

High Level Dialogue on ASEAN Italy Economic Relations

Digital Round Table – October 6th, 2021

Presentation by **VALERIO DE MOLLI**

Main Partner



With the institutional
support of



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Strategic partner



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Valerio De Molli

(Managing Partner and CEO, The European House – Ambrosetti)

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The European House - Ambrosetti

- The European House - Ambrosetti is a leading Italian management consulting firm. **established in 1965**, it is headquartered in Italy and with a network of foreign offices around the world
- In 2021 The European House - Ambrosetti confirmed itself, for the 8th consecutive year, - in the “Best Private Think Tanks” category – **the No. 1 Think Tank in Italy, No. 4 in the European Union and among the most respected and independent out of 11,175 Think Tanks globally**, in the last edition of the “Global Go To Think Tank Index Report”. The European House – Ambrosetti was recognized by Top Employers Institute as **one of the 112 Top Employers 2021 in Italy**
- The European House - Ambrosetti provides:
 - **Strategic and managerial consulting services**
 - **Creation of strategic scenarios** and policy-making and advocacy activities (over 200 a year)
 - **Local development programs** for regional governments and major local players (over 50 initiatives in the last 3 years)
 - High-level training programs and **political and entrepreneurial leadership forums** (over 500 meetings a year involving over 3,000 experts from around the globe)



The European House - Ambrosetti is committed at providing high-level discussions and networking platforms to the international leaders



- **68 governments** engaged
- **>200** speakers every year (ministers, CEOs, economists, etc.)
- **>2,500** business leaders and institutional representatives every year
- **Chatham House** rule for all forums and meetings

We build around the world, in the countries with the greatest latent potential for Italy and Europe, **communities of leaders** with a common vision and knowledge, able to **positively influence** bilateral economic agendas

Agenda

- **High Level Dialogue on ASEAN Italy Economic Relations background and key achievements**
- A focus on the economic outlook in ASEAN and the trading relationship with Italy
- Highlights on the Italian economic in the light of the COVID-19 crisis and growth perspectives



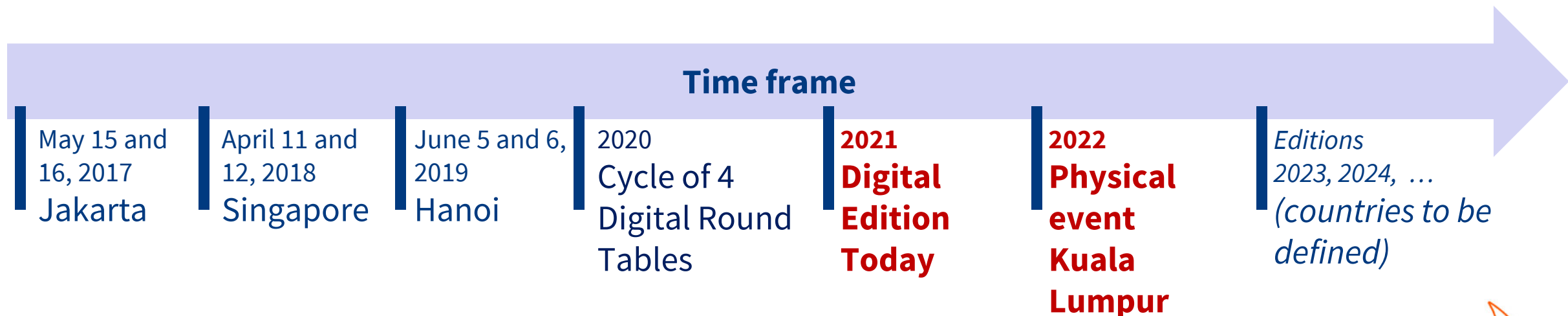
The European House – Ambrosetti and Associazione Italia ASEAN



launched the **“High Level Dialogue - HLD”**

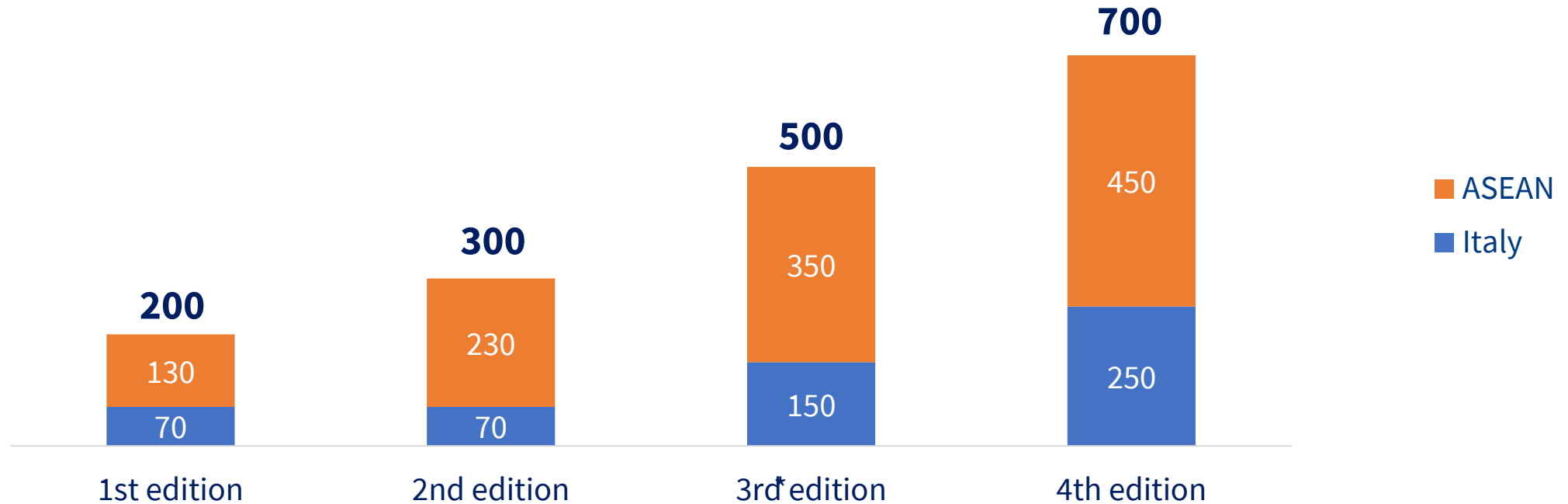
with the aim of institutionalize a high-level and exclusive

connection platform between ASEAN countries and Italy



The High Level Dialogue has become the reference event for ASEAN and Italy business communities

Number of participants at the High Level Dialogue, 1st – 4th edition



Number of
ASEAN
countries
represented

4

8

8

9

16 Position Papers have been drafted during the 5 editions of the High Level Dialogue addressing the most important topics for cooperation with Italy

1. *“ASEAN area’s economic performance and trade relations with Italy: broadening opportunities”*
2. *“Enhancing connectivity in ASEAN area: what opportunities of cooperation for Italian and ASEAN players”*
3. *“Innovation and technologies in the agriculture value-chain: how to profitably share know-how and match competences”*
4. *“Aerospace, Defense and Security as drivers for growth and technological progress: opportunities for Italy and ASEAN countries cooperation”*
5. *“ASEAN area geo-economic growth: challenges and broadening opportunities”*
6. *“Perspective of Industry 4.0 in ASEAN countries and joint opportunities with Italy”*
7. *“Technology for the future: the role and contribution of the Aerospace, Defense and Security sector as an enabler of development”*
8. *“Trade, global value chains and industrialization in an era of rising protectionism: implications and opportunities for Italy-ASEAN relations”*
9. *“Enhance resilience in ASEAN: best practices, approaches and matching complementarity with Italy”*
10. *“ASEAN Public-Private Partnerships: models, legal and financial structures to boost Italian investments”*
11. *“The political and economic relations among Italy, the European Union and ASEAN countries during the COVID-19 crisis”*
12. *“Opportunities and perspectives for ASEAN-Italy relations in the post-COVID scenario - 2020”*
13. *“The Global Attractiveness Index 2020 in ASEAN countries”*
14. *“The strategic value of AD&S technologies in ASEAN and opportunities for collaboration with Italy”*
15. *“The Global Attractiveness Index (GAI) 2021: focus on ASEAN”*
16. *“Opportunities and perspectives for ASEAN-Italy relations in the post-COVID scenario - 2021”*

**Position Papers
drafted during the
2021 edition**

Thanks to the High Level Dialogue, important achievements have been attained in the relations between Italy and ASEAN

- Since September 2020, **Italy** officially became a **strategic partner** of the **ASEAN** Region
- The “High Level Dialogue on ASEAN Italy Economic Relations” has become an **official instrument** of the Italian **Ministry of Foreign Affairs** for international relations with ASEAN countries

*“I would like to thank the European House – Ambrosetti for inviting me to today’s dialogue. It is an **important opportunity for ASEAN and Italy** to discuss how we can deepen our cooperation. I would also like to specifically **encourage Italy to become a development partner of ASEAN**, so as the Region could benefit from the exchange of knowledge and experiences especially in areas of mutual interest.”*

*Lim Jock Hoi (Secretary-General, ASEAN) during the 1st digital round table of the High Level Dialogue on **July 2, 2020**.*



*“The 53rd meeting of the Foreign Ministers of the member countries of ASEAN (Association of Southeast Asian Nations) today **approved Italy's candidature as Development Partner of the Association.**”*

Italian Ministry of Foreign Affairs, September 9, 2020.



