



In collaboration with



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

HIGH LEVEL DIALOGUE ON ASEAN ITALY ECONOMIC RELATIONS

Sixth Edition

Mandarin Oriental Hotel, Kuala Lumpur
Wednesday, July 5 and Thursday, July 6, 2022

LORENZO TAVAZZI
Partner and Responsible of International Development
The European House - Ambrosetti

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Thanks to all partners who made the High Level Dialogue 2022 possible



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The High Level Dialogue has been conceived in 2016 by The European House - Ambrosetti and Associazione Italia ASEAN



- Established in 1965, The European House - Ambrosetti is a **leading management consulting Group** headquartered in Italy and with offices and partners in 18 countries
- It is named **the No. 1 Think Tank in Italy, No. 4 in the European Union and among the most respected and independent globally**
- It provides:
 - Strategic and managerial consulting services (>1,200 Clients served per year)
 - Strategic scenarios planning, policy-making support and advocacy activities (>200 per year)
 - Advisory for territorial development to Governments (>60 territories supported in the last 3 years)
 - High-level forums organization (over 500 events a year involving over 3,000 experts from around the globe)



- The Associazione Italia ASEAN, was established in 2015 with the aim of strengthening dialogue, knowledge and exchanges between Italy and the ASEAN countries
- Founded by Enrico Letta, former Italian Prime Minister, the Association is chaired by Romano Prodi, former Italian Prime Minister; former President, European Commission

The High Level Dialogue is a connection platform between leaders of ASEAN countries and Italy and has become a reference event



1st edition
May **2017**, **Jakarta**

- **200** participants
- **~40** industrial sectors
- **~€350 billion** total revenues



2nd edition
April **2018**, **Singapore**

- **300** participants
- **~60** industrial sectors
- **~€550 billion** total revenues



3rd edition
June **2019**, **Hanoi**

- **>500** participants
- **~80** industrial sectors
- **~€850 billion** total revenues



4th edition
Digital*
July 2020 to January 2021

- **>650** participants
- **~85** industrial sectors
- **~€900 billion** total revenues



5th edition
Digital
October 2021

- **>700** participants
- **~95** industrial sectors
- **~€950 billion** total revenues

Also 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.



The High Level Dialogue is rooted on two fundamental assumptions

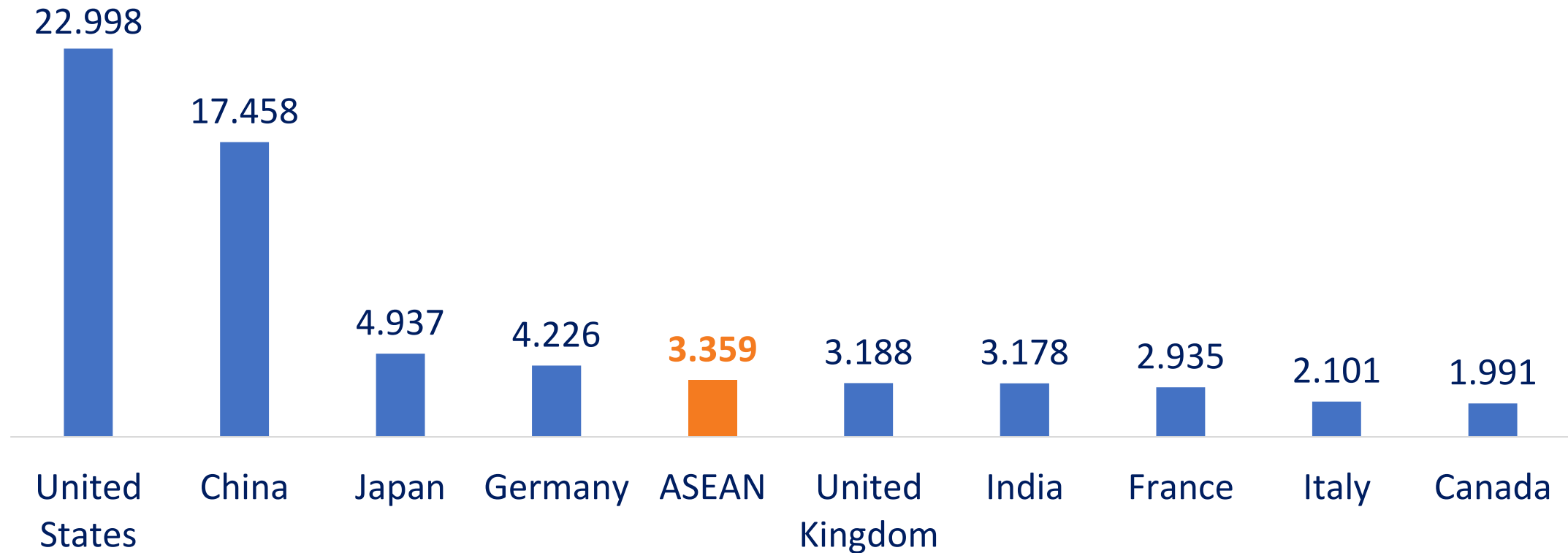
1. The ASEAN Region is an economic power-house and one the most dynamic and thriving areas of the world
2. Italy, thanks to its industrial strengths and characteristics can be a preferential development partner for ASEAN Countries

