United Nations University
Institute on Comparative Regional Integration Studies

INSIGHTBRIEF
No. 2, 2025

The Impact of the ASEAN Free Trade Agreement on Intra-ASEAN Trade: A Review of Empirical Literature

Ludo Cuyvers

Trade Liberalization in ASEAN

When the Association of Southeast Asian Nations (ASEAN) was established on 8 August 1967 by Indonesia, Malaysia, the Philippines, Singapore, and Thailand, it primarily pursued political goals, striving for peace and security in Southeast Asia. We must wait until 1977 for the signing of the Preferential Trading Agreement (PTA) between the member countries. The impact of this PTA was limited as the tariff concessions granted were too small or related to products that represented only a marginal proportion of intra-ASEAN trade (Cuyvers & Pupphavesa, 1996:4). It was only in the second half of the 1980s that trade liberalization seriously started to make way in the ASEAN-6. By then, ASEAN countries had gained enough self-confidence and felt the increasing external pressure from the IMF and the World Bank to speed up trade liberalization efforts. Finally, ASEAN members also wanted to arm themselves against the newly developed trading blocs of NAFTA and the EU, as they were concerned about their exports to these huge markets (Naya, 2004:3; Naya & Imada, 1992:56; Elliot & Ikemoto, 2004:4). In January 1992, ASEAN leaders decided to take their trade liberalization efforts to a higher level, by establishing the ASEAN Free Trade Area (AFTA). In 1995, they also concluded the supplementary ASEAN Framework Agreement on Services (AFAS), and in 1998, ASEAN ministers established the ASEAN Investment Area (AIA). Hereafter, we will focus, however, on the AFTA agreement and its impact on intra-ASEAN trade.

Highlights

The ASEAN Free Trade Agreement (AFTA), established in 1992, aimed to significantly boost intra-ASEAN trade by reducing tariffs and eliminating non-tariff barriers.

Early studies on AFTA's impact showed mixed results, with some indicating limited effects on intra-ASEAN trade while others found evidence of positive but gradual increases.

More recent research suggests that AFTA may not have led to a substantial rise in intra-regional trade, and that observed increases might be attributed to global trends rather than the agreement itself.

Despite some positive outcomes, AFTA's overall impact on intra-ASEAN trade remains limited due to factors such as similar factor endowments among member countries, persistent non-tariff barriers, and a need for stronger institutional support.

Although the average intra-ASEAN tariffs have been reduced significantly, the share of intra-ASEAN trade in 2023 was barely 22%, which is even lower than the 25% in 2003.

UNU CRIS

@25 25TH ANNIVERSARY UNU-CRIS 2025

The AFTA Agreement of 1977 aimed at reducing tariffs on a large range of products but also strived for the elimination of non-tariff barriers, quantitative restrictions, and other cross-border measures (Pasadilla, 2004:4). It envisioned a staged trade liberalization, reducing tariff rates levied on intra-ASEAN imports to no more than five percent over a period of 15 years, with the tariff reductions only applying to products with sufficient "ASEAN content" (minimum 40% of the value of a product originating in ASEAN countries). In 1995 it was decided that AFTA would be fully established by 2002 and that tariffs on intra-ASEAN imports should be eliminated by 2010 for ASEAN-6 and by 2015 for ASEAN-CLMV. (Cuyvers & Pupphavesa, 1996:6-7; Pasadilla, 2004:3, Cuyvers, Chen & De Lombaerde, 2019).

A Common Effective Preferential Tariff (CEPT) Scheme was introduced to implement the AFTA Agreement in practice. The CEPT Scheme encompassed manufactured and semi-manufactured products, including capital goods and processed agricultural products. The liberalization process was carried out at different speeds according to the product group: distinction was made between a "fast track" scheme and a "normal track" scheme. Products in the Inclusion List (IL) had to be immediately liberalized through a reduction of the CEPT tariff rates to a maximum of 5% by 2002. The ASEAN-CLMV countries were allowed to apply less stringent deadlines. The AFTA Agreement also allowed for the exclusion of certain "sensitive" products from tariff reduction under the normal or fast-track scheme. Therefore, Temporary Exclusion Lists (TEL), Sensitive Lists (SL) and General Exception Lists (GE) were drawn up by all ASEAN members. The CEPT Agreement was superseded by the ASEAN Trade in Goods Agreement (ATIGA) in 2009.

