Southeast Asia is one of the most dynamic and diverse regions in the world, with extensive natural resources, an expanding middle class, a young and dynamic population and a diversified economy. With an average growth rate of 5% over the past 15 years, it is also one of the main drivers of global growth. The formalisation, in 2015, of an integrated ASEAN Economic Community (AEC) by the Association of Southeast Asian Nations (ASEAN) is generating even more opportunities for growth and employment across the region.

The OECD and Southeast Asia have a long-standing and mutually beneficial relationship that has steadily developed since the late 1990s. Building on two decades of engagement, the OECD Southeast Asia Regional Programme (SEARP) was inaugurated at the 2014 OECD Ministerial Council Meeting, to bring the relationship to a new, more strategic, whole-of-government level.

Since its launch, the Programme has served as a forum to share best practices and promote regional integration through Regional Policy Networks, supporting successive chairmanships of ASEAN on issues relevant to the ASEAN Economic Community (AEC). In 2016, substantial contributions were made to the priorities of ASEAN, most notably through the support provided to various Action Plans and policy frameworks on the participation in Global Value Chains (GVCs), Access to Finance for the Micro, Small and Medium Enterprises (MSMEs) and Special Economic Zones. The Economic Outlook for Southeast Asia, China and India was also presented at the ASEAN Business and Investment Summit in Vientiane, Lao PDR, in September 2016.

Beyond the SEARP, the OECD also works with individual Southeast Asian countries to deliver country-specific tools, such as Thailand’s Country Programme and the Joint Programme of Work with Indonesia. These provide such countries with an opportunity to enhance their participation in OECD bodies and adhere to its instruments.

The OECD looks forward to deepening this partnership with Southeast Asia as a region, working closer with its diverse countries, which face common, but also distinct challenges. I am confident that this mutually beneficial and strategic collaboration will continue to deliver better policies for better lives in Southeast Asia, and across the OECD and Partner countries.

ANGEL GURRÍA, OECD Secretary General
The Southeast Asia region is one of the most dynamic and diverse areas in the world, with a growing influence on the world economy and an ambitious regional integration roadmap. The OECD and Southeast Asia have a longstanding and mutually beneficial relationship that has steadily developed since the late 1990s. In 2007, OECD Ministers identified Southeast Asia as a region of strategic priority for the Organisation, and Indonesia became a Key Partner along with Brazil, China, India and South Africa.

Inaugurated by OECD Secretary-General Angel Gurría and Japanese Prime Minister Shinzō Abe at the OECD Council Meeting at Ministerial level in May 2014, the OECD Southeast Asia Regional Programme (SEARP) aims to support domestic priorities, policy reforms and regional integration efforts in Southeast Asia. It also seeks to foster mutual learning and the exchange of good practices between policy makers in Southeast Asia and OECD countries.

The ASEAN Economic Community (AEC) Blueprint 2025, launched during the 27th ASEAN Summit in November 2015, envisages a highly integrated, cohesive, competitive, innovative and dynamic Southeast Asia, with enhanced connectivity and integrated into the global economy. The SEARP actively supports the region in meeting these objectives through a work programme which spans a wide range of policy areas and involves key stakeholders from both Southeast Asian and OECD countries.
The Programme’s structure is designed to encourage a systematic exchange of experiences to develop common solutions to regional and global policy challenges. It is comprised of thematic Regional Policy Networks (RPNs) and Initiatives, and a Regional Economic Outlook, which will build on the work programme of substantive OECD and Southeast Asian bodies and dialogue processes.

The initial areas of focus for the Networks are: Tax, Good Regulatory Practice, Investment Policy and Promotion, Education and Skills Development, Small and Medium-Sized Enterprises (SMEs), and Sustainable Infrastructure. Further work is being developed through Initiatives on Trade, Innovation and Gender. The Programme comprises an overarching Economic Outlook for Southeast Asia, China and India that monitors medium-term macroeconomic trends and regional integration, playing an important role in identifying emerging trends in the region and providing input into the different work streams.
Supporting ASEAN regional integration initiatives

Contributing to domestic reform processes in SEA countries

Involving SEA countries in OECD bodies and instruments

Objectives of the Programme

Building on two decades of engagement with Southeast Asia, the SEARP aims to bring the relationship to a new, more strategic level, providing a whole-of-government view.

A Mutually Beneficial Relationship

The SEARP fosters the exchange of good practices and mutual learning among policy makers in OECD and Southeast Asian countries.

For Southeast Asia

• Benefitting from the policy experiences of a wide range of countries and from evidence-based advice to support domestic reforms;
• Discussing global/regional challenges in a multilateral setting;
• Since the OECD is a global standard setter, SEA can influence international rule-making and soft law standards.