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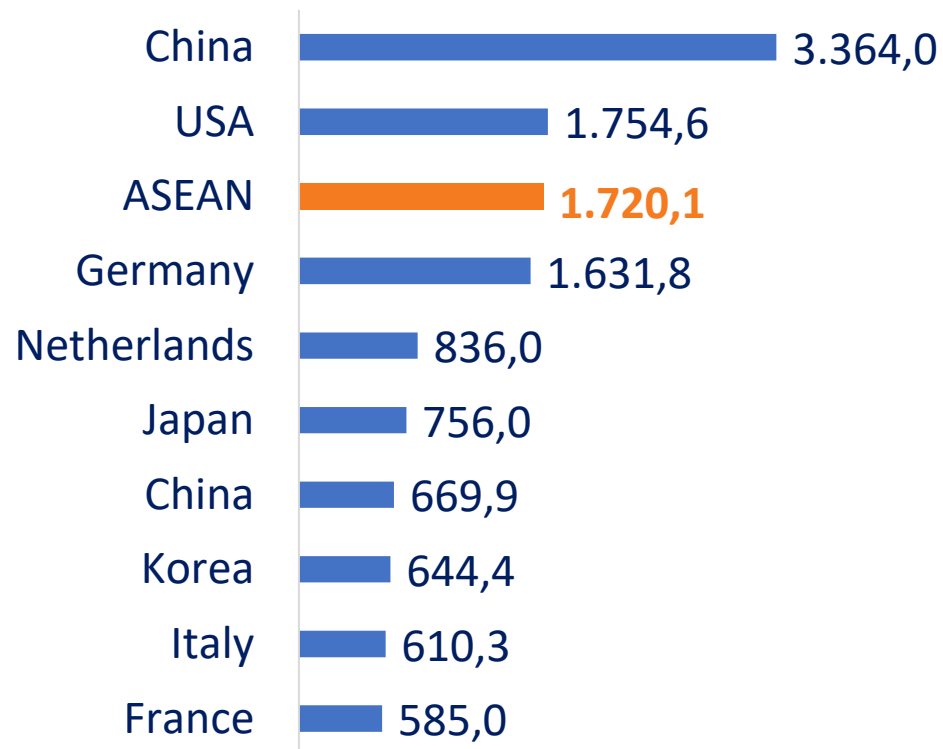
If it were a single economy, the ASEAN area would be the 3rd largest in Asia and the 5th in the world

