



Cooperating with Neighbours - Regional Integration in Southeast Asia

**Kiichiro Fukasaku
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?**



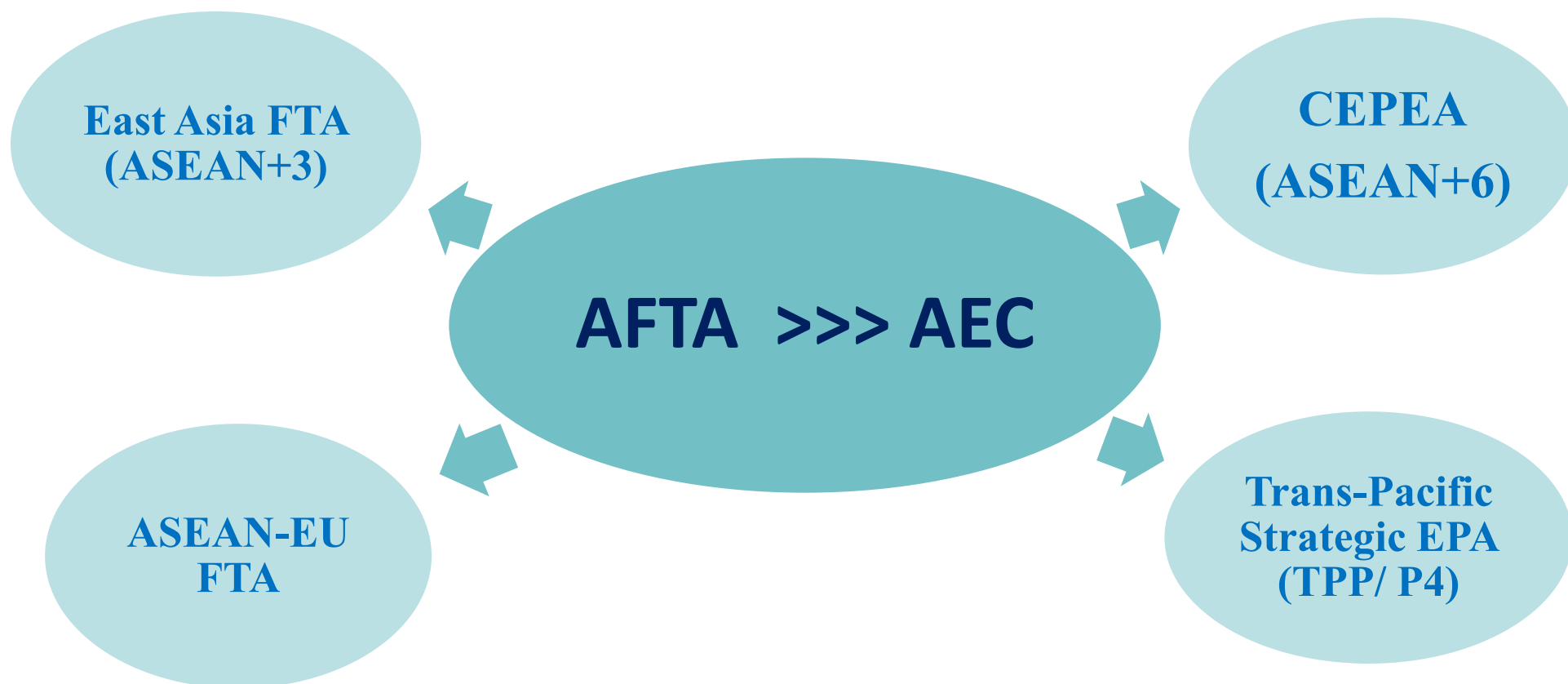
Key Messages

- **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

**1992 ASEAN
Free Trade
Area (AFTA)**

**1995 ASEAN
Framework
Agreement on
Services (AFAS)**

**1997 ASEAN
Vision 2020**

**1998 ASEAN
Investment
Area (AIA)**

**2001 Initiative
for ASEAN
Integration
(IAI)**

**2003 Bali
Concord II**

**2004
Vientiane
Action Plan
(VAP)**

**2006 AEC
brought to
2015**

**2007 APSC &
ASCC brought
to 2015**

**2008
ASEAN
Charter**

**2009 Roadmap for
an ASEAN
Community
(2009-2015)**

**2010 Viet
Nam's
ASEAN
Presidency**

2015



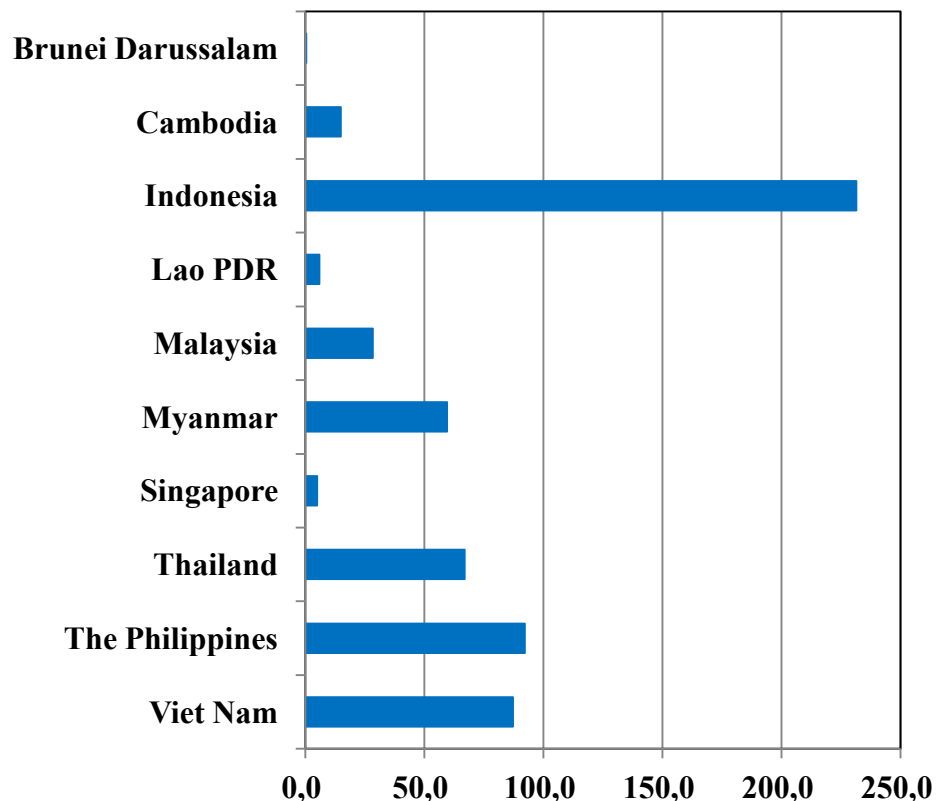
ASEAN Economic Community

- **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**

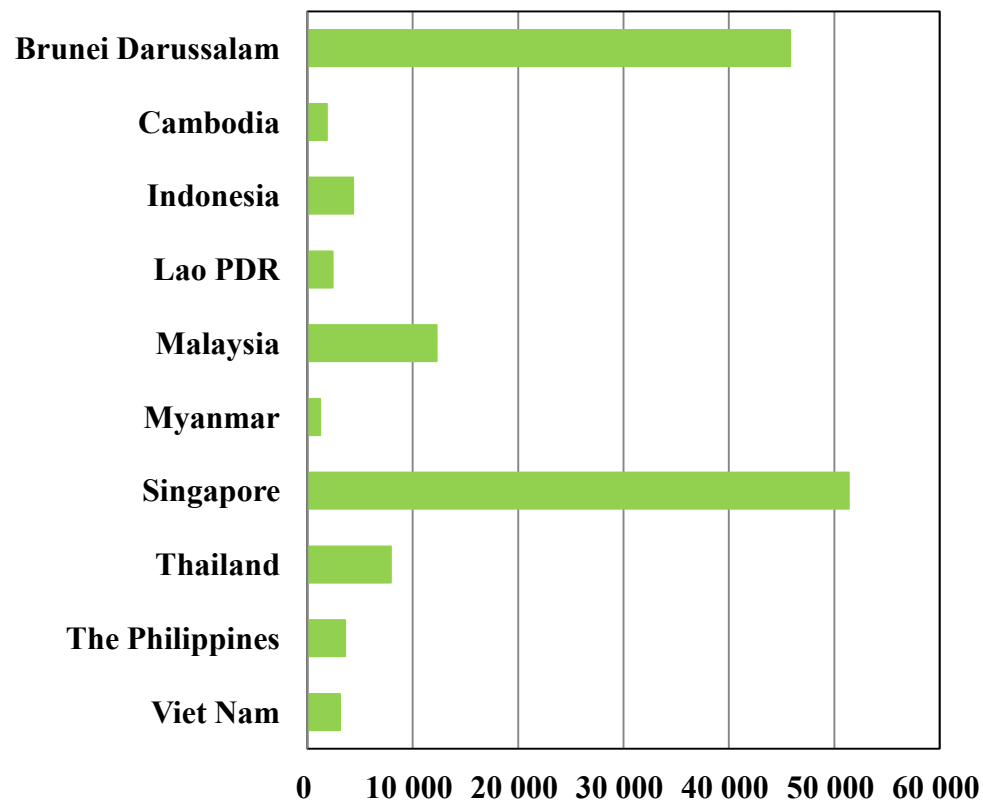


Turning the Region's Diversity into Opportunities

Population in 2009 (p)
(Million)