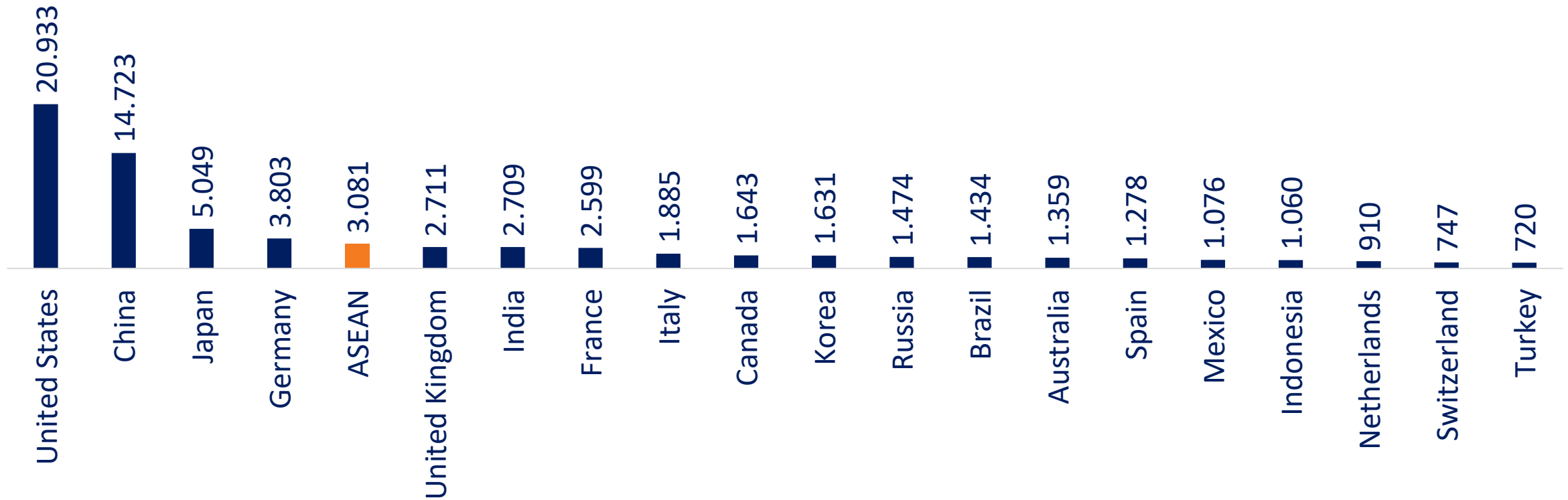
Ministry of Foreign Affairs
and International Cooperation

Agenda

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

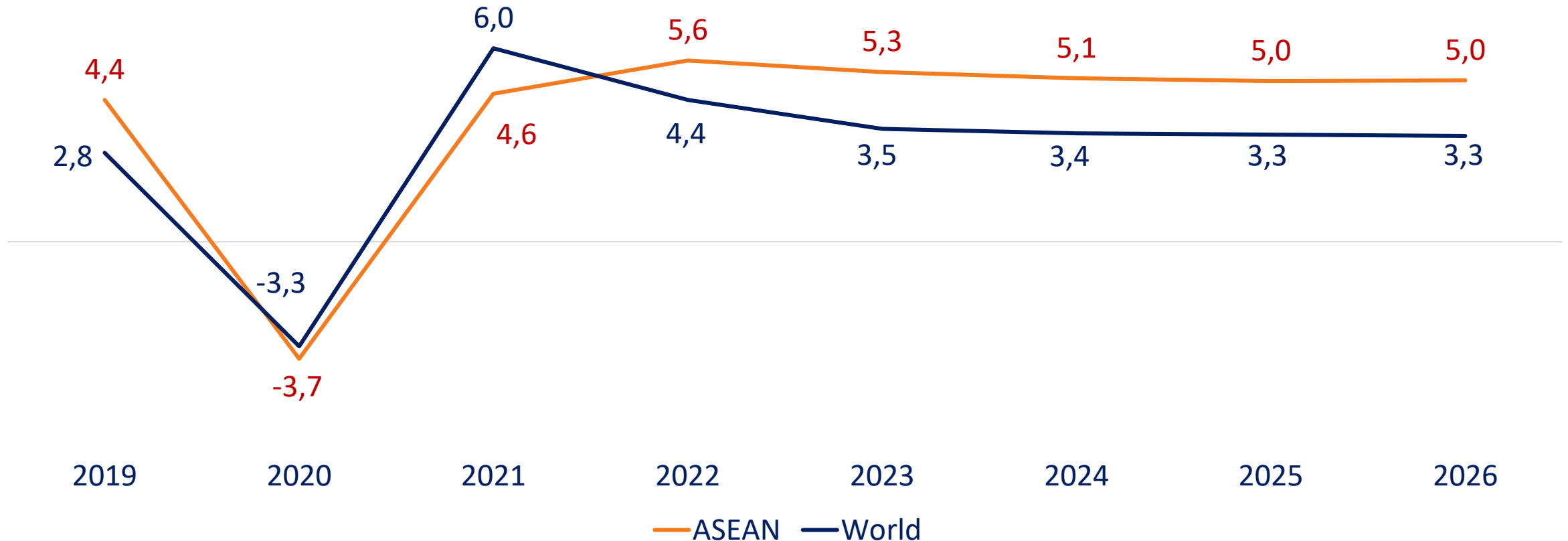
GDP in the first 20 economies in the world (billion US\$), 2020



ASEAN has been hit severely by COVID-19, but it is expected to recovery and grow faster than the world average



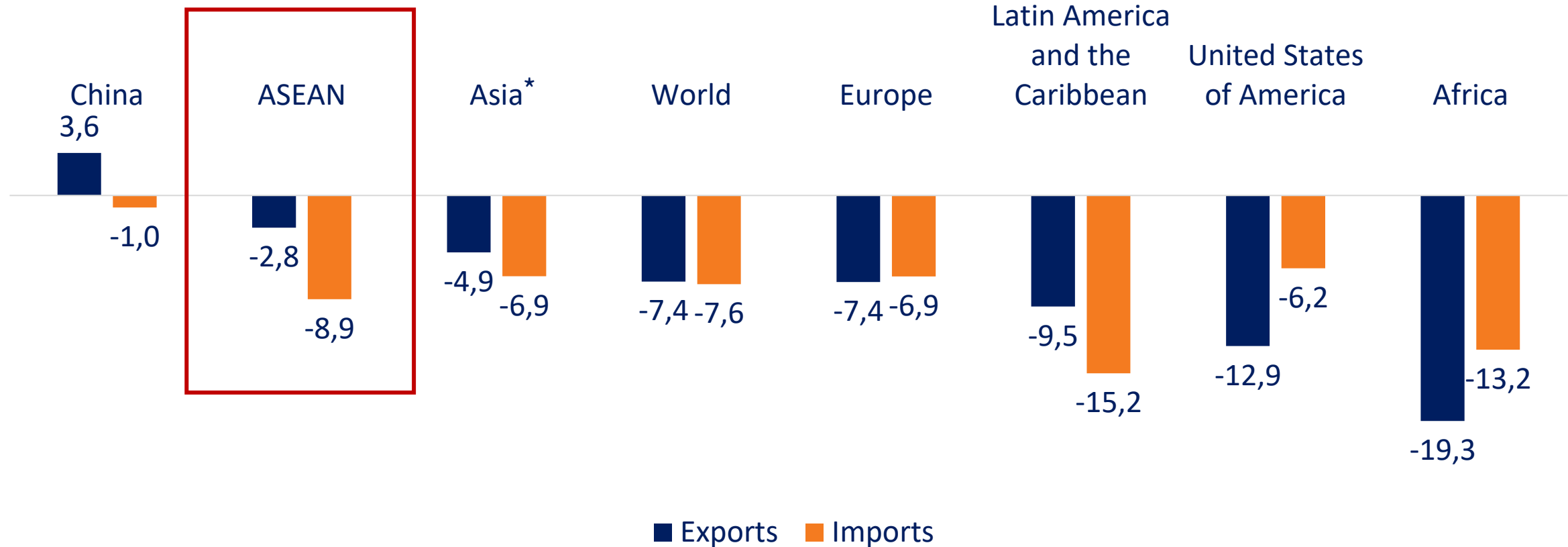
GDP growth in ASEAN and in the world (% var.), 2019-2026^E



In 2020, ASEAN countries had the second least negative impact in exports at global level



