

High Level Dialogue on ASEAN Italy Economic Relations

Digital Round Table – October 6th, 2021

The Global Attractiveness Index (GAI): focus on ASEAN

Main Partner



With the institutional support of



With the patronage of



With the support of



Strategic partner



The Global Attractiveness Index of The European House – Ambrosetti

6TH EDITION IN 2021

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 soundness 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 |



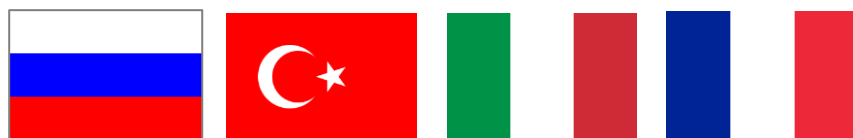
PHILIP MORRIS
ITALIA S.R.L.



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 inclusion 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

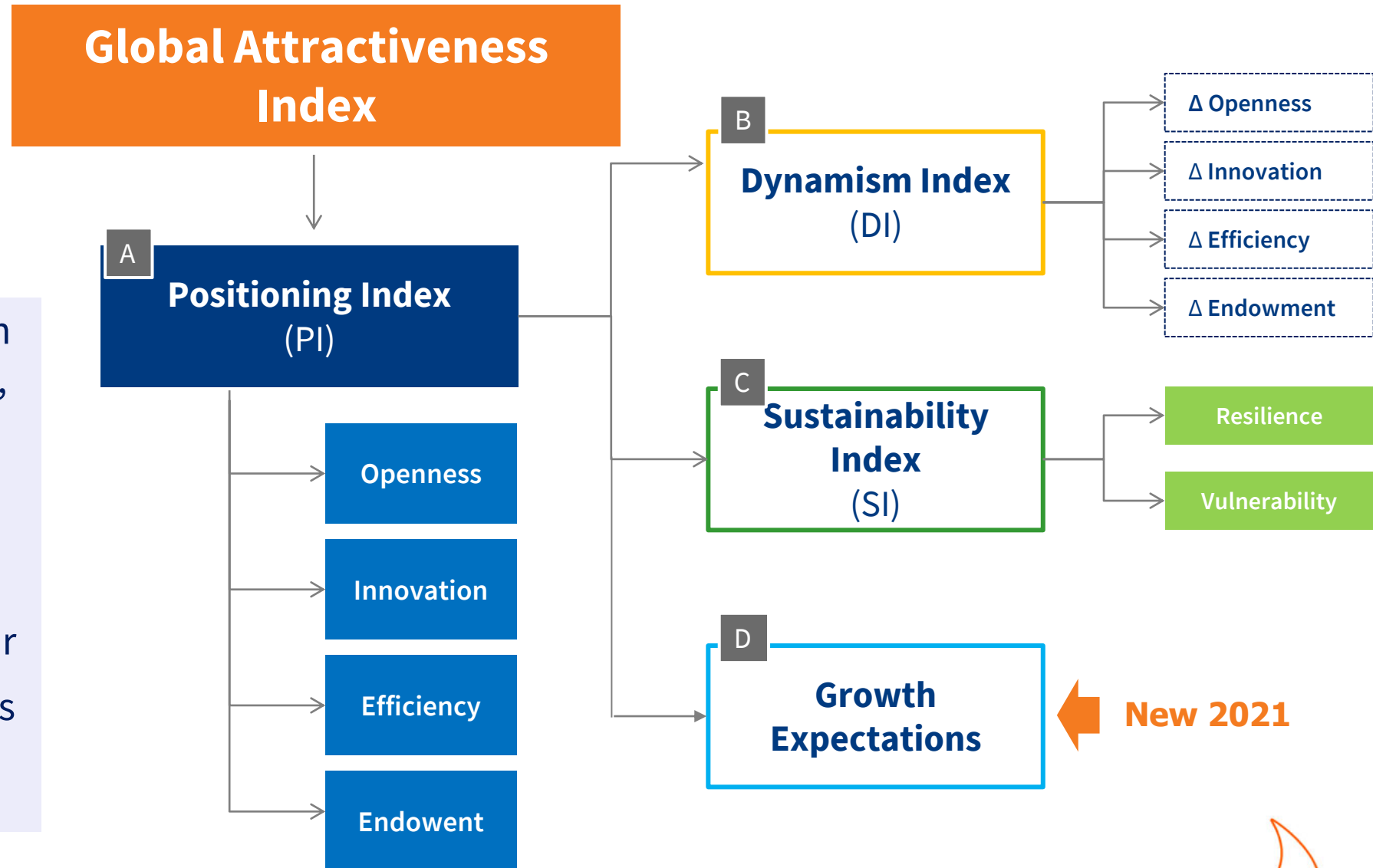
Ability to **attract resources not present** on the territory

The structure of GAI 2021 captures this multidimensionality

14 years surveyed →

148 Countries (vs 144 in the 2020 edition) →

- Historical index calculation over **six years** (2015-2021), **the only index with this feature**
- More than **75 KPIs analysed** and tested for each country and each year
- Over **900,000 data** updates and check



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 top-20 most attractive countries of the GAI 2020

	GAI rank 2021	GAI score 2021	GAI rank 2020	GAI score 2020	Dinamicity 2021	Sustainability 2021	Growth expectations
USA	1	100.00	1	100.00	Critical	High	Low
Germany	2	93.30	2	97.93	Critical	High	Low
China	3	91.55	3	91.79	Medium	Low	High
Japan	4	89.61	4	88.62	Low	Low	Low
UK	5	89.03	7	83.30	Critical	High	High
Singapore	6	84.84	6	83.30	Critical	Medium	High
Hong Kong	7	82.82	5	84.71	Critical	High	Medium
Korea	8	81.26	8	81.54	Low	High	High
United Arab Emirates	9	77.66	10	76.31	Medium	Medium	Critical
France	10	76.19	9	77.84	Critical	High	High
Canada	11	72.13	12	72.51	Critical	High	High
Australia	12	71.54	13	70.17	Low	High	Low
Switzerland	13	69.62	15	65.45	Critical	High	Medium
Denmark	14	68.71	14	65.95	Low	High	Low
Netherlands	15	65.18	11	72.93	Critical	High	Low
Ireland	16	64.12	16	63.86	Medium	High	Low
Austria	17	62.73	17	61.16	Critical	High	Medium
Luxemburg	18	62.71	22	57.39	Medium	High	Low
Sweden	19	61.55	19	58.82	Critical	High	Critical
Italy	20	61.32	18	59.50	Medium	High	High

