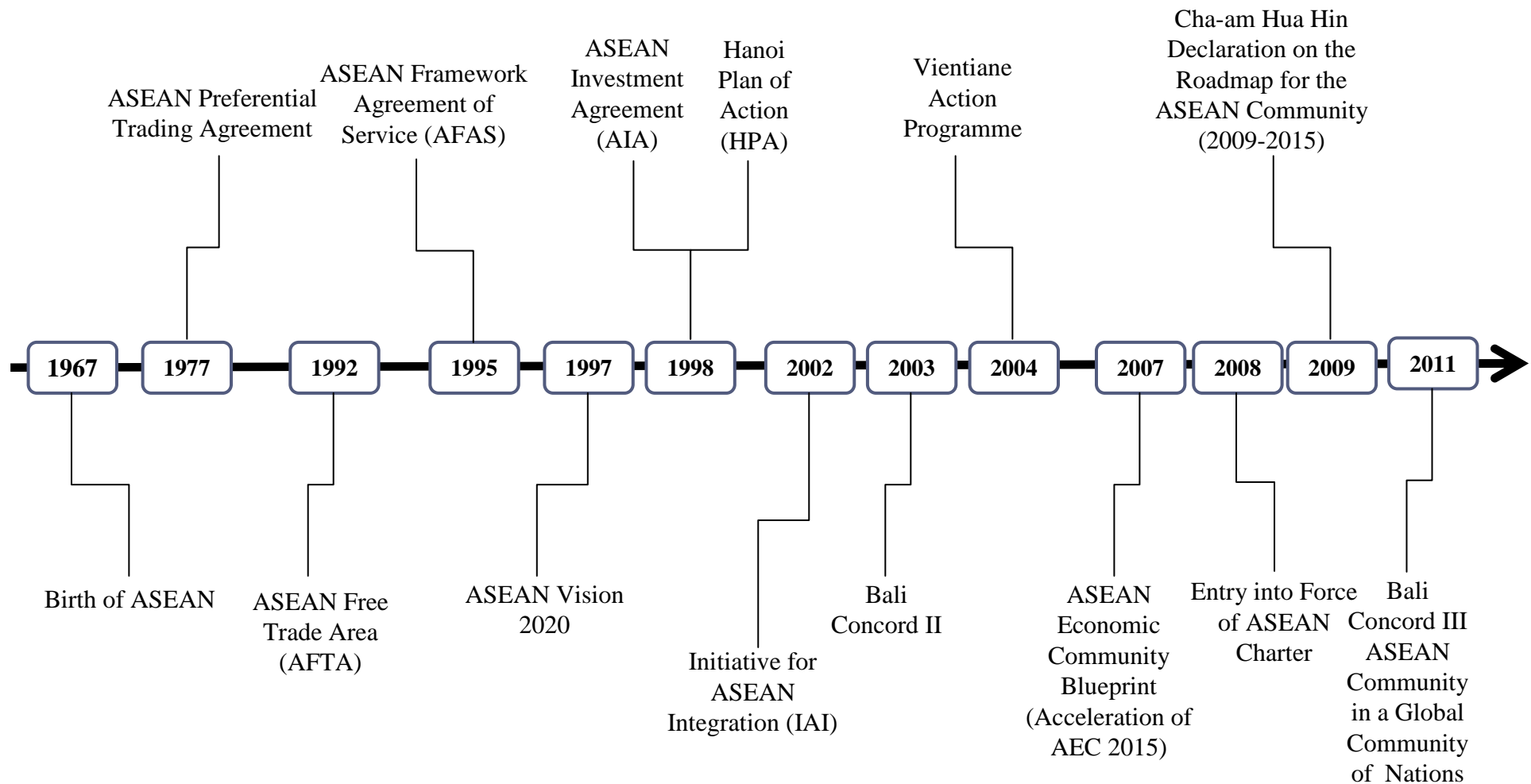


Beyond the ASEAN Economic Community: Challenges towards 2030

Asian and European Economic Integration in the new context of development challenges-
Colloque CERI, Paris 1 December 2011

JEAN-PIERRE A. VERBIEST, PRINCIPAL CONSULTANT, ASEAN 2030 STUDY, ADBI

A Historical Account Towards ASEAN Economic Community (AEC)

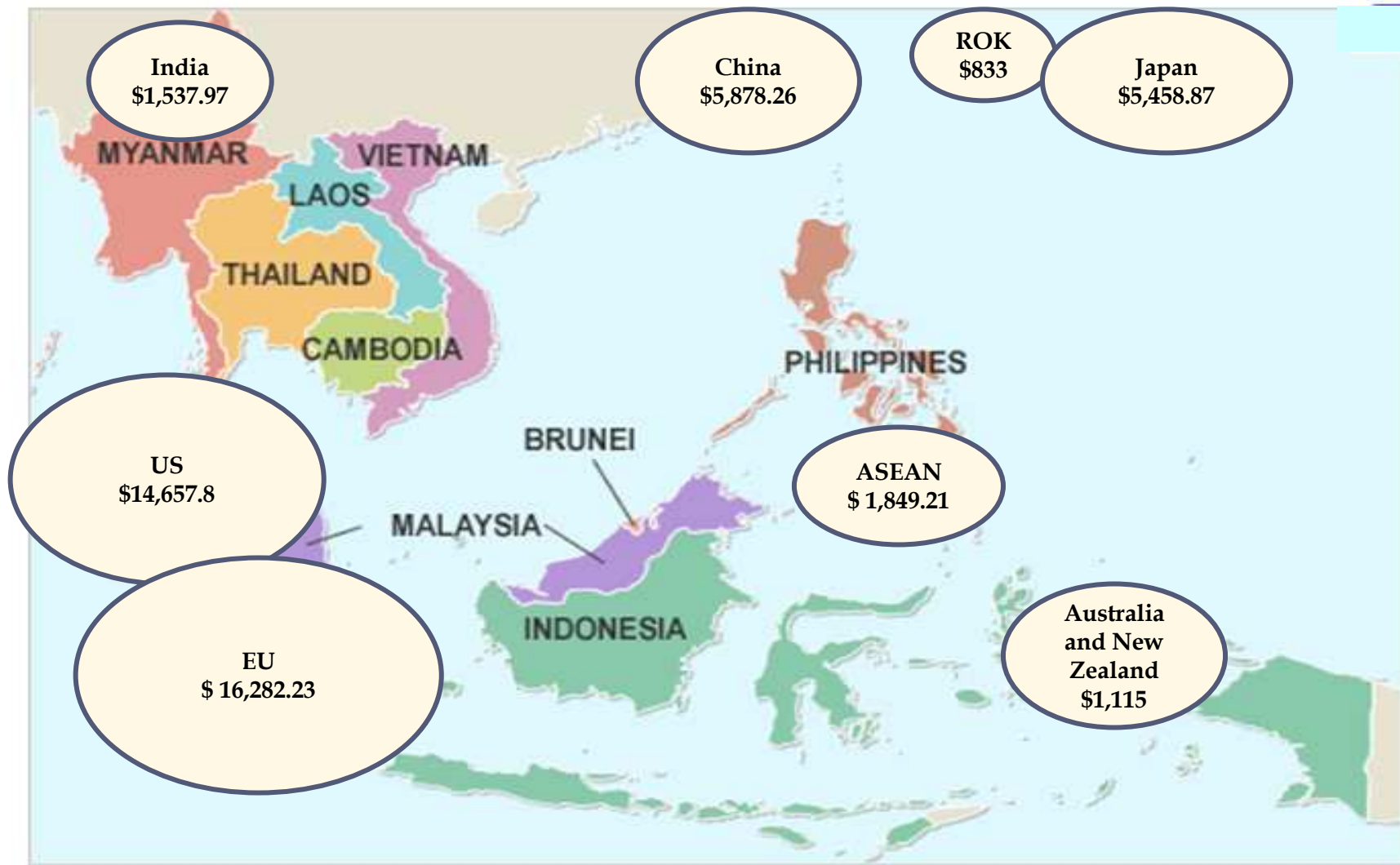


ASEAN at a Glance: 2003 and 2010

| Indicators | Unit | 2003 | 2010 |
|---|-----------------|-----------|-----------|
| Total land area | km ² | 4,435,670 | 4,435,830 |
| Total population | Million | 542.0 | 596.66 |
| Gross domestic product at current prices | US\$ billion | 722.0 | 1,849.21 |
| GDP Growth | Percent | 5.5 | 5.37 |
| Gross domestic product per capita at current prices | US\$ | 1,332 | 3,107.3 |
| International merchandise trade | US\$ billion | 824.5 | 1,536.8 |
| - Export | US\$ billion | 452.5 | 810.5 |
| - Import | US\$ billion | 372.0 | 726.4 |
| Export of services | US\$ billion | 78.7 | ... |
| Foreign direct investments inflow | US\$ billion | 24.2 | 36.11 |
| Visitors arrival | Million | 38.4 | 73.67 |