For the OECD

• A better understanding and integration of Southeast Asian policy priorities into OECD policy debates;
• Learning from Southeast Asia’s experiences;
• Improving its global relevance and impact.
Governance Structure That Encourages Shared Ownership

The Programme is built upon the principles of partnership, shared ownership and a common commitment between Southeast Asian and OECD countries. Activities are undertaken in collaboration with a network of regional and international partners. The Steering Group, RPNs and Regional Economic Outlook are each co-chaired by a Southeast Asian country and an OECD country.

Regional partners
- Association of Southeast Asian Nations (ASEAN)
- Asia-Pacific Economic Cooperation (APEC)
- Asian Development Bank (ADB)
- Economic Research Institute for ASEAN and East Asia (ERIA)
- United Nations Economic & Social Commission for Asia & the Pacific (UNESCAP)
Selected Key Achievements

• OECD support in drafting the **ASEAN Principles for Public-Private Partnership (PPP) Frameworks** adopted at the ASEAN Leaders’ Summit in Nay Pyi Taw, Myanmar on 12 November 2014.

• OECD Report on **Strengthening Women’s Entrepreneurship in ASEAN** at the margins of the ASEAN Economic Minister Meeting in September 2017 in Philippines.

• **ASEAN Economic Community Blueprint 2025** mentions OECD as an international organisation for strategic collaboration.

“**We look forward to continue working with OECD to implement the AEC Blueprint 2025 as ASEAN pursues a productivity-led growth strategy towards more inclusive and sustainable economic development in the midst of growing economic and political uncertainty**”.

![Dr. Lim Hong Hin, ASEAN DSG for ASEAN Economic Community (AEC), 2017](image)

• The OECD is working in partnership with the ASEAN Secretariat on **Investment Policy Reviews** on Malaysia (2013), Myanmar (2014) and the Philippines (2016), Lao PDR (2017), Cambodia and Viet Nam (Forthcoming 2018).

• The **OECD-ERIA ASEAN SME Policy Index** was launched at the 2014 Regional Forum in Bali. As part of a new five-year programme on SMEs, the Policy Index will be launched in 2018.

• The **Economic Outlook for Southeast Asia, China and India** is launched annually on the occasion of ASEAN/East Asia Summit.

![High-level representatives from SEA and OECD countries at the OECD Southeast Asia Regional Forum, hosted by Thailand, in Bangkok, August 2017](image)
OECD plays a lead role in the development of international tax standards and guidelines. The OECD/G20 Base Erosion and Profit Shifting (BEPS) project, which also involves interested non-G20 countries and jurisdictions, was launched in 2013 to fix deficiencies in the current international tax system. The BEPS measures were approved by G20 Finance Ministers in October 2015 and was endorsed by the G20 leaders in November 2015.

The RPN on Tax aims to address current key issues such as enhancing and modernising tax systems by countering BEPS and increasing transparency and information exchanges for tax purposes. It also encourages the involvement of countries in the region in the development of a statistical database for policy reform, published annually through the Revenue Statistics in Asian Countries series. At the first meeting in June 2016 in Kyoto, Japan, Southeast Asian countries participated in the inclusive framework on an equal footing in the remaining standard setting, monitoring and implementation processes.

www.oecd.org/tax/transparency
www.oecd.org/tax/beps.htm
www.oecd.org/tax

In December 2016, the RPN met, in the form of a regional meeting on BEPS, took place at ADB headquarters in Manila, Philippines, hosted by ADB in co-operation with the OECD Korea Policy Centre (Tax Programme). The meeting was attended by 9 ASEAN countries, namely Brunei Darussalam, Cambodia, Indonesia, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam along with other countries in region to update the outputs of the OECD/G20 BEPS Project and discuss its implementation and monitoring, toolkits on transfer pricing and other capacity building measures. In addition, the Revenue Statistics in Asian Countries 2016 was launched at the meeting.

On 6 June 2017, Ministers and high-level officials from 76 countries and jurisdictions, including Indonesia and Singapore signed or formally expressed their intention for the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS (MLI) that will swiftly implement a series of tax treaty measures to update the existing network of bilateral tax treaties and reduce opportunities for tax avoidance by multinational enterprises.
Regional Policy Networks (RPNs)

Good Regulatory Practice

Good regulatory practice (GRP) is a cross-cutting theme for ASEAN member countries and supports the implementation of the ASEAN economic integration and regulatory coherence, as well as for individual ASEAN member countries’ structural and rule of law reforms.