GDP of the first 10 world countries (\$ bln), 2021

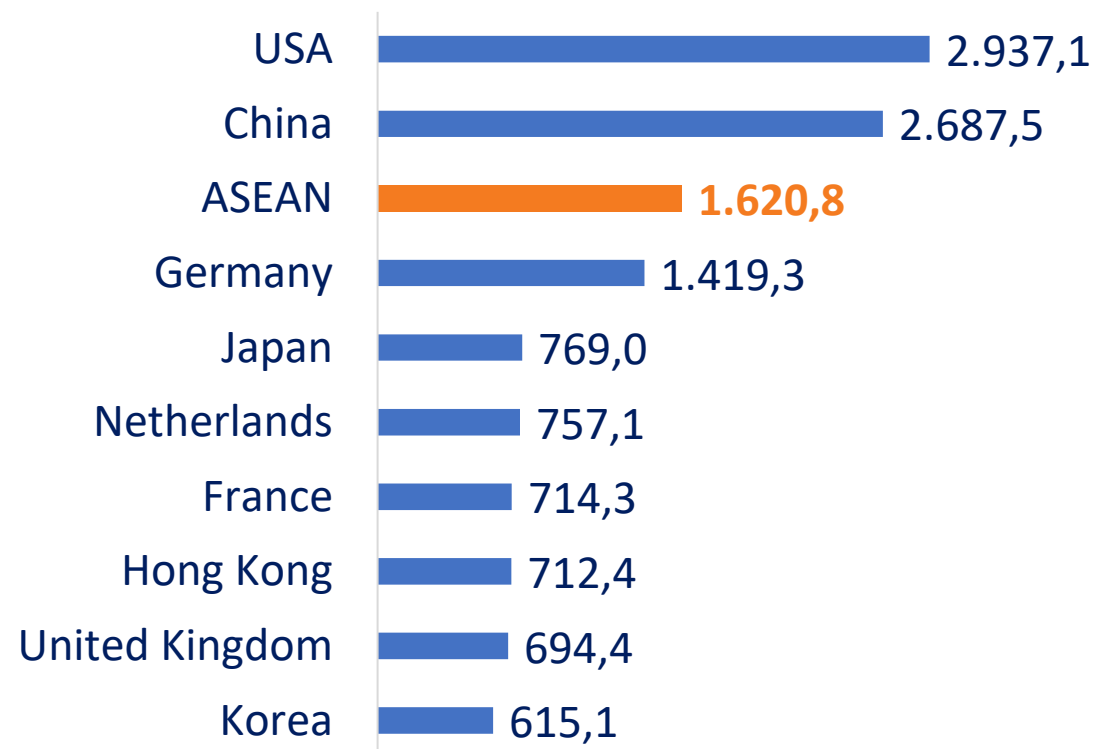


... as well as one of the largest trading area globally

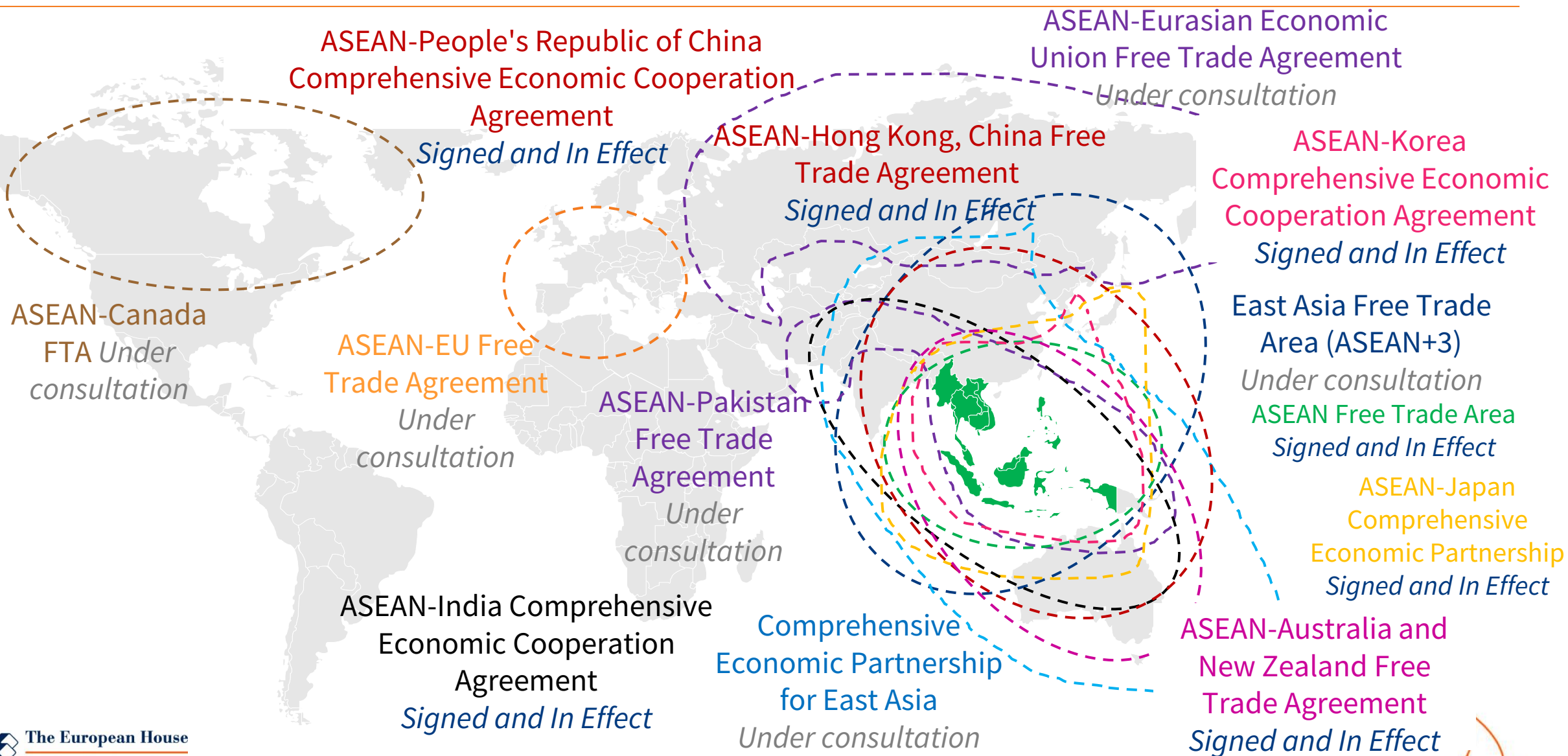
Export of the first 10 world countries (\$ bln), 2021



