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Is China a Trade Competitor of ASEAN?
A Chinese Perspective on the Proposing, Cultivation and Implications of the CAFTA

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China's proposal of the CAFTA (China-ASEAN Free Trade Area) in 2001 prompted a great debate about whether China was a trade competitor of ASEAN, given their similarity in economic development levels and trade/export structures. That Beijing shifted its focus on economic cooperation from the international level to the regional level led to its proposal of the CAFTA. As the Framework Agreement (Framework Agreement on Comprehensive Economic Cooperation between China and ASEAN) showed, Beijing's careful consideration for four newer ASEAN members (Cambodia, Laos, Myanmar and Vietnam) intended not only to help all ASEAN members develop economically, but also to narrow the economic gap existing between them and the six old ASEAN members; in return, China was recognized as a full market economy, which it is not currently recognized within the framework of the WTO. The substantial rise in bilateral trade and the structural changes of the trade in goods between China and ASEAN member nations after 2001 proves that ASEAN benefited more from the CAFTA, particularly when the areas where ASEAN had the comparative advantages were designated as the priority cooperation areas between China and ASEAN. In sum, similarities existing in economic development levels and industrial structures between China and ASEAN made them natural economic competitors. However, closer studies of trade in goods of S1-7, S1-6 and S1-0 reveal that China acted as an increasingly complementary trade partner of ASEAN after 2001.

Introduction

The unexpected proposal of CAFTA (China-ASEAN Free Trade Area) was officially made at the 5th China-ASEAN Summit in Brunei in November 2001 by Mr. Zhu Rongji, the former Premier of China. This proposal threw a pebble to the quiet lake of the economic cooperation in East Asia and incurred a great debate in academia about whether China was a trade competitor of ASEAN[2], given their similarity in economic development generally and in trade structure specifically. This article describes the evolution of Beijing's trade policy from the 1990s, discusses the current status of China-ASEAN trade cooperation and analyzes the competitiveness and complimentarity of trade between China and ASEAN.

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During the last decade of the 20th century, Beijing was overwhelmingly preoccupied with multilateral negotiations to enter the World Trade Organization (WTO) after it formally applied to resume its position as an original contracting party of the General Agreement on Tariffs and Trade (GATT) in July 1986. Meanwhile, due to lack of a clear and targeted policy on economic cooperation at the regional level, China had had a fairly low, though slowly increasing trade value with ASEAN partners in the 1990s. In 2001, Beijing officially proposed to set up the CAFTA, which marked a tremendous change of China's attitude towards economic cooperation with ASEAN. Since then, a clear policy on East Asian economic cooperation was quickly developed in China. As a result, bilateral trade cooperation was gradually enhanced and the trade value began to increase substantially. In 1995, the total trade value between China and five main ASEAN members[3] was 18,408 million dollars. In 2000, it increased by 96% to 36,096 million dollars. In 2005, the bilateral trade value increased to as much as 120,002 million dollars, over three times that in 2000. By comparing the trade value before and after 2001 from different perspectives, a clear picture of China-ASEAN trade cooperation before and after 2001 emerges. With trade value increasing, both the competitiveness and the complementarity of trade between China and ASEAN were intensified. Taking three traded goods, S1-7 Machinery and Transport Equipment, S1-6 Manufact Goods and S1-0 Food and Live Animal, as examples, competitiveness and complementarity of trade in goods between China and ASEAN may be examined.

The article has three sections. The first section focuses on Beijing's economic policy on trade cooperation with ASEAN. Beijing was characterized of lack of a clear regional policy on economic cooperation before 2001. However, Beijing put forth a clear policy of setting up the CAFTA in 2001 and implemented it quickly during the next decade. Beijing endorsed the Framework Agreement on Comprehensive Economic Cooperation between China and ASEAN (Framework Agreement) and other five sub agreements with ASEAN from 2002 to 2009. The objective was to take measures to promote bilateral trade and investment between China and ASEAN. The second section compares trade value between China and ASEAN before and after 2001 from various aspects in order to set up a well-founded basis for analysis of trade relationship between China and ASEAN. The third section evaluates the prospects for Sino-ASEAN trade relations on the basis laid by the second section and identifies China's role in trade cooperation with ASEAN and in economic integration in East Asia before and after 2001.Usually, year 2000 or 2001 was applied as the key time watershed for studies of China's trade policy to ASEAN. Year 2000[4] was applied because Mr. Zhu Rongji, the Chinese former premier, proposed 'in the long term, China and the ASEAN countries can also further explore the establishment of a free trade relationship'[5] at the fourth ASEAN-China Leaders Summit in Singapore in November 2000. This was seen as a signal of diversion of China's economic policy from at the international level to the regional level. Year 2001[6] was applied because Mr. Zhu Rongji clearly called on 'to promote the establishment of the CAFTA'[7] at the fifth ASEAN-China Leaders Summit in Brunei in November 2001, and ASEAN also agreed on the establishment of the CAFTA within ten years by 2010. In this thesis, the author applies 2001 as the critical time watershed when analyzing China's economic policy to ASEAN and investigating China's role in economic cooperation with ASEAN due to two justifications as followed. One is that China entered the WTO in 2001, which was a prerequisite to establish the CAFTA with ASEAN. China's entry into the WTO marked that China's policy of reform and opening up strode into a new stage and this was a new start for China's economic liberalization and privatization at home. One the other hand, China's entry into the WTO constructed a platform where China and ASEAN could negotiate to set up the free trade area with the guidance of rules and regulations within the framework of the WTO. The other justification is that ASEAN and China agreed to set up the CAFTA in 2001, which changed China's role in economic cooperation with ASEAN and its role in economic integra-

tion in East Asia. Therefore, year 2001 is applied in the thesis, as the key time watershed.
All the data, whether quoted originally or computed by the author, are collected from:

1. Official databases, e.g. ASEAN Statistics Database, UN COMTRADE Database, the WTO International Trade Centre (ITC) Database, Asian Development Bank (ADB) Database, and etc.
2. Annual statistics yearbooks, e.g. China Statistical Yearbook (1991-2009), China Customs Statistics Yearbook (1991-2009) and so on.
3. Official websites of international organizations or national governments, e.g. International Monetary Foundation (IMF), World Bank, Ministry of Commerce of China, etc.
4. Some other reliable data sources such as the Department of Statistics of Singapore, National Institute of Statistics of Cambodia etc.

When the Sino-ASEAN relationship on trade is analyzed, five countries, Indonesia, Malaysia, the Philippines, Singapore and Thailand (ASEAN-5) are chosen as the main representatives of ASEAN, for three reasons. First, is ASEAN *per se* kept enlarging with new members joining in. Taking new members into consideration adds to the difficulties of data collection, computation and comparison. Second, some trade data of four new members of ASEAN are not available, especially the data before 1995. Finally, the trade value between these five countries and China accounted for more than 90% of the total trade value between China and ASEAN in most years since 1990s. In 2000, for example, the export value of ASEAN-5 accounted for 95.4% of the total ASEAN export to China, and import value accounted for 94.1% of China's total imports with all ASEAN members. Therefore, changes of exports and imports of ASEAN-5 with China largely reflected the tendency of all ten ASEAN members.

When the Sino-ASEAN trade relationship is discussed, three classifications of traded goods on basis of Standard International Trade Code (SITC) are chosen as examples. Although the Harmonized Commodity Description and Coding System (HS) was applied in the Agreement on Trade in Goods between China and ASEAN, SITC is applied in this chapter due to the fact that most data are from the UN COMTRADE Database, where it facilitates data statistics. China's export and import of S1-6 of the Manufact Goods with ASEAN had the highest trade value in 1990s, which is why S1-6 is chosen as an example to explore the Sino-ASEAN trade relationship. Also S1-7, Machinery and Transport Equipment, is chosen as another example because it had the highest trade value between China and ASEAN in the 2000s. Based on the fact that China and ASEAN designated agricultural cooperation as one of the five priority cooperation areas and the classification of S1-0 Food and Live Animal includes most agricultural products[8], S1-0 is chosen as the third example. Thus, China's export and import trade with ASEAN are focused on these three SITC products: S1-6, S1-7 and S1-0.

When the competitive and mutually complementary characteristics of trade structure between China and ASEAN are measured, Revealed Comparative Advantage (RCA)[9] index is adopted, serving to explore respective advantage in S1-6, S1-7 and S1-0 of China and ASEAN. The American market was the biggest single export destination outside the East Asian region for both China and ASEAN in the 1990s and 2000s. China exported 21.5% of its total exports to the United States, 15.5% to Europe and 16.6% to Japan in 1999; while ASEAN exported 20.5% of its total exports to the United States, 16.3% to Europe and 11% to Japan in 1999. Therefore, the American market is chosen as the third market to look into ASEAN and China's relative advantage in the three product classifications. All these are applied in order to investigate the competition and mutual complementarity of trade between China and ASEAN.