By 2003, more than 99% of the products in the CEPT Inclusion List (IL) of ASEAN-6 had tariffs of no more than 5%. The small number of products with tariffs of above 5%, were mainly products that had been transferred from the Sensitive Lists (SL) and the General Exceptions Lists (GE). As to ASEAN-CLMV in 2003, tariffs on 66.57% of the products in the IL had been reduced to a maximum of 5%. Fifteen years later, the average intra-ASEAN tariffs were further reduced from 3.11% in 2005 to just 0.20% in 2017. In addition, the average intra-ASEAN tariffs in the CLMV countries, for which flexibilities were availed under the AFTA, fell even from 5.28% in 2005 to 0.46% in 2017 (ASEAN Community Progress Monitoring System, 2017). Unfortunately, the many non-tariff barriers today are still a major issue among the ASEAN countries. Also, most individual ASEAN countries are showing relatively low shares of intra-ASEAN trade. In 2020, landlocked Laos had the highest share of intra-regional trade in goods in the ASEAN region, amounting to around 59 %. This was followed by Brunei Darussalam, with a share of approximately 39% share. Overall, the share of intra-ASEAN trade in 2023 was hardly 22%, against 25% in 2003 and twenty years of AFTA, which is partly also due to ASEAN's involvement in Global Value Chains (Pelkmans, 2024: 84).

> Unfortunately, the many non-tariff barriers today are still a major issue among the ASEAN countries

Trade Creation and Trade Diversion

The welfare implications of the creation of a free trade agreement, such as the ASEAN Free Trade Agreement, can be easily understood intuitively by looking at only one product group and one country, say Thailand. Assume that the price level for that product in Thailand is higher than in e.g., Indonesia, which in turn is above that prevailing in the rest of the world. Further assume that prior to the FTA, Thailand has levied a non-discriminatory import duty on the product, such that the price of the products coming from the rest of the world, after duty payment, will be equal to the domestic price. The products coming from Indonesia would therefore be uncompetitive in the Thai market after duty payment. Therefore, prior to the creation of the FTA, all Thai imports of the product at issue will come from the most competitive suppliers from elsewhere across the globe.

Naturally, the creation of AFTA implies, at least in principle, that no further import duty will be levied by Thailand on the products originating from Indonesia. As Figure 1 below illustrates, the domestic price of the product in Thailand will drop to the Indonesian price level. As a result, imports will increase, but now the products from other suppliers in the rest of the world, after duty payment in Thailand, will be uncompetitive, as their prices for the Thai market are above those from Indonesia. Therefore, the imports that prior to AFTA came from the 'rest of the world', are now supplied by Indonesia. This is *trade diversion*. Its welfare effect can be measured by the area c in Figure 1 below.

On the other hand, as the price of the product in the Thai market is lower than before, part of the former supply in the country (i.e., that produced in Thailand at a higher marginal cost than the price level after the FTA) will now be replaced by Indonesian imports – a substitution away from Thai producers to sourcing from Indonesia. This is *trade creation*, and its welfare effect can be measured by the surface of area b in Figure 1. In addition, because of the lower price, consumption in Thailand will rise, leading to additional imports from Indonesia and thus further trade creation, the welfare effect of which can be measured by area d in Figure 1.

Standard economic theory on the static welfare effects of customs unions and free trade agreements concludes that:

In terms of volumes traded, the Thai imports from the world before AFTA amounted to MM. After AFTA, these imports will be replaced by imports from Indonesia M'M + MM', thus leading to higher intra-ASEAN trade.

Apart from these static effects of the FTA agreement, also mention should be made of the dynamic effects that are the result of increased economic growth in the countries involved. Provided higher specialization is achieved, as compared to the previous situation, higher economies of scale, higher efficiency, and better competitiveness will lead to higher economic growth.

