



ITALIAN TRADE AGENCY

ICE - Agenzia per la promozione all'estero e
l'internazionalizzazione delle imprese italiane

Opportunities and perspectives for ASEAN-Italy relations in the post-COVID scenario

Position Paper

For the seventh consecutive year, The European House - Ambrosetti has been nominated - in the category "Best Private Think Tanks" - 1st Italian Think Tank, among the top 10 in Europe and among the top 100 most appreciated independent Think Tanks out of 8,248 globally in the 2019 edition of the University of Pennsylvania's "Global Go To Think Tank Index Report"

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- **Methodology and key points of the study**
- ASEAN socioeconomic outlook in 2020 and 2021
- The attractiveness of ASEAN countries through the lenses of the Global Attractiveness Index
- Economic opportunities for Italian companies in ASEAN countries

Objectives of the study



Analysing the **impact of the COVID-19** emergency on the economy and society in ASEAN countries



Analysing the **elements of attractiveness** (and related strengths and weaknesses) of ASEAN countries according to the model of the Global Attractiveness Index of The European House - Ambrosetti



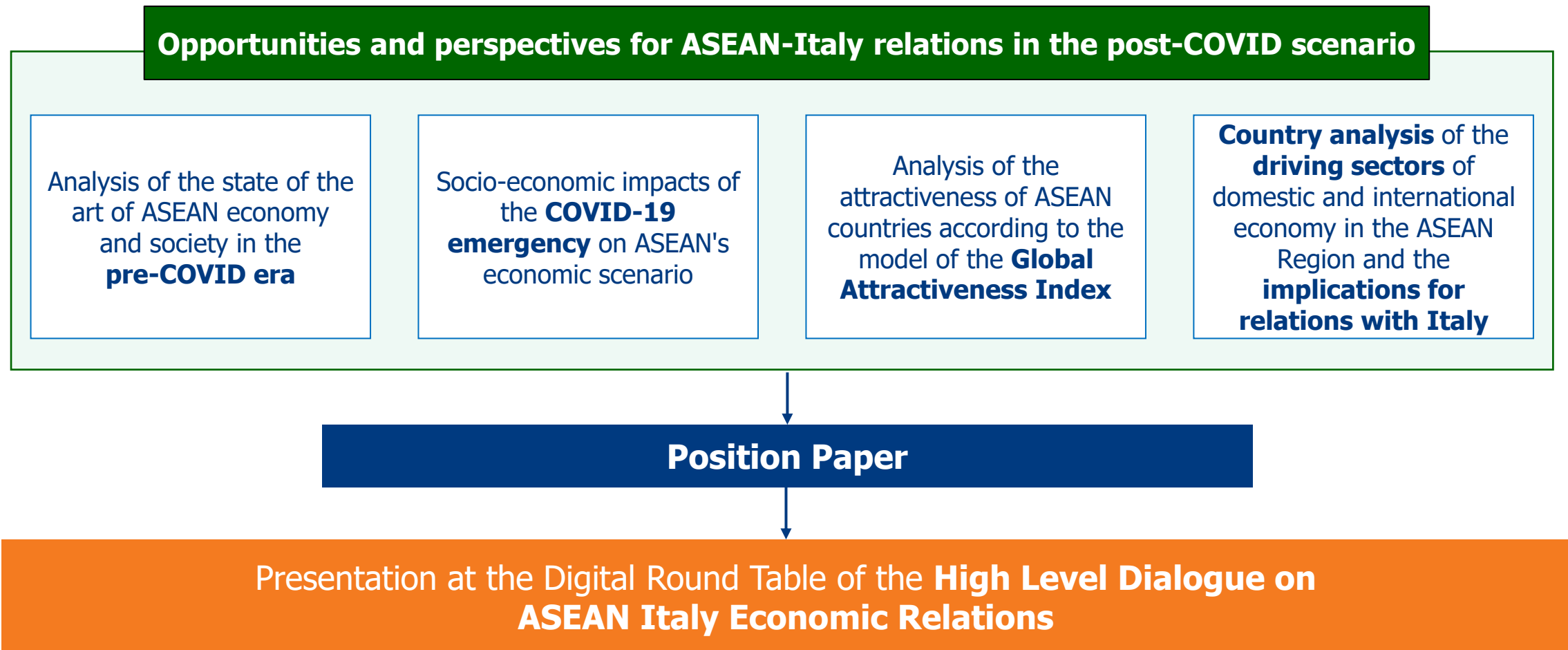
Understanding which **sectors** drive the domestic and international economy of ASEAN countries today and what **opportunities there will be for the future**

Providing a complete overview of information on ASEAN countries to Italian companies interested in investing in the Region

The The European House – Ambrosetti working team of the study

- **Lorenzo Tavazzi** (Partner and Responsible for International Development)
- **Arianna Landi** (Consultant, Scenarios and Intelligence Area)
- **Luca Celotto** (Analyst, Scenarios and Intelligence Area)
- **Camilla Crotti** (Programme Manager of the High Level Dialogue on ASEAN Italy Economic Relations)
- **Paola Gandolfo** (Executive Assistant)

The structure and methodology of the study



Key messages of the Study (1/6)

- ASEAN countries are among the most promising economies in the world with a regional GDP of over **US\$3,000 trillion** (5th in the world and 3rd in Asia) and a population of **660 million people** (3rd market in the world) and a central role in international trade (4th economy in the world for exports and 3rd for imports, considering the region as a whole)
- The ASEAN Region is one of the most resilient in the world during the COVID-19 crisis and GDP is expected to decrease by only **-3.9%** in 2020 compared to -4.4% in the world and to recover in 2021 with **+6%** compared to +5.2% in the world
- All the governments of the ASEAN countries have successfully put in place numerous measures to contain COVID-19, making the Region almost **COVID-free**, and have put in place stimulus packages totalling around **US\$ 260 billion**
- The analysis of ASEAN economies according to the Global Attractiveness Index (GAI) model shows that ASEAN countries are among the most performing and dynamic among Asian countries. In the last year:
 - **3 ASEAN** countries are in the **top-10** Asian countries for **GAI positions gained**
 - **4 ASEAN** countries are in **top-8** Asia countries for positions gained in **openness pillar**
 - **4 ASEAN** countries are in **top-8** Asia countries for positions gained in **innovation pillar**
 - **5 ASEAN** countries are in **top-10** Asia countries for positions gained in **efficiency pillar**
 - **6 ASEAN** countries are in **top-10** Asia countries for positions gained in **endowment pillar**

Key messages of the Study (2/6)

- The GAI highlights the strengths of each ASEAN country:
 - Cambodia has some of the **lowest unemployment** (0.7%, 3rd lowest in the world) **and tax rates** (23.1%, 21st lowest in the world and 2nd lowest in ASEAN) in the world
 - The percentage of **Gross Fixed Investments** (GFCF) on GDP in Indonesia (32.3%) is the 8th highest in the world (1st among ASEAN countries). Moreover, Indonesia boasts a distinguished academic and innovation environment: it is the **6th** country in the world for n. of **graduates** (1st among ASEAN countries) and **21st** country in the world for n. of **scientific publications** (1st among ASEAN)
 - Lao has the 2nd lowest **unemployment in the world** (0.6%), after Qatar, **and the tax rates** is the 24th lowest in the world (24.1%)
 - Malaysia is **highly innovative** and **rich of talents**: it is the **21st** country in the world for n. of **graduates** (3rd in ASEAN), **17th** for percentage of **foreign college students** on young population (2nd among ASEAN countries after Singapore), **22nd** for n. of **scientific publications** (2nd in ASEAN countries after Indonesia). The country also ranks **9th** for export of **high-tech goods** (2nd in ASEAN after Singapore)
 - Myanmar combines a **high number of graduates** (28th in the world) with a **low unemployment rate** (1.6%, 9th lowest in the world)

Key messages of the Study (3/6)

- Philippines are the **21st** country in the world for the share of **Gross Fixed Investments on national GDP** (26.8%), which corresponds to the 2nd highest value among ASEAN countries (after Indonesia)
- Singapore ranks 3rd in the overall GAI ranking on 144 countries worldwide. It is one of the most open country in the world: 31st for **FDI flows + country's investments abroad**, **11th** for **export+import** activity, **10th** for n. of **foreign tourists + national tourists** travelling abroad on total population, **3rd** for **foreign college students** on young population and **9th** for n. of **immigrants** on total population. Singapore is highly-innovative and it is the 6th country in the world for exports of high-tech goods. Efficiency is a key point for Singapore: 7th in the world for the Logistic Performance Index, 12th for Rule of Law Index and 15th for lowest total tax rate (equal to 21%)
- Thailand is the 2nd biggest ASEAN economy and is characterized by a **high-level of efficiency** thanks to a **low unemployment rate** (5th lowest in the world and 3rd in ASEAN), a good **Logistic Performance Index** (31st in the world, 2nd in ASEAN) and a high **Total Factor Productivity Growth** (25th in the world, 1st in ASEAN)
- Vietnam has an important stock of human capital, being the **11th** country in the world for **n. of graduates** (2nd in ASEAN after Indonesia) and has a high-tech based manufacturing that ranks the country **11th** in the world for export of **high-tech goods** (3rd in ASEAN)

Key messages of the Study (4/6)

- An in-depth analysis of all ASEAN economies has shown that:
 - **Brunei** is dependent on the **oil & gas** sector, which counts for almost 50% of its domestic economy and the most imported and exported goods are minerals and oil-related products. In perspective, important growths can be expected for imports of **mineral products** and **nuclear reactors**
 - The domestic manufacture in **Cambodia** is driven by the **garment industry**, which accounts for **2/3** of the manufacturing GDP and drives the international trade. In the next years, import of **vehicles** and related products is expected to grow sharply
 - The food industry is the first sector in **Indonesia**, producing 18% of the manufacturing Value Added and employing 25% of the workforce. **Mineral and its products** contribute to 21% of the exports of **Indonesia** and the most imported product are **industrial machineries**. Iron and steel will have a strong growth in the country's imports in the next 4 years
 - **Electricity** plays a key role for the economy, contributing to 34% of the industrial GDP and making **Laos** a **hydropower supplier of the ASEAN region** and an **importer of electrical machinery and equipment** (that accounts for almost 15% of national imports). With regard to forecasts, **imports of beverage and sugar confectionary** in Lao are expected to grow in next years

Key messages of the Study (5/6)

- **Petroleum products** and **electronic components** produce **25%** of the value added of manufacturing in **Malaysia** and the latter contributes to **34%** of the total country export and is the most promising sector for import in the next year
- **Food&Beverage, textiles and wearing** produce **74%** of the value added of manufacturing in **Myanmar**. With regard to international trade, minerals contribute to 24% of exports and 20% of imports, but also apparel and clothing accessories play an important role, also considering their expected growth in the next years
- **48%** of the value added in manufacturing is produced by the **food industry in the Philippines** while electrical machineries and equipments are the most exported and imported goods. In perspective, import of electrical products is expected to remain stable while **iron and steel** (+79%) and **aircraft and spacecraft** (+90%) will grow the most
- Computer, Electronic & Optical Products alone account for **43%** of the value added in manufacturing in **Singapore** and also employ the **largest share of workers** as well as contribute the most to **national export and import**, also according forecasts for the next years

Key messages of the Study (6/6)

- Manufacturing in **Thailand** is **highly differentiated**, with 5 different industries contributing to 52% of the GDP of manufacturing: food products, coke and refined products, computer and electronic, chemicals and motor vehicles. The exports of **Thailand** are based on **nuclear and electrical machinery and equipments**, but also on **vehicles** while imports of electrical and mineral products are expected to grow their share by 2023
- **Mechanicals** and **food products** account for **30%** of the Value Added in manufacturing in **Vietnam**, but **garment** absorbs the highest share of workers. The trade of **Vietnam** is highly concentrated in **electrical machineries and equipment**, which contribute to **37%** of exports and 31% of imports and will be the sector with the highest growth in imports in the coming years

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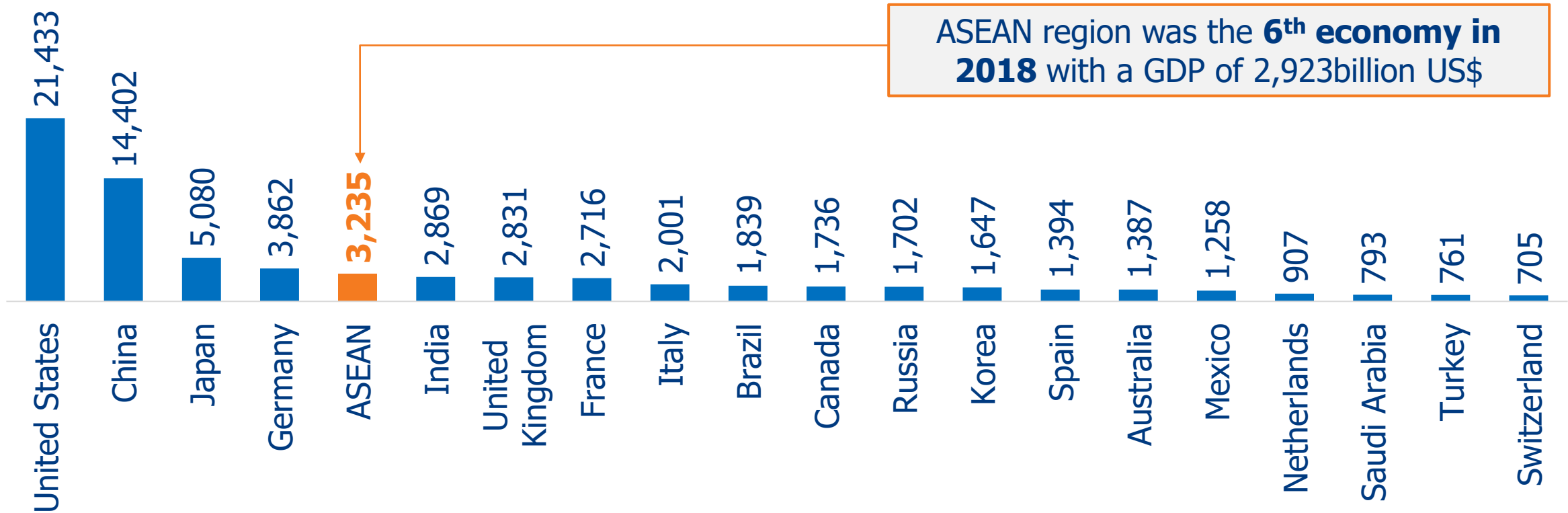
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5 reasons why Italy needs to look to ASEAN region

1. Its economy is one of the **greatest and most dynamic and resilient** in the world
2. It plays a key role in **global trade**
3. It is becoming more and more **attractive for international investors and visitors**
4. It is one of the **largest markets in the world** with a very young population and an increasing availability of expenditure
5. It is a key **manufacturing hub** with high potential for innovation

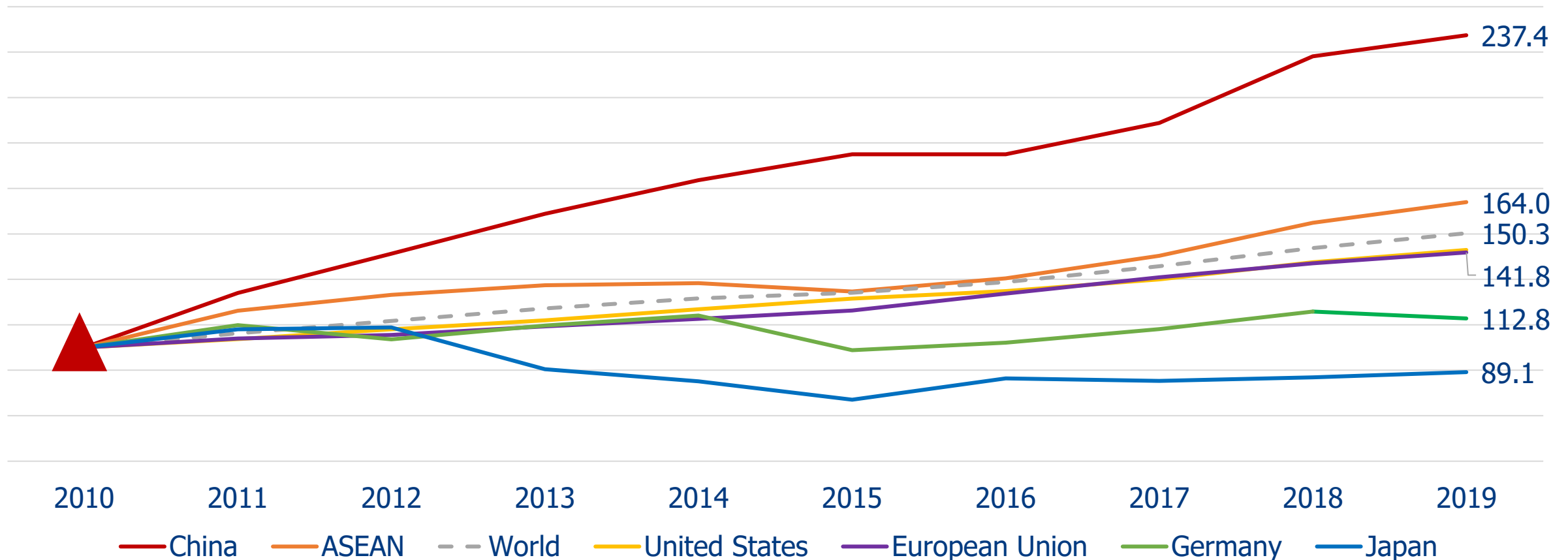
- 1 ASEAN region is one of the most important in the world: if it was a single economy, it would be the **3rd largest in Asia and 5th largest in the world**

GDP in the first 20 economies in the world (billion US\$), 2019



1 Over the last few years, GDP growth in ASEAN has **overperformed international competitors** (with the exception of China)

GDP in the first 6 economies in the world (2010=100), 2010-2019



2 If ASEAN was a single economy, it would rank 4th in the world for export and 3rd for import

Export, top 10 countries at global level (billion US\$ - current price), 2019

		% in the world export	
		2019	2010
China	2,499	13.2%	10.3%
USA	1,643	8.7%	8.4%
Germany	1,489	7.9%	8.2%
ASEAN	1,424	7.5%	6.9%
Netherlands	709	3.7%	3.8%
Japan	706	3.7%	5.0%
France	571	3.0%	3.4%
Korea	542	2.9%	3.0%
Hong Kong	535	2.8%	2.8%
Italy	533	2.8%	2.9%

Import, top 10 countries at global level (billion US\$ - current price), 2019

		% in the world import	
		2019	2010
USA	2,567	13.3%	12.8%
China	2,078	10.8%	9.1%
ASEAN	1,389	7.2%	6.2%
Germany	1,234	6.4%	6.8%
Japan	721	3.7%	4.5%
UK	696	3.6%	3.8%
France	654	3.4%	4.0%
Netherlands	635	3.3%	3.3%
Hong Kong	578	3.0%	2.9%
Korea	503	2.6%	2.8%

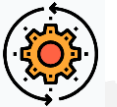
2 ASEAN is committed to establish **Free Trade Agreements** with other regions worldwide

Already signed and in effect



- **ASEAN** Free Trade Area
- ASEAN-People's Republic of **China** Comprehensive Economic Cooperation Agreement
- ASEAN-**Hong Kong**, China Free Trade Agreement
- ASEAN-**Korea** Comprehensive Economic Cooperation Agreement
- ASEAN-**India** Comprehensive Economic Cooperation Agreement
- ASEAN-**Japan** Comprehensive Economic Partnership
- ASEAN-**Australia and New Zealand** Free Trade Agreement

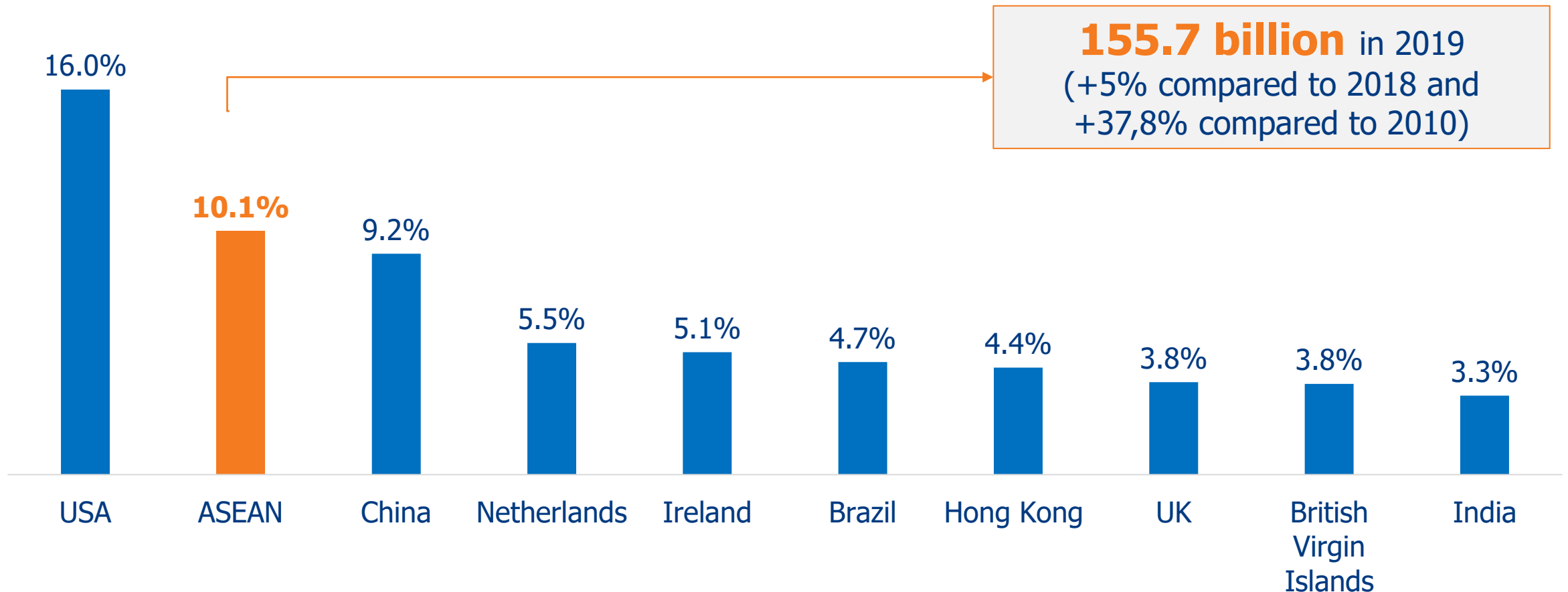
Under consultation



- ASEAN-**Canada** FTA
- ASEAN-**EU** Free Trade Agreement
- ASEAN-**Pakistan** Free Trade Agreement
- **Comprehensive Economic Partnership for East Asia**
- **East Asia** Free Trade Area (ASEAN+3)
- ASEAN-**Eurasian** Economic Union Free Trade Agreement

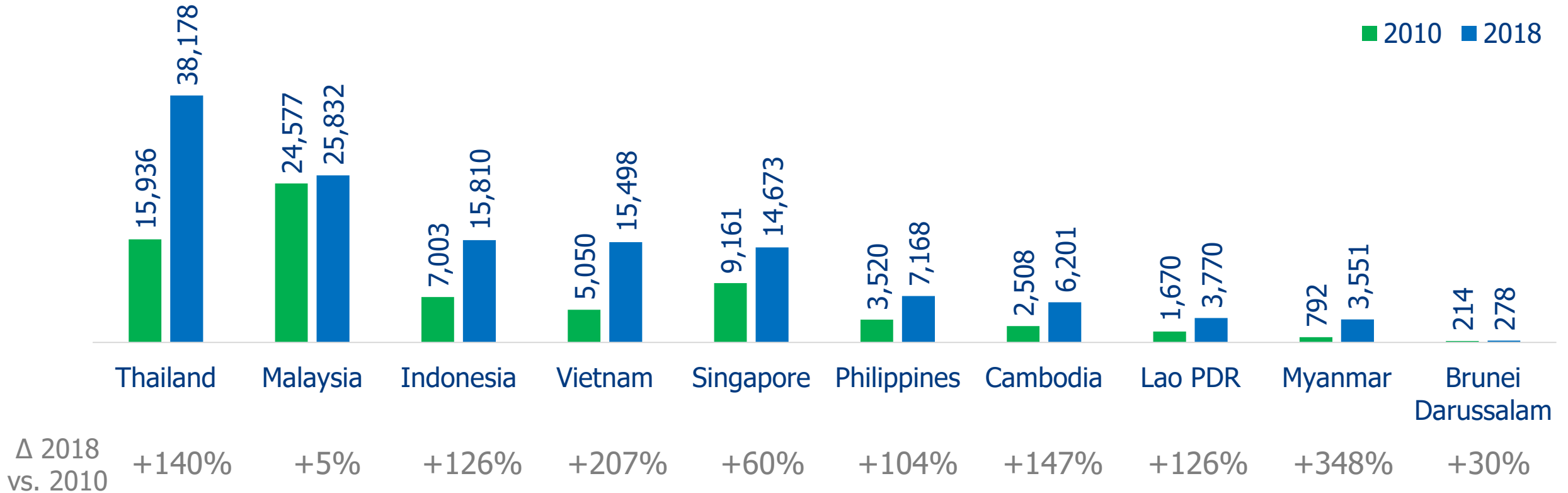
3 Inward FDI flows have increased in the last years, bringing ASEAN to be the **2nd destination in the world in 2019**

First 10 countries for inward FDI flows (% of global inward FDI flows), 2019



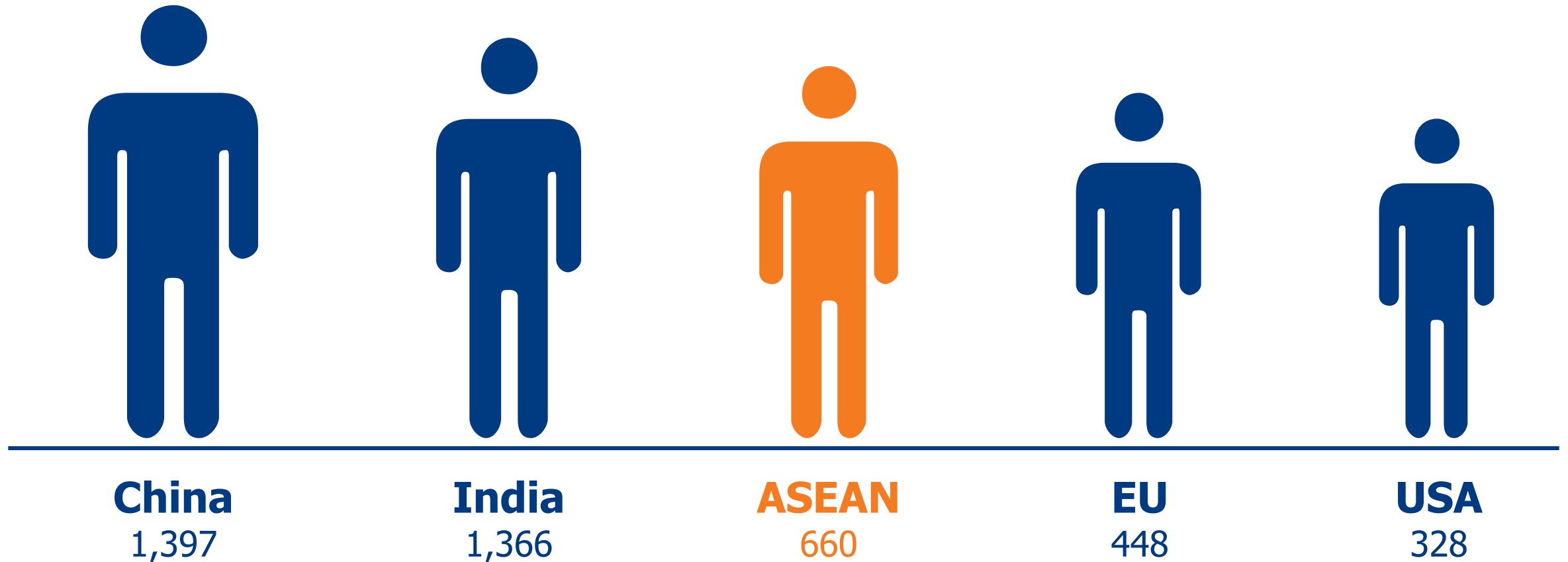
3 ASEAN countries are also attracting more and **more international tourists and business visitors**

Number of international arrivals in ASEAN countries (thousands), 2010 vs 2018



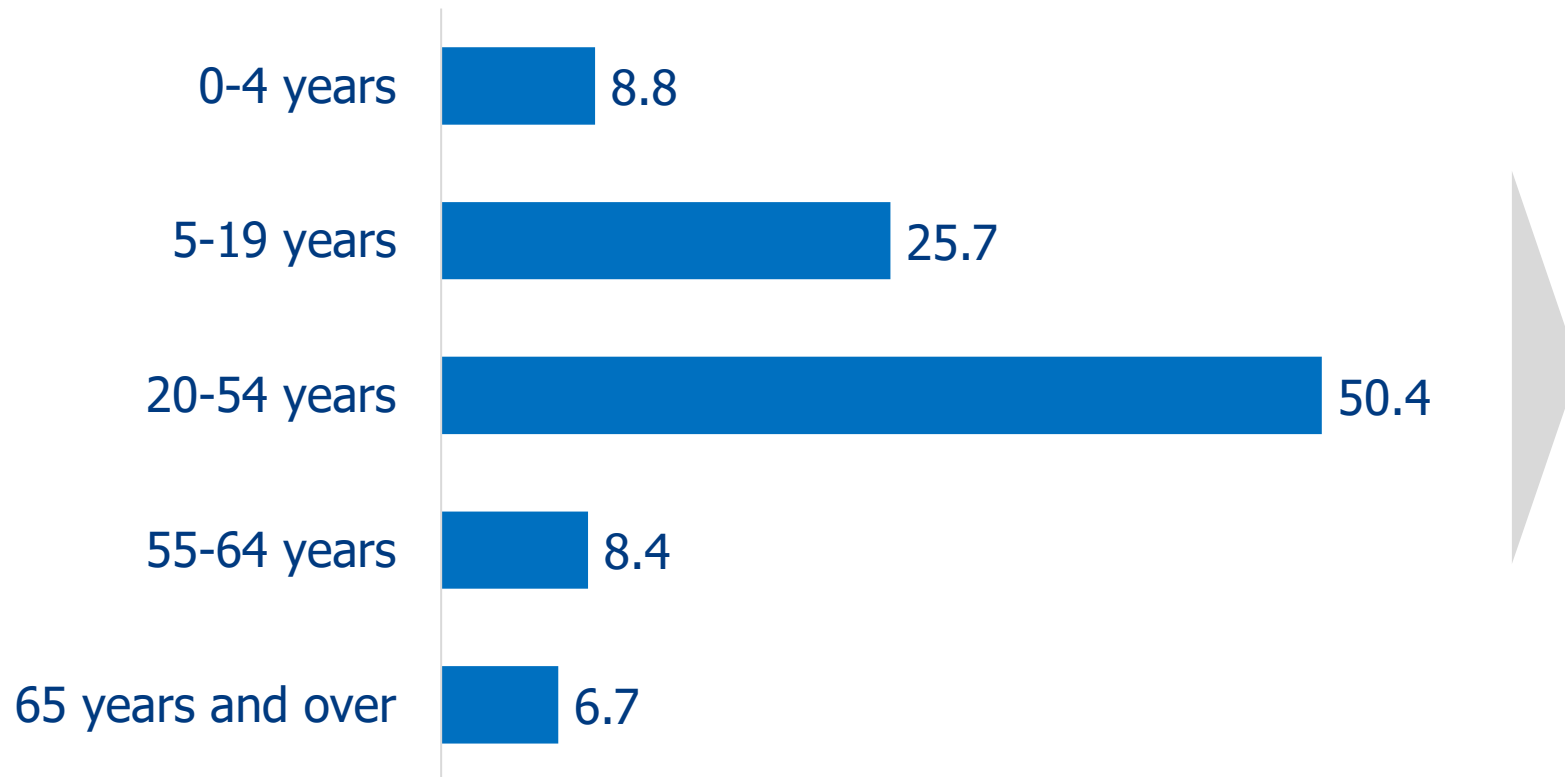
4 ASEAN region is the 3rd largest market in the world