Import of the first 10 world countries (\$ bln), 2021

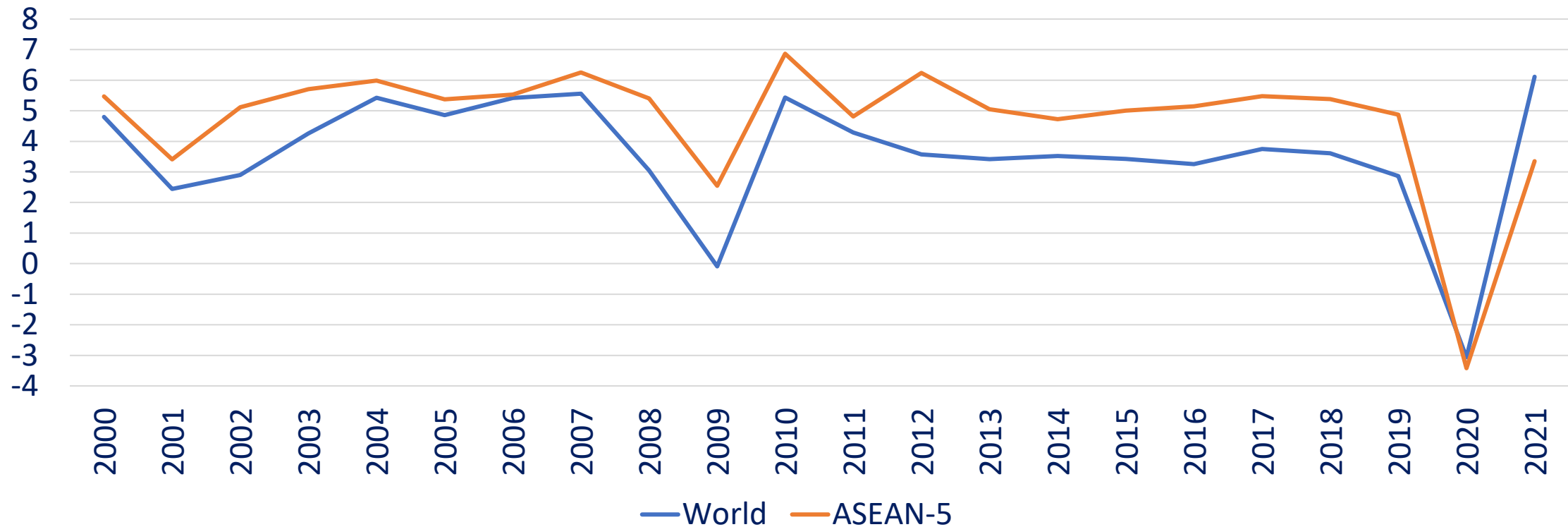


... also thanks to manifold Free Trade Agreements



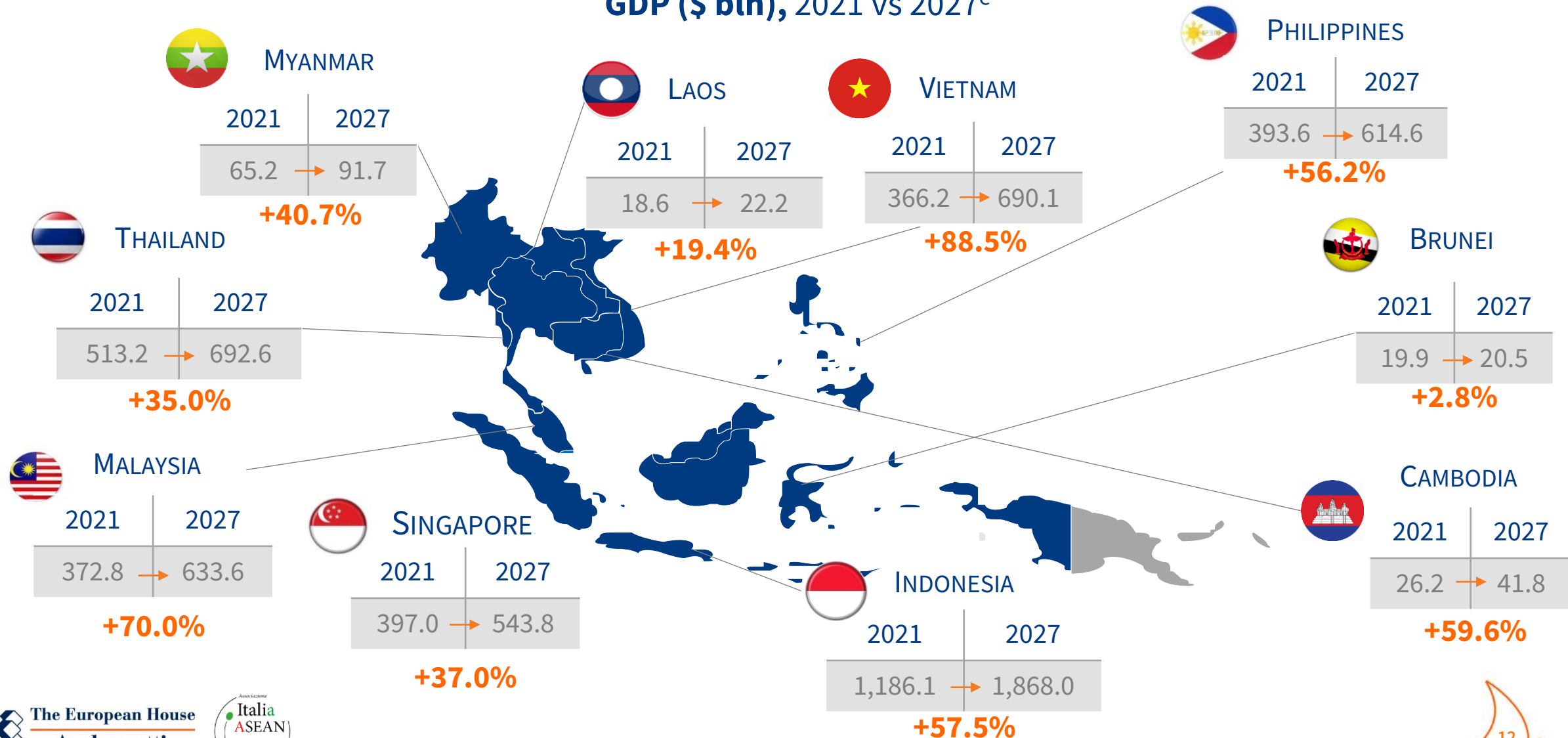
ASEAN area growth steadily outperformed over the last 20 years the world average