Trade growth in the world's regions (% var.), 2019-2020



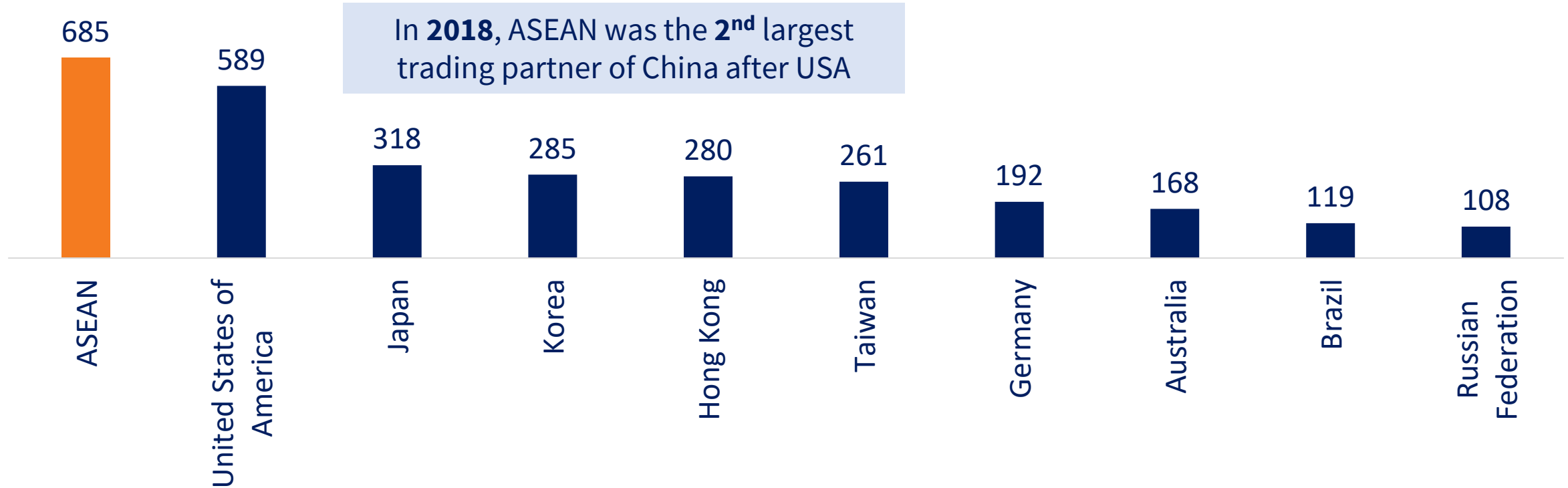
(*) Excluding China and ASEAN.

Source: The European House – Ambrosetti elaboration on UNCTAD data, 2021

In the last two years ASEAN countries have become the number one trading bloc with China overcoming the USA



China's top 10 trading partners (import+export, billion Dollars), 2020



The fact that ASEAN is becoming more and more oriented to China in its trading relations represent a **point of attention** for **Italy-ASEAN relations**

Also thanks to the High Level Dialogue, Italy's trade with ASEAN countries has grown the most during the last five years



Total trade (export+import) from European “Big5” countries to ASEAN countries (2015=100), 2015-2020

Launch of the High Level Dialogue on ASEAN Italy Economic Relations

100

2015

2016

2017

2018

2019

2020

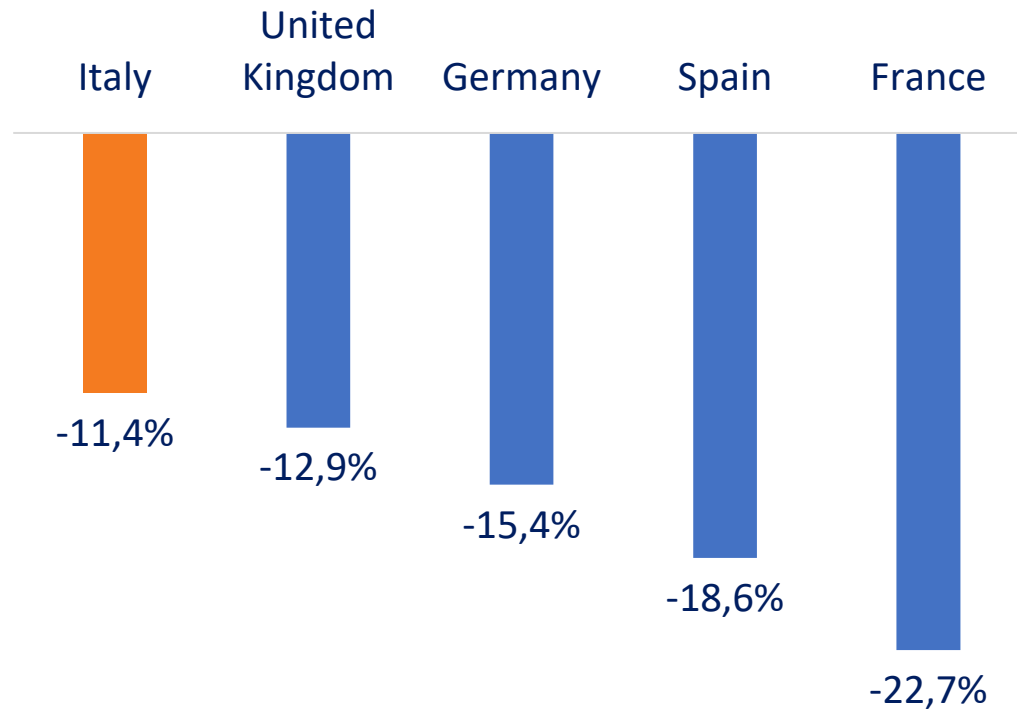
—Italy —Spain —France —United Kingdom —Germany

114
109
109
101

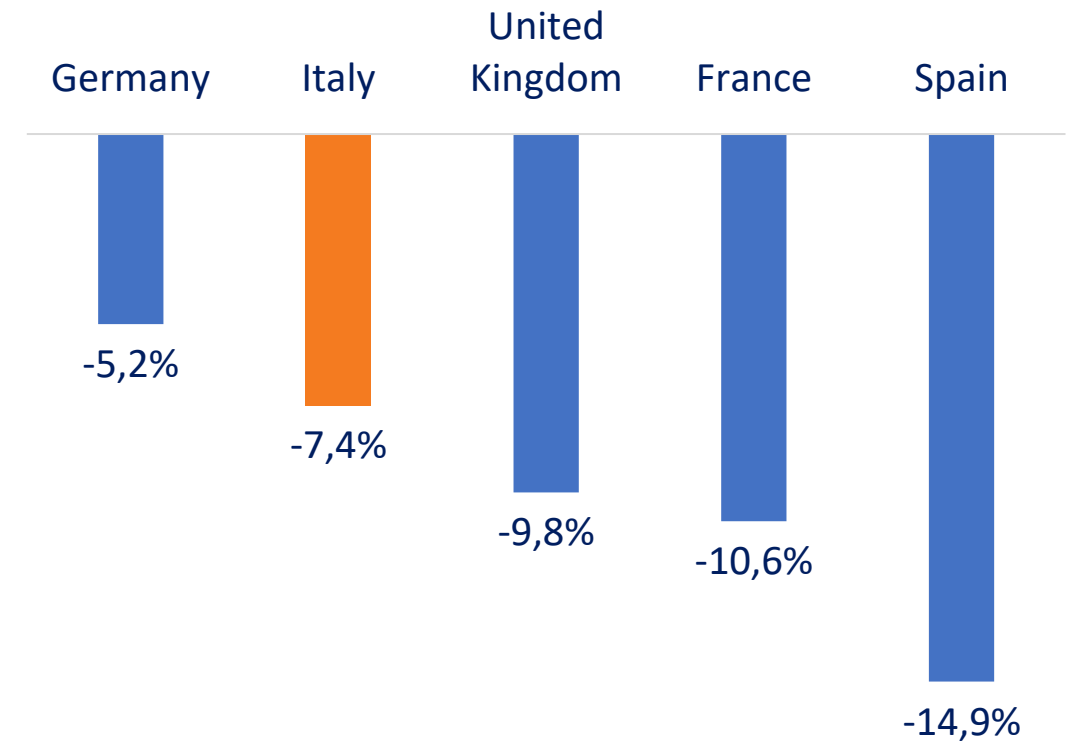
Among the European «Big 5» Italy is the country that has suffered the least impact from the COVID-19 crisis in its relations with ASEAN



EXPORT from European “Big5” countries to ASEAN countries (% change 2020 vs 2019), 2020

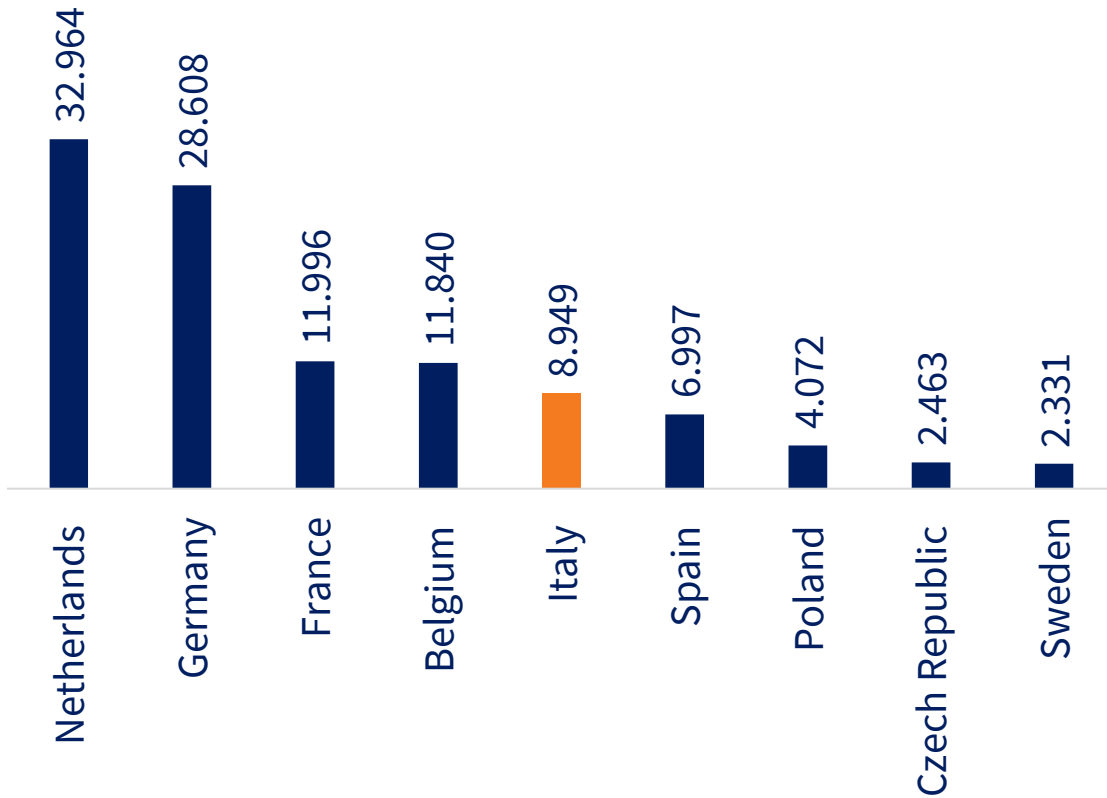


IMPORT in ASEAN countries from European “Big5” countries (% change 2020 vs 2019), 2020