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

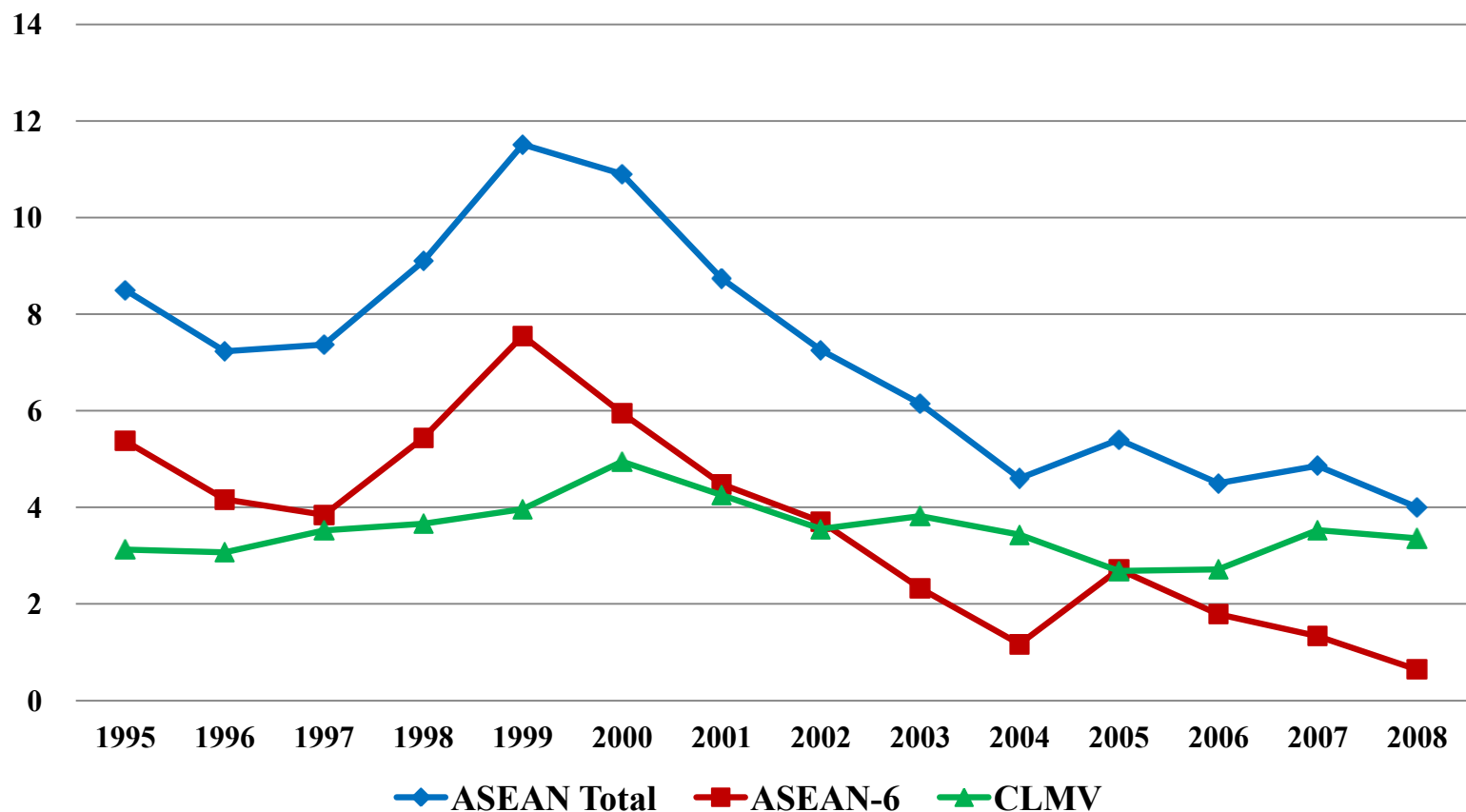


Sources: ASEAN Secretariat; IMF; (p) Preliminary; (e) Estimates



Net Aid Disbursement to ASEAN

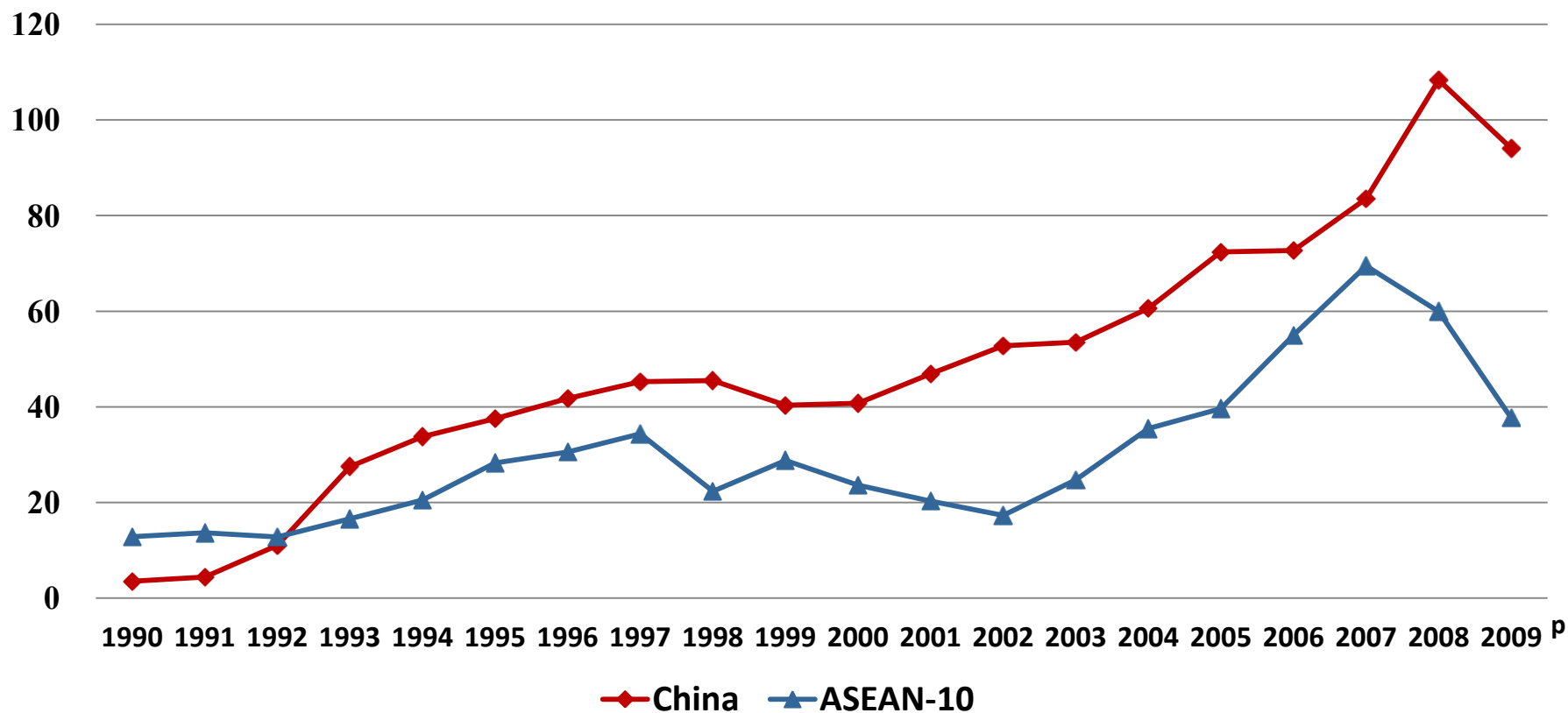
(Percentage of All Developing Countries)



Source: OECD

