



# **Southeast Asian Economic Outlook**

**- Tool for Regional Growth and  
Integration**

Kiichiro Fukasaku  
Head of Regional Desks

**OECD Development Centre**

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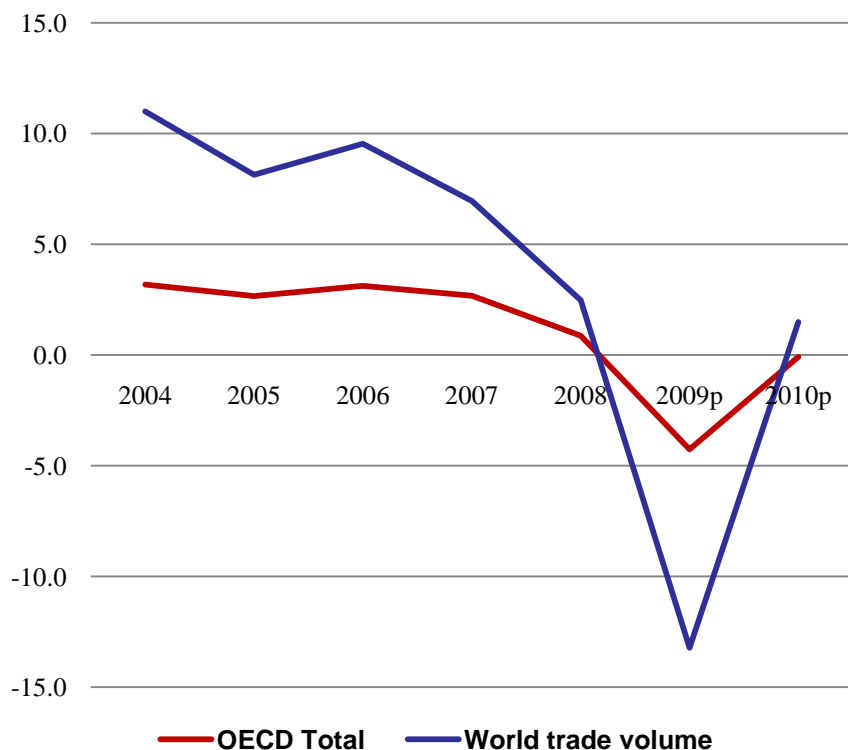
# Presentation

1. Setting the scene
2. Why are we launching this new regional economic outlook?
3. What is the Southeast Asian Economic Outlook ?
4. Next steps



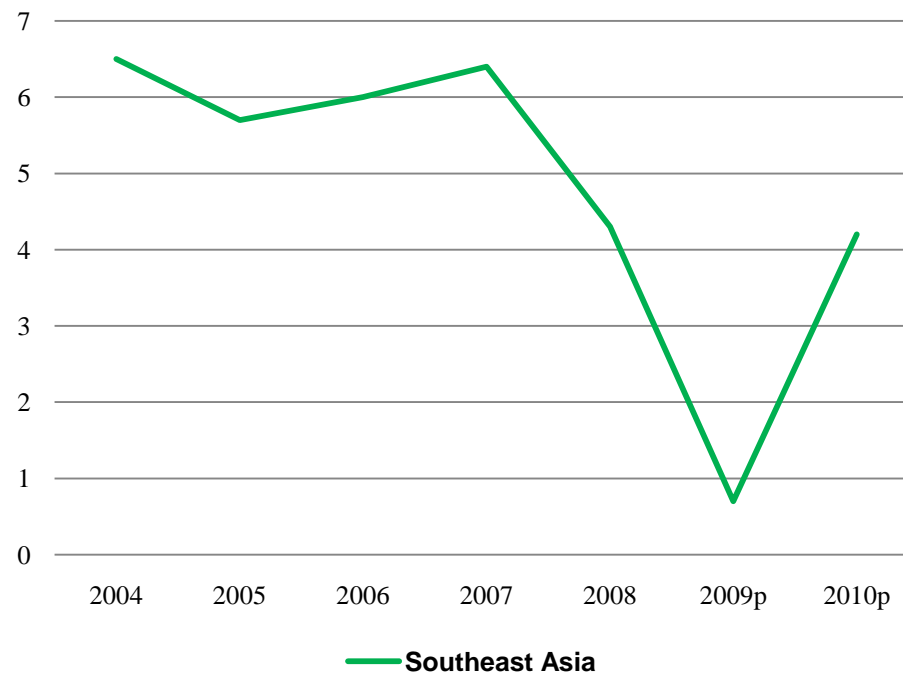
# Setting the Scene

## Global Recession in 2009



Note: Annual percentage change in real GDP in total OECD countries and world trade volume in goods and services  
Source: OECD (2009)

## Regional Growth is Decelerating in Southeast Asia



Note: Annual percentage change in real GDP in 10 ASEAN countries except Myanmar  
Source: ADB (2009)



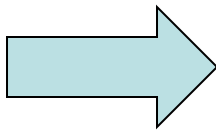
## The region's story is changing fast...

