

# Further ASEAN–China Cooperation for Joint Prosperity: Envisioning ACFTA 3.0 in the Digital Era

Edited by

Lurong Chen  
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## **Further ASEAN–China Cooperation for Joint Prosperity: Envisioning ACFTA 3.0 in the Digital Era**

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# Foreword

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ASEAN–China bilateral trade has seen exponential growth, increasing 85-fold since the establishment of dialogue relations in 1991. Today, ASEAN and China are each other’s largest trading partners, with total bilateral merchandise trade continuing to rise steadily despite challenging economic and geopolitical environments. Central to this robust economic relationship is the ASEAN–China Free Trade Area (ACFTA).

In the light of recent shifts in the global economic landscape, it is imperative for ASEAN and China to enhance the ACFTA to ensure its continued relevance and responsiveness to market demands. Key challenges include the dynamic changes in global and regional supply chains, the reverberating effects of the COVID-19 pandemic, the increasing importance of technical standards and regulations, transparency measures, the integration of technology-based trade facilitation measures such as electronic document exchange, and emerging trade issues like digital trade and sustainable economic development.

The research team led by Lurong Chen and Aladdin D. Rillo critically examines the economic impacts of the existing ACFTA, considering the evolving market conditions in the region. Drawing comparisons with other free trade agreements involving ASEAN and/or China, particularly the Regional Comprehensive Economic Partnership (RCEP), this ERIA work envisions ACFTA 3.0 as a vehicle to consolidate a business-friendly, trade-facilitative, and future-ready free trade area, promising mutual economic prosperity for both parties.

It is noteworthy that the policy recommendations presented in this report hold relevance beyond the scope of ASEAN–China relations, extending to many other ‘ASEAN-plus’ trade negotiations. This offers a continuous driving force for pan-regional market integration. As an international organisation, ERIA remains committed to conducting economic research in support of regional integration and development in ASEAN and East Asia.



**Tetsuya Watanabe**

President of ERIA

# Acknowledgements

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ASEAN–China economic relations play a pivotal role in the Asian economy. The establishment of the ASEAN–China Free Trade Agreement (ACFTA) has solidified the foundation of the production sharing network in Asia, known as ‘Factory Asia.’ With technological advancements and shifts in the global economic landscape, it is imperative for ASEAN and China to enhance their bilateral relations in market integration and economic cooperation. This publication, a collaborative effort by experts from the region, outlines key policy issues for the upgrade of ACFTA and highlights its significance in promoting ASEAN–China cooperation.

We extend our sincere gratitude to all contributors for their unwavering enthusiasm and dedication to this research project and the ensuing policy dialogues. We also express our appreciation to Tetsuya Watanabe, President of ERIA, Koji Hachiyama, Chief Operating Officer of ERIA, and Le Quang Lan, Director of the Market Integration Directorate of the ASEAN Secretariat, for their trust and steadfast support, which were instrumental to the project’s success.

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## **Lurong Chen and Aladdin D. Rillo**

ERIA (Economic Research Institute for ASEAN and East Asia)

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Dr Lurong Chen obtained his PhD in International Economics from the Graduate Institute, Geneva. His research interests include the digital economy, Asian regionalism, global value chains, trade in services, and intellectual property rights (IPRs). He is also focused on free trade agreements (FTAs), the Chinese economy, and the Regional Comprehensive Economic Partnership (RCEP) negotiation.

## **Aladdin Rillo**

Aladdin Rillo is the Director for Policy Design and Operations at ERIA. He has written and published extensively on the ASEAN economy and broader economic, trade, and financial integration issues. He worked at the ASEAN Secretariat for many years, serving in various positions, most recently as the Deputy Secretary-General for the ASEAN Economic Community (2018–2021). In this role, he provided overall leadership in implementing the AEC Blueprint 2025 and advancing ASEAN's economic integration agenda.

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