Population (million), 2019



4 ASEAN population is made of **young people**

ASEAN population by age group (%), 2018



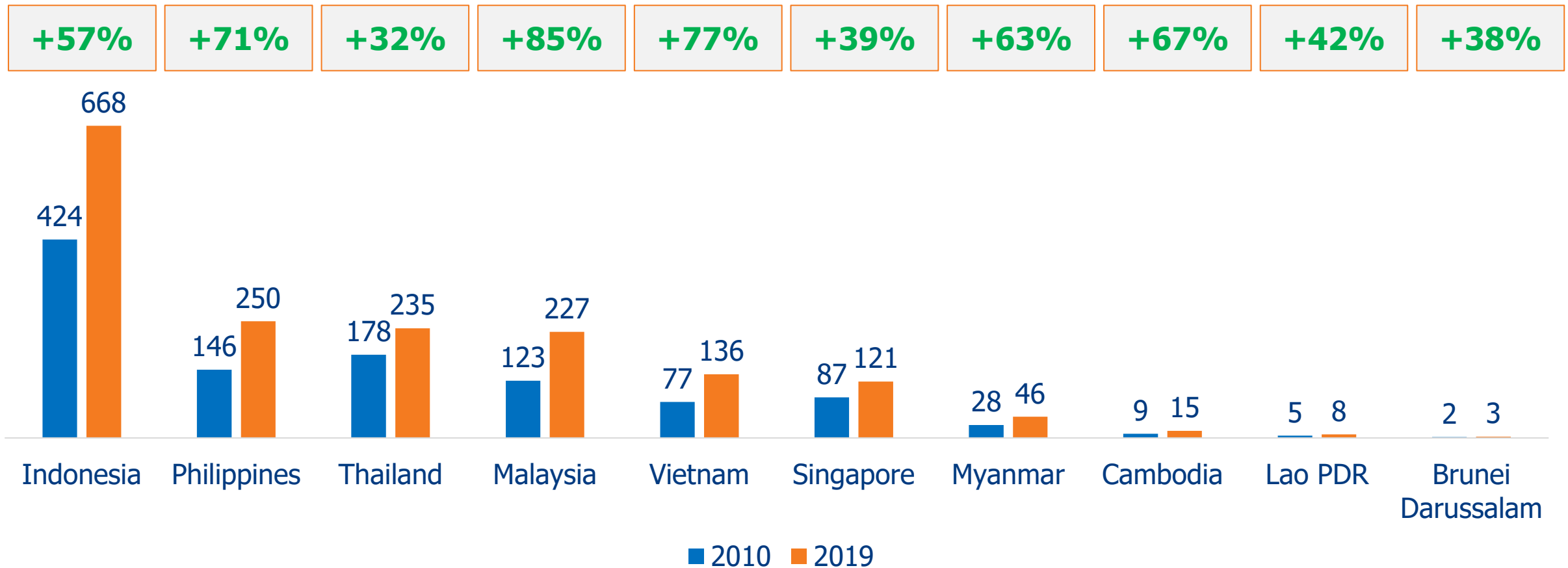
28.9 years
is the median age of the
ASEAN population

vs

46.9 years in Japan, 46.3 years
in Germany, 45.2 years in Italy,
38.1 years in USA and
37.4 years in China

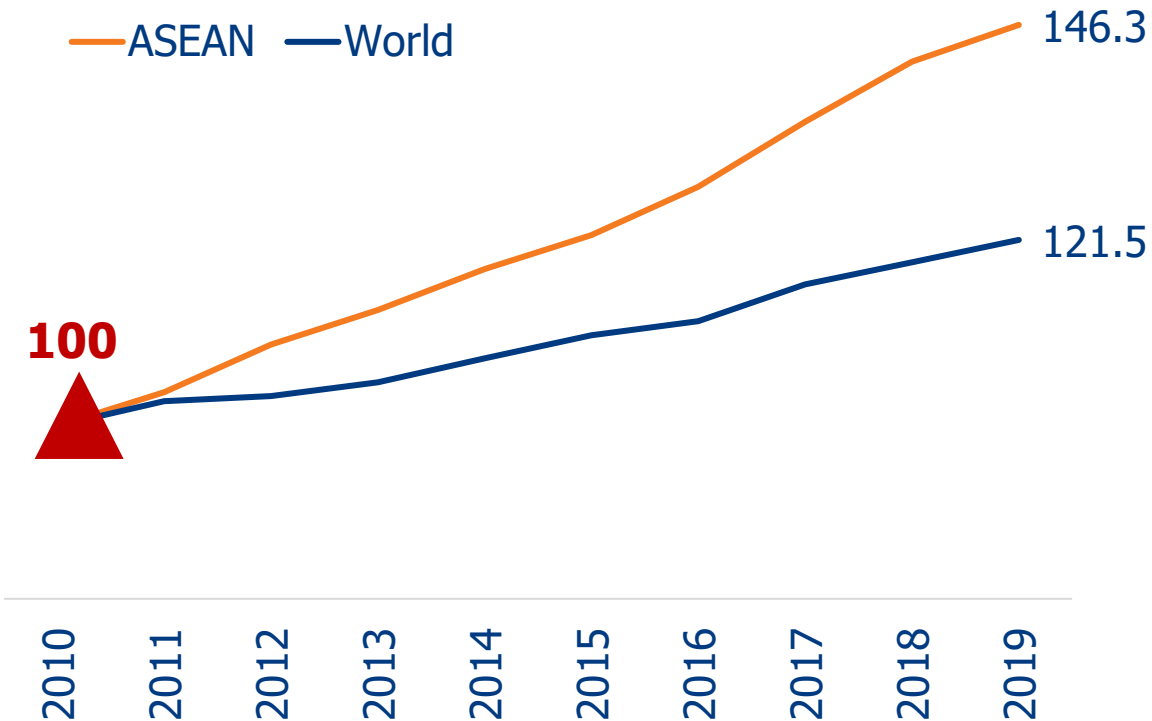
4 Economic growth has **boosted national consumption**

Household final consumption expenditure (billion US\$ and % change), 2010-2019

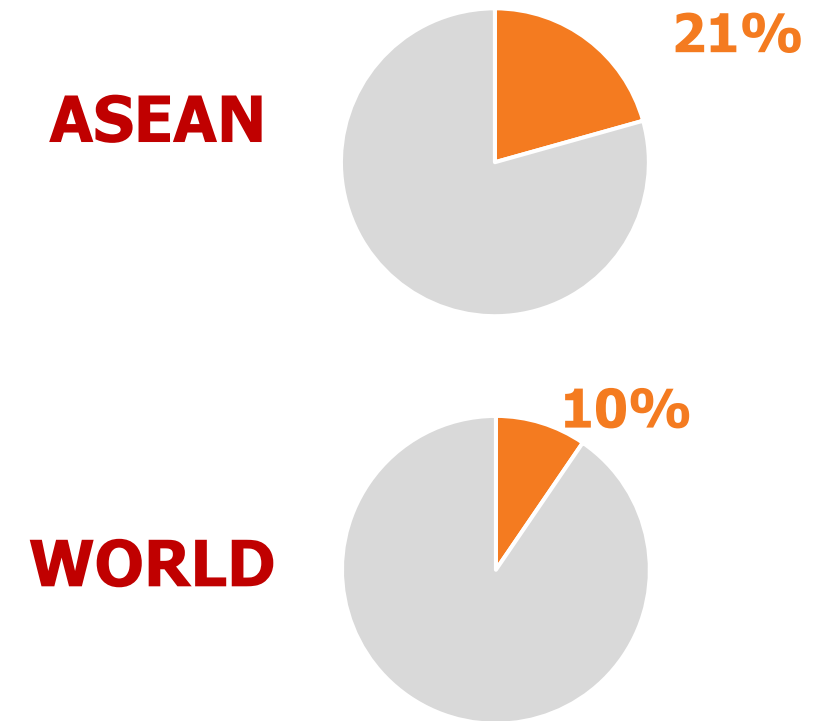


5 Today ASEAN is a globally acknowledged **manufacturing hub**

Growth of manufacturing value added in ASEAN and in the world (2010=100), 2010-2018



Share of manufacturing value added on GDP in ASEAN and in the world (%), 2019



5 ASEAN manufacturing industry could benefit hugely from **high-tech solutions** brought by the 4th industrial revolution

- ASEAN countries are considered as a manufacturing hub especially thanks to:
 - Lower **costs of work, on average 30% lower than China**
 - **Young and skilled workforce**, especially graduates in engineering and manufacturing
- This competitive advantage has to be revamped as:
 - **Productivity rates are relatively low**
 - **Competition for employees** is becoming more intense on a global level
 - ASEAN countries companies **lack the scale** to compete with “giants” outside the Region

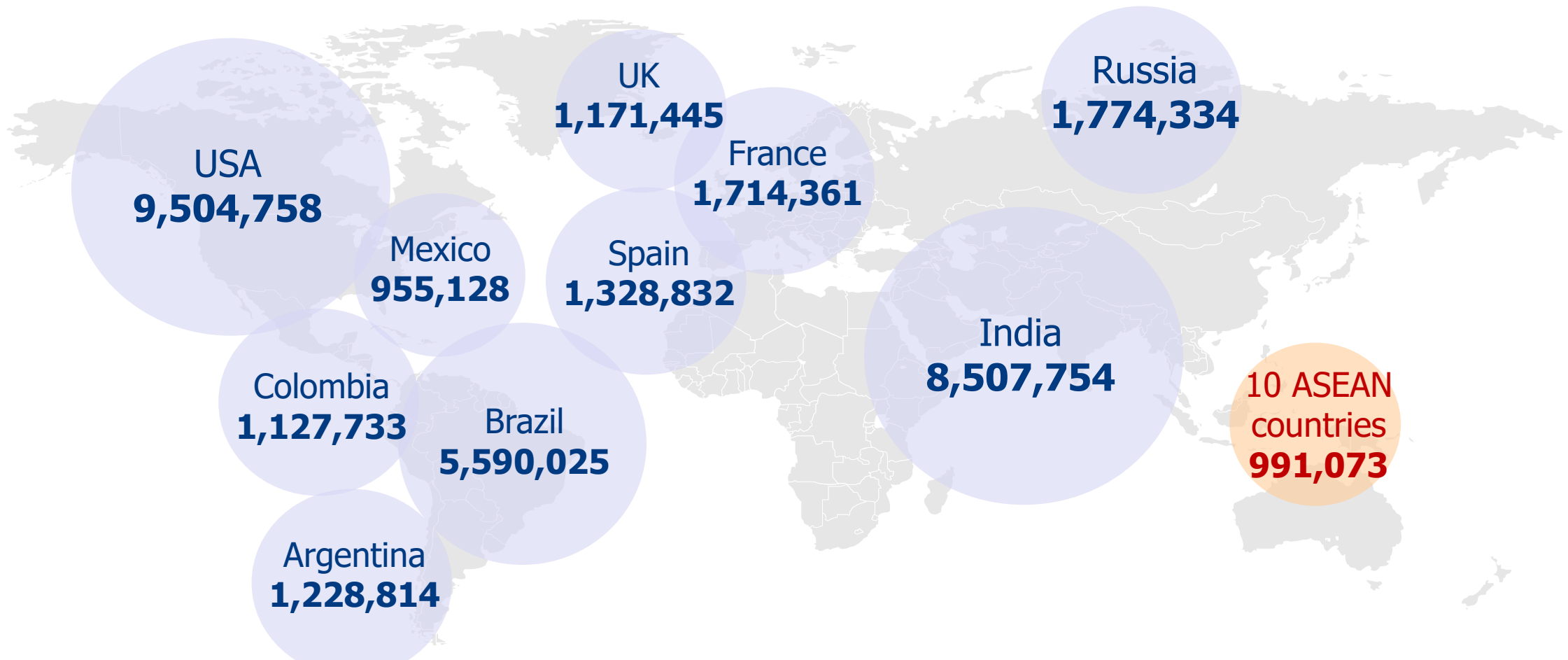
High-tech and digital tools can make **local manufacturing industries** more efficient and productive and **give power to SMEs** thanks to the rise of digital marketplaces and online services

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ASEAN countries **reacted better** than the rest of the world to the COVID-19 pandemic

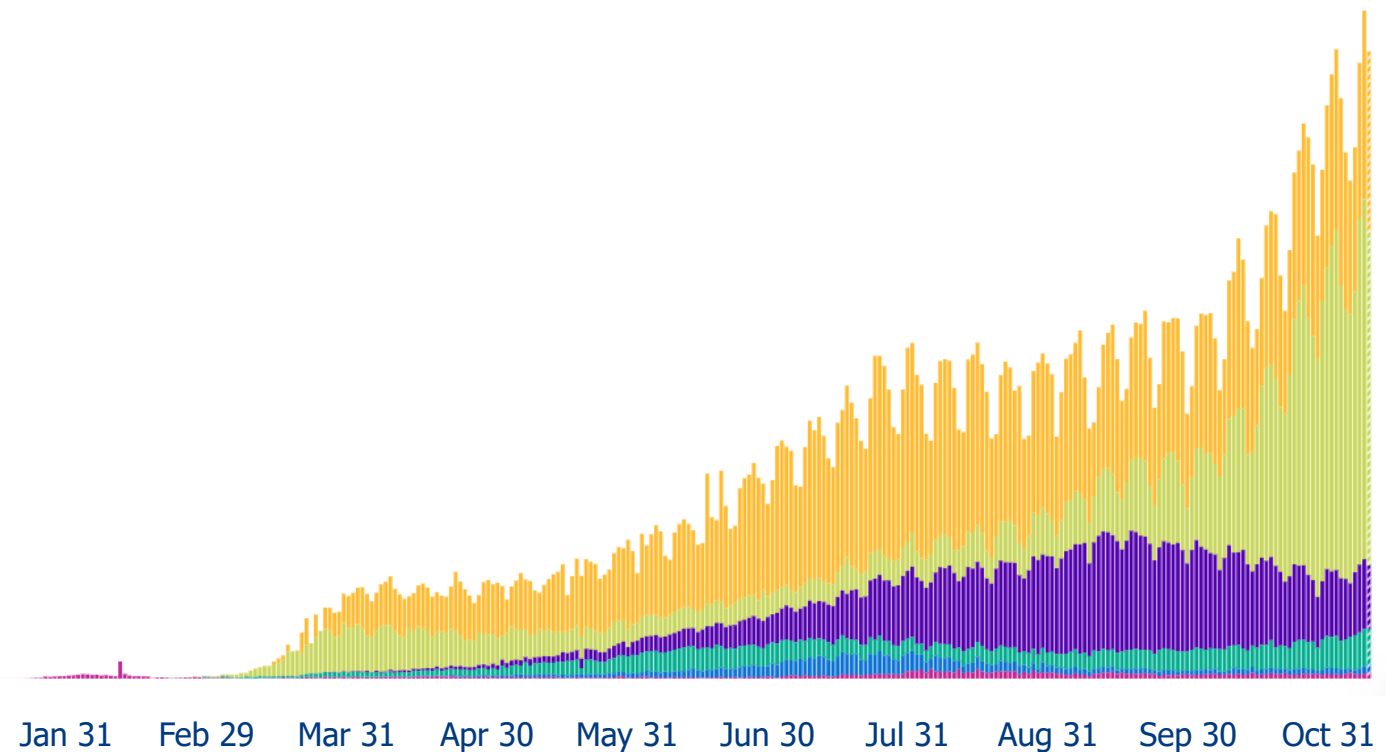
Cumulative COVID-19 cases in the first 10 countries and in ASEAN



The contagion curve in ASEAN region has always **been quite flat** compared to other countries in the world

Daily cases of COVID-19 in the world's regions, Jan. 1st 2020 – Nov. 7th 2020

Americas	21,326,640
Europe	12,803,858
South-East Asia	9,586,409
Eastern Mediterrean	3,274,928
Africa	1,353,882
Western Pacific	760,473



The pandemic has caused an unprecedented global economic crisis

Supply crisis

- Interruptions of production activities in multiple sectors and in different countries of the world
- Slowdowns in supply chains

Demand crisis

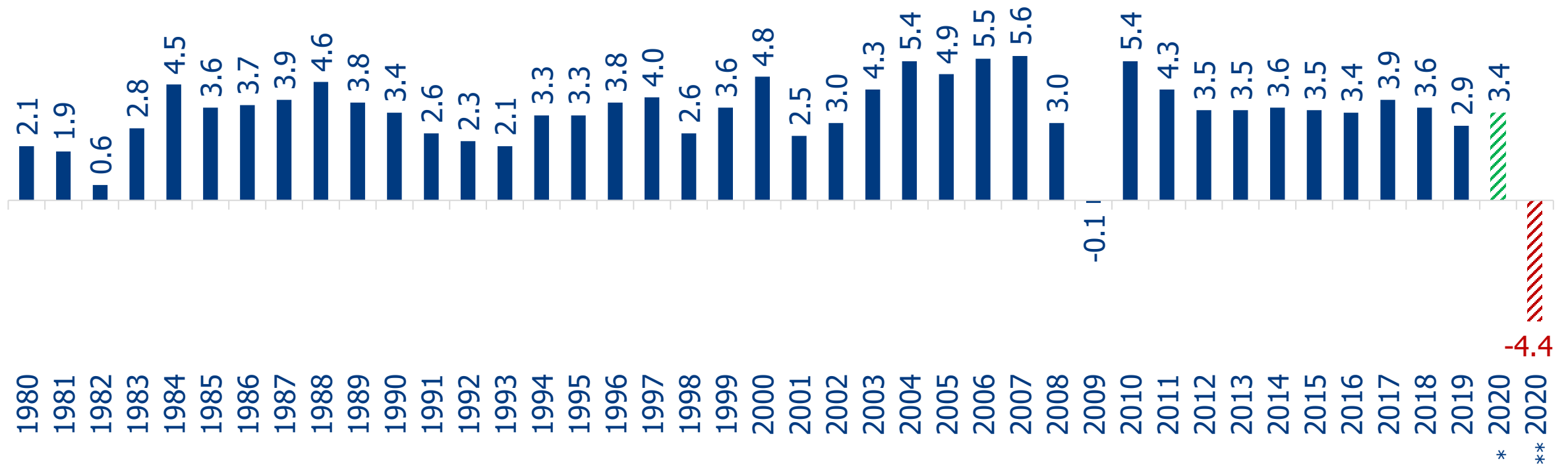
- Reduction of disposable income
- Drastic reduction in demand especially in some sectors (catering, tourism, leisure, ...)
- Slowdown and / or postponement of private investment



This is the first crisis since 1979 (oil crisis) involving both supply and demand. This contributes to the increase in **uncertainty** and the **difficult predictability** of some economic phenomena (investments, inflation, government debt, etc.)

The International Monetary Fund predicts the worst growth of the global economy in the past 40 years ...

Real growth rate of global GDP (% var.), 1980-2020E



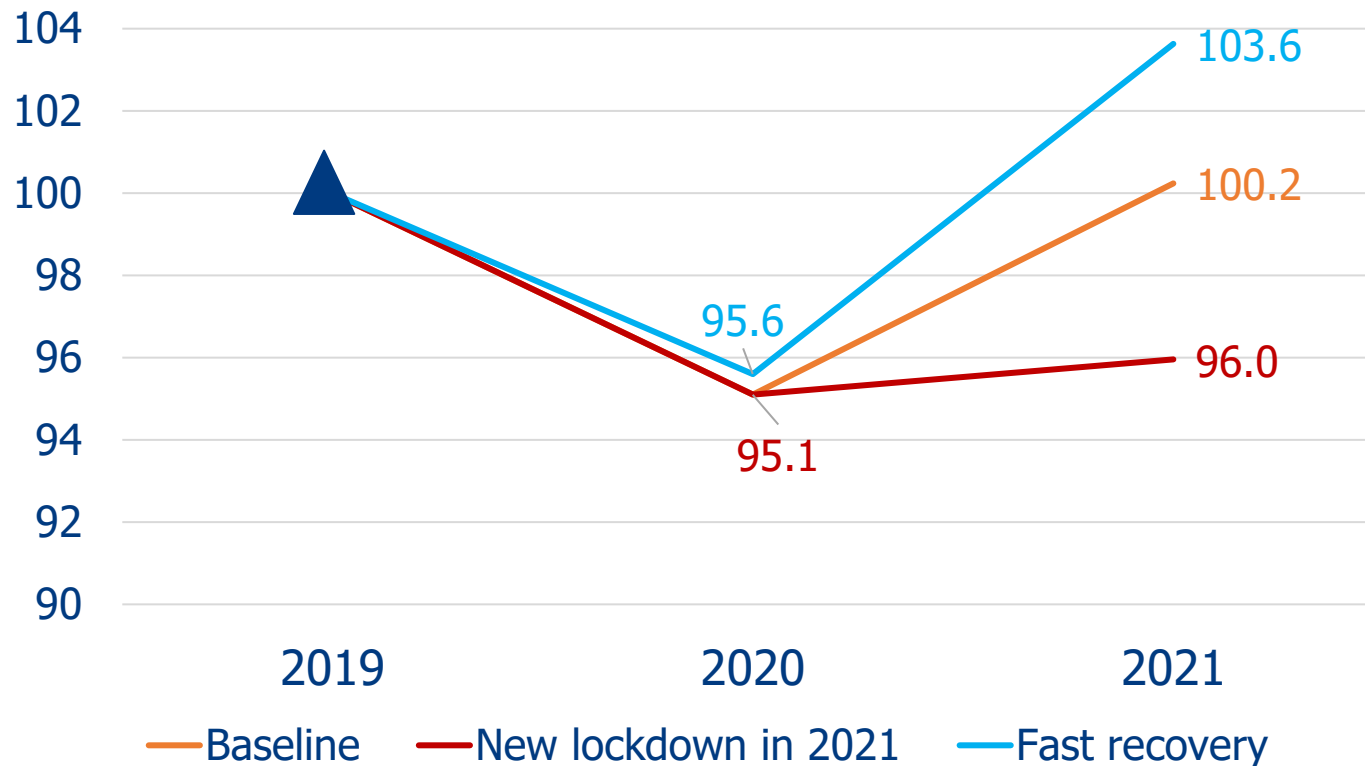
(*) International Monetary Fund forecasts, October 2019

(**) International Monetary Fund forecasts, October 2020

... with a possible worsening in case of a second wave in 2021

World GDP contraction projections in different scenarios

(index number, 2019 = 100)



"Fast recovery in 2021", thanks to successful pandemic containment measures

"Baseline", in which the health emergency is resolved starting from the third quarter of 2020 (downward forecast of 1.9 p.p. compared to the IMF estimate of April 2020)

"New lockdown in 2021" scenario considers a second wave of contagion starting in early 2021

The ASEAN region is among the **most resilient in the world**

GDP growth in the world's regions (% var.), 2020E



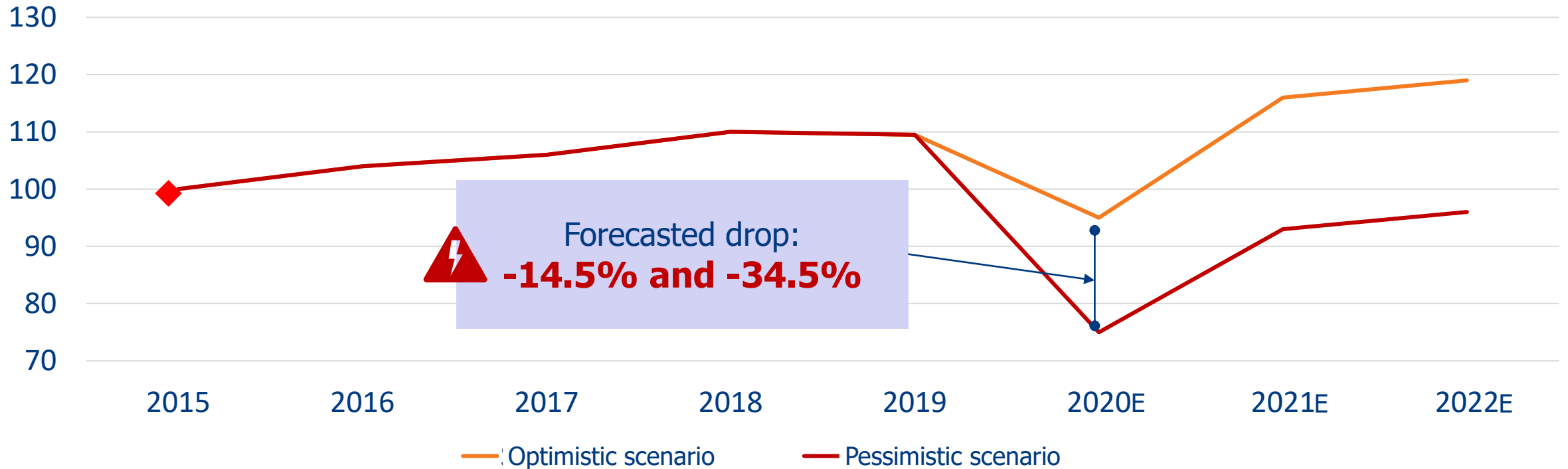
Although there are differences in country performance, overall it remains **above the global average in 2020 and 2021**

ASEAN GDP growth (% var.), 2019, 2020E (before and after COVID-19) and 2021E

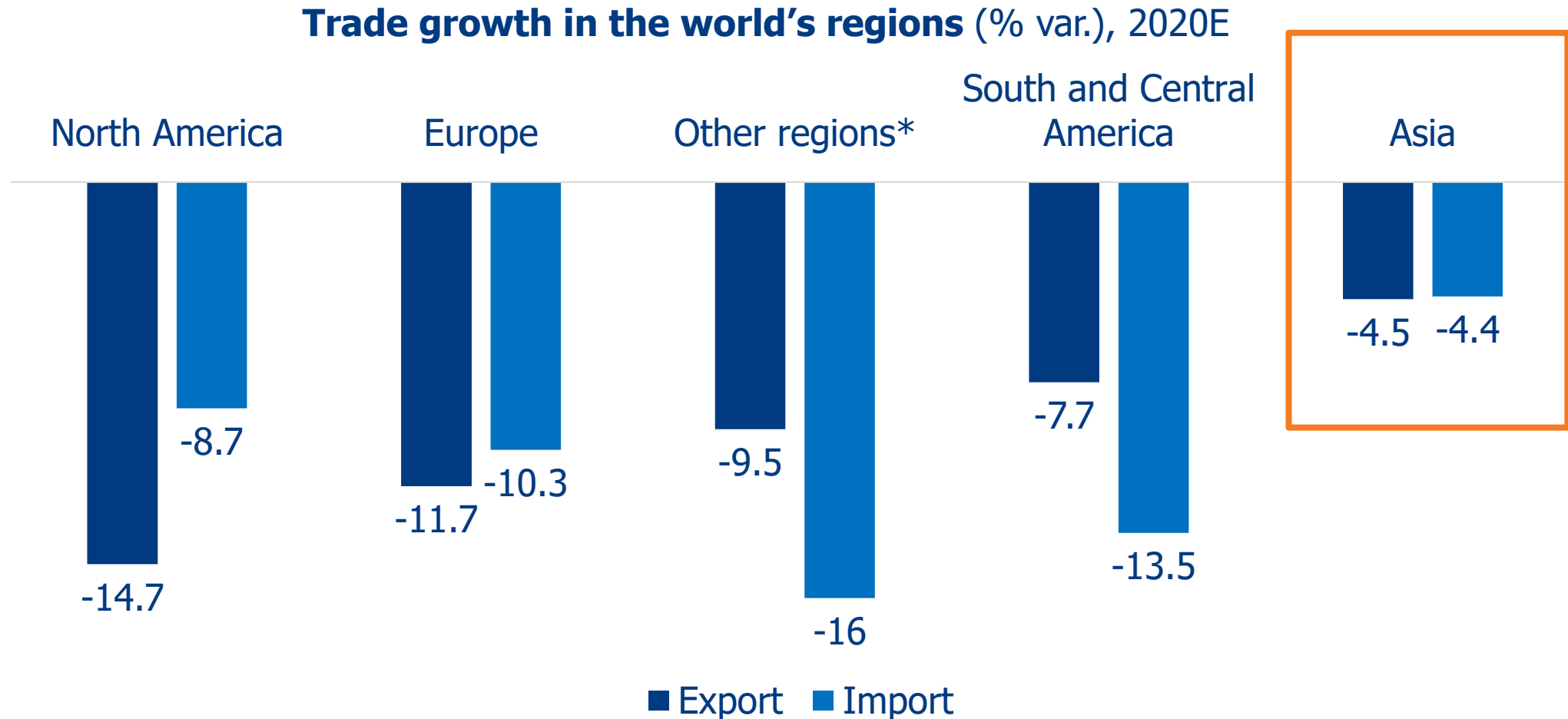
	2019	2020E (before COVID-19)	2020E (October 2020)	2021E (October 2020)
Brunei	+3.9	+1.5	+0,1	+3.2
Cambodia	+7.0	+6.8	-2.8	+6.8
Indonesia	+5.0	+5.3	-1.5	+6.1
Laos	+5.2	+6.2	+0.2	+4.8
Malaysia	+4.3	+4.8	-6.0	+7.8
Myanmar	+6.5	+6.8	+2.0	+5.7
Philippines	+6.0	+7.0	-8.3	+7.4
Singapore	+0.7	+1.5	-6.0	+5.0
Thailand	+2.4	+3.2	-7.1	+4.0
Vietnam	+7.0	+6.8	+1.6	+6.7
ASEAN weighted average	+4.4	+5.0	-3.9	+6.0
World			-4.4	+5.2

COVID-19 crisis is causing an historic collapse in international trade...

World trade in goods (two scenarios)
(index numbers. 2015 = 100), 2015-2022



... but ASEAN is located in a commercial zone (Asia) which will have the **least negative impact in 2020**



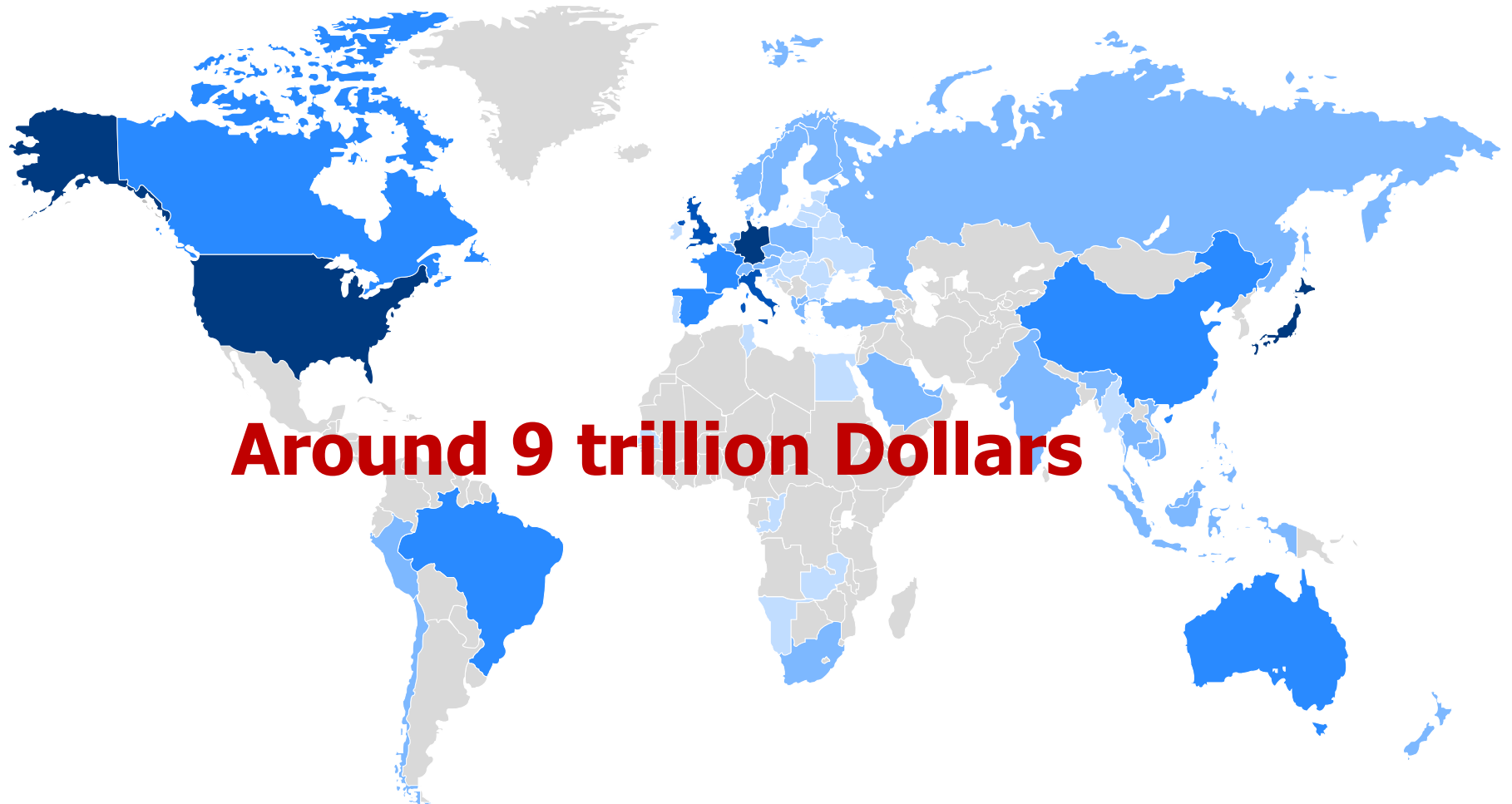
(*) Other regions comprise Africa, Middle East and Commonwealth of Independent States (CIS), including associate and former member States.

