	23.6	79.3	56.2	20.0	43.6
Indonesia → Singapore	Second	Third	33	28	3	111	2	18	644	1,239			596	727	46	494
			5.2	2.3	0.4	8.9	0.3	1.5	100	100	17.6	12.4	92.6	58.7	7.1	39.8
Singapore → Indonesia	Third	Fourth	63	208	9	29	0	0	550	969			399	490	151	479
			11.5	21.5	1.7	3.0	0.0	0.0	100	100	15.0	9.7	72.5	50.5	27.5	49.4
Singapore → Malaysia	Fourth	Second	64	590	28	66	8	41	329	1,626			172	665	150	920
			19.5	36.3	8.6	4.0	2.3	2.5	100	100	9.0	16.3	52.1	40.9	45.5	56.6
Thailand → Singapore	Fifth	Fifth	18	335	4	59	1	10	202	783			153	233	47	540
			8.7	42.7	2.1	7.6	0.7	1.3	100	100	5.5	7.9	76.1	29.8	23.2	68.9
Thailand → Indonesia	Sixth	Twentieth	3	5	1	1	0	2	154	57			136	33	17	22
			1.6	8.8	0.4	1.8	0.1	3.5	100	100	4.2	0.6	88.6	57.9	11.3	38.6
Singapore → Thailand	Eighth	Sixth	1	154	0	12	2	20	90	600			79	325	9	254
			1.1	25.7	0.0	2.0	2.2	3.4	100	100	2.5	6.0	87.8	54.2	10.0	42.4
ASEAN 6 → ASEAN 6			303	2,295	122	461	40	297	3,654	9,978			2,852	5,125	762	4,557
			8.3	23.0	3.3	4.6	1.1	3.0	100	100	100	100	78.1	51.4	20.9	45.7

(Source) Same as Table 2.

(Notes) The arrow indicates the direction of export. The SITC classification is based on the R1 classification (Refer to Note No.20).

Table 7 ASEAN Export to Main Regions (Item by Item)

(Unit/upper row : US$ million. lower row : %)

	SITC 0		SITC 1		SITC 2		SITC 3		SITC 4		SITC 5		SITC 6	
	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986
Japan	808	1,375	13	14	1,620	1,924	4,533	8,906	58	98	67	430	311	808
	10.6	9.5	0.2	0.1	21.2	13.3	59.5	61.3	0.8	0.7	0.9	3.0	4.1	5.6
ASIA NIES 3	268	604	2	20	586	1,088	439	1,648	8	87	33	342	121	800
	16.4	10.1	0.1	0.3	35.9	18.3	26.9	27.7	0.5	1.5	2.0	5.7	7.4	13.4
ASEAN 6	585	999	17	49	830	632	1,334	3,178	86	266	83	733	254	1,068
	16.0	10.0	0.5	0.5	22.7	6.3	36.5	31.9	2.4	2.7	2.3	7.3	6.9	10.7
U. S. A.	588	1,179	14	27	466	622	2,452	2,004	334	274	7	276	456	895
	11.0	8.7	0.3	0.2	8.7	4.6	45.9	14.8	6.3	2.0	0.1	2.0	8.5	6.6
E C	785	1,944	69	90	1,132	1,213	47	42	314	444	25	128	559	1,010
	21.9	23.4	1.9	1.1	31.6	14.6	1.3	0.5	8.8	5.4	0.7	1.5	15.6	12.2
World	3,669	7,830	128	230	5,650	6,861	9,982	16,926	1,038	2,111	254	2,333	2,098	5,871
	14.2	12.8	0.5	0.4	21.9	11.2	38.7	27.7	4.0	3.5	1.0	3.8	8.1	9.6

	SITC 7		SITC 8		SITC 9		SITC-TOTAL		SITC 0-4		SITC 5-8	
	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986	1976	1986
Japan	105	538	57	180	53	248	7,625	14,520	7,032	12,317	540	1,955
	1.4	3.7	0.8	1.2	0.7	1.7	100	100	92.2	84.8	7.1	13.5
ASIA NIES 3	118	975	40	281	17	108	1,633	5,954	1,303	3,447	313	2,398
	7.2	16.4	2.5	4.7	1.1	1.8	100	100	79.8	57.9	19.1	40.3
ASEAN 6	303	2,295	122	461	40	297	3,654	9,978	2,852	5,125	762	4,557
	8.3	23.0	3.3	4.6	1.1	3.0	100	100	78.1	51.4	20.9	45.7
U. S. A.	524	5,380	314	2,034	185	826	5,340	13,516	3,854	4,106	1,300	8,585
	9.8	39.8	5.9	15.0	3.5	6.1	100	100	72.2	30.4	24.4	63.5
E C	272	2,049	331	1,087	47	289	3,582	8,297	2,348	3,733	1,187	4,275
	7.6	24.7	9.3	13.1	1.3	3.5	100	100	65.5	45.0	33.1	51.5
World	1,531	11,979	1,030	5,076	397	1,898	25,777	61,114	20,467	33,957	4,913	25,259
	5.9	19.6	4.0	8.3	1.5	3.1	100	100	79.4	55.6	19.1	41.3

(Source) Same as the Table 2.

(Notes) Export from the six ASEAN countries (ASEAN 6) to each region. For example, " Japan " means the export from the six ASEAN countries to Japan. The SITC classification is based on the R1 classification (Refer to Note No.20).