

Thailand & Malaysia in the ASEAN Integration Process



Steven C.M. Wong

Senior Director

Institute of Strategic and International Studies
(ISIS) Malaysia

SOME BASIC FACTS

- ASEAN's combined GDP in 2012 expected around US\$2.3 tr – roughly comparable to UK & Italy, larger than Australia, Canada, India and Russia.
- But economic growth trajectory much higher. Combined GDP should reach US\$3.8 tr by 2017 (10.1% p.a. vs. 5.5% p.a. nominal growth).
- Current population is around 618m, growing to about 665m by 2017. Per capita GDP presently around US\$12,000 but with very high disparity - low of US\$855 (Myanmar) to US\$50,323 (Singapore).

ASEAN INTEGRATION

- Intra-ASEAN total trade growing faster than with Rest of the World – 10.2% vs. 8.4% (1995-2011). Singapore's trade with Malaysia, Indonesia and Thailand are 3 largest flows. Malaysia-Thai trade is 4th. (Hill & Menon, 2010)
- Trade intensity among ASEAN countries is already high; in the case of CLMV countries extremely high. Thailand clearly door to Continental SE Asia, Malaysia is more door to Maritime SE Asia

SOME BASIC FACTS

- Trade Intensity Index, 2010

Thailand	Malaysia
Lao PDR – 44.1	Singapore - 7.7
Myanmar – 24.9	Thailand – 4.7
Cambodia – 13.3	Indonesia – 3.8
Malaysia – 3.9	Philippines – 3.6
Philippines – 3.8	Brunei – 3.5

ADB, Asian Regional Integration Center, Integration Indicators Database

- For ASEAN integration to proceed past goods, imperative for faster movement in (1) services, (2) investment and (3) labour.

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- Malaysia and Thailand currently account for about 30% of ASEAN combined GDP.
- Malaysia-Thailand trade stood at US\$ 24.8b in 2011. Malaysia is currently Thailand's 4th largest trading partner; Thailand is Malaysia's 5th. More than 70% of this trade reported to be cross-border.
- Border trade is natural starting point. Focus goods & services trade, investment, labour and connective infrastructure on IMT-GT.

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IMT-GT Strategic Thrusts:

- Facilitate and promote intra- and inter-IMT-GT trade and investments;
- Promote agriculture and agro-industry and tourism;
- Strengthen infrastructure linkages and support to integration;
- Address cross-sectoral concerns - HRD, labor and environment issues;
- Strengthen institutional arrangements and mechanisms

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IMT-GT covers:-

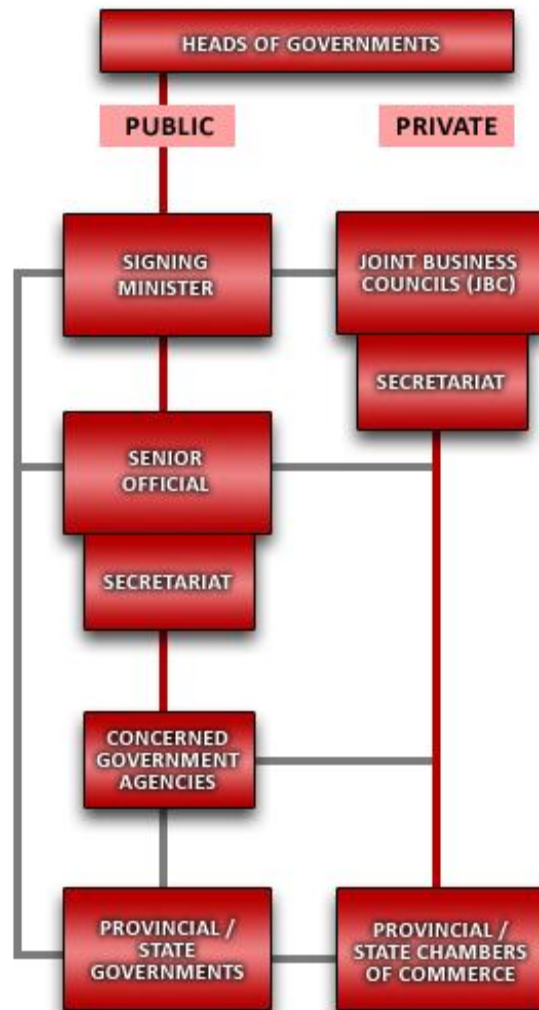
- 14 provinces in **Southern Thailand** (Krabi, Nakhon Si Thammarat, Narathiwat, Pattani, Phattalung, Satun, Songkhla, Trang, Yala, Chumphon, Ranong, Surat Thani, Phang Nga, Phuket)
- 8 states of **Peninsular Malaysia** (Kedah, Kelantan, Melaka, Negeri Sembilan, Penang, Perak, Perlis and Selangor)
- 10 provinces in the island of **Sumatra in Indonesia** (Aceh, Bangka-Belitung, Bengkulu, Jambi, Lampung, North Sumatra, Riau, Riau Islands, South Sumatra, and West Sumatra)