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Governments and institutions of all major countries in the world have mobilized to support the economy in this emergency

**Resources mobilised
by main countries to
respond to the crisis**
(\$bn), last available
data

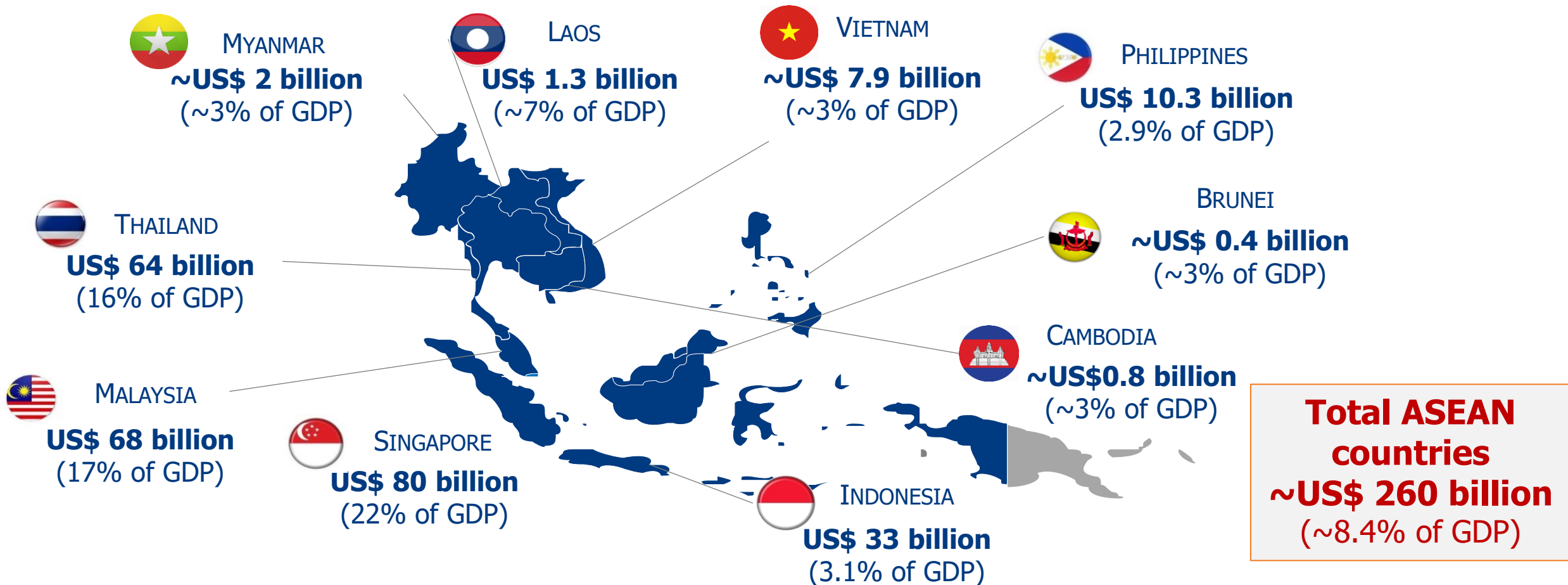


Legend:

- >\$1 tri
- \$500 bn - \$1 tri
- \$100 bn - \$500 bn
- \$10 bn - \$100 bn
- <\$10 bn

The governments of all the ASEAN countries put in place **extraordinary aid** to support the economy

Volumes of economic supports put in place by ASEAN countries for the COVID-19 crisis



All governments of ASEAN countries have taken **significant measures** to stop the contagion and support the economy (1/5)

- **Brunei** has successfully contained the virus thanks to the measure introduced by the Government, including early massive testing since January 2020 and travel bans for citizens to go abroad on March. Brunei has entirely implemented lockdown and closed its access from sea and air in March. The Government has introduced restrictions on public gatherings and has closed mosque and other worship places. The Government also took measures to **ensure the welfare of its citizens**. The Ministry has issued a directive to all employers to **pay salaries** during the quarantine to its employees. On April 1, it introduced economic stimulus for micro, small and medium enterprises. The success of Brunei in containing the virus is **early action and implemented precautionary measures** while deploying and mobilizing all funding and resources to contrast the impact of the pandemic.
- **Cambodia** has confirmed only 295 cases of COVID-19 so far and **no deaths** have been reported. Cambodia has lower confirmed cases compared to other ASEAN countries despite criticism of lack testing. Several measures that have been adopted by The Royal government of Cambodia include imposed **quarantine, banning of celebrations** for the Khmer New Year, issue of **economic stimulus**. In addition, the Government also passed state of emergency law on 10 April 2020 granting the country's autocratic leader, Hun Sen, vast new powers allowing the government to carry out unlimited surveillance of telecommunications and media.

All governments of ASEAN countries have taken **significant measures** to stop the contagion and support the economy (2/5)

- **Indonesia** is the second after Singapore for number of cases and its mortality rate of 3.4% is one of the highest in the Southeast Asia. Several key measures have been issued to respond to the coronavirus cases in Indonesia including the establishment of **Task force for the acceleration of COVID-19** on 13 March 2020. Large scale **social restriction** for accelerating COVID-19 eradication has been introduced on 30 March 2020. **Suspension of travels between cities by air, land and water**. In addition, the Government has decided to implement a travel ban for foreign visitors to Indonesia. US\$ 33 billion **stimulus package** was announced by government to legitimize much more state spending and financial relief efforts to allow Indonesia covering COVID-19 crisis.
- **Lao** is the **last country in ASEAN** infected by COVID-19. The number of confirmed cases is only 24 and it is reported that there are no new cases since the end of March. Key measures have been taken, including: establishing National Taskforce Committee for COVID-19 Prevention and Control—a special taskforce; issuing by the Prime Minister of Laos of an order on the Reinforcement of Measures for the Containment, Prevention, and Full Response to the COVID-19 Pandemic. These orders have been followed by specific measures such as closing some provincial borders, prohibition of gathering more than 10 people, price control, residential lockdown, and work from home for government officials. The Lao PDR government has already allocated US\$ 1.3 billion for implementing **measures to prevent and control the spread of COVID-19** in the country and other **key fiscal, monetary and macroeconomic measures**.

All governments of ASEAN countries have taken **significant measures** to stop the contagion and support the economy (3/5)

- **Malaysia**'s nationwide response and collaboration can be a model for other countries to help flatten the curve of the COVID-19 pandemic. The government has **banned all gatherings**, including international meetings, sporting events, social and religious assemblies. On 18 March 2020, the government decided to implement the **Movement Control Order** to address the COVID-19 outbreak under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967. Malaysian Government launched a series of **economic stimulus measures** to lessen the impacts of COVID-19 to the sectors and communities. The Malaysian government announced a **stimulus package** worth RM20bn (US\$ 4bn) to enable the **tourism and other industries** in the country to deal with the impact of the coronavirus pandemic. A second stimulus package worth RM250bn (US\$ 58bn) was announced, out of which RM25bn (US\$ 6bn) will be provided to help **families and business owners** affected by the outbreak.
- **Myanmar** has a number of confirmed cases relatively small compared to other ASEAN countries but there is a fear of a major outbreak due to slow widespread testing in the country. The United Nations has announced a plan to donate **50,000 testing kits** to Myanmar, supplementing previous donations of 3,000 from Singapore and 5,000 from South Korea. To ease the impact of the pandemic the government announced a stimulus of almost US\$2 billion. The COVID-19 fund will be used to assist **garment and manufacturing, hotel and tourism** business as well as **small and medium size enterprises** owned by local people.

All governments of ASEAN countries have taken **significant measures** to stop the contagion and support the economy (4/5)

- **The Philippines** have reacted to COVID-19 with three core elements: (i) granting '**special temporary power**' to the President by Congress, (ii) imposing a **lockdown** on the entire island of Luzon (the first location of COVID-19 contagion), (iii) employing the **military and police** to enforce the President's orders and lockdown measures. **The National Action Plan and nationwide COVID-19 tracker** are the main tools used to support decentralization and decision making. The Government initiated an economic stimulus of more than US\$10 billion. This includes **social protection program** that offers aid to poor families, earners in the informal sector, workers who contracted COVID-19, and families of workers who died from the disease. The package includes also a '**Bayanihan Grant to Cities and Municipalities**' to assist **local government** units in responding to the health crisis. Finally, a wage subsidy package was allotted to support **social security and workers of small businesses**. The country was also placed under a 'state of calamity' so the government can access disaster financing like Calamity and 'Quick Response Funds'.
- **Singapore** was hailed globally as a **model for emulation and replication** by governments, epidemiologists and the mass media for "flattening the curve" through its extensive testing, contact tracing and strict quarantining of infected cases. Even on 24th March 2020, when Singapore took the unprecedented step of closing its international borders to stem the spike in imported COVID-19 cases - including from many ASEAN countries - local transmissions remained relatively low and were linked mainly to known clusters identified through contact tracing. By early April 2020, however, a major outbreak of infections among Singapore's migrant workers saw the island-state overtake all other ASEAN countries in recording the highest number of COVID-19 cases. To contain the outbreak, Singapore's Prime Minister announced nation-wide circuit breaker measures to enforce social distancing until June 2020. The government also **intensified testing** in 43 dormitories that housed 200,000 South and Southeast Asian migrants employed primarily in the construction sector. Singapore has launched **several aid packages**, worth a total of US\$ 80 billion (22% of GDP) to support **companies, workers and citizens**, with **direct subsidies and tax relief**, especially in the sectors most affected (tourism, mobility area and catering).

All governments of ASEAN countries have taken **significant measures** to stop the contagion and support the economy (5/5)

- **Thailand** was the first country in ASEAN and outside China infected by COVID-19 on 13 January 2020. Thai Government has announced partial lock down to contain the spread of the virus. The situation in Thailand is improving as the number of new cases falls, with no new imported cases due a near total ban on incoming flights since early April. To contain the contagion, the country was placed under a state of emergency on 26 March until 30 April. As for the economic stimulus, the first package valued at 100 billion baht (US\$ 3.2 billion) aimed supporting businesses in the form of **low-interest loans, deductions in withholding tax, and VAT refunds**. With successive stimulus and aid packages, Thailand has provided a total of US\$64 billion to help its citizens and businesses.
- **Vietnam**, after seven months since it was detected, confirmed a total of 1,213 COVID-19 cases and only 35 deaths. The Vietnamese government demonstrated their **prompt and aggressive response in the fight with such unprecedented diseases**. In early February, Vietnam was the **first nation after China to put a large residential area into the isolation zone** to curb the negative impact of the COVID-19 pandemic. By isolating infected people and tracking down their contacts, the communities or villages could be completely sealed off. Together with stopping issuing visas for foreigners from infected nations, all international flights coming to or departing from the pandemic areas were suspended as soon as the first case was confirmed. Vietnam temporarily cleared from the pandemic at the end of April 2020. Vietnam required all Vietnamese and international visitors who returned from abroad to quarantine at centralized facilities for 14 days. Currently Vietnam is a **COVID-free country** and, after a pre-emptive lockdown in July, has resumed normal economic and productive activities, leaving only restrictions with international trade and mobility.

The Association of South-East Nations has launched an **action plan** to strengthen economic cooperation and supply chain connectivity in response to the COVID-19



Objective

Containing and mitigating the **economic impact** of the COVID-19 pandemic on the region and strengthening **supply chain connectivity** to make supply chains more resilient and less vulnerable to similar challenges in the future

Short-term guidelines

- **Stimulate free trade** among ASEAN countries and the rest of the world by removing all types of non-tariff barriers
- Promote **sharing of information** and best practices in handling the pandemic
- Making available to all **essential goods** and fostering collaboration by redistributing productive surpluses and facilitating the exchange of goods in the region

Long-term guidelines

- Collaborate with external and development partners to strengthen **regional and global supply chain resilience and sustainability**
- Promote the use of **technology, innovation and digital economy** to allow businesses, especially the MSMEs to continue operations amidst the economic challenges
- Identify and implement appropriate measures to boost confidence in Southeast Asia as a **trade and investment hub**, and tourism destination in the region, in close collaboration with relevant industry stakeholders

ASEAN, the European Union and Italy have **strengthened their relations** during the pandemic

March 2020

- Ministerial-level digital meeting between the EU High Representatives, Singaporean Foreign Affairs Minister and others to share experience on the **COVID-19 pandemic management**
- Involvement of south-east Asian scientists in **18 coronavirus research projects** funded by the EU's Horizon 2020 programme

June 2020

Two digital meetings with the **Italian State Secretary Manlio Di Stefano** and the Deputy **Minister of Foreign Affairs of Indonesia**, Mahendra Siregar, and the **Deputy Minister of Foreign Affairs of Malaysia**, Dato' Kamarudin Bin Jaffar, on the cooperation in the fight against the pandemic, the development of bilateral political and economic relations and regional cooperation

February 2020

Consent by the European Commission to the Trade Agreement and an Investment Protection Agreement between the **European Union and Vietnam**

April 2020

Launch of a **'Team Europe'** coronavirus package, re-allocating €20 billion from existing development aid programmes of the European Commission, the European Investment Bank and the Member States: **€350 million** of this have gone to South-East Asia for providing healthcare, food and economic support

September 2020

Confirmation by the Secretariat and the Italian Ministry of Foreign Affairs of **Italy as development partner of the ASEAN countries**

Index

- Methodology and key points of the study
- ASEAN socioeconomic outlook in 2020 and 2021
- **The attractiveness of ASEAN countries through the lenses of the Global Attractiveness Index**
- Economic opportunities for Italian companies in ASEAN countries

The **Global Attractiveness Index** of The European House – Ambrosetti

5TH EDITION IN 2020

MISSION:

To make available to international decision makers a Country Indicator, able to offer a **representative picture** of the attractiveness and competitive sustainability of countries and, consequently, to provide **reliable indications** to support system choices in terms of growth and optimization of the pro-business environment

The robustness of the Global Attractiveness Index is certified through the **independent statistical audit** of the European Commission's **Joint Research Center**

With the support of:

TOYOTA

MATERIAL HANDLING

AVIVA
| Assicurazioni |



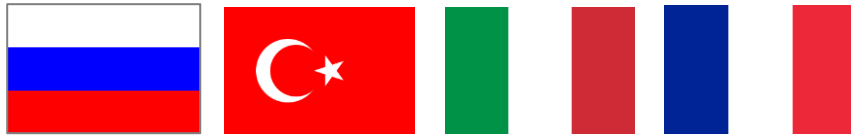
PHILIP MORRIS
ITALIA S.R.L.



As of now the Global Attractiveness Index has been...



Officially presented in **7 Countries** and to the **European Commission**



Included within the **set of official indicators** monitored by four governments



Supported by **international research Institutions**: Joint Research Centre and European Political Strategy Centre



Presented at the **OECD** in Paris and included among OECD's official indicators (on-going)



Presented to **more than 10,000 CEOs** and investors hired on Italy's repositioning in the country rankings. Presented to the **Ministers and Under-Secretaries of the previous and current Government** in formal and informal meetings, to the Parliamentary Commissions and in 3 editions of the Forum The European House - Ambrosetti in Cernobbio

The **characteristics** of the Global Attractiveness Index (GAI)

REPLICABILITY

Annual update, permitted by the use of periodically collected variables (KPIs) by the main international institutions

OBJECTIVITY

Based mainly on **objective quantitative variables** derived from the main international databases

SOLIDITY

Few proxy indicators with a low level of association, so that they are neither redundant nor significantly correlated

SIGNIFICANCE

Focus on "results" (output) rather than on "efforts" (input)

Objective of GAI: **measuring the attractiveness of a country**, a determining factor in assessing its capacity for development

INTERNAL

Ability to retain **resources already present** on the territory

EXTERNAL

Ability to **attract resources not present** on the territory

The **structure** of the Global Attractiveness Index (GAI)

14 years surveyed →

144 Countries →

**Global Attractiveness
Index 2020**

- **Historical Index** calculation over five years (2015-2020), **the only index with this feature**
- More than **80** KPIs analysed and tested for each country and each year
- Over **800,000 data** updates and checks

A
**Positioning Index
(PI)**

Openness

Innovation

Efficiency

Endowment

B
**Dynamism
Index (DI)**

Δ Openness

Δ Innovation

Δ Efficiency

Δ Endowment

C
**Sustainability
Index (SI)**

Resilience

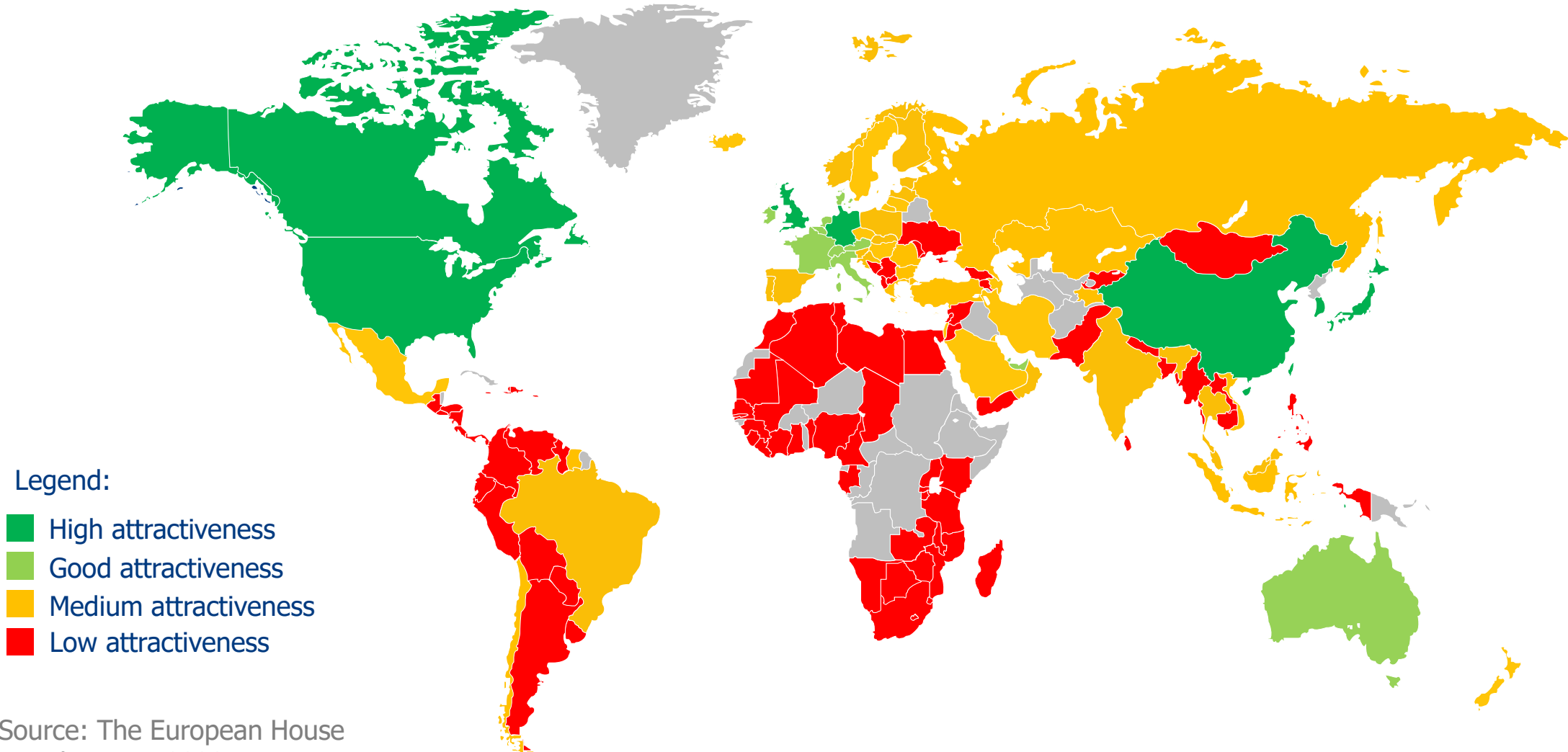
Vulnerability

GAI's Key Performance Indicators (KPIs) of attractiveness

Openness	Innovation	Efficiency	Endowment	Resilience	Vulnerability
<ol style="list-style-type: none"> 1. (FDI flows into the country IN + the country's investment abroad OUT), vs. world tot. 2. (Export + Import), vs. world tot. 3. (No. foreign tourists IN + No. national tourists abroad OUT), vs. pop. 4. Foreign university students, compared with youth pop. 5. Net number of migrants, vs. pop. 	<ol style="list-style-type: none"> 6. Employed in high-technology sectors, compared with employed 7. Export of high-technology goods, compared with world total 8. ICT Development Index 9. Number of scientific publications, vs. world total 10. Internet users, % of population 	<ol style="list-style-type: none"> 11. Unemployment level 12. Logistics Performance Index 13. Total productivity of factors 14. Rule of Law Index 15. Total Tax Rate 	<ol style="list-style-type: none"> 16. Gross Domestic Product (GDP), vs. world total 17. Gross National Product, (GNP), per capita 18. Gross Fixed Investment, vs. GDP 19. Natural Resource Index 20. College graduates, compared with world total 21. Student's skills according to PISA test score 	<ul style="list-style-type: none"> ▪ Human Development Index ▪ Global Peace Index ▪ Life expectancy at birth ▪ World Giving Index ▪ Avg. years of school attendance 	<ul style="list-style-type: none"> ▪ Debt/GDP ▪ Inflation rate ▪ Market concentration index ▪ Number of suicides, % total national population ▪ Population exposed to risk of poverty, % total national population ▪ People affected by natural disasters per 1,000 people ▪ Pollution deaths, every million inhabitants ▪ CO₂ emissions per capita

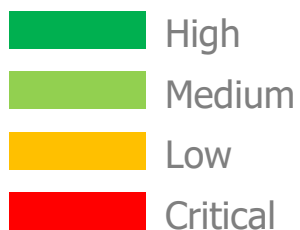
The overall picture of the **Global Attractiveness Index 2020**

Global Attractiveness Index, 2020



The top-20 most attractive countries of the GAI 2020

Legend:

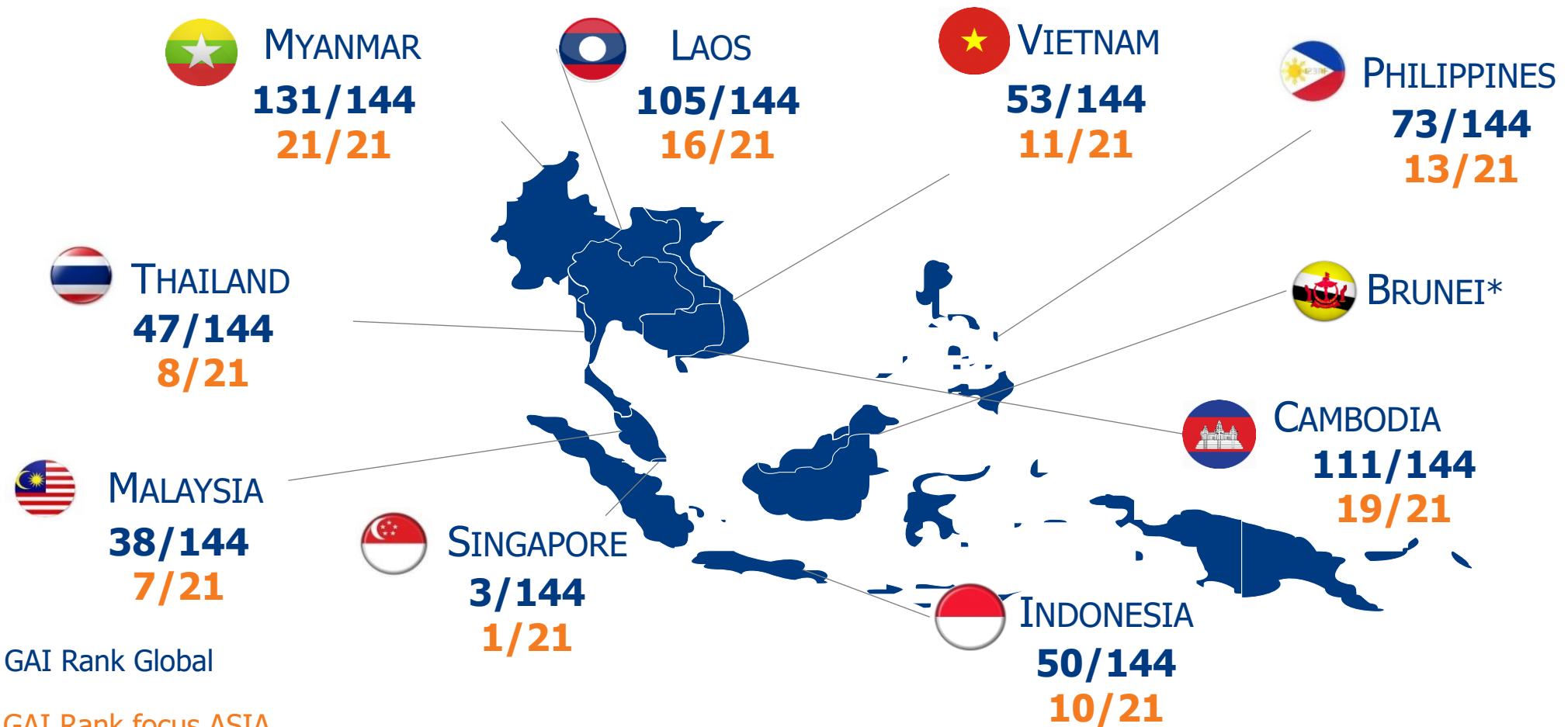


Index expressed
between 1=min
and 100=max



	GAI Rank 2020	GAI Score 2020	GAI Rank 2019	GAI Score 2019	Dynamicity 2020	Sustainability 2020
Germany	1	100.00	1	100.00	Low	High
United States	2	99.61	2	98.76	Critical	Low
Singapore	3	90.51	6	87.17	Critical	High
Japan	4	90.06	3	90.76	Critical	Low
UK	5	89.17	4	90.69	Low	High
Hong Kong	6	87.89	5	89.21	Medium	High
China	7	82.13	8	81.23	Critical	Critical
Canada	8	80.75	10	80.11	Critical	High
South Korea	9	80.06	9	80.63	Critical	Medium
Netherlands	10	79.86	11	75.00	High	Medium
France	11	78.05	7	82.13	Low	Medium
Australia	12	73.95	12	74.47	Critical	High
UAE	13	69.89	15	64.90	High	Medium
Switzerland	14	68.11	13	70.50	Critical	High
Ireland	15	66.07	17	61.77	Low	High
Austria	16	64.73	14	65.91	Medium	High
Denmark	17	63.73	16	64.20	Low	High
Italy	18	60.36	18	61.15	Low	Medium
Belgium	19	60.24	20	60.10	Medium	Medium
Qatar	20	59.91	24	58.57	Medium	High

An overview of ASEAN countries in the GAI



ASEAN countries are among the **best performing ones in Asia**



Among Asian countries, **3** of **top-10** countries in the GAI Index are from **ASEAN**



3 ASEAN countries are in the **top-10** Asian countries for **GAI positions gained** in the last year



4 ASEAN countries in **top-8** Asia countries for positions gained in **openness pillar** in the last year



4 ASEAN countries in **top-8** Asia countries for positions gained in **innovation pillar** in the last year



5 ASEAN countries in **top-10** Asia countries for positions gained in **efficiency pillar** in the last year



6 ASEAN countries in **top-10** Asia countries for positions gained in **endowment pillar** in the last year

NB. Lists of Asian countries considered: Bangladesh, Bhutan, Cambodia, China, Hong Kong, India, Indonesia, Japan, Korea Rep., Lao, Malaysia, Mongolia, Myanmar, Nepal, Pakistan, Philippines, Singapore, Sri Lanka, Thailand, Timor-Leste, Vietnam. The comparison is based on GAI 2020 and GAI 2019.