Section One:
Beijing's economic policy on Trade cooperation before and after 2001

Before analyzing the specific Sino-ASEAN relations on trade, it is necessary to sketch in the general orientation of China's economic policy before and after 2001.

1.1 Beijing's Economic Policy before 2001

Since 'Reforming and Opening-up' was designated as the national policy during the Third Plenary Session of the 11th Central Committee of the Communist Party of China (CPC) in 1978, China has had an open-door policy for more than three decades. During the first and the second decades before 2000, the policy focused mainly on multilateral trade cooperation at the global level, as demonstrated by China's efforts to become a member of the WTO. Meanwhile, trade cooperation with ASEAN at the regional level was marginalized because both sides were trying to resume their diplomatic relations following the end of the Cold War. In 2000, China was among the very few states that had not become members of any regional free trade organizations.

In July 1986, Beijing officially applied to resume its position as an original contracting party of GATT and began negotiations that continued for more than 15 years with GATT member nations. As the negotiations continued, all Chinese people, from state leaders to ordinary citizens, were much concerned, as the outcome was deemed to be a benefit to the entire nation. This 'Century Negotiation' occupied much of China's diplomatic and political time and energy to the extent that they were unable to consider pursuing other trade negotiations during that time. The negotiations proceeded from 1986 to 2001 and were suspended for two years after the Tiananmen Square Incident in 1989. Finally, on 11 November, 2001, China was accepted as one of the members of the WTO, with the result that trade values between China and Western nations increased substantially. However, there was no concomitant increase in trade values between China and ASEAN nations.

1.2 Beijing's Economic Policy after 2001

At the turn of the century, China implemented a radical shift in its economic policy. In the words of Xue Xiaopeng, "China shifted its idea on the East Asian regionalism"[10]. At the international level, after long years of negotiations towards the resumption of its position as an original contracting party of GATT and entrance into the WTO as a new member, China realized that the international multilateral trade system had its own inherent weaknesses in organizational structure and operating mechanism.[11] Therefore, Beijing began to focus more on regional economic cooperation.

Confident of success in entering the WTO in the near future and with consideration of the weaknesses of the WTO, Beijing expressed its intention to enhance economic cooperation with ASEAN Free Trade Area (AFTA) at the 3rd China-ASEAN Summit in Manila in 1999. After only one year, Mr. Zhu Rongji, the former Premier, on behalf of the Chinese government, officially proposed to set up a China-ASEAN Free Trade Area at the 4th China-ASEAN Summit in Singapore in November 2000. As a follow up to this summit, experts from China and ASEAN convened to assess the possible negative impacts on trade with ASEAN nations that China's entry into the WTO would bring about and to investigate the possibility of enhancing economic cooperation between China and ASEAN. Based on the optimistic findings in the report submitted by the Expert Group, China and ASEAN agreed at the 5th ASEAN-China Summit held in Brunei in November 2001 to set up the CAFTA within ten years. After a year of negotiations, ASEAN and China signed the *Framework Agreement on Comprehen-*

sive Economic Cooperation between ASEAN and China on 4th November, 2002. This marked a new stage of economic cooperation between China and ASEAN. This was also the prototype and pilot of China's strategy of creating a Free Trade Area, which was put forth for the first time in the report presented by President Hu Jintao at the 17th National Congress of the Chinese Communist Party on 15th October, 2007 – 'Hold High the Great Banner of Socialism with Chinese Characteristics and Strive for New Victories in Building a Moderately Prosperous Society in all respects'.

The *Framework Agreement* consisted of five sub agreements, the Early Harvest Plan (EHP: included in the *Framework Agreement* and effective on 1st January, 2004), the Agreement on Trade in Goods (ATG: signed on 29th November, 2004 and effective on 1st January, 2005), the Agreement on Dispute Settlement Mechanism (ADSM: signed on 29th November, 2004 and effective on 1st January, 2005), the Agreement on Trade in Service (ATS: signed on 14th January, 2007 and effective on 1st July, 2007) and the Investment Agreement (IA: signed on 15th August, 2009 and effective on 15th February, 2010).

These five sub agreements highlighted three features of China-ASEAN economic cooperation: the rules of the Framework Agreement were highly consistent with those of the international trade mechanism; both China and ASEAN showed great respect for domestic legislation and regulation; and both sides showed much flexibility to make some necessary concessions.

1. Rules of the Framework Agreement were highly consistent with those of the international trade mechanism such as the WTO, the IMF and the World Bank. Based on the main principles of these international multilateral trade rules, both sides agreed to adjust, modify, or sometimes even dismantle some of their specific clauses and articles. For example, Article 9 of the ATG stated that

    > '*In applying ACFTA safeguard measures, the Parties shall adopt the rules for the application of safeguard measures as provided under the WTO Agreement on Safeguards, with the exception of the quantitative restriction measures set out in Article 5, and Articles 9, 13 and 14 of the WTO Agreement on Safeguards. As such, all other provisions of the WTO Agreement on Safeguards shall, mutatis mutandis, be incorporated into and form an integral part of this Agreement.*'

    All these WTO-consistent clauses and articles refute arguments which insist that one of China's motives in the creation of CAFTA is to promote its rule-making capability within the international and regional institutions[12], or to shape the 'rules of the game'.[13]
2. Both China and ASEAN showed great respect for the domestic legislation and regulation of their counterparts. For example, when discussing the qualifications of contracting parties who were going to refuse to give certain concessions/special treatments to certain non-contracting parties, the IA made it clear in the note to Article 15 that 'it is ruled by domestic laws and rules in Indonesia, Myanmar, the Philippines and Viet Nam on who owns or manages the investment if he/she belongs to a non-contracting party'.
3. When negotiating, both China and ASEAN have been willing to make some appropriate concessions, aiming at long-term economic and political goals. As far as China is concerned, it believes it gave full consideration to ASEAN members who are at different stages of economic development. The *Framework Agreement* is filled with 'dif-

ferent stages of economic development among ASEAN Member States and the need for flexibility' at various points[14]. In consideration of imbalances of economic development among ASEAN members, 'China shall accord Most-Favoured Nation (MFN) Treatment consistent with the WTO rules and disciplines to all the non-WTO ASEAN Member States upon the date of signature of this Agreement'[15] and different timetables for tax reduction are to be applied for the four new ASEAN members. In return, 'Each of the ten ASEAN Member States agrees to recognize China as a full market economy' [16], which China is not recognized to be under the WTO framework.

With economic exchanges increasing, progress was also made on Sino-ASEAN diplomatic relationships. By releasing the 'Plan of Action to Implement the Joint Declaration on ASEAN-China Strategic Partnership for Peace and Prosperity' on 21st December, 2004, the Sino-ASEAN relationship was further upgraded to the status of a strategic partnership. Increasing economic exchanges, together with upgrading political and diplomatic relations, contributed much to the establishment of the ASEAN-China Free Trade Area (ACFTA), which was declared on 1st January, 2010. 'ASEAN-China is the largest FTA in population size and includes 1.9 billion total people. It is the third largest FTA in economic size, with a cumulative GDP of US $5.8 trillion. And after the EU and the North American Free Trade Agreement, it is the third largest FTA in terms of total trade transacted. In 2008, ASEAN-China trade accounted for a combined US $4.3 trillion, or 13 percent of global trade.'[17]

Comparing the value data of China-ASEAN trade before and after 2001 from different perspectives in Section Two, we are able to accurately describe the Sino-ASEAN trade relationship before and after 2001. Based on trade relations between China and ASEAN, we are also able to explicate China's role in trade cooperation before and after 2001, which goes in details in Section Three.

Section Two:
Bilateral Trade between China and ASEAN before and after 2001

Although there was lack of a clear regional economic cooperation policy during the 1990s, China slowly shifted the focus of its economic policy from multilateral trade cooperation at the international level to bilateral cooperation at the regional level in the 2000s, by negotiating, signing and implementing five sub agreements with ASEAN one by one. China's shift of focus on economic cooperation had a far-reaching impact on trade exchanges between China and ASEAN, whose members were at where different stages of economic development and had a variety of industrial structures. It made both sides endogenously and mutually complementary on trade structure. With five sub agreements completed, custom tariffs between China and ASEAN were reduced greatly; the trade value between two sides substantially increased; ASEAN, whether as a trade source or destination, ranked higher in China's imports and exports as an increasingly important partner for China.