- From largely a bystander (until 2008/Q2) to a crisis-hit region (growth in 2008/Q4 was one of the worst in post-war history)
- The global financial crisis poses (again) some “big” questions to Southeast Asia:
  - Will it lead to a major shift in the region's outward-looking growth strategy?
  - How to build regional resilience and ensure sustained growth and stability?



## Should trade openness be blamed ?

- While openness to trade renders developing economies vulnerable to global recession through trade links, more open economies can grow out of crises more quickly than less open economies, once recoveries set in motion.



“The nations of Southeast Asia should stay open; and manage globalization rather than hide from it.” Hal Hill (2009, p.13)



## But every cloud has a silver lining...

- The current crisis has also provided a unique opportunity for political leaders in the region to stress “the importance of *deepening ASEAN integration to maintain its resilience* while remaining open to global and regional trade.”\*

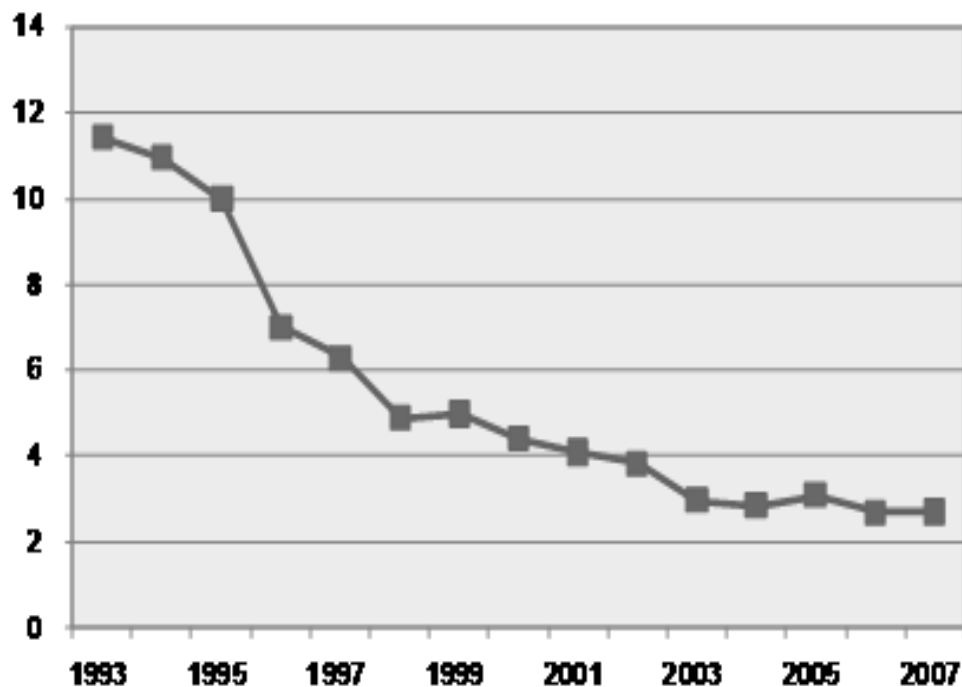
\* quoted from paragraph 7, Chairman’s Statement of the 14<sup>th</sup> ASEAN Summit, Cha-am Hua Hin, 28/2 – 1/3 2009 (*italics added*)



# ASEAN is moving towards deeper integration

## Progress in Tariffs Reduction

Average tariff rate under AFTA (%)



Source: ASEAN Secretariat

- 1992 - ASEAN Free Trade Area
- 1995 - ASEAN Framework Agreement on Services
- 1996 - ASEAN Industrial Cooperation
- 1997 - ASEAN Vision 2020
- 1998 - ASEAN Investment Area
- 2000 - Initiative for ASEAN Integration
- 2003 - Bali Concord II
- 2004 - Vientiane Action Plan
- 2006 - ASEAN Economic Community to be brought forward to 2015
- 2008 - ASEAN Charter
- 2009 - Roadmap for the ASEAN Community (2009-2015)



# Why are we launching this new regional economic outlook?

- Meet the need for monitoring the regional growth dynamics and integration process
- Fulfill the OECD Ministerial Mandate
- Make use of DEV regional networks and expertise





## Goals – Monitor/Analysis - Policy Dialogue

### Goals

- Sustain growth dynamics in Southeast Asia
- Realise an ASEAN Economic Community

### Monitor/ Analysis

- Macroeconomic situation/risks \* (Short-term business conditions)
- Progress in regional integration and impact of integration on growth and stability
- Identification of structural challenges

### Policy Dialogue

- Information sharing
- Policy recommendations
- Seminars/workshops in the region