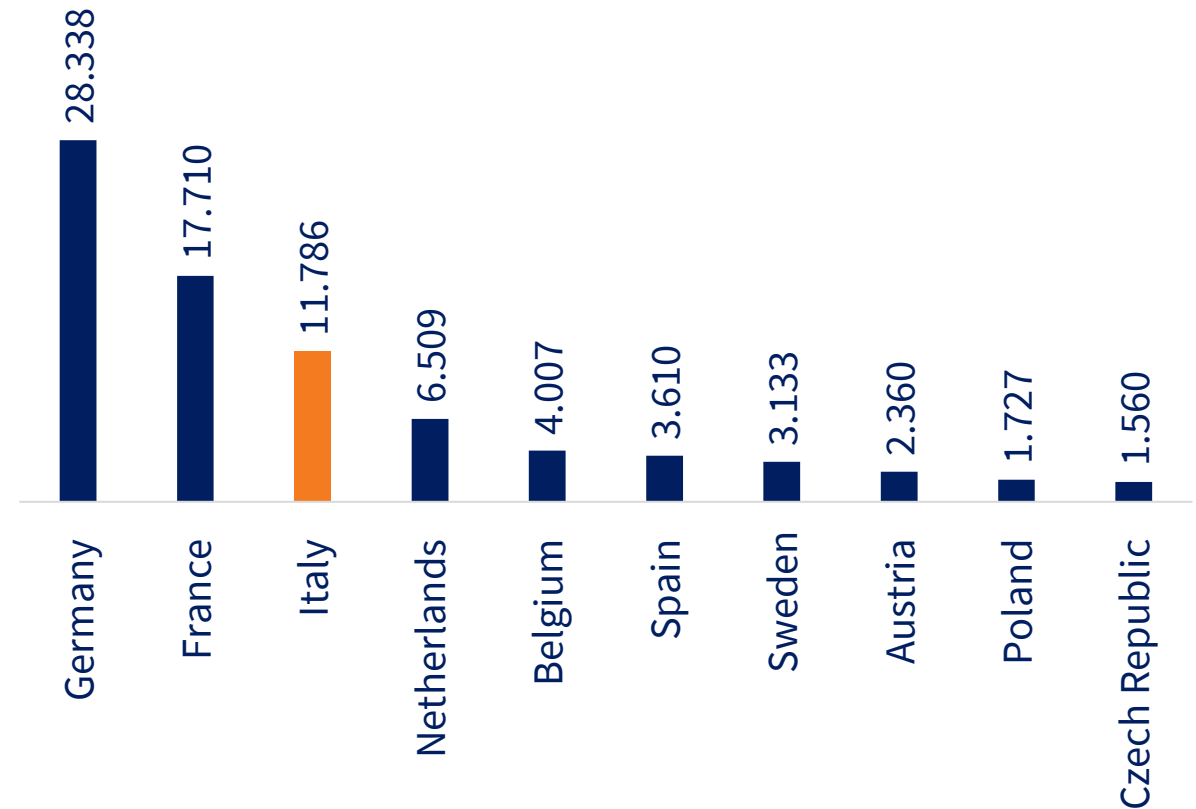


Italy stands 5th in terms of export and 3rd in terms of import among the EU countries ...

EXPORT from top-10 EU27 countries to ASEAN countries (million of Euros and % on total EU27 export), 2020



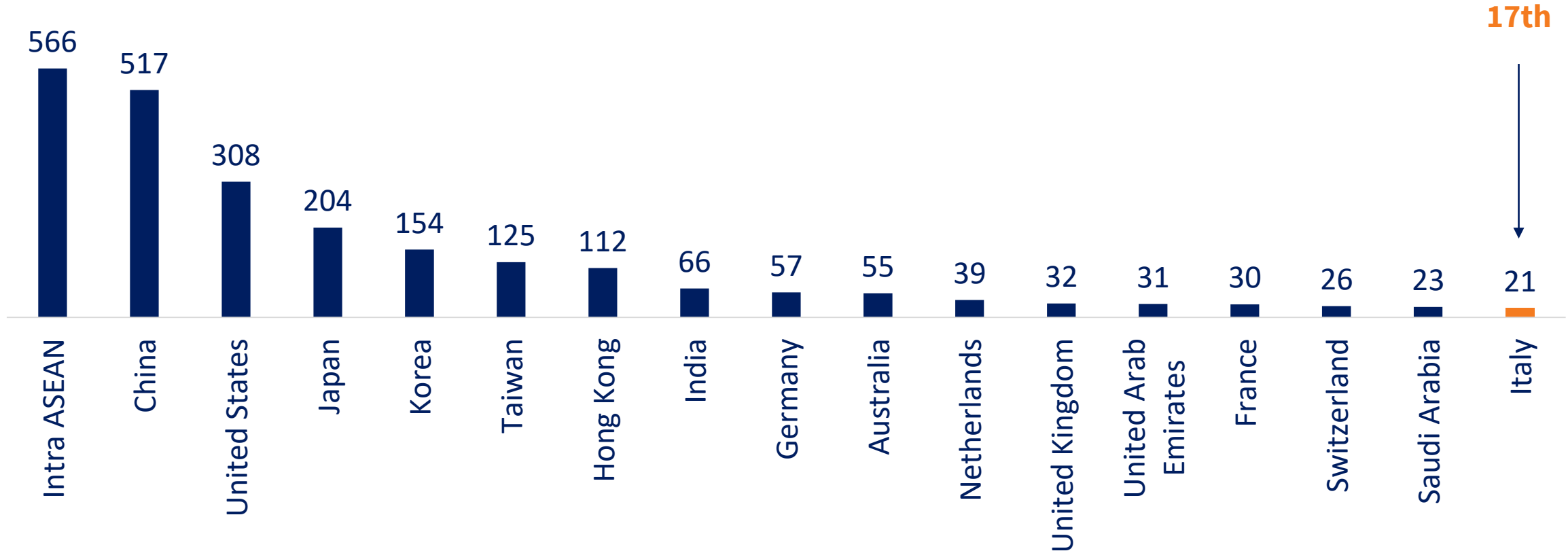
IMPORT in ASEAN countries from top-10 EU27 countries (million of Euros and % on total ASEAN import), 2020



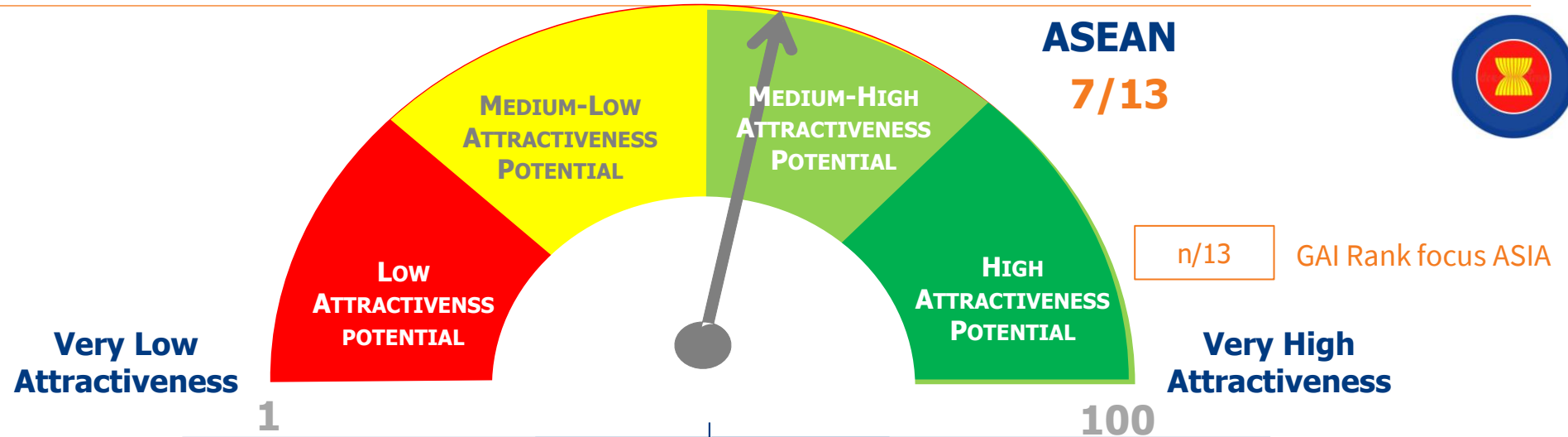
... and 17th for total trade at global level, despite Italy is the second largest manufacturing base in Europe