A macro-economic overview of Brunei



2019 GDP (US\$ million)	14,006
GDP per capita (US\$)	32,327
2019 Imports (US\$ million)	6,810
2019 Exports (US\$ million)	7,804

Population	433,285
Employment rate (%)	58.78

N.B.: data not available for Brunei in the Global Attractiveness Index

GDP growth (% on previous year),
2019 - 2020E - 2021E



A macro-economic overview of **Cambodia**



2019 GDP (US\$ million)	20,920
GDP per capita (US\$)	1,268
2019 Imports (US\$ million)	16,921
2019 Exports (US\$ million)	16,549

Population	16,486,542
Employment rate (%)	81.75

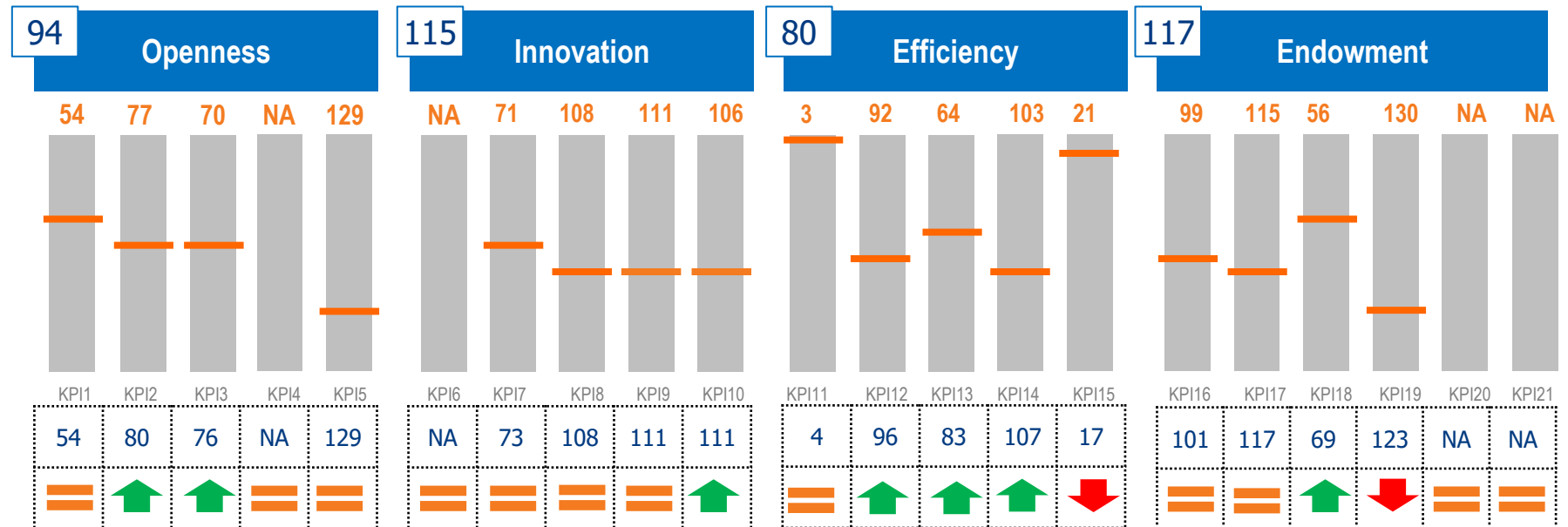
GDP growth (% on previous year),
2019 - 2020E - 2021E



The **GAI** of Cambodia



Ranking



2020 Ranking (KPI)
2020 vs 2019 variation (>2 variations are highlighted)

Cambodia has some of the **lowest unemployment and tax rates** in the world

- **Unemployment rate** in Cambodia is 0.7%, which corresponds to the **3rd** lowest unemployment rate in the world and **2nd** lowest among ASEAN countries (after Lao PDR)
- The **total tax rate** (as percentage of commercial profits) in Cambodia is 23.1%, **21st** lowest in the world and **2nd** lowest among ASEAN countries (+0.1 p.p. on 2018) after Singapore

N.B. Only KPI ranking between 1-35 were reported

Source: The European House – Ambrosetti, 2020

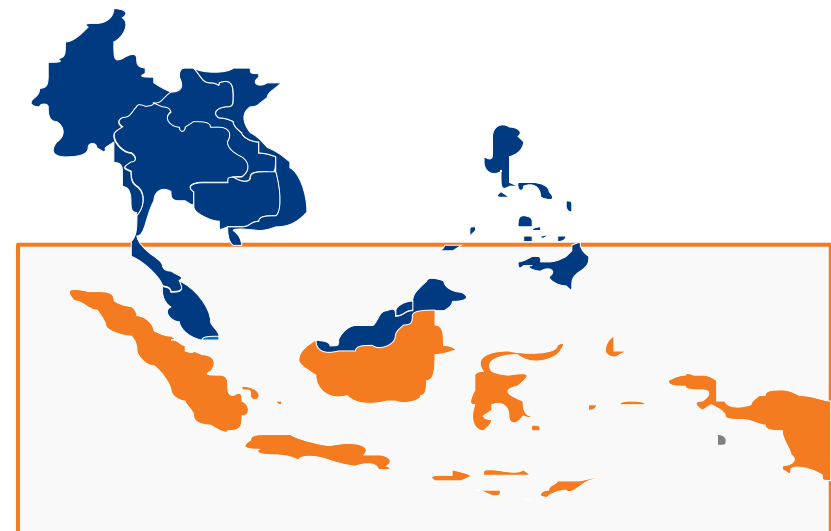
A macro-economic overview of **Indonesia**



2019 GDP (US\$ million)	1,204,480
GDP per capita (US\$)	4,450
2019 Imports (US\$ million)	211,481
2019 Exports (US\$ million)	206,015

Population	270,625,568
Employment rate (%)	64.33

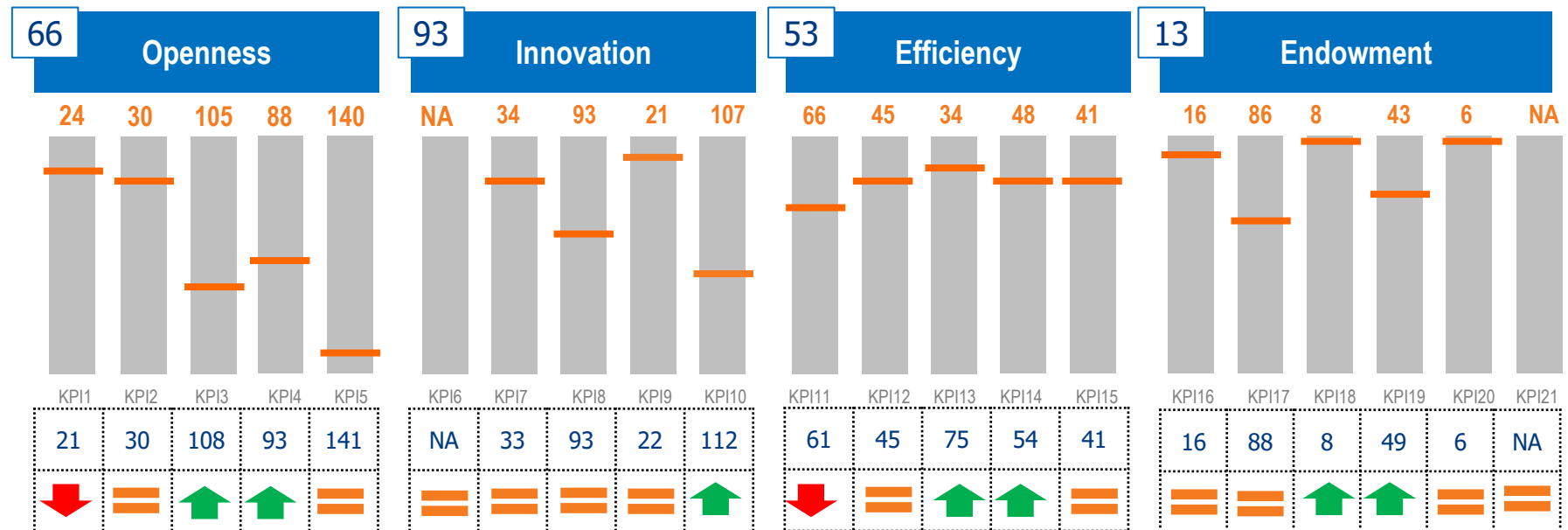
GDP growth (% on previous year),
2019 - 2020E - 2021E



The **GAI** of Indonesia



Ranking



n = macro-area ranking
— = KPI ranking

2020 Ranking (KPI)
2020 vs 2019 variation (>2 variations are highlighted)

Indonesia is one of the **largest economies in the world**, highly attractive for international investment and trade

- Indonesia is well positioned on the **endowment** pillar: its **GDP** is the **16th** in the world (1st among ASEAN countries), with high **Gross Fixed Investments** (GFCF) as percentage of the national GDP (32.3%), **8th** highest in the world (**1st** among ASEAN countries)
- Indonesia is **24th** in the world for **FDI flows and country's investments abroad** (2nd among ASEAN countries after Singapore), **30th** in the world for **export+import** (5th among ASEAN countries) and **34th** in the world for export of **high-tech goods** (6th among ASEAN countries)
- Indonesia has an important and innovative **human capital**: it is the **6th** country in the world for n. of **graduates** (1st among ASEAN countries) and **21st** country in the world for n. of **scientific publications** (1st among ASEAN)
- The **Total Factor Productivity Growth** is equal to 0.74, **34th** highest value in the world and 2nd among ASEAN countries (after Thailand)

A macro-economic overview of Laos



2019 GDP (US\$ million)	13,195
GDP per capita (US\$)	1,840
2016 Imports (US\$ million)	5,249
2016 Exports (US\$ million)	6,619

Population	7,169,455
Employment rate (%)	77.98

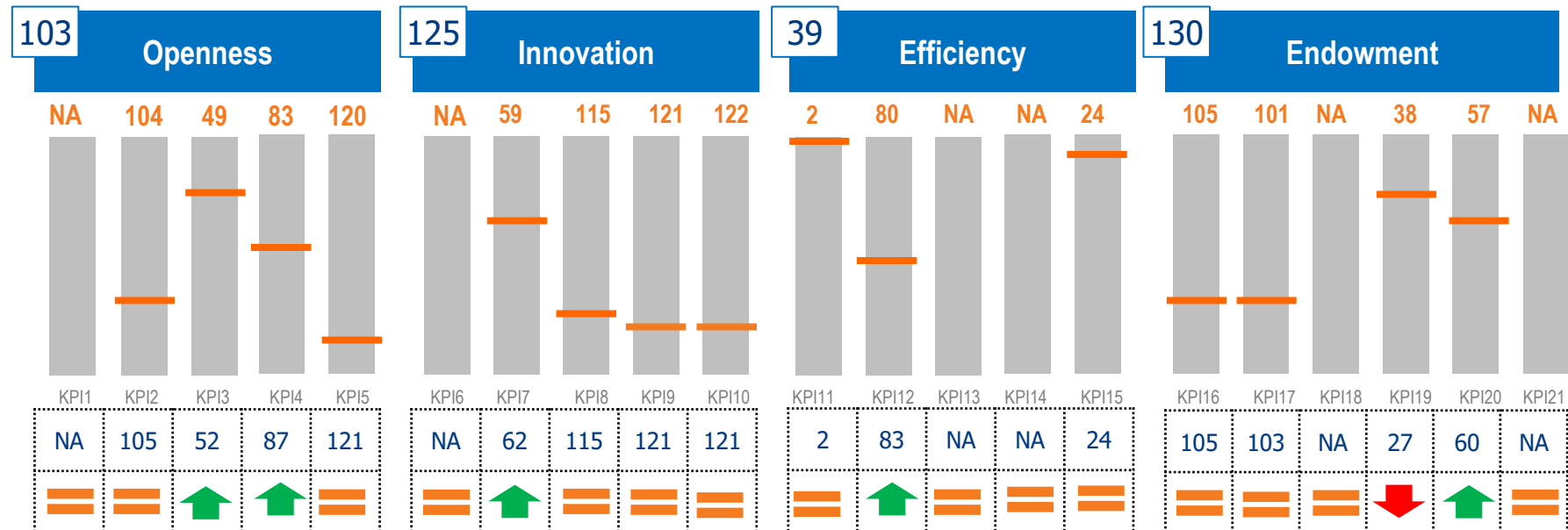
GDP growth (% on previous year),
2019 - 2020E - 2021E



The GAI of Laos



Ranking



n = macro-area ranking
— = KPI ranking

2020 Ranking (KPI)
2020 vs 2019 variation (>2 variations are highlighted)

Lao has some of the **lowest unemployment and tax rates** in the world



- **Unemployment rate** in Lao is 0.6%, which corresponds to the **2nd** lowest unemployment rate in the world (after Qatar) and **1st** lowest among ASEAN countries
- The **total tax rate** (as percentage of commercial profits) in Cambodia is 24.1%, **24th** lowest in the world and **3rd** lowest among ASEAN countries after Singapore and Cambodia

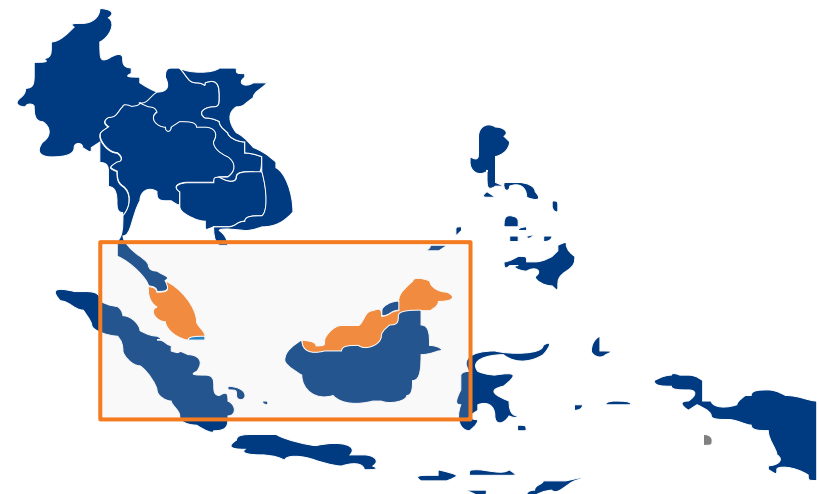
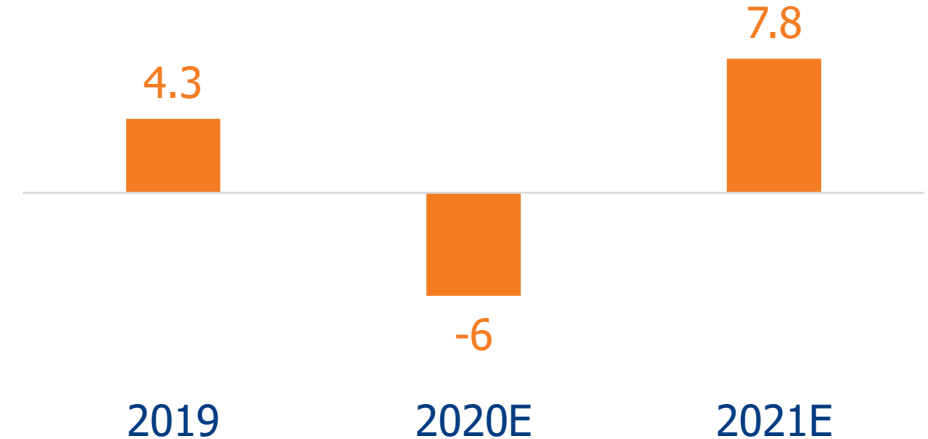
A macro-economic overview of **Malaysia**



2019 GDP (US\$ million)	398,676
GDP per capita (US\$)	12,478
2019 Imports (US\$ million)	210,615
2019 Exports (US\$ million)	238,298

Population	31,949,777
Employment rate (%)	62.15

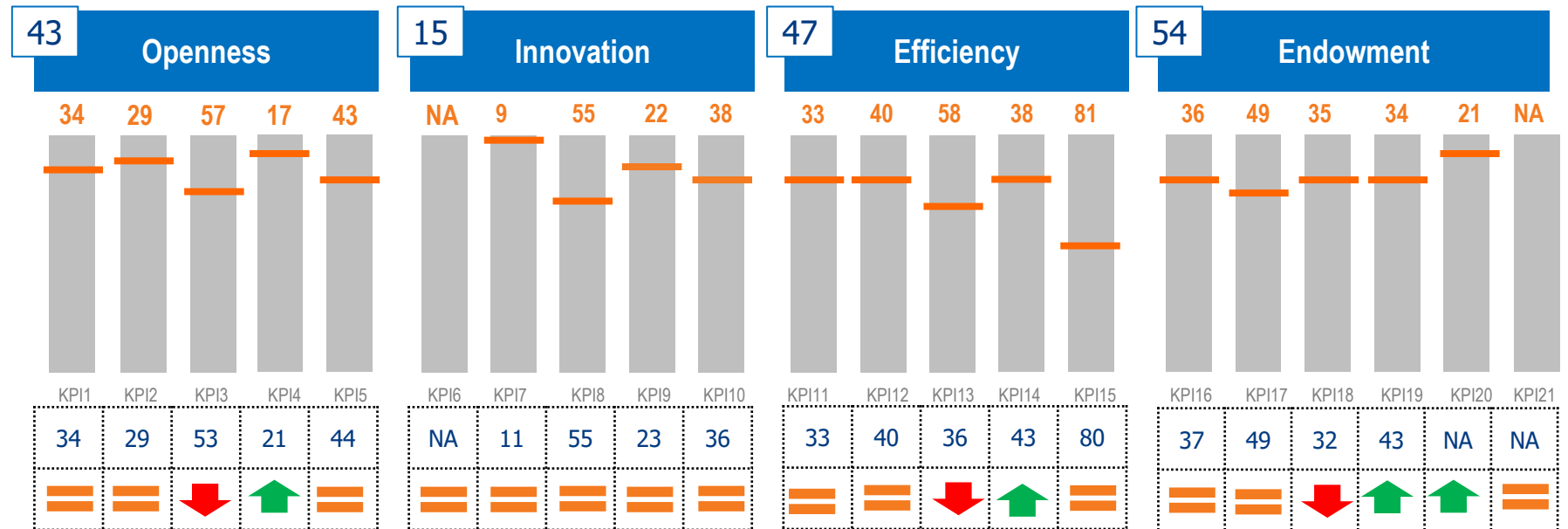
GDP growth (% on previous year),
2019 - 2020E - 2021E



The **GAI** of Malaysia



Ranking



n = macro-area ranking
— = KPI ranking

2020 Ranking (KPI)
2020 vs 2019 variation (>2 variations are highlighted)

Malaysia is **well positioned** along all the GAI pillars and is characterised by a **high-level education and innovation system**



- Malaysia is an **open economy**, ranking **34th** in the world for **FDI flows and country's investments abroad** (5th in ASEAN), **30th** for **export+import** activity (4th in ASEAN) and **9th** for export of **high-tech goods** (2nd in ASEAN after Singapore)
- Malaysia is **highly innovative** and **rich of talents**: it is the **21st** country in the world for n. of **graduates** (3rd in ASEAN), **17th** for percentage of **foreign college students** on young population (2nd among ASEAN countries after Singapore), **22nd** for n. of **scientific publications** (2nd in ASEAN countries after Indonesia)
- It has a high share of **Gross Fixed Investments** (GFCF) on the national GDP (24%), **35th** highest in the world and 3rd among ASEAN countries
- Malaysia is the **34th** country in the world in the **Index of Natural and Cultural Endowment** (1st among ASEAN)
- The **unemployment rate** is 3.3%, the **33rd lowest** in the world

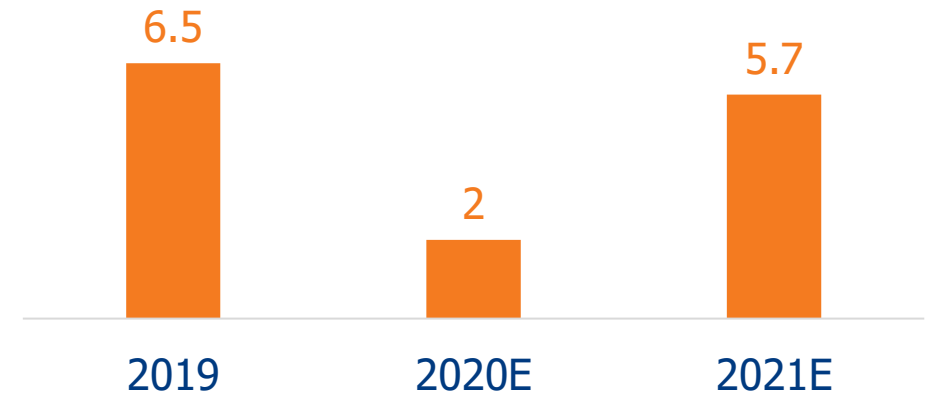
A macro-economic overview of Myanmar



2019 GDP (US\$ million)	86,931
GDP per capita (US\$)	1,608
2018 Imports (US\$ million)	23,078
2018 Exports (US\$ million)	23,147

Population	54,045,420
Employment rate (%)	60.69

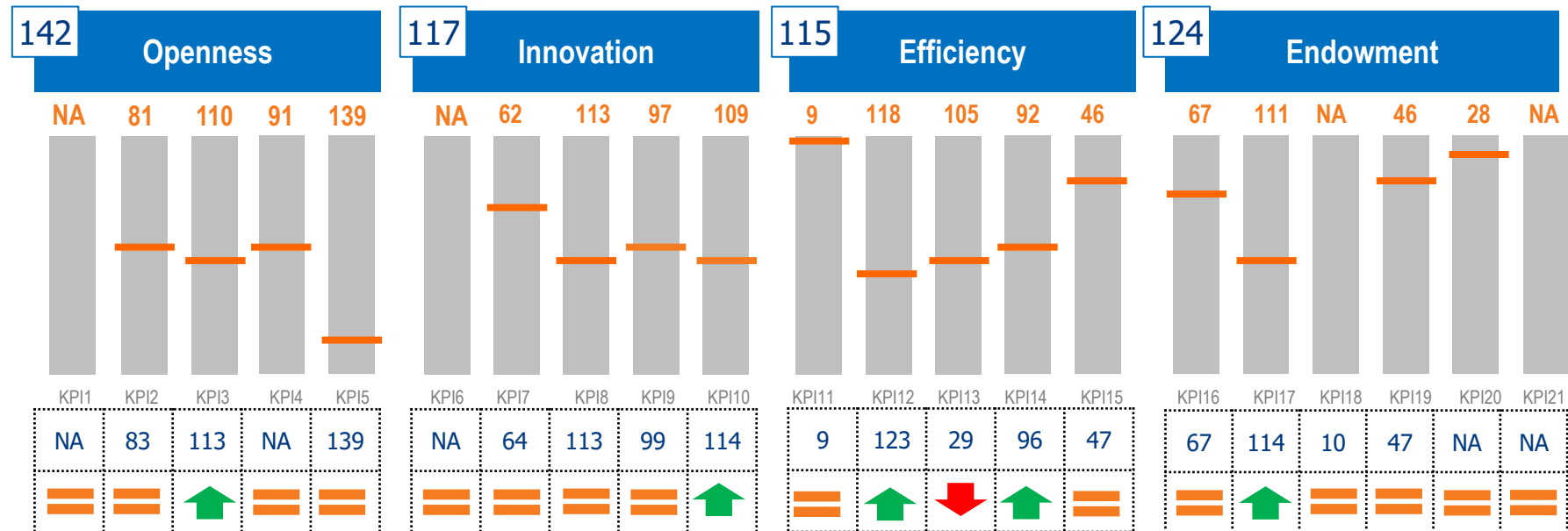
GDP growth (% on previous year),
2019 - 2020E - 2021E



The **GAI** of Myanmar



Ranking



n = macro-area ranking
— = KPI ranking

2020 Ranking (KPI)
2020 vs 2019 variation (>2 variations are highlighted)

Myanmar combines a **high number of graduates** with a **low unemployment rate**



- Myanmar is the **28th** country in the world for **n. of graduates** on world total (4th in ASEAN)
- Myanmar has a **low unemployment rate** (equal to 1.6%), which is the **9th** lowest in the world and the 4th lowest among ASEAN

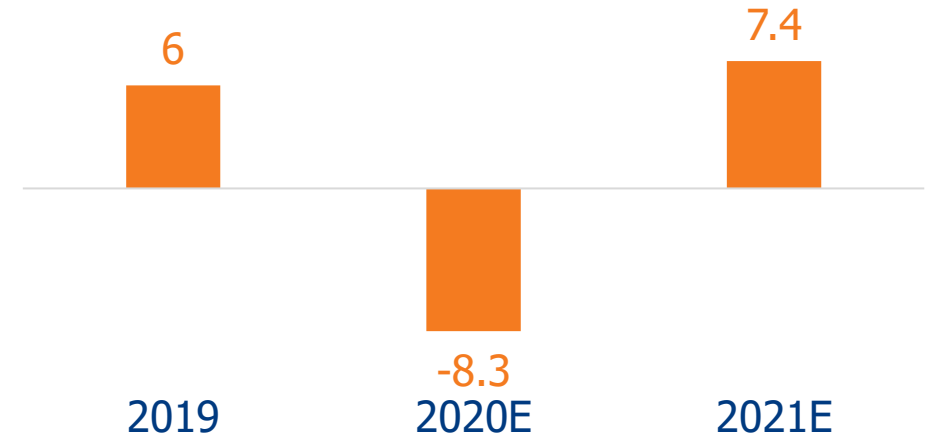
A macro-economic overview of **Philippines**



2019 GDP (US\$ million)	360,858
GDP per capita (US\$)	3,337
2019 Imports (US\$ million)	151,723
2019 Exports (US\$ million)	106,783

Population	108,116,615
Employment rate (%)	58.33

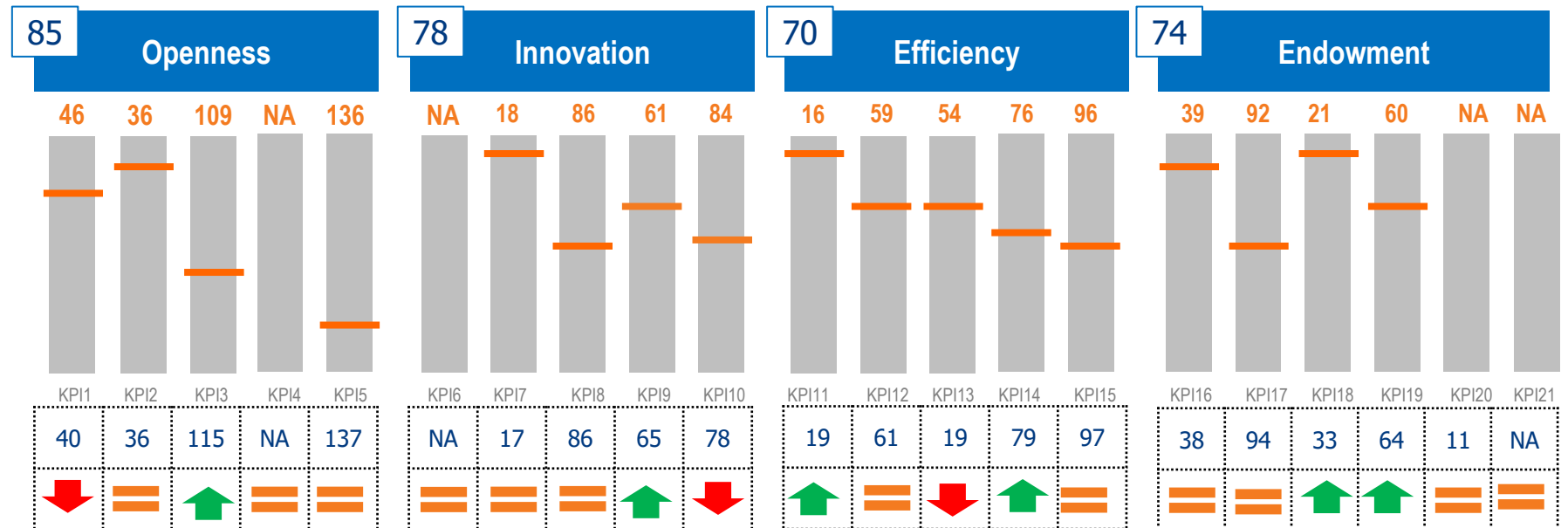
GDP growth (% on previous year),
2019 - 2020E - 2021E



The **GAI** of Philippines



Ranking



n = macro-area ranking
— = KPI ranking

2020 Ranking (KPI)
2020 vs 2019 variation (>2 variations are highlighted)

Philippines can count on **high-tech exports, low unemployment and relevant investments**



- Philippines are the **18th** country in the world for the **export of high-tech goods** (5th among ASEAN countries)
- The **unemployment rate** of Philippines is the **16th lowest** in the world (6th in ASEAN) and equal to 2.2%
- It is the **21st** country in the world for the share of **Gross Fixed Investments on national GDP**: 26.8%, which corresponds to the 2nd highest value among ASEAN countries (after Indonesia)

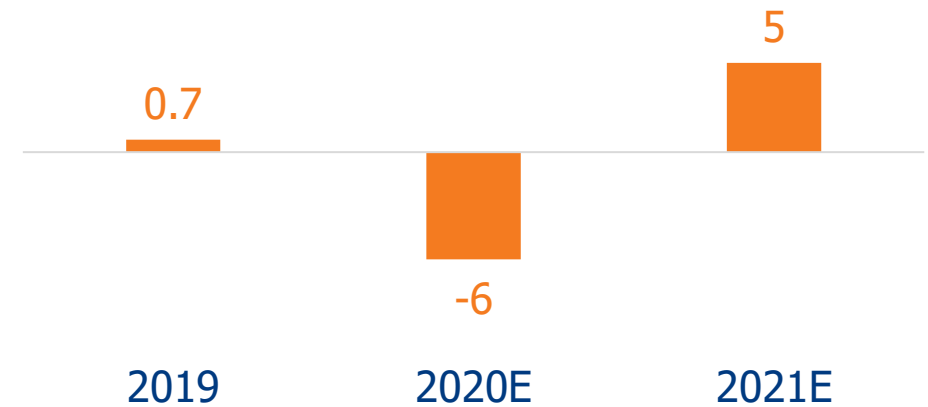
A macro-economic overview of Singapore



2019 GDP (US\$ million)	335,538
GDP per capita (US\$)	58,829
2019 Imports (US\$ million)	541,838
2019 Exports (US\$ million)	645,592

Population	5,703,569
Employment rate (%)	67.63

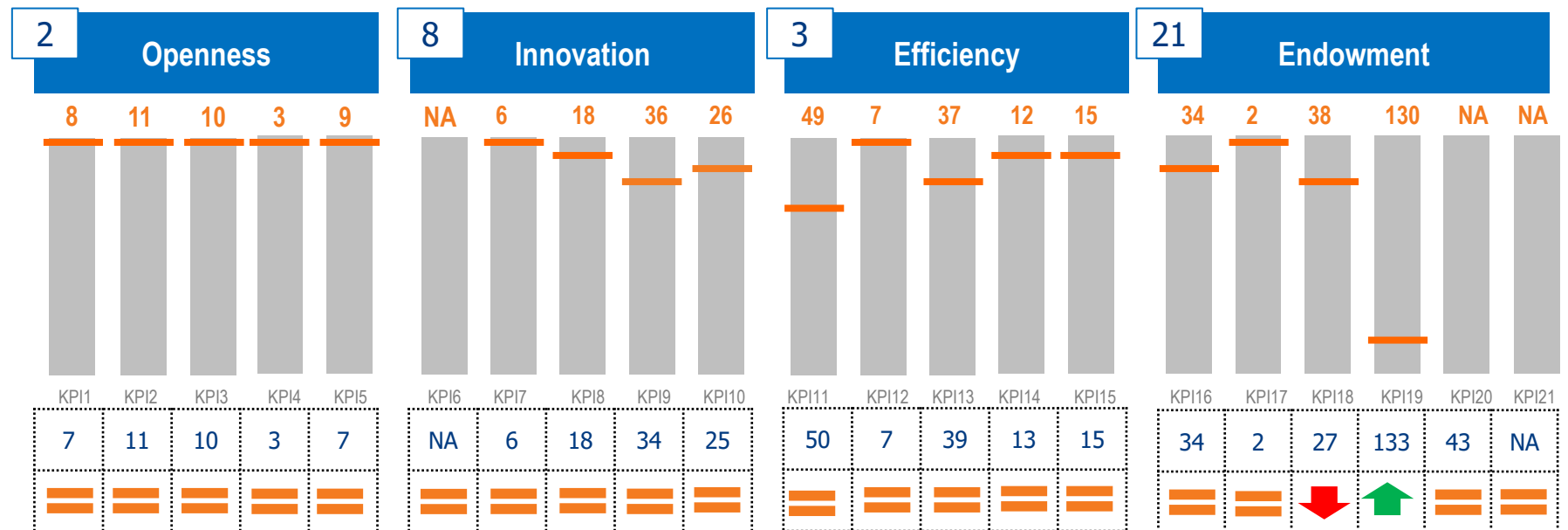
GDP growth (% on previous year),
2019 - 2020E - 2021E



The **GAI** of Singapore



Ranking



n = macro-area ranking
— = KPI ranking

2020 Ranking (KPI)
2020 vs 2019 variation (>2 variations are highlighted)

Singapore ranks in the **top-10** positions in the **openness, innovation** and **efficiency** pillars

- Singapore is one of the most **open** countries in the GAI: it is **31st** in the world for **FDI flows + country's investments abroad**, **11th** for **export+import** activity, **10th** for n. of **foreign tourists + national tourists** travelling abroad on total population, **3rd** for **foreign college students** on young population and **9th** for n. of **immigrants** on total population (in each of these KPI Singapore ranks 1st among ASEAN countries)
- Singapore is **highly-innovative**: it is the **6th** country in the world for **exports of high-tech** goods, **18th** in the **ICT Development Index** and **26th** in the world for **Internet users** as a share of population (in each of these KPI Singapore ranks 1st among ASEAN countries)
- **Efficiency** is a key point for Singapore: **7th** in the world for the **Logistic Performance Index**, **12th** for **Rule of Law Index** and **15th** for **lowest total tax rate**, equal to 21% (in each of these KPI Singapore ranks 1st among ASEAN countries)
- In terms of **GDP** Singapore is 34th in the world (2nd in ASEAN after Indonesia) but in terms of **GDP per capita** it ranks **2nd** in the world (after Qatar)

A macro-economic overview of Thailand



2019 GDP (US\$ million)	452,750
GDP per capita (US\$)	6,502
2019 Imports (US\$ million)	274,861
2019 Exports (US\$ million)	324,780

Population	69,625,582
Employment rate (%)	66.81

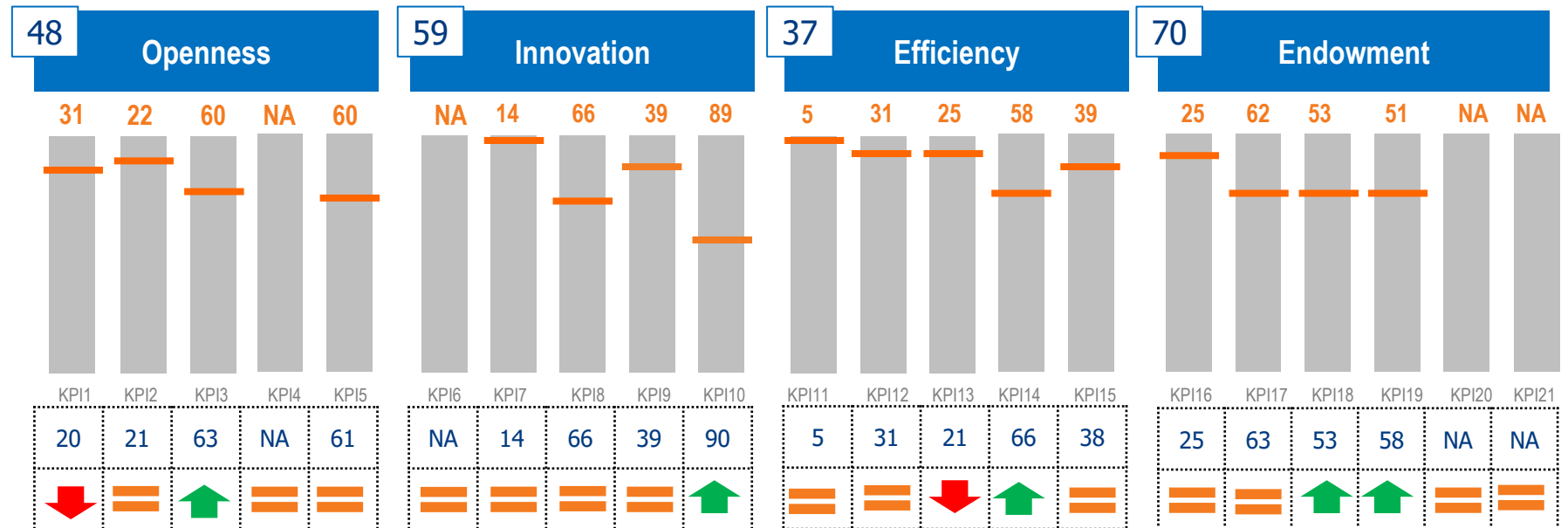
GDP growth (% on previous year),
2019 - 2020E - 2021E