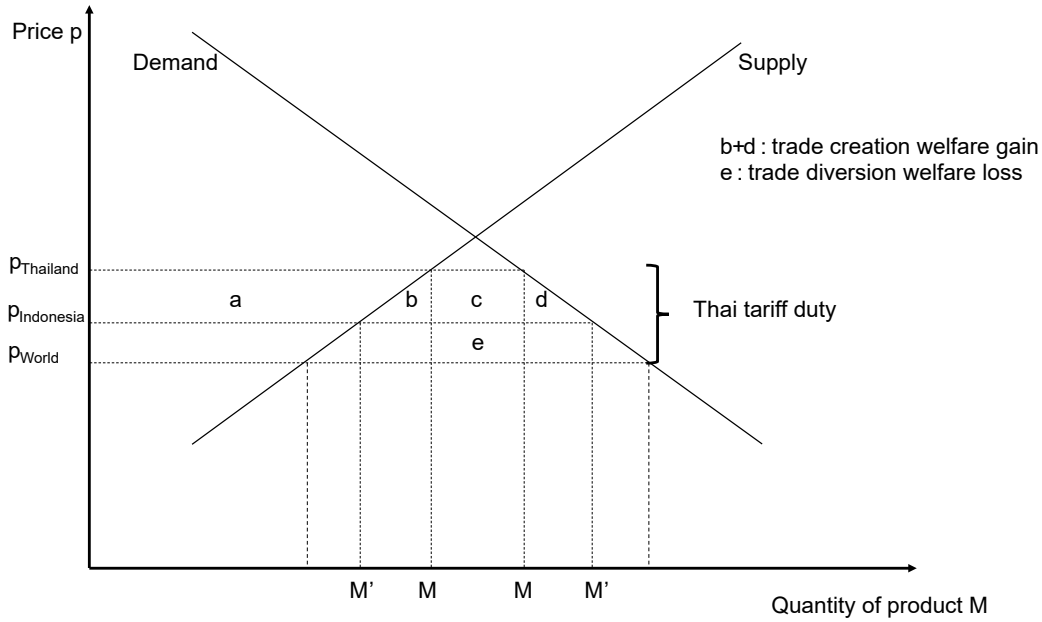

Figure 1. Trade Creation and Trade Diversion

The welfare gains from trade creation increase when the price elasticities of both supply and demand for the affected products are higher. In terms of the static, single product diagram of Figure 1 it will make areas b and d larger for given domestic prices in Thailand and Indonesia.

The welfare effect of trade diversion will be smaller, the closer the price levels of Indonesia compared to the rest of the world, or in other words, the larger the price differentials between Indonesia and Thailand. It will make area e in the diagram larger.

The conclusion of the AFTA agreement in January 1992 led the original ASEAN members, Singapore, Indonesia, Malaysia, Thailand, the Philippines, and Brunei Darussalam, to its implementation by 2003, and for the newcomers of the 1990s, Vietnam, Laos, Myanmar, and Cambodia, by 2006, 2008 and 2010 respectively. At that time, ASEAN countries often showed similar relative factor endowments and few complementarities, such that differences in production costs between the ASEAN countries and the rest of the world were mostly large, and small between the ASEAN countries. It was therefore expected that AFTA would lead to trade diversion to

the detriment of the rest of the world (Nadal De Simone, 1996: 106), and it was calculated that trade liberalization under AFTA would induce the ASEAN countries hardly 3 to 4 billion USD (Chirathivat, 1996: 29). The first econometric simulation of the impact of AFTA showed limited static effects, but comparatively large dynamic effects on economic growth, as vindicated among others by Yap and Edillon (1993), Imada (1993), Ramasamy (1994) and Ramasamy (1995).

What, after some odd thirty years, is the empirical evidence telling us about the impact of the AFTA agreement on intra-ASEAN trade? In the following pages, we will review the empirical economic literature devoted to AFTA.[1]

Empirical Analysis of AFTA: Methodology

The studies reviewed here are only briefly discussed and the sequence of the discussion is based on the date of publication. What also will quickly appear is that the studies on the impact of the AFTA on intra-ASEAN trade are often immediately related to the policy measures taken by the countries or regional institutions such as the Asian Development Bank. Often the studies are commissioned by government agencies or regional institutions and thus immediately related to the changing regional environment. It would therefore not come as a surprise that the original interest in the impact of AFTA on the ASEAN member countries and intra-ASEAN trade has become less. With the free trade agreements under ASEAN+3,[2] ASEAN+6,[3] the Regional Comprehensive Economic Partnership (RCEP), or the creation of the ASEAN Economic Community, discussions have shifted to the impact of these on the countries involved. These studies are not reviewed here.

Studies on the impact of the AFTA on intra-ASEAN trade are often immediately related to the policy measures taken by the countries or regional institutions such as the Asian Development Bank

Although some studies are highly descriptive, focusing on how intra-ASEAN trade evolved (e.g., Austria, 2004, Ahlström & Stålros, 2005, Jha & Saha, 2011), some others are more comprehensive and investigate the welfare effects of AFTA. Rashid, Zhai, Petri, Plummer & Chia (2009) report Computable General Equilibrium (CGE) simulations of several scenarios of liberalization, relevant to the creation of the ASEAN Economic Community. Two simulations are of interest for our purpose: (1) the AFTA scenario which involves the removal of all remaining tariffs in ASEAN, and (2) the AFTA+ scenario which is the AFTA scenario plus the removal of all NTBs and a 5 percent reduction in trade costs. Welfare gains are calculated, as well as the effects on international trade for the ASEAN countries and their partner countries. Unfortunately, only a very brief paragraph is devoted to intra-ASEAN trade, based on how at the country level the regional orientation for major product groups at SITC 1-digit evolved between 1993 and 2006. Similarly, Petri, Plummer & Zhai (2012), although about the ASEAN Economic Community, also report on the welfare effects in two scenarios, using a CGE model, on the impact of the completion of the AFTA agreement through the elimination of remaining intra-ASEAN tariffs and on the intensification of AFTA through the removal of NTBs. Unfortunately, no intra-ASEAN trade effects are shown.