Total trade partners of ASEAN countries (import+export) - (billion Euros), 2020

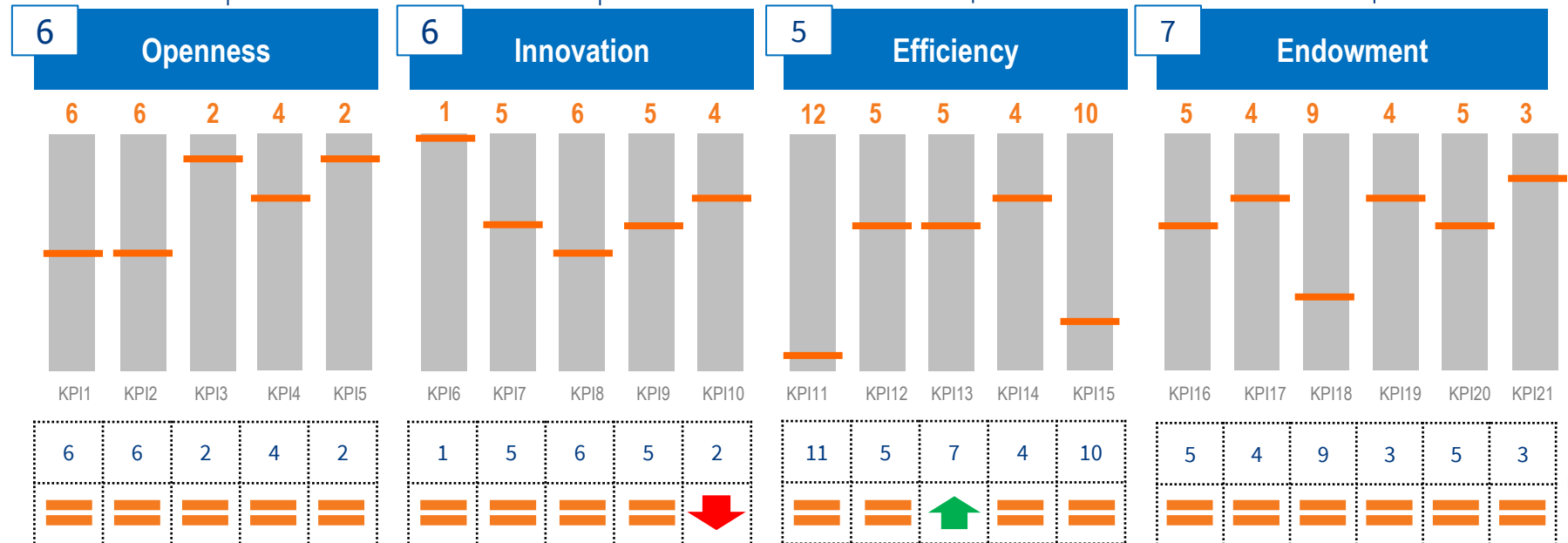


ASEAN holds its position as leading area in Asia according to the The European House - Ambrosetti's Global Attractiveness Index 2021



Ranking 2021

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

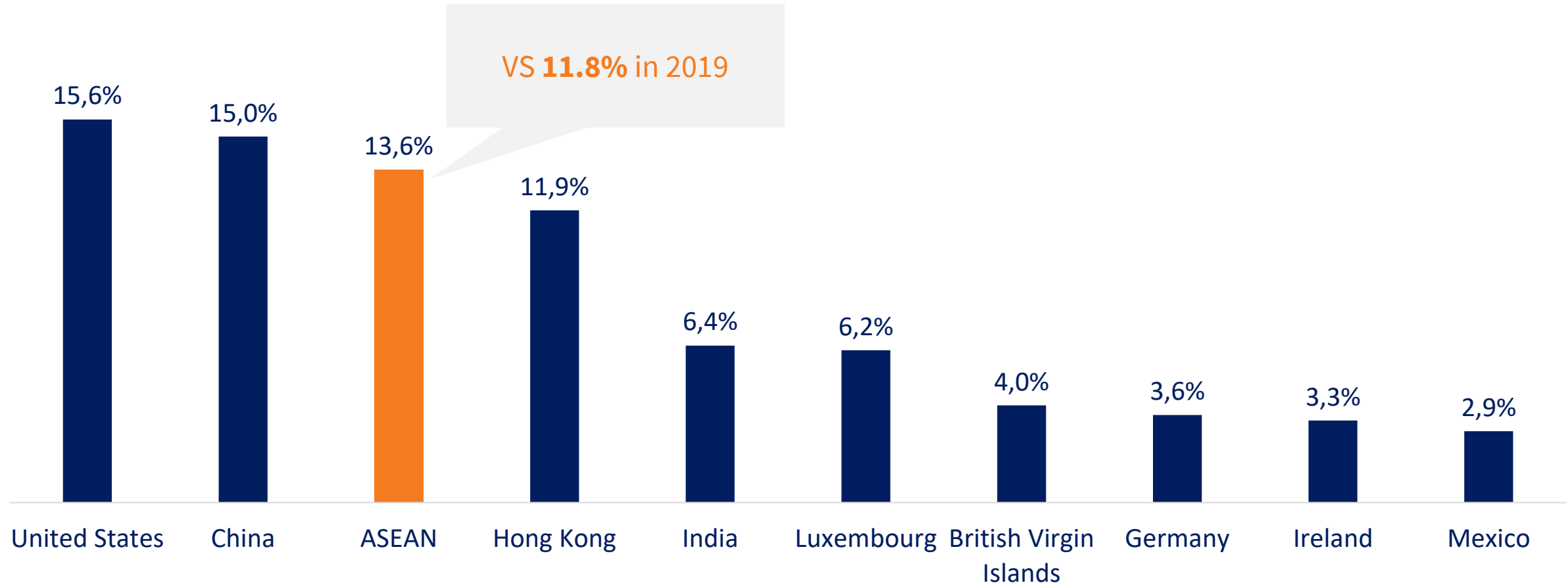


Ranking 2020 (KPI)

2021 vs 2020 (changes in positions >2)

ASEAN region is the 3rd global destination of FDI

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



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 3rd with Japan (0.14%), after Hong Kong (0.57%) and Korea (0.16%)



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%) after Hong Kong (39.5%)



KPI14 - Rule of Law Index

ASEAN 4th after Japan, Hong Kong and Korea



KPI10 - Internet users as a % of total national population

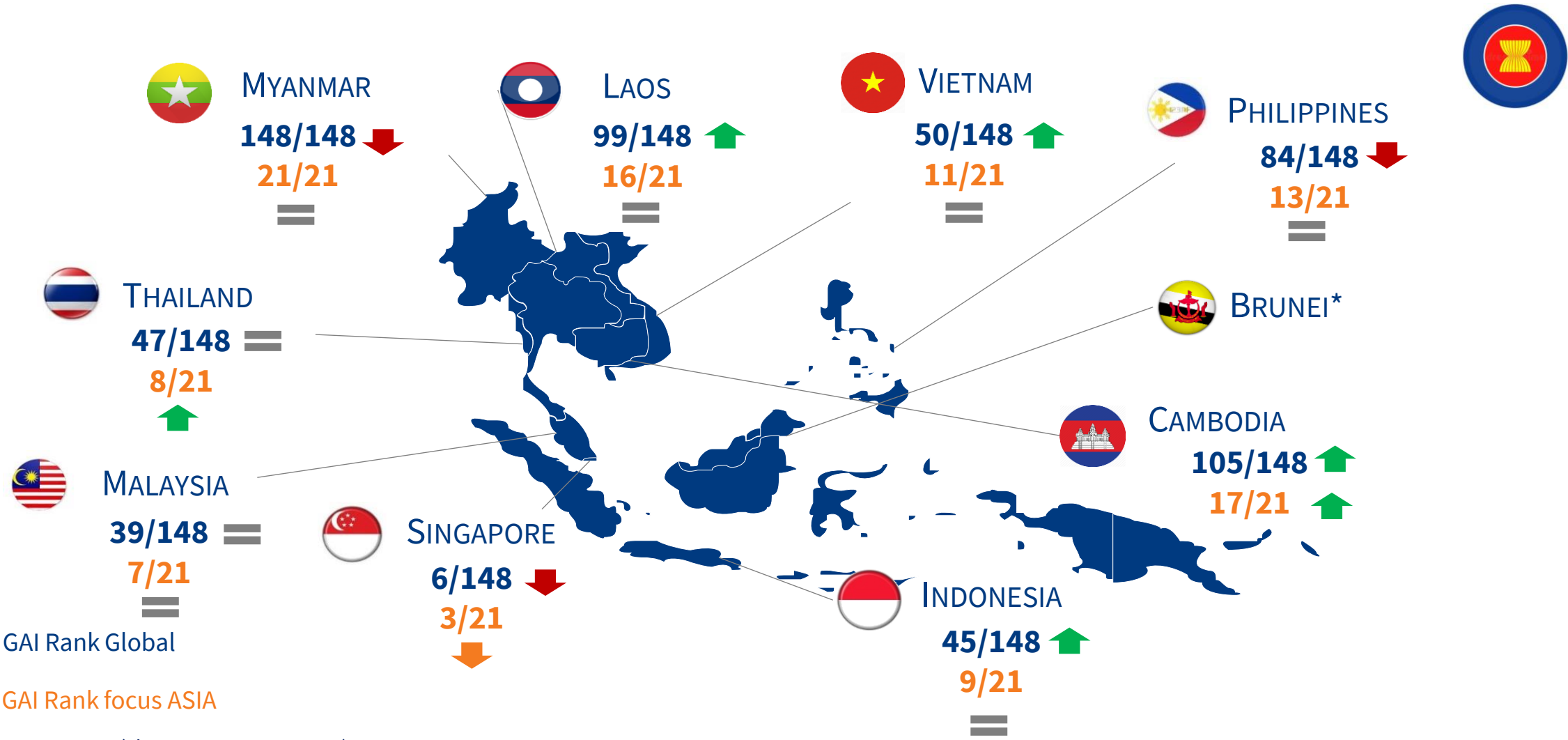
ASEAN 4th (60.1%), after Korea (96.2%), Japan (93.3%) and Hong Kong (91.7%)