GDP growth in the world and in ASEAN-5 (%), 2000-2021

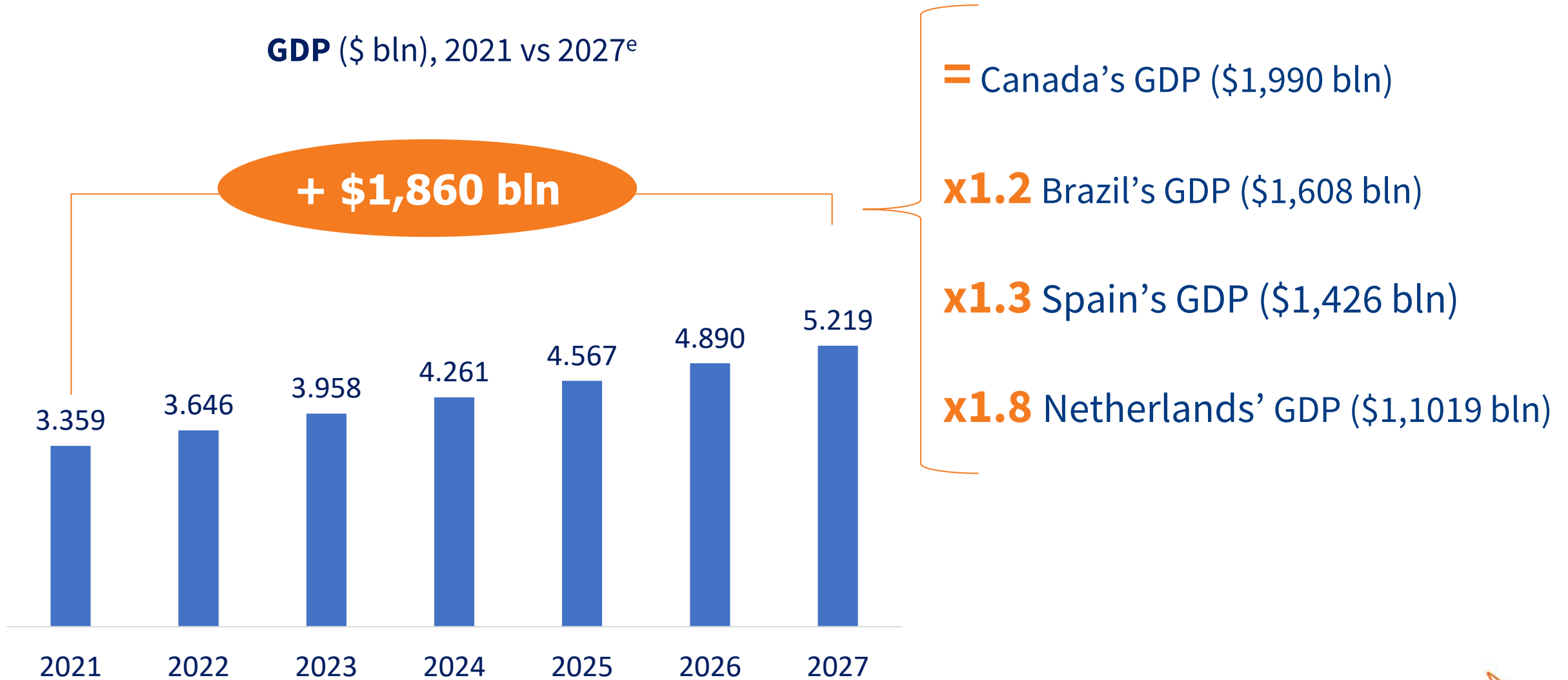


Looking forward, ASEAN countries are expected to experience explosive growth in the next quinquennium

