

ASEAN: THE REGION AND SUBREGIONS

DR. LUXMON ATTAPICH

**SENIOR COUNTRY ECONOMIST
ASIAN DEVELOPMENT BANK**

ASEAN MEMBERS



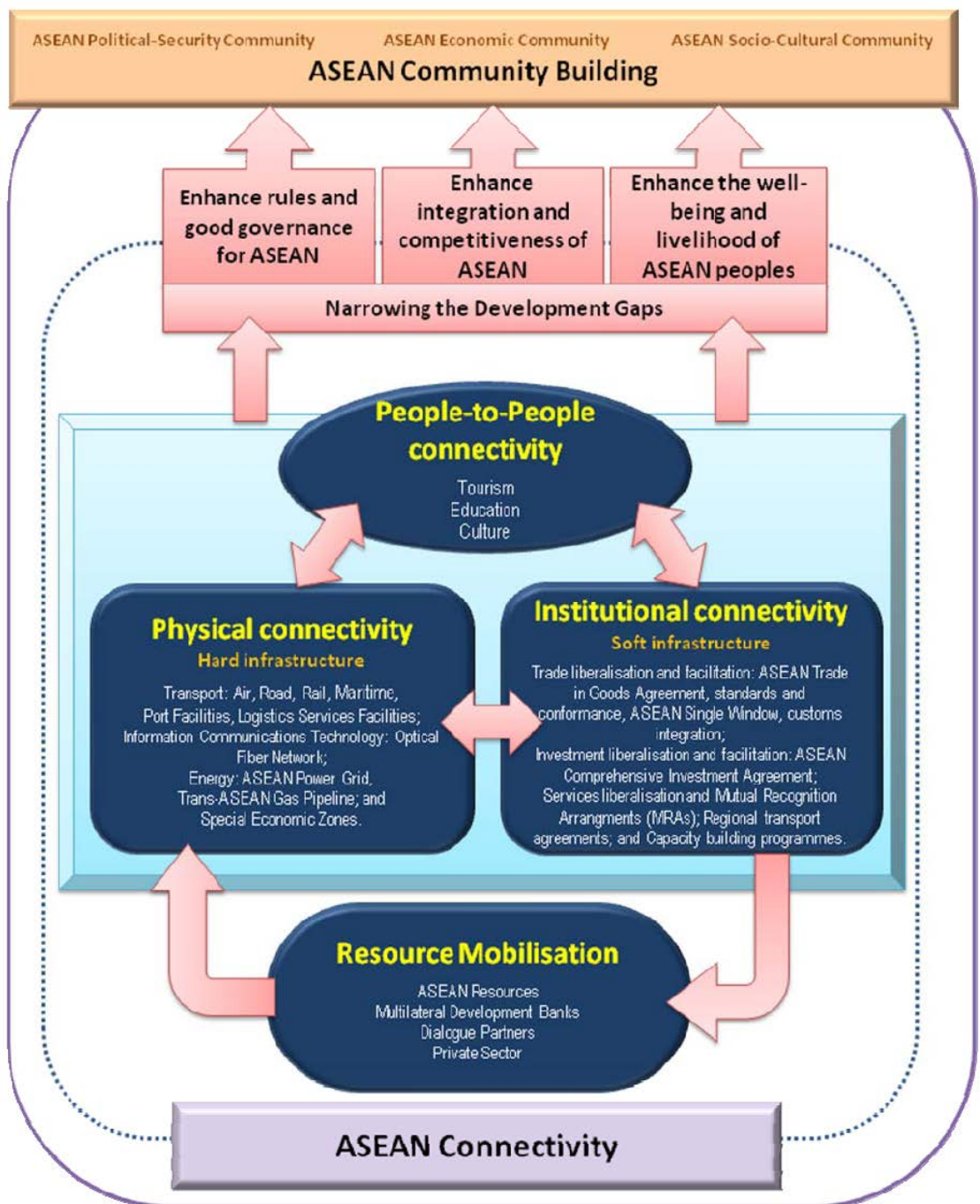
ASEAN ECONOMIC COMMUNITY: AEC

- ASEAN as a single market and production base
- Competitive Economic Region
- Equitable Economic Development
- Integration into the Global Economy

