



Cooperating with Neighbours - Regional Integration in Southeast Asia

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Development Centre

Seminar on Challenges in
Cooperation and Communication
for Development in Southeast Asia

Hanoi, 26-27 April 2010



Presentation

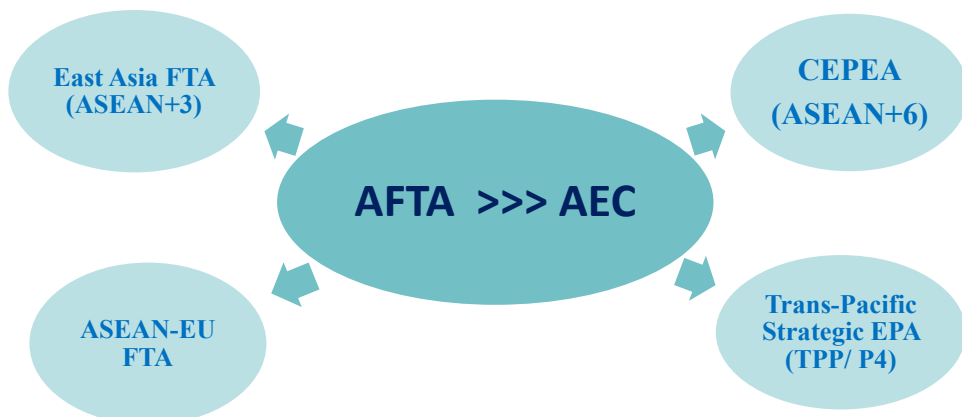
- What are the current dynamics of economic integration in Southeast Asia?
- What impact has the global economic crisis on it?

Key Messages

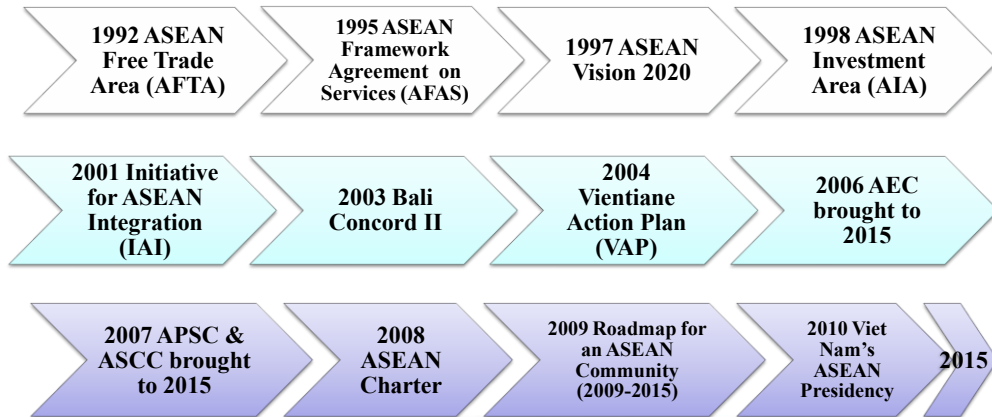
- The region's economic landscape in 5 years' time will not be the same as today:
 - The *centripetal* force taking ASEAN economies closer towards a more unified market; and
 - The *centrifugal* force getting them closer to the global market
- The global financial and economic crisis has made regional economic integration even more important in Southeast Asia
 - Effective development co-operation and communication

Regional Economic Landscape

ASEAN with Important Partners



From AFTA to ASEAN Economic Community



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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

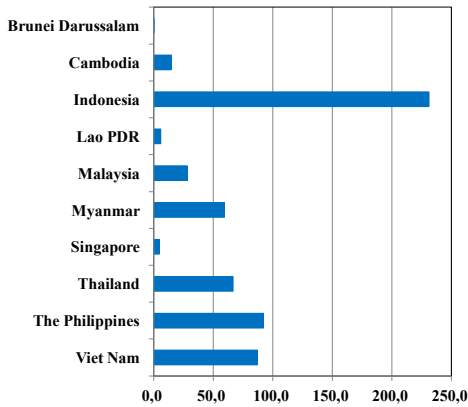
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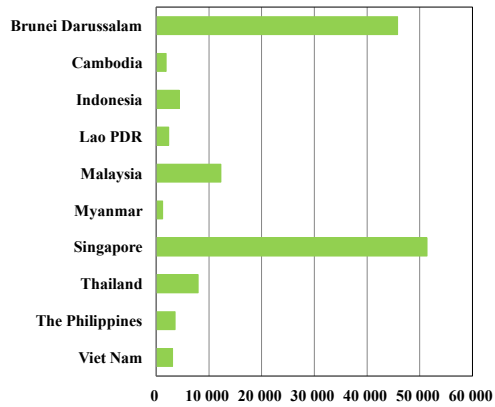