► Sources: ASEANstats, ASEAN Secretariat; WTO Secretariat, IMF World Economic Outlook and IMF Direction of Trade Statistics

ASEAN in the Global Economy 2010 (GDP US\$ billion)



► Sources: International Monetary Fund, World Economic Outlook Database, April 2011

Population Trend, 1990 - 2010

Table 1.1 Population Trend, 1990 - 2010 (Million)

| Economies | 1990 | 2000 | 2010* |
|------------------------|----------------|----------------|----------------|
| Brunei Darussalam | 0.3 | 0.3 | 0.4 |
| Cambodia | 9.7 | 12.8 | 15.1 |
| Indonesia | 177.4 | 205.3 | 232.5 |
| Lao PDR | 4.2 | 5.4 | 6.4 |
| Malaysia | 18.1 | 23.3 | 27.9 |
| Myanmar**** | 48.0 | 55.0 | 58.7 |
| Philippines | 62.4 | 77.7 | 93.6 |
| Singapore | 3.0 | 4.0 | 4.8 |
| Thailand | 56.7 | 62.3 | 68.1 |
| Viet Nam | 66.2 | 78.7 | 89.0 |
| ASEAN | 446.0 | 524.8 | 596.7 |
| PRC** | 1,142.1 | 1,267.0 | 1,354.1 |
| Japan | 123.2 | 126.7 | 127.0 |
| Republic of Korea | 43.0 | 46.4 | 48.5 |
| ASEAN+3 | 1,754.3 | 1,964.9 | 2,126.3 |
| India | 862.2 | 1,042.6 | 1,214.5 |
| Australia | 17.1 | 19.2 | 21.5 |
| New Zealand | 3.4 | 3.9 | 4.3 |
| ASEAN+6 | 2,636.9 | 3,030.5 | 3,366.6 |
| Timor-Leste | 0.7 | 0.8 | 1.2 |
| Hong Kong, China | 5.7 | 6.7 | 7.1 |
| Taipei, China** | . | . | . |
| Wider East Asia | 2,643.4 | 3,038.0 | 3,374.8 |
| European Union*** | 471.6 | 482.7 | 501.1 |
| United States | 254.9 | 287.8 | 317.6 |
| OECD Countries | 986.7 | 1,059.0 | 1,128.2 |
| World | 5,290.5 | 6,115.4 | 6,908.7 |

Note: Following UN calculation for data on population, all data are estimated figures until 2009.

*: Projections, **: The data for PRC in the UN database include Taipei, China, ***:

Refers to EU27, ****: Myanmar data provided by Myanmar authorities, . = not available

Source: World Population Prospects: The 2008 Revision, United Nations, available at <http://esa.un.org/unpp/index.asp>

GDP at Constant Prices (Percent Change)

Table 1.2 GDP at Constant Prices (Percent change)

| Country | 1990 - 1997 | 1997 - 2000 | 2000 - 2010 | 1990 - 2010 |
|-------------------|--------------------|--------------------|--------------------|--------------------|
| Brunei Darussalam | 2.29 | 0.97 | 1.66 | 1.86 |
| Cambodia | 5.68 | 7.83 | 7.94 | 7.13 |
| Indonesia | 6.97 | -0.57 | 5.23 | 4.81 |
| Lao PDR | 6.57 | 5.44 | 7.04 | 6.59 |
| Malaysia | 9.21 | 3.70 | 5.00 | 6.07 |
| Myanmar | 5.49 | 9.05 | 10.65 | 8.47 |
| Philippines | 3.13 | 3.49 | 4.81 | 3.85 |
| Singapore | 8.66 | 5.43 | 6.00 | 6.63 |
| Thailand | 7.35 | -0.67 | 4.40 | 4.82 |
| Vietnam | 7.94 | 6.37 | 7.22 | 7.31 |
| ASEAN | 7.14 | 2.16 | 5.28 | 5.37 |

▶ Source: Source: International Monetary Fund, World Economic Outlook Database, April 2011

Per Capita Gross Domestic Product, 1990 - 2010 (Market Prices, US Dollars)

Table 1.4 Per Capita Gross Domestic Product, 1990 - 2010 (Market Prices, US Dollars)

| Economies | 1990 | 1995 | 2000 | 2005 | 2010 |
|------------------------|--------------|--------------|--------------|--------------|--------------|
| Brunei Darussalam | 13,913 | 16,495 | 18,465 | 25,759 | 31,228 |
| Cambodia | 106 | 297 | 288 | 455 | 814 |
| Indonesia | 699 | 1,144 | 807 | 1,300 | 3,015 |
| Lao PDR | 217 | 391 | 304 | 464 | 984 |
| Malaysia | 2,432 | 4,358 | 4,030 | 5,213 | 8,423 |
| Myanmar | 68 | 123 | 178 | 216 | 702 |
| Philippines | 718 | 1,105 | 987 | 1,159 | 2,007 |
| Singapore | 12,388 | 23,716 | 22,791 | 28,500 | 43,117 |
| Thailand | 1,521 | 2,826 | 1,983 | 2,825 | 4,992 |
| Viet Nam | 98 | 289 | 402 | 637 | 1,174 |
| ASEAN | 805 | 1,415 | 1,166 | 1,630 | 3,107 |
| PRC | 341 | 601 | 946 | 1,726 | 4,382 |
| Japan | 24,774 | 41,969 | 36,801 | 35,633 | 42,820 |
| Republic of Korea | 6,308 | 11,779 | 11,347 | 17,551 | 20,591 |
| ASEAN+3 | 2,329 | 3,868 | 3,575 | 4,196 | 6,715 |
| India | 471 | 531 | 693 | 1,169 | 2,220 |
| Australia | 22,244 | 25,951 | 27,231 | 50,105 | 83,913 |
| New Zealand | 14,351 | 19,616 | 17,057 | 35,874 | 45,112 |
| ASEAN+6 | 1,813 | 2,825 | 2,624 | 3,198 | 5,098 |
| Timor-Leste | .. | .. | 285 | 351 | 589 |
| Hong Kong, China | 15,196 | 28,504 | 33,423 | 35,133 | 44,467 |
| Taipei, China | 9,234 | 15,380 | 18,256 | 20,421 | 24,101 |
| Wider East Asia | 1,886 | 2,944 | 2,761 | 3,336 | 5,244 |
| European Union | 15,810 | 19,364 | 17,627 | 28,068 | 32,492 |
| United States | 23,198 | 27,827 | 35,252 | 42,681 | 47,284 |
| OECD Countries | 17,286 | 22,174 | 22,934 | 30,169 | 35,178 |
| World | 4,422 | 5,326 | 5,386 | 7,093 | 9,226 |