Legend:

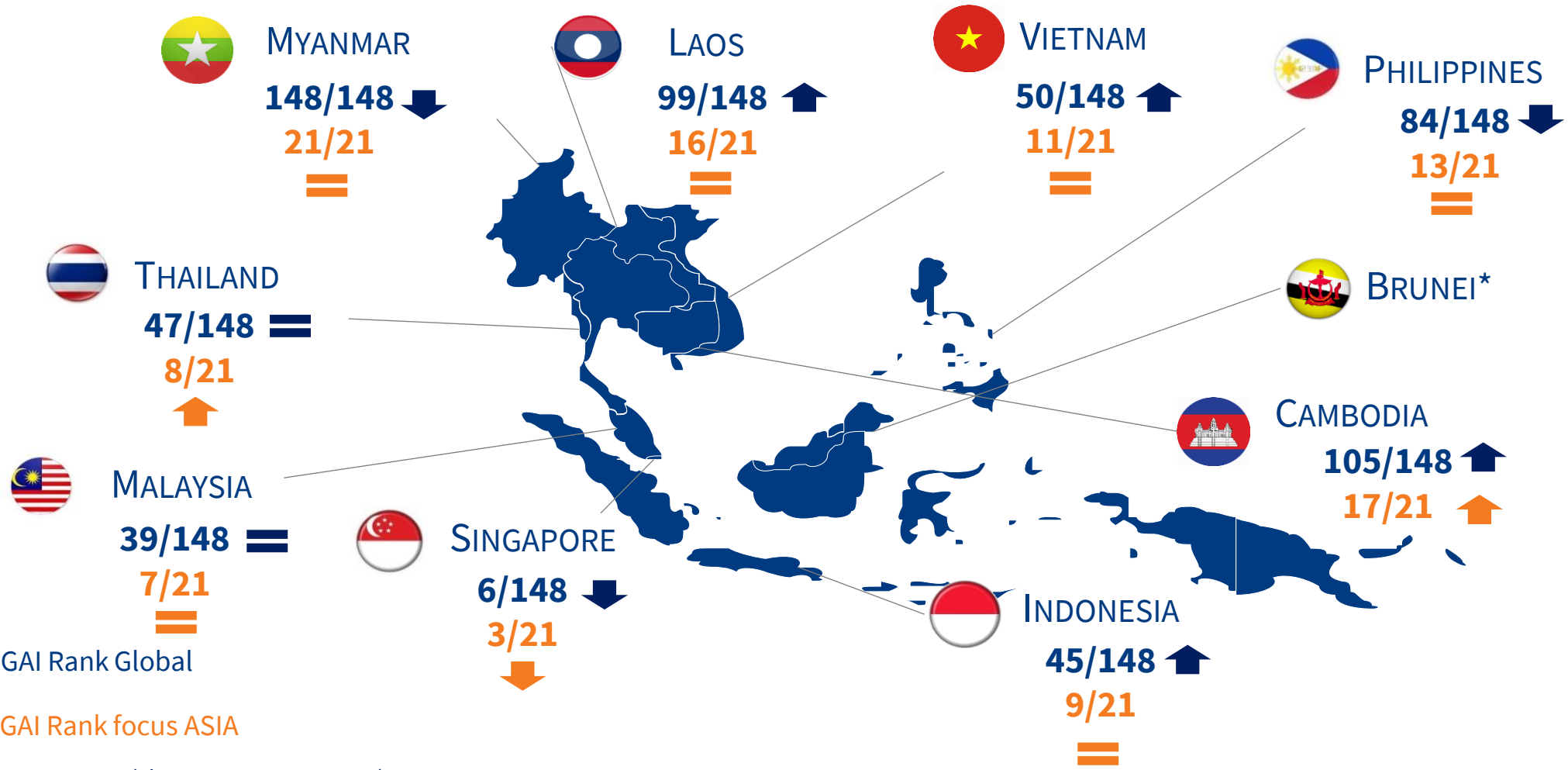
- High
- Medium
- Low
- Critical

Index expressed
between 1=min and
100=max

Source: Global Attractiveness Index, 2021



An overview of ASEAN countries in the GAI 2021



n/148 GAI Rank Global

n/21 GAI Rank focus ASIA

↑ ↓ = 2021 vs 2020 (changes in positions >2)

(*) Data not available.

NB. Lists of Asian countries considered: Bangladesh, Bhutan, Cambodia, China, Hong Kong, India, Indonesia, Japan, Korea Rep., Laos, Malaysia, Mongolia, Myanmar, Nepal, Pakistan, Philippines, Singapore, Sri Lanka, Thailand, Timor Leste, Vietnam.