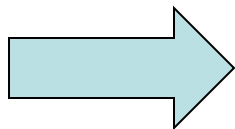
## This Outlook is composed of three main parts:

- Part 1: *Regional Economic Perspectives*



Regional Approach

- Part 2: *Development Challenges*



Country-Specific Approach

- Part 3: *Statistical Annex*

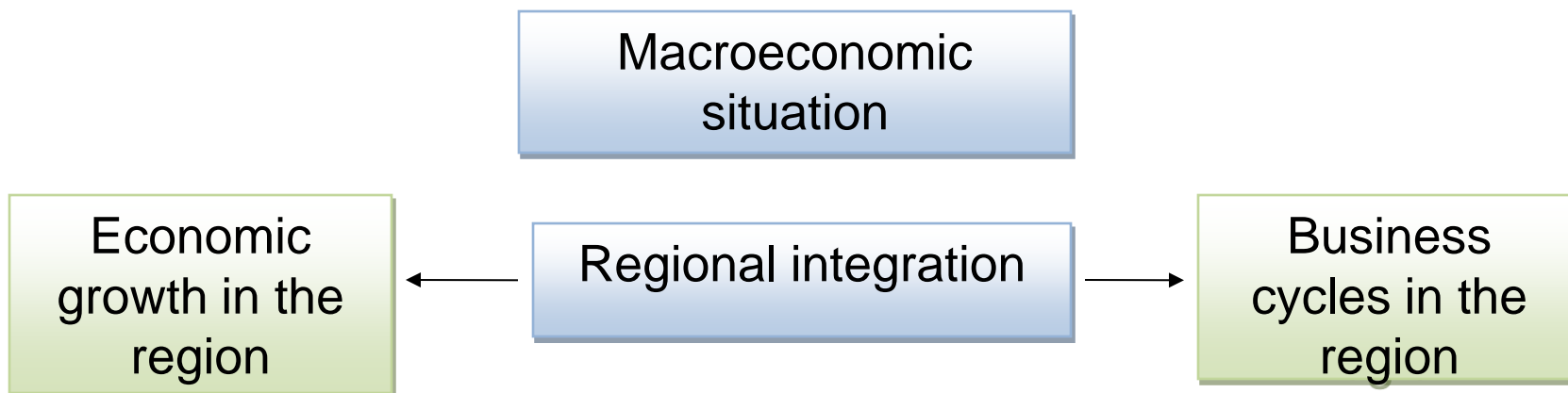
(\*) A dual-track approach was considered as most appropriate at the informal Reflection Group on Southeast Asia.



## Regional Approach

### *Part I: Regional Economic Perspective:*

**Macroeconomic Situation, Regional Integration and  
Growth and at a Glance:**





# Country-Specific Approach

## *Part II: Development Challenges - Thematic Focus (of the first volume)*

### *“Building more competitive economies”*

Opening markets  
to enhance  
productivity

Fostering  
innovation and  
SMEs

Meeting  
infrastructure  
needs



## Fulfilling the OECD Ministerial Mandate

The resolution of OECD Council at the Ministerial level (MCM), in May 2007 reads:

- “ iv) Invites the Secretary-General to explore and develop recommendations to Council on how to expand the OECD's relations, including through enhanced engagement, with selected countries and regions of strategic interest to the OECD, identified by Council. *In light of its growing importance in the world economy, priority will be given to South East Asia with a view to identifying countries for possible membership (italics added).*”



## Making Use of DEV Regional Networks and Expertise

- The Development Centre's Governing Board consists of 38 countries of which 15 countries are non-OECD Members, including three Southeast Asian countries:
  - Thailand (2005), Vietnam (2008) and Indonesia (2009)



- Partnership with ASEAN Secretariat:





# Southeast Asian Economic Outlook

## 1<sup>st</sup> Edition 2010



African Economic Outlook  
Since 2001



Latin American Economic  
Outlook Since 2007

## In a nutshell, what's new ?

Southeast Asian Economic Outlook (SAEO) will:

- Focus on ASEAN 10 countries and conduct in-depth analysis
- Cover both macroeconomic and structural issues and their interactions
- Monitor the progress towards an ASEAN single market and the impact of integration on growth and stability
- Combine both regional initiatives and country specific activities
- Identify potential risks and challenges ahead in the region
- Encourage regional policy dialogue and peer learning





# Next Steps

- SAEO officially starts today
- SAEO is not just a product; the process itself important:
  - Several roundtable meetings are envisaged in the 2009-2010 cycle in the region (Vietnam, Indonesia, Thailand, etc)
  - Non-residential fellow schemes
- SAEO is a tool for facilitating policy dialogue with OECD partners in the region by promoting peer learning\*\*

\*\* OECD (2008), *Shaping Policy Reform and Peer Review in Southeast Asia*.



# Thank you!

Contact: [dev.asia@oecd.org](mailto:dev.asia@oecd.org)