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**KUALA LUMPUR
HIGH LEVEL DIALOGUE
ON ASEAN ITALY
ECONOMIC RELATIONS**

HIGH LEVEL DIALOGUE ON ASEAN ITALY ECONOMIC RELATIONS

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CHERDCHAI CHAIVAIVID

Director-General of the Department of International Economic Affairs
Ministry of Foreign Affairs, Thailand

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Macroeconomic and Geopolitical Outlook:

The Role of the ASEAN Region in the Post-Pandemic Scenario

Cherdchai Chaivaivid

Director-General

Department of International Economic Affairs

MFA, Thailand



Economic Outlook and Trends



1 Long-term global macroeconomic agendas

- ❖ Economic Stability & Recovery remains intact
- ❖ Sustainability (SDGs)



2 Economic challenges

- ❖ Global inflation and the Quantitative Tightening (QT)
- ❖ Supply chain disruptions
- ❖ Geopolitics tensions

Economic Outlook and ASEAN



ASEAN's cohesion is key

THREE challenges to ASEAN's collective response:

1

Different levels of economic resilience among members

2

Currency depreciation in the region and the QT policies that affect policy options for ASEAN and its partners, especially China.

3

Inward-looking trends, e.g. trade restriction, food export bans, that intensify common challenges, e.g. **food insecurity**

Approaches & How

1 Strengthening regional economic integration

- ❖ Promoting multilateral trading system
- ❖ Enhancing regional economic connectivity between ASEAN & EU
- ❖ Encouraging more progress on trade agreements
- ❖ Increasing positive business environment & limiting supply chain disruptions

2 Cooperation in strategic economic sectors

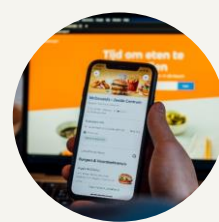
- ❖ Strengthening **KEY SECTORS** that have high contribution to regional growth & competitiveness



Agriculture



Tourism



MSMEs



Digital Economy



Agriculture

- **Economic contribution:** \$130 billion of GDP (4.6% of SEA's GDP)
- **Employment contribution:** approx. 8.5 million jobs (e.g. over 1.6 million workers employed in Thailand)
- **Trends**
 - > increasing in agro-processing industry
 - > moving to higher value-added activities in the supply chain
 - > expanding the food product range
- **Cooperation Focus**
 - sustainable food system/ food security
 - ASEAN-Italy dialogue to promote cooperation in food & agriculture

*Source: ADB, May 2022



Tourism

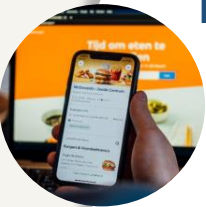
(2020-21)*

- **Contribution to economy:** more than 20% of GDP and employment (Thailand, Cambodia, the Philippines) in 2019
- **COVID-19 impact:** 80-95% fell in Tourist Arrivals / (Thailand fell 94%)

Cooperation Focus

- Promoting digital & sustainable tourism
- Capacity building for tourism professionals
- Information sharing on policies & regulations

*Source: UNWTO/ADB



MSMEs

(2020)*

- **More than half of total employment** in every ASEAN member
- **COVID-19 impact:** 50 - 70% business closures in Laos, Indonesia, the Philippines & Thailand

Cooperation Focus

- Promoting ASEAN-Italy B2B relations
- Developing ASEAN entrepreneurs' competitiveness (women, youth, & disabilities in particular)
- Providing capacity building & technical assistances

*Source: UNCTAD



DIGITAL ECONOMY

(2021)*

- **Influx of new internet users:** approx. 40 million new users
- **E-commerce:** 62% increase in gross merchandise value (GMV)
- **Total digital consumer population:** 350 million users
- Expected total value of **1 TRILLION USD by 2030**

Cooperation Focus

- Internet of Things (IoTs) & AI
- 5G & Big Data
- Smart Cities

*Source: YCP solidance Research and Analysis, Bloomberg

Cooperation focus in ASEAN-Italy Development Partnership: Practical Cooperation Areas (2022-2026)



Macroeconomic outlook & Trends

- Recovery remains intact
- Sustainability Agendas

Cooperation scheme: measures and tools

- Collective response on common challenges
- Regional Economic Integration
- Trade Agreements
- Inclusive growth

Strategic cooperations & Approaches

- ASEAN-Italy PCA into action
 - Cooperation in key strategic economic sectors
 - Sustainable development in all dimensions
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