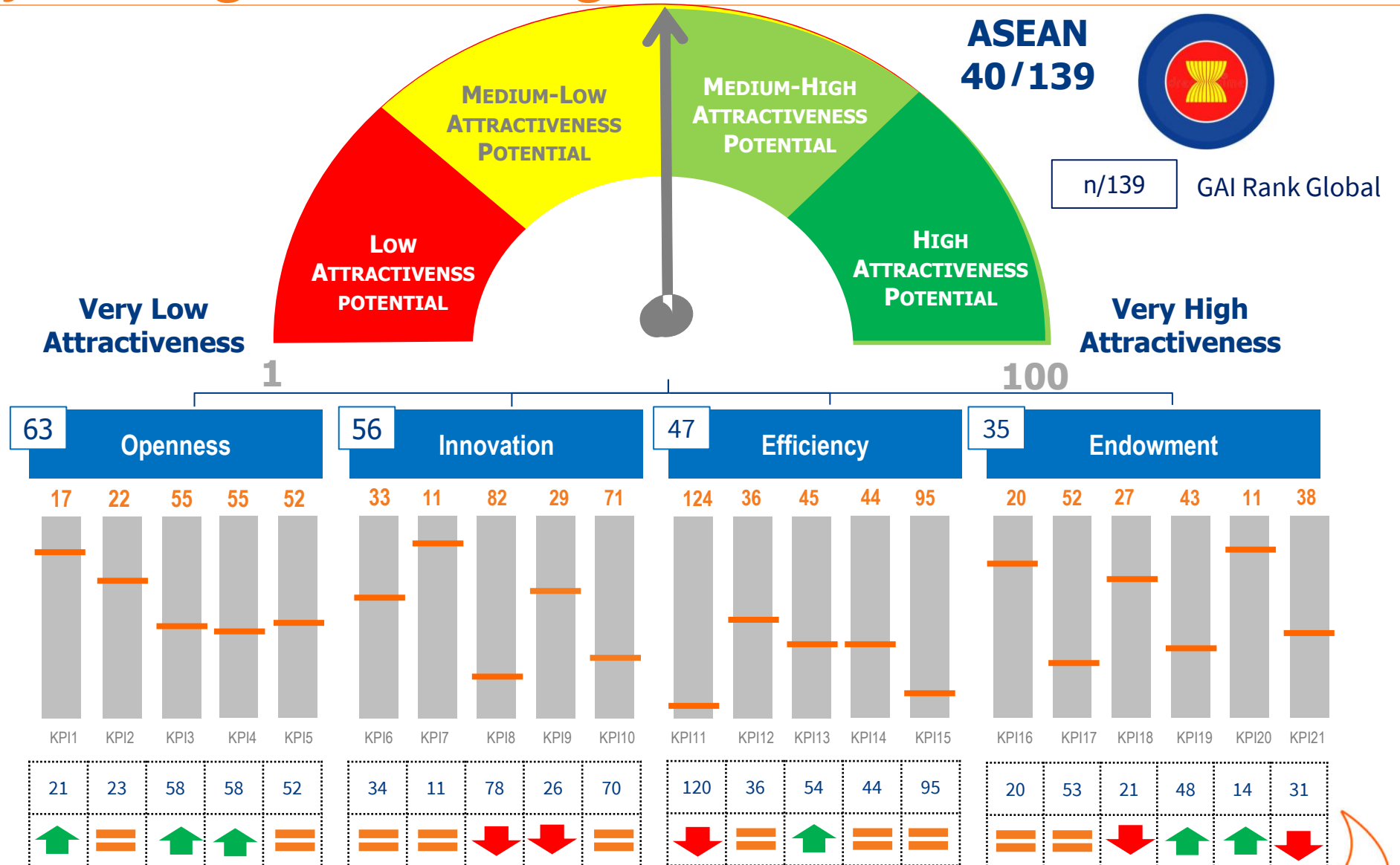
Source: The European House – Ambrosetti elaboration on various sources, 2021

The Tableau de Bord 2021 of ASEAN countries considered as a single country in the global ranking

Ranking 2021

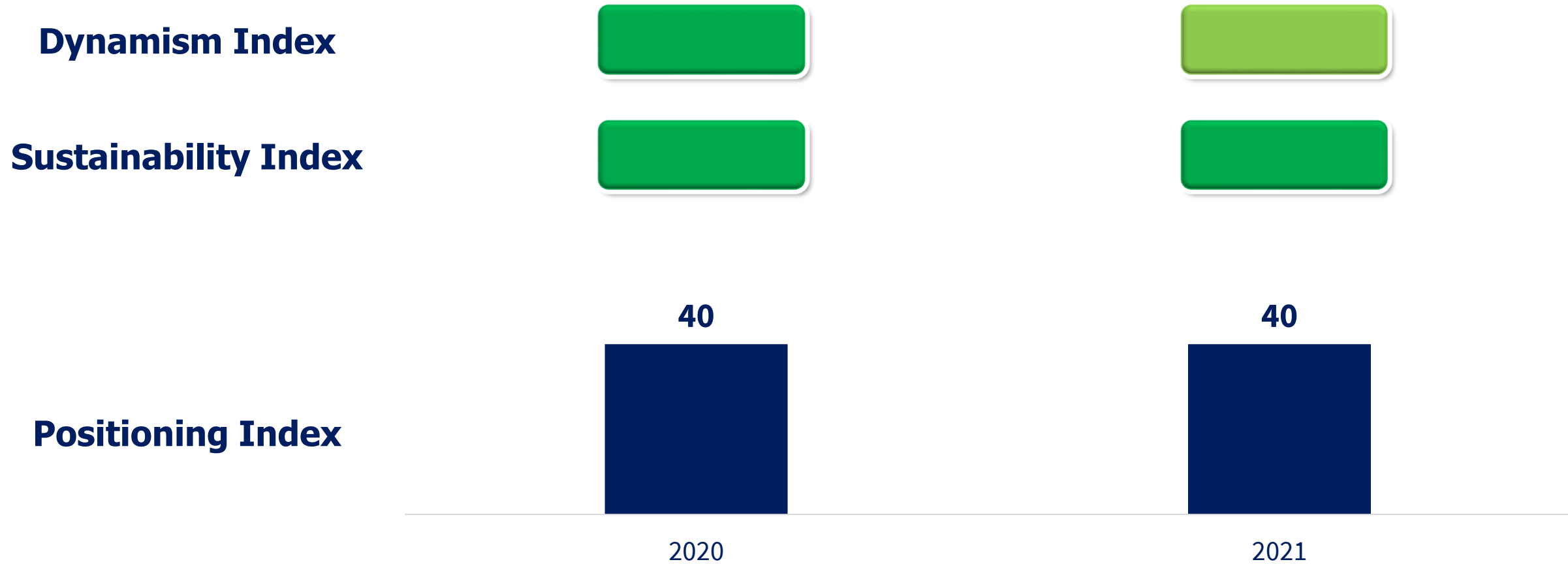
n = Macro-area's ranking
 — = KPI's ranking

N.B.: ASEAN region has been considered as a single country.