FDI Inflows to ASEAN and China

(USD Billion)



P : Preliminary estimates based on UNCTAD FDI Database and national statistics

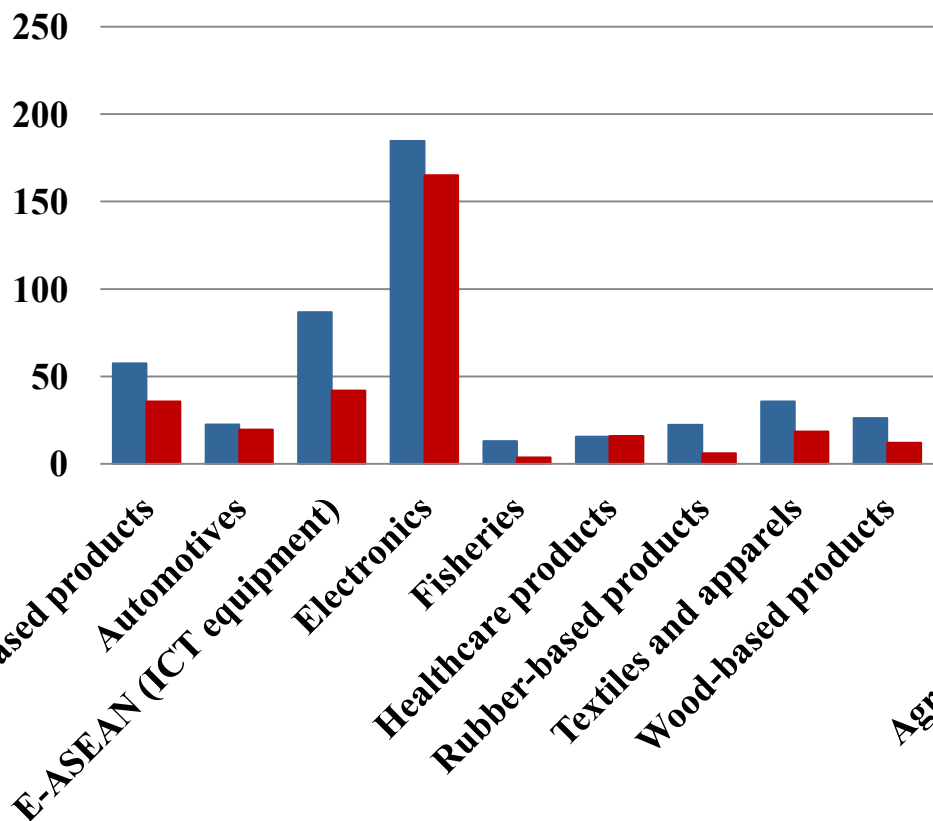
Source: UNCTAD; CEIC; OECD Development Centre



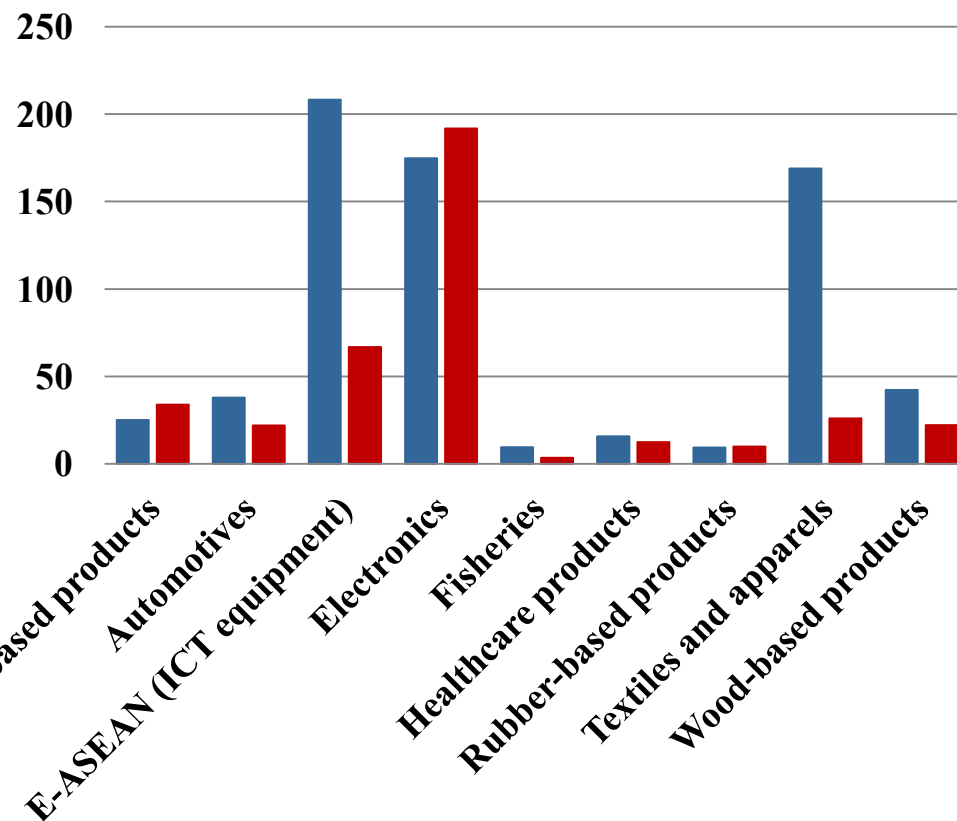
Trade in ASEAN Priority Sectors

(USD Billion, 2006-2008 Average)