GDP (\$ bln), 2021 vs 2027^e

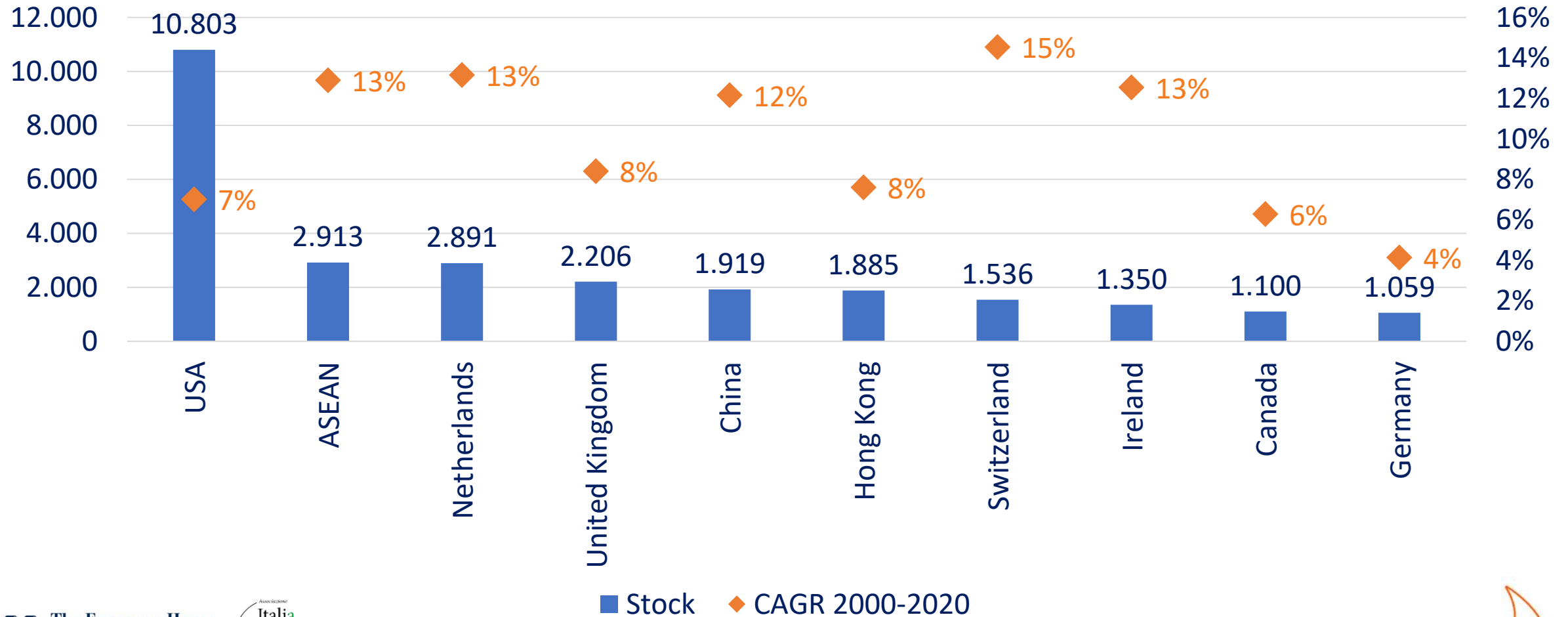


The cumulative growth of all ASEAN countries will amount to \$1,860 billion, like a country's GDP



ASEAN region has also become the second top recipient of Foreign Direct Investments

FDI stock in the first 10 world economies (\$billion and CAGR), 2000-2020



The High Level Dialogue is rooted on two fundamental assumptions

1. The ASEAN Region is an economic power-house and one the most dynamic and thriving areas of the world
2. **Italy, thanks to its industrial strengths and characteristics can be a preferential development partner for ASEAN Countries**

Italy is one the major global economies



€1,775 billion GDP

(2021) **+7.3% vs 2015**

3rd economy in EU

9th economy in the world



€516 billion export

(2021) **+25.2% vs 2015**

8th largest market in the world



€765 billion FDI (stock)