Ranking 2020 (KPI)
 2021 vs 2020 (changes in positions >2)

ASEAN shows high scores in sustainability and dynamism indexes

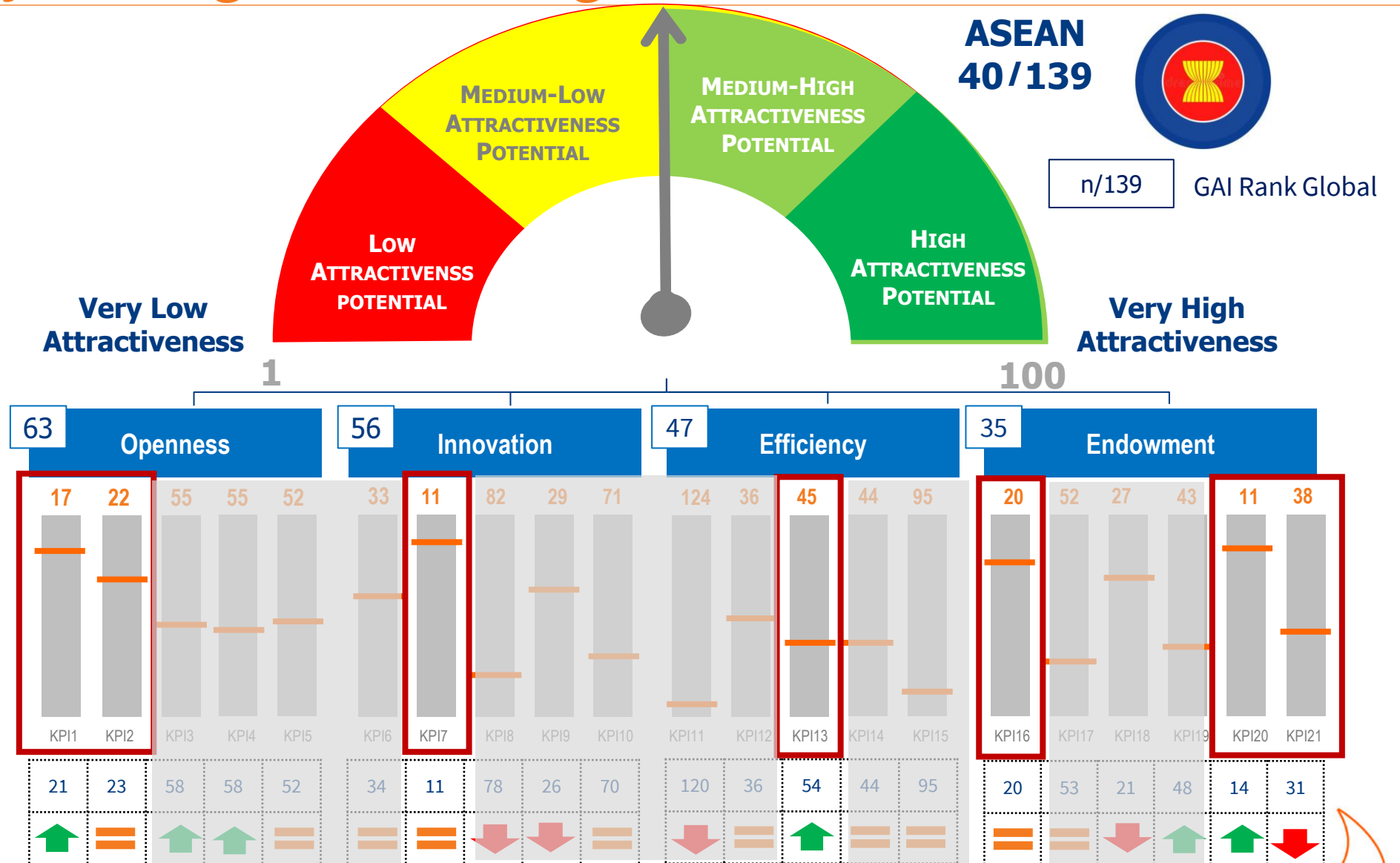


Some insights into the **KPIs** in which ASEAN countries have **improved** over the past year or are among the **top performers**

The Tableau de Bord 2021 of ASEAN countries considered as a single country in the global ranking