From Figure 1 it can be intuitively deduced that the impact of AFTA on an ASEAN member country depends on the slopes of the demand and supply curves of the export product which is considered. Therefore, Ramasamy (1995) starts with an estimation of export demand functions using export time series data of the five original ASEAN member countries covering 1975 to 1991 at 3-digit SITC level, and relevant export price indices. He then estimates the relative price elasticities of export demand. It should be noted that the demand functions included a measure of the economic activity of country j, thus also allowing for a growth effect of trade liberalization. In Venkatesh & Bhattacharyya (2014) the income elasticity of aggregate imports, intra-regional imports, and extra-regional imports of the individual ASEAN-6 countries are estimated and the pre-and post-integration elasticities are compared. In contrast to the pioneering study by Imada (1993), however, the model in both studies includes no supply functions.

Most other and later empirical studies do not look into price or income elasticities of demand but proceed differently by

1 We neglect the empirical economic literature on the free trade agreements under ASEAN+3, ASEAN+6, the Regional Comprehensive Economic Partnership (RCEP), and the ASEAN Economic Community (unless AFTA as such is also considered).
2 ASEAN+3 consists of the ten ASEAN countries, the People's Republic of China, Japan, and the Republic of Korea.
3 ASEAN+6 consists of ASEAN+3, together with Australia, India and New Zealand.

using a gravity model, to which relevant dummy variables are added. In case the researchers aim to compare other regional integration agreements, the gravity equation used for estimating the impact of AFTA on intra-ASEAN trade is augmented with two dummy variables ASEAN and AFTA (Sharma & Chua, 2000). Unfortunately, some studies are estimating the impact on the ASEAN countries as a group (e.g., Handoyo, Sugiharti & Esquivias, 2021). In addition to the regional trade agreement dummy, Elliot & Ikemoto (2004) added dummies intended to measure "import trade diversion" and "export trade diversion", which enables us to tell whether an increase in an institutional dummy is due to an increase in intra-regional trade, a decrease in trade between members and non-members, or both. Later estimations of dummies' augmented gravity models are in Nguyen, Vu & Le (2015), using FTA1, FTA2, and FTA3 as dummies to measure the specific effects of ASEAN+3 FTAs, with FTA1 capturing the effect on trade among members of ASEAN.

Interestingly, Nguyen & Hashimoto (2005) provide different estimations in various contexts in which AFTA is interdependent with other free trade areas by adding dummies to the gravity equation, thereby also differentiating between import country (for import trade diversion) and export country (for export trade diversion). The first regression of the gravity model without dummies is used as a benchmark, after which the dummies' augmented model is estimated. A similar two-staged augmented gravity model approach is followed in Venkatesh & Bhattacharyya (2014) in which trade creation and trade diversion dummies are introduced, but with a rerun of the gravity equation with an intra-regional and extra-regional dummy. Salim & Kabir (2010) is using intra-EU trade as a benchmark for assessing AFTA, applying different coefficients of the gravity variable of an intra-EU trade model to the ASEAN model (however restricted to Singapore, Indonesia, Malaysia and Thailand), thus attempting a comparison of intra-ASEAN trade integration with the potential trade of an EU-like ASEAN trade environment.

In turn, Hapsari & Mangunsong (2006) studies the determinants of trade flows of AFTA members, including the impact of the creation of AFTA on its intra-regional and extra-regional trade flows by comparing the trade patterns of the AFTA countries with AFTA members and non-members. An augmented gravity equation is used with as additional variables the 'complementarity index' and the 'similarity index', as well as dummy variables for capturing the impact of AFTA membership and for the impact of AFTA on trade creation or trade diversion, respectively. In Macanas (2015), although only concentrating on textiles and clothing, three dummy variables are introduced when both the exporting and importing country, only the exporting country and only the importing country are ASEAN members respectively, such that the sign of the estimated parameters of these dummy variables will indicate whether the impact of AFTA is trade creating or trade diverting. Wong, Liew & Arip (2017) look into the effects of the AFTA agreement on the bilateral manufacturing trade between the ten member countries of ASEAN and 39 of their trading partners with dummy variables added to the gravity equation when both exporting and importing countries are AFTA members, and/or when, in year t, the exporting country is an AFTA member and the importing country not, respectively. Also related to bilateral intra-ASEAN manufacturing trade, but exploring the effects of the ASEAN Economic Community, is King, Liew & Arip (2020) in which three dummy variables are added whether in year t both countries i and j are ASEAN members, when country i is an ASEAN member, but not country j, and when neither country i nor j are ASEAN members, respectively. Four model specifications are used leading to a fixed effects model estimation, a dyadic fixed effects estimation for the augmented gravity model, country-and-time fixed effects, and country-pair fixed effects.

