Cooperating with Neighbours - Regional Integration in Southeast Asia

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Development Centre

Presentation

- What are the current dynamics of economic integration in Southeast Asia?
- What impact has the global economic crisis on it?
Key Messages

- The region’s economic landscape in 5 years’ time will not be the same as today:
  - The *centripetal* force taking ASEAN economies closer towards a more unified market; and
  - The *centrifugal* force getting them closer to the global market

- The global financial and economic crisis has made regional economic integration even more important in Southeast Asia
  - Effective development co-operation and communication

Regional Economic Landscape

**ASEAN with Important Partners**

- AFTA >>> AEC
- CEPEA (ASEAN+6)
- Trans-Pacific Strategic EPA (TPP/ P4)
- ASEAN-EU FTA
- East Asia FTA (ASEAN+3)
From AFTA to ASEAN Economic Community

- 1992 ASEAN Free Trade Area (AFTA)
- 1995 ASEAN Framework Agreement on Services (AFAS)
- 1997 ASEAN Vision 2020
- 1998 ASEAN Investment Area (AIA)
- 2001 Initiative for ASEAN Integration (IAI)
- 2003 Bali Concord II
- 2004 Vientiane Action Plan (VAP)
- 2005 AEC brought to 2015
- 2007 APSC & ASCC brought to 2015
- 2008 ASEAN Charter
- 2010 Viet Nam's ASEAN Presidency
- 2015

ASEAN Economic Community

- A Single Market and Production Base
- A Highly Competitive Economic Region
- A Region of Equitable Economic Development
- A Region Fully Integrated into the Global Economy
Turning the Region’s Diversity into Opportunities

Population in 2009 (p)

(Million)

<table>
<thead>
<tr>
<th>Country</th>
<th>Population</th>
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<tbody>
<tr>
<td>Brunei Darussalam</td>
<td>0.2</td>
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<tr>
<td>Cambodia</td>
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<tr>
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<tr>
<td>Lao PDR</td>
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<td>Malaysia</td>
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<tr>
<td>Singapore</td>
<td>0.0</td>
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<tr>
<td>Thailand</td>
<td>0.1</td>
</tr>
<tr>
<td>The Philippines</td>
<td>0.0</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>0.0</td>
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</tbody>
</table>

GDP per capita in 2009 (e)

(US $ PPP)

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP per capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei Darussalam</td>
<td>2500</td>
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<tr>
<td>Cambodia</td>
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<tr>
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<td>15000</td>
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<td>Lao PDR</td>
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<td>The Philippines</td>
<td>45000</td>
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<tr>
<td>Viet Nam</td>
<td>50000</td>
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Sources: ASEAN Secretariat; IMF; (p) Preliminary; (e) Estimates

Net Aid Disbursement to ASEAN

(Percentage of All Developing Countries)

Source: OECD
FDI Inflows in ASEAN and China
(USD Billion)

P : Preliminary estimates based on UNCTAD FDI Database and national statistics
Source: UNCTAD, CEIC, OECD Development Centre

Trade in ASEAN Priority Sectors
(USD Billion, 2006-2008 Average)

6 ASEAN Economies*

* IN, MY, PH, SG, TH (2006-8 av.)
VN (2006-7 av.)

Source: UN Comtrade; OECD/DEV

OECD Development Centre
Closer Integration in ASEAN and East Asia

Progress in Tariffs Reduction
(Average tariff rate under AFTA, %)

Share of Intra-regional Trade
(Percentage of total trade)

Source: ASEAN Secretariat; IMF/DOT

ASEAN Trade with Selected Partner Countries
(2006-2008 average, % share of total)

Source: ASEAN Secretariat
Improved Market Access through FTAs
(No of agreements, as of January 2010)

Source: ADB/ARIC database

The crisis hit Southeast Asia hard through trade links

Note: Annual percentage change in world real GDP and world trade volume in goods and services
Source: IMF

Note: Annual percentage change in real GDP
Source: ADB
Growth rates differ across countries

Source: ADB

Contributions to Real GDP Growth
(Change relative to the previous year, %)

Source: CEIC
ASEAN economies are well placed to emerge stronger from the global crisis, but development will likely be uneven across countries and sectors, unless necessary measures are taken:

- Promote green growth;
- Foster regional and sub-regional connectivity through infrastructure development;
- Support the narrowing of the development gap within ASEAN;
- Generate greater participation of the public in building the ASEAN Community
Making Best Use of DEV Regional Networks and Expertise for the SEA Region

- The Development Centre’s Governing Board consists of 39 countries of which 16 countries are non-OECD Members, including three Southeast Asian countries:

- Partnership with ASEAN Secretariat:

- Closer cooperation:

Southeast Asian Economic Outlook: A Tool for Policy Dialogue

Thank you!

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ANNEX

OECD and Southeast Asia

MCM 2007

Informal Reflection Group on Southeast Asia
Chair: EC Ambassador
Coordinator: CCNM
Participants: Delegations + OECD Directorates

1st OECD-Southeast Asia Regional Forum in 2007 (Jakarta)
2nd OECD-Southeast Asia Regional Forum in 2009 (Bangkok)

• CFE/ CTPA/ DAF/ ELS/ GOV/ STI
• DEV (Regional Integration, SAEO)
OECD Asian Business Cycle Indicators

OECD Development Centre

SAEO 2010

- Regional Integration Landscape
- Macroeconomic Synchronisation
- Medium-term Growth Scenarios

Part I: Regional Economic Monitor

- Transport Infrastructure and Regional Integration

Part II: Thematic Focus
<table>
<thead>
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<th>SAEO: Regional Integration Landscape</th>
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<tr>
<td><strong>ASEAN</strong></td>
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<tr>
<td>➢ ASEAN Community Progress Monitoring System</td>
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<td>➢ AEC Scorecards (with ERIA)</td>
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<td><strong>OECD</strong></td>
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<td>➢ OECD Input-Output Database for Economic Analysis (STI)</td>
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<tr>
<td>➢ Integration of ASEAN Priority Sectors (DEV)</td>
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ADB: Asia Regional Integration Centre
UNESCAP: Trade and Investment Division Home Page