Ranking 2021

n = Macro-area's ranking
 — = KPI's ranking

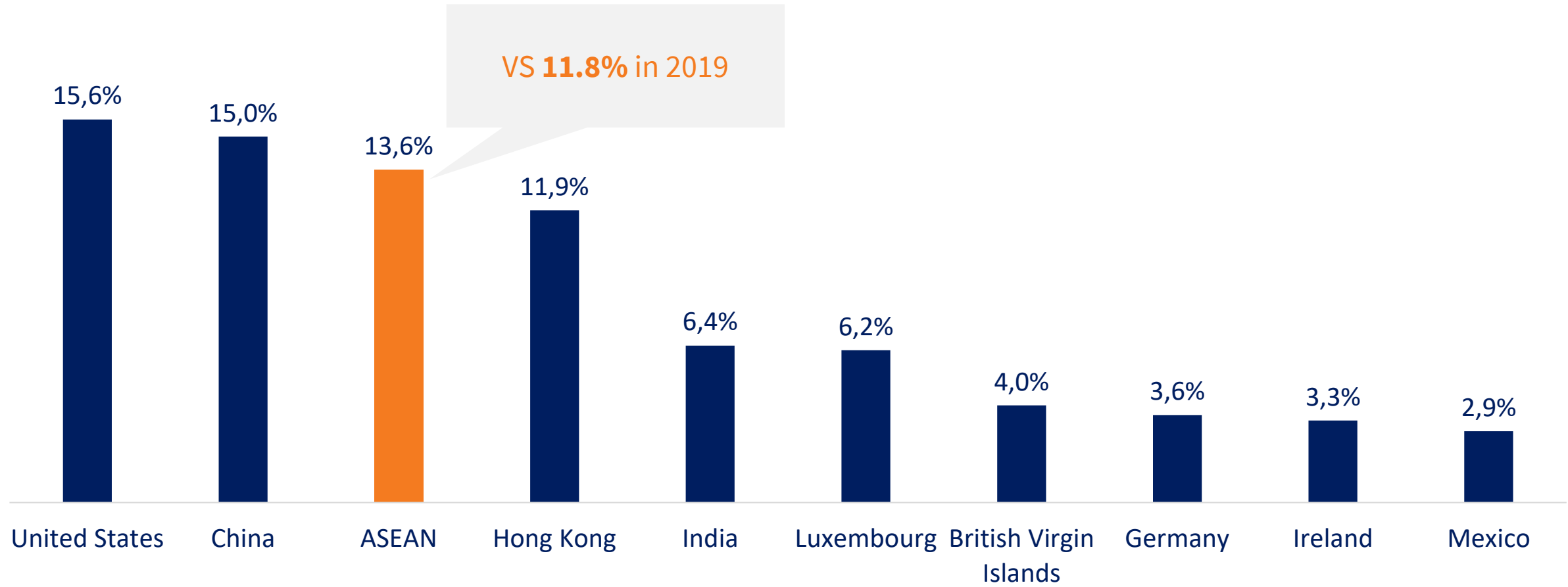


Ranking 2020 (KPI)
 2021 vs 2020 (changes in positions >2)

ASEAN region is the 3rd global destination for FDI

First 10 countries for inward FDI flows (in million US\$), 2020

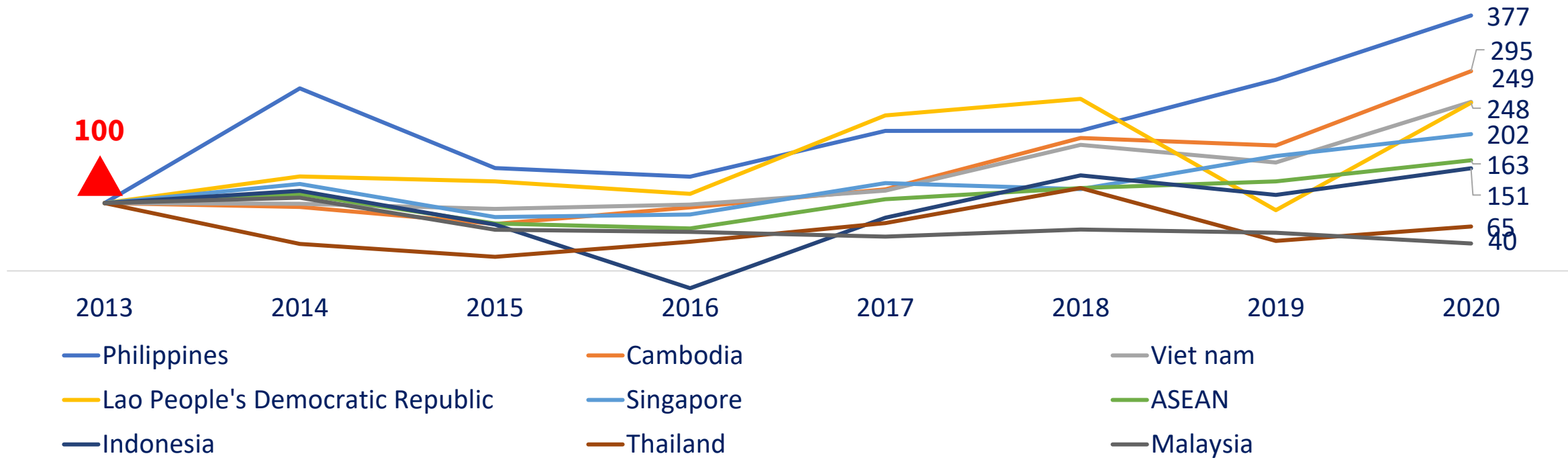
Openness



Singapore is the most attractive country for FDI but the growth is driven by almost all ASEAN countries

Trend of in and out FDI flows over the world total in ASEAN countries
(2013=100), 2013-2020