Siah, Choong & Yusop (2009) opted for estimating a modified gravity model for each of the five original ASEAN countries (Indonesia, Malaysia, Philippines, Singapore, and Thailand) with a dummy variable representing, according to the years involved, the AFTA preferences and the Asian financial crisis (1997-1998). Similarly, the dummy variables introduced in Ismail & King (2013) are meant to measure the intra-ASEAN trade and trade creation among five ASEAN member countries, as well as the impact of the Asian financial crisis and the global financial crisis (2007-2008). In Chen, De Lombaerde & Cuyvers (2017) and Chen, Cuyvers & De Lombaerde (2017), an augmented gravity model is used for ASEAN, the EU, and MERCOSUR, controlling for various variables that have an impact on trade volumes, such as GDP, economic freedom, WTO membership, etc., but adding competitiveness and trade cost variables. Three other dummy variables are added to the basic model to distinguish between three subcategories of intra-regional trade bias (imports, exports, and net additional preference to trade with partners from the same region). More recently, in Shirazi, Kemal & Shirazi (2021) the impact of economic size, geographical distance, common language, cultural variations, common border, and trade agreements is researched on the enhancement of bilateral trade, exports, and imports within ASEAN using a gravity model. In turn, in Nguyen & Tran (2021) a gravity model, aimed at explaining total trade between the ten individual ASEAN countries and

88 individual trading partners, is customized to quantify the influence of trade facilitation on ASEAN trade and per ASEAN country a trade facilitation variable is added that measures the individual ASEAN country's average trade facilitation performance.

Apart from the gravity model approach, some more recent studies are focusing on other aspects. Whether AFTA has led to trade creation and trade diversion has been researched by investigating at detailed product level Grubel-Lloyd (which measures intra-industry trade) and Balassa indices (which measure export specialization), such as in Hamid & Aslam (2017a) for intra-ASEAN agricultural trade, and in Hamid & Aslam (2017b) for textiles and clothing. Finally mention should be made of Wong, Tan & Goh (2022) in which allowance is made for heterogeneity in terms of causal relationships between intra-ASEAN exports, intra-ASEAN outward foreign direct investment, and intra-ASEAN economic growth.

Discussion of Results

The early years of AFTA:

Using data covering 1980 to 1995, Sharma & Chua (2000) concluded that ASEAN's regional integration in the period considered did not increase intra-ASEAN trade, but that increases in trade of the ASEAN-5 occurred with the members of the Asia-Pacific Economic Cooperation (APEC) .

Tariff reduction under AFTA had a significant effect in increasing the bilateral exports of the ASEAN members, but it may be causing some trade diversion and shifting trade from countries outside the bloc to possibly less efficient countries inside the bloc

In contrast, Elliott & Ikemoto (2004), considering the period 1982 to 1999, found that trade flows were not significantly affected in the years immediately following the signing of the AFTA agreement in 1993, but found evidence of a positive AFTA effect that, although limited at the beginning stage, gradually increased. Similarly, Salim & Kabir (2010), in which the period 2003 to 2008 was covered, concluded a positive and increasing impact of AFTA on the intra-regional trade integration of Singapore, Indonesia, Malaysia and Thailand.

Also, Nguyen & Hashimoto (2005) found for the period 1988-2002 that AFTA intra-regional trade was about 87% above the level predicted without the AFTA agreement and that neither import trade diversion nor export trade diversion occurred. Ismail & King (2013), in which the period from 1993 to 2010 was covered, concluded that the tariff removal under AFTA successfully promoted intra-ASEAN trade. For 1993-2003, Hapsari & Mangunsong (2006) reported that tariff reduction under AFTA had a significant effect in increasing the bilateral exports of the ASEAN members, but that it may be causing some trade diversion and shifting trade from countries outside the bloc to possibly less efficient countries inside the bloc. As to the period 1970-2001 and by distinguishing between the ASEAN-5 countries, Siah, Choong & Yusop (2009) detected significant positive bilateral intra-ASEAN trade effects but suggested that ASEAN did not gain collectively from the formation of AFTA. Jha & Saha (2011) concluded similarly for the period 1993 to 2007.

The later years:

Not always equally positive results came from research in the later years. Venkatesh & Bhattacharyya (2014) used a variety of methods to ascertain the impact of the ASEAN Free Trade Agreement on intra-AFTA trade of the ASEAN-6 countries from 1970 to 2010. It was concluded that there was neither an increase in extra-regional nor intra-regional trade of ASEAN, but rather an exogenous, pervasive global trend, without any real evidence of trade creation nor diversion. For ASEAN-6 as a group only trade creationary effects were found, with the income elasticity of total and intra-regional imports rising between the pre- and post-FTA periods, and no positive diversionary effects. The authors also stated that the simultaneous upward trend in extra-regional imports over the last three decades suggests that it was not the impact of AFTA that led to a sudden increase in intra-regional trade. In Shirazi, Kemal & Shirazi (2021) on intra-ASEAN trade from 1985 to 2015, it was reported that the regional trade agreement led to exports increasing by 2.14 percent and imports by 1.95 percent.