Data of GDP per capita and industrial structure in ASEAN members and China showed a gap in economic development between China and. As Table 1 shows, four levels can be classified in terms of the GDP per capita of China and ASEAN members in 1991. Among them, Brunei and Singapore constituted the first level, where the GDP per capita was more than 10,000 US dollars; Malaysia and Thailand made up the second level, where the GDP per capita was more than 1000 US dollars; Indonesia and Philippines belonged to the third level, with the GDP per capita between 500 and 1000 US dollars; and the five remaining states, Cambodia, China, Laos Myanmar and Viet Nam were at the bottom, with the GDP per capita below 500 US dollars. There was no fundamental change in the grouping of four levels in terms of the GDP per capita in 2001, although China was upgraded from the bottom to the second level after a ten-year fast economic leap. The reform and market opening in the late 1970s may be a good reason to explain this change. However, essential changes occurred in 2008, when only three levels can be clearly identified. Among them, Brunei and Singapore still remained at the first level with GDP per capita more than 30,000 US dollars; and the bottom level was made up of Cambodia, Laos, Myanmar and Viet Nam, with GDP per capita below 1000 US dollars. As far as the second level is concerned, in addition to the original members of Malaysia, Thailand and China, another two new members, Indonesia and Philippines, joined, resulting in GDP per capita in the second level of over 1000 US dollars. With regards to economic convergence, the existing differences in economic development were broadened rather than narrowed. In 1991, the GDP per capita of the first level was about 20 times of that of the third level and this did not change fundamentally after the first decade; however, it increased to nearly 30 times in 2008.

2.1 GDP per Capita and Level Classification of Industry Structure

Table 1

GDP per capita at current prices											
											in US dollars
Year	States										
	Brunei	Cambodia	China	Singapore	Indonesia	Laos	Malaysia	Myanmar	Philippines	Thailand	Viet Nam
1991	14,001	185	373	13,951	778	238	2,744	128	710	1,711	113
2001	16,429	307	1,050	20,996	771	304	3,903	162	899	1,834	410
2008	37,048	769	3,292	39,423	2,247	858	8,197	578	1,866	4,187	1,041
Source：National Accounts Estimates of Main Aggregates | United Nations Statistics Division											

Among the four/three levels East Asian states comprised, three industries accounted for different proportions of GDP. The first level was characterized by depending mainly on the tertiary sector l. Singapore was a perfect example of the first level. According to statistics[18], the primary, secondary and tertiary sectors accounted respectively for about 0.1%, 34.7% and 65.2% of GDP at current prices in 1998. The proportion of the primary sector decreased to as little as 0.07% of GDP in 2008 and the tertiary sector increased as high as 72.53% of GDP, more than 6% the that 1998 level. Members in the second level were characterized by depending mainly on the secondary sector. Take China as an example. [19] Its primary, secondary and tertiary sectors accounted respectively for about 7%, 63% and 30% of GDP at current prices in 1991. In 2008, its proportion of the primary sector to GDP was 6%, nearly as much as that in 1991. Though there was a small decline in the proportion of the secondary sector (51%) and a slight rise in that of the tertiary sector (43%) in 2008, the fundamental structure of the GDP remained essentially unchanged. Moving on to the third level, it was characterized by depending mainly on the primary sector, as seen in Cambodia, Laos, and Myanmar. Based on statistics for Cambodia[20], the primary, secondary and tertiary sectors accounted respectively for about 47%, 13% and 40% of GDP at current prices in 1993. In 2005, the proportion still remained generally similar, at 48%, 14% and 38% respectively. Laos and Myanmar maintained a roughly similar tendency to Cambodia. However, Viet Nam[21] is an exception. The proportion of the primary sector to GDP remained virtually unchanged during the two decades since1990s; however, the proportion of the secondary sector continued to rise, from about 29% in 1995 to 38% in 2001 and then to 41% in 2007. This demonstrates that following integration with other East Asian economies, the domestic sector structure of Viet Nam was upgraded. At risk of making an arbitrary judgment, we can argue that Viet Nam probably should be the next member, most likely to join the second level of economy in East Asia. Upgrading the sector structure of the four newer ASEAN members was also one of the goals of the *Framework Agreement,* as set out in Article 7 Clause 4: 'to adjust their economic structure and expand their trade and investment with China'. Data of GDP structure of ASEAN and China after 2001 showed that, to some extent, the *Framework Agreement* was successful, at least, in this respect.

Comparison of data on the GDP of East Asian economies demonstrates the possibility and feasibility of East Asian economic integration and also the golden opportunity for China to play an increasingly important role in giving impetus to integration as the third core promoter in East Asia after the Cold War. In addition, based on the data of GDP and industry structure of China and ASEAN, it is obviously that 'natural competition exists not only between China and ASEAN but also among ASEAN members, given their similarity in economic development levels and the industry structure. Therefore it does not make much sense to emphasize the competition between China and ASEAN'.[22]

2.2 Custom Tariff and Trade Value between China and ASEAN

Since the 1990s, the custom tariff of imports and exports between China and ASEAN remained at a high level due to lack of a preferential/free trade agreement between them. This was part of the reason why trade value did not see a sharp rise. Before the *Framework Agreement* was signed, more than 46% of commodities produced in Thai were exported to China at a high tariff of over 20%. The corresponding values were 26.5%, 3.5% and 3.2% in Malaysia, Indonesia and Philippines respectively. When the *Framework Agreement* came into effect after 2003, the custom tariff between China and ASEAN was reduced to a great extent. China gave all ASEAN members Most Favoured Nation (MFN) treatment, whether they had joined the WTO at that time or not. According to Article 6 of the *Framework Agreement*, China and six old ASEAN members reduced the tariffs of those commodities whose tariff was less than 5% listed in Product Catalogue 1 to zero by 1st January, 2004; tariffs higher than 5% but less than 15% listed in Product Catalogue 2 to zero by 1st January, 2005; and tariffs higher than 15% listed in Product Catalogue 3 were reduced to zero by 1st January, 2006. For commodities transacted between China and the four new ASEAN members, flexibility on timetable was adopted. Different members had their own timetable for implementation of zero tariffs after discussion and agreement with China. For example, in Viet Nam, tariffs higher than 30% listed in Product Catalogue 1 were to be reduced to zero no later than 1st January, 2008; while the date could be delayed to 1st January, 2009 for Laos and Myanmar, and it to 1st January, 2010 in Cambodia. In Viet Nam, tariffs equal or higher than 15% but less than 30% listed on Product Catalogue 2 was ruled to reduce to zero by 1st January, 2008; while the date could be delayed to 1st January, 2009 for Laos and Myanmar, and to 1st January, 2010 for Cambodia. For commodities whose tariffs were lower than 5%, listed in Product Catalogue 3, the flexibility on implementation of zero tariffs was much more obvious. For Viet Nam, the tariff was reduced to zero on 1st January, 2008, while it could still remain between 0-5% for Laos and Myanmar, before it was reduced to zero on 1st January, 2009. In Cambodia, it remained between 0-5% in January 2009, and reduced to zero by 1st January, 2010. China stood in a stark contrast with ASEAN and its four new members in particular; in that China did not enjoy the timetable flexibility it gave to ASEAN new members. In addition, China included all traded agricultural products in chapters at the 8/9 digit level (HS Code) in the EHP to phase out their tariffs while it agreed on some ASEAN members such as Cambodia, Laos, Malaysia, Viet Nam having their own Exclusion List of products, whose tariffs would not be reduced as ruled by the EHP. The joint efforts taken by China and ASEAN on tariff phase-out led to a sharp rise in bilateral trade transactions between China and ASEAN from the 2000s.

As shown in Table 2, the total trade value between China and ASEAN was 22,901 million dollars in 1997. The low value can be attributed to the 1997-8 Asian Financial Crisis (1997-8 AFC) and China's lack of a clear regional policy on economic cooperation. After the proposal for establishing a free trade area between China and ASEAN in 2000, trade value rose sharply in 2002 to almost 2 times of that in 1997. After the ATG was signed in 2004, bilateral trade value increased at a faster rate, soaring to 183,819 million dollars in 2007. Bilateral trade value doubled during the five years between 1997 and 2002 and tripled during the five years between 2002 and 2007. Part of the reason for the increase during the latter five years was China's policy changes regarding East Asian economic cooperation and the establishment of the free trade area between China and ASEAN. [23] The endorsement of the ATG in 2004 marked a substantive new stage in the bilateral economic cooperation between China and ASEAN.[24] With the implementation of the ATG and its attendant tariff reductions, a solid foundation was laid for the promotion of bilateral trade. Through analysis of the data in Table 2, we are able to produce the data set for Table 3, which reveals the real growth in trade between China and ASEAN in late the 1990s and 2000s. Beginning from the 1997-8 AFC and ending with the 2008 global financial crisis, the late 1990s and 2000s saw trade growth between China and ASEAN in every year except 1998 and 2009. In 1998 and 2009, due to impact of the global financial crisis, bilateral trade between China and ASEAN decreased respectively 4.90% and 9.91%. Among those years when bilateral trade increased, almost all remaining years saw a stable growth, which peaked in 2003, although the growth rate in 2001 did not stabilize within a context of the global economic recession. In 2000, in the wake of the 1997-8 AFC, when China proposed the creation of a free trade area, bilateral trade was enhanced and grew at the unprecedented rate of 43.38%. In 2003, after the Framework Agreement was signed and came into effect, bilateral trade again grew at a rate similar to that of 2000. From 2002 to 2007, bilateral trade between China and ASEAN increased at a rate of over 20%.