Openness

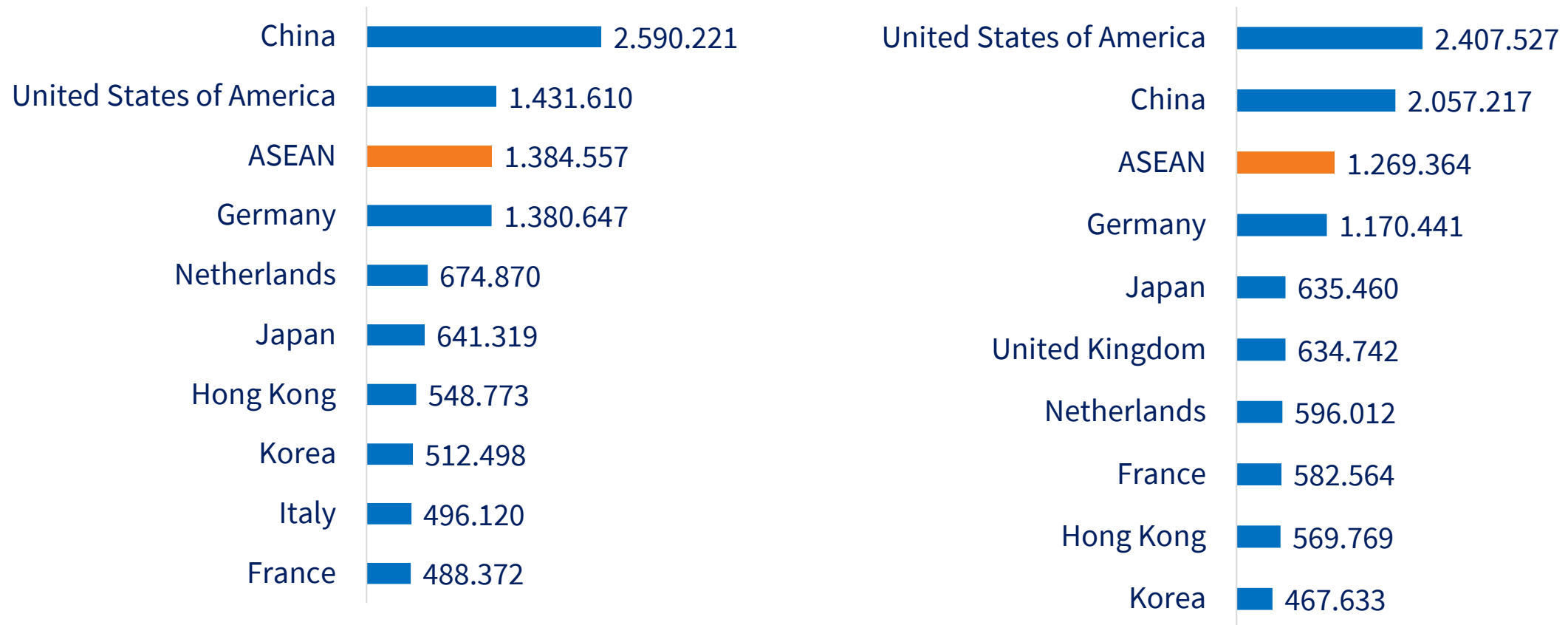


Singapore ranks **6th** in the world with 7.3% of the total FDI flows, while **Indonesia** is 18th with 1.4% and **Vietnam** 21st with 1%

ASEAN region is the 3rd in the world for import and export

Openness

First 10 countries in the world for export (left side) and import (right side) –
(million Euros), 2020



The high positioning in the percentage of high-technology exports is driven by countries like Singapore and Vietnam

Innovation

High-technology exports in ASEAN countries
(ranking and % of the world total), 2019

Ranking	Country	% of world total
6 th	Singapore	5.3%
9 th	Vietnam	3.2%
11 th	Malaysia	3.0%
15 th	Thailand	1.4%
18 th	Philippines	1.3%
35 th	Indonesia	0.2%
67 th	Lao PDR	0.0%
68 th	Myanmar	0.0%
70 th	Cambodia	0.0%
79 th	Brunei Darussalam	0.0%

Overall, ASEAN accounts for **14.3%** of the world total of high-technology exports

The growth of the Total Factor Productivity KPI in ASEAN is driven by Vietnam, Indonesia, Philippines and Malaysia

Growth of Total Factor Productivity in ASEAN countries, 2018-2019

Efficiency

Country Name	2018	2019	
Vietnam	1.28	3.61	↑
Indonesia	0.22	0.92	↑
Philippines	-1.33	-1.06	↑
Malaysia	0.02	0.16	↑
Myanmar	0.71	0.54	↓
Thailand	2.02	1.34	↓
Cambodia	0.22	-0.57	↓
Singapore	-0.14	-3.66	↓
Brunei Darussalam	n.a.	n.a.	
Lao PDR	n.a.	n.a.	

The good positioning of the KPI related to the percentage of GDP over the world total is primarily driven by Indonesia

Endowment

GDP of ASEAN countries over the world total (ranking and %), 2019

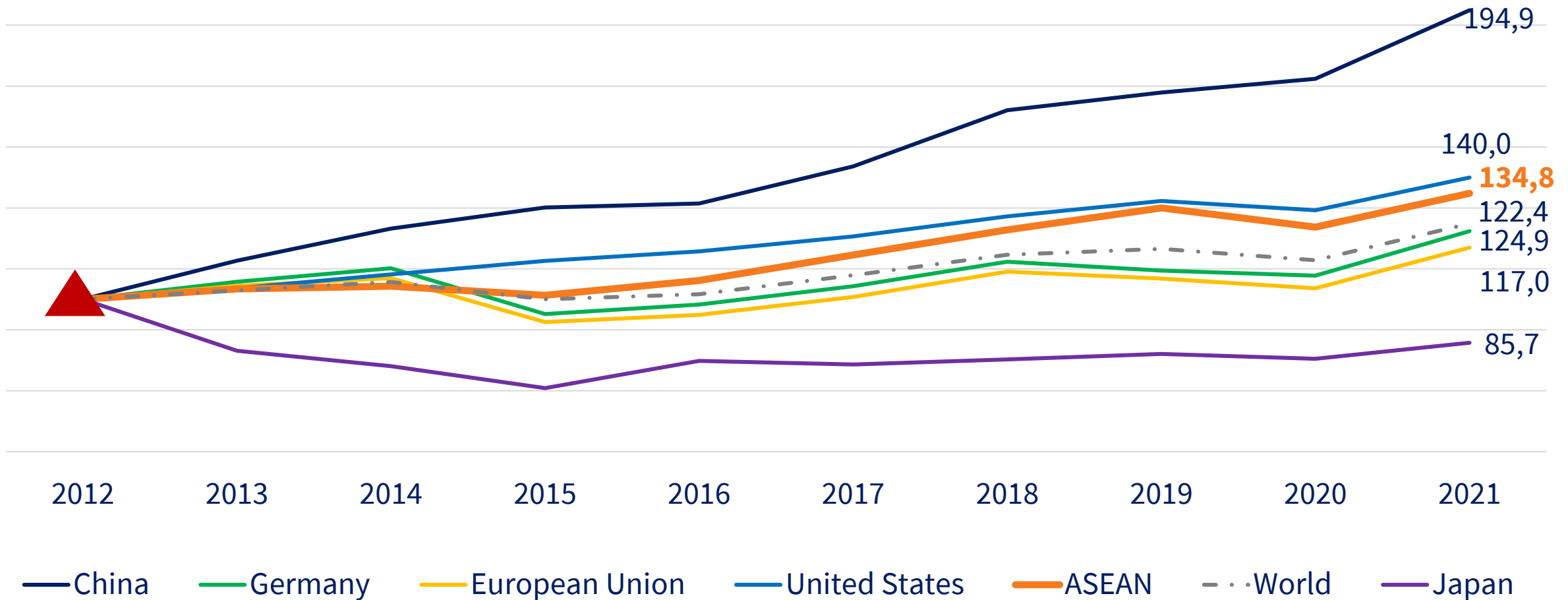
Ranking	Country	% over world GDP
16 th	Indonesia	1.3%
23 rd	Thailand	0.6%
33 rd	Philippines	0.4%
34 th	Singapore	0.4%
36 th	Malaysia	0.4%
39 th	Vietnam	0.4%
69 th	Myanmar	0.1%
97 th	Cambodia	0.0%
107 th	Lao PDR	0.0%
124 th	Brunei Darussalam	0.0%