Turning the Region's Diversity into Opportunities

Population in 2009 (p)
(Million)



GDP per capita in 2009 (e)
(US \$ PPP)



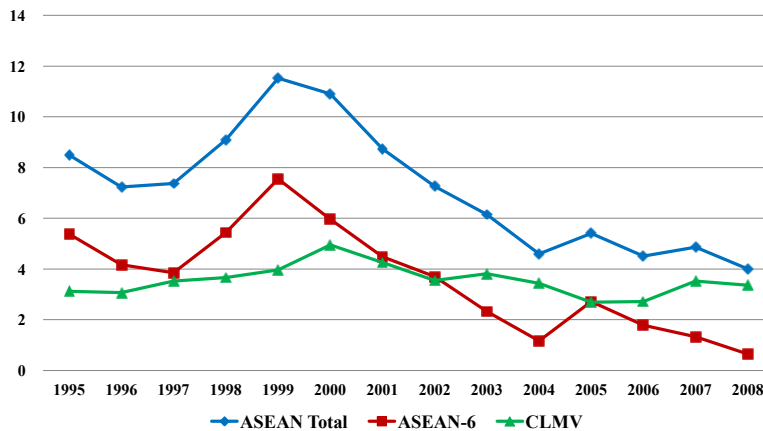
Sources: ASEAN Secretariat; IMF; (p) Preliminary; (e) Estimates

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Net Aid Disbursement to ASEAN (Percentage of All Developing Countries)



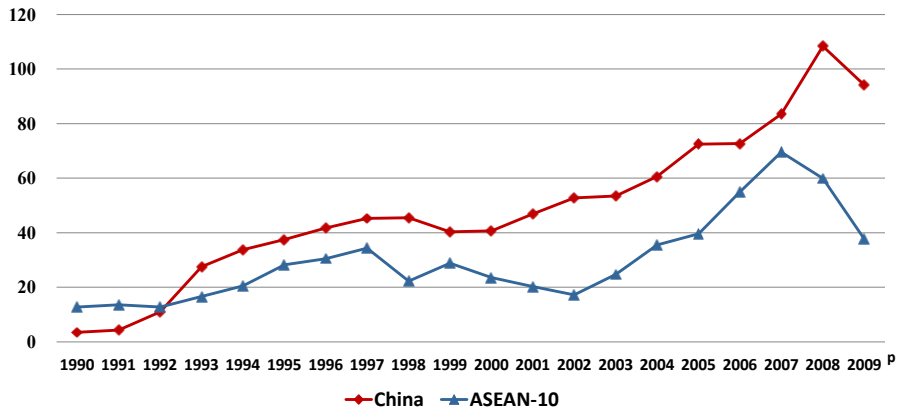
Source: OECD

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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

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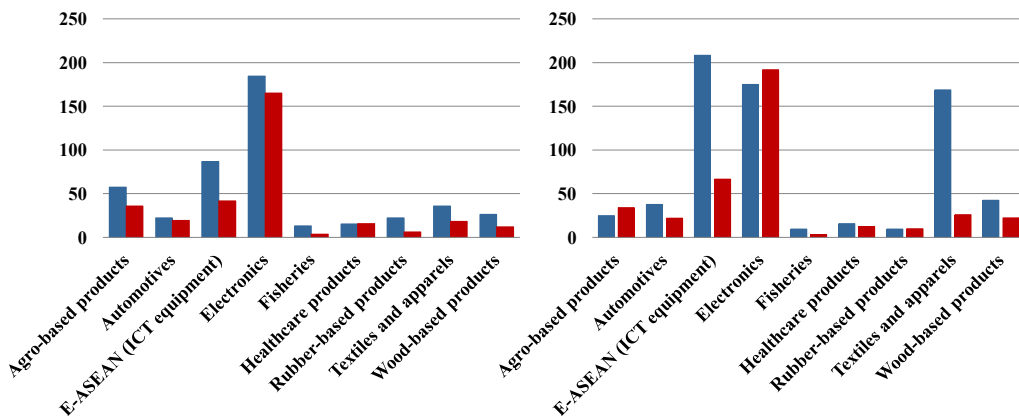
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Trade in ASEAN Priority Sectors