Results are likely to be different if individual product categories are considered. Macanas (2015) found that regarding the trade of textiles, AFTA is trade creating on both

intra- and extra-ASEAN trade, but in the trade of clothing, it is diverting trade from the trade of clothing to the trade of other commodities. In this respect also mention should be made of the results reported in Hamid & Aslam (2017a) which indicate trade creation within ASEAN for some of the 13 agricultural product categories at the HS3 level analyzed for the years 2001 to 2014 and trade diversion for some other. A similar investigation for textile and clothing by Hamid & Aslam (2017b) leads to the same conclusion, but also that the processed products of this sector, and mainly apparel and clothing, did not show any ASEAN competitiveness in the ASEAN market. In turn, King, Liew & Arip (2020) about the impact of the ASEAN Economic Community on intra-ASEAN trade in manufacturing products has found that from 1995-2014, the AEC has created substantial intra-ASEAN trade diversion effects for the exports of machines and apparatus, miscellaneous manufactured articles, manufactures of plaiting material and basketwork and tobacco and manufactured tobacco substitutes, but trade creation effects for fur-skins and artificial fur manufactures and limestone materials for manufacture of lime or cement.

It is also well known that the many non-tariff barriers and technical barriers remain a major hindering block in the regional trade integration process among the ASEAN countries. They are, however, beginning to be addressed in earnest (Pelkmans, 2024: 83). Apart from their reduction, trade facilitation will no doubt alleviate their impact. However, according to Nguyen & Tran (2021) in which data on total trade between the ten individual ASEAN countries and 88 individual trading partners from 2017 to 2019 are used, the trade facilitation indicators introduced in the estimations have uneven influences on ASEAN trade flows, but more on ASEAN's extra-regional trade.

Conclusion

The empirical results of the studies that are reviewed here often differ, sometimes even rather dramatically. This is because the studies are about different time periods and/or using different data, but also that the econometric model specifications are different, as well as the econometric theoretical methodology used. But more is at issue. That the share of intra-ASEAN trade remains low must be sought in often, still rather, similar relative factor endowments in the ASEAN countries, but also how the ASEAN trade liberalization process has been conducted. In Chen, Cuyvers & De Lombaerde (2017) and Chen, De Lombaerde & Cuyvers (2017) and with data covering 1990-2012 and 1995-2014 respectively, the market potential ("export space" and "import space") of ASEAN, which is estimated based among others on various data, relating to country characteristics, competitiveness, etc., is expanding at a speed that is higher than the world's average rate, particularly after 2009. As to the export market potential, a negative intra-regional bias was observed. Also, a gap was found between the ideal (calculated) and the actual ratio of intra-regional and extra-regional export space, which hints that despite the many years of regional integration, there is still a significant amount of space for ASEAN countries to further strengthen the intra-regional market. Among the three scenarios that the authors simulated, Scenario 1 is the most interesting for our purpose since it is about full tariff elimination within ASEAN from 2015.

ASEAN offers no scope for the creation of a customs union, which in literature is considered a crucial institution in the economic integration process

The simulation results of Scenario 1 show that the full removal of import duties on intra-regional ASEAN trade will enhance intra-regional trade and expand the region's overall export space by almost one quarter.

It seems to us that ASEAN is facing some kind of "Catch-22" situation with low shares of intra-ASEAN trade intensity, going together with intra-ASEAN trade liberalization and more, that is hindered because of insufficient institutional support. It has been rightly stressed that for various reasons, ASEAN offers no scope for the creation of a customs union, which in literature is considered a crucial institution in the economic integration process (Cuyvers & Pupphavesa, 1996). However, this does not imply that the institutional and supranational architecture of ASEAN could not be strengthened to support this process. Although the situation has improved, still too much relies on the "intergovernmental approach" (Pelkmans, 2024: 64). ASEAN's integration among its member countries has progressed only to a limited extent, without significant deepening. Due to the region's low levels of intra-ASEAN trade, the group has primarily focused on trade liberalization with other Southeast and East Asian countries, as well as Australia and New Zealand. (e.g., Webber, 2013: 96–97, Beeson, 2008: 20–21, Chen, Cuyvers, De Lombaerde, 1917:

620-621). Consequently, ASEAN as a group is confronted today with an institutional stalemate, as we warned in Cuyvers (2014, 2019). For instance, before embarking on the ASEAN Economic Community, several essential regional institutions (such as e.g., the ASEAN Secretariat) and procedures should first have evolved and been implemented to facilitate the deeper integration process needed.

References

AHLSTRÖM, I. & C. STÅLROS (2005), Integration, Trade Pattern and Intra-Industry Trade in ASEAN, Lund: Lund University, School of Economics and Management (Bachelor thesis).

Anonymous: "Exploring Intra-Asean Merchandise Trade Dynamics", ASEAN Statistical Brief, 8, May 2024.

ASEAN COMMUNITY PROGRESS MONITORING SYSTEM 2017 (2018), Tariff Liberalisation, Jakarta: ASEAN Secretariat, October 2018, at https://www.aseanstats.org/wp-content/uploads/2018/10/Tariff-Liberalisation.pdf

AUSTRIA, M.S. (2004), The Pattern of Intra-ASEAN Trade in the Priority Goods Sectors, Manila: De La Salle University, REPSF Project No. 03/006e (report)

BEESON, M (2008), Institutions of the Asia-Pacific. ASEAN, APEC and Beyond, Abingdon: Routledge.