The **GAI** of Thailand



Ranking



n = macro-area ranking
— = KPI ranking

2020 Ranking (KPI)
2020 vs 2019 variation (>2 variations are highlighted)

Thailand is a **strong, open and efficient** economy



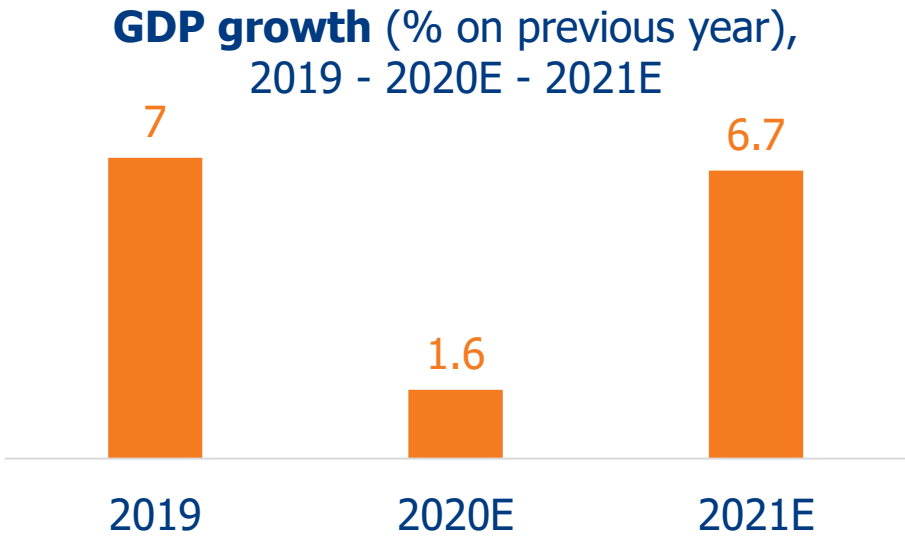
- In terms of **GDP**, Thailand is the **second biggest ASEAN economy** after Indonesia and the **25th** in the world
- Thailand is well positioned in the international trade: **31st** country in the world for **FDI flows + country's investments abroad** (4th in ASEAN), **22nd** for **export+import** activity (2nd in ASEAN) and **14th** for export of **high-tech goods** (4th in ASEAN)
- The country is **highly-efficient** thanks to a **low unemployment rate** (5th lowest in the world and 3rd in ASEAN), a good **Logistic Performance Index** (31st in the world, 2nd in ASEAN) and a high **Total Factor Productivity Growth** (25th in the world, 1st in ASEAN)

A macro-economic overview of Vietnam



2019 GDP (US\$ million)	200,857
GDP per capita (US\$)	2,082
2019 Imports (US\$ million)	271,362
2019 Exports (US\$ million)	279,720

Population	96,462,106
Employment rate (%)	75.88

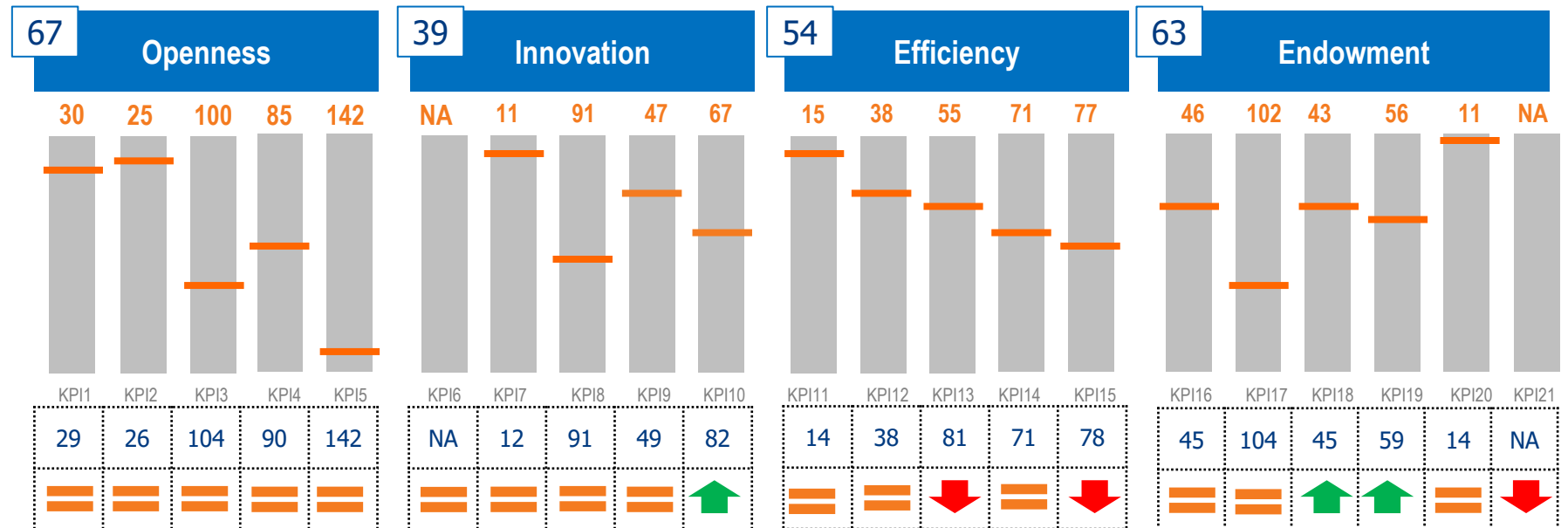


Source: The European House – Ambrosetti elaboration on World Bank, IMF and ASEAN data, 2020

The **GAI** of Vietnam



Ranking



n = macro-area ranking
 — = KPI ranking

2020 Ranking (KPI)
 2020 vs 2019 variation (>2 variations are highlighted)

Vietnam is among the world top-11 for **number of graduates** and **export of high-tech goods**



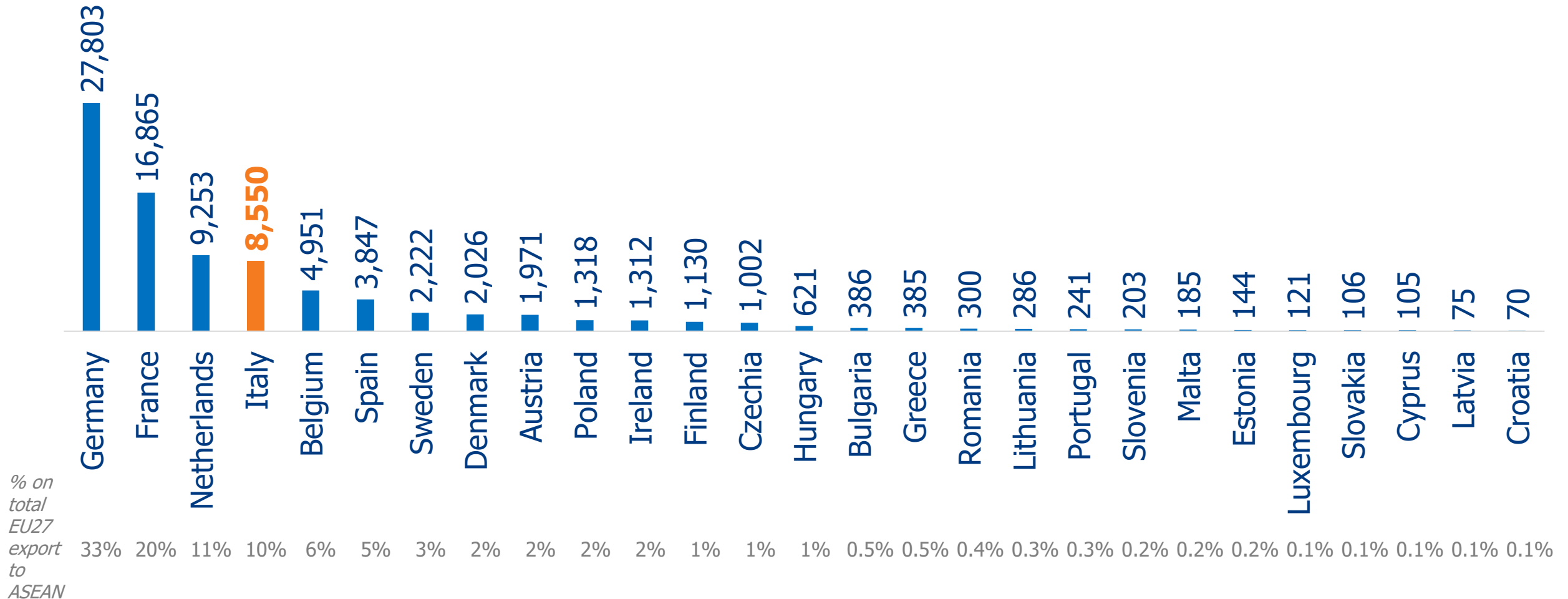
- Vietnam has good performances in the international trade, ranking **30th** in the world for **FDI flows + country's investments abroad** (3rd among ASEAN countries), **22nd** globally for **export+import** activity (3rd in ASEAN) and **11th** in the world for export of **high-tech goods** (3rd in ASEAN)
- Vietnam has an important stock of human capital, being the **11th** country in the world for **n. of graduates** (2nd in ASEAN after Indonesia)
- The **unemployment rate**, equal to 2%, is the **15th lowest** in the world and 5th lowest in ASEAN

Index

- Methodology and key points of the study
- ASEAN socioeconomic outlook in 2020 and 2021
- The attractiveness of ASEAN countries through the lenses of the Global Attractiveness Index
- **Economic opportunities for Italian companies in ASEAN countries**
 - **Relations between Italy and ASEAN countries before and after the crisis COVID-19**
 - The analysis of the sectors with the greatest current and future potential in the ASEAN countries

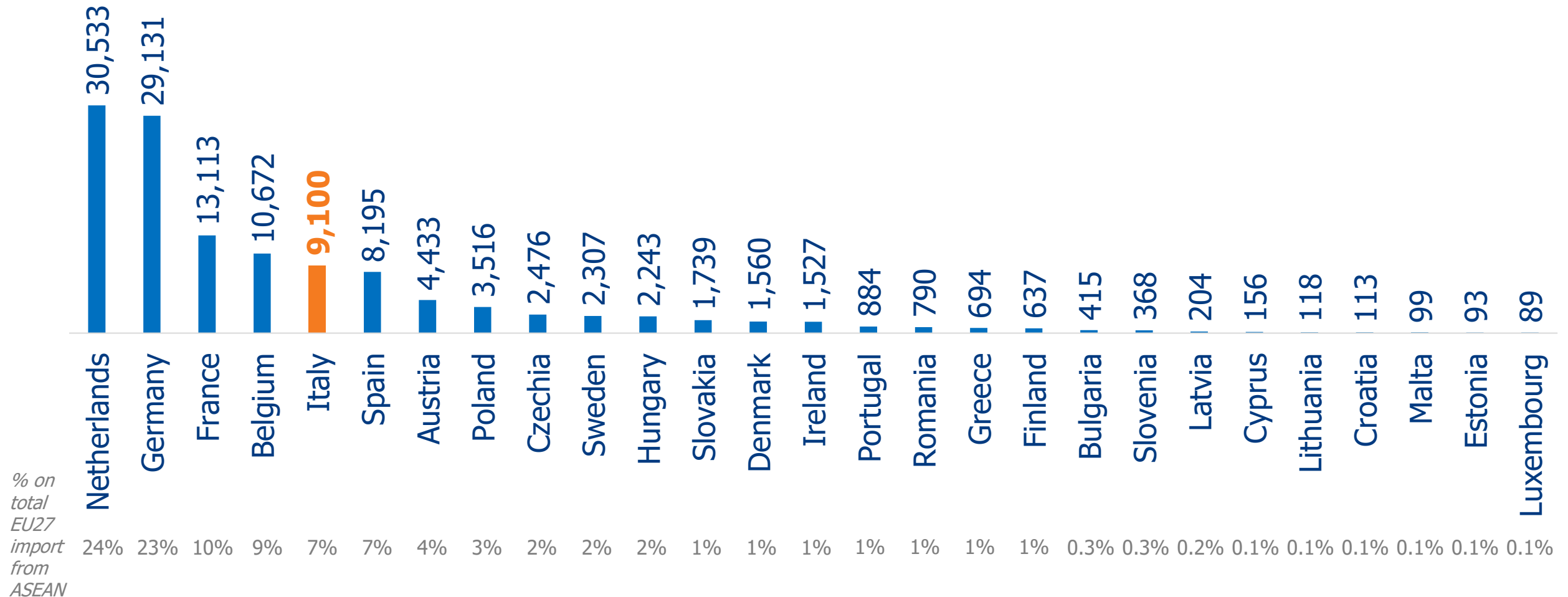
Before the COVID-19 crisis, Italy-ASEAN relations were **significant but still with an untapped potential** (1/2)

EXPORT from EU27 countries to ASEAN countries (million of Euros and % on total EU27 export), 2019



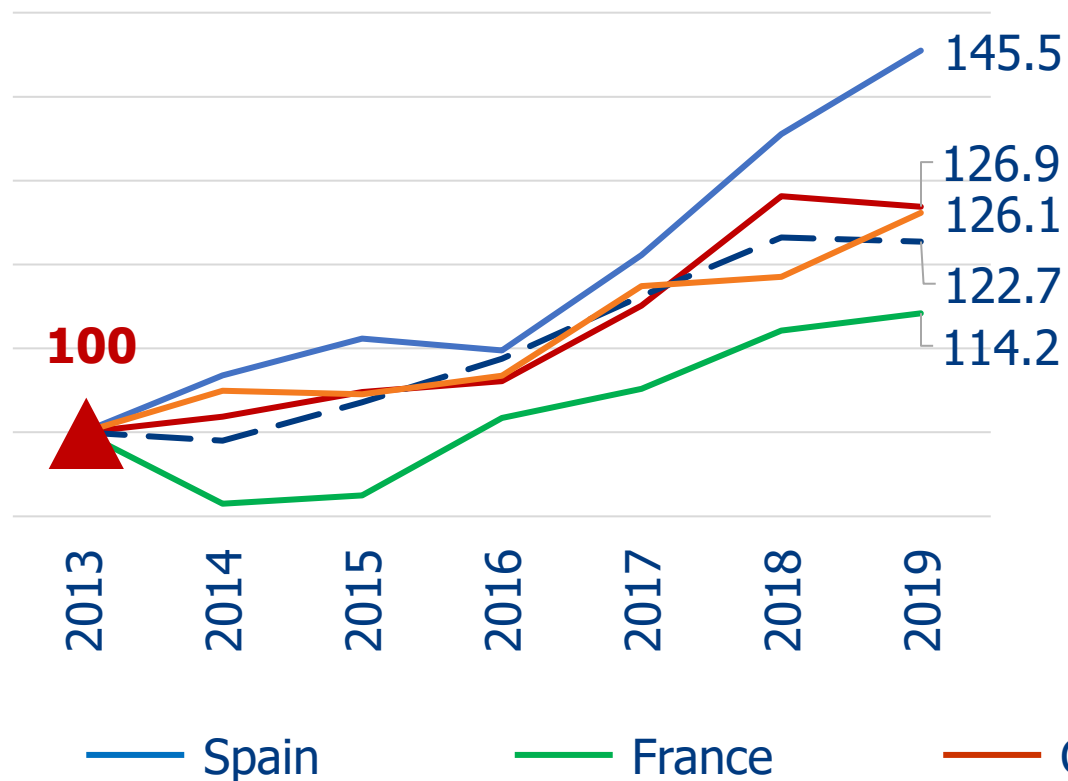
Before the COVID-19 crisis, Italy-ASEAN relations were **significant but still with an untapped potential** (2/2)

IMPORT from ASEAN countries to European countries (million of Euros and % on total EU27 import), 2019

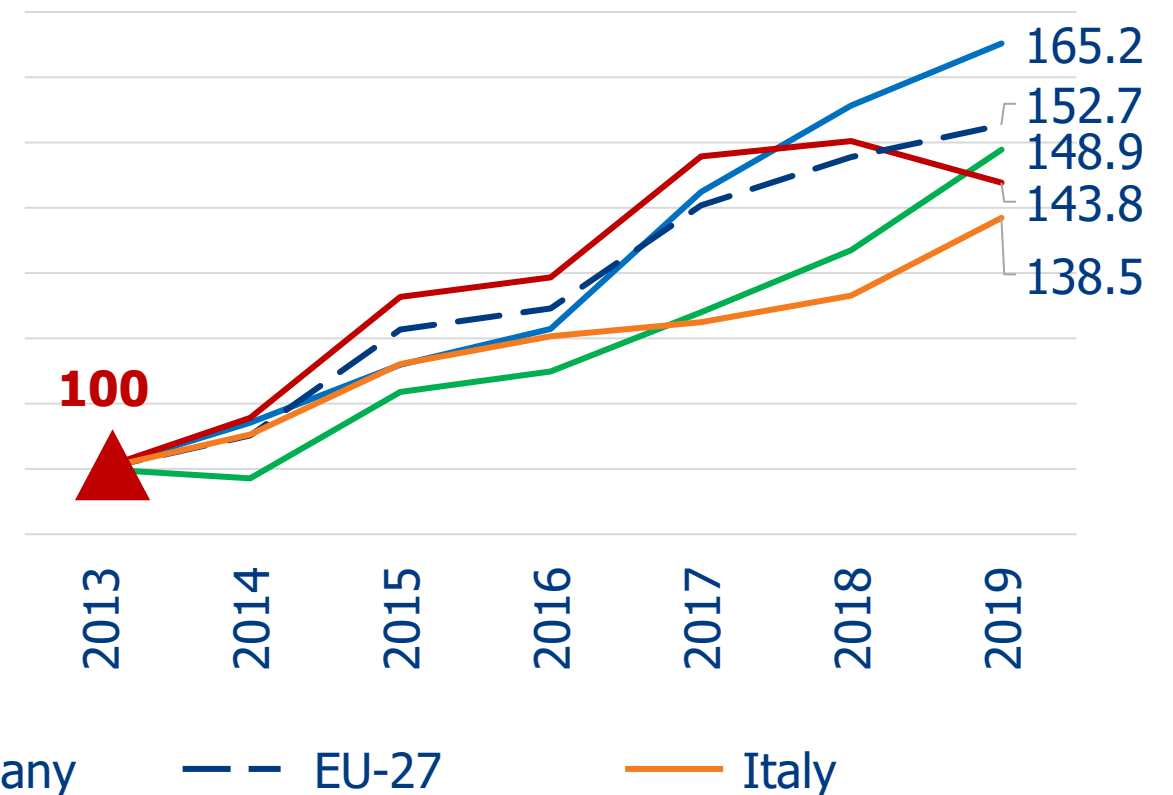


Until the end of 2019, trade relations between Italy and ASEAN countries were **growing in line with the rest of the European Union**

EXPORT from European countries to ASEAN countries, 2013-2019 (2013=100)








IMPORT from ASEAN countries in European countries, 2013-2019 (2013=100)



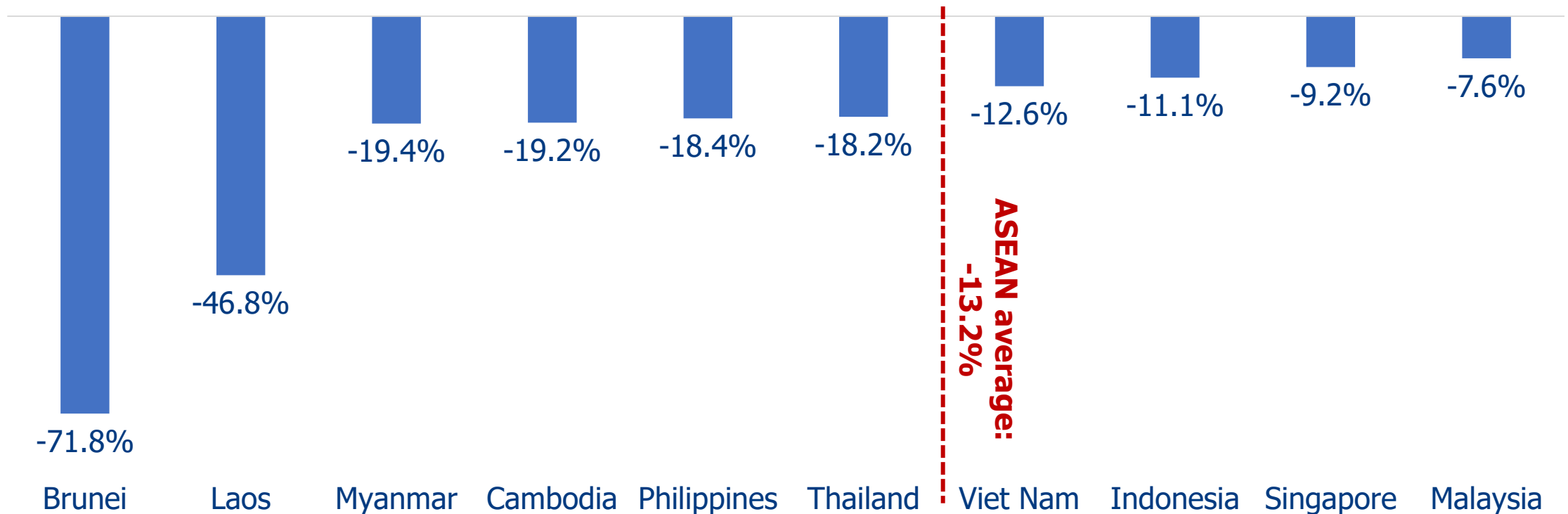
The impacts of COVID-19 on relations between Italy and ASEAN are **in line (or minor)** with other European countries

Change in trade between EU and ASEAN countries in the first 8 months of 2020 compared to the same period in 2019, Jan.-Aug. 2020-2019 (%)

	Export to ASEAN countries	Import from ASEAN countries	Total trade
 Germany	-17.2%	-6.5%	-11.6%
 Italy	-17.9%	-9.1%	-13.2%
 EU27	-18.3%	-3.0%	-9.2%
 Spain	-25.9%	-17.8%	-20.3%
 France	-32.9%	-18.4%	-26.3%

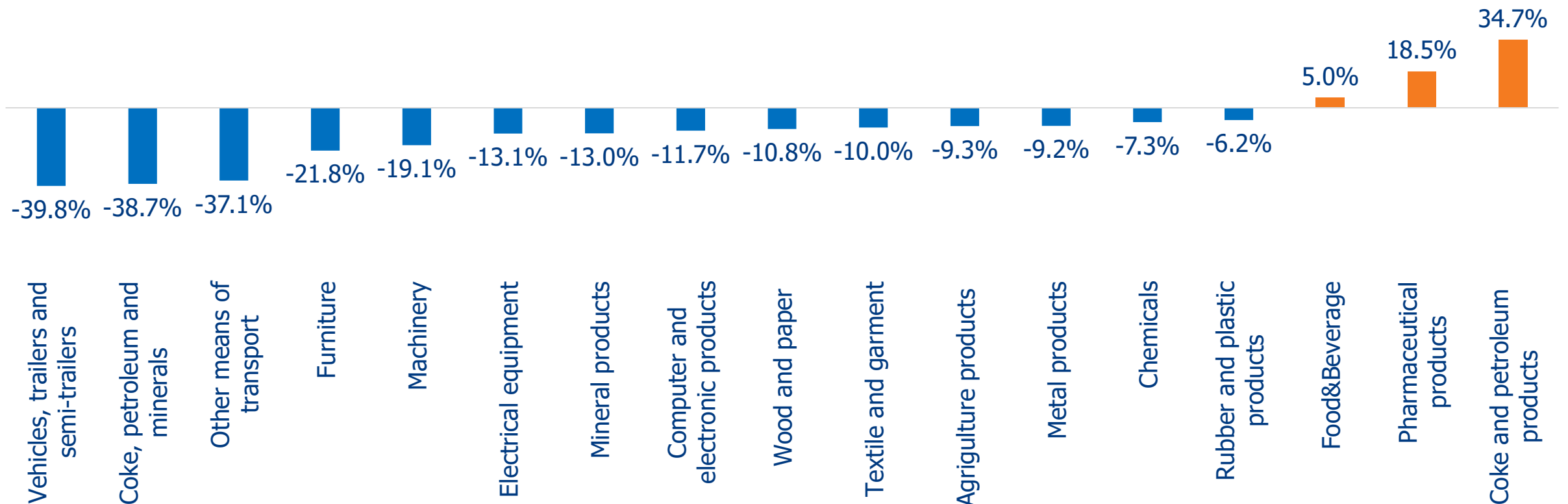
Italian trade with Vietnam, Indonesia, Singapore e Malaysia has suffered lower losses than the ASEAN average

Change in trade between Italy and ASEAN countries in the first 8 months of 2020 compared to the same period in 2019, Jan.-Aug. 2020-2019 (% change of export+import)



Food&beverage, Pharma e Oil products have been **more resilient** to the reduction in trade between Italy and the ASEAN countries

Change in trade between Italy and ASEAN countries by sector in the first 7 months of 2020 compared to the same period in 2019, Jan.-July. 2020-2019 (% change of export+import)



N.B.: sector-specific trade data are not available for August 2020 but only until July 2020.

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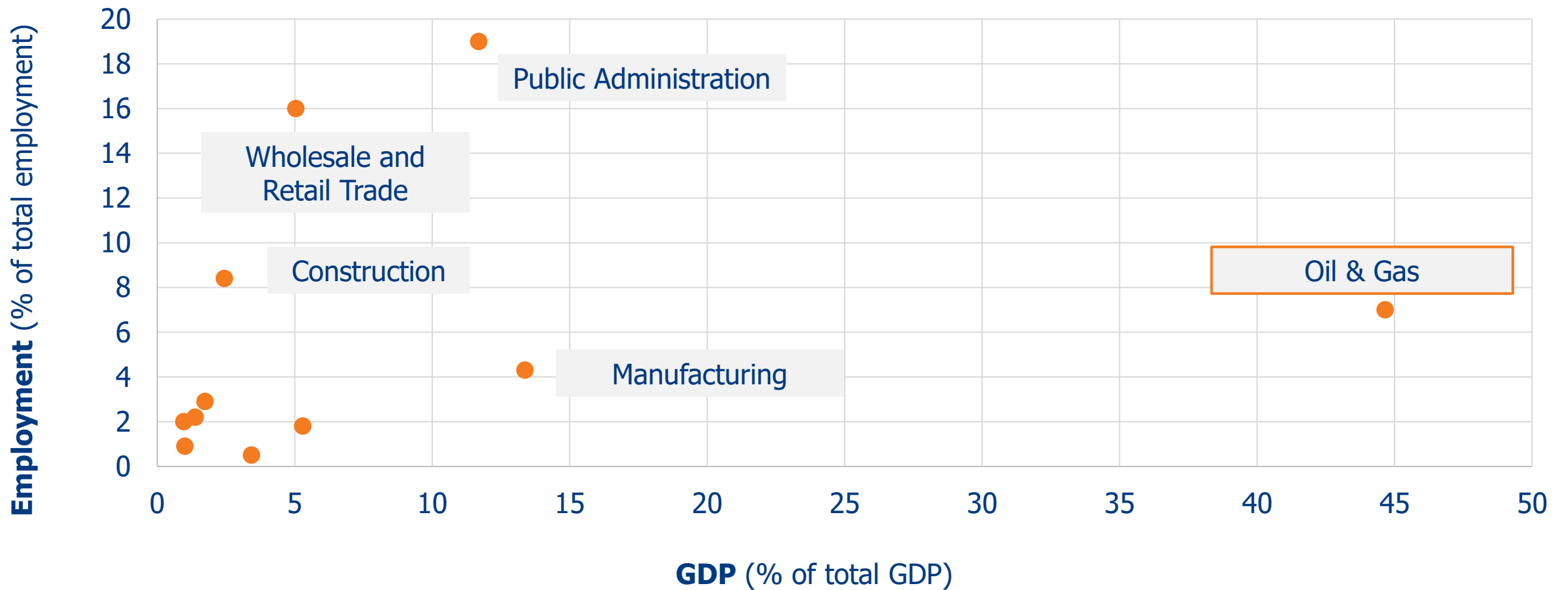
The analysis of the **sectors with the greatest potential** for each country: the methodological structure

- In the slides that follow, for each ASEAN country there are two summary sheets that aim to highlight the driving sectors for that economy from a domestic and international point of view
- For each country are reported:
 - **National view:** a matrix of the relationship between the weight of **value added** and **employment** on the national economy of all economic sectors
 - **International view:** a matrix of the relationship between the weight of **export** and **import** of all economic sectors
 - **Forecast for the next 4 years:** in order to highlight the opportunities for Italian SMEs, import growth projections for each sector and ASEAN country have been made
- Where it has not been possible to create the matrices due to data unavailability, a one-dimensional view has been reported
- The results of the analysis are reported in alphabetical order of the ASEAN country names

45% of the **Brunei** GDP comes from the **Oil & Gas** sector



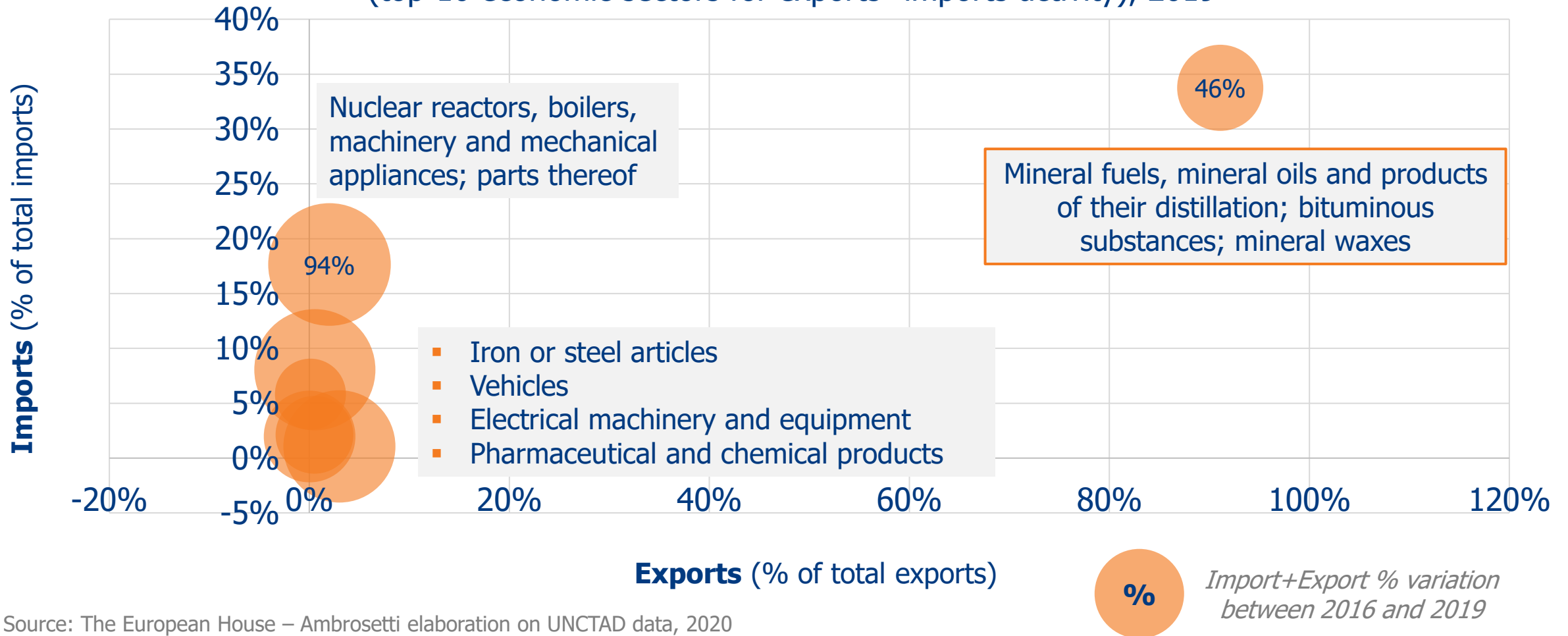
Brunei GDP and employment by economic sector (%), 2019