(2020) **+22.3% vs 2015**



€1,377 billion consumption

(2021) **+4.2% vs 2015**



€472 billion import

(2021) **+27.4% vs 2015**

11th largest market in the world

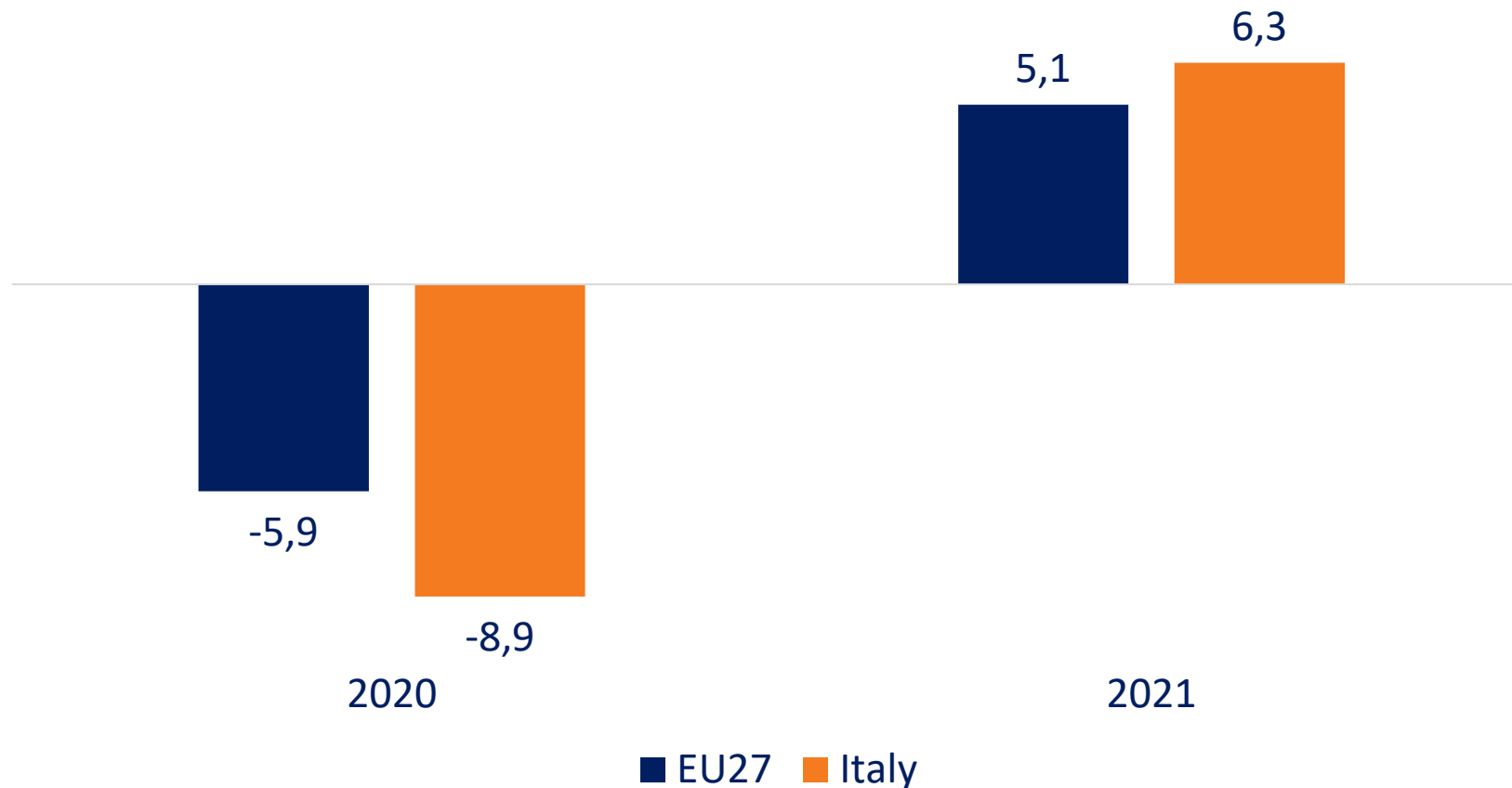


17% manufacturing Value Added on the total

(2021) Compared to 16.7% in the world

Although severely impacted by the Covid-19 crisis, Italy is one of the developed economies with the strongest growth rebound

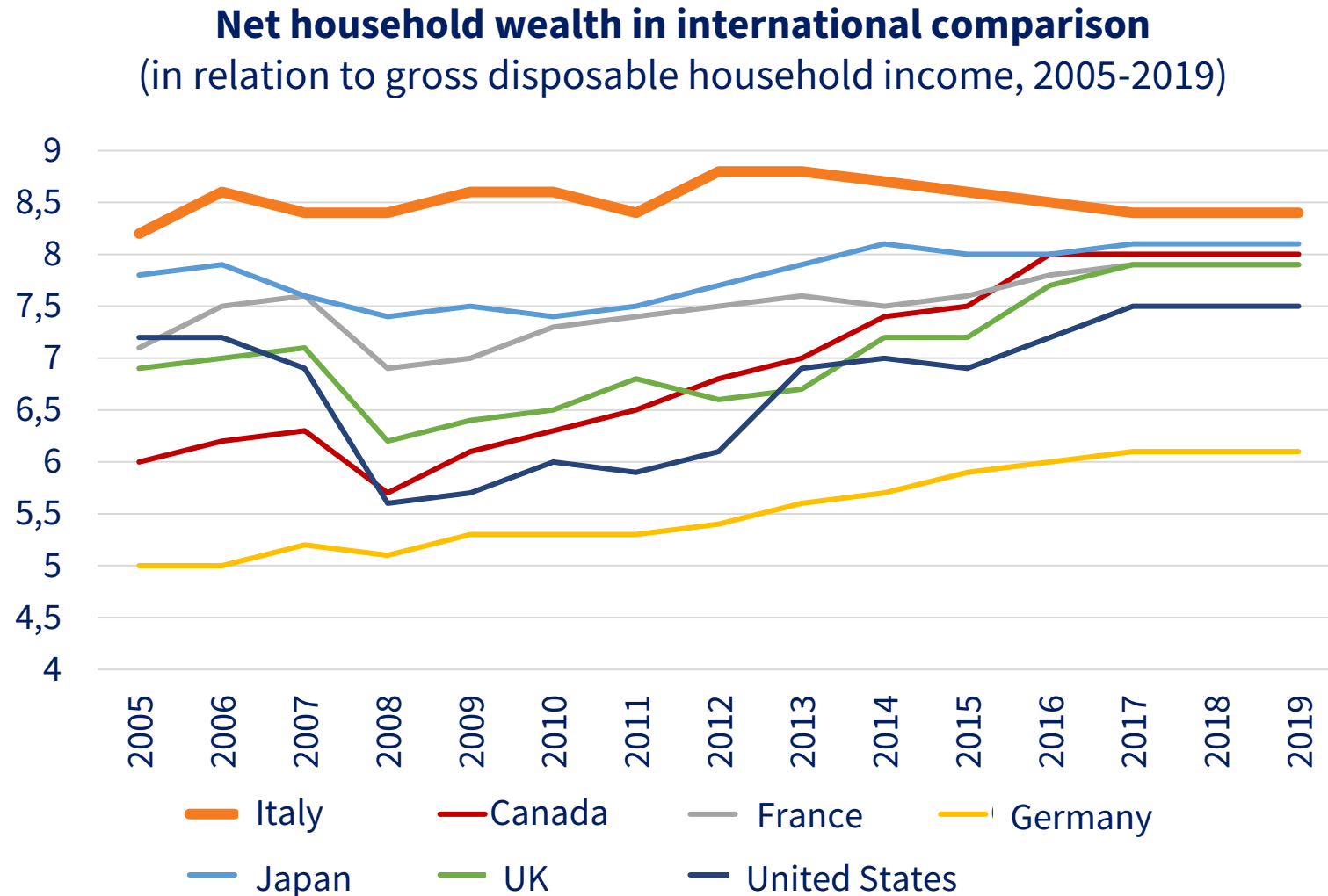
GDP growth in EU-27 and Italy (var %), 2020 and 2021