Source: International Monetary Fund, World Economic Outlook Database, April 2011

Per Capita Gross Domestic Product at Purchasing-Power-Parity, 1990 - 2010 (Current International Dollar)

Table 1.5 Per Capita Gross Domestic Product at Purchasing-Power-Parity (PPP), 1990 - 2010 (Current International Dollar)

| Economies | 1990 | 2000 | 2010 |
|------------------------|--------------|--------------|--------------|
| Brunei Darussalam | 36,281 | 42,188 | 43,274 |
| Cambodia | 562 | 647 | 907 |
| Indonesia | 1,539 | 2,265 | 2,441 |
| Lao PDR | 685 | 923 | 1,180 |
| Malaysia | 4,841 | 7,521 | 9,169 |
| Myanmar | 231 | 315 | 459 |
| Philippines | 1,751 | 1,981 | 2,320 |
| Singapore | 17,343 | 25,209 | 32,251 |
| Thailand | 2,909 | 4,684 | 5,004 |
| Viet Nam | 657 | 1,009 | 1,423 |
| ASEAN | 1,732 | 2,527 | 2,901 |
| PRC | 796 | 1,514 | 2,378 |
| Japan | 18,852 | 22,465 | 25,334 |
| Republic of Korea | 7,825 | 12,282 | 16,495 |
| ASEAN+3 | 2,478 | 3,447 | 4,341 |
| India | 1,082 | 1,559 | 2,285 |
| Australia | 20,729 | 26,774 | 35,817 |
| New Zealand | 14,936 | 19,414 | 24,395 |
| ASEAN+6 | 2,065 | 2,803 | 3,534 |
| Timor-Leste | | | 1,619 |
| Hong Kong, China | 19,303 | 28,110 | 34,805 |
| Taipei, China | 11,252 | 18,012 | 25,286 |
| Wider East Asia | 2,158 | 2,938 | 3,706 |
| European Union | 15,073 | 17,734 | 21,957 |
| United States | 23,198 | 27,827 | 35,252 |
| OECD Countries | 16,484 | 19,645 | 24,398 |
| World | 4,679 | 5,802 | 7,062 |

Source: International Monetary Fund, World Economic Outlook Database, April 2011

Gross Domestic Capital Formation as Percent of GDP

Table 1.6 Gross Domestic Capital Formation as Percent of GDP

| Country | 1990 | 1995 | 2000 | 2010 |
|----------------------------------|---------|---------|---------|---------|
| Brunei Darussalam | .. | .. | .. | .. |
| Cambodia | 8.95 | 14.55 | 17.53 | 18.50 |
| Indonesia | 40.65 | 39.29 | 22.25 | 32.49 |
| Lao People's Democratic Republic | .. | .. | .. | .. |
| Malaysia | 32.85 | 43.64 | 26.87 | 21.30 |
| Myanmar | 14.62 | 14.27 | 12.45 | 15.16 |
| Philippines | 23.40 | 22.45 | 21.17 | 15.62 |
| Singapore | 35.05 | 33.27 | 33.18 | 23.83 |
| Thailand | 41.07 | 42.09 | 22.84 | 26.02 |
| Vietnam | 1.18 | 27.14 | 29.61 | 38.08 |
| ASEAN | 24.7203 | 29.5885 | 23.2354 | 23.8733 |
| China | 36.14 | 41.90 | 35.12 | 48.77 |
| Korea | 38.09 | 36.94 | 30.56 | 28.69 |
| Taiwan | 24.37 | 26.69 | 25.68 | 22.63 |

Source: International Monetary Fund, World Economic Outlook Database, April 2011

National Savings as Percent of GDP

Table 1.7 National Savings as Percent of GDP

| Country | 1990 | 1995 | 2000 | 2010 |
|----------------------------------|-------|-------|-------|-------|
| Brunei Darussalam | .. | .. | .. | .. |
| Cambodia | 5.34 | 9.47 | 14.71 | 14.12 |
| Indonesia | 25.38 | 36.25 | 27.07 | 33.38 |
| Lao People's Democratic Republic | .. | .. | .. | .. |
| Malaysia | 30.28 | 34.06 | 35.92 | 33.11 |
| Myanmar | 10.44 | 11.61 | 13.73 | 15.38 |
| Philippines | 18.65 | 17.81 | 18.24 | 20.11 |
| Singapore | 43.03 | 49.63 | 44.04 | 46.04 |
| Thailand | 32.57 | 34.07 | 30.44 | 30.65 |
| Vietnam | 10.36 | 25.92 | 33.16 | 34.29 |
| ASEAN | 22.01 | 27.35 | 27.16 | 28.38 |
| China | 39.22 | 42.12 | 36.83 | 53.98 |
| Korea | 37.58 | 35.43 | 33.34 | 31.49 |
| Taiwan | 31.00 | 28.68 | 28.42 | 32.35 |

▶ Source: International Monetary Fund, World Economic Outlook Database, April 2011

Trend of Foreign Direct Investment (FDI) inflows in ASEAN

Table 1.10 Trend of foreign direct investment (FDI) inflows in ASEAN

| Categories | 1998 | 2000 | 2003 | 2006 | 2007 | 2008 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Value of FDI inflows (US\$ million) | | | | | | |
| Total | 22,959.8 | 23,541.3 | 24,234.7 | 54,979.9 | 69,938.9 | 59,660.6 |
| Intra-ASEAN | 2,727.6 | 761.9 | 2,702.0 | 7,596.0 | 9,408.6 | 10,913.2 |
| Rest of the World | 19,989.3 | 22,964.9 | 21,364.7 | 45,786.9 | 59,563.4 | 48,557.4 |
| Unspecified | 242.9 | -185.5 | 168.0 | 1,597.0 | 967.0 | 170.0 |
| Share in Total FDI inflow (%) | | | | | | |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Intra-ASEAN | 11.9 | 3.2 | 11.1 | 13.8 | 13.5 | 18.3 |
| Rest of the World | 87.1 | 97.6 | 88.2 | 83.3 | 85.2 | 81.4 |
| Unspecified | 1.1 | -0.8 | 0.7 | 2.9 | 1.4 | 0.3 |

▶ Source: ASEAN Investment Statistics Database as of October 2009, based on country submission