91% of the exports of **Brunei** depends on **mineral and its products**, which are also the most imported goods



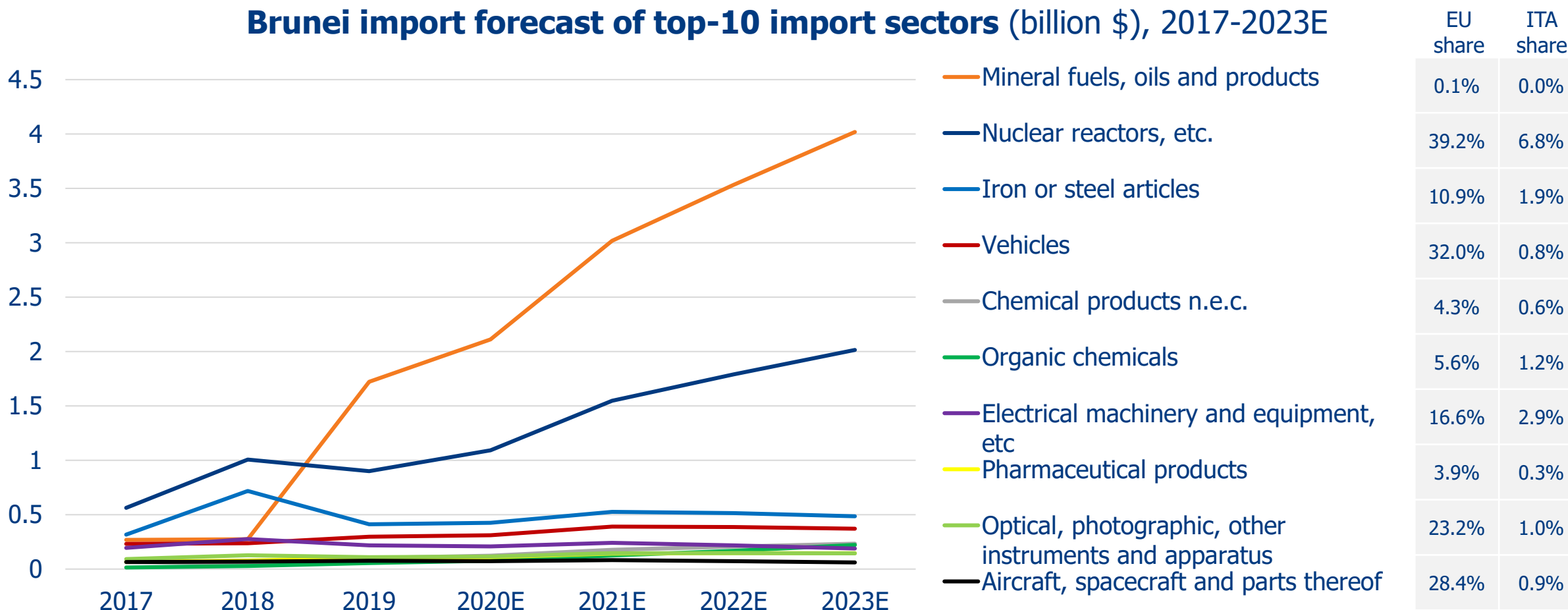
Brunei exports and imports of goods by economic sector
(top-10 economic sectors for exports+imports activity), 2019



Important growths can be expected for imports of **mineral products** and **nuclear reactors**



Brunei import forecast of top-10 import sectors (billion \$), 2017-2023E

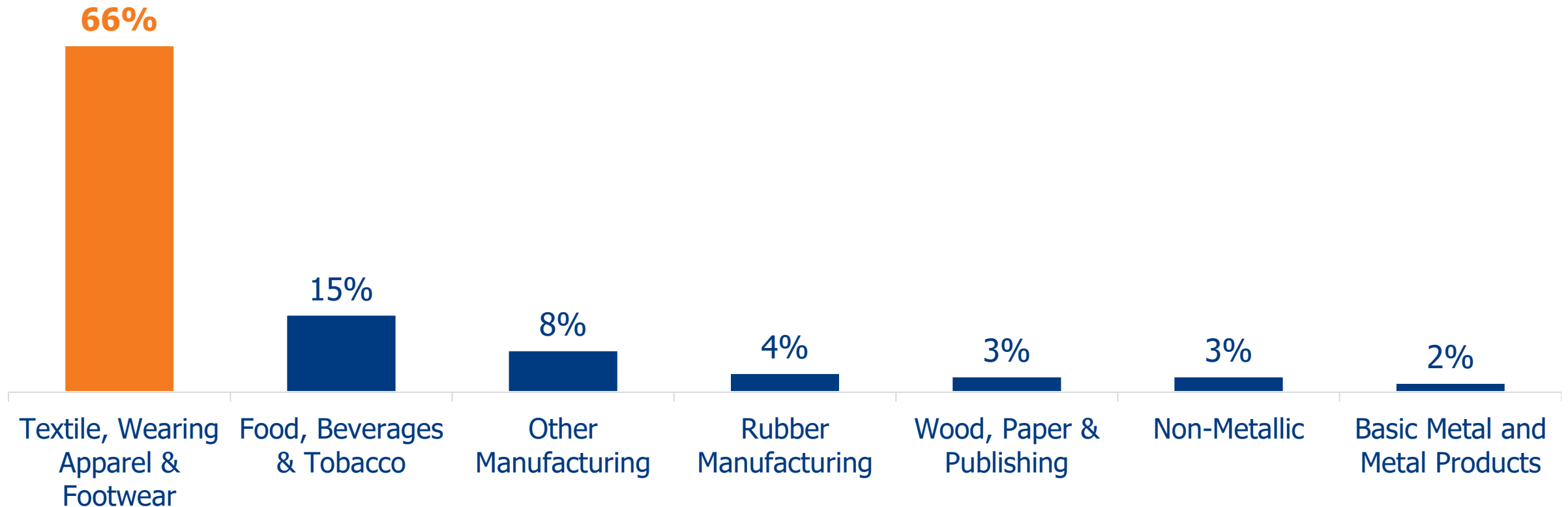


NB. Sectors' forecasts are based on the difference between sectorial and national 2015-2019 Import CAGRs, and IMF forecast of country's imports
Source: The European House – Ambrosetti elaboration on UNCTAD and IMF data, 2020

The domestic manufacture in **Cambodia** is driven by the **garment industry**, which accounts for **two thirds** of the GDP of manufacturing



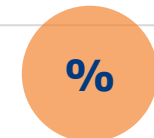
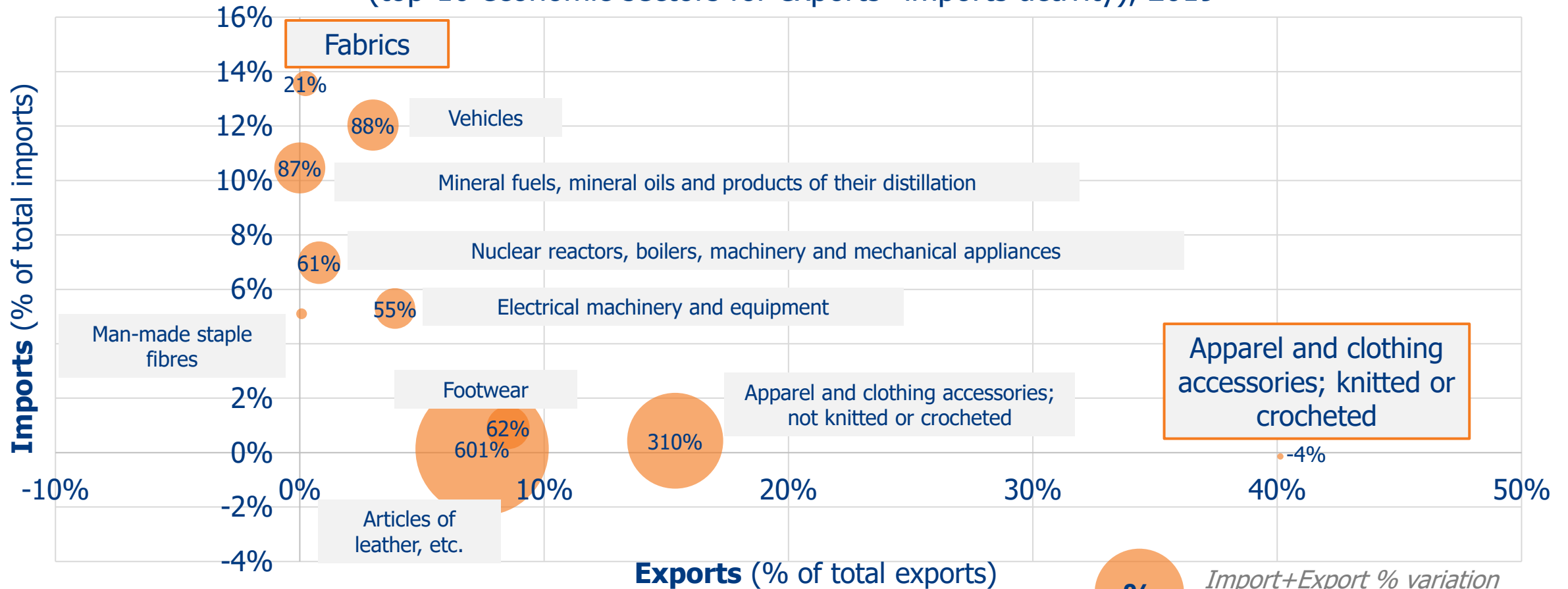
Cambodia GDP in manufacturing by sector (% on total manufacturing), 2018



40% of the exports of **Cambodia** comes from **apparel and clothing accessories**, which in turn ask for the import of **fabrics** (1° imported good)



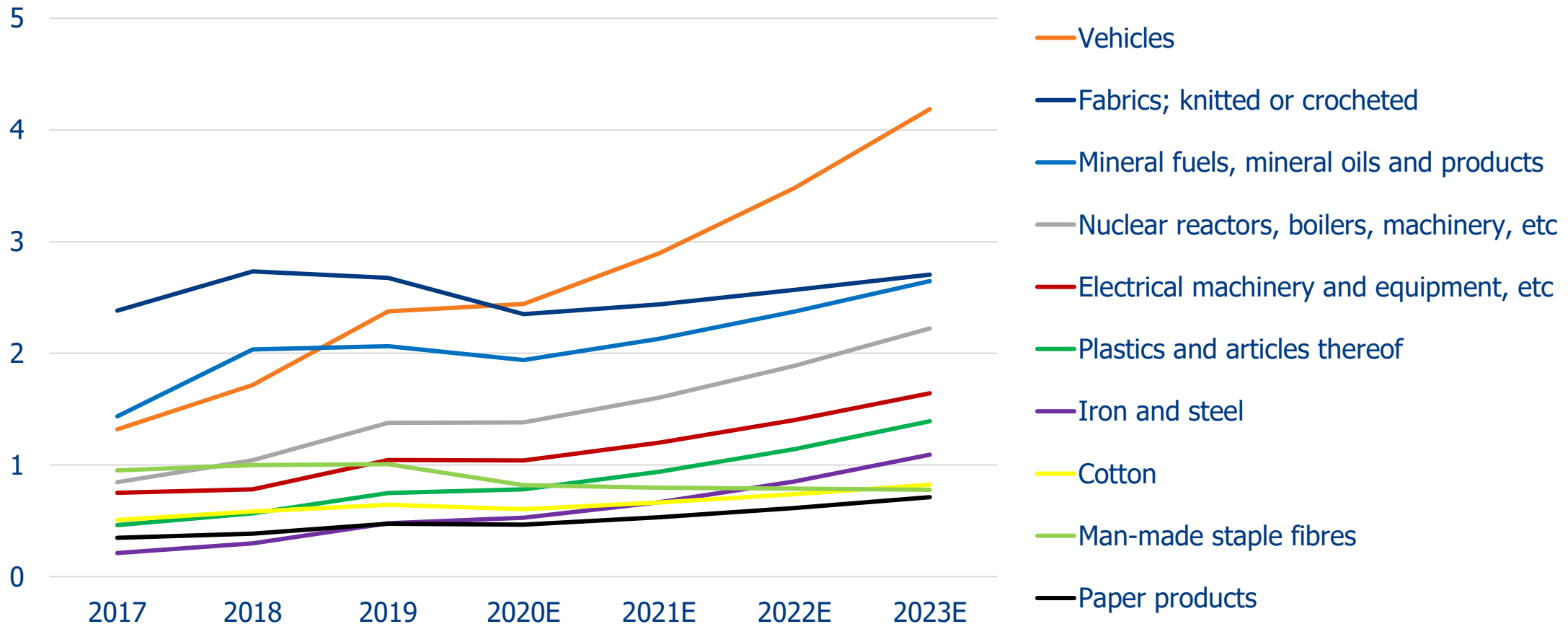
Cambodia exports and imports of goods by economic sector
(top-10 economic sectors for exports+imports activity), 2019



Import of **vehicles and related products** can be expected to grow



Cambodia import forecast of top-10 import sectors (billion \$), 2017-2023E



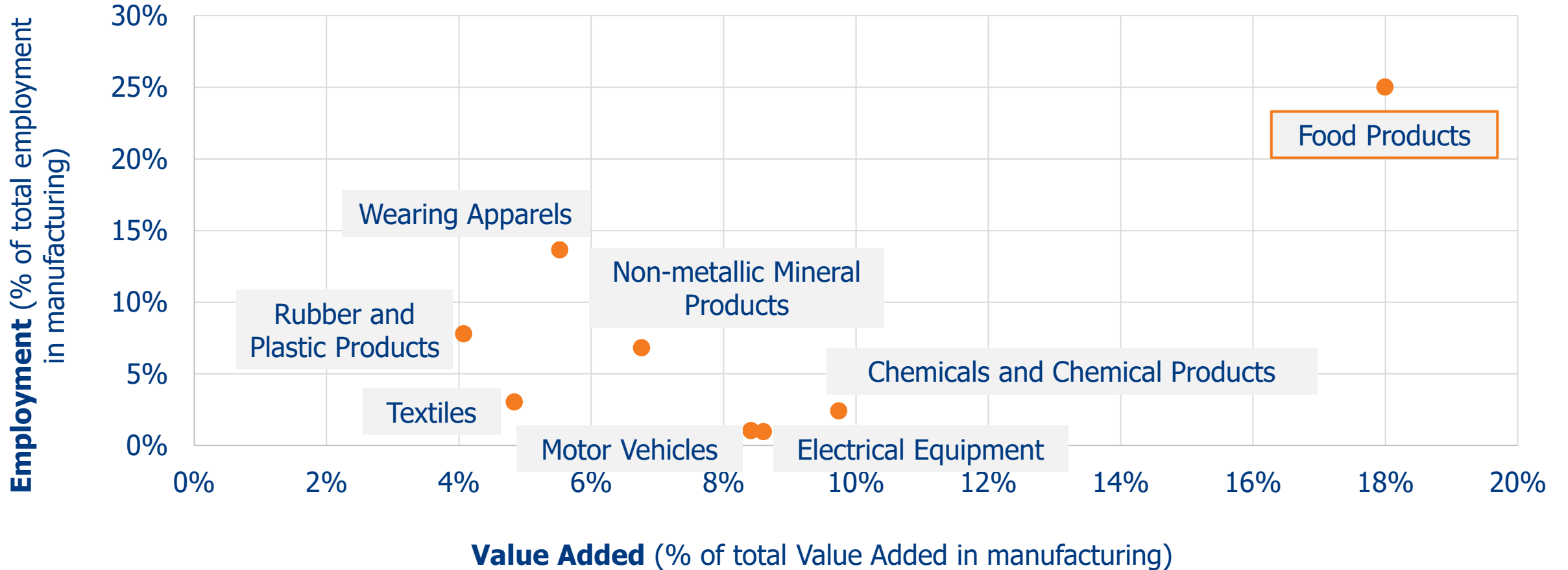
	EU share	ITA share
Vehicles	4.2%	0.2%
Fabrics; knitted or crocheted	0.2%	0.2%
Mineral fuels, mineral oils and products	0.0%	0.0%
Nuclear reactors, boilers, machinery, etc	5.8%	2.2%
Electrical machinery and equipment, etc	2.1%	0.6%
Plastics and articles thereof	1.3%	0.2%
Iron and steel	0.0%	0.0%
Cotton	0.5%	0.4%
Man-made staple fibres	0.6%	0.3%
Paper products	3.4%	0.1%

NB. Sectors' forecasts are based on the difference between sectorial and national 2015-2019 Import CAGRs, and IMF forecast of country's imports
Source: The European House – Ambrosetti elaboration on UNCTAD and IMF data, 2020

The **food industry** produces 18% of the Value Added of manufacturing and employs 25% of the workforce in **Indonesia**



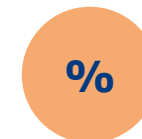
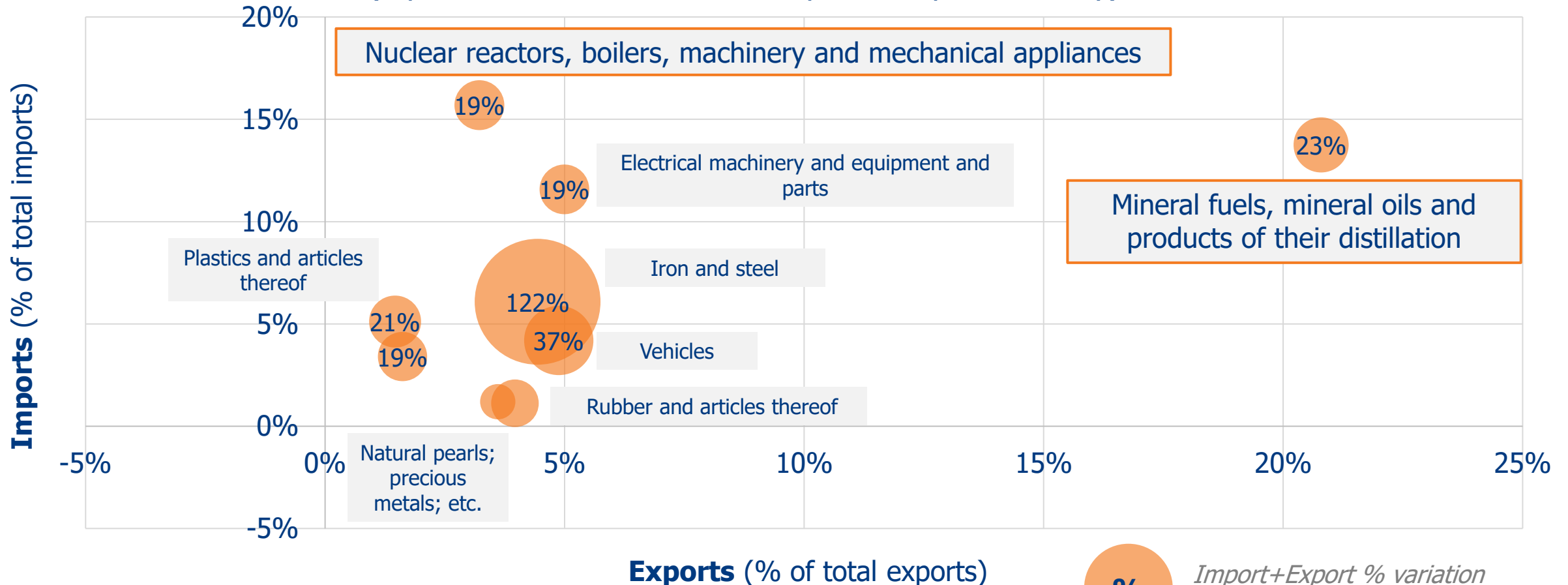
Indonesia Value Added and employment in manufacturing* (% - top8 sectors*), 2017



Mineral and its products contribute to 21% of the exports of **Indonesia** and the most imported product are **industrial machineries**



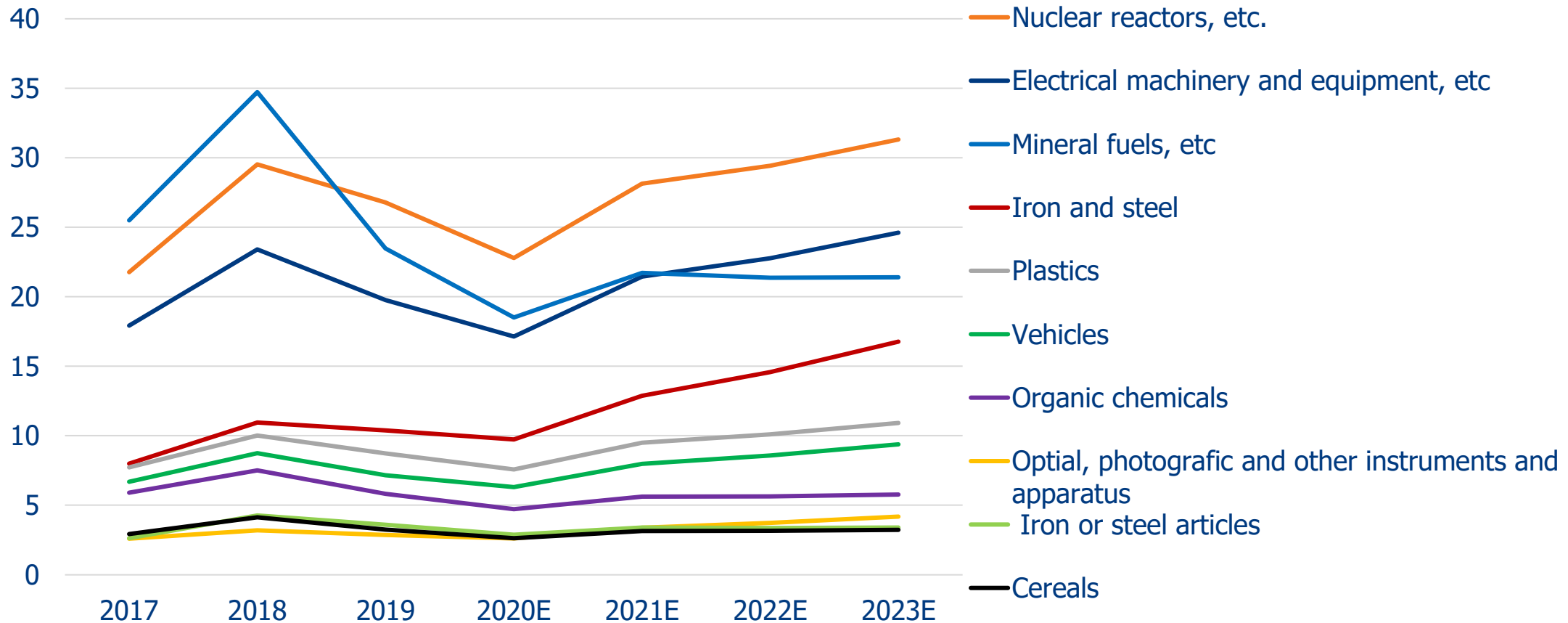
Indonesia exports and imports of goods by economic sector
(top-10 economic sectors for exports+imports activity), 2019



Nuclear, mineral and electrical products will absorb most of Indonesian imports, but iron and steel imports are also expected to grow (+61%)



Indonesia import forecast of top-10 import sectors (billion \$), 2017-2023E



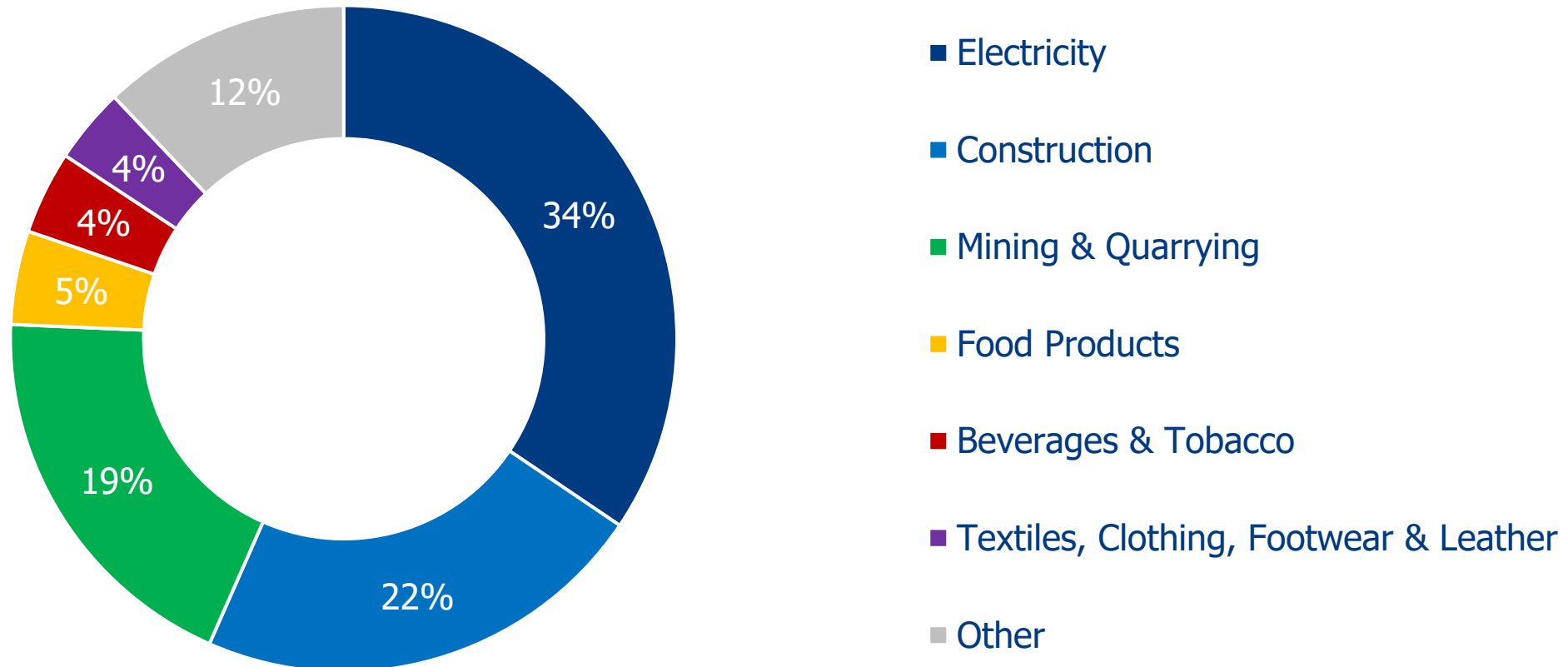
EU share	ITA share
12.8%	3.1%
6.9%	0.8%
0.5%	0.0%
3.9%	0.1%
5.2%	0.6%
8.1%	0.5%
7.8%	1.8%
20.0%	1.5%
55%	1.4%
1.2%	0.0%

NB. Sectors' forecasts are based on the difference between sectorial and national 2015-2019 Import CAGRs, and IMF forecast of country's imports
Source: The European House – Ambrosetti elaboration on UNCTAD and IMF data, 2020

Electricity plays a key role for the economy, contributing to 34% of the industrial GDP and making **Laos** a **hydropower supplier of the ASEAN region**



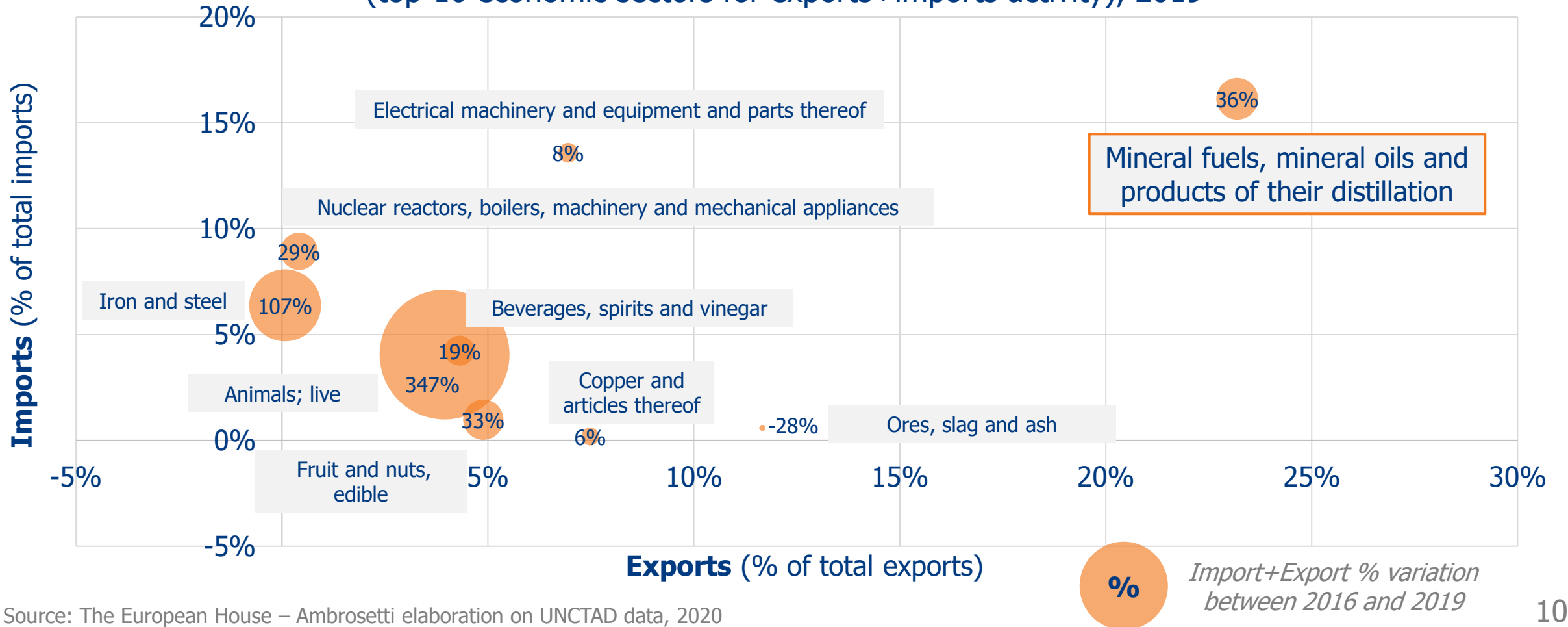
Laos industrial GDP by sector (% industrial GDP), 2018



Minerals and its products account for **23%** of the national exports in **Laos** while the first imported good are electrical machineries



Laos exports and imports of goods by economic sector
(top-10 economic sectors for exports+imports activity), 2019