The measures undertaken by China and ASEAN to facilitate trade and gradually liberalize trade restrictions not only brought about the sharp rise of trade value between China and ASEAN in the 2000s, but also expanded the ratio of bilateral trade value between China and ASEAN to the total trade value of China with the rest of Asia and the world. In 1998, trade value between China and ASEAN accounted for about 12% of China's trade value in Asia and 7% of that in the rest of the world. In 2002, trade value slightly increased to 8% of China's trade value in Asia and 13% with the rest of the world. Though it remained 8% of China's world trade in 2007, its proportion of China's trade value in Asia grew to 15%. When the ratio of China's total trade with the world remained at a similar level, the expansion of trade value between China and ASEAN during the 2000s shows that China's trade cooperation was closer with ASEAN nations than all other Asian nations combined. This is also one of the goals of the Framework Agreement: to enhance economic exchanges and to promote bilateral trade cooperation. The expanding bilateral trade value reflects, to some extent, the success of China's policy of pursuing free trade area agreements.

Table 2. Total Trade Value between China and Main ASEAN Members in the 1990s and 2000s

in Million Dollars

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Singapore	6,898	N/A	8,788	8,179	8,563	10,821	10,919	14,031	19,349	16,682	33,147	40,858	47,497	52,477	47,863
Malaysia	3,352	N/A	4,417	4,270	5,279	8,045	9,425	14,271	20,127	26,261	30,700	37,110	46,467	53,557	51,963
Thailand	3,362	N/A	3,515	3,672	4,216	6,624	7,051	8,557	12,655	17,342	21,811	27,726	34,699	41,293	38,204
Philippine	3,490	N/A	1,666	3,631	4,830	7,464	6,724	7,935	10,229	13,472	16,787	19,055	25,160	31,516	28,348
Indonesia	1,306	N/A	4,515	2,026	2,287	3,142	3,564	5,259	9,400	13,328	17,557	23,413	30,646	28,637	20,531
ASEAN-5	18,408		22,901	21,778	25,175	36,096	37,683	50,053	71,760	87,085	120,002	148,162	184,469	207,480	186,909

Note: ASEAN-5 includes Singapore, Malaysia, Thailand, Philippines and Indonesia

Source：UN COMTRADE Database. Data of 1997 comes from China Customs Statistics Yearbook 1998, General Administration of Customs of the People's Republic of China (Compiled and computed by the author)

N/A means data is not available.

With the expanding trade value, ASEAN's position as an increasingly important trade partner of China is also improved. In 1999, only Singapore, among ASEAN members, is listed in the top 10 of importing and exporting trade partners of China. China had minimal trade with other ASEAN members in the 1990s. During the 2000s, ASEAN, as a whole, expanded its trade with China, encouraged by China's liberalized policies promoting trade cooperation. In 2004, ASEAN ranked as the fifth largest trading partner of China, following Japan, the U.S.A, the European Union (EU) and Hong Kong; in 2008, ASEAN, catching up with Hong Kong, ranked as the fourth largest trading partner of China. After the establishment of CAFTA in 1st January, 2010, based on the statistics of China Custom during the first half year of 2010, ASEAN has become the third largest trading partner of China, and China now ranks as the third largest trading partner of ASEAN. The increase in bilateral trade was reflected not only by the value rise and the growth rate of trade in goods between China and ASEAN but also by the types change of goods traded. The following section details the structure of trade in goods between ASEAN and China.

Table 3

Table. 3 Real Growth in Trade between China and ASEAN in late 1990s and 2000s

in percentage

Period	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Growth	-4.90	15.60	43.38	4.40	32.83	43.37	21.36	37.80	23.47	25.50	12.47	-9.91

Source: UN COMTRADE Database (Compiled and computed by the author)

2.3 Trade Structure of Goods between China and ASEAN before and after 2001

Changes in trade between China and ASEAN before and after 2001 were not only reflected in a substantial value increase, but also in changes in types of goods traded. Table 4 supplies some numeric evidence of this change. According to UN COMTRADE Database, S1-6 Manufactured goods classified chiefly by material, ranked number one of the total value of China's exports to ASEAN-5 in 1991, followed by S1-3 Mineral fuels, lubricants and related materials and S1-7 Machinery and transport equipment. It ranked number two of China's imports from ASEAN, following S1-3 and followed by S1-2 Crude material, inedible, except fuels. S1-7 became the largest classification of China's trade with ASEAN in 2000. It occupied the first place in China's exports to ASEAN, followed by S1-6 and S1-8, and ranked the first of China's imports from ASEAN, followed by S1-5 and S1-3. S1-7 retained its ranking till 2009, when it still ranked the first largest value of China's export to ASEAN, followed by S1-8 and S1-6, and ranked the largest of China's imports from ASEAN, followed by S1-5 of Chemicals and S1-3. Great changes happened to S1-6, whose value was listed in the top three of both China's exports and imports; and whose value of China's exports gradually decreased, to number two in 2000 and number three in 2009. Figure 1 reveals that both exports and imports of 1-6 increased during the 1990s and 2000s. Export value increased from 988,781 thousand dollars in 1991 to 2,606,740 thousand dollars in 2000 and 13,252,270 thousand dollars in 2009, more than ten times the value in 1991. Import value of S1-6 also increased from 696,170 thousand dollars in 1991, to 2,565,239 thousand dollars in 2000 and 5,454,427 thousand dollars in 2009, over twice the value in 2000. However, as illustrated in Figure 2 and Figure 3, although the export and import value of S1-6 increased, both of their proportion in China's total export and import declined. Its proportion of export declined from 24.1% in 1991 to 17.2% in 2000 and 8.4% in 2009, and its proportion of import declined from 18.2% in 1991 to 12.2% in 2000 and sharply to 3.3% in 2009. These changes illustrated that although China's demand for manufactured goods from ASEAN increased since 1990, its proportion in China's trade declined under competition from other imperative needs such as S1-7, as shown in Figure 4.

Table 4. Top3 Types of China's Exports and Imports to and from ASEAN in the 1990s and 2000s

Period	Rank	Export	Import
1991	1	S1-6	S1-3
	2	S1-3	S1-6
	3	S1-7	S1-2
2000	1	S1-7	S1-7
	2	S1-6	S1-5
	3	S1-8	S1-3
2009	1	S1-7	S1-7
	2	S1-8	S1-5
	3	S1-6	S1-3

Source: UN COMTRADE Database (Compiled and computed by the author)

Note： Here, data on China is only limited to that of mainland China, excluding those of Hong Kong, Macao and Taiwan

As Figure 4 shows, both exports and imports of S1-7 of China remained at a low level in 1991, with exports of only 666,029 thousand dollars and imports of 439,929 thousand dollars. Both of them grew slowly in 2000 but surged in 2009.The exports value of S1-7 in 2009 reached as high as 44,255,741 thousand dollars, increasing by more than 66 times during two decades; and its imports soared to 54,817,712 thousand dollars, increasing to nearly 125 times the 1991 level. Part of the reason is the upgrading of China's domestic industry structure and growing demand for machinery and transport equipment from ASEAN during the 1990s and 2000s in order to meet the needs of its rapid industrialization. In accordance with total export and import value growth, the proportion of S1-7's trade value in total China's trade with ASEAN also enlarged. As Figure 5 and Figure 6 show, the proportions of both export and import of S1-7 reached over 40%, and it occupied almost half of China's total trade with ASEAN. Both figures soared by more than 50% in 2009, reaching a level unprecedented during the twenty years.

