Post-Crisis FDI Inflows to ASEAN

ASEAN-OECD Investment Policy Conference
18-19 November 2010
ASEAN Secretariat
Outline of the Presentation

- Brief overview of global and ASEAN growth prospects, and global FDI inflows
- ASEAN FDI inflows post-crisis
- Looking forward: 2010 and beyond
- Key issue/challenge and policy options
Global and ASEAN output growth (In percent)

Source: IMF (2010). *World Economic Outlook October 2010*, Figure 1.13, p.19.


Note: Forecast for 2010-2011.
Global FDI inflows (in billion USD)

Source: UNCTAD (2010b). *Global Investment Trends Monitor, Second and Third Quarters of 2010*, Fig. 1, p. 1.
Total FDI inflows to ASEAN, 2000-2009 (in million USD)

Source: ASEAN Secretariat FDI Database
### FDI inflows to ASEAN Member States, 2007-2009\(^a\) (in million USD)

<table>
<thead>
<tr>
<th>Year</th>
<th>Brunei Darussalam</th>
<th>Cambodia</th>
<th>Indonesia</th>
<th>Lao PDR</th>
<th>Malaysia</th>
<th>Myanmar</th>
<th>Philippines</th>
<th>Singapore</th>
<th>Thailand</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>260</td>
<td>867</td>
<td>6,928</td>
<td>324</td>
<td>8,538</td>
<td>715</td>
<td>2,916</td>
<td>35,778</td>
<td>11,330</td>
<td>6,739</td>
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<tr>
<td>2008</td>
<td>239</td>
<td>815</td>
<td>9,318</td>
<td>228</td>
<td>7,318</td>
<td>976</td>
<td>1,544</td>
<td>10,912</td>
<td>8,570</td>
<td>9,579</td>
</tr>
<tr>
<td>2009</td>
<td>177</td>
<td>530</td>
<td>4,877</td>
<td>319</td>
<td>1,381</td>
<td>579</td>
<td>1,948</td>
<td>16,256</td>
<td>5,957</td>
<td>7,600</td>
</tr>
</tbody>
</table>

**Source:** ASEAN Secretariat FDI Database.

**Note:** \(^a\) Data for Brunei Darussalam and Myanmar are for the first half of 2009.
FDI inflows to ASEAN by economic sector, 2000-2009 (in percent)

Source: ASEAN Secretariat FDI database.
Breakdown of FDI inflows to the services sector, 2005-2009 (in million USD)

Source: ASEAN Secretariat FDI Database.
## FDI inflows to ASEAN by source country, 2006-2009

(in million USD)