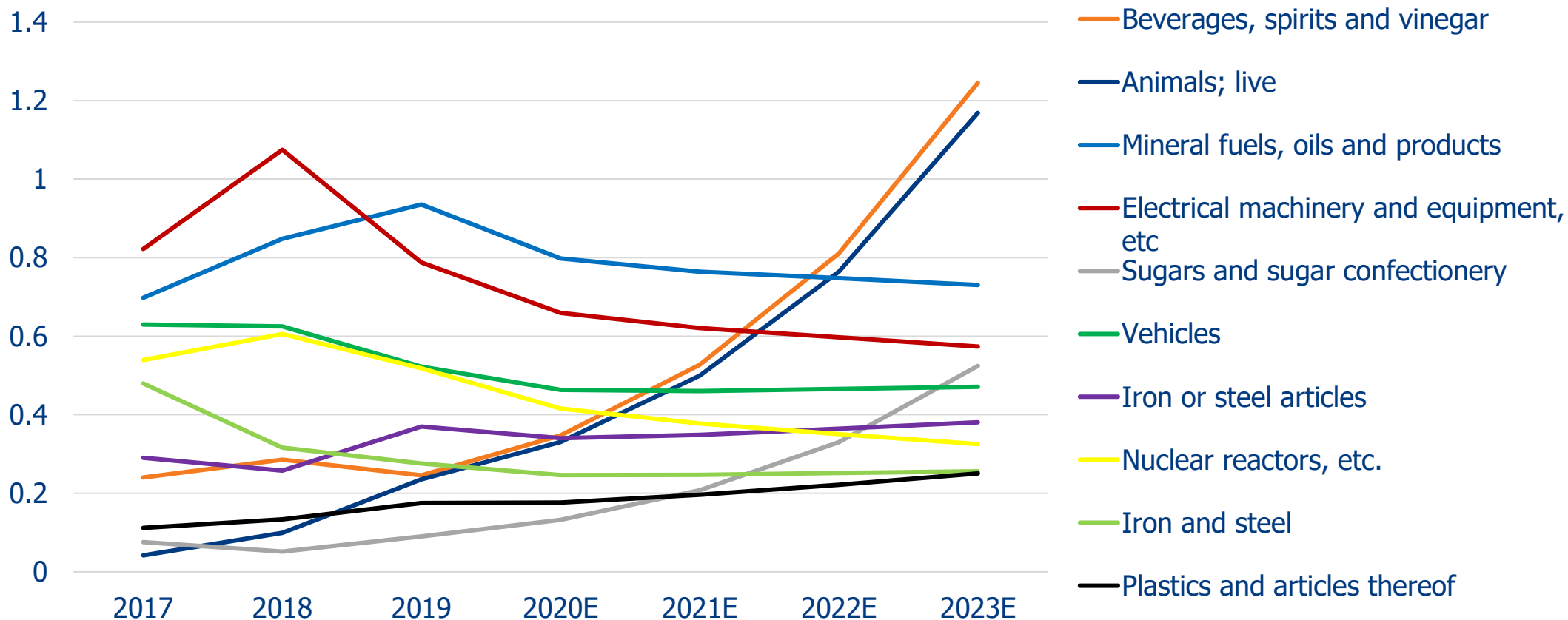


Source: The European House – Ambrosetti elaboration on UNCTAD data, 2020

Imports of beverage and sugar confectionary in Lao are expected to grow in next years



Laos import forecast of top-10 import sectors (billion \$), 2017-2023E



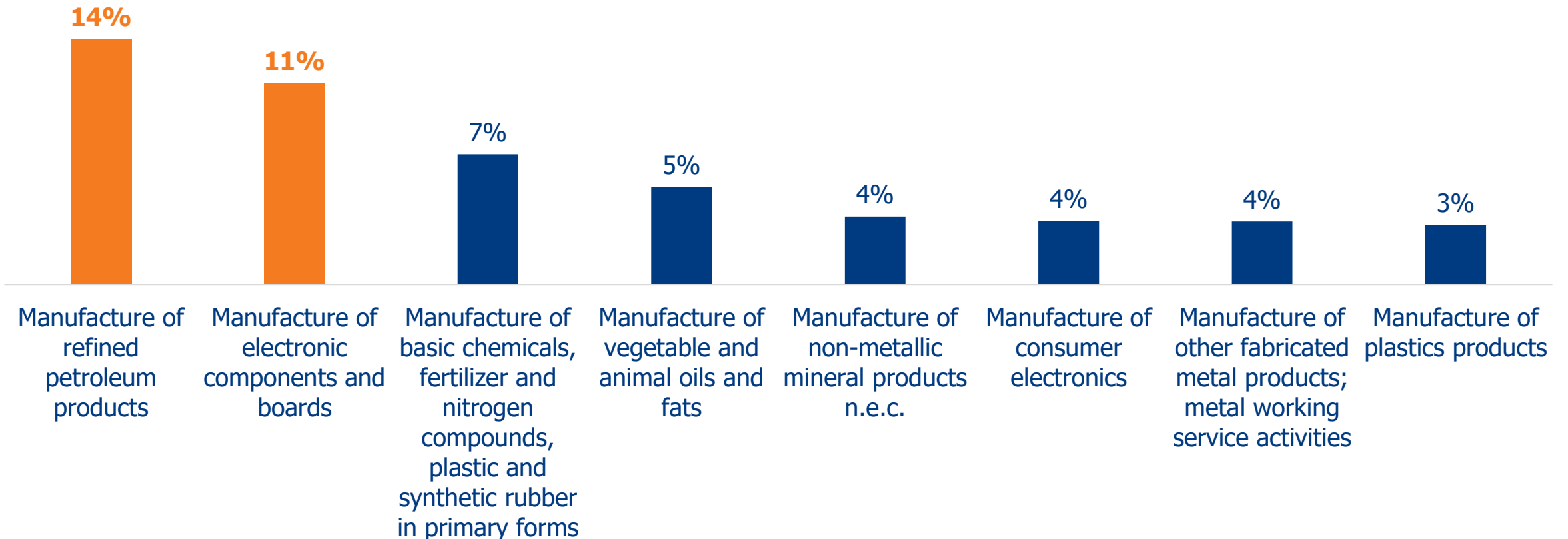
	EU share	ITA share
Beverages, spirits and vinegar	9.9%	0.1%
Animals; live	0.0%	0.0%
Mineral fuels, oils and products	0.1%	0.0%
Electrical machinery and equipment, etc	1.6%	0.1%
Sugars and sugar confectionery	0.1%	0.0%
Vehicles	4.4%	0.1%
Iron or steel articles	0.4%	0.0%
Nuclear reactors, etc.	3.1%	0.4%
Iron and steel	0.0%	0.0%
Plastics and articles thereof	3.5%	0.5%

NB. Sectors' forecasts are based on the difference between sectorial and national 2015-2019 Import CAGRs, and IMF forecast of country's imports
Source: The European House – Ambrosetti elaboration on UNCTAD and IMF data, 2020

Petroleum products and electronic components produce 25% of the value added of manufacturing in **Malaysia**



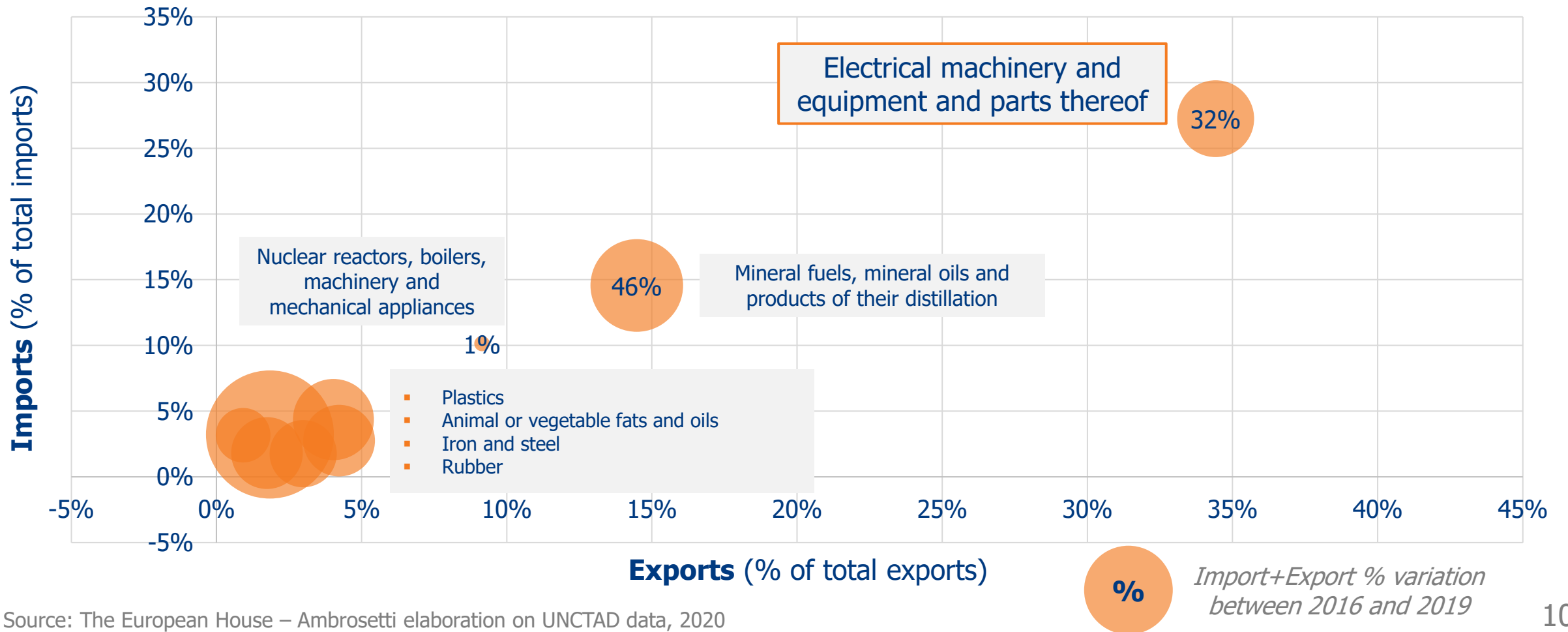
Value Added in manufacturing by sector in Malaysia (% on total manufacturing – top 8 sectors), 2018



34% of the exports of **Malaysia** comes from **electrical machinery and equipment**

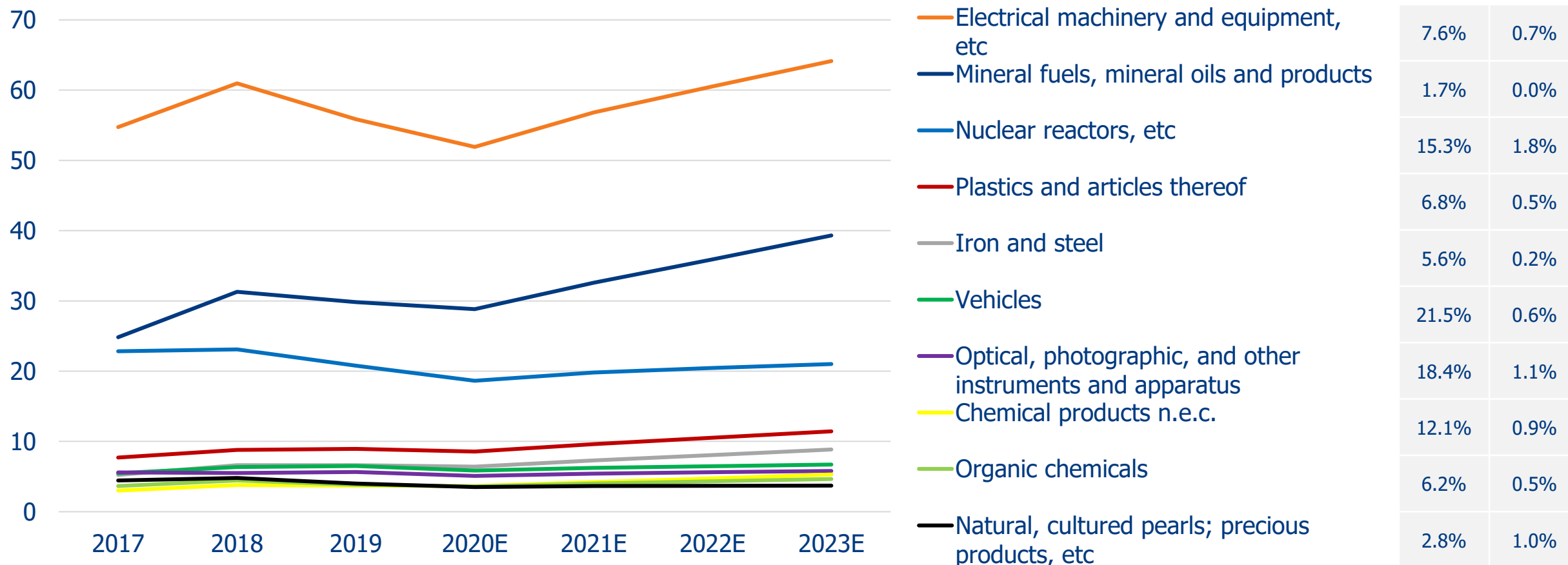


Malaysia exports and imports of goods by economic sector
(top-10 economic sectors for exports+imports activity), 2018



Electrical machinery and equipment, which are already the most imported goods, could grow in next few years as well as plastics

Malaysia import forecast of top-10 import sectors (billion \$), 2017-2023E

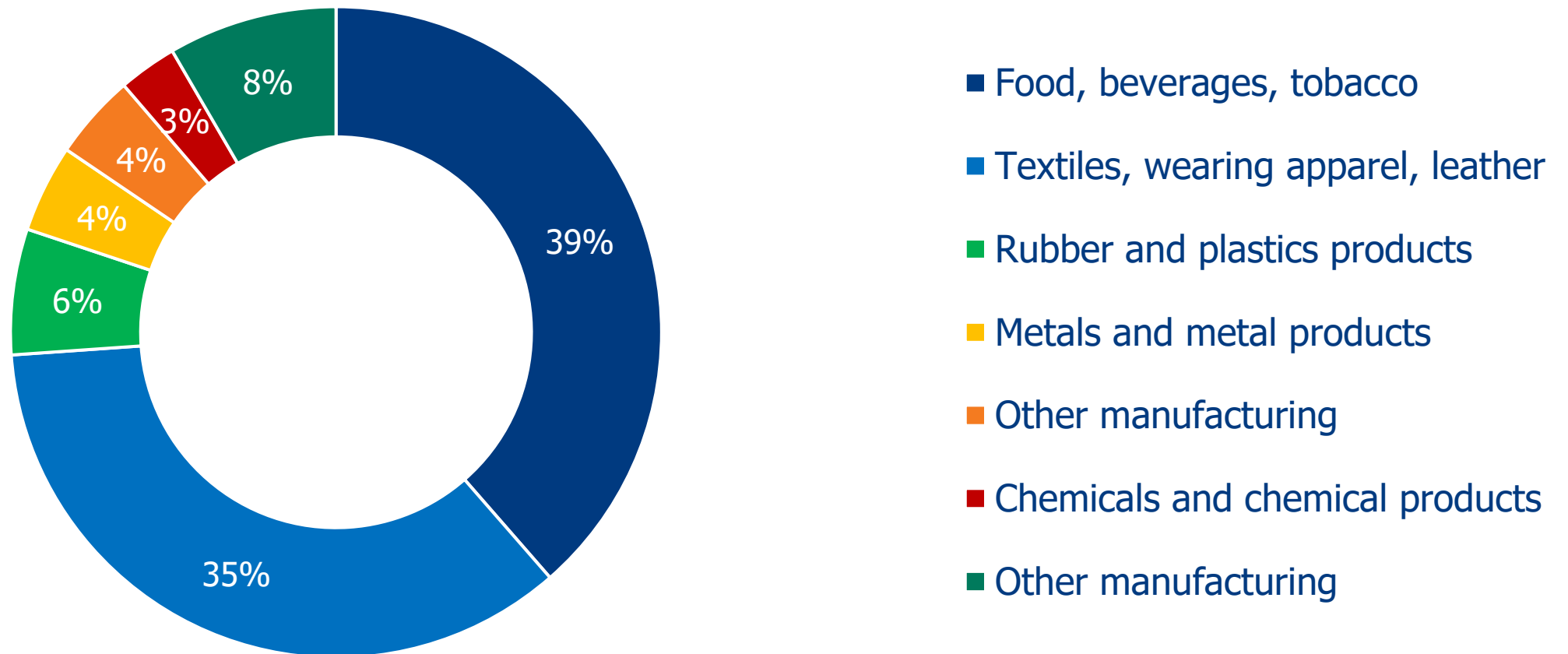


NB. Sectors' forecasts are based on the difference between sectorial and national 2015-2019 Import CAGRs, and IMF forecast of country's imports
Source: The European House – Ambrosetti elaboration on UNCTAD and IMF data, 2020

Food&Beverage, textiles and wearing produce 74% of the value added of manufacturing in Myanmar



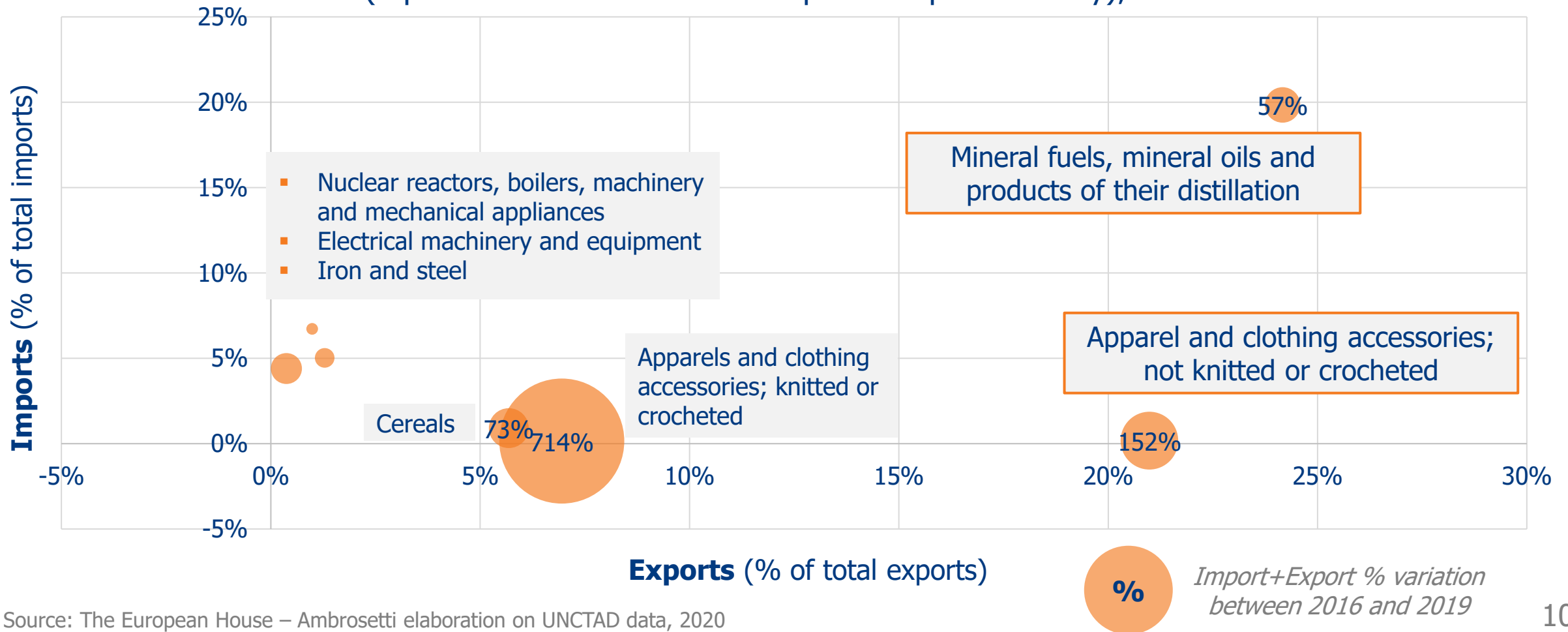
Value Added in manufacturing by industry in Myanmar (%), 2016



Minerals contribute to 24% of exports and 20% of imports, but also **apparel and clothing accessories** play an important role for **Myanmar** economy



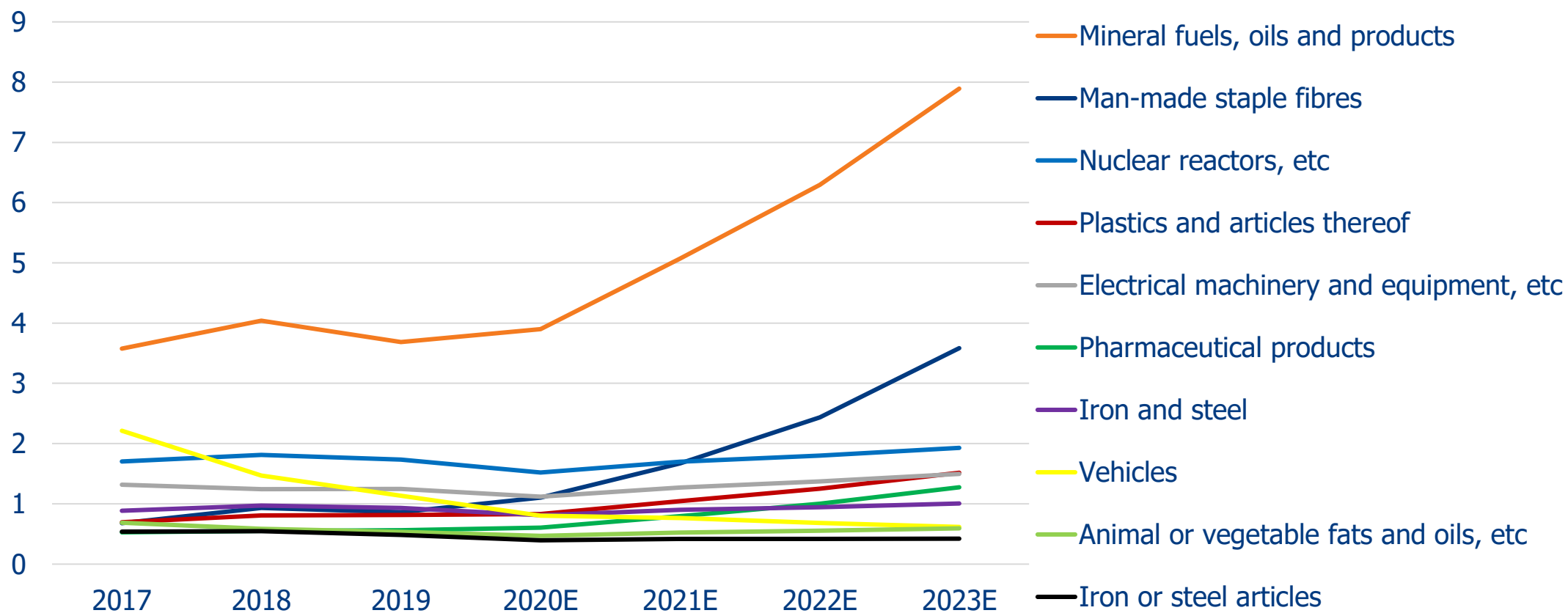
Myanmar exports and imports of goods by economic sector
(top-10 economic sectors for exports+imports activity), 2019



Source: The European House – Ambrosetti elaboration on UNCTAD data, 2020

Imports of **mineral fuels and products**, already the first imported goods from Myanmar, are expected to increase

Myanmar import forecast of top-10 import sectors (billion \$), 2017-2023E



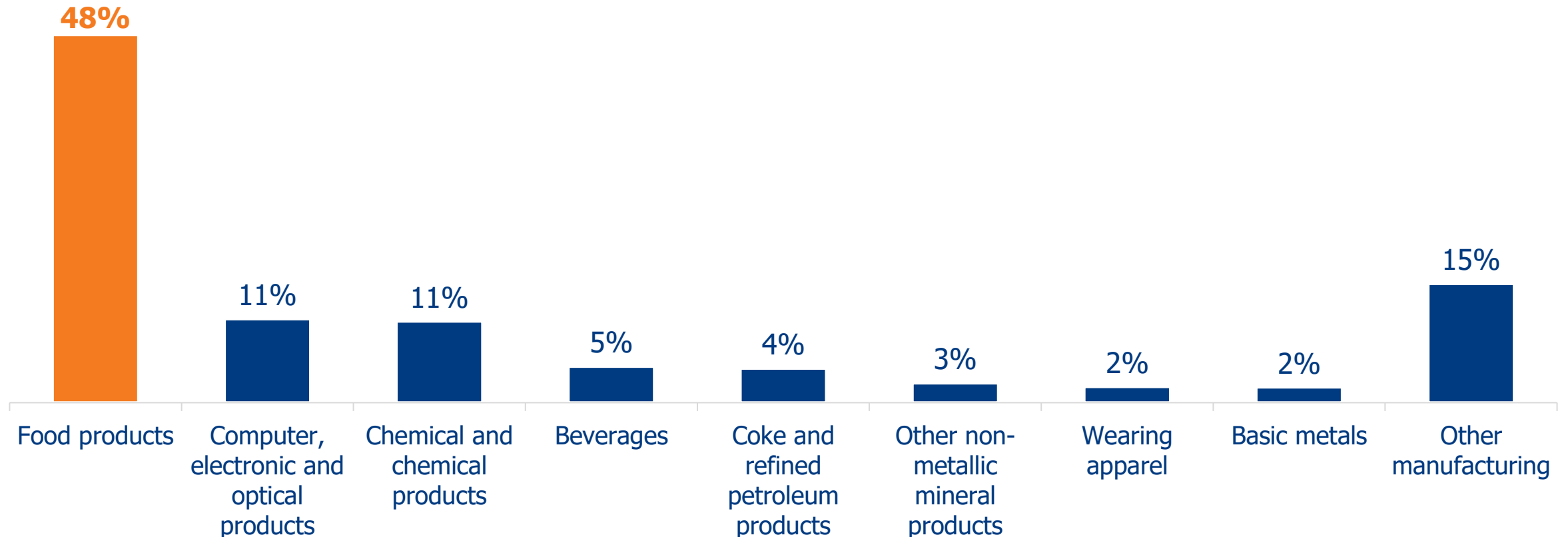
	EU share	ITA share
Mineral fuels, oils and products	0.1%	0.0%
Man-made staple fibres	1.2%	0.1%
Nuclear reactors, etc	7.0%	1.4%
Plastics and articles thereof	0.9%	0.2%
Electrical machinery and equipment, etc	4.7%	1.3%
Pharmaceutical products	21.4%	0.8%
Iron and steel	0.0%	0.0%
Vehicles	5.6%	0.3%
Animal or vegetable fats and oils, etc	0.3%	0.1%
Iron or steel articles	2.5%	0.2%

NB. Sectors' forecasts are based on the difference between sectorial and national 2015-2019 Import CAGRs, and IMF forecast of country's imports
Source: The European House – Ambrosetti elaboration on UNCTAD and IMF data, 2020

48% of the value added in manufacturing is produced by the **food industry** in the **Philippines**



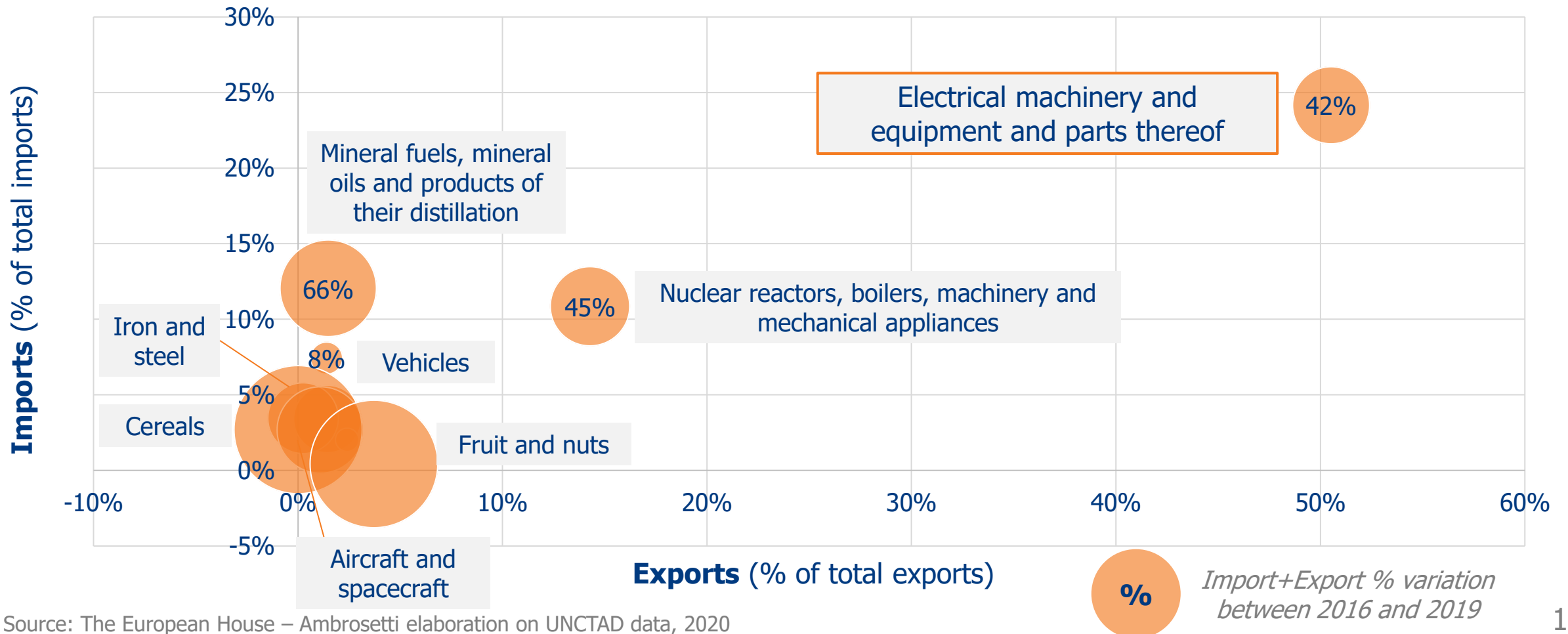
Gross Value Added in manufacturing by industry in the Philippines (%), 2019





Electrical machineries and equipments are the most exported and imported goods by the Philippines

Philippines exports and imports of goods by economic sector
(top-10 economic sectors for exports+imports activity), 2019

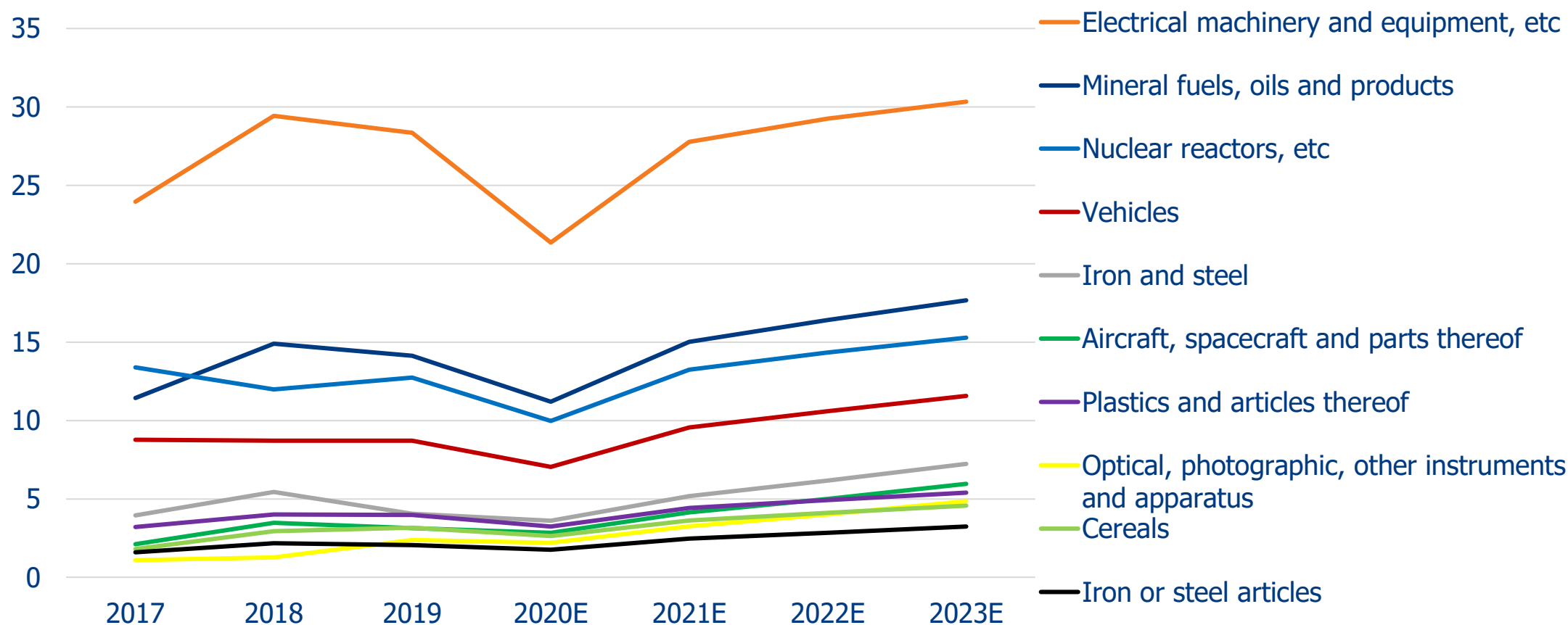


Source: The European House – Ambrosetti elaboration on UNCTAD data, 2020

Import of **electrical products**, the most imported goods, is expected to remain stable while **iron and steel (+79%)** and **aircraft and spacecraft (+90%)** will grow the most