(USD Billion, 2006-2008 Average)

6 ASEAN Economies*

China



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

EX (blue) IM (red)

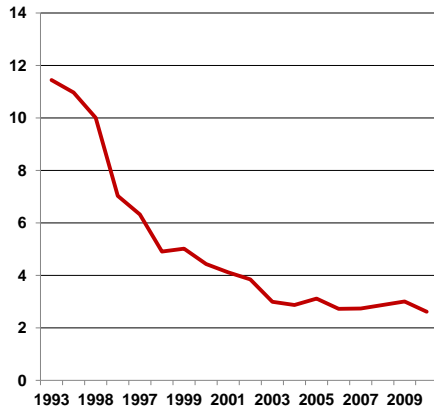
Source: UN Comtrade; OECD/DEV

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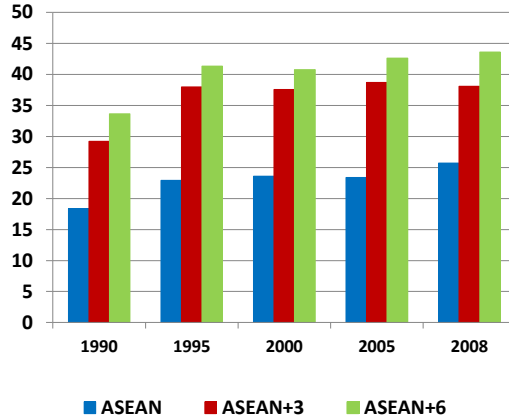
Closer Integration in ASEAN and East Asia

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



Source: ASEAN Secretariat; IMF/DOT

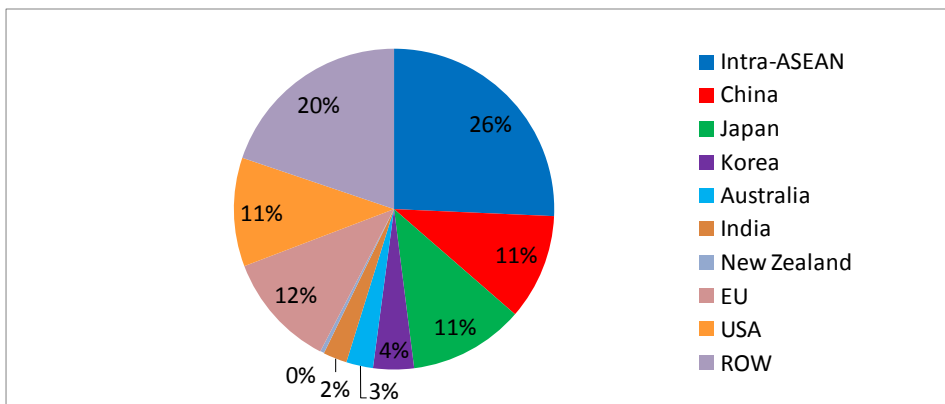
Share of Intra-regional Trade
(Percentage of total trade)