Overall, ASEAN accounts for **3.7%** of the world GDP

Over the last decade, GDP growth in ASEAN area overperformed the world average

GDP in the first 6 economies in the world (2010=100), 2012-2021

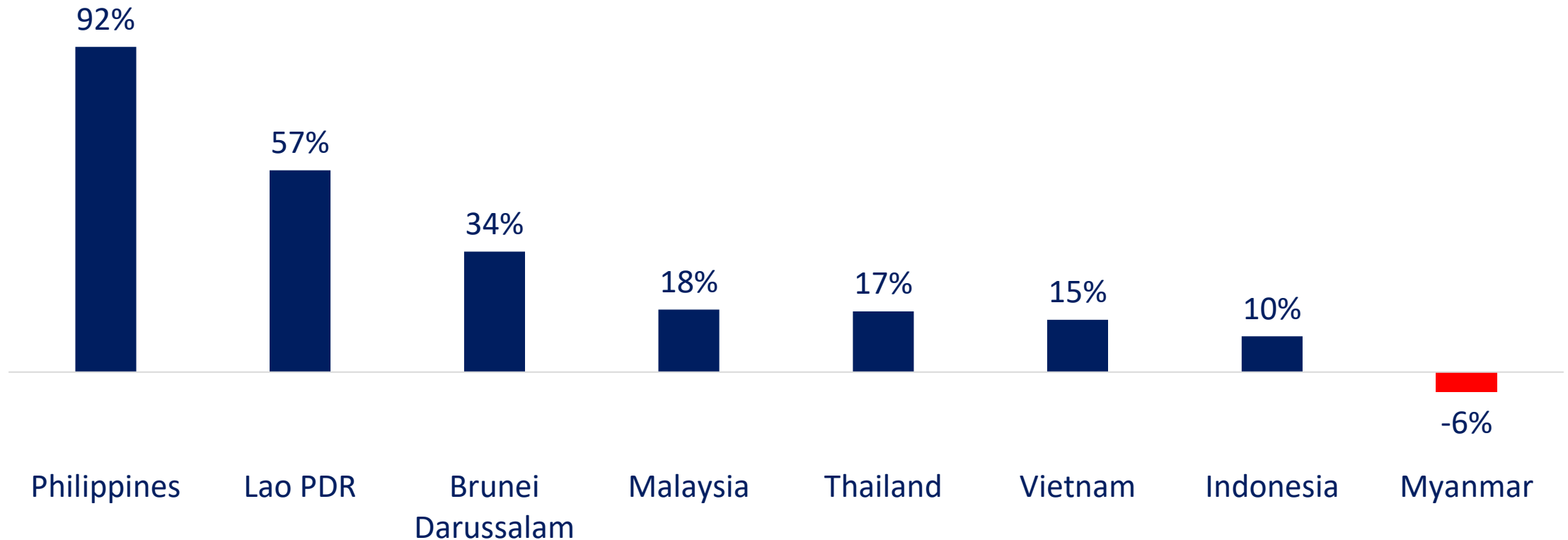
Endowment



Almost all ASEAN countries contribute to the growth of the natural endowment index

Natural endowment index variation (% variation), 2018-2019

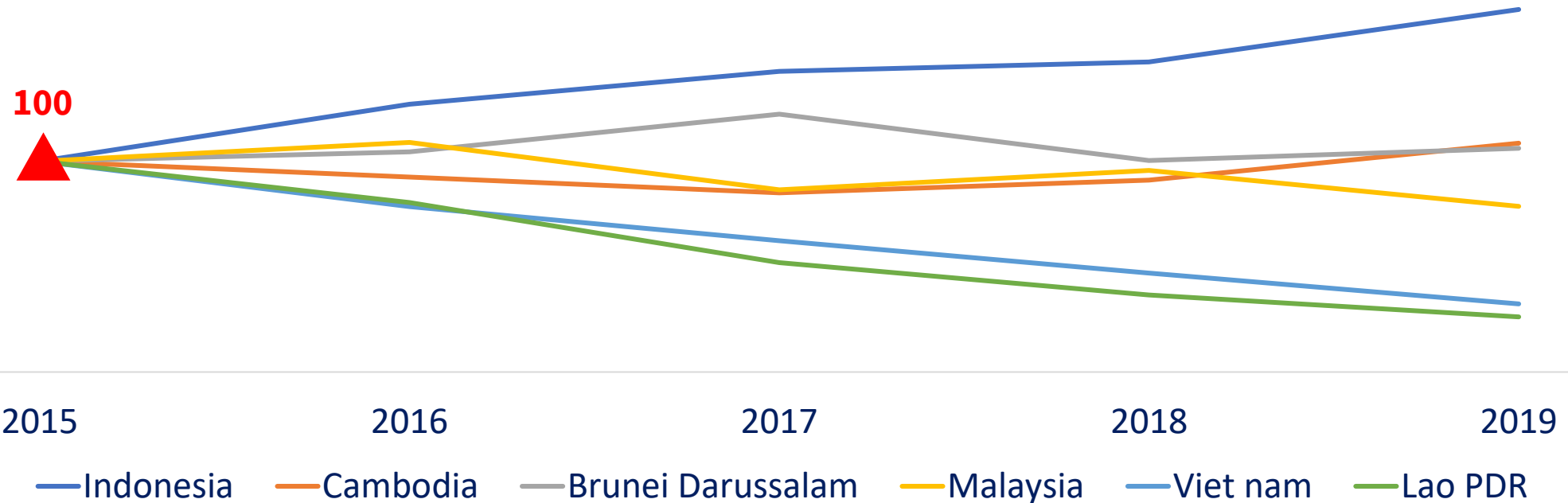
Endowment



Indonesia drives the KPI related to enrolment in tertiary education both in terms of growth and positioning

