



“Southeast Asian Economic Outlook 2011” Seminar

organised by the OECD Development Centre

Wednesday, 13 July 2011
Time: 10:00 – 16:00

Venue: Room D, Château,
O.E.C.D Headquarters,
2, rue André Pascal, 75116 Paris

Background information

Southeast Asia is one of the most dynamic regions in the world and the region has emerged strongly from the global economic crisis. Despite that, many challenges still remain to steer its economy onto a sustainable growth path. What are the medium-term development challenges, in particular those relating to “balanced, inclusive and sustainable growth”? What are the macroeconomic trends and near-term policy challenges? What are the green growth priorities of ASEAN countries? The Southeast Asian Economic Outlook (SAEO) addresses these questions.

SAEO is the OECD’s annual reference on Asia’s economic growth and development, first launched in 2010. It contributes to economic and social development and regional integration in Southeast Asia and promotes informed policy dialogue and peer learning processes between the OECD Members and Southeast Asian countries.

The upcoming SAEO 2011 will comprise two main parts: Part One, which will address both the country-specific and region-wide policy challenges, focusing on the medium- term development and near- term macroeconomic policies and, Part Two, which will address the issues of green growth.

This seminar will provide an opportunity to exchange views on current economic challenges in the region based on the initial results of SAEO 2011.

In addition to its focus on Southeast Asian countries, SAEO also addresses relevant economic issues in China and India to fully reflect economic developments in the region.

Should you wish to attend, please kindly register on EMS or with Ms. Lillie Kee, E-mail: Lillie.Kee@oecd.org, Tel: 01 45 24 88 27

For more detailed information on the content of this seminar, please contact Mr. Kensuke Tanaka, E-mail: Kensuke.Tanaka@oecd.org

(References)

Southeast Asian Economic Outlook 2010, OECD Development Centre, 2010.

This Quarter in Asia, OECD Development Centre.

10:00 - 10:10 Opening remarks by Mario Pezzini, Director, OECD Development Centre

10:10 - 11:00 **Session 1: Economic Outlook 2011 – 2016 and macroeconomic policy challenges**

Chair: Dian Ediana Rae, Chief Representative in London, Bank of Indonesia

Speakers:

- **Economic Outlook 2011-2016 and short-term macroeconomic policy challenges in the region** (Kensuke Tanaka and Alejandro Neut, OECD Development Centre, Asia Desk).

Discussants:

- Annabelle Mourougane, Head of Brazil and Indonesia Desk, Economics Department, OECD;
- Françoise Nicolas, Director and Senior Research Fellow, IFRI Center for Asian Studies.

(Open discussion)

Southeast Asia has emerged strongly from the global economic crisis, with long-term growth prospects returning to pre-crisis levels, according to the findings of the Southeast Asian Economic Outlook 2010. With economic recovery underway across the region, it is estimated that the GDP growth in six Southeast Asian countries (Indonesia, Malaysia, the Philippines, Singapore, Thailand and Viet Nam) will average 6% annually over the 2011-2015 period, about the same level as in the 2003-2007 period. At the same time, regional integration in Southeast Asia has been strengthened in many areas both within ASEAN and in co-operation with neighbouring countries.

Despite the current positive outlook after the crisis, the region still faces several policy challenges. One of the emerging issues in the region includes management of large capital inflows and food-price inflationary pressures. This session will address the set of policies available to manage these challenges. The potential economic impact of the Tohoku Pacific earthquake in Japan on the Asian economies will also be addressed.

Questions for discussion:

- What are the economic perspectives (over a five-year period), recent macroeconomic trends and the current macroeconomic challenges facing the Southeast Asian countries?
- Considering the current economic perspectives, what is the set of policies available to manage recent large capital inflows and high inflation?