CHEN, L., L. CUYVERS & P. DE LOMBAERDE (2017): "ASEAN Compared: What Do the Numbers Tell Us?", Singapore Economic Review, 62 (3), June 2017, 619-642.

CHEN, L., P. DE LOMBAERDE & L. CUYVERS (2017): "Markets Matter: The Potential of Intra-Regional Trade in ASEAN and Its Implications for Asian Regionalism", Asian Economic Papers, Summer 2017, 16(2), 1–19.

CHIRATHIVAT, S. (1996): "ASEAN Economic Integration with the World through AFTA", in: TAN, J.L.H. (Eds.), AFTA in the Changing International Economy, Singapore: Institute of Southeast Asian Studies.

CUYVERS, L. & PUPPHAVESA, W. (1996): "From ASEAN to AFTA", CAS Discussion Paper, No.6, September 1996, Antwerp: University of Antwerp, Centre for ASEAN Studies.

CUYVERS, L. (2014): "Some Tough Facts about ASEAN's Institutional Stalemate", Europe's World, No. 27, Summer 2014, 87-88.

CUYVERS, L. (2019): "The "ASEAN Way" and ASEAN's Development Gap with Cambodia, Laos, Myanmar and Vietnam: A Critical View", Asia Pacific Business Review, 25(5), November 2019, 683-704

CUYVERS, L., L. CHEN, & P. DE LOMBAERDE (2019): "50 Years of Regional Integration in ASEAN", Asia Pacific Business Review, 25 (5), November 2019, pp.609-618

ELLIOT, R.J.R. and IKEMOTO, K. (2004): "AFTA and the Asian Crisis: Help or Hindrance to ASEAN Intra-Regional Trade?", Asian Economic Journal, 18 (1), March 2004, 1-23.

HAMID, M.F.S. & M. ASLAM (2017a): "The Competitiveness and Complementarities of Agriculture Trade among ASEAN-5 Countries: An Empirical Analysis", International Journal of Economics and Finance, 9(8), August 2017, 88-102.

HAMID, M.F.S. & M. ASLAM (2017b): "Intra-regional Trade Effects of ASEAN Free Trade Area in the Textile and Clothing", Journal of Economic Integration, 32(3), September 2017, 660-688.

HANDOYO, R.D., L. SUGIHARTI & M.A. ESQUIVIAS (2021): "Trade Creation and Trade Diversion Effects: The Case of the ASEAN plus Six Free Trade Area", Bulletin of Monetary Economics and Banking, 24(1), 93 – 118.

HAPSARI, I.M. & C. MANGUNSONG (2006): "Determinants of AFTA Members' Trade Flows and Potential for Trade Diversion", Asia-Pacific Research and Training Network on Trade Working Paper Series, 21, November 2006, Bangkok: United Nations Economic and Social Commission for Asia and the Pacific.

IMADA, P. (1993): "Production and Trade Effects of an ASEAN Free Trade Area", The Developing Economies, 31 (1), March 1993, 3-23.

ISMAIL, N.W. & C.W.K. KING (2013): "The Effects of ASEAN Free Trade Agreement (AFTA) on Intra ASEAN Trade: 1986-2010", Social Sciences & Humanities, 21 (S), 115 – 124.

JHA, A.K. & S. SAHA (2011): "Intra-Industry Trade in ASEAN-5: An Overall and Country-Specific Study", Journal of International Economics, 2(2), July-December 2011, 17-24.

KING, C.W.K., V.K.-S. LIEW & M.A. ARIP (2020): "The Effects of ASEAN Economic Community (AEC) Blueprint Adoption on Intra-ASEAN Trade on Manufacturing Products", International Journal of Academic Research in Business and Social Sciences, 10(2), 680–690.

MACANAS, R.G. (2015): "Augmented Gravity Model of International Trade: An Empirical Application to ASEAN Intra- and Extra-Regional Trade of Textiles and Clothing", SSRN Electronic Journal, November 2015

NADAL DE SIMONE, F. de A. (1996): "Regional Integration Arrangements: AFTA from a Comparative Perspective", in: TAN, J.L.H. (Eds.), AFTA in the Changing International Economy, Singapore: Institute of Southeast Asian Studies.

NAYA, S.F. (2004): "Japan in Emerging East Asian Regionalism", East Asian Economic Perspectives, 15 (2), August 2004, 1-16.

NAYA, S.F. and IMADA, P. (1992): "The Long and Winding Road Ahead for AFTA", in: P.IMADA & S.NAYA (Eds.) (1992), AFTA: The Way Ahead, Singapore: Institute of Southeast Asian Studies, 53-66.

