**EAST ASIA AND EASTERN EUROPE**  
**TRADE LINKAGES AND ISSUES**

*This paper examines the pattern and structure of trade between Eastern Europe, the former Soviet Union and East Asia with a particular focus on the post-1991 reform period. The unexpected expansion in trade between Eastern Europe and East Asia has been accompanied by increased trade complementarity between East Asian and Eastern European transition economies. This trend is shown to reflect two concurrent developments; an intensification of pre-existing comparative advantage by Eastern Europe and changing comparative advantage by East Asian economies.*

**Introduction**

Economic integration of Eastern Europe and the former Soviet Union (FSU) has attracted considerable interest in recent literature.¹ The main focus has been on the welfare implications of an enlarged European Union with little attention paid to evolving trade linkages between Eastern Europe and the Asia Pacific region.² The two issues, however, cannot be considered in isolation given the increased importance of the Asia Pacific region in the world economy and changing areas of comparative advantage as economies in these regions undergo economic development and reform.

This study focuses on one aspect of these linkages or trade relations between ‘core’ (advanced industrialised) and ‘periphery’ (developing) countries in the trade blocs. In particular, it attempts to identify the main changes in merchandise trade pattern and structure between Eastern Europe, the FSU and East Asia in the aftermath of systemic reforms in the former group of countries. In examining these linkages, the scope of the study is restricted to merchandise trade and an aggregated treatment of the FSU. The central themes that emerge need to be interpreted within this context.

Drysdale (1991), writing prior to the breakup of the Soviet Union, stated that ‘The Soviet economy is not yet, nor for many years can it be, central to Asia Pacific interests’. Despite the major upheavals that have since taken place, this statement remains true. The share of East...