“Effective, Efficient, Coherent and Responsive Regulations, and Good Regulatory Practice” has also in turn been recognised in the ASEAN Economic Community (AEC) Blueprint 2025 in achieving “a Competitive, Innovative and Dynamic ASEAN”. The Blueprint also identifies the OECD as a knowledge partner in providing capacity building to assist ASEAN member countries in regulatory reform initiatives.

The ASEAN-OECD GRP Network builds upon the longstanding partnership of the OECD with Southeast Asia on regulatory reform both regionally through APEC and ASEAN and bilaterally with individual ASEAN member countries. The GRPN is comprised of senior officials responsible for GRP initiatives in ASEAN member countries and OECD member countries.

GRPN aims to assist ASEAN member countries in building and strengthening capacity for the implementation of good regulatory practice to assure high-quality regulation and regulatory coherence. It also supports efforts to strengthen ASEAN institutional connectivity and realise an integrated AEC, working in close collaboration with ASEAN bodies and its Secretariat as well as other regional bodies, among them APEC and ERIA.

Hosted by the Philippines as ASEAN Chair in March 2017, the RPN meeting was attended by more than 80 officials from ASEAN and OECD countries. They discussed how to foster connectivity and regional competitiveness through Good Regulatory Practices. This included presentations and dialogues around regional initiatives, linking SMEs to global value chains, and good regulatory practices on starting a business.
The OECD’s work on investment policy in Southeast Asia is well established. The OECD has co-operated with the ASEAN Secretariat on Investment Policy Reviews for several countries (Viet Nam in 2009 and forthcoming 2018; Indonesia in 2010; Malaysia in 2013; Myanmar in 2014; Philippines in 2016; Lao PDR in 2017 and Cambodia (forthcoming 2018). An IPR of Thailand, under the OECD Country Programme, will start very shortly, while Indonesia and Myanmar have officially requested the OECD to conduct a second review. As part of these country-level reviews, officials from the region participate in OECD committees, such as the Investment Committee and the Advisory Group on Investment and Development, to engage in peer reviews and exchange best practices with OECD delegates.

ASEAN member countries play a critical role in strengthening OECD investment instruments, such as in the update of the Policy Framework for Investment (PFI). This process was led by a global task force, co-chaired by Myanmar along with Finland. Indonesia hosted the first global task force meeting in March 2014.

The co-operation on investment with ASEAN countries is complemented by analysis and dialogue at the regional level. Initiatives such as the Southeast Asian Investment Policy Perspectives and the 2nd ASEAN-OECD Investment Policy Conference, hosted by the ASEAN Secretariat in December 2014, testify to this effective mechanism of experience and knowledge sharing among ASEAN and OECD countries. The latter also inaugurated the first meeting of the RPN on Investment where participants discussed possible areas for collaboration and governance modalities.

The second RPN on investment met in December 2015 in Paris, during the OECD Investment Committee. The meeting focused on national investment law reform.

OECD has also been conducting a regional IPR for Southeast Asia, which provides an update on investment policy developments at a regional level. The review has been launched at the OECD Ministerial Conference in Tokyo on 8 March 2018 and has also been discussed at the third meeting of the RPNI on 7 March 2018.

Launch of the OECD IPR of Lao PDR, July 2017, Vientiane, Lao PDR.

www.oecd.org/investment
The RPN on Education and Skills aims to foster knowledge exchange in support of national growth and regional integration by encouraging a whole-of-government approach to the formation and implementation of skills policies.

The RPN builds on the platform of the OECD’s Employment and Skills Strategies in Southeast Asia (ESSSA) initiative, which has been networking skills ministries from ASEAN member countries since 2008. With the growing participation of Southeast Asian countries in the OECD’s international education surveys and reviews on vocational education and training (VET) and local job creation, the RPN can provide valuable comparative data and analysis to help national education systems in the region to develop more efficient and effective education and skills.

In October 2015, the RPN convened policy-makers and experts from the region, along with representatives of OECD countries, to discuss policies for “Better Connecting the Skills System to the World of Work”. Organised in Siem Reap, Cambodia, in collaboration with the Kingdom of Cambodia’s Ministry of Labour and Vocational Training and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the meeting touched on key themes, including building the evidence base on educational attainment and skills in the region; strengthening the quality and relevance of TVET and the role of work-based learning; identifying best practices for engaging the private sector and easing the transition of youth from school to work; and making TVET more inclusive to disadvantaged groups.

The 2017 RPN took place in Hanoi, Viet Nam in October 2017 and focused on “Building Talent for the Next Production Revolution.” The Ministry of Labour Invalids, and Social Affairs (MOLISA) of Viet Nam hosted the meeting. The 2018 RPN meeting will take place in Lao PDR. The OECD will continue its partnership with GIZ and the ADB to organise this event.