KPI17 - GDP per capita

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

The GAI 2021 overview on ASEAN countries shows a high level of inhomogeneity

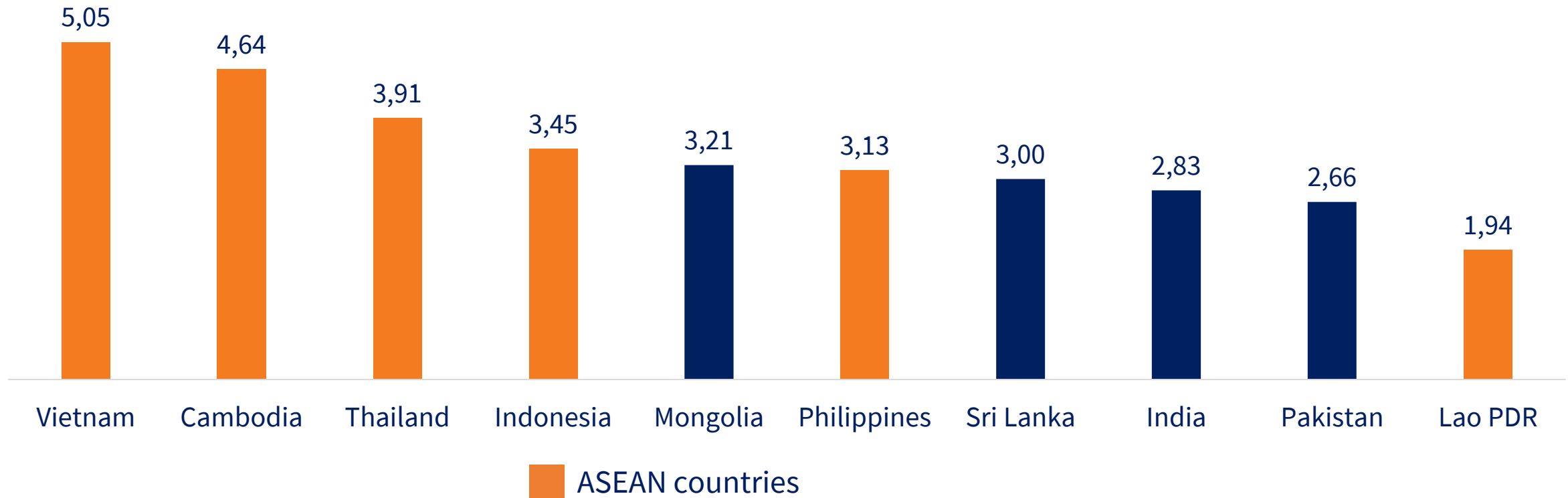


n/148 GAI Rank Global
n/21 GAI Rank focus ASIA

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

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



Agenda

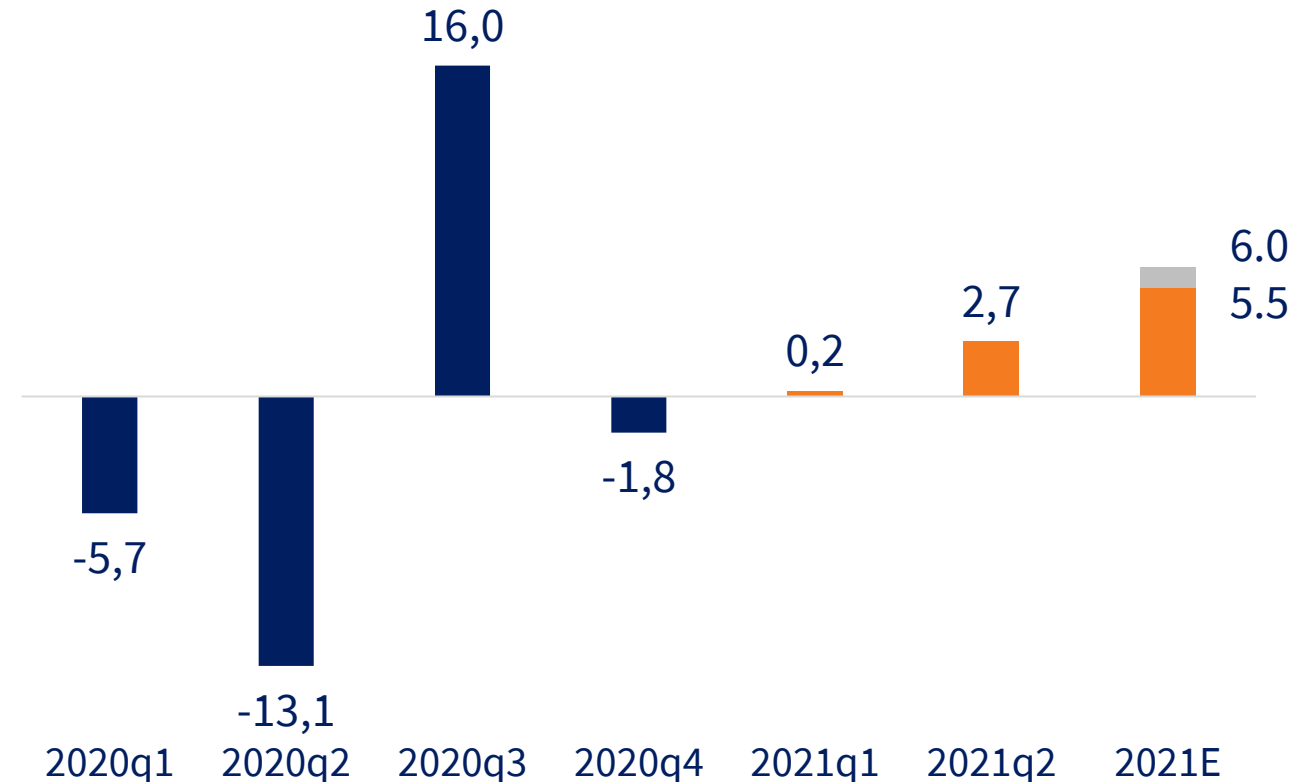
- High Level Dialogue on ASEAN Italy Economic Relations background and key achievements
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Italy has been hit severely in 2020 by COVID-19 but it is expected to recover and grow strongly in 2021



- GDP generated in the second quarter of 2021 amounts to **413.6 billion of Euros**
- The higher level of expected GDP growth (+6% this year) and lower net borrowing (expected to be 9.4% of GDP) allow for a **decrease in the public debt-to-product ratio** (from 155.6% in 2020 to 153.5% in 2021)

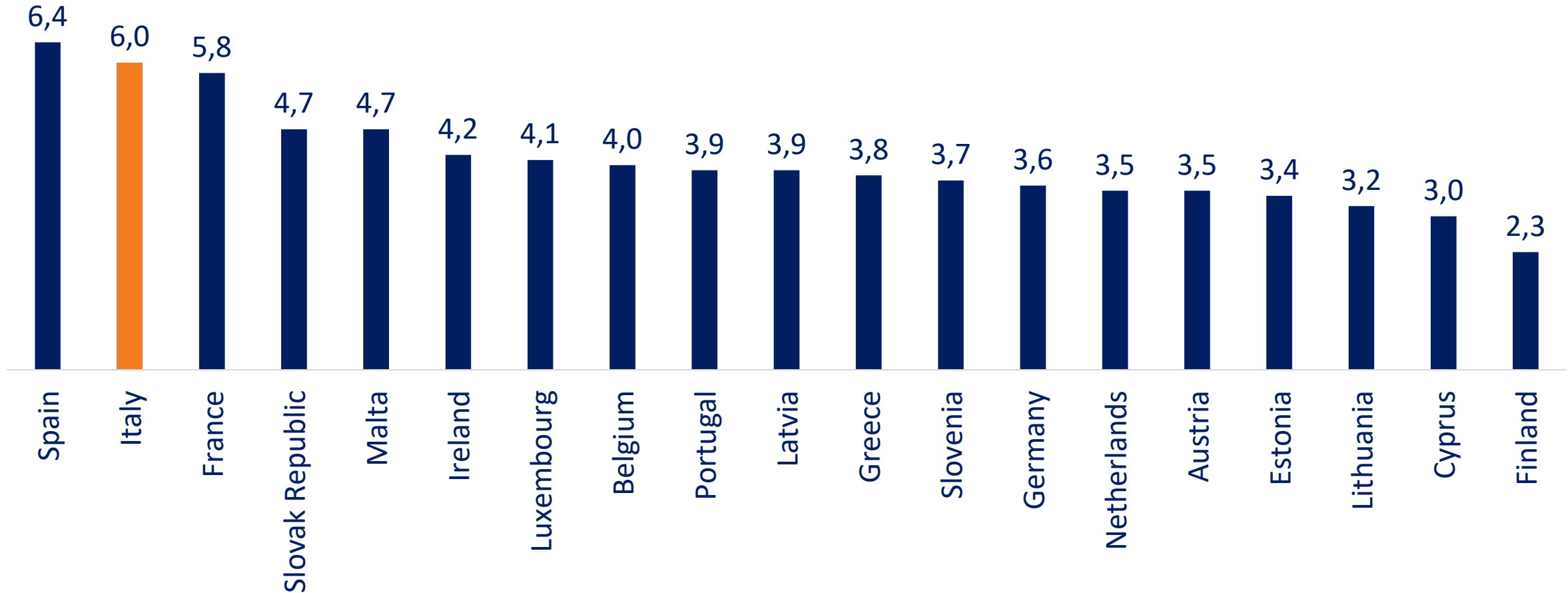
GDP conjunctural variation (%), 2020q1-2021^E