11:00 – 11:10 Coffee break

11:10 - 12:00 **Session 2: Synopsis of medium-term structural policy challenges in the region**

Chair: Mario Pezzini, Director, OECD Development Centre

Speaker:

- **Development-enhancing structural policies in the region: Overview and analytical framework** (Kensuke Tanaka and Gabor Fulop, OECD Development Centre, Asia Desk)

Discussants:

- Dian Ediana Rae, Chief Representative in London, **Bank of Indonesia**;
- Ly Van Anh, Second Secretary, **Vietnamese Embassy** in Paris;
- Rose Prospero, Minister and Consul General, **The Philippines Embassy** in Paris;
- Kamrob Palawatwichai, **Royal Thai Embassy** in Paris

(Open discussion)

To sustain such favourable growth outlook, Southeast Asian countries need to cope with considerable challenges. The current crisis offers an important opportunity to rethink past growth and development strategies in the region. Having emerged strongly from the crisis, countries in the region look for new development strategies towards more resilient, balanced and sustainable growth.

Most Southeast Asian countries, such as Indonesia, Thailand and Viet Nam, have identified human capital development as a priority under their national development plans. The importance of public governance is also emphasised in development plans in many countries. On another front, economic diversities in the region are reflected in different policy and priority settings under national plans. For instance, health policy and agricultural development are critical for Thai economic growth, and Viet Nam is trying to pursue the reform of state-owned enterprises. Malaysia is seeking for private sector-led development, and infrastructure development has been seen as a bottleneck for the development of the Philippine economy. Innovation will be a major engine for future growth in Singapore.

Questions for discussion:

- How far progress has been made in selected policy areas set out in the national development plan?
- What kind of steps should be taken in order to achieve the five-year national development targets for each country?

12:20 - 14:20 Lunch

14:20 - 15:50 Session 3: Green growth

Chair: Song-Jun OHM, Deputy Permanent Representative, Korean Delegation to the OECD

Speakers:

- **Green Growth in Southeast Asia** (Pang Eng Fong, Professor of Management, Singapore Management University);
- **Experience of OECD Country: the Case of Korea** (Sang-in Kang, Head of the Green Growth Research Division, National Research Council for Economics, Humanities and Social Sciences, Korea);
- **Greening Trade** (Kiichiro Fukasaku, Head of Regional Desks, OECD Development Centre);
- **Taxation and Green Growth** (Charles Pigott, Consultant, the former Head of China Desk, OECD Economics Department).

Discussants:

- Nathalie Girouard, Green Growth Strategy Co-ordinator, Environment Directorate, OECD;
- Michael Plummer, Head of Development Division, Trade and Agriculture Directorate, OECD.

(Open discussion)

Southeast Asia was responsible for 12% of the world's total GHG emissions in 2000, and given its rapid economic and population growth, the percentage is expected to increase. The OECD Development Centre projects the region to grow at an average of 6% in the next five years, while its population is expected to grow by 20% by 2030, reaching 700 million. Yet, the region has great potential to contribute to green house gas (GHG) emission reductions. Transitioning to a low-carbon economy could simultaneously address the challenges of diminishing non-renewable energy resources, job creation and poverty reduction in the region. As such, green growth strategies are being increasingly sought by ASEAN economies, for they offer a means of achieving poverty reduction and ensuring environmental sustainability. At the 28th ASEAN Ministers on Energy Meeting in July 2010, Ministers re-affirmed their commitment towards strengthening efforts to address climate change and enhancing ASEAN energy co-operation towards low-carbon and green economy. This thematic focus of the Southeast Asian Economic Outlook 2011 will draw policy lessons and recommendations to help ASEAN countries adopt medium-term development plans in conformity with greener growth and develop a region-wide green growth strategy.

Questions for discussion:

- What concrete actions have the Southeast Asian governments taken to set up national green growth strategies and to identify major instruments through which the set targets could be achieved?
- What lessons can be drawn for the Southeast Asian countries from Korea, in terms of the policy mix put in place to green industries, incentivise businesses to develop innovative technologies and eco-friendly products and services, and change consumption patterns?
- What would be the implications for these countries if emissions were allocated at the point of consumption (e.g. embodied carbon), or production (e.g. Kyoto Protocol)?
- How efficient are various green tax policy options in the context of medium- and long-term economic development goals and what difficulties may arise with the introduction of each tax?

15:50 – 16:00 Concluding remarks by Kiichiro Fukasaku, Head of Regional Desks, OECD Development Centre.