6 ASEAN Economies*



China



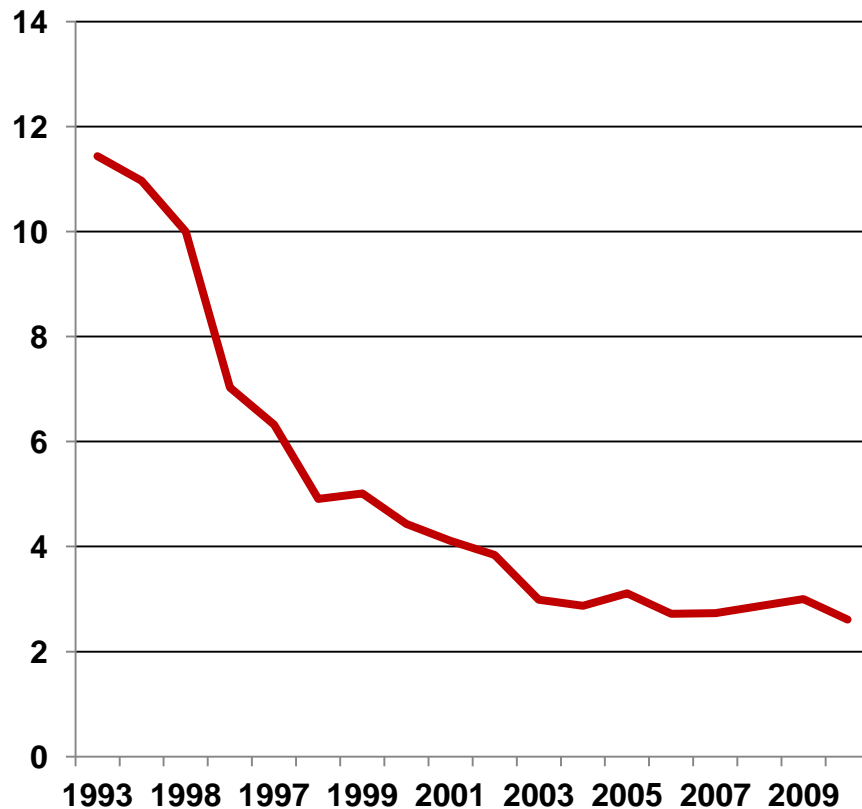
* IN, MY, PH, SG, TH (2006-8 av.)
VN (2006-7 av.)

EX (blue) IM (red)