<table>
<thead>
<tr>
<th>Source Countries</th>
<th>2006</th>
<th></th>
<th>2007</th>
<th></th>
<th>2008</th>
<th></th>
<th>2009</th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Value</td>
<td>Share (%)</td>
<td>Value</td>
<td>Share (%)</td>
<td>Value</td>
<td>Share (%)</td>
<td>Value</td>
<td>Share (%)</td>
</tr>
<tr>
<td></td>
<td>(mil USD)</td>
<td></td>
<td>(mil USD)</td>
<td></td>
<td>(mil USD)</td>
<td></td>
<td>(mil USD)</td>
<td></td>
</tr>
<tr>
<td>ASEAN</td>
<td>7,755.6</td>
<td>13.8</td>
<td>9,682.0</td>
<td>13.0</td>
<td>10,461.5</td>
<td>21.1</td>
<td>4,428.9</td>
<td>11.2</td>
</tr>
<tr>
<td>Australia</td>
<td>317.0</td>
<td>0.6</td>
<td>1,491.5</td>
<td>2.6</td>
<td>919.7</td>
<td>1.9</td>
<td>700.9</td>
<td>1.8</td>
</tr>
<tr>
<td>Canada</td>
<td>255.0</td>
<td>0.5</td>
<td>394.1</td>
<td>0.5</td>
<td>799.4</td>
<td>1.6</td>
<td>310.9</td>
<td>0.8</td>
</tr>
<tr>
<td>China</td>
<td>1,045.6</td>
<td>1.9</td>
<td>1,684.3</td>
<td>2.3</td>
<td>2,109.5</td>
<td>4.3</td>
<td>1,509.5</td>
<td>3.8</td>
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<tr>
<td>European Union</td>
<td>13,159.0</td>
<td>23.4</td>
<td>17,765.5</td>
<td>23.9</td>
<td>9,520.1</td>
<td>19.2</td>
<td>7,297.2</td>
<td>18.4</td>
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<tr>
<td>India</td>
<td>-282.0</td>
<td>-0.5</td>
<td>1,466.2</td>
<td>2.0</td>
<td>698.6</td>
<td>1.4</td>
<td>983.6</td>
<td>2.5</td>
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<td>Japan</td>
<td>10,439.7</td>
<td>18.5</td>
<td>8,828.7</td>
<td>11.9</td>
<td>4,657.8</td>
<td>9.4</td>
<td>5,308.4</td>
<td>13.4</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>1,246.3</td>
<td>2.2</td>
<td>2,715.5</td>
<td>3.7</td>
<td>1,583.5</td>
<td>3.2</td>
<td>1,421.8</td>
<td>3.6</td>
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<td>New Zealand</td>
<td>-209.0</td>
<td>-0.4</td>
<td>100.7</td>
<td>0.1</td>
<td>-165.1</td>
<td>-0.3</td>
<td>239.9</td>
<td>0.6</td>
</tr>
<tr>
<td>United States</td>
<td>3,018.3</td>
<td>5.4</td>
<td>8,067.6</td>
<td>10.8</td>
<td>5,132.6</td>
<td>10.4</td>
<td>3,357.7</td>
<td>8.5</td>
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<tr>
<td>Others</td>
<td>19,609.4</td>
<td>34.8</td>
<td>22,199.2</td>
<td>29.8</td>
<td>13,782.2</td>
<td>27.8</td>
<td>14,064.1</td>
<td>35.5</td>
</tr>
<tr>
<td><strong>ASEAN Total</strong></td>
<td><strong>56,354.9</strong></td>
<td><strong>100.0</strong></td>
<td><strong>74,395.3</strong></td>
<td><strong>100.0</strong></td>
<td><strong>49,499.8</strong></td>
<td><strong>100.0</strong></td>
<td><strong>39,623.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**Source:** ASEAN Secretariat FDI Database.
## Intra-ASEAN FDI Inflows, 2009 (in mil.USD)

<table>
<thead>
<tr>
<th>Host Country</th>
<th>Brunei</th>
<th>Cambodia</th>
<th>Indonesia</th>
<th>Lao PDR</th>
<th>Malaysia</th>
<th>Myanmar</th>
<th>Philippines</th>
<th>Singapore</th>
<th>Thailand</th>
<th>Viet Nam</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Source Country</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brunei Darussalam</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>9.88</td>
<td>0.00</td>
<td>0.05</td>
<td>-2.40</td>
<td>4.41</td>
<td>11.21</td>
<td>23.15</td>
</tr>
<tr>
<td>Cambodia</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>1.60</td>
<td>0.00</td>
<td>0.00</td>
<td>7.30</td>
<td>6.50</td>
<td>0.10</td>
<td>15.49</td>
</tr>
<tr>
<td>Indonesia</td>
<td>0.00</td>
<td>2.91</td>
<td>0.00</td>
<td>0.00</td>
<td>-29.38</td>
<td>7.30</td>
<td>0.00</td>
<td>937.00</td>
<td>-1.33</td>
<td>4.07</td>
<td>920.57</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.10</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.54</td>
<td>0.00</td>
<td>0.63</td>
</tr>
<tr>
<td>Malaysia</td>
<td>0.01</td>
<td>55.56</td>
<td>312.69</td>
<td>0.45</td>
<td>0.00</td>
<td>0.00</td>
<td>2.22</td>
<td>872.60</td>
<td>9.79</td>
<td>66.15</td>
<td>1,319.47</td>
</tr>
<tr>
<td>Myanmar</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>65.90</td>
<td>0.32</td>
<td>0.00</td>
<td>66.22</td>
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<tr>
<td>Philippines</td>
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<td>0.00</td>
<td>1.24</td>
<td>0.00</td>
<td>-5.53</td>
<td>0.00</td>
<td>0.00</td>
<td>82.70</td>
<td>16.33</td>
<td>1.72</td>
<td>96.47</td>
</tr>
<tr>
<td>Singapore</td>
<td>0.08</td>
<td>20.42</td>
<td>1,015.42</td>
<td>15.97</td>
<td>592.10</td>
<td>5.37</td>
<td>16.42</td>
<td>0.00</td>
<td>547.45</td>
<td>315.51</td>
<td>2,528.75</td>
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<tr>
<td>Thailand</td>
<td>0.00</td>
<td>23.87</td>
<td>50.72</td>
<td>17.20</td>
<td>-370.89</td>
<td>6.86</td>
<td>-0.01</td>
<td>15.50</td>
<td>0.00</td>
<td>29.96</td>
<td>-226.78</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>0.00</td>
<td>68.07</td>
<td>0.00</td>
<td>23.70</td>
<td>-467.60</td>
<td>0.00</td>
<td>0.00</td>
<td>59.00</td>
<td>1.76</td>
<td>0.00</td>
<td>-315.07</td>
</tr>
<tr>
<td><strong>TOTAL ASEAN</strong></td>
<td>0.09</td>
<td>170.84</td>
<td>1,380.07</td>
<td>57.33</td>
<td>-269.73</td>
<td>19.53</td>
<td>18.68</td>
<td>2,037.60</td>
<td>585.77</td>
<td>428.72</td>
<td>4,428.91</td>
</tr>
</tbody>
</table>

