

## PRESS RELEASE

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### ASEAN ECONOMIES SHOW RESILIENCE, BUT NARROWING DEVELOPMENT GAPS IS NEEDED TO SUSTAIN ROBUST GROWTH, SAYS OECD

Phnom Penh, Cambodia, 18 November 2012 – Growth for the ten ASEAN economies will be 5.5% over the 2013-2017 period, a robust rate matching the pre-crisis level of 2000-2007. However, Southeast Asian governments need to strengthen action now to narrow social and economic disparities between countries in the region to sustain robust growth, says the *OECD Southeast Asian Economic Outlook 2013: with Perspectives on China and India*.

#### Real GDP Growth (Annual percentage changes)

	2011	2000-2007	2013-2017
<b>ASEAN-6 countries</b>			
Brunei	2.2	-	2.4
Indonesia	6.5	5.1	6.4
Malaysia	5.1	5.5	5.1
Philippines	3.9	4.9	5.5
Singapore	4.9	6.4	3.1
Thailand	0.1	5.1	5.1
<b>CLMV countries</b>			
Cambodia	7.1	9.6	6.9
Lao PDR	8.0	6.8	7.4
Myanmar	5.5	-	6.3
Viet Nam	5.9	7.6	5.6
<b>ASEAN-10 average</b>	4.6	5.5(*)	5.5
<b>CLMV average</b>	6.0	7.8(**)	5.9
<b>Emerging Asia average</b> (ASEAN 10 countries plus China and India)	7.8	8.6(*)	7.4
<b>China and India</b>			
China	9.2	10.5	8.3
India	6.8	7.1	6.4

Source: OECD Development Centre, MPF-2013

Note: The cut-off date for data is 1 November 2012. For more information, see [www.oecd.org/dev/asiapacific/mpf](http://www.oecd.org/dev/asiapacific/mpf).

\*) Excludes Brunei and Myanmar; \*\*) Excludes Myanmar

ASEAN economies show resilience through 2017, although growth in Emerging Asia - including ASEAN, China and India - will begin to slow gradually, mainly due to a slowing growth in China. The impact of global uncertainty, in particular from the Euro area, is apparent but remains limited overall.

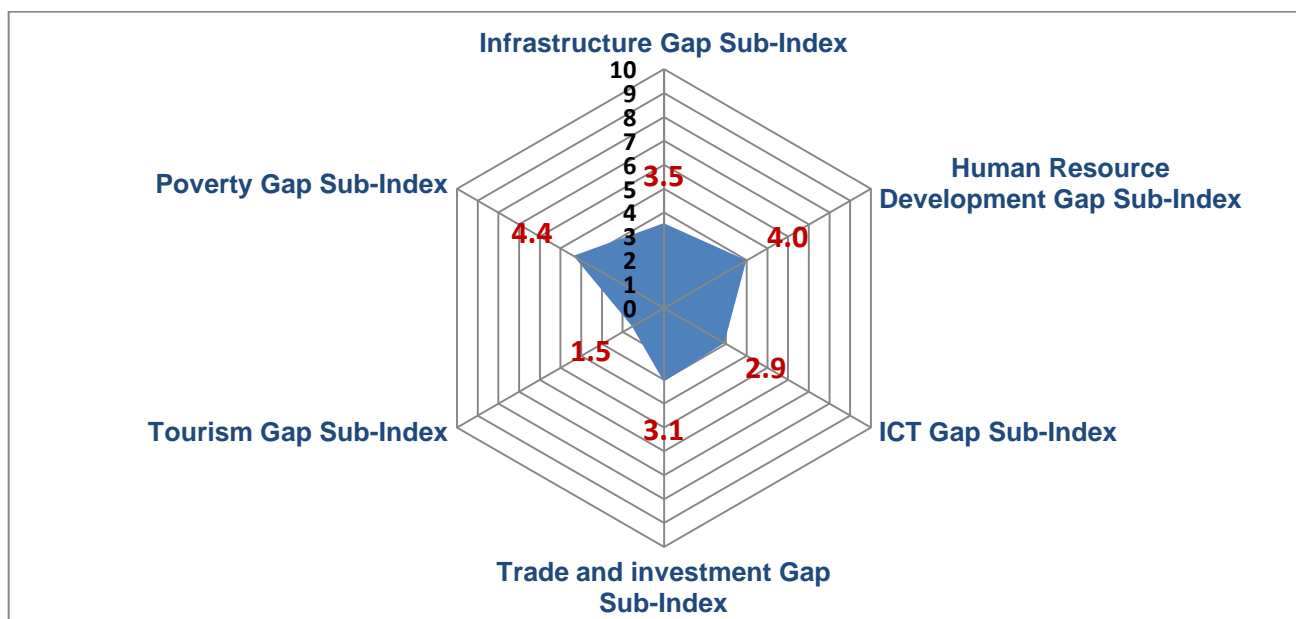
*“Domestic demand growth, and particularly private consumption and investment, will be the main drivers of growth in most ASEAN countries. Growth will be less reliant on net exports than in the past. The expansion of the middle class is likely to continue to boost domestic demand,”* said today Deputy Secretary-General Rintaro Tamaki at the launch of the Outlook, at the ASEAN Business Summit in Phnom Penh.