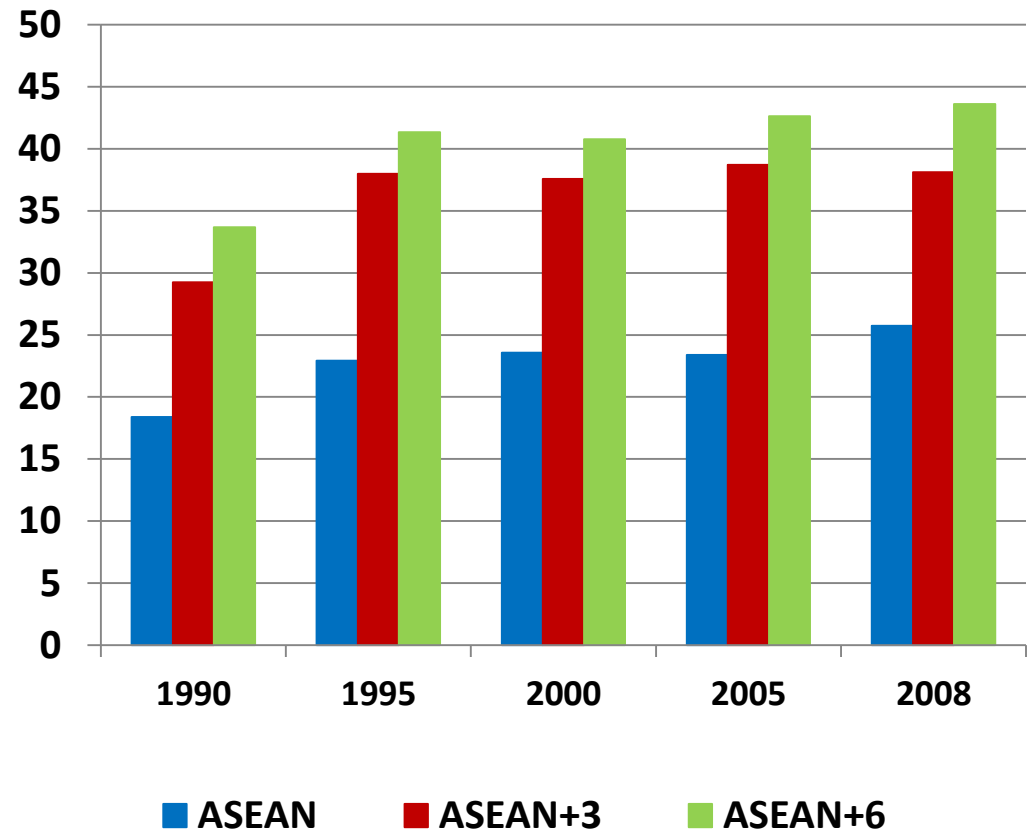
Source: UN Comtrade; OECD/DEV

Closer Integration in ASEAN and East Asia

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



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

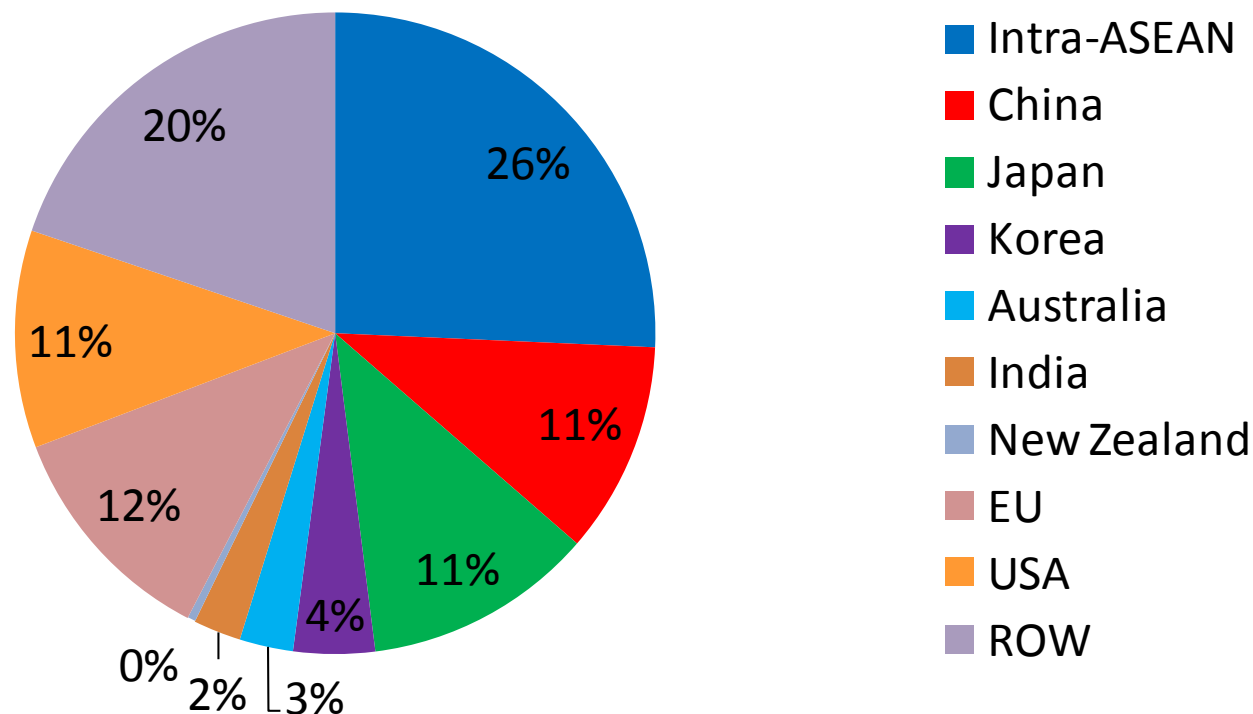


Source: ASEAN Secretariat; IMF/DOT



ASEAN Trade with Selected Partner Countries

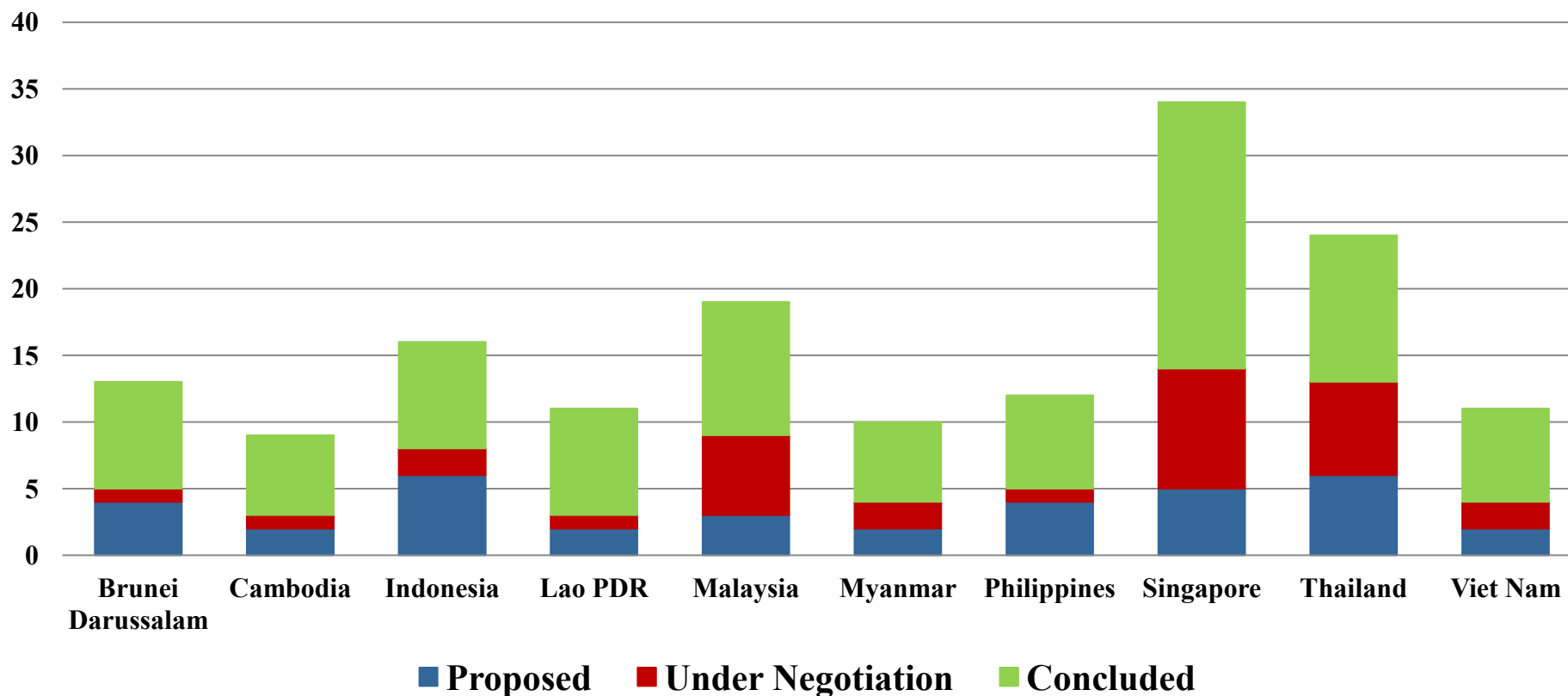
(2006-2008 average, % share of total)





Improved Market Access through FTAs

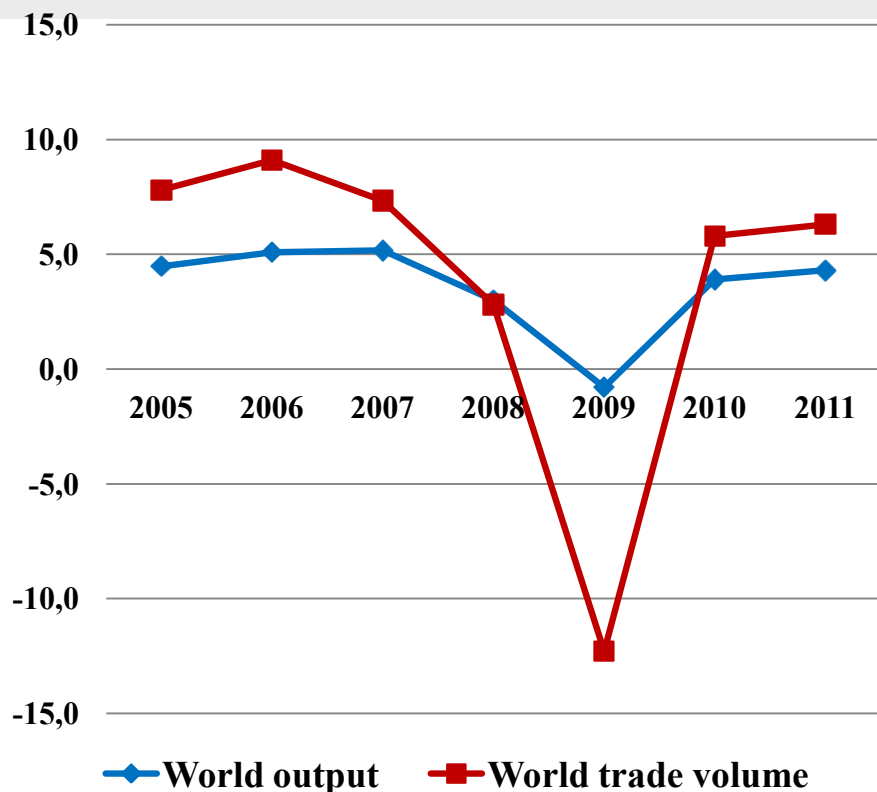
(No of agreements, as of January 2010)



