

GAO Highlights

Highlights of [GAO-15-724](#), a report to congressional requesters

Why GAO Did This Study

Both the United States and China seek to deepen their economic engagement with the 10 ASEAN members: Brunei Darussalam, Burma, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, and Vietnam. ASEAN countries are seeking to further integrate their economies and create an economic community by the end of 2015. According to International Monetary Fund data, if ASEAN countries were a single nation, their collective 2014 GDP would represent the seventh largest economy in the world. In 2011, the President announced a renewed focus—known as the rebalance—on the Asia-Pacific region. The U.S. Department of State and U.S. Agency for International Development prepared a 5-year strategy for the rebalance.

GAO was asked to examine the United States' and China's economic engagement in the region. This report examines (1) what available data indicate about U.S. and Chinese trade and investment with ASEAN countries and (2) what actions the U.S. and Chinese governments have taken to further economic engagement with these countries. GAO analyzed publicly available economic data and Chinese government documents and reviewed documentation from 10 U.S. agencies. GAO also interviewed U.S. officials and private sector representatives.

Technical comments on a draft of this report from several agencies were incorporated by GAO where appropriate. GAO is not making any recommendations in this report.

View [GAO-15-724](#). For more information, contact David B. Gootnick at (202) 512-3149 or gootnickd@gao.gov.

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SOUTHEAST ASIA

Trends in U.S. and Chinese Economic Engagement

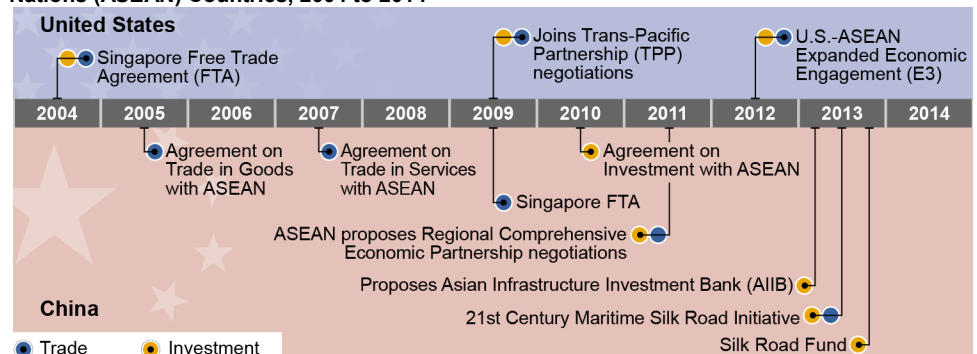
What GAO Found

China has surpassed the United States in goods trade with Association of Southeast Asian Nations (ASEAN) countries and trades a similar amount of services, but U.S. investment exceeds reported Chinese investment. China surpassed the United States in goods trade with ASEAN countries in 2007. In 2014, China's total goods trade of \$480 billion was more than twice the U.S. total goods trade of \$220 billion. Although China is their largest outside trading partner, ASEAN countries trade more with each other. Limited available data indicate that in 2011, the United States and China each traded about \$37 billion in services with ASEAN countries. From 2007 through 2012, U.S. foreign direct investment flows to ASEAN countries of \$96 billion exceeded China's reported \$23 billion.

The United States and China are furthering economic engagement with ASEAN countries in several ways.

- Trade agreements.** The United States has a free trade agreement (FTA) with one ASEAN country, Singapore, while China has an FTA with all 10 ASEAN countries. The United States and China are each party to separate regional trade agreement negotiations—the United States through the Trans-Pacific Partnership and China through the Regional Comprehensive Economic Partnership. China's existing FTAs do not address aspects of trade addressed in the U.S.-Singapore FTA, such as intellectual property, the environment, and labor rights.
- Support for firms.** From 2009 through 2014, U.S. agencies provided approximately \$6 billion in financing for U.S. firms in ASEAN countries. China reports billions of dollars more in financing than the United States worldwide, but data on China's financing in Southeast Asia are unavailable.
- Support for regional integration.** In fiscal years 2009 through 2013, U.S. agencies provided \$536 million in trade capacity building assistance to ASEAN countries. China has promised tens of billions of dollars for infrastructure development through new funds and multilateral institutions like the Asian Infrastructure Investment Bank, expected to begin operations in 2015.

Key U.S. and Chinese Trade and Investment Initiatives with Association of Southeast Asian Nations (ASEAN) Countries, 2004 to 2014



Source: GAO analysis of Chinese and U.S. documents. | GAO-15-724