



China's New Great Leap Forward

Emerging China and Its Impact on ASEAN



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Economic Growth in China

Gross Domestic Product Growth, %								
9.6	8.8	7.8	7.1	8.0	7.5	8.3	9.3	9.5
1996	1997	1998	1999	2000	2001	2002	2003	2004

Source: China Bureau of Statistics

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Top FDI Recipients in Developing Asia
2002 & 2003 (US\$ billion)

Country	2002	2003
China	52.7	53.5
Hong Kong	9.7	13.6
Singapore	5.7	11.4
India	3.4	4.3
South Korea	2.9	3.8
Malaysia	3.2	2.5
Brunei	1.0	2.0
Thailand	1.1	1.8

Source: UNCTAD, World Investment Report 2004



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The Sleeping Elephant Awakens

- ❖ Era of Mao Tse Tung
- ❖ The Great Leap Forward & Cultural Revolution
- ❖ Era of Deng Xiaoping
- ❖ The "opening-up" Policy



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Some Factors That Contributed To China's Emergence

- ❖ **Desire to redeem its past pre-eminence**
- ❖ **Failure of Mao's policies**
- ❖ **Deng Xiaoping's visionary & pragmatic leadership**
- ❖ **Deepening of reforms by subsequent leadership**
- ❖ **China's entry into the WTO**



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China's Entry into the WTO

- ❖ **WTO and global trade**
- ❖ **Why China wanted to join the WTO**
- ❖ **China joins the WTO: What are the implications?**
- ❖ **Implications for China**
- ❖ **Implications for Asia & the world**



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Emerging China: Impact on ASEAN {-}

- ❖ **China's 1.3 billion domestic market**
- ❖ **Outcry of China's cheap labour by ASEAN**
- ❖ **China as most favoured FDI destination in Asia**
- ❖ **China as a hegemony in Asia?**



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Emerging China: Impact on ASEAN {+}

- ❖ **China's as a market for ASEAN goods**
- ❖ **China invests in ASEAN**
- ❖ **China as the economic growth pole of Asia**
- ❖ **China increases Asia's profile globally**



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Impact on Malaysia

- ❖ **China's competitiveness in manufacture of labour intensive goods**
- ❖ **Significant decrease in Malaysia's FDI**
- ❖ **China's increase of global mkt share**
- ❖ **China the "big kid on the bloc"**
- ❖ **China vs. Japan & Malaysia foreign policy**



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Malaysia's Response *(Suggested)*

- ❖ Move up the value chain
- ❖ Move to the k-economy
- ❖ Position itself to benefit from China's huge mkt.
- ❖ See China as a source of FDI
- ❖ Leverage on ethnic Chinese pop'n advantage



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What ASEAN Should Do {1}

- ❖ Foster ASEAN unity
- ❖ Reinvent ASEAN to benefit from an emerging China
- ❖ Speed-up ASEAN integration
- ❖ Make the ASEAN-China FTA to work effectively
- ❖ Solve the South China sea dispute
- ❖ Enhance good neighborliness & mutual trust



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What ASEAN Should Do {2}

- ❖ Move up the value chain
- ❖ Take advantage of China's huge market
- ❖ Intensify collaborative links
- ❖ Leverage on ASEAN's ethnic Chinese advantage
- ❖ See China's rise as positive
- ❖ Get use to China as the "elephant" in the midst

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Summary & Conclusion

- ❖ Overview
- ❖ Conclusion
- ❖ Q & A



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Thank You