The rebound will allow Italian GDP to **return to pre-crisis levels in 2022**

At the beginning of the crisis, forecasts indicated that it would be **necessary to wait until 2025**

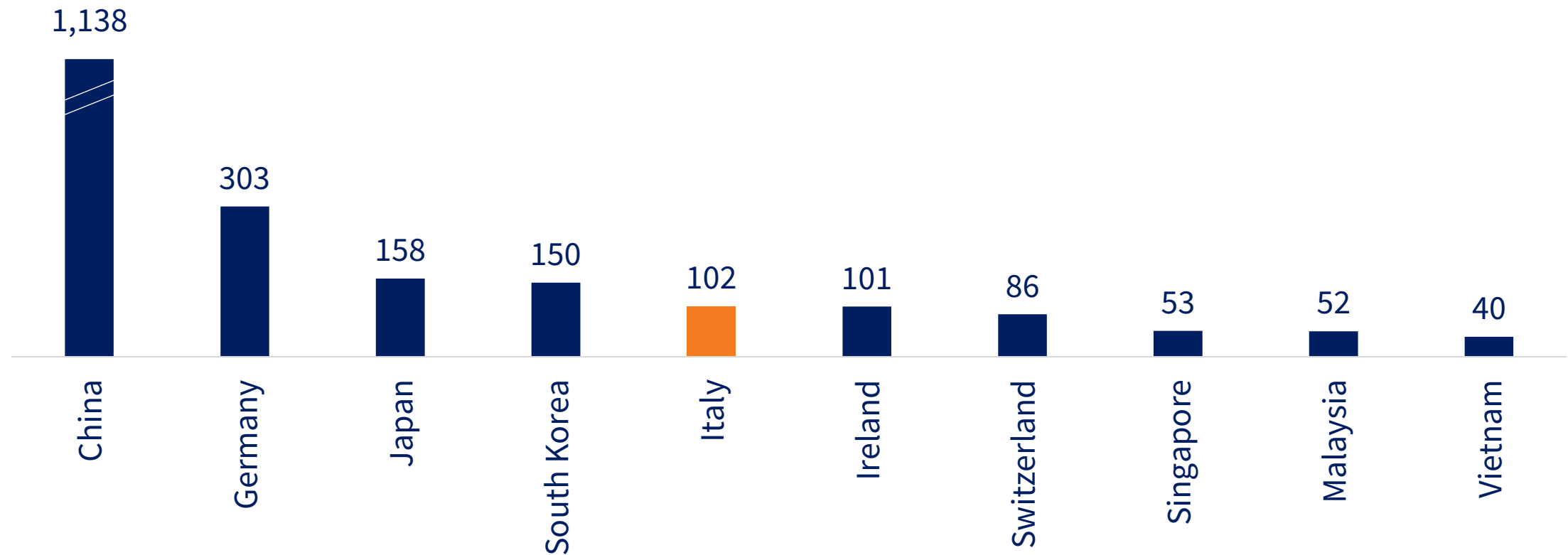
Italy is still the country with the one of the highest household savings value in the world



- The wealth of Italians amounts to some **9.7 trillion Euros**, of which almost 50% is in housing and 13% in deposits
- Net wealth is **8.4 times** higher than gross disposable income, resulting in one of the **highest rates in the world**