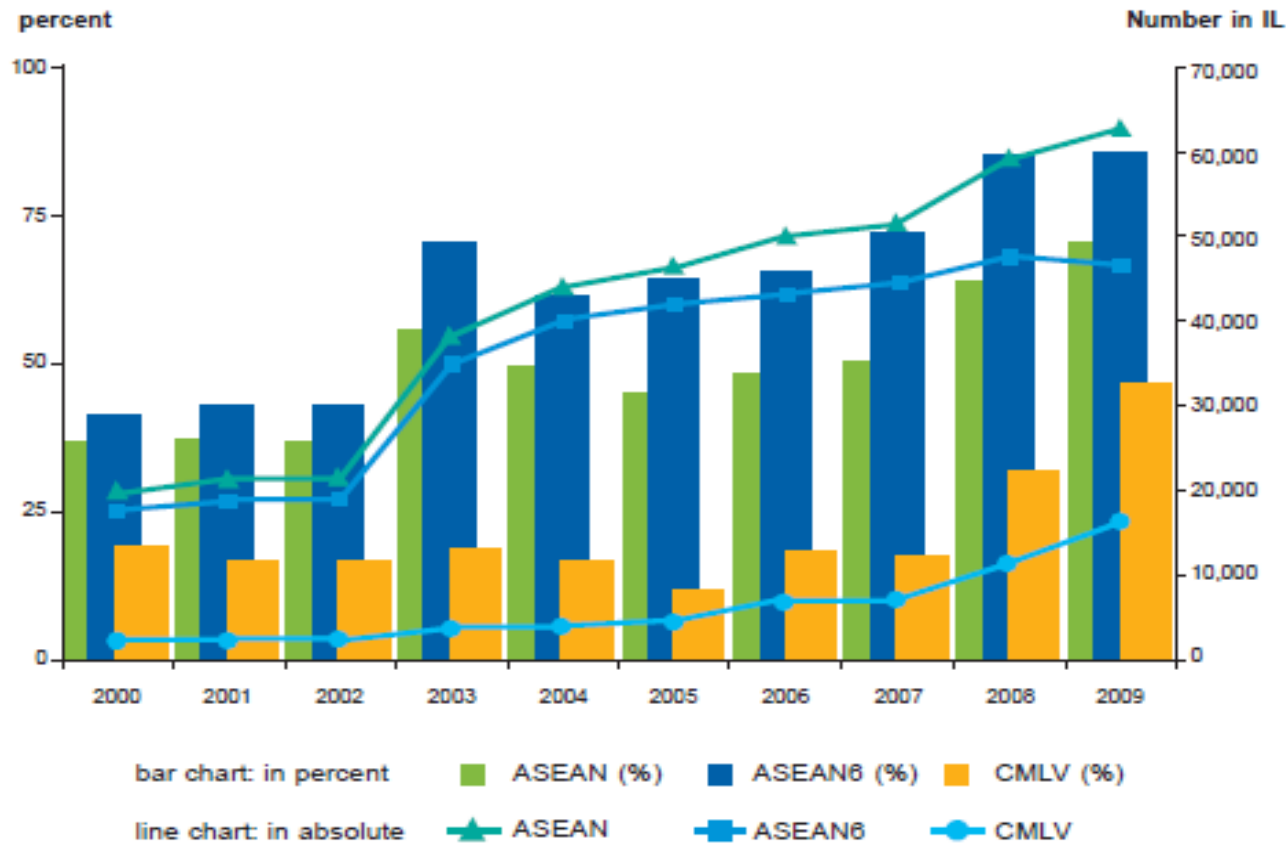
Share of Exports to GDP (Percent)

Table 1.12 Share of Exports to GDP (Percent)

| | Brunei | Cambodia | Indonesia | Lao PDR | Malaysia | Myanmar | Philippines | Singapore | Thailand | Vietnam | ASEAN |
|------|--------|----------|-----------|---------|----------|---------|-------------|-----------|----------|---------|-------|
| 1990 | 62.84 | 4.64 | 20.43 | 7.04 | 66.83 | 14.66 | 18.56 | 136.10 | 26.94 | 39.01 | 40.93 |
| 1991 | 66.63 | 1.43 | 10.42 | 0.76 | 68.89 | 22.17 | 19.53 | 131.25 | 30.09 | 28.76 | 42.12 |
| 1992 | 93.51 | 3.40 | 11.17 | 8.37 | 67.80 | 25.47 | 18.57 | 122.21 | 29.68 | 29.57 | 42.07 |
| 1993 | 88.46 | 5.53 | 10.60 | 17.28 | 69.41 | 27.54 | 20.74 | 122.64 | 30.79 | 22.65 | 42.69 |
| 1994 | 80.51 | 4.41 | 10.29 | 18.57 | 77.71 | 22.81 | 22.02 | 132.33 | 32.36 | 24.90 | 45.52 |
| 1995 | 71.57 | 5.24 | 10.21 | 16.55 | 81.76 | 21.83 | 23.02 | 135.83 | 35.83 | 27.03 | 47.90 |
| 1996 | 71.74 | 4.21 | 9.98 | 16.40 | 76.41 | 23.88 | 24.39 | 131.60 | 31.45 | 30.23 | 45.59 |
| 1997 | 76.44 | 9.24 | 11.23 | 10.41 | 77.60 | 24.31 | 30.15 | 126.37 | 39.30 | 35.27 | 49.97 |
| 1998 | 48.89 | 15.05 | 23.20 | 28.52 | 100.28 | 17.63 | 44.32 | 129.32 | 50.33 | 34.17 | 68.51 |
| 1999 | 55.47 | 14.84 | 15.75 | 32.53 | 105.24 | 16.42 | 46.61 | 135.22 | 47.70 | 40.21 | 63.49 |
| 2000 | 52.69 | 15.38 | 18.78 | 23.86 | 104.66 | 22.24 | 50.36 | 146.50 | 56.19 | 46.46 | 70.70 |
| 2001 | 59.57 | 16.26 | 17.53 | 2.25 | 95.06 | 42.60 | 45.15 | 139.04 | 56.36 | 46.45 | 66.86 |
| 2002 | 58.86 | 17.37 | 14.61 | 21.96 | 92.61 | 40.66 | 45.85 | 138.30 | 54.27 | 47.60 | 62.80 |
| 2003 | 67.44 | 18.99 | 12.99 | 21.62 | 95.25 | 26.43 | 45.50 | 166.99 | 56.31 | 50.93 | 65.02 |
| 2004 | 57.61 | 20.48 | 13.91 | 22.53 | 101.41 | 29.88 | 45.66 | 176.50 | 59.64 | 58.27 | 69.97 |
| 2005 | 59.10 | 23.93 | 14.95 | 25.55 | 102.14 | 30.88 | 41.71 | 183.14 | 62.47 | 61.30 | 71.95 |
| 2006 | 61.89 | 24.45 | 13.80 | 33.05 | 102.30 | 31.17 | 39.98 | 187.54 | 63.04 | 65.36 | 70.50 |
| 2007 | 58.45 | 23.26 | 13.16 | 31.33 | 94.23 | 23.98 | 35.04 | 169.10 | 61.73 | 68.29 | 65.88 |
| 2008 | 70.93 | 19.22 | 13.35 | 30.28 | 89.76 | 21.24 | 29.50 | 179.22 | 63.55 | 69.42 | 64.95 |
| 2009 | 60.07 | 22.82 | 10.78 | 27.17 | 81.59 | 16.80 | 24.52 | 140.90 | 57.63 | 61.39 | 54.32 |
| 2010 | 63.78 | 23.85 | 11.11 | 34.94 | 101.67 | 14.99 | 31.38 | 158.80 | 61.27 | 68.29 | 59.45 |

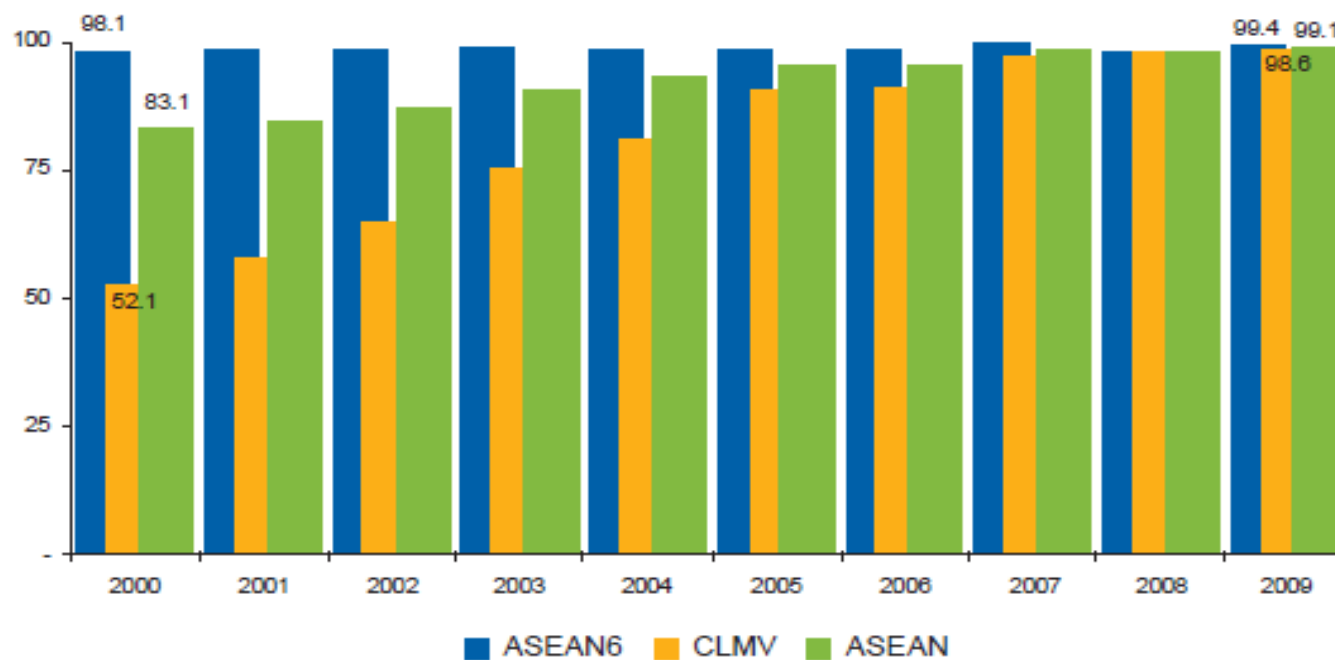
Source: - International Monetary Fund, Direction of Trade (DOT) Statistics
 - International Monetary Fund, World Economic Outlook Database, April 2011