Source: ADB/ARIC database

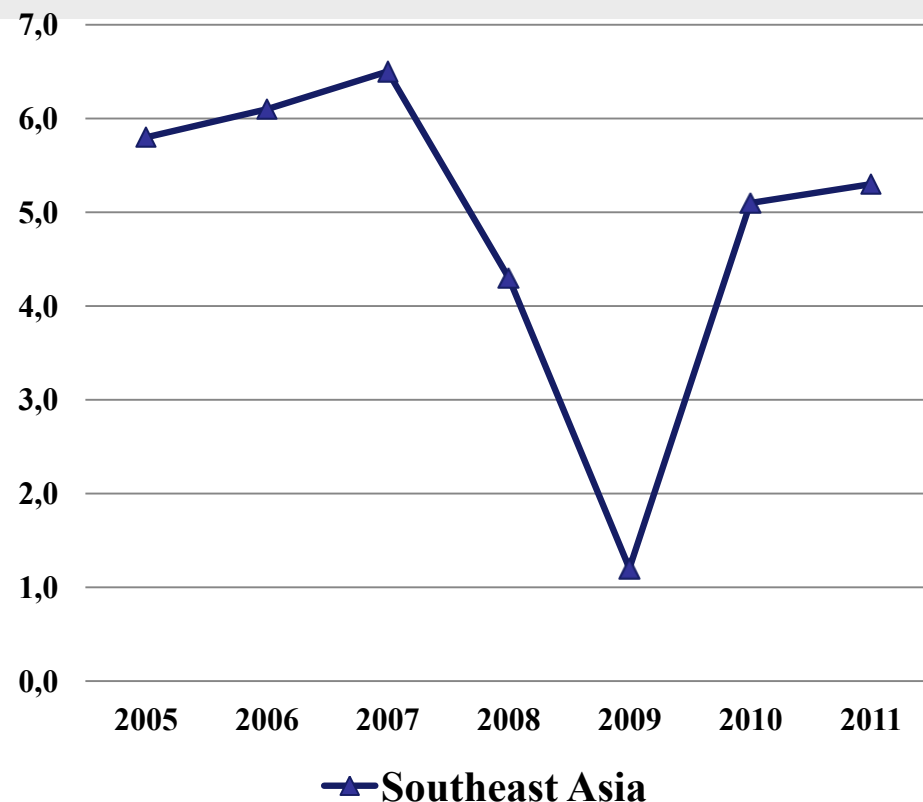


The crisis hit Southeast Asia hard through trade links



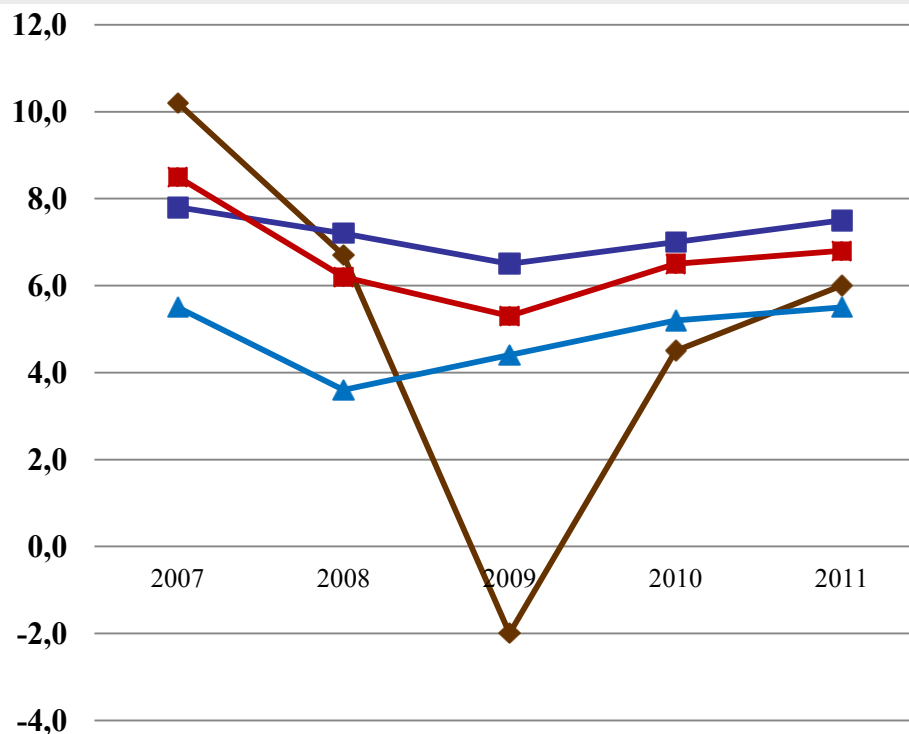
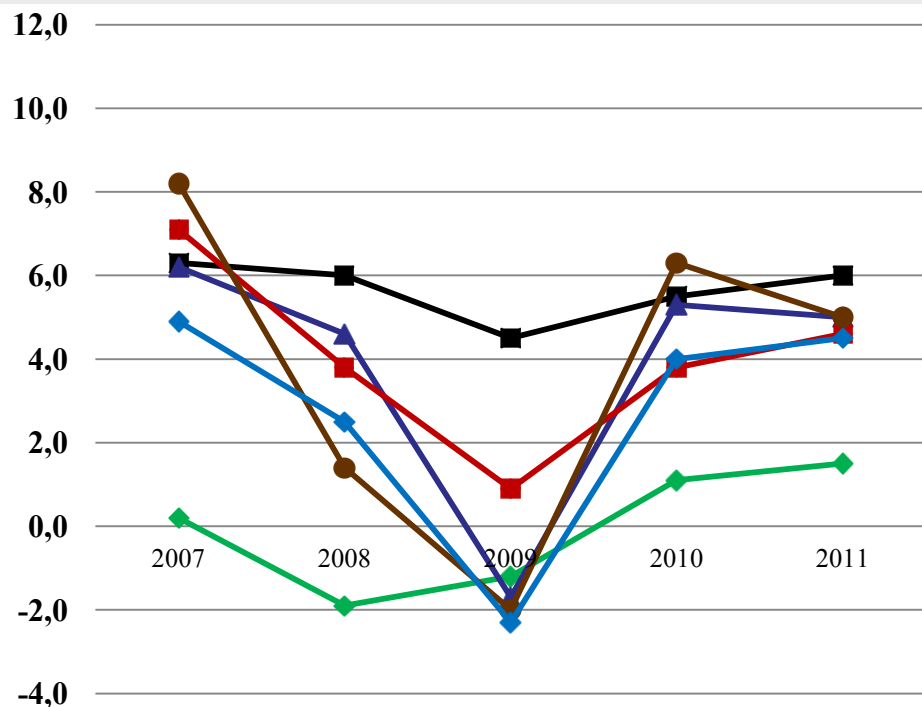
Note: Annual percentage change in world real GDP and world trade volume in goods and services

Source: IMF



Note: Annual percentage change in real GDP
Source: ADB

Growth rates differ across countries



- ◆ Brunei Darussalam
- ▲ Malaysia
- Singapore
- Indonesia
- Philippines
- ◆ Thailand