Figure 1

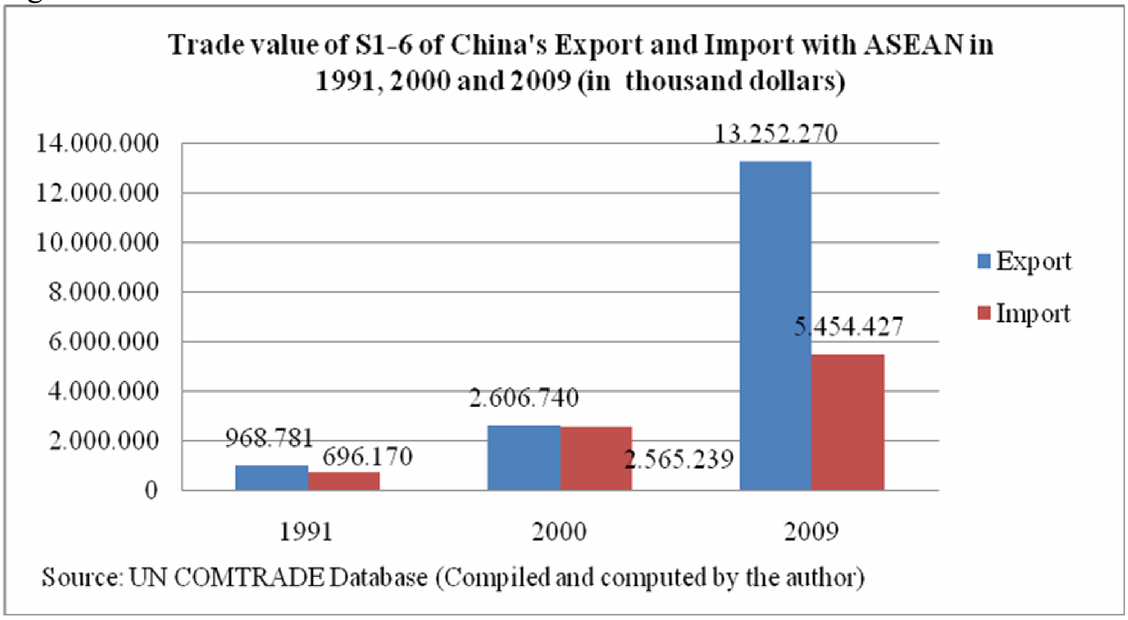
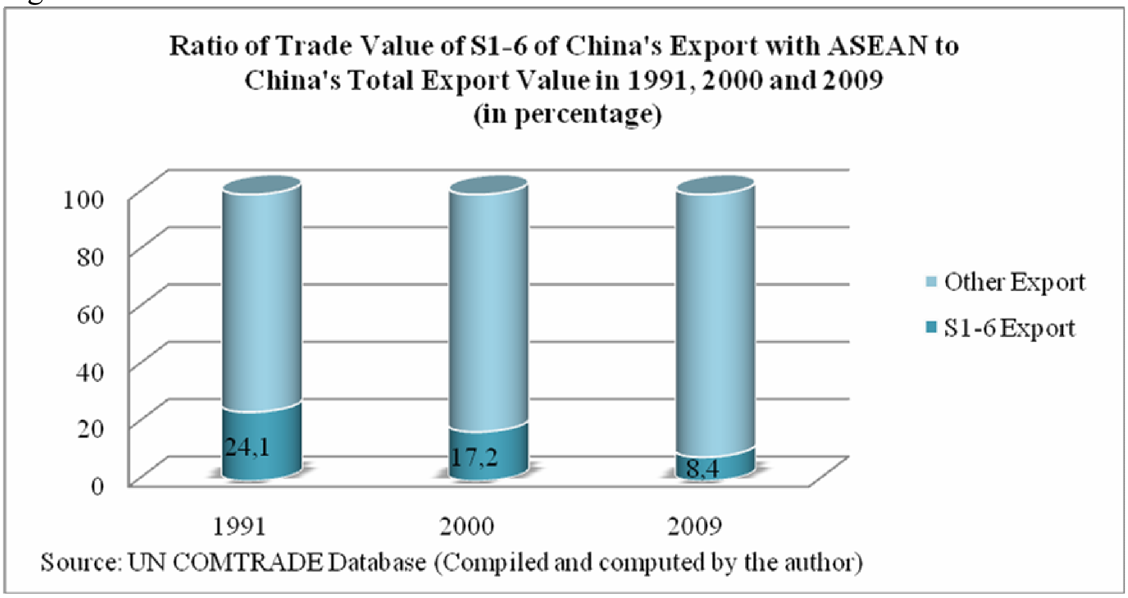
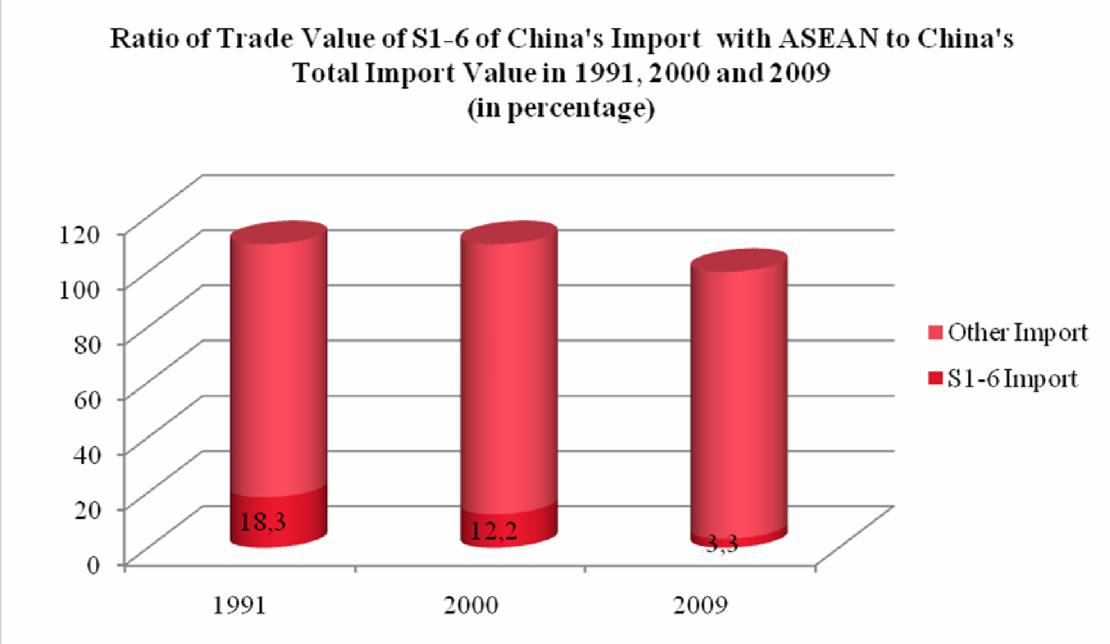


Figure 2



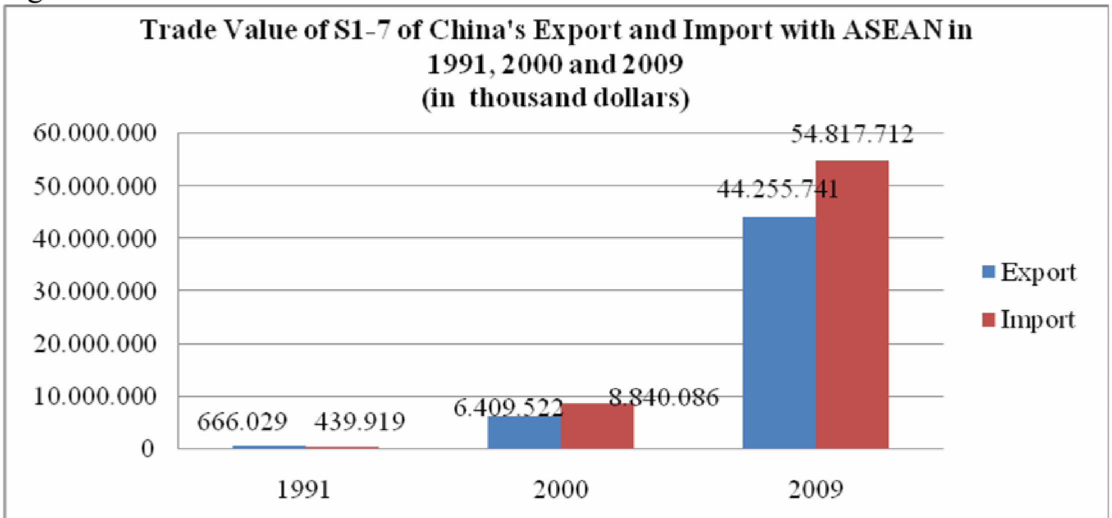
In the meanwhile, China's trade value of S1-3 Mineral fuels, lubricants and related materials with ASEAN, together with other types of goods trade, reduced after agricultural trade was given the first priority in bilateral trade cooperation between China and ASEAN. The proportion of S1-3 in China's export value decreased sharply from 21.5% in 1991 to 7.5% in 2000 and then gradually to 5.1% in 2009; and its proportion in China's import value also declined from 28.2% in 1991 to 12.9% in 2000 and finally 10.7% in 2009.

Figure 3



Source: UN COMTRADE Database (Compiled and computed by the author)

Figure 4



Source: UN COMTRADE Database (Compiled and computed by the author)

Here, it is necessary to take a look at the bilateral trade of S1-0, since it constituted the major part of bilateral agricultural trade between China and ASEAN after the EHP came into effect in 2004. As Table 5 shows, China's export value on S1-0 to ASEAN remained at the middle level among ten types of export goods whether in year 1991, 2000 or 2009; and China's import value on S1-0 ranked seventh of ten types of import goods during the two decades.