Percent of Items in the CEPT Inclusion List (IL) with 0 Tariff



Source: ASEAN Tariff Database

Percent of Tariff Lines in the CEPT Inclusion List (IL)



▶ Source: ASEAN Tariff Database

ASEAN at crossroad 2010-2011

- ▶ 1. World economic and financial environment changed: abundant liquidity, low interest rates, financial innovation partly fueled by world imbalances led to bubbles in many advanced countries.
- ▶ Household and many governments in advanced countries in debt plus European sovereign debt crisis: Long adjustments
- ▶ ASEAN export oriented growth model under threat
- ▶ II. Rapid emerging political and economic power of China and India: Opportunity but threat to ASEAN centrality
- ▶ III. Inter- and intra-ASEAN countries development divide: Inclusiveness of growth and inequality.



ASEAN at crossroad 2010-2011

- ▶ IV. Risk of Middle Income Trap for ASEAN-4
- ▶ V. Climate change and natural disasters.

- ▶ ASEAN needs to integrate faster and deeper, but huge challenges ahead. High growth aspirations to realize a Resilient, Inclusive, Competitive and Harmonious ASEAN (RICH ASEAN)



SWOT Analysis - ASEAN 2030 Aspiration: Achieving and Sustaining a RICH ASEAN

Table 1.16 ASEAN 2030 Aspiration: Achieving and Sustaining a RICH ASEAN

| STRENGTHS | WEAKNESSES |
|--|--|
| 1. Good macroeconomic fundamentals (especially in the original ASEAN-6 members) | 1. Development gaps between and within countries relating to income, human capital, legal structures, institutions, and infrastructure. Uneven application of rule of law and good governance principles |
| 2. Adaptable open export oriented economies | 2. Absence of a “solidarity fund” to facilitate a redistributive mechanism among members |
| 3. Diversified economies (agriculture, manufacturing, services) | 3. Generally weak education systems and relatively unskilled workforce |
| 4. Abundant natural resources (oil, gas, coal, hydropower, minerals, agriculture) and biodiversity | 4. Incomplete realization of the AEC by 2015 and unclear plans for integration beyond the single market and production base. |
| 5. Young, growing population and middle class | 5. Lack of manufacturing technological capability and excessive reliance on FDI |
| 6. Good FDI performance and presence of strong production networks | 6. Risk of falling into the middle-income trap |
| 7. Strong SME sector | 7. Slow decision making process based on consensus and principle of non-interference |
| 8. Most successful regional cooperation experience outside the EU | 8. Very limited powers delegated by the Member States to the ASEAN Secretariat |
| 9. Institutionalization of regional cooperation initiatives (ASEAN Charter, AEC Roadmap) | 9. Absence of a strong regional bureaucracy; insufficient human and financial resources devoted to the ASEAN Secretariat, and adoption of the principle of equal budget contribution among Member States |
| | 10. Weak linkages between ASEAN and sub-regional programs such as GMS, IMT-GT, BIMP-EAGA |

▶ Source :

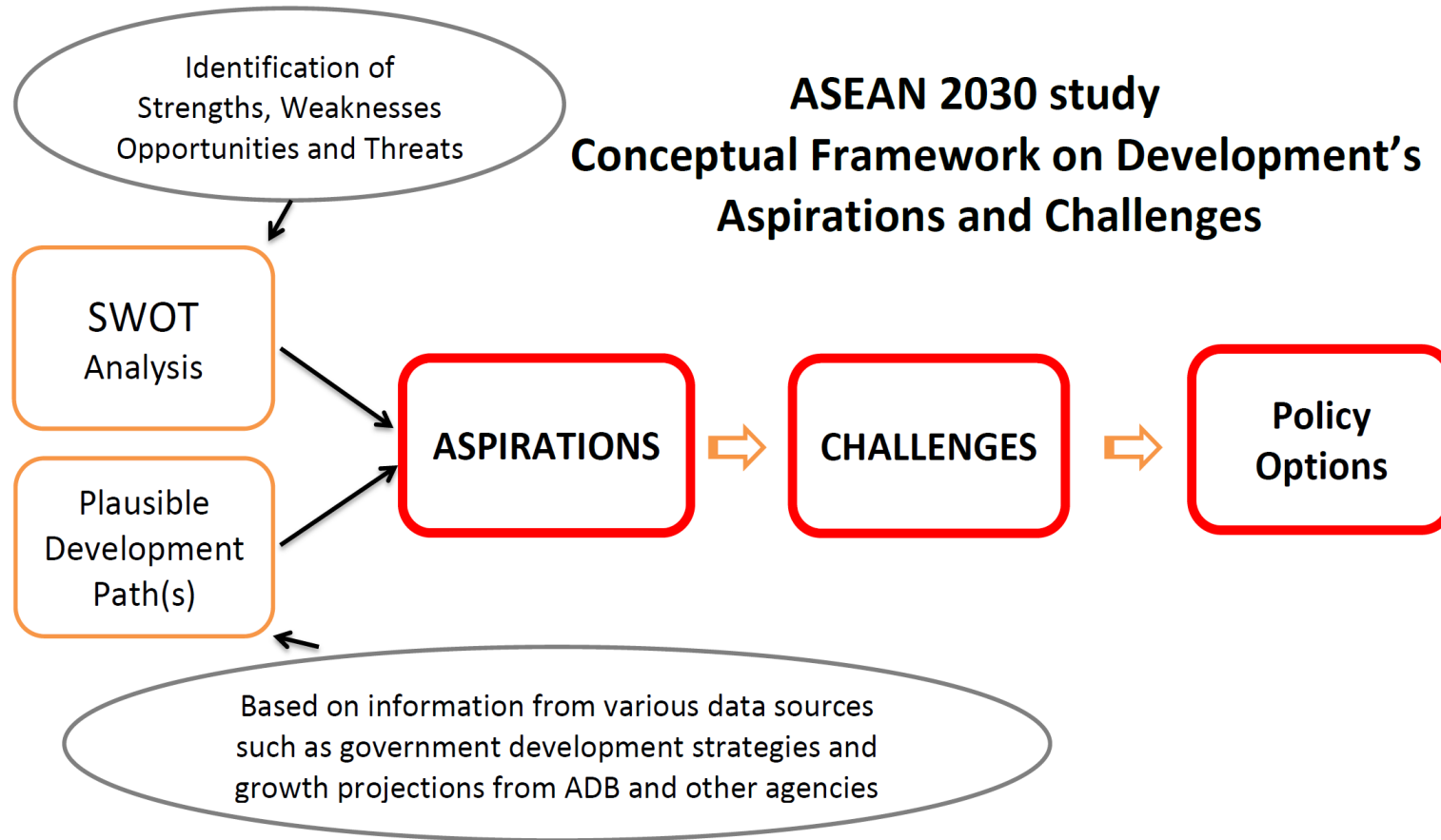
SWOT Analysis - ASEAN 2030 Aspiration: Achieving and Sustaining a RICH ASEAN