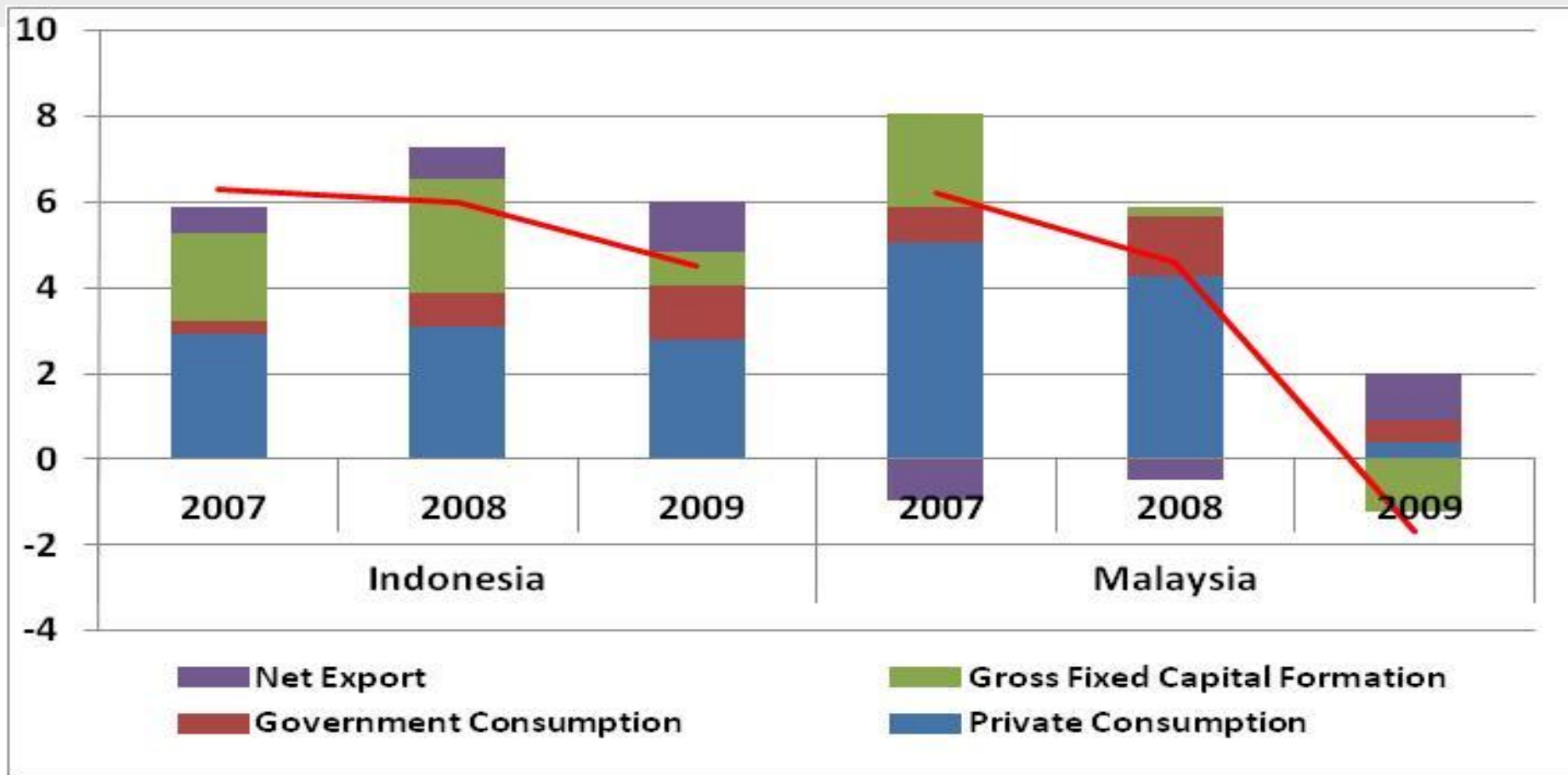
- ◆ Cambodia
- ▲ Myanmar
- Lao PDR
- Vietnam

Source: ADB



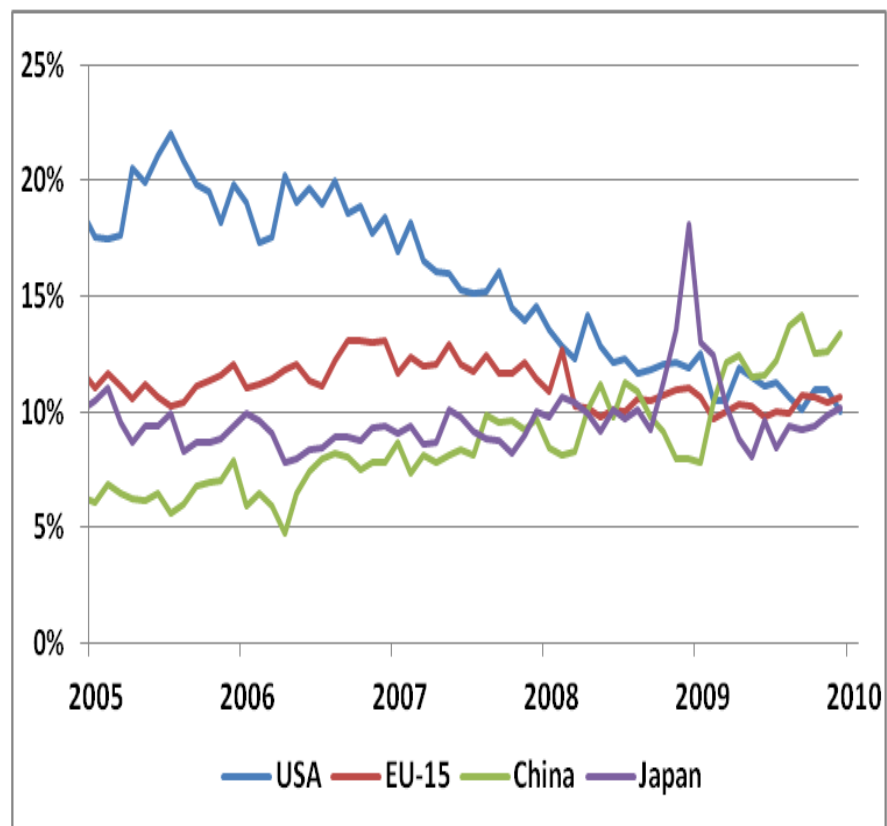
Contributions to Real GDP Growth

(Change relative to the previous year, %)