In 2021, Italy is expected to be the 2nd fastest growing country in the Euro area



GDP growth in the Euro area (%), 2021^E



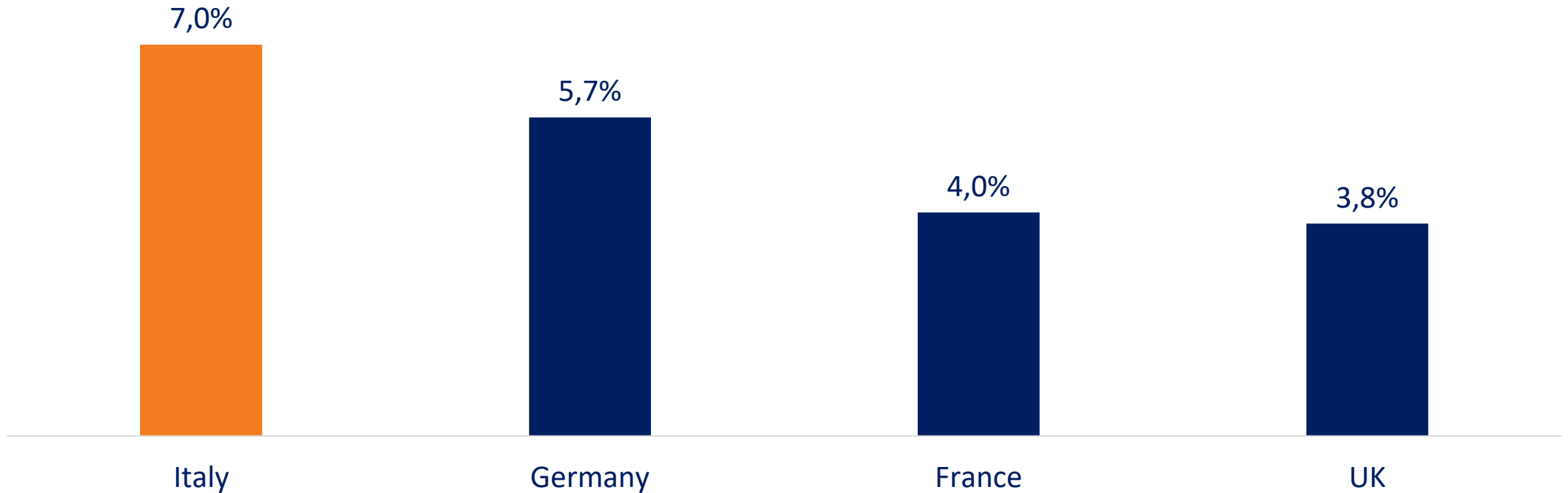
N.B.: the closure estimate for Italy refers to the estimates published by the Italian Government.

Source: The European House - Ambrosetti elaboration on IMF and Italian Government data, 2021

In the first half of 2021, Italy had the biggest increase in industrial production compared to the other major European economies



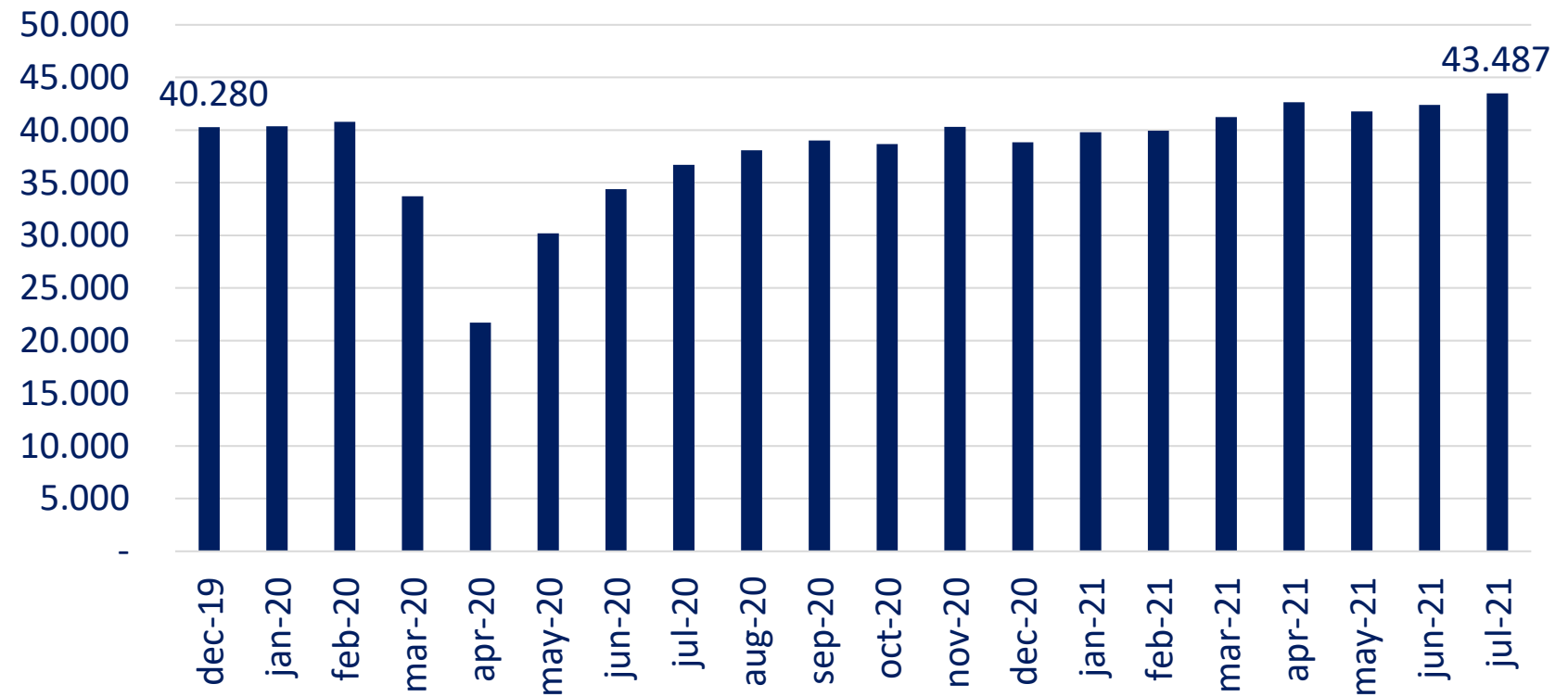
Variation of industrial production in some European countries
(%), July 2020 – July 2021



There is also a significant rebound in exports, which have already returned to pre-crisis levels



Export (million of Euros), December 2019 – July 2021



237.9 bln €

+22%

291.3 bln €

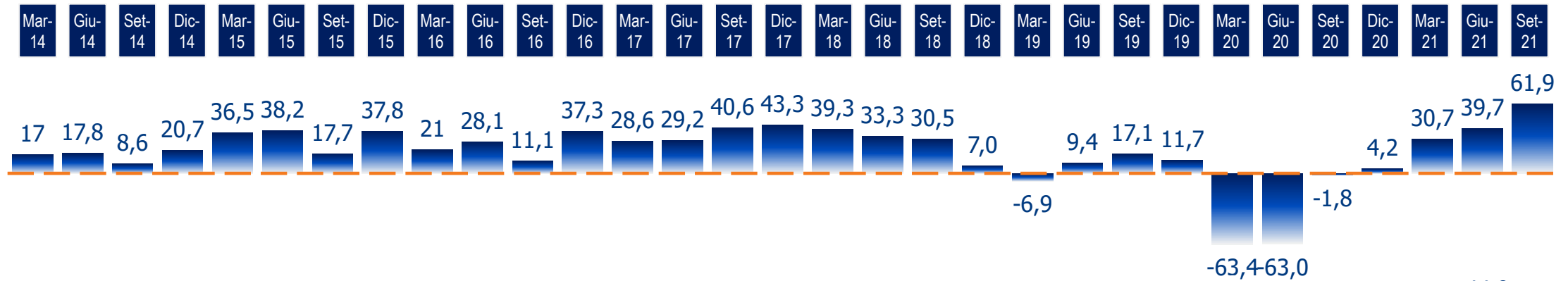
- Italy is among the **top-5 exporters** in the world, with a manufacturing trade balance of more than **\$100 billions**
- 905** Italian products, out of a total of 5,206, are positioned in the **top three positions** in the world for trade surplus value
- In the first seven months of 2019 exports amounted to **€280,641 mln**

