Rethinking Agri-Food Trade in ASEAN: Issues and Prospects

Evelyn S. Devadason¹

ABSTRACT

Global shocks and disruptions in the food supply chain are a wake-up call for Southeast Asia nations to ensure food supplies are made secure at the regional level. The intraregional trade share of agri-food remains less than one-fourth of its global trade. This then begs the question of the prospects for promoting intraregional agri-food trade. One of the reasons cited for the poor performance in intraregional agri-food trade is “behind-the-border” factors, among others. The paper, therefore, employs a stochastic frontier approach to an augmented gravity trade model, which models the aggregate effect of “behind-the-border” factors. Intraregional agri-food export potential is estimated for the 1990 to 2020 period across 24 broad product groups. On average, the trade efficiency levels are found to be rather low and far less than one at 0.22, after considering the determinants of trade potential - economic size, convergence in income levels, geographical distance, total investments, investment capacity, factor endowments, tariffs, and exchange rate. The efficiency scores are also found to be low for the highly tradable processed food products segment. The findings indicate that “behind the border” regulations constrain the region from exploiting its potential exports.

Keywords: Agri-food, Intra-regional trade, Stochastic frontier gravity model, Trade efficiency

JEL Classification: F13, F63, O24

¹ Department of Economics, Faculty of Business and Economics, Universiti Malaya, Kuala Lumpur, Malaysia.
Email: evelyns@um.edu.my