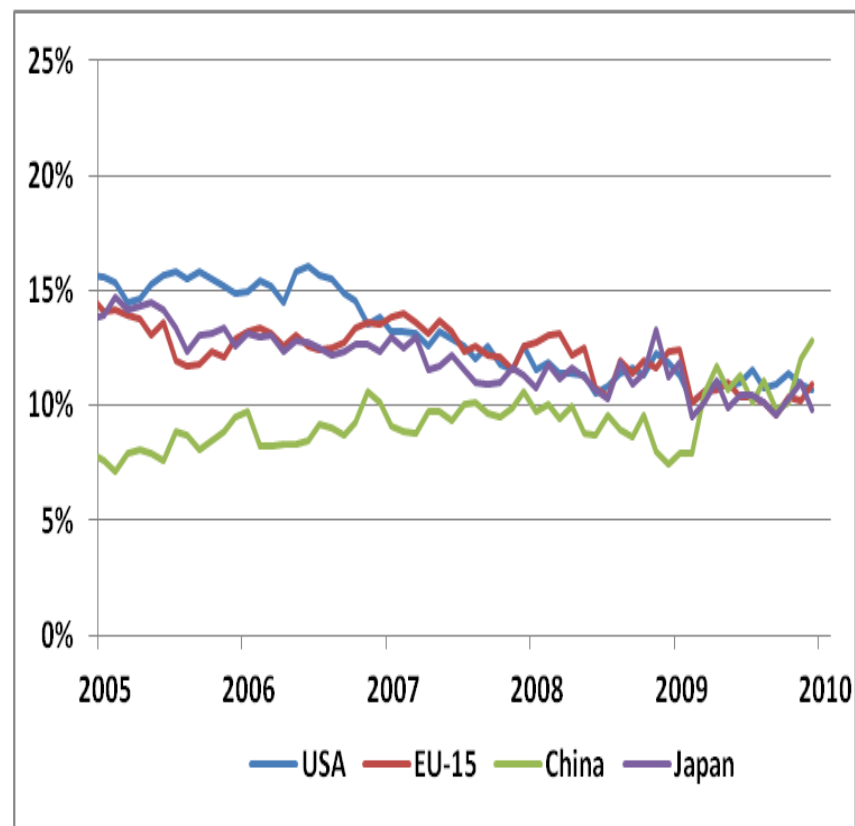


Share of Major Trading Partners Relative to Total Export

Malaysia



Thailand



Source: CEIC



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**

Making Best Use of DEV Regional Networks and Expertise for the SEA Region

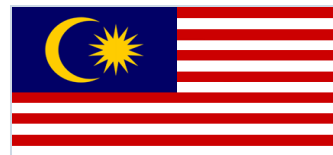
- The Development Centre's Governing Board consists of 39 countries of which 16 countries are non-OECD Members, including three Southeast Asian countries:
 - Thailand (joined in 2005), Vietnam (2008) and Indonesia (2009)



- Partnership with ASEAN Secretariat:



- Closer cooperation:





Southeast Asian Economic Outlook: A Tool for Policy Dialogue

Thank you!

Contact: dev.asia@oecd.org



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)



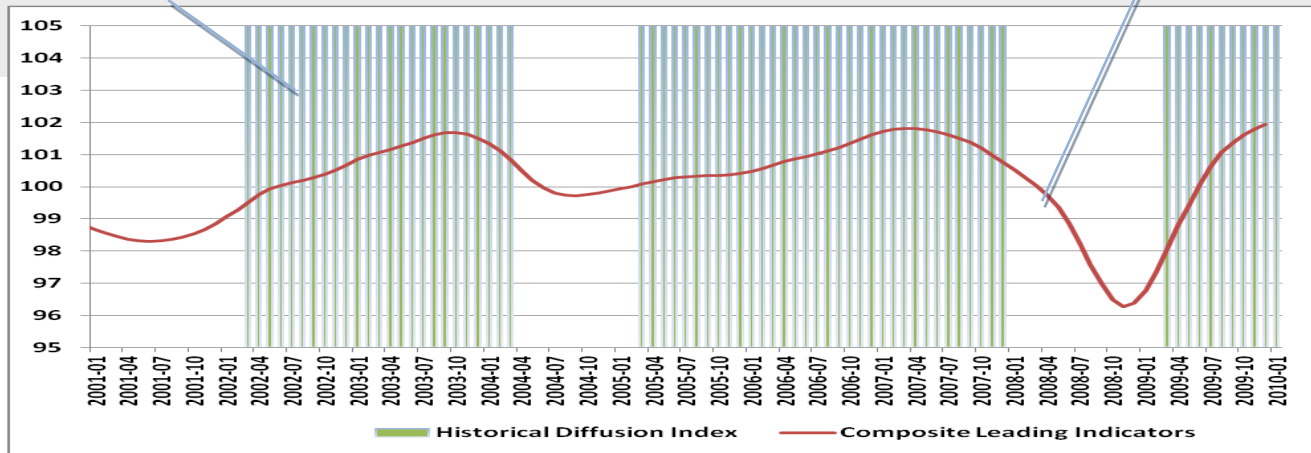


OECD Asian Business Cycle Indicators

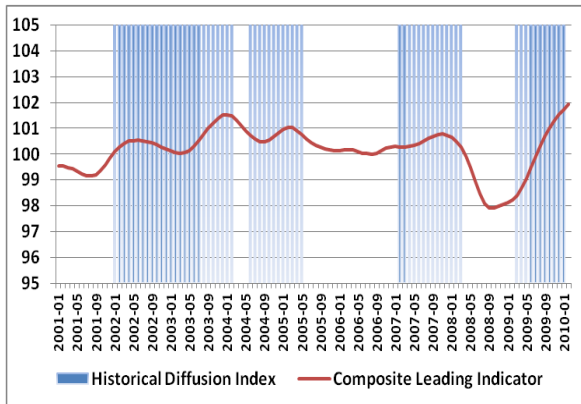
Historical Diffusion Index

China

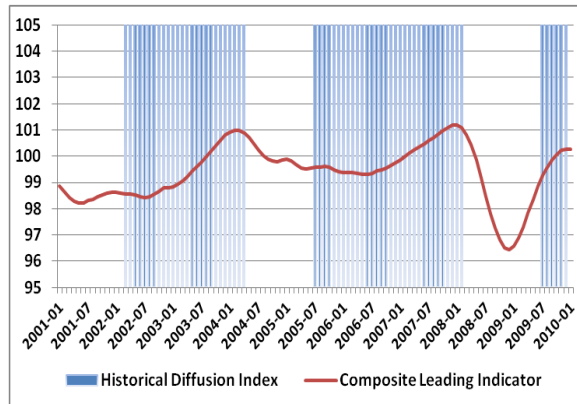
Composite Leading Indicator



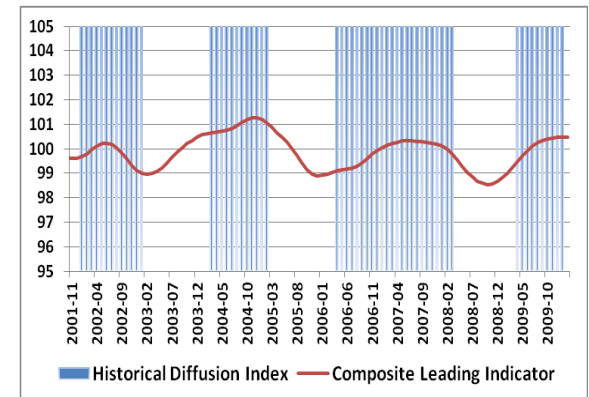
Thailand



Malaysia



Indonesia

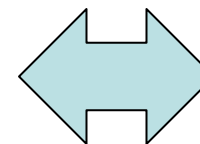


Source: OECD



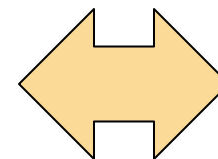
SAEO 2010

- Regional Integration Landscape
- Macroeconomic Synchronisation
- Medium-term Growth Scenarios



**Part I:
Regional
Economic
Monitor**

- Transport Infrastructure and Regional Integration



**Part II:
Thematic
Focus**



SAEO: Regional Integration Landscape

ASEAN

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

OECD

- 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