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



Source: ASEAN Secretariat

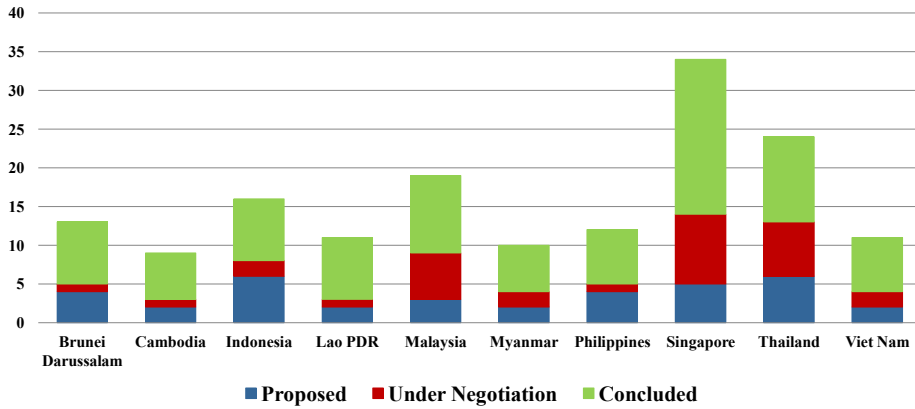
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Improved Market Access through FTAs

(No of agreements, as of January 2010)



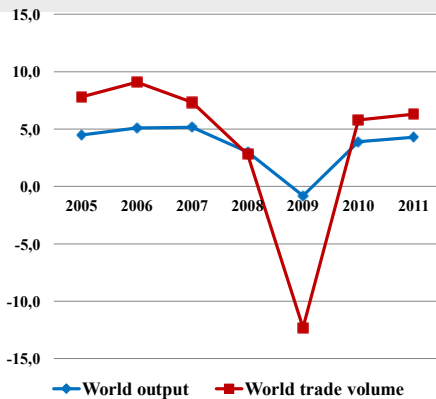
Source: ADB/ARIC database

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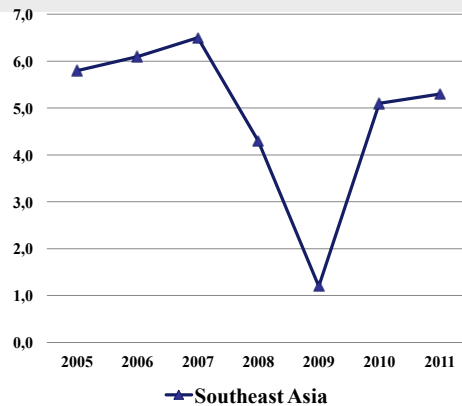


The crisis hit Southeast Asia hard through trade links



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

Source: IMF



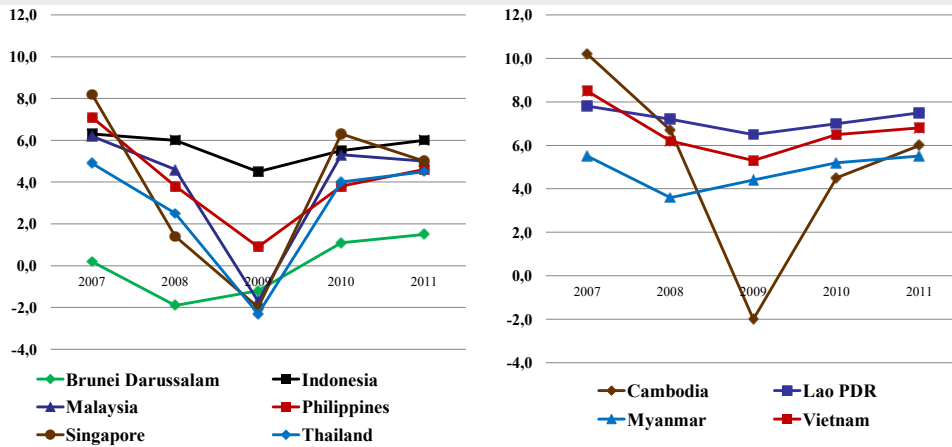
Note: Annual percentage change in real GDP

Source: ADB

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Growth rates differ across countries

