Why Regional Economic Integration is Important in Challenging Times

Peter Drysdale
Crawford School of Public Policy
The Australian National University, Canberra

Sixth ASEAN-CER Partnership Forum: Economic Integration in Challenging Times, Auckland, 31 May 2017
The global setting

• slow recovery from GFC
  – trade growth from 2 times GDP growth to barely matching it
  – services trade

• protectionist sentiment growing globally
  – Brexit and Europe’s troubles
  – American uncertainty and fundamental structural problems
  – distribution of the gains from trade

• not business as usual: slowly unfolding crisis

• focus on Asia’s response
The threats

• Asia the most dynamic part of global economy, will be for some time

• economic dynamism depends on major reform programs that are made more difficult with a hostile external environment

• importance of confidence in WTO system
  – underpinned growth in Asian interdependence
  – rules and dispute resolution
  – implications for economic and political security

• response to growing uncertainty and risks?

• response to talk of trade war?
Response

- picking up what’s left of the TPP?

- Regional Comprehensive Economic Partnership opportunity
  - platform to project push-back against North Atlantic protection
  - standard for FTAAP and beyond
  - agent for progress on towards Asia Pacific political settlement

- cooperation dimension
  - complementary strategies for integration in an open global economy
  - principles of connectivity through openness, inclusiveness, mutual interest and mutual benefit: BRI path strengthen globalisation

- time for collective leadership