Mario Pezzini, Director of the OECD Development Centre added, *‘To maintain economic growth in Southeast Asia and for the population to benefit from this growth, greater efforts are needed to reduce disparities between and within ASEAN countries. Enhancing productivity through structural policy reforms in particular will be the key to the success of the new development strategies in the region.’*

The region faces an issue of disparities *between* and *within* countries, which needs to be addressed. Narrowing development gaps means reducing disparities between the two groups of countries, ASEAN-6 (Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand) and CLMV countries (Cambodia, Lao PDR, Myanmar and Viet Nam), as well as within each country. GDP per capita rose faster between 2005 and 2011 in the ASEAN-6 countries than in CLMV.

*'Development gaps go beyond income levels. They encompass several dimensions of life including infrastructure, tourism, trade and investment, information and communication technology (ICT), human resources, and poverty. In particular, disparities are at their widest in poverty and human resource development and greater efforts are required in those areas'*, said Kensuke Tanaka, Head of Asia Desk, the OECD Development Centre.

**Narrowing Development Gap Indicators (NDGIs) between ASEAN-6 and CLMV economies**



(Source) OECD Development Centre and ASEAN

Secretariat; [http://oecd.org/dev/asiaandpacific/FiguresTables\\_\(Press%20release\)fin.xlsx](http://oecd.org/dev/asiaandpacific/FiguresTables_(Press%20release)fin.xlsx)

(Note) Each sub-index of NDGI, which comprises 10 base points – where 0 denotes no gap and 10 the widest gap.

The picture varies across the region. Vietnam has been the most successful CLMV country in both closing the gap on the wealthier ASEAN countries and reducing domestic disparities. While Cambodia has been relatively slow in catching up with ASEAN 6, it has been successful in reducing income inequality at home. Laos PDR, on the other hand, has caught up quickly – but only at the cost of widening domestic income disparities.

The common issues that many ASEAN countries face are low labour productivity, skills mismatches, large informal sectors and unequal, inequitable access to higher education. Employment policy to create more productive, better-paid jobs for a much wider section of the population will go a long way when it comes to policy reforms for narrowing development gaps.

Additional measures at both the country and the regional levels need to be taken to be consistent towards the objective of building an ASEAN Economic Community by 2015.

At a country level, while many development gaps have narrowed over time, poverty and human resource development are still relatively wide and require critical attention from national policy makers. Targeted social protection schemes and conditional cash transfers to the poor granted that they invest in the human capital of their children are important instrumental tools to consider.

At a regional and sub-regional level, ASEAN countries need to strengthen monitoring and enforcement mechanisms to ensure that progress stays on track. In addition to numerous initiatives to foster regional cooperation, greater social and economic integration particularly in transport

infrastructure, liberalisation of trade and investment are necessary to overcome obstacles including the lack of financial resources and the prioritisation of national agendas over the regional one.

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**NOTES TO THE EDITORS**

**The Southeast Asian Economic Outlook: with Perspectives on China and India**

The Southeast Asian Economic Outlook:with Perspectives on China and India is published by the OECD Development Centre. It is the institution's regional economic outlook on Asia's economic growth, development and regional integration. It focuses on the ten Association of Southeast Asian Nations (ASEAN) countries - Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam - and addresses relevant economic issues in China and India in order to fully reflect economic developments in the region. For more information, please consult [www.oecd.org/dev/asiapacific](http://www.oecd.org/dev/asiapacific).

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