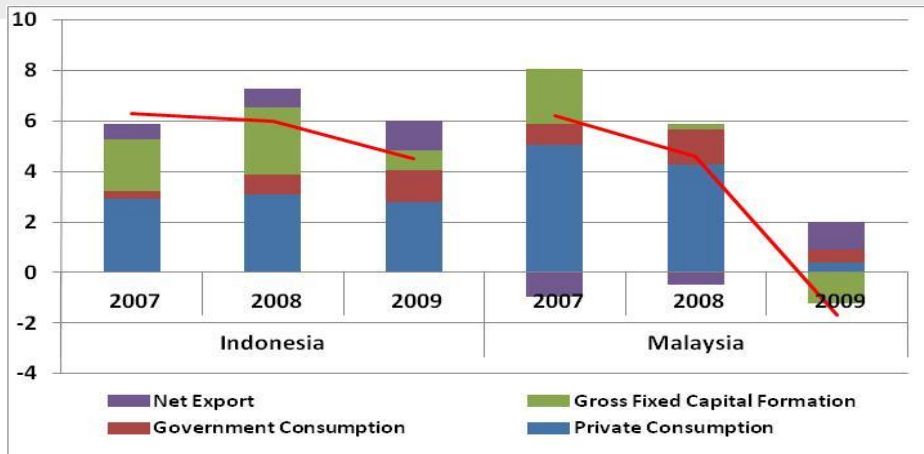


Source: ADB

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



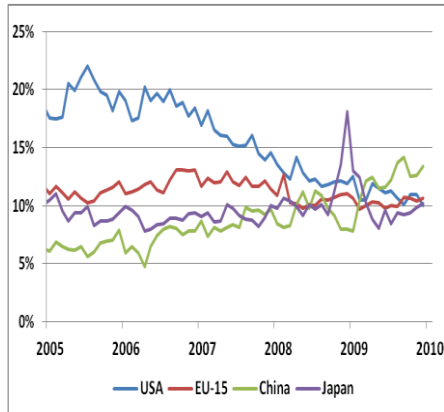
Source: CEIC

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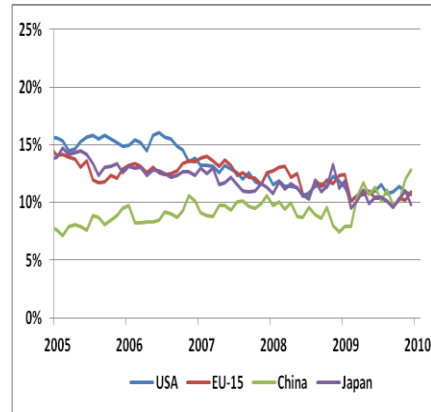
Share of Major Trading Partners Relative to Total Export

Malaysia



Source: CEIC

Thailand



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To Recap

- **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

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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:
 - Thailand (joined in 2005), Vietnam (2008) and Indonesia (2009)



- 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)

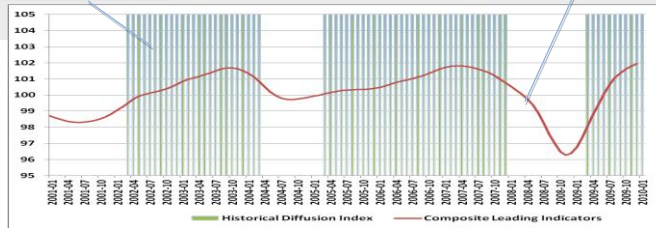


OECD Asian Business Cycle Indicators

Historical Diffusion Index

China

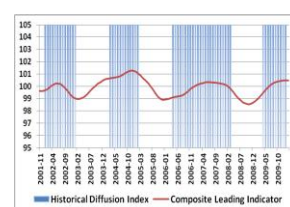
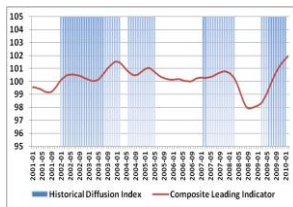
Composite Leading Indicator



Thailand

Malaysia

Indonesia



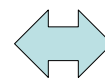
Source: OECD

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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

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SAEO: Regional Integration Landscape

ASEAN

- ASEAN Community Progress Monitoring System
 - AEC Scorecards (with ERIA)

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- OECD Input-Output Database for Economic Analysis (STI)
 - Integration of ASEAN Priority Sectors (DEV)

[ADB: Asia Regional Integration Centre](#)
[UNESCAP: Trade and Investment Division Home Page](#)