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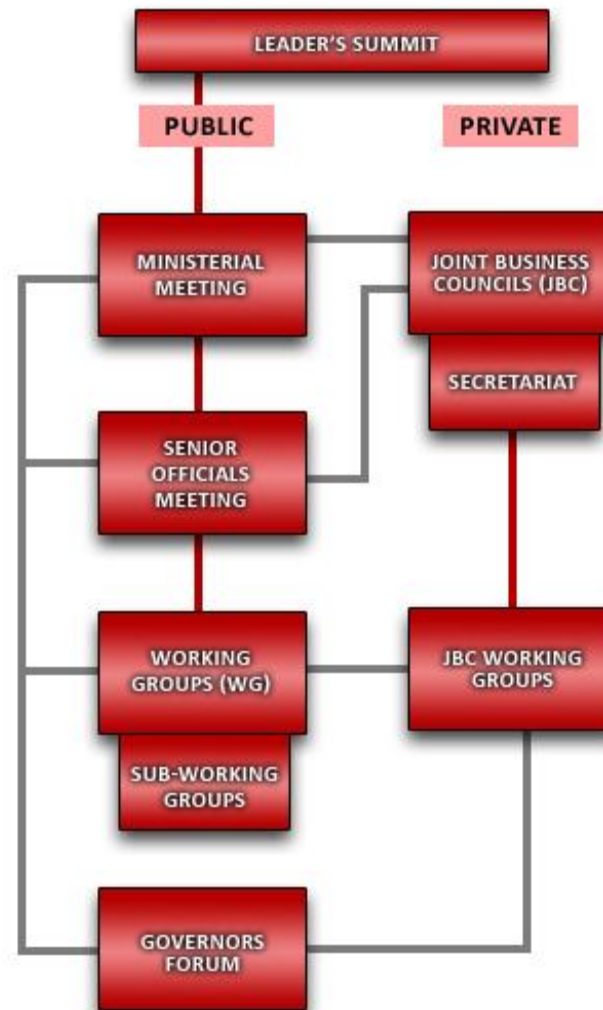
- 1993 IMT-GT Established
- 2005 First Summit of IMT-GT, Malaysia
- 2007 Roadmap for Development 2007-2011
Centre for IMT-GT Sub-regional Cooperation (CIMT)
- 2008 First High-Level Meeting for Malaysia-Thailand
Committee on Joint Development Strategy (JDS) for
Border Areas
- 2011 IMT-GT Implementation Blueprint, 2012-2016

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NATIONAL



IMT-GT



LEGENDS
— DENOTES REPORTING RESPONSIBILITIES
— DENOTES COORDINATING ARRANGEMENTS

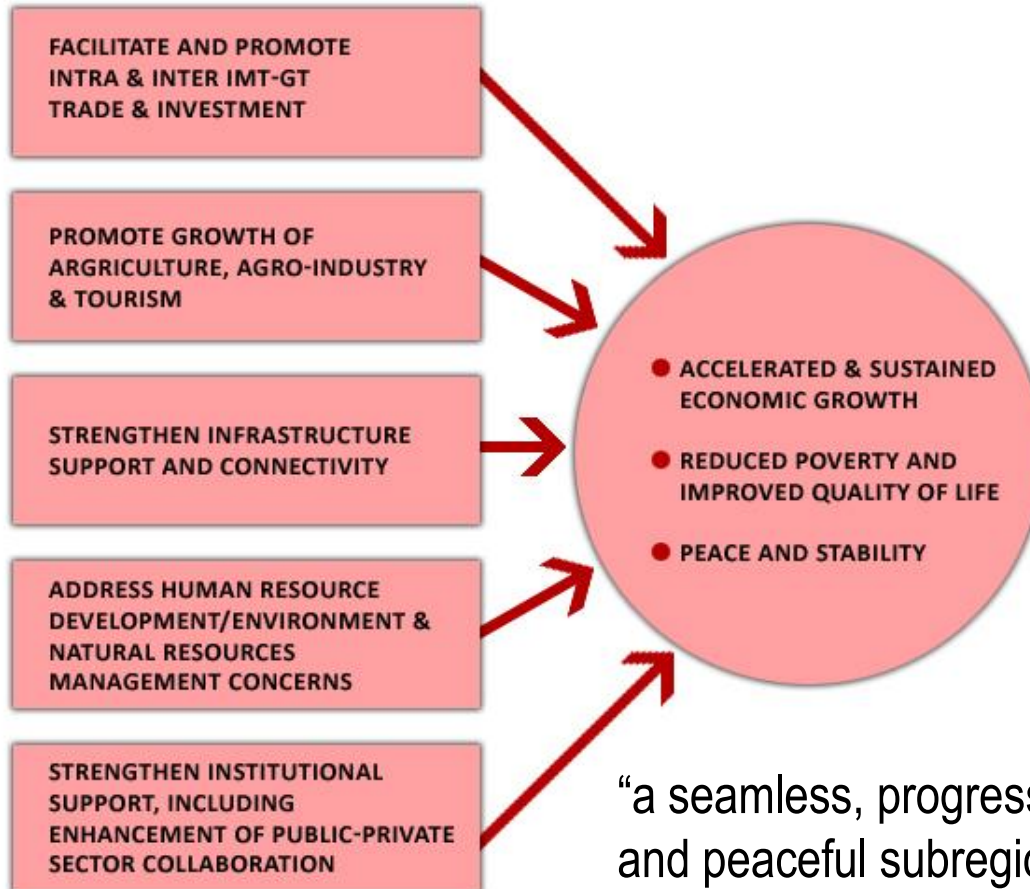
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Roadmap 2007 - 2011