SINGLE MARKET AND PRODUCTION BASE

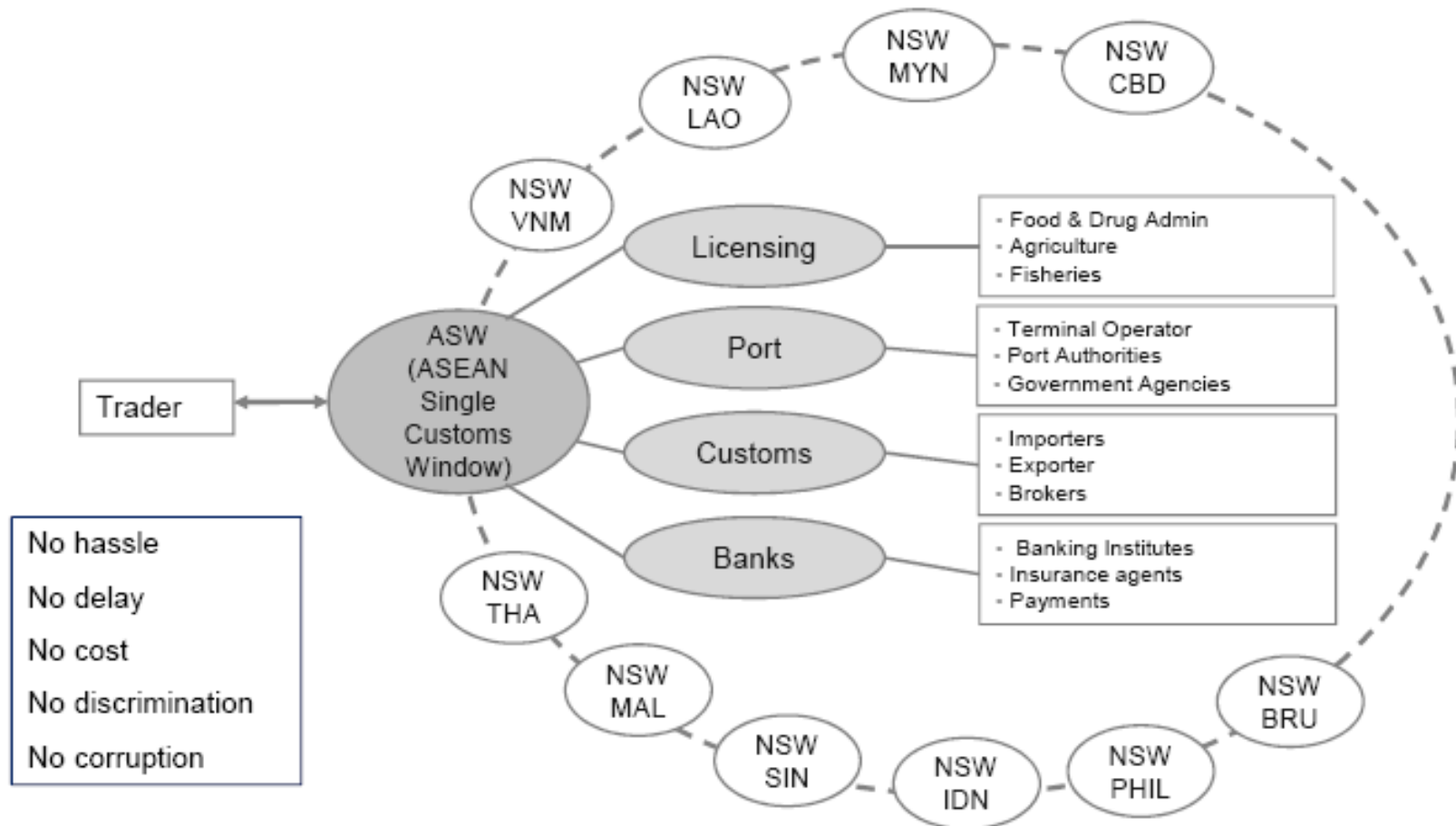
- Free flow of goods
- Free flow of services
- Free flow of investment
- Freer flow of capital