Expectation from Italian business leaders for the next six months are at an all-time high

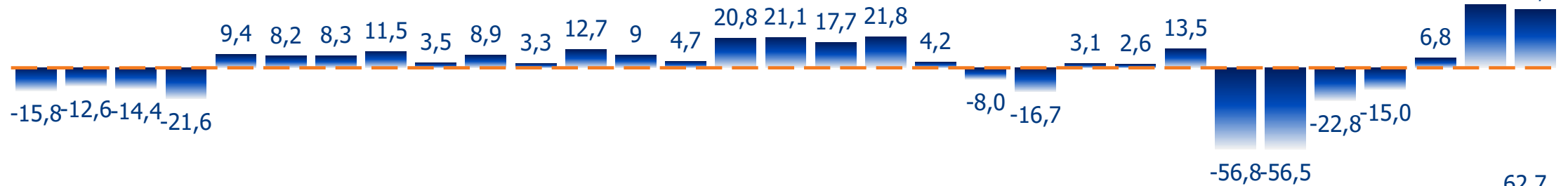
Ambrosetti Club Economic Indicator, six-months forecast



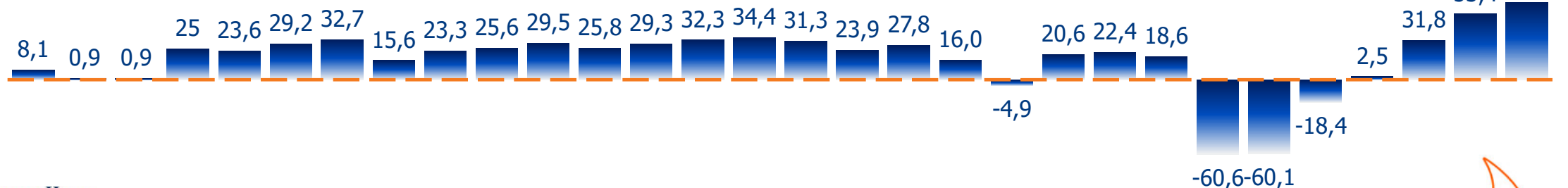
Economic sentiment



Attitude to employ



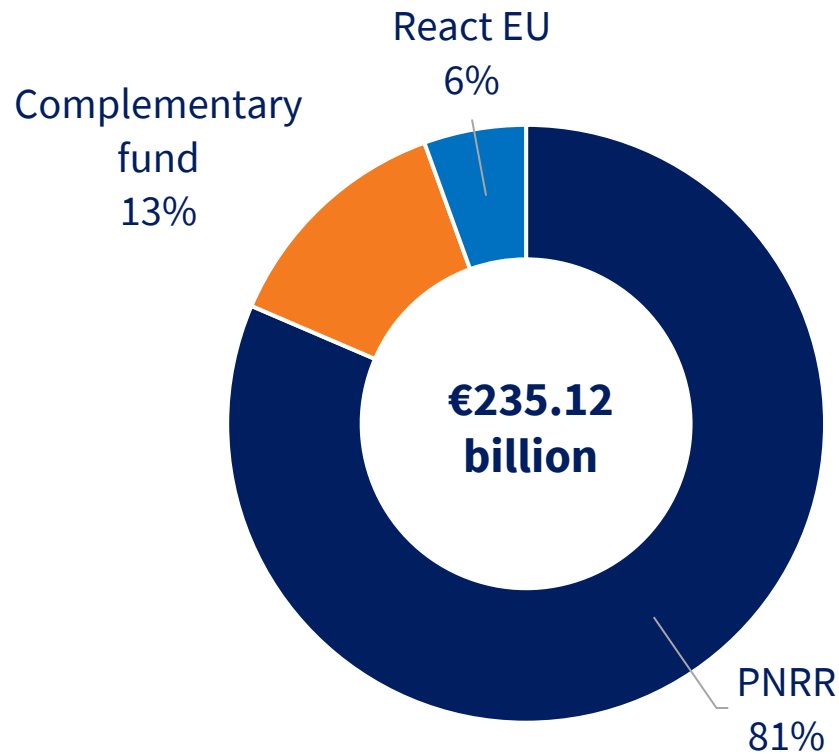
Attitude to invest



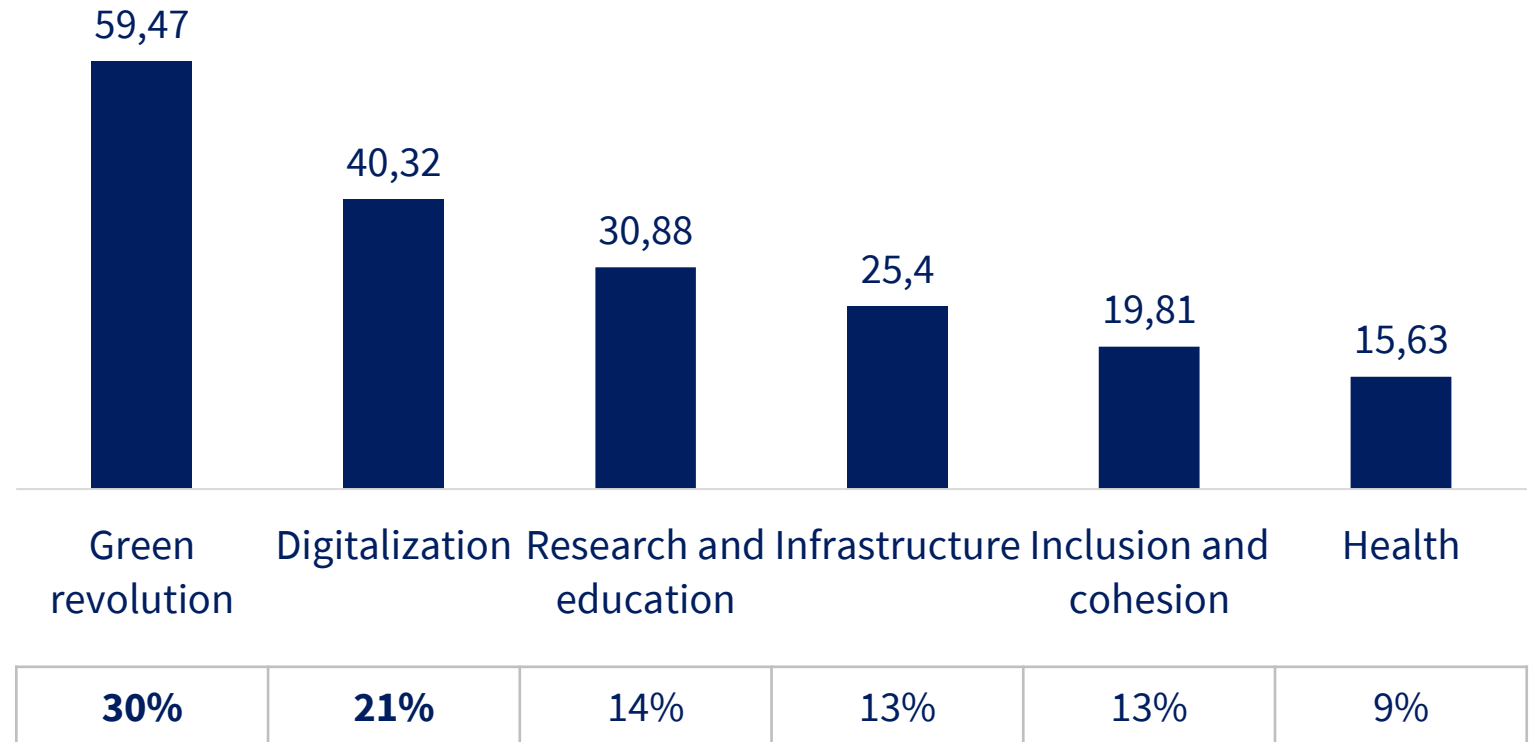
€235 billions of investments will be deployed in Italy thanks to the National Plan of Recovery and Resilience



Composition of the PNRR by funding
(billion Euros and percentage values),
2021



Composition of the PNRR by Mission*
(billion Euros and percentage values), 2021



(* Excludes the financial allocations from the Supplementary Fund and React EU.

Italy will be the country that will invest the most through the Next Generation EU over the next five years



€191.5 bln

through the Recovery and Resilience Facility
between grants (€68.9 bln) and loans (€122.6 bln)



€30.6 bln from the National
Complementary Fund (without reporting
obligations to the EU Commission)

€13.0 bln from React-EU



X2.7

The amounts requested by Spain



X4.8

The amounts requested by France



X7.4

The amounts requested by Germany



The pillars of the ASEAN Comprehensive Recovery Framework* add important areas of collaboration between ASEAN and Italy

Pillars of the ASEAN Comprehensive Recovery Framework



Priority areas for Italy-ASEAN cooperation



“Traditional” areas of cooperation

- Manufacturing
- SMEs growth and competitiveness
- Companies’ internationalization
- “Made in”
- Design
- Research and Development
- Education

Thank you for the attention!

Valerio De Molli

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Twitter: [@ValerioDeMolli](https://twitter.com/ValerioDeMolli)

Website: www.ambrosetti.eu

*Again in 2021, for the eighth consecutive year, **The European House – Ambrosetti was named** – in the category “Best Private Think Tanks” – **the no. 1 think tank in Italy, the no. 4 think tank in the European Union and among the most respected independents in the world out of 11,175 on a global level in the latest “Global Go To Think Tanks Report” of the University of Pennsylvania.***