Delegates of the 2017 RPN on Education and Skills meeting in Viet Nam.
REGIONAL POLICY NETWORKS (RPNs)

Small & Medium-Sized Enterprises (SMEs)

Since 2013, the OECD has supported the ASEAN Co-ordinating Committee for MSMEs (ACCMSME) through the OECD-ASEAN Regional SME Policy Network, meeting twice annually to support ASEAN co-operation in this field. On this basis, and with the financial support of Canada, the OECD will launch the **OECD Project for ASEAN SMEs (COPAS)** in 2016, providing assistance in a number of areas.

A partnership between the OECD, the ASEAN Secretariat and the Economic Research Institute for ASEAN and East Asia (ERIA) launched the **OECD-ERIA ASEAN SME Policy Index 2014: Towards Competitive and Innovative ASEAN SMEs** at the 2014 OECD Southeast Asia Regional Forum in Bali, Indonesia. The report measures convergence towards the policy guidelines of the ASEAN Strategic Plan for SME Development (2010-2015) and illustrates a substantial disparity in SME policy and institutional performance between CLMV (Cambodia, Lao PDR, Myanmar and Viet Nam) and the more developed ASEAN-6 countries. An updated Index, structured around the new strategic goals of the ASEAN Co-ordinating Committee for MSMEs, will be published in 2018.

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[oecd.org/cfe/smes](oecd.org/cfe/smes)
[oecd.org/global-relations/sea-programme-sme-events.htm](oecd.org/global-relations/sea-programme-sme-events.htm)
The ASEAN Principles for PPP Frameworks, developed by the OECD, was supported by the 46th ASEAN Ministerial Meeting on Connectivity in Myanmar in August 2014. The RPN meeting for PPPs and Connectivity was be held in Jakarta, Indonesia in March 2015. With support from the UK, the Secretariat co-operated with Thailand, Indonesia and Viet Nam on organising workshops on Value for Money in the respective capitals between 2015-2016. The 2016 RPN meeting was held in Bangkok, Thailand. It brought together OECD and Southeast Asian countries to share experiences and knowledge on the effective use of PPPs in infrastructure procurement.

The most recent RPN meeting was held in October 2017 in Manila Philippines. The meeting discussed how to get the most out of infrastructure investments to provide sustainable infrastructure systems that serve as the backbones of inclusive growth and equal opportunity and access to essential services for citizens and firms.
PROGRAMME INITIATIVES

Trade Initiative

The Trade Initiative aims to foster closer dialogue on trade issues between ASEAN and OECD member countries, based on greater understanding of the relevance of the OECD’s work on trade and identification of areas of mutual interest. The Initiative also aims to build confidence and promote the gradual integration of Southeast Asian countries into relevant areas of OECD trade work.

Over the past few decades, trade has played a central role in supporting growth and development in Southeast Asia. ASEAN – under the ASEAN Economic Community (AEC) Blueprint 2025 - has promoted trade and investment liberalisation and supported connectivity in the region. This has facilitated members’ participation in global value chains (GVCs) in which production, trade and investment are increasingly organised.

Much of the OECD Trade Committee’s work in SEA is highly relevant to efforts in the region to improve market connectivity and economic integration. This is particularly the case in relation to on-going work on trade facilitation, services trade and factors that shape effective participation in GVCs and digital trade. The OECD is pursuing strategic opportunities to strengthen dialogue and relationships with ASEAN countries and is working effectively in partnership with regional organisations including APEC, ERIA and ESCAP.

Examples of recent activities include:

• **Workshop on OECD Trade Facilitation Indicators (ASEAN)** (Cambodia, May 2015)

• **APEC Dialogue with the OECD on Services SMEs in the Digital Economy: Opportunities and Policy Constraints** (Philippines, August 2015)

• **OECD-ERIA seminar on Making GVCs work for ASEAN** (Viet Nam, June 2016)
The Innovation Initiative serves as a platform to discuss and exchange experiences among Southeast Asian and OECD countries on policies for innovation, including the now burgeoning digital transformation. There is much scope for mutual learning and peer dialogue, as well as the sharing of best practices. The OECD’s experience in innovation policy, productivity analysis, and digital economy policy, as well as its breadth of statistical evidence, makes it well-placed to support the forging of coherent and comprehensive policy approaches that enable SEA economies to maximise the benefits of an increasingly digital and innovation-driven global economy.