NGUYEN A.T., V.T. VU & LE T.T.X. (2015): "Assessing the Impact of ASEAN+3 Free Trade Agreements on ASEAN's Trade Flows: A Gravity Model Approach", Mediterranean Journal of Social Sciences, 6(6), 394-401.

NGUYEN T.K. & Y. HASHIMOTO (2005): "Economic Analysis of Asean Free Trade Area by a Country Panel Data", Discussion Papers in Economics and Business, 05-12, Osaka: Graduate School of Economics and Osaka School of International Public Policy (OSIPP).

NGUYEN, A.T. & T.M.T. TRAN (2021): "Trade Facilitation Performance Influences on ASEAN Trade Flows", Economic Horizons, 23(3), 263 – 275

PASADILLA, G.O. (2004): "East Asian Co-operation: The ASEAN View", Discussion Paper Series, No. 2004-27, August 2004, Quezon City: Philippine Institute for Development Studies.

PELKMANS, J. (2024): "Common Markets", in: P. DE LOMBAERDE (Ed.),

Handbook of Regional Cooperation and Integration, Cheltenham-Northampton: Edward Elgar, 63-107.

PETRI, P.A., M.G. PLUMMER & F. ZHAI (2012): "The ASEAN Economic Community: A General Equilibrium Analysis", Asian Economic Journal, 26(2), 93-118.

RAMASAMY, B. (1994): "The ASEAN Free Trade Area: Implications for Indonesia's Imports", Bulletin of Indonesian Economic Studies, 30 (2), August 1994, 149-157.
RAMASAMY, B. (1995): "Trade Diversion in an ASEAN Free Trade Area", ASEAN Economic Bulletin, 12(1), July 1995, 10-17.

RASHID, Z., F. ZHAI, P.A. PETRI, M.G. PLUMMER & S.Y. CHIA (2009): "Regional Market for Goods, Services, and Skilled Labor", in: M.G. PLUMMER & S.Y. CHIA (Eds.), Realizing the ASEAN Economic Community: A Comprehensive Assessment. Singapore: Institute of Southeast Asian Studies, 20-57.

SALIM, R. & S. KABIR (2010): "Success of ASEAN Regional Integration on Intra-Regional Trade: A Comparative Study with EU's Trade Integration", in Dr. Z. HAQQ (Ed.), Annual Asian Business Research Conference, Jan 1, 2010, pp. 1-12. Dhaka, Bangladesh: World Business Institute.

SHIRAZI, S.Z., M.U. KEMAL & S. SHIRAZI (2021): "Panel Analysis of ASEAN's Intra-Regional Trade Dynamics", Global Social Sciences Review, 6(2), 349-356.

SIAH, K.-L., C-K. CHOONG & Z. YUSOP (2009): "AFTA and the Intra-Trade Patterns among ASEAN-5 Economies: Trade-Enhancing or Trade-Inhibiting?", International Journal of Economics and Finance, 1(1), January 2009, 117-126.

VENKATESH, V. & R. BHATTACHARYYA (2014): "The ASEAN Free Trade Agreement: How Effective?", W.P. No: EC-14-25, New Delhi: Indian Institute of Foreign Trade, August 2014.

WEBBER, D (2013), "Regionalism and EU-Asia Relations: Patterns, Trends and Determinants", in: T. CHRISTIANSEN, E. KIRCHNER & P. MURRAY (Eds.), The Palgrave Handbook of EU-Asia Relations, London: Palgrave Macmillan, 93–107.
WONG, C.K.-K., V.K.-S. LIEW & M.A. ARIP (2017): "The Impact of ASEAN Free Trade Area on Intra-ASEAN Manufacturing Trade", International Journal of Business and Society, 18 (3), 633-643.
WONG, K.N., B.W. TAN & S.K. GOH (2022): "A Nexus between Intra-ASEAN Outward FDI, Intra-ASEAN Exports and Economic Growth of ASEAN-10: Evidence using Panel Causality Analysis", Asia-Pacific Journal of Business Administration, 15 (4), 489-508.

YAP, J.T. & R.G. EDILLON (1993): "Simulating the Effects of an ASEAN Free Trade Area using a Multi-Country Model", Paper presented at the Seminar "ASEAN Free Trade Area and National Development", Manila, 30 June 1993.

EDITORIAL INFORMATION

About the Author:
Ludo Cuyvers is Emeritus Professor at the University of Antwerp and Director of the Centre for ASEAN Studies, Extra-Ordinary Professor at the North-West University, South Africa, and Associate Research Fellow of the United Nations University Institute on Comparative Regional Integration Studies (UNU-CRIS). The views expressed in this paper are those of the author and do not necessarily reflect the views of the United Nations University. Comments by Philippe De Lombaerde are gratefully acknowledged.

Publisher: United Nations University Institute on Comparative Regional Integration Studies (UNU-CRIS), Bruges, Belgium