ASEAN Connectivity



NSW (National Single Window) and ASW (ASEAN Single Customs Window)

A businessman's dream



Technical and bureaucratic hurdles slowed down the implementation of ASW, but Politics are also involved

ASEAN's Strengths & Weaknesses

Main Strengths

- ✓ Good macroeconomic fundamentals
- ✓ Abundant natural resources
- ✓ Young, growing population and expanding middle class
- ✓ Strong FDI record and regional production networks

Main Weaknesses

- ✓ Huge development gaps within & across countries
- ✓ Pronounced disparity in governance and rule of law
- ✓ Low education attainments and large unskilled workforce
- ✓ Risk of falling into the middle income trap

ASEAN's Opportunities & Threats

Main Opportunities

- ✓ Central, strategic location in expanding Asia with huge market potential
- ✓ Deep manufacturing and technology links with Northeast Asian economies
- ✓ Strong financial cooperation initiatives to build on
- ✓ Potential to develop regional hubs in various new areas

Main Threats

- ✓ Incomplete achievement of the AEC by 2015
- ✓ Vulnerability to external economic shocks due to still high trade dependence on US & EU markets
- ✓ Unresolved territorial disputes
- ✓ Inability to collectively manage climate change, energy security, disaster management

ASEAN 2030 Challenges by Country

	Primary Challenges			Secondary Challenges		
Singapore	Overcome Land and Demographic Constraints	Achieve Productivity-Driven Growth through Skills Development and Innovation	Improve the Investment and Business Climate	Identify (continuously) New Drivers of Growth	Manage Dependence on Foreign Workers	Ensure Socially Inclusive and Environmentally Sustainable Growth
Brunei Dar.	Promote Economic Diversification	Improve the Investment and Business Climate	Foster Human Capital, especially by Improving Entrepreneurial Skills	Protect the Environment	Promote Financial Deepening	Improve Social and Economic Attainment Beyond GDP Growth
Malaysia	Attract Private Investment to Promote Economic Growth	Foster Human Development	Cultivate Technology and Innovation Capabilities	Raise the Value-Added In Domestic and Export Products	Narrow Development Gap and Inequalities	Ensure Prudent Macroeconomic and Environmental Management
Thailand	Foster Human Capital	Narrow Development Gap and Foster Social Cohesion	Rebalance the Production Structure	Improve Economic Management and Governance Systems	Reform the Tax System	Ensure Energy Security
Indonesia	Strengthen Macroeconomic Management and Reform its System	Develop Economic Infrastructure	Manage Natural Resources and Ensure Food and Energy Security	Narrow the Development Gap and Inequalities	Ensure Government Efficiency	Protect the Environment and Mitigate Natural Disasters

ASEAN 2030 Challenges by Country

	Primary Challenges			Secondary Challenges		
Philippines	Increase Investment and Enable Conditions to Promote Entrepreneurship	Develop Economic Infrastructure	Strengthen Institutions and Governance Systems	Improve Capacity to Address Market Failures Leading to Small and Narrow Industrial Base	Improve Access to Development Opportunities (Education, Health, Productive Assets)	Relieve the Tight Fiscal Situation
Viet Nam	Strengthen Institutions and Governance Systems	Develop Economic Infrastructure	Foster Human Capital	Manage the Trend Towards Urbanization	Protect the Environment	Develop a Sustainable Social Safety Nets' System
Lao PDR	Diversify Sources of Growth Beyond Natural Resource Sectors	Foster Human Capital	Ensure Environmental Sustainability	Develop Economic Infrastructure	Increase Competitiveness and Labor productivity	Develop a Sustainable Social Safety Nets' System
Cambodia	Foster Human Capital	Diversify the Economy and Develop the Agricultural Sector	Reduce Poverty	Manage Natural Resources	Strengthen Institutions and Governance Systems	Improve Regional Integration and Connectivity
Myanmar	Strengthen Macroeconomic Management and Reform its System	Diversify the Economy and Develop the Agricultural Sector	Foster Human Capital	Diversify the Economy and Build an Industrial Base	Develop Economic Infrastructure	Strengthen Institutions and Governance Systems

Thank you