*Source: ASEAN Secretariat FDI Database.*
Intra-ASEAN FDI inflows, 2000-2009 (in million USD and percent share of total FDI inflows)

Source: ASEAN Secretariat FDI Database.
FDI inflows as a ratio of GDP and gross fixed capital formation (in percent)

**FDI inflows as % of GDP**

- **Total ASEAN**
- **Viet Nam**
- **Thailand**
- **Singapore**
- **Philippines**
- **Myanmar**
- **Malaysia**
- **Lao PDR**
- **Indonesia**
- **Cambodia**
- **Brunei Darussalam**

**FDI inflows as % of gross fixed capital formation**

- **Viet Nam**
- **Thailand**
- **Singapore**
- **Philippines**
- **Myanmar**
- **Malaysia**
- **Lao PDR**
- **Indonesia**
- **Cambodia**
- **Brunei Darussalam**

**Source of basic data:** ASEAN Secretariat FDI Database.

**Source:** UNCTAD.
Surveys of TNCs’ planned investment expenditures

- **WIPS 2009-2011** (conducted in Feb and May 2009)
  - 47% pessimistic about global environment in 2010.
  - 33% (+), 41% (-) in 2010; 50% (+), 19% (-) in 2011.
  - Bullish about developing Asian region, including SEA.

- **WIPS 2010-2011** (conducted in Feb-May 2010)
  - 36% pessimistic about global environment in 2010.
  - 43% (+), 19% (-) in 2010; 58% (+), 16/15% (-) in 2011-2012.
  - Developing country TNCs in Asia more optimistic than those from developed economies.
Top host economies for FDI in 2010–2012


Note: Numbers in parentheses before the name of selected countries are their rankings in 2009.
Factors driving FDI based on TNCs surveys:

1. Market factors
   a) Local market size
   b) Market growth
   c) Access to regional/international markets

2. Factors relating to the quality of the overall business environment
   a) Presence of suppliers/partners.
   b) Business-friendly environment
   c) Availability of skilled labour
   d) Quality of infrastructure
   e) Government effectiveness

3. Other factors: cheap labour, natural resources
Singapore retains the top ranking; Thailand (19); Malaysia (21); Vietnam (78); Brunei Darussalam (112); Indonesia (121); Cambodia (147); Philippines (148); Lao PDR (171).

Emerging-market economies such as Indonesia, Malaysia and Vietnam took the lead in easing start-up, permitting and property registration for small and medium-size firms and improving credit information sharing.

Vietnam (4th) and Brunei Darussalam (10th) in the top 10 economies that improved the most in the ease of doing business 2009/2010.

Malaysia ranked first in terms of getting credit, and improved contract enforcement.

China and India also made significant changes over time.
Measuring competitiveness in ASEAN:
Global Competitiveness Index (GCI), Average for ASEAN
Some policy options

1. Enhance investment environment in individual AMS by further improving competitiveness:
   - 1.1. Maintain macroeconomic stability
   - 1.2. Upgrade labor quality and infrastructure
   - 1.3. Enhance institutional predictability
     - i. Transparent policies/rules and enforcement
     - ii. Enhanced role for investment promotion agencies
2. Deepening regional market integration

2.1. Enhance intra-ASEAN FDI.

2.2. Further investment liberalisation

2.3. Improve investment facilitation

2.4. Empowering the ACIA
감사합니다
Maraming Salamat!!!
Terima Kasih
ขอบคุณครับ
ありがとう
Cảm ơn rất nhiều
 obrigado por você
謝謝你。

THANK YOU !!!