

ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN) OVERVIEW

After the U.S.A., the Asia Pacific region is Canada's largest trading partner and is the second fastest growing market for Canadian exports. Within Asia Pacific, the ASEAN (Association of South East Asian Nations) region is gaining in commercial importance.

ASEAN

ASEAN was formed in 1967 and includes six member countries: Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand. ASEAN countries have forged economic, political and cultural ties among themselves and with the international community. Their market-oriented economies are open, dynamic and increasingly prosperous. Over the past decade, the rate of economic growth in ASEAN has been among the highest in the world.

Rich in natural resources, the ASEAN region accounts for much of the world's output of rubber, palm oil, tin, copra, copper, sugar, coffee, timber, tropical fruits, liquified natural gas (LNG) and minerals. The region has also become a market leader in the manufactured exports of garments and textiles, electronics and consumer goods.

In 1992, ASEAN Heads of Government agreed to create an ASEAN Free Trade Area (AFTA) to be phased in, commencing in 1993, over 15 years. This decision was taken in response to emerging economic regionalism, including the Single European Market and the North American Free Trade Agreement. Initial plans foresee the reduction of trade barriers in 15 sectors of manufactured goods, including capital goods and processed agricultural products. A successful AFTA would create a combined market of 325 million consumers with a combined GNP of over US \$300 billion, would remove some of the current barriers to intra-ASEAN trade, and would help ASEAN realize closer economic co-operation.

As ASEAN's share of global GNP, world trade and direct foreign investment increases, new intra- and inter- regional trading patterns are evolving. While ASEAN countries have benefitted from increased Japanese investment over the decade, Japan has been the destination for a declining percentage of total ASEAN exports. In contrast with 1980, when Japan purchased almost 30 percent of ASEAN exports, 1990 saw Japan purchasing only 20 percent of exports. The major sources of imports for the region in 1990 were Japan, U.S.A., Taiwan, Germany and the United Kingdom.