FRAMEWORK OF COOPERATION

STRATEGIC THRUSTS

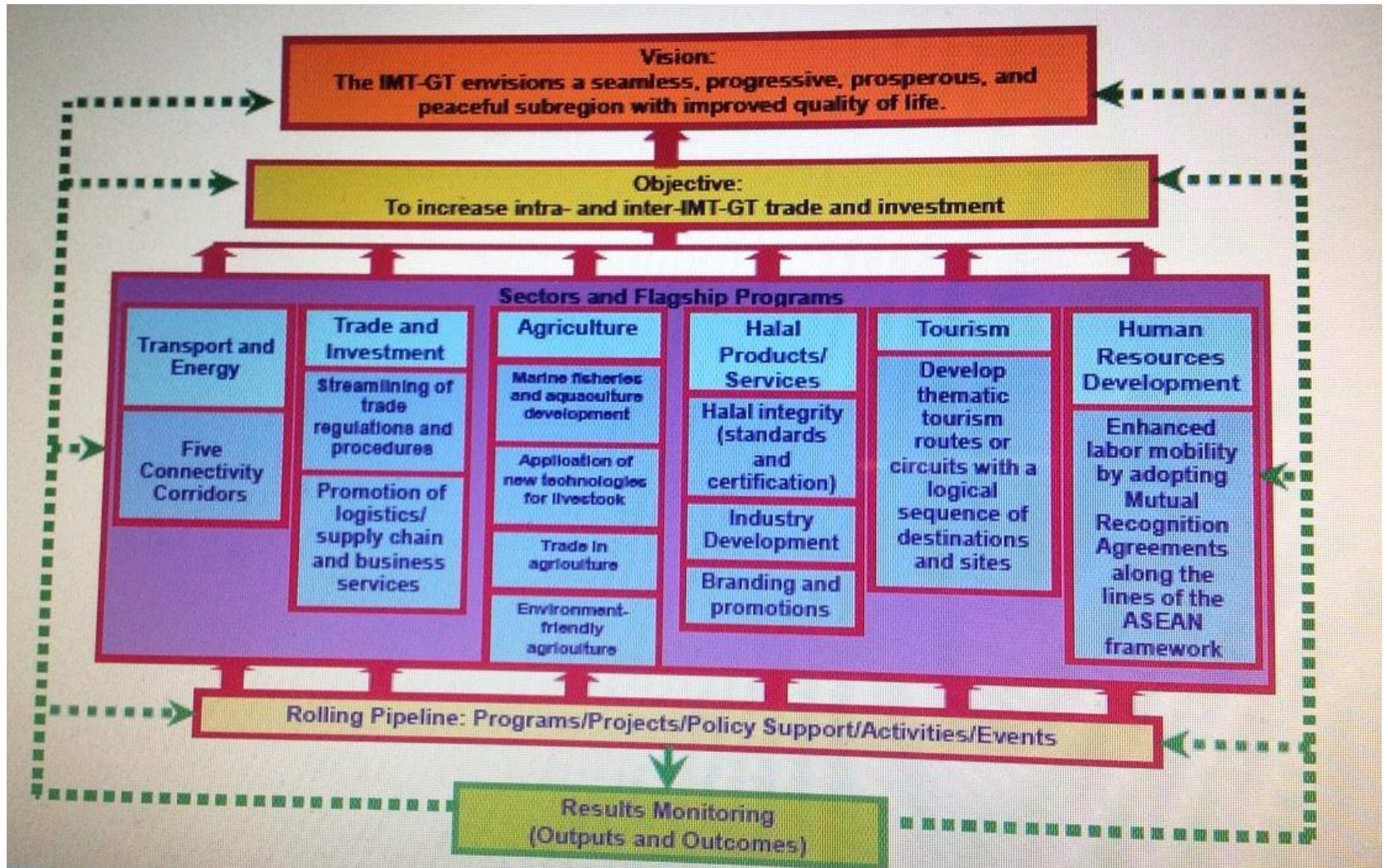


“a seamless, progressive, prosperous and peaceful subregion with improved quality of life.”

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- Roadmap achieved only modest results. Cannot be called success. Why?
 - Overly government-driven
 - Multi-level hierarchy of meetings
 - Insufficient project identification, scoping & planning
 - No monitoring & accountability to deliver outcomes
 - Lack of integration to national plans/programmes
 - Commercial viability & marketing
- Implementation Blueprint seeks to overcome this

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CONCLUSIONS

- Malaysia-Thai integration has real and significant potential to be a major pillar on regional integration
- Focus on cooperation at borders - IMT-GT - is natural point
- Despite high-level government attention, progress has been slow and results modest
- Much time lost but lessons learned – hopefully will proceed more smoothly