Table 1.16 ASEAN 2030 Aspiration: Achieving and Sustaining a RICH ASEAN

| OPPORTUNITIES | THREATS |
|---|--|
| <ol style="list-style-type: none"> 1. Central strategic location in Asia 2. Base to enter other markets through ASEAN+ FTAs 3. Leading regional architecture and driver for regional cooperation initiatives with external partners, such as ASEAN+3, East Asia Summit, ASEAN Regional Forum, etc 4. Potential to develop as regional hub in Asia for education, health, tourism, R&D, logistics, and financial services 5. Financial cooperation agreements with the “Plus-Three countries” such as CMIM and establishment of AMRO 6. Middle-power role played between major Asian economies such as Japan, China, India | <ol style="list-style-type: none"> 1. High exposure to external economic and financial shocks 2. Erosion of the export based development model due to world imbalances 3. Potential loss of cohesion. Loss of political and economic relevance and centrality in Asia’s development due to the rise of China and India 4. Unresolved potential intra- and extra-regional territorial conflicts and other disputes 5. Significant increase in natural disaster (drought, floods and earthquakes) 6. Lack of integrated policy approaches in addressing climate change and food security |

▶ Source :

Methodological Approach

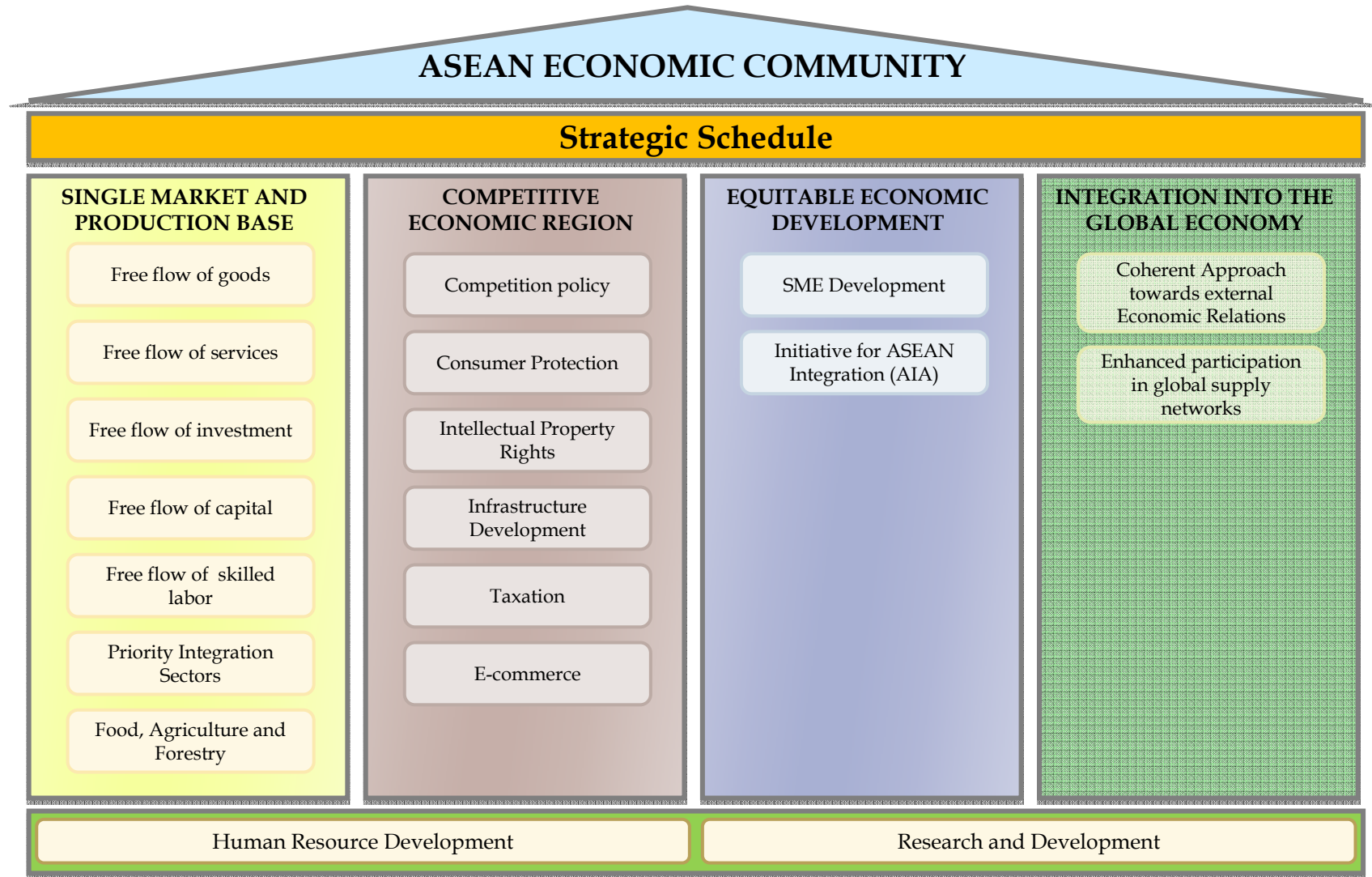


ASEAN Community

- ▶ Target date: 2015
- ▶ A community based on three fundamental pillars seeking to narrow development gap:
 - ▶ ASEAN political and Security Community (APSC)
 - ▶ ASEAN Socio-Cultural Community (ASCC)
 - ▶ ASEAN Economic Community (AEC)
 - ▶ Initiative for ASEAN Integration (IAI)
- ▶ Roadmap for an ASEAN community 2015 that includes 3 Community Blueprints



Main Elements of AEC



AEC in 2011: where are we ?

- ▶ 1. Good progress but slow in many areas
- ▶ 2. Slow areas are free flow of services (transport, logistics, financial services), free flow of capital and skilled labor: these are essential for single market to be efficient and effective. Services in general still highly protected
- ▶ 3. Substantial investment still needed in connectivity: No multimodal and ASEAN logistics expensive
- 4. Need to introduce best practice competition policy to enhance competitiveness and create single market: Government procurement still major resistance poin.
- 5. Security issues still important.



Beyond the AEC towards 2030

- ▶ 1. Strengthen considerably financial integration and capital markets: See how to keep savings in Asia.
- ▶ 2. Rebalance growth strategy to rely more on domestic and regional demand: Raise productivity in domestic oriented sectors mainly financial services and services sectors in general. Introduce competition to raise productivity- allow free flow of services
- ▶ 3. Sharply improve trade facilitation and connectivity
- ▶ 4. Create a “solidarity fund” to address inter- and intra-ASEAN countries differences in income
- ▶ 5. Create an ASEAN competition authority to ensure ASEAN “centrality”.
- ▶ 6. Set up an ASEAN Innovation Initiative to pool R&D Resources (See EU)
- ▶ 7. Create a ASEAN Environmental Agency to address jointly environment and climate change issues
- ▶ 8. Strengthen considerably the ASEAN Secretariat.