Trend of people enrolled in tertiary education in some ASEAN countries
(2015=100), 2015-2019

Endowment



Indonesia ranks 5th in the world for the number of people enrolled in tertiary education with **4.1%** of the world total, while **Vietnam** is 20th with 0.9% and **Malaysia** 30th with 0.6%

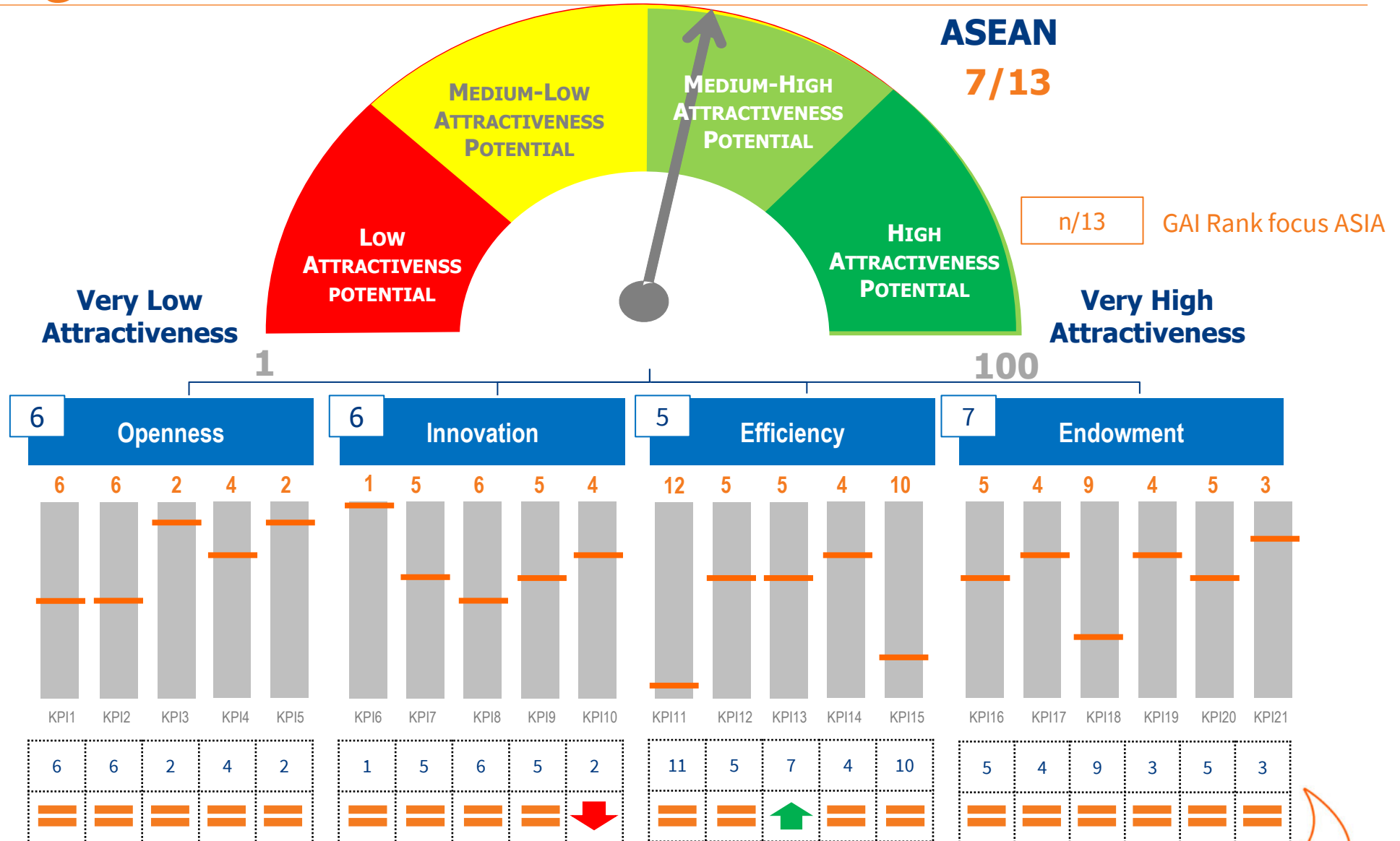
The Global Attractiveness Index in Asia and ASEAN ranking

The ASEAN region ranks in Asia as a medium-high attractive areas according to the GAI

Ranking 2021

n = Macro-area's ranking
 — = KPI's ranking

N.B.: ASEAN region has been considered as a single country.



Ranking 2020 (KPI)
 2021 vs 2020 (changes in positions >2)

Some insights on the KPIs in which ASEAN is among the best performers in Asia or has improved during last year



KPI4 - Foreign university students as a % of total national young population
ASEAN 4th (0.14%), after Hong Kong (0.57%), Korea (0.16%) and Japan (0.14%)



KPI13 - Total factor productivity growth
Improving for **half** of **ASEAN** countries, while worsening for 75% of Asian countries



KPI5 - Net number of migrants as a % of total population of the host country
ASEAN 2nd (7.4%), followed by Bhutan (6.9%), Korea (3.4%) and Japan (2.2%)



KPI14 - Rule of Law Index
ASEAN 4th after Japan, Hong Kong and Korea



KPI17 - GDP per capita
ASEAN 4th (25,504.5) after Hong Kong (62,266.9), Korea (44,573.1) and Japan (43,710.3)



KPI10 - Internet users as a % of total national population
ASEAN 4th (60.1%), after Korea (96.2%), Japan (93.3%) and Hong Kong (91.7%)



KPI19 - Natural endowment index*
ASEAN 4th after Timor-Leste, Mongolia and India

6 ASEAN countries are among the most fast-growing countries in Asia according to the GAI 2021

First 10 Asian countries for growth of the GAI score (absolute values), 2021 vs 2020