Figure 5

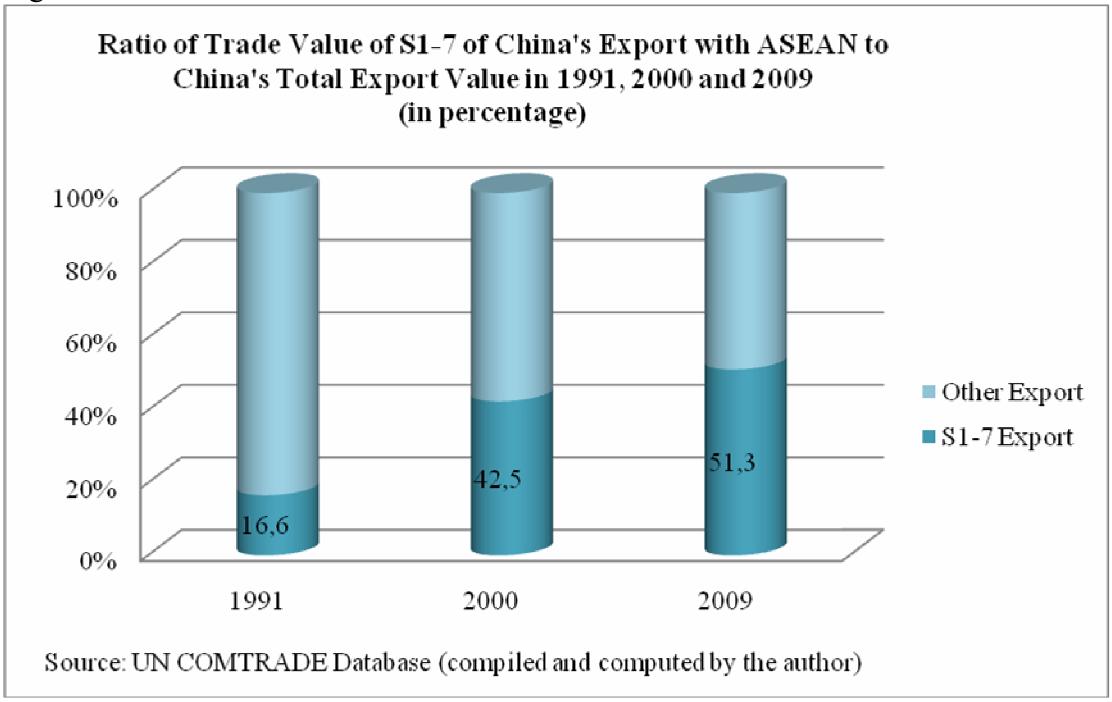
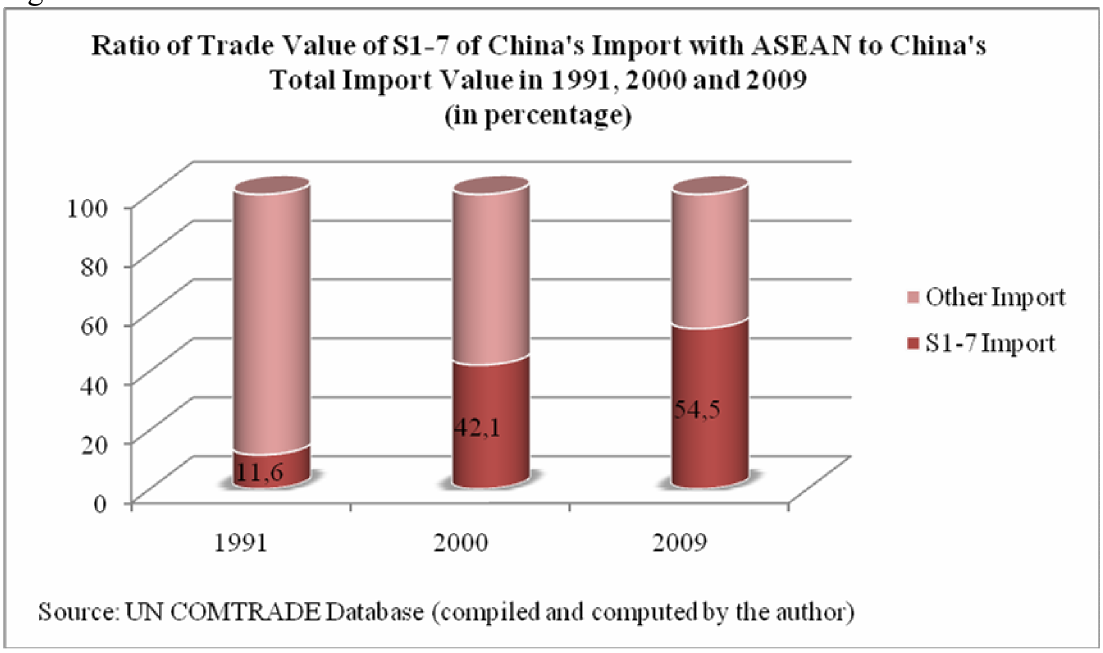


Figure 6



However, Table 6 reveals it increased to a very great extent after 2003, although the total values of S1-0 were not particularly high. Take year 2004 as an example. China's import of S1-0 substantially increased by 86.02% over 2003 after the EHP was implemented in 2004. This was an unprecedented annual growth rate, which no other classifications of traded goods had ever achieved. In the meanwhile, China's export value of S1-0 had a small decline. This demonstrates that China imported much more goods of S1-0 from ASEAN than before and on the contrary, it did not export more of them to ASEAN. As a matter of fact, its export of S1-0 to ASEAN decreased by 7.53% in 2004, comparing to the previous year. This proves that ASEAN benefited more from the concession China made within the *Framework Agreement*, which will be discussed in detail in the next chapter. As shown in Table 6, although the export value of S1-0 still remained at a low level in 2004, its annual growth rate (86.02%) ranked the first among ten types of China's export goods; it was even much higher than that of S1-7 (37.02%). Both China's export and import of S1-0 with ASEAN maintained on an ascending trajectory after the global economic crisis broke out in 2008. China's export of S1-0 increased by 19.47% in 2009, while its import increased by 30.90% in the same year. This made a sharp contrast with trade in other types of goods. Again, take S1-7 for example. China's exports of S1-7 in 2009 decreased by 7.48% than in 2008, and its imports also decreased by 13.32% meanwhile due to the negative impact of the economic crisis. The tremendous growth of S1-0's trade may be attributed, in the short term, to the implementation of the EHP, and in the long term, to China's shift in its attitude toward economic cooperation with ASEAN. The example of S1-0 shows that bilateral economic cooperation not only benefited both sides, but also helped them to fight against the negative impacts of the global economic crisis. The example of the S1-0 category goods illustrates that bilateral economic cooperation not only benefited both sides, but also helped both ASEAN and China weather the recent global economic crisis. An examination of Table 5 and Table 6 also shows that although the trade value of S1-0 category goods between China and ASEAN was not emphasised in economic cooperation goals before 2004, it became very important after the *Framework Agreement* took effect in 2003.

Table 5

Trade of S1-0 between China and ASEAN in 1991, 2000 and 2009

Period	Export			Import		
	Value (in thousand dollars)	Proportion in total (%)	Rank of ten types of SITC	Value (in thousand dollars)	Proportion in total (%)	Rank of ten types of SITC
1991	541,194	13.5	4/10	181,927	4.8	7/10
2000	1,042,720	6.9	5/10	583,701	2.8	7/10
2009	3,613,649	2.1	5/10	2,435,506	2.4	7/10

Source: UN COMTRADE Database (compiled and computed by the author)

Section Three：
Trade Relationship between China and ASEAN before and after 2001

When the Sino-ASEAN relationship on trade is analysed, the problem whether the trade relationship is competitive or mutually complementary attracts most politicians' and researchers' attention. When Dr. Surin Pistuwan, the general secretary of the ASEAN Secretariat, was interviewed by a Chinese journalist on 8th October 2009, he summarized the Sino-ASEAN economic relationship with a simple sentence: the two sides were mutually complementary in economy.[25] Mr. Long Yongtu, the former Vice Minister of Foreign Trade and Economic Cooperation and the chief negotiating representative in China's entry into the WTO, also confirmed the mutual economic complementarity between China and ASEAN and foresaw an extensive potential for bilateral trade cooperation[26] before the Framework Agreement was signed. When Mr. Gao Hucheng, the Vice Minister of Ministry of Commerce of China also underlined the mutual complementarity between China and ASEAN in their resources and industrial structure, although both ASEAN and China were developing economies.[27]

Table 6

China's Trade of S1-0 with ASEAN in the 2000s

Period	Export		Import	
	Value (in million dollars)	Growth Rate (in percentage)	Value (in million dollars)	Growth Rate (in percentage)
2001	890		696	
2002	1,403	57.64%	576	-17.24%
2003	1,607	14.54%	658	14.24%
2004	1,486	-7.53%	1,224	86.02%
2005	1,674	12.65%	1,219	-0.41%
2006	2,175	29.93%	1,622	33.06%
2007	2,820	29.66%	1,854	14.30%
2008	3,025	7.27%	1,861	0.38%
2009	3,614	19.47%	2,436	30.90%

Source: UN COMTRADE Database (compiled and computed by the author)

In contrast with politicians' confirmation of the mutual complementarity between China and ASEAN, there was not an agreement on this issue in academia. Most researchers agreed that the Sino-ASEAN relationship on trade was not only competitive, but also mutually complementary.[28] Yet, some researchers argued that it was more competitive than mutually complementary[29]; moreover, 'the export competition between China and ASEAN would be chronic'[30]. On the contrary, it was argued by some other researchers that the mutual complementarity was much greater than the competition.[31] Some researchers further asserted that the relationship was more mutually complementary between China, who was on the second level of East Asian industry structure and those ASEAN members who were on other levels, but it was more competitive between China and the ASEAN countries on the same level of industry structure, which was embodied through their RCA indexes in the third market.[32]

Some analysis was made of Sino-ASEAN trade relationship on the basis of countries. 'The highest mutual complementarity in trade existed between China and Singapore'[33]and 'the highest competitiveness existed between China and Thailand'[34]. Also, some studies were made on Sino-ASEAN trade relationship on the basis of various industrial products, among which three kinds of products were classified as primary products, capital-intensive and technology-intensive products, and labour intensive products, were classified. A conclusion was drawn that 'China and ASEAN had their own advantages on trade in primary products, therefore mutual complementarity existed between them'; 'both complementarity and competition existed on trade in capital-intensive and technology-intensive products; and 'China had more advantage than five ASEAN members on trade in labour-intensive products'.[35]

In a word, many efforts have been made by researchers to investigate Sino-

ASEAN trade relationships from different aspects. However, most of the literature focused on Sino-ASEAN trade relationships for a certain year or several years in the late 1990s or early 2000s. No efforts were made to look into the tendency of the mutual complementarity or competition between China and ASEAN during the whole of the 1990s and the 2000s. As a matter of fact, it is not too difficult to examine the tendency of the mutual complementarity or competition between China and ASEAN in consideration of an available longitude data on trade between China and ASEAN based on Chinese and ASEAN statistical yearbooks from the 1990s onward. In addition, so far, no specific classifications based on the SITC were chosen as special cases in order that the advantage of China or ASEAN on trade in any specific classification could be investigated. Given the two points, three classifications of traded goods, based on the SITC, are chosen as examples here in order that the advantage of China or ASEAN could be explored. Among the three classifications, S1-6 is chosen because it had the largest trade value of export from ASEAN to China generally during the whole 1990s; S1-7 is chosen because it was the counterpart of S1-6 during the 2000s; and finally S1-0 is chosen because it was given the first priority[36] on the agenda of economic cooperation between China and ASEAN after the Framework Agreement was endorsed.

To ensure the data integrity, the years 1991, 1995 and 2000 are chosen as time nodes for the 1990s; while 2001, 2005 and 2009 are chosen for the 2000s. It is important to note that, the American market is the biggest single export market for both China and ASEAN outside East Asia. For this reason, the advantages of S1-6, S1-7 and S1-0 of both China and ASEAN in the American market are explored.

When the advantage of specific classification is analysed, the Revealed Comparative Advantage (RCA) Index is applied. It is the ratio of the proportion of the export value of a specific classification in the total value of a certain country to the proportion of its total export value in the total export value in the world. The RCA equation is expressed as follows:

$RCAX_{ij} = (X_{ij}/X_i) / (X_{aj}/X_a)$,
in which,
X_{ij} = the export value of the product j from country i in the American market;
X_i = the total value of exports from country i to the American market;
X_{aj} = the total value of the specific products exported to the American market; and
X_a = the total value of exports in the American market.

When the RCA is bigger than 1, product j of country i has the comparative advantage; and when RCA is less than 1, then the product j of country i has disadvantage. Table 7 reveals the separate advantage of S1-6 of Manufact Goods of China and ASEAN-5 in American market in the 1990s and 2000s. China’s RCA of S1-6 generally maintained first place in the 1990s, with Indonesia, Thailand, Malaysia, Philippines and Singapore following in a descending order. China’s RCA of 1.59 was much more that of Indonesia (1.202), who ranked next to China, and it was nearly ten times of that of Singapore (0.122) at the bottom. Moreover, the same ranking occurred in 1995. This illustrates that China had comparative advantage on trade in S1-6 in the American market from 1990 to 1995. However, the order was broken in 2000, when Indonesia’s RCA caught up with that of China, ranking the first. Behind followed China, Thailand, Malaysia, Philippines and Singapore in a descending order. This reflects that Indonesia had a big advantage in S1-6 at the end of the 1990s that China had had almost during the whole decade. Singapore was the one whose export of S1-6 had no advantage at all in the American market. In the 2000s, ranking of RCA among China and ASEAN-5 maintained a similar trend with that in the second half of the 1990s. Radical changes took place in 2005, when China returned to the first place with the highest comparative advantage of 1.177. In the meanwhile, Indonesia's RCA went down to less than 1, followed successively by Thailand (0.937), Philippines (0.361), Malaysia (0.255) and Singapore (0.079). The same tendency was repeated in year 2009. In summary, during the whole 1990s and 2000s, only China and Indonesia had comparative advantage in exports of S1-6 in the American market. This is reasonable given their industrial structure; the secondary sector constituted more than one third GDP, the manufacturing industry was well developed and manufacturing had more advantages.

Table 7

RCA of S1-6 of China and ASEAN in the 1990s and 2000s

Period	China	Indonesia	Malaysia	Philippines	Singapore	Thailand
1991	1.591	1.202	0.365	0.325	0.122	0.942
1995	1.002	1.000	0.236	0.219	0.066	0.747
2000	1.116	1.272	0.263	0.206	0.094	0.909
2001	1.149	1.220	0.271	0.248	0.097	0.888
2005	1.177	0.924	0.255	0.361	0.079	0.937
2009	1.189	1.088	0.273	0.245	0.104	0.982

Source: UN COMTRADE Database (Compiled and computed by the author)

Table 8 reveals the RCA of S1-7 of Machinery and Transport Equipment of China and ASEAN-5 in the American market. The RCA of the six countries can be classified into two levels in 1991. In the first level, Singapore and Malaysia had RCA of over 1, which showed their advantage of S1-7 in the American market. The other four countries, Philippines, Thailand, China and Indonesia, followed in the second level, and all had RCA less than 1. No Change in level occurred in 1995. However, it happened in year 2000 when Philippines joined the first level, with RCA of S1-7 of 1.517. Table 8 reveals that ASEAN, compared with China, had more comparative advantage in S1-7 Machinery and Transport Equipment in 1990s and this was maintained till the first half of the 2000s. Then, China and Philippines joined the first level in 2005. So far, only Indonesia lacked comparative advantage in S1-7 export among ASEAN-5; and all other four countries had advantages. Adding the fact that China had the biggest total export and import value of S1-7 with ASEAN during the 2000s, one can say that China and ASEAN were mutually complementary and competitive. As far as complementarity is concerned, China exported a large volume of S1-7 from ASEAN in 1990s and 2000s and ASEAN also exported a large number of S1-7 to China. As far as competition is concerned, Singapore had the biggest comparative advantage in the American market and China's advantage of S1-7 export on American market was gradually increasing over time.

Table 9 reveals the RCA of export of S1-0 of Food and Live Animals among China and ASEAN-5 in the American market. In 1991, four countries Thailand, Philippines, Indonesia and China, had the RCA of S1-0 more than 1. This demonstrates that these four countries had comparative advantage in S1-7 exports. Great changes happened in 1995 when China dropped from the first level (where RCA is over 1) with its RCA only reaching 0.596. The situation continued to deteriorate in 2001 when Indonesia also dropped out of the first level with its RCA of 0.869. This means that China and Indonesia lost their comparative advantage on S1-0 export in the American market in the first and second half of the 1990s respectively. The year 2005 saw a change when

Philippines returned to the first level, with its RCA of S1-0 export in the American market going back to 1.477, much higher than that in 2000 and 2001. Then the general tendency remained stable until 2009.

Table 8

RCA of S1-7 of China and ASEAN in the 1990s and 2000s						
Period	China	Indonesia	Malaysia	Philippines	Singapore	Thailand
1991	0.255	0.089	1.472	0.733	1.813	0.678
1995	0.523	0.219	1.576	0.456	1.875	0.768
2000	0.725	0.286	1.677	1.517	1.907	0.900
2001	0.772	0.249	1.723	1.445	1.904	0.855
2005	1.175	0.274	2.086	1.405	2.010	1.029
2009	1.307	0.293	1.879	1.725	2.102	1.116
Source: UN COMTRADE Database (Compiled and computed by the author)						

Table 9

RCA of S1-0 of China and ASEAN in the 1990s and 2000s						
	China	Indonesia	Malaysia	Philippines	Singapore	Thailand
1991	1.130	2.375	0.461	2.420	0.349	4.293
1995	0.569	1.876	0.129	1.239	0.223	4.130
2000	0.538	2.523	0.135	0.869	0.218	4.520
2001	0.518	2.460	0.145	0.927	0.182	4.275
2005	0.469	3.379	0.359	1.477	0.167	4.140
2009	0.465	3.441	0.608	1.730	0.197	4.678
Source: UN COMTRADE Database (Compiled and computed by the author)						

During the two decades, when RCA of S1-0 is analysed, Thailand, who maintained the highest comparative advantage on S1-0 export in the American market, is worthy of more attention. Thailand's RCA was 4.193 in 1991, 4.130 in 1995 and 4.520 in 2000, which drew a very large gap with those countries that lagged behind it. Besides, its RCA in the 2000s was 4.275 in 2001, 4.140 in 2005 and 4.678 in 2009, which not only inherited the advantage tendency of the previous decade, but also further widened the gap with other countries. Moreover, Thailand agreed with China to implement a zero tariff on vegetables and fruit from 1st October, 2003, which promoted bilateral trade in S1-0 between them. This also sent a signal that China, who has an obvious *disadvantage*, was cooperating on S1-0 with Thailand, who had the highest comparative advantage. The conclusion in section two asserts that trade in S1-0 had never, ever, been among the most important cooperative areas between China and ASEAN before 2004. Given the conclusion, it was an interesting phenomenon that China actively chose S1-0 Food and Live Animals, whose goods constituted the major part of the agriculture products, as the first priority cooperation area with ASEAN.

In sum, in consideration of their GDP and industry structure, natural competition existed between China and ASEAN. The natural competition existed not only between China and ASEAN, but also among ASEAN members due to the similar economic development and the similar trade structure, etc.. In spite of this, Beijing made many concessions to ASEAN within the Framework Agreement after it shifted its focus to regional economic cooperation in 2001. With a focus on implementing agreements that would be beneficial to all parties involved, Beijing designated fields for economic cooperation where ASEAN instead of China had the comparative advantage. Data analysis reveals that ASEAN members benefited from the concessions made by China. The trade value between China and ASEAN in the 1990s and 2000s reveals that ASEAN benefited from the CAFTA by increasing trade value with China after 2001, but also by helping new members upgrade their industrial structure. And the RCA indexes of S1-6, S1-7 and S1-0 show that China kept its comparative advantage in S1-6 from the 1990s till the 2000s, meanwhile Indonesia achieved more comparative advantage in S1-6 in the 2000s; Malaysia, Philippines and Singapore had much more comparative advantage in S1-7 than China did whether in the 1990s or the 2000s and this trend continued till present; and Thailand, Indonesia, Philippines and Malaysia also had greatly comparative advantage in S1-0, where China lagged far behind them. In addition, in light of the fact that those areas where ASEAN members had more comparative advantage were designated as priority cooperation areas within the Framework Agreement, it is sure that China was playing an increasingly trade complementary partner rather than a competitor of ASEAN after 2001.

Notes

[1] The author is currently a Ph.D. candidate at the department of Politics and International Studies, University of Hull, UK and a Ph.D. student as well at the School of International Studies, Nanjing University, China. Here, the author would like to send her grateful thanks to the China Scholarship Council (CSC), who sponsors her phd studies in the UK. Moreover thanks goes to her first supervisor Dr. Mahrukh Doctor, her second supervisor Dr. Xiudian Dai at University of Hull in UK and her Chinese supervisors Prof. ZHU Yingquan at Nanjing University. Special gratitude is sent to the anonymous reviewer, who gave valuable advice on this article.

[2] The Association of Southeast Asian Nations (ASEAN) was set up in August 1967, in Bangkok, Thailand, with the signing of the ASEAN Declaration (Bangkok Declaration) by five founding members-the Republic of Indonesia (Indonesia), Malaysia, the Republic of the Philippines (the Philippines), the Republic of Singapore (Singapore)and the Kingdom of Thailand (Thailand). Later Brunei Darussalam (Brunei) then joined on 7 January 1984, the Socialist Republic of Viet Nam (Viet Nam) on 28 July 1995, the Lao People's Democratic Republic (Lao) and the Union of Myanmar (Myanmar) on 23 July 1997, and the Kingdom of Cambodia (Cambodia) on 30 April 1999, making up what is today the ten Member States of ASEAN. Usually, based on economic development in individual members, ASEAN could be divided into two parts: the six old members (Indonesia, Malaysia, the Philippines, Singapore and Thailand and Brunei) and the four new members (Cambodia, Laos, Myanmar and Vietnam).

[3] ASEAN-5 includes Singapore, Malaysia, Thailand, Philippines and Indonesia.

[4] See Wang Qin, 'Asian Regional Economic Integration and China', *International Studies*, No. 4, 2005, p. 56; Zhao Renkang, 'Establishment of China-ASEAN Free Trade Area: Constrains and Prospects', *World Economics and Politics Forum*, No. 3, 2002, p. 28 and Wang Yuzhu, 'New Development of China-ASEAN Free Trade Area Building', *Contemporary Asia-Pacific Studies*, No. 1, 2003, p. 59

[5] Zhu Rongji's speech, delivered at the fourth ASEAN-China Leaders Summit in Singapore in November, 2000, available at: http://www.mfa.gov.cn/chn/pds/wjb/zzjg/yzs/dqzz/dnygjlm/zyjh/t25644.htm (Accessed on 24 June, 2009)

[6] Sheng Lijun, 'China-ASEAN Free Trade Area: Origins, Developments and Strategic Motivations', *ISEAS Working Paper, International Politics and Security Issues Series,* No. 1, 2003. P. 4 and P. J. Lloyd, 'New Regionalism and New Bilateralism in the Asia-Pacific', *ISEAS Document, Visiting Researchers Series*, No. 3, 2002, p. 2

[7] Zhu Rongji, 'Join Hands in Creating a New Situation of China-ASEAN Cooperation', speech delivered at the fifth ASEAN-China Leaders Summit in Brunei in November 2001, available at: http://www.mfa.gov.cn/chn/pds/wjb/zzjg/yzs/dqzz/dnygjlm/zyjh/t25643.htm (Accessed on 24 June, 2009)

[8] According to the definition of 'agricultural products' of the Food and Agricultural Organization of the United States (FAO) in FAO Statistical Yearbook 2004, agricultural products refers to products in food and live animals (Chapter 00-09 of SITC), beverage and tobacco (Chapter 11 and12), non-food materials (21, 22, 23EX, 26EX and Chapter 29, except fuels), mineral fuels and lubricants and related material (Chapter 41-43) (EX means parts are excluded). Therefore, the three classifications S1-0 food and Live Animals, S1-1 Beverage and Tobacco and S1-4 Mineral Fuels and Lubricants and Related Material make up of the major part of the agricultural products. Among the three classifications, S1-0 constitutes most of the trade of the agricultural products between China and ASEAN, therefore, it is chosen as the third example.
[9] Bela Balassa, Trade Liberalization and 'Revealed' Comparative Advantage, *The Manchester School*, Vol. 33, 1965, pp. 99-123 and Bela Balassa, 'Revealed' Comparative Advantage Revisited: An Analysis of Relative Export Shares of The Industrial Countries, 1953-1971, *The Manchester School*, No. 4, Vol. 45, December 1977, pp. 327-344.
[10] Xue Xiaopeng, Changes in China's Ideas on East Asian Regionalism, Foreign Affairs Review, No. 6, Vol. 89, June 2006, pp. 28-33.
[11] See Chang Jinglong, The Implementation Status and Real Defect of the Operating Institution of the WTO Dispute Settlement Body, in Li Qi, eds. *Xiamen University Law Review (Series 15)* (Xiamen: Xiamen University Press 2008), pp.157-200； Shaun Breslin, Reforming China's Embedded Socialist Compromise: China and the WTO, *Global Change, Peace and Security*, No. 15, 2003, pp.213-219; Xiao Wenhong, The Defects of WTO Anti-dumping Rules and Related Reform, *China's Foreign Trade (English version)*, No. 9, 2008, pp. 60-61 and Han Long, On the WTO's Weakness of the Double Standards for the 'Same' Products and it Solution, *Journal of Henan Administrative Institute of Politics and Law*, No. 1, Vol. 70, 2002, pp. 86-90.
[12] Yang Jiang, China's Pursuit of Free Trade Agreements: Is China exceptional? Review of International Political Economy, No. 2, Vol. 17, 2010, pp. 238-261
[13] Kuik Cheng-Chwee, Multilateralism in China's ASEAN Policy: Its Evolution, Characteristics and Aspiration, *Contemporary Southeast Asia*, No. 1, Vol. 27, 2005, pp.102-122
[14] For instance, the exact term and phrase of 'different stages', 'special and differential treatment', and ''flexibility' can be found in Preamble, Article 2, 8, etc.
[15] Article 9, *Framework Agreement*
[16] Article 14, ATG
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[36] There are five priority areas for economic cooperation between China and ASEAN, which are respectively the agriculture, information and communication, human resource development, mutual investment and Meikong River development.