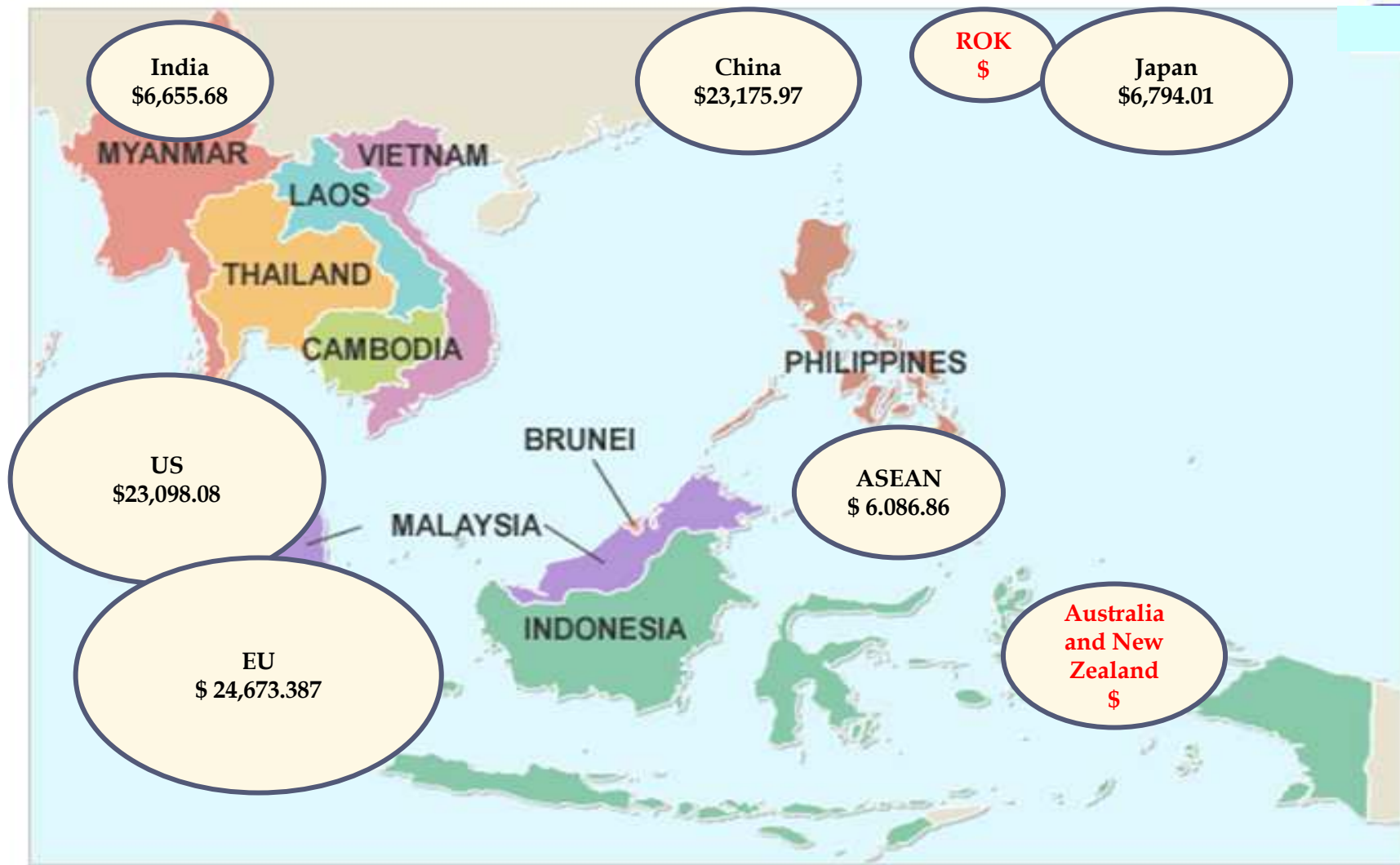
Population Trend, 2010 - 2030 (million)

Table 2.1 Population Trend, 2010 - 2030 (Million)

| Economies | 2010 | 2030 | Annual Growth Rate |
|-------------------|----------------|----------------|---------------------------|
| Brunei Darussalam | 0.41 | 0.52 | 1.28% |
| Cambodia | 15.05 | 19.34 | 1.26% |
| Indonesia | 232.52 | 315.70 | 0.72% |
| Lao PDR | 6.44 | 8.45 | 1.50% |
| Malaysia | 27.91 | 34.33 | 1.04% |
| Myanmar | 58.71 | 68.17 | 0.75% |
| Philippines | 93.62 | 127.00 | 1.50% |
| Singapore | 4.84 | 5.42 | 0.57% |
| Thailand | 68.14 | 73.22 | 0.36% |
| Viet Nam | 89.03 | 104.00 | 0.78% |
| ASEAN | 596.66 | 702.52 | 0.82% |
| PRC** | 1,354.1 | 1,462.5 | 0.39% |
| Hong Kong, China | 7.1 | 7.7 | 0.75% |
| India | 1,214.5 | 1,367.2 | 1.03% |
| Japan | 127.0 | 123.7 | -0.39% |
| Republic of Korea | 48.5 | 49.5 | 0.07% |
| European Union | 471.6 | 505.6 | 0.08% |
| United States | 254.9 | 370.0 | 0.78% |
| World | 5,290.5 | 8,308.9 | 0.94% |

Source: World Population Prospects: The 2008 Revision, United Nations, Available at <http://esa.un.org/unpp/index.asp>

ASEAN in the Global Economy 2030 (GDP US\$ billion)



► Sources: International Monetary Fund, World Economic Outlook Database, April 2011

GDP at Constant Prices (Percent Change)

Table 2.3 GDP at Constant Prices (Percent change)

| Country | 1990 - 2010 | 2010 - 2030 * |
|-------------------|--------------|---------------|
| Brunei Darussalam | 1.86% | 4.50% |
| Cambodia | 7.13% | 7.00% |
| Indonesia | 4.81% | 6.50% |
| Lao PDR | 0.07% | 8.70% |
| Malaysia | 6.07% | 6.50% |
| Myanmar | 8.47% | 8.75% |
| Philippines | 3.85% | 6.40% |
| Singapore | 0.07% | 4.00% |
| Thailand | 4.82% | 6.00% |
| Vietnam | 7.31% | 7.20% |
| ASEAN | 5.37% | 6.34% |

▶ Source: International Monetary Fund, World Economic Outlook Database, April 2011

Per Capita Gross Domestic Product, 2010 – 2030 (2010 Market Prices and Exchange Rate, US Dollars)

Table 2.4 Per Capita Gross Domestic Product, 2010 - 2030 (2010 Market Prices and exchange rate, US Dollars)

| Economies | 2010 | GDP Per Capita Growth | 2030 |
|-------------------|-----------------|------------------------------|-------------|
| Brunei Darussalam | 31,995.1 | 3.2% | 60,306.0 |
| Cambodia | 772.5 | 5.7% | 2,358.9 |
| Indonesia | 3,039.5 | 5.8% | 9,351.3 |
| Lao PDR | 1,208.0 | 7.2% | 4,852.5 |
| Malaysia | 8,524.7 | 5.5% | 24,685.1 |
| Myanmar | 676.2 | 8.0% | 3,151.8 |
| Philippines | 2,015.7 | 4.9% | 5,247.2 |
| Singapore | 46,040.7 | 3.4% | 90,380.1 |
| Thailand | 4,679.4 | 5.6% | 14,020.3 |
| Viet Nam | 1,163.4 | 6.4% | 4,038.2 |
| ASEAN | 9,989.2 | 5.5% | 29,229.2 |
| PRC | 4,340.9 | 6.7% | 15,910.6 |
| Hong Kong, China | ... | ... | ... |
| India | 1,266.4 | 6.6% | 4,521.3 |
| Japan | 42,984.9 | 1.5% | 57,780.5 |
| Republic of Korea | ... | ... | ... |
| European Union*** | 34,526.6 | 2.0% | 51,506.3 |
| United States | 57,512.0 | 1.5% | 77,766.2 |
| World | 11,891.0 | 2.7% | 20,102.2 |