Much of the work of the OECD’s Committee for Scientific and Technological Policy and Committee on Digital Economy Policy is highly relevant to the SEA region, and the Initiative is further informed by the inclusion of several Southeast Asian countries in the biennial OECD Science, Technology and Industry Outlook and databases such as OECD-WTO Trade in Value Added (TiVA), in addition to the ongoing development of an OECD Broadband Policy Toolkit for Southeast Asia.

A number of Southeast Asia countries also participated in the Ministerial Meeting of the OECD Committee for Scientific and Technological Policy, held in Daejeon, Korea in October 2015, and signed the OECD Daejeon Declaration on Science, Technology and Innovation Policies for the Global and Digital Age. This marks an important step in engagement, and will be further enhanced by Southeast Asian participation in the OECD Ministerial-level Meeting of the Committee on Digital Economy Policy, held in June 2016 in Cancún, Mexico.

At the latest OECD Southeast Asia Regional Forum in August 2017 in Bangkok, Thailand, Southeast Asian and OECD countries discussed the opportunities and challenges of digitalisation in Southeast Asia as the issue becomes crucial for policy makers in the region.

www.oecd.org/inno
The OECD aims to promote gender equality in the global economy, including through gender-sensitive analysis and economic policy-making, to enable all women to realise their potential as drivers of innovation, job creation, and economic growth, to ensure equal access to economic opportunities, and to level the playing field for women-led businesses. The OECD works on gender issues in the areas of education, employment, and entrepreneurship, as well as in cross-cutting areas such as women’s participation in public life, and the underlying social, institutional and governance environment.

**www.oecd.org/gender/equality**

Through the Southeast Asia Regional Programme, the OECD is developing the Gender initiative to better understand the needs and existing work in the region, to help make choices about areas of comparative advantage, and to build partnerships over time and “look ahead” to future needs and opportunities. As part of this process, the OECD has and will continue to consult with regional groupings including ASEAN fora, Ministries in partner countries, and with specialist agencies such as UN Women and UNESCAP.

The first meeting of the Southeast Asia Gender Initiative, held on 24 March 2015 in Jakarta, Indonesia, aims to bring together policy makers, business representatives and selected specialist organisations to discuss issues of gender in business and gender in policy-making, and to hear the preliminary results of new OECD research on social institutions and gender (SIGI). A proposed way forward was also presented to the Steering Group of the SEARP in March 2015.

Launched in 2017, “Strengthening Women’s Entrepreneurship in ASEAN” OECD report provides a comprehensive and up-to-date analysis of women’s participation in the labour market in Southeast Asia, with a focus on entrepreneurship. Developed in partnership with ASEAN, the Report offers an in-depth analysis of the status of women’s entrepreneurship as well as the related policy and programme landscape in all 10 ASEAN member states, and proposes measures to advance the role of women as entrepreneurs and business owners in the region.
The Economic Outlook for Southeast Asia, China and India is the result of policy dialogue and consultations through Consultation Group Meetings in Paris. Initially discussed as a follow-up of the OECD Council Meeting at Ministerial Level in 2007, the Regional Economic Outlook was accepted by ministers and senior officials from ASEAN countries at the occasion of the OECD-Southeast Asia Regional Forum in Bangkok, Thailand in 2009, and was officially launched in 2010. The Outlook was officially included in OECD Southeast Asia Regional Programme (SEARP) at the 2015 MCM with the role of providing a horizontal view of activities, identifying emerging trends in the region and providing a backbone for the different streams of the Programme.

The Outlook is prepared by the Asia Desk of the OECD Development Centre, in collaboration with several regional organisations, such as UNESCAP and ADB (Asian Development Bank), and benefits from discussions with the ASEAN Secretariat. Each edition of the Outlook is composed of an overview of macroeconomic issues, structural policy country notes and special thematic chapters.

The medium-term (five-year) economic outlook and macroeconomic challenges provide an economic forecast for Southeast Asia, China and India. The thematic focus allows for more in-depth analysis on an issue of importance to the Emerging Asian economies. The 2018 edition of the Outlook focuses on the digitalisation and digital economy. The previous editions include:

2017: Addressing Energy Challenges
2016: Enhancing Regional Ties
2015: Strengthening Institutional Capacity
2014: Beyond the Middle-Income Trap

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For more information on the work of the OECD in Southeast Asia

Active with: Southeast Asia

Active with: Indonesia

www.oecd.org/southeast-asia
The Organisation for Economic Co-operation and Development (OECD)

The mission of the OECD is to promote policies that will improve the economic and social well-being of people around the world.

The OECD provides a unique forum in which governments can work together to share experiences and seek solutions to common problems. It works with governments to understand what drives economic, social and environmental change. The OECD produces high-quality, internationally comparable data and indicators, and develops key statistics used to understand the economy.

March 2018