Philippines import forecast of top-10 import sectors (billion \$), 2017-2023E



	EU share	ITA share
Electrical machinery and equipment, etc	6.3%	1.2%
Mineral fuels, oils and products	0.1%	0.0%
Nuclear reactors, etc	10.8%	1.5%
Vehicles	1.8%	0.2%
Iron and steel	0.7%	0.2%
Aircraft, spacecraft and parts thereof	60.1%	0.1%
Plastics and articles thereof	4.4%	0.4%
Optical, photographic, other instruments and apparatus	11.3%	1.4%
Cereals	3.7%	0.0%
Iron or steel articles	8.5%	0.7%

NB. Sectors' forecasts are based on the difference between sector's and country's 2015-2019 Import CAGRs, and IMF forecast of country's imports

Source: The European House – Ambrosetti elaboration on UNCTAD and IMF data, 2020

Computer, Electronic & Optical Products alone account for **43%** of the VA in manufacturing in **Singapore** and also employ the **largest share of workers**

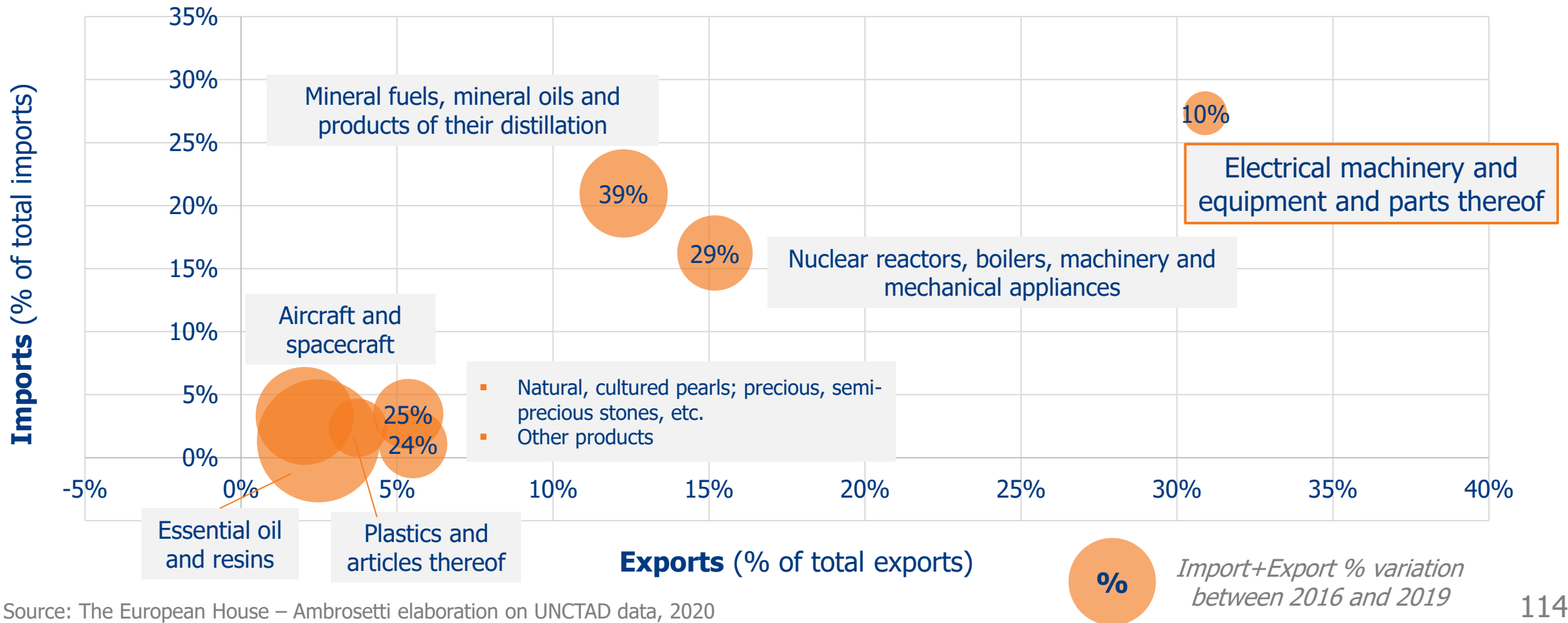


Singapore Value Added and employment in manufacturing (% - top8 sectors), 2018



Electrical machineries and equipments contribute to 31% of the exports of Singapore

Singapore exports and imports of goods by economic sector
(top-10 economic sectors for exports+imports activity), 2019

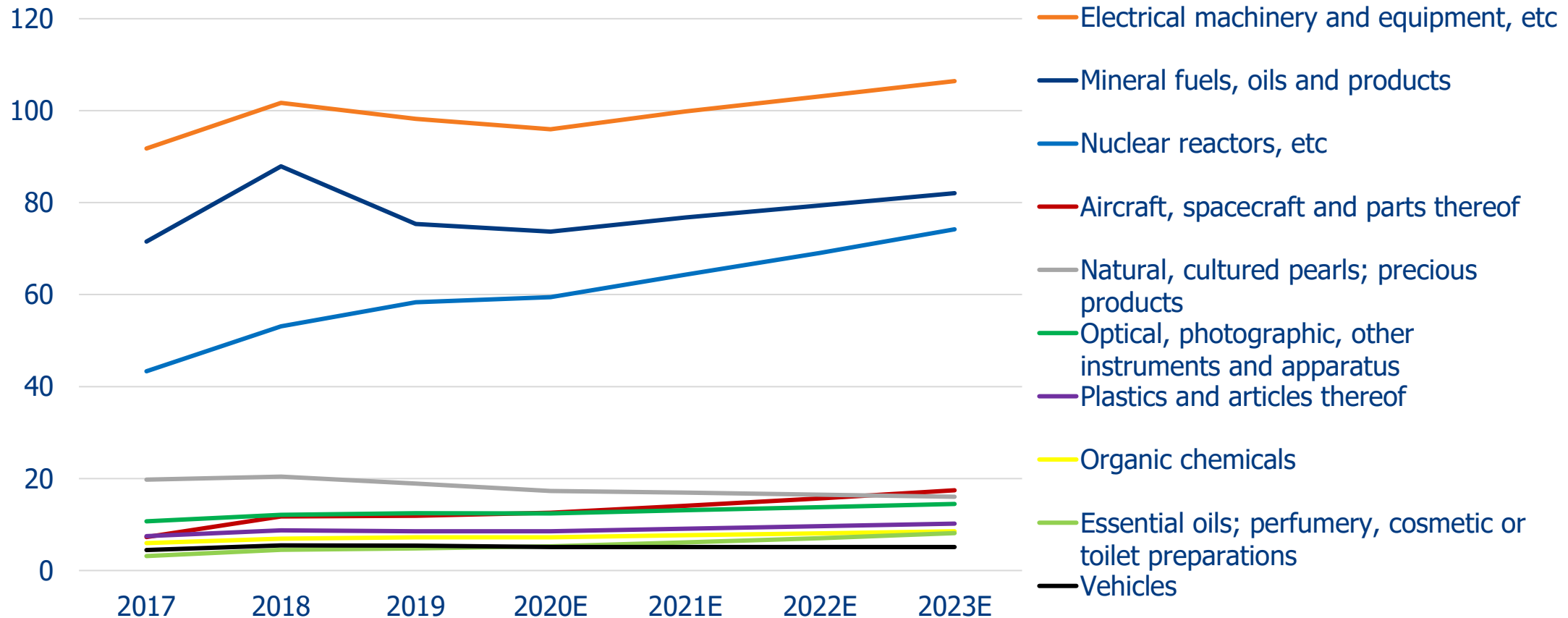


Source: The European House – Ambrosetti elaboration on UNCTAD data, 2020

Electrical, mineral and nuclear products are expected to lead the imports growth of Singapore



Singapore import forecast of top-10 import sectors (billion \$), 2017-2023E



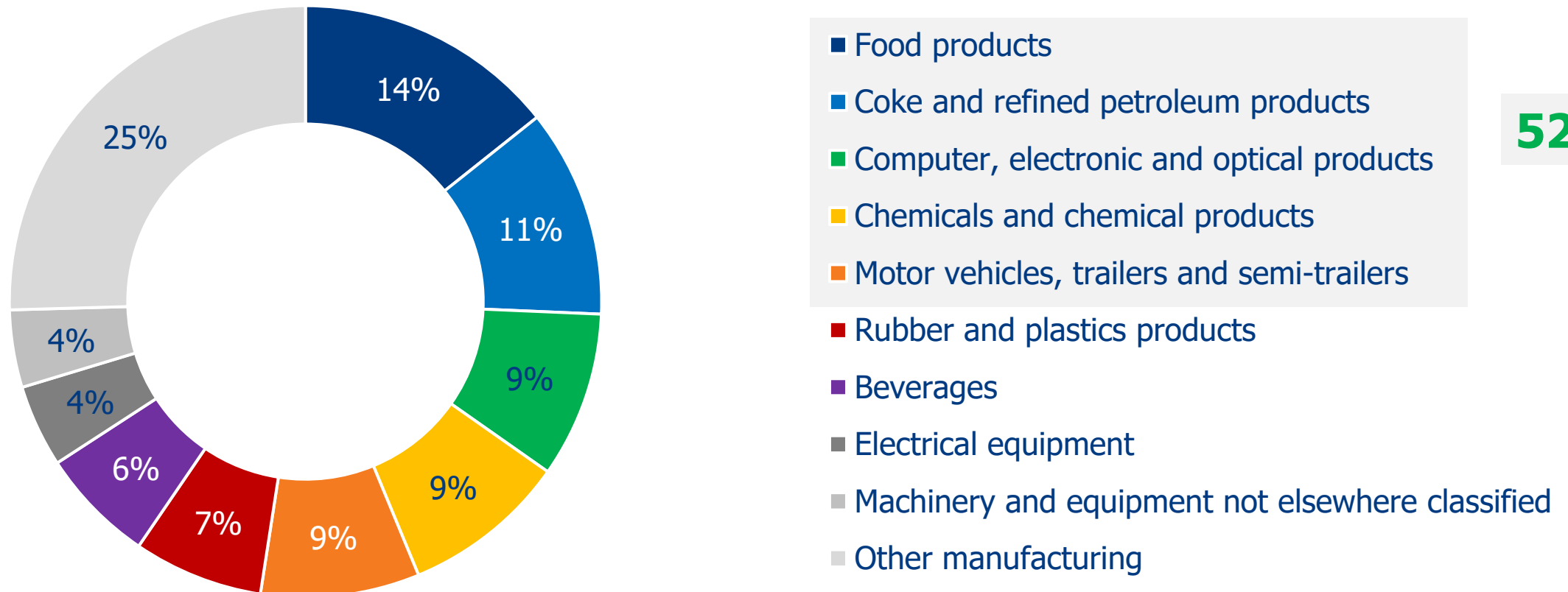
	EU share	ITA share
Electrical machinery and equipment, etc	6.2%	0.7%
Mineral fuels, oils and products	2.9%	0.2%
Nuclear reactors, etc	19.0%	1.1%
Aircraft, spacecraft and parts thereof	33.7%	0.5%
Natural, cultured pearls; precious products	6.1%	1.0%
Optical, photographic, other instruments and apparatus	19.2%	0.8%
Plastics and articles thereof	10.1%	0.9%
Organic chemicals	21.5%	1.7%
Essential oils; perfumery, cosmetic or toilet preparations	55.3%	4.1%
Vehicles	38.8%	2.9%

NB. Sectors' forecasts are based on the difference between sector's and country's 2015-2019 Import CAGRs, and IMF forecast of country's imports
Source: The European House – Ambrosetti elaboration on UNCTAD and IMF data, 2020



Manufacturing in **Thailand** is **highly differentiated**, with 5 different industries contributing to 52% of the GDP of manufacturing

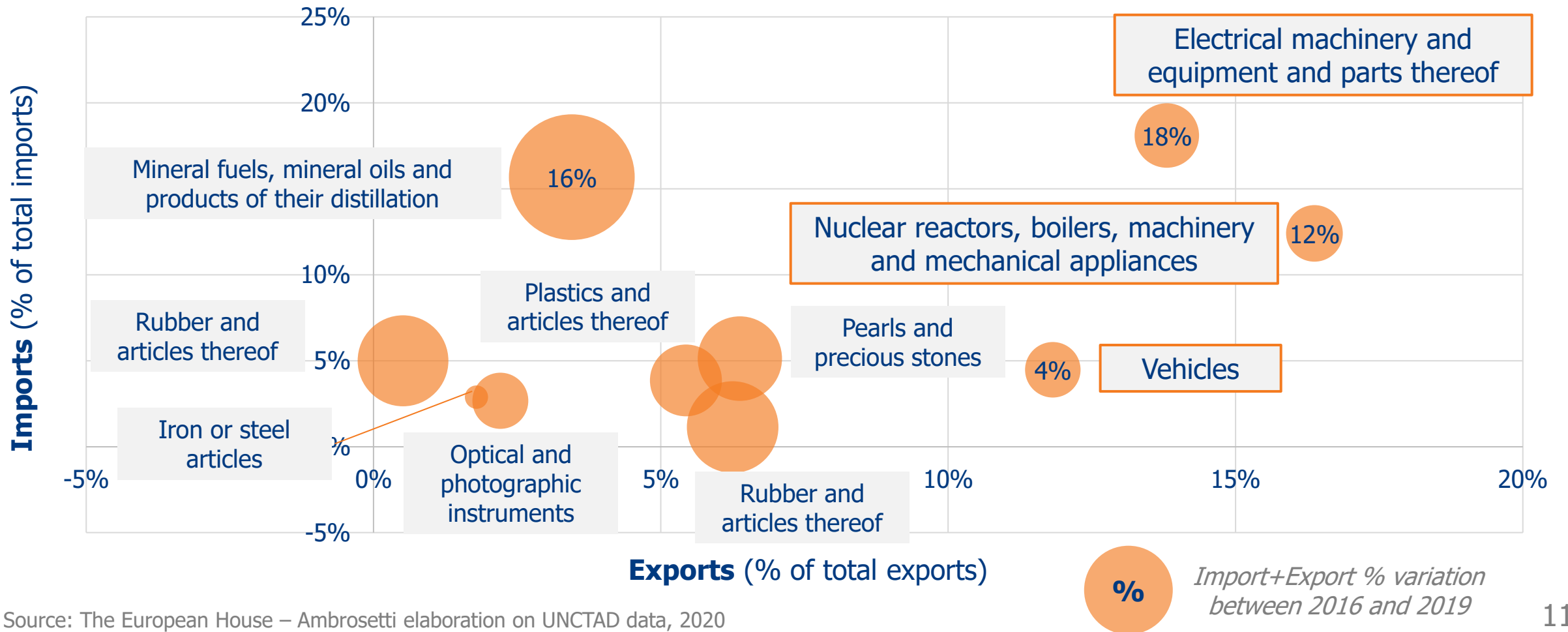
GDP in manufacturing by industry in Thailand (%), 2018



The exports of **Thailand** are based on **nuclear and electrical machinery and equipments**, but also on **vehicles**

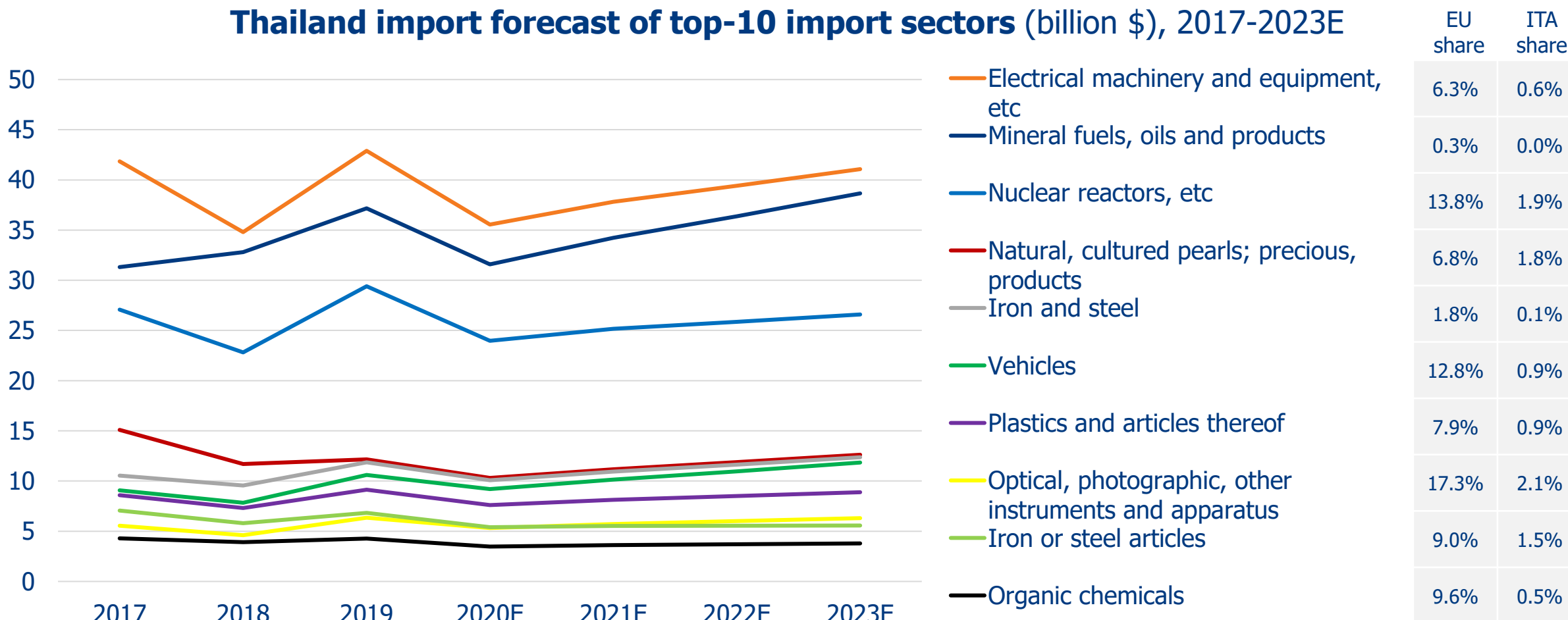


Thailand exports and imports of goods by economic sector
(top-10 economic sectors for exports+imports activity), 2019



Imports of **electrical** and **mineral products** are expected to grow their share

Thailand import forecast of top-10 import sectors (billion \$), 2017-2023E

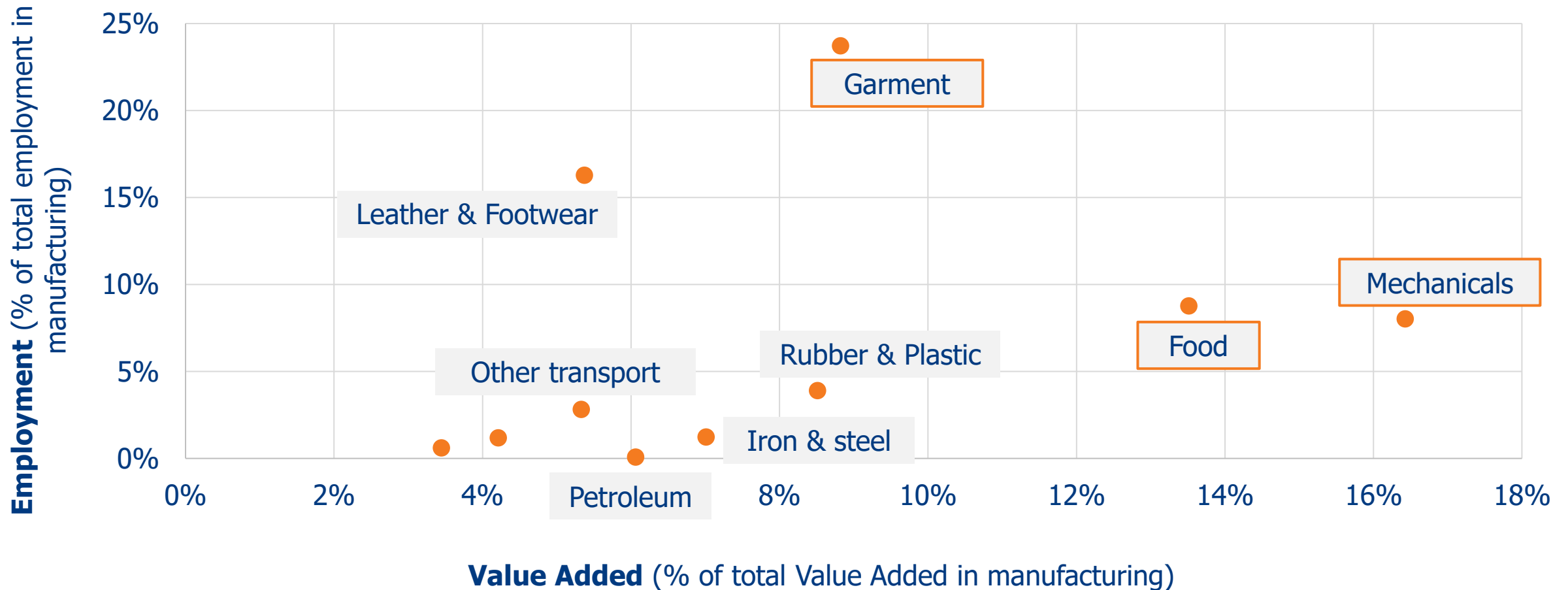


NB. Sectors' forecasts are based on the difference between sector's and country's 2015-2019 Import CAGRs, and IMF forecast of country's imports
Source: The European House – Ambrosetti elaboration on UNCTAD and IMF data, 2020

Mechanicals and food products account for **30%** of the Value Added in manufacturing in **Vietnam**, but **garment** absorb the highest share of workers



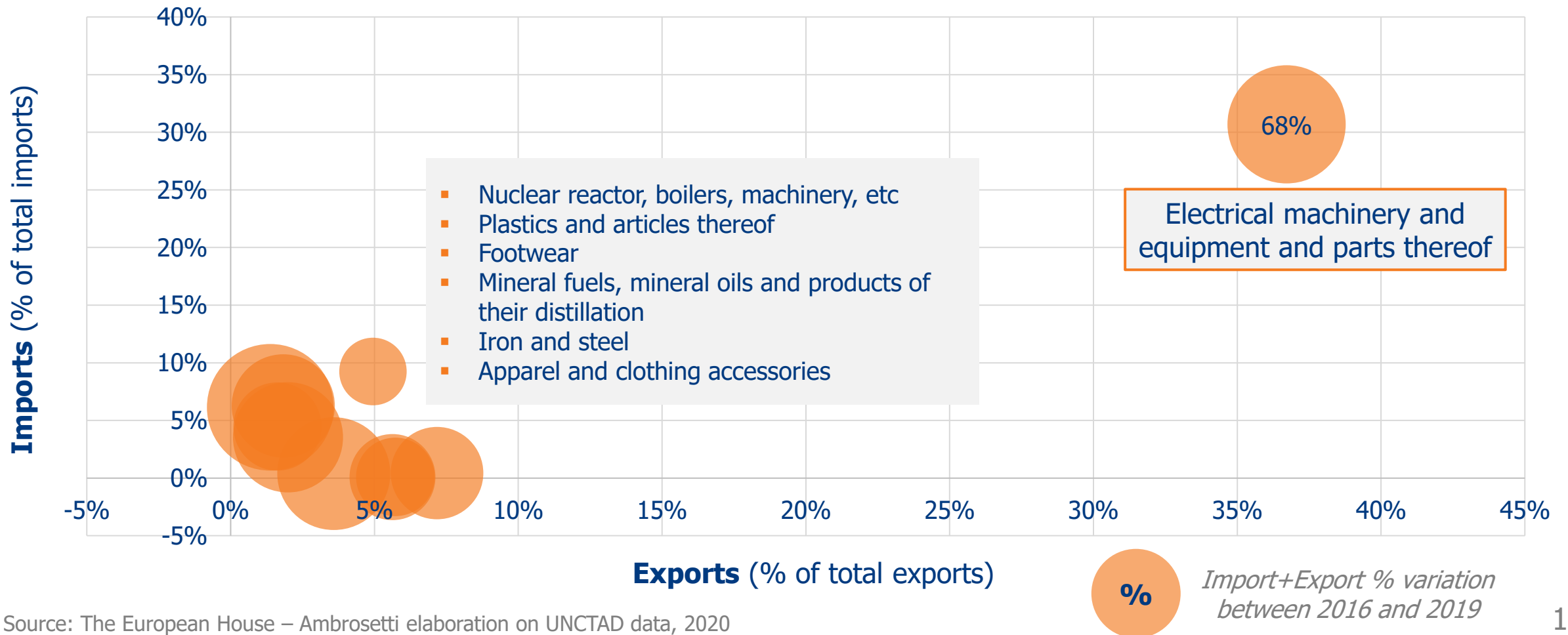
Vietnam Value Added and employment in manufacturing (% - top10 sectors), 2016



The trade of **Vietnam** is highly concentrated in **electrical machineries and equipments**, which contribute to 37% of exports and 31% of imports



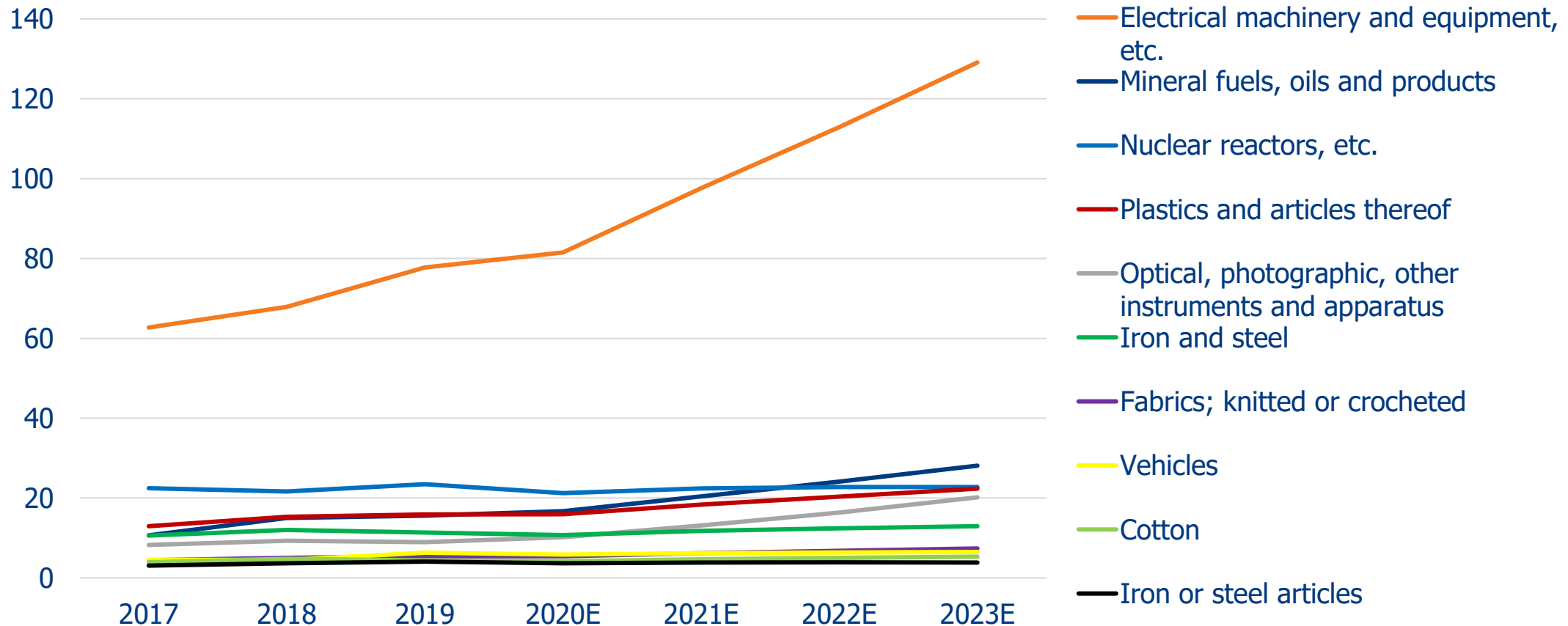
Vietnam exports and imports of goods by economic sector
(top-10 economic sectors for exports+imports activity), 2019



Vietnam can be expected to import an always higher amount of **electrical products** in next years



Vietnam import forecast of top-10 import sectors (billion \$), 2017-2023E



	EU share	ITA share
Electrical machinery and equipment, etc.	4.7%	0.2%
Mineral fuels, oils and products	0.3%	0.0%
Nuclear reactors, etc.	10.2%	2.0%
Plastics and articles thereof	2.8%	0.3%
Optical, photographic, other instruments and apparatus	9.8%	0.8%
Iron and steel	2.1%	0.1%
Fabrics; knitted or crocheted	0.9%	0.5%
Vehicles	6.6%	0.5%
Cotton	1.7%	0.5%
Iron or steel articles	5.4%	0.9%

NB. Sectors' forecasts are based on the difference between sector's and country's 2015-2019 Import CAGRs, and IMF forecast of country's imports
Source: The European House – Ambrosetti elaboration on UNCTAD and IMF data, 2020


The study identified the **driving sectors** in the post-COVID relaunch in each ASEAN country

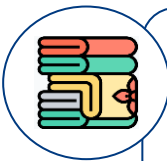
	Food & Beverage	Textile and garment	Electrical equipment	Machinery	Automotive	Chemicals	Mineral Fuels & Oils& Gas	Energy and green tech.	Construction, infrastructure, engineering	Aerospace
Brunei							✓			
Cambodia	✓	✓			✓					
Indonesia	✓			✓			✓		✓	✓
Laos	✓		✓				✓	✓	✓	
Malaysia			✓				✓	✓		✓
Myanmar	✓	✓					✓	✓	✓	
Philippines	✓		✓	✓				✓	✓	✓
Singapore			✓					✓		✓
Thailand	✓		✓	✓	✓	✓		✓		
Vietnam	✓	✓	✓	✓				✓	✓	


N.B.: Only sectors with a percentage of added value, export and import of more than 15% were considered; to these, other high growing sectors have been added; relevant sectors but without complete available statistics (e.g. digital economy, etc.) have not been included; financial sector is not included


Source: The European House – Ambrosetti elaboration, 2020

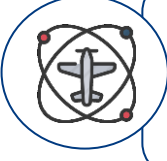
In each of the main sectors that drive ASEAN's economy, Italy holds distinctive competences

- 


Food and Beverage: €64.6 bn of agri-food value added, more than 2 times automotive of France and Spain and almost double of France, Germany and British aerospace sector
- 


Textile and garment: According to the Trade Performance Index, Italy is **1st in the world for competitiveness** in clothing and footwear sector
- 


Electrical equipment: According to ISTAT's Synthetic Indicator of Competitiveness (ISCo), food and beverages, clothing, **electronics** are the only sectors showing a **competitive improvement** compared to the manufacturing average in both 2018 and 2019
- 


Automotive: The Italian automotive industry contributes to **5.6%** of the GDP and **7%** of the manufacturing industry's workforce. The Italian automotive industry is specialized in the production of **components** for export and **luxury vehicles**
- 


Aerospace: Italy's AD&S industry is ranked **4th** in Europe and **7th** in the world. The sector directly employs 50,000 highly qualified workers and almost 200,000, taking into account the entire extended value chain, and represents the 2nd largest sector for investments in R&D

- 

Machinery: Italy is world leader in the production of metallurgy machines and machines for the food, beverage and tobacco industries with global shares of **18.7%** and **16.5%** respectively. In general, the machinery sector accounts for **20%** of all Italian exports
- 

Chemicals: Italy is the **3rd in the EU** for production value of **chemicals** (9.5% of European production) and **1st in the EU** for **production of medicines** (\$31.2 bn of production value)
- 

Minerals and Oil: Italy has a tradition of refining and is home to important multinationals with cutting-edge technologies
- 

Energy and green technologies: Italy is among the most advanced countries in the field of **renewable energy sources**, which contribute with 17.8% to the total national energy mix. Moreover, Italy, thanks to its historical use of gas and its position, can become the European **hydrogen hub**
- 

Construction, infrastructure and engineering: Investment in construction, €116 billion in 2016, represents approximately **9.6%** of GDP and **46.7%** of the gross fixed investments made in the country. The industry's production value was €171 billion in 2018 (increasing 2.5% over 2017), accounting for **8.8%** of national GDP