Source: International Monetary Fund, World Economic Outlook Database, April 2011

Actual and Projected TFP Growth Rates

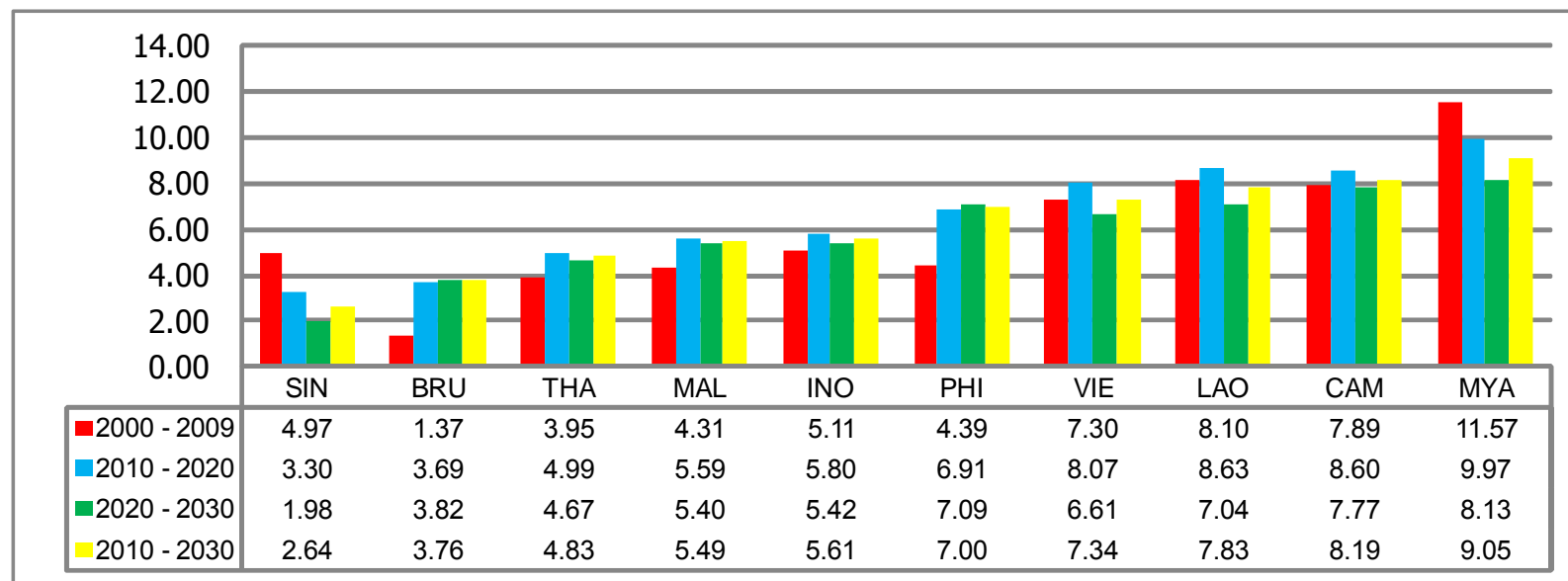
Table 2.5 Actual and Projected TFP Growth Rates

| Economies | 2000-2009 | 2010-2030 |
|----------------------------|------------------|------------------|
| Brunei Darussalam | -0.4 | 1.8 |
| Cambodia | 2.3 | 3.87 |
| Indonesia | 3.02 | 3.24 |
| Lao PDR | 1.09 | 3.77 |
| Malaysia | 1.65 | 2.99 |
| Myanmar**** | 8.11 | 4.19 |
| Philippines | 2.11 | 3.44 |
| Singapore | 1.89 | 1.56 |
| Thailand | 2.4 | 3.5 |
| Viet Nam | 2.02 | 4.57 |
| USA | -0.14 | 1.31 |
| People's Republic of China | 6.29 | 4.72 |
| India | 3.23 | 4.56 |
| Japan | 0.45 | 1.46 |

▶ Source: Economics and Research Department, Asian Development Bank, August 2011

GDP Growth Rates, ASEAN Countries (%) (Baseline Scenario)

Table 2.7 GDP Growth Rate, ASEAN Countries (%) (Baseline Scenario)



Key Challenges for ASEAN Economies Moving Towards 2030

| | PRIMARY CHALLENGES | | | SECONDARY CHALLENGES | | |
|-------------------|--|---|--|--|--|---|
| ASEAN as a Region | Forge a Competitive and Innovative Region | Develop Human Capital and Strengthen the Labor Market | Promote Economic Convergence and Inclusion | Improve Financial Development and Macroeconomic Policy Formulation | Manage Natural Resources and Ensure Environmental Sustainability | Strengthen Governance and Institutional Effectiveness |
| | Achieving a Resilient, Inclusive, Competitive, and Harmonious Region with High Quality of Life of its Citizens | | | | | |

▶ Source: ASEAN 2030 Study Summary, Asian Development Bank Institute, the ASEAN Secretariat and the Asian Development Bank

Key Challenges for ASEAN Economies Moving Towards 2030 – High Income Economies

| | PRIMARY CHALLENGES | | | SECONDARY CHALLENGES | | |
|------------------|---|---|--|---|--------------------------------------|---|
| Brunei | Promote Economic Diversification | Improve the Investment and Business Climate | Foster Human Capital, especially by Improving Entrepreneurial Skills | Protect the Environment | Promote Financial Deepening | Use Broader Indicators of Social and Economic Attainment than GDP to Guide Policy |
| 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 a Socially Inclusive and Environmentally Sustainable Growth |

Source: ASEAN 2030 Study Summary, Asian Development Bank Institute, the ASEAN Secretariat and the Asian Development Bank

Key Challenges for ASEAN Economies Moving Towards 2030 – Middle Income Economies

| | PRIMARY CHALLENGES | | | SECONDARY CHALLENGES | | |
|-------------|--|---|---|---|--|---|
| Indonesia | Strengthen Macroeconomic Management and Reforms | Develop Economic Infrastructure | Manage Natural Resources, Ensure Food and Energy Security | Narrow the Development Gap and Inequalities | Ensure Government Efficiency | Protect the Environment and Mitigate Natural Disasters |
| Malaysia | Achieve High Growth Rates by Attracting Private Investment | 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 |
| Philippines | Increase investment rate and enable conditions to promote entrepreneurship | Develop Economic Infrastructure, particularly in electricity and transportation systems | Strengthen Institutions and Governance Systems | Improve capacity to address market failures leading to a small and narrow industrial base | Improve access to development opportunities, especially education, health, infrastructure, and productive assets | Relieve the tight fiscal situation |
| Thailand | Foster Human Capital | Narrow Development Gap and Fostering Social Cohesion | Rebalance the production structure | Improve Economic Management and Governance Systems | Reform the tax system | Ensure Energy Security |

Source: ASEAN 2030 Study Summary, Asian Development Bank Institute, the ASEAN Secretariat and the Asian Development Bank

Key Challenges for ASEAN Economies Moving Towards 2030 – Low Income Economies

| | PRIMARY CHALLENGES | | | SECONDARY CHALLENGES | | |
|-----------------|--|---|-------------------------------------|--|---|--|
| 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 |
| Lao PDR | Diversify Sources of Growth Beyond Natural Resources | Foster Human Capital | Ensure Environmental Sustainability | Develop Economic Infrastructure | Increase Competitiveness and Labor productivity | Develop a Sustainable Social Safety Nets' System |
| Myanmar | Strengthen Macroeconomic Management and Reforms | 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 |
| 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 |

Source: ASEAN 2030 Study Summary, Asian Development Bank Institute, the ASEAN Secretariat and the Asian Development Bank

Prospective ASEAN Member

| | PRIMARY CHALLENGES | | | SECONDARY CHALLENGES | | |
|-------------|----------------------|---------------------------------|--|--|---|--------------------------|
| Timor-Leste | Foster Human Capital | Develop Economic Infrastructure | Strengthen Institutions and Governance Systems | Improve Financial Sector Efficiency and Intermediation | Improve the Delivery of Public Services | Manage Natural Resources |

▶ Source: ASEAN 2030 Study Summary, Asian Development Bank Institute, the ASEAN Secretariat and the Asian Development Bank

Thank you

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