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US-ASEAN 2010 Goods Trade: A Closer Look

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Goods trade between the United States and the ten countries of the Association of Southeast Asian Nations (ASEAN) is surprisingly robust. According to official 2010 US trade statistics, ASEAN—if considered as one economic entity—is ranked as the United States' fourth-largest export market and fifth-largest supplier of imports. Moreover, ASEAN's aim to become a single economic community by 2015 could further boost US exports to the region. Accordingly, US-ASEAN goods trade warrants a closer look.

Falan Yinug, International Trade Analyst at the US International Trade Commission, notes that “According to official 2010 US trade statistics, ASEAN—if considered as one economic entity—is ranked as the United States' fourth-largest export market and fifth-largest supplier of imports.”

From 2009 to 2010 US trade with ASEAN increased, owing mainly to recovery from the global recession. The absolute increase in US exports to ASEAN—aided by a lower US dollar—virtually matched the increase in US imports from ASEAN, around \$15 billion each. However, US exports rose from a substantially lower dollar base, making the percentage increase for US exports roughly twice that for US imports—32 percent versus 17 percent. This pattern broadly mirrors increases in US exports and imports with all other major trading partners for 2010, including the EU, Canada, China, Mexico, Japan, Korea, Brazil, and India.

Based on US International Trade Commission categories, nearly half of all US exports to ASEAN in 2010 fell into two broad groups: electronic products and transportation equipment. Semiconductors were the biggest electronics export, while most exports of transportation equipment consisted of commercial airplanes and related equipment. Other leading US exports were chemicals and related products, agricultural products, and machinery—goods that the United States has historically exported to the region.

Not surprisingly, the United States tends to export high-value items that reflect a comparative advantage or are unavailable locally. Singapore (\$26 billion), Malaysia (\$12 billion), Thailand (\$8 billion), and the Philippines (\$7 billion) were the top four US export goods markets in ASEAN for 2010.

Of note is the portion of total US exports to ASEAN that appear linked to global electronics production sharing. Electronic products are the leading category of US-ASEAN trade, comprising 39 percent of US exports and 29 percent of US imports in 2010. A detailed breakdown shows the United States exporting a high volume of unfinished semiconductors and integrated circuits to ASEAN, mainly to Malaysia, Singapore, the Philippines, and Thailand, while importing a wide range of finished electronic products, including finished semiconductors, computers, telecommunications equipment, and consumer electronics. These patterns suggest that ASEAN primarily processes US electronics for further export, rather than serving as a final destination.

Electronic products and textiles/apparel comprised the majority—56 percent—of US imports from ASEAN in 2010. Though the United States imports a variety of electronic



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products from ASEAN, the biggest category is computers, peripherals, and parts. Significantly, this is the only major ASEAN product group showing a long-term US import decrease, from \$26 billion in 2006 to \$16 billion in 2010. This decrease coincides with a steady rise in US imports of these products from China, from \$47 billion in 2006 to \$68 billion in 2010, suggesting that computer manufacturers may be shifting production from ASEAN to China.

Apparel comprises the bulk of US textiles/apparel imports from ASEAN, consistently amounting to \$15–17 billion annually over the past five years. Other major US imports from ASEAN in 2010 include chemicals and related products (\$11 billion) and agricultural products (also \$11 billion). Overall, the leading US imports are products where ASEAN has a comparative advantage (apparel) or that ASEAN produces through its role in the global production chain (electronic products).

The United States has run a fairly stable trade deficit with ASEAN for the past decade: it was \$43 billion in 2010, versus \$44 billion in 2000. The intervening years saw the trade deficit dip no lower than \$35 billion and rise no higher than \$59 billion. Consistent levels of US exports and imports with ASEAN create this stability, with the ratio of annual US imports to US exports from 2006 to 2010 being about 2 to 1—roughly \$100 billion to \$50 billion. For 2010, US imports from ASEAN were valued at \$107 billion, while US exports totaled \$64 billion.

Furthermore, the pattern of US trade deficits with most individual ASEAN members has remained steady. For each year from 2001 to 2010, the United States had trade deficits with at least seven of the ten ASEAN countries. In 2010, its largest trade deficits were with Thailand (\$14 billion), Malaysia (\$14 billion), Vietnam (\$11 billion), and Indonesia (\$10 billion).

Two long-term shifts in trade between the United States and Singapore and Vietnam are noteworthy. First, the US trade balance with Singapore moved from a \$3 billion deficit in 2000 to a \$9 billion surplus in 2010, as rapid increases in US exports coincided with a leveling off of US imports starting in 2004. Top US exports to Singapore include petroleum products, commercial airplanes and related equipment, and semiconductors and integrated circuits.

Second, the US trade deficit with Vietnam rose from almost \$500 million in 2000 to over \$11 billion in 2010. This increase has much to do with Vietnam’s fast growing economy, which has boosted imports for many of its trading partners, not just the United States. Leading US imports from Vietnam include apparel, furniture, and footwear.

In sum, US-ASEAN goods trade is comparatively high, well established, annually consistent, based on each side’s comparative advantages, and marked by ASEAN’s role in the global production chain. Certain ongoing trade shifts seem to suggest further changes, at least in some areas—e.g., in electronics—with US imports from ASEAN waning as those from China increase. Many of the leading products the United States imports from ASEAN are ones it imports more heavily from China, such as textiles/apparel and electronics, a fact worth noting for ASEAN as it competes for the US market. On the export side, ASEAN’s transformation into a single economic community by 2015 would likely lower or end existing trade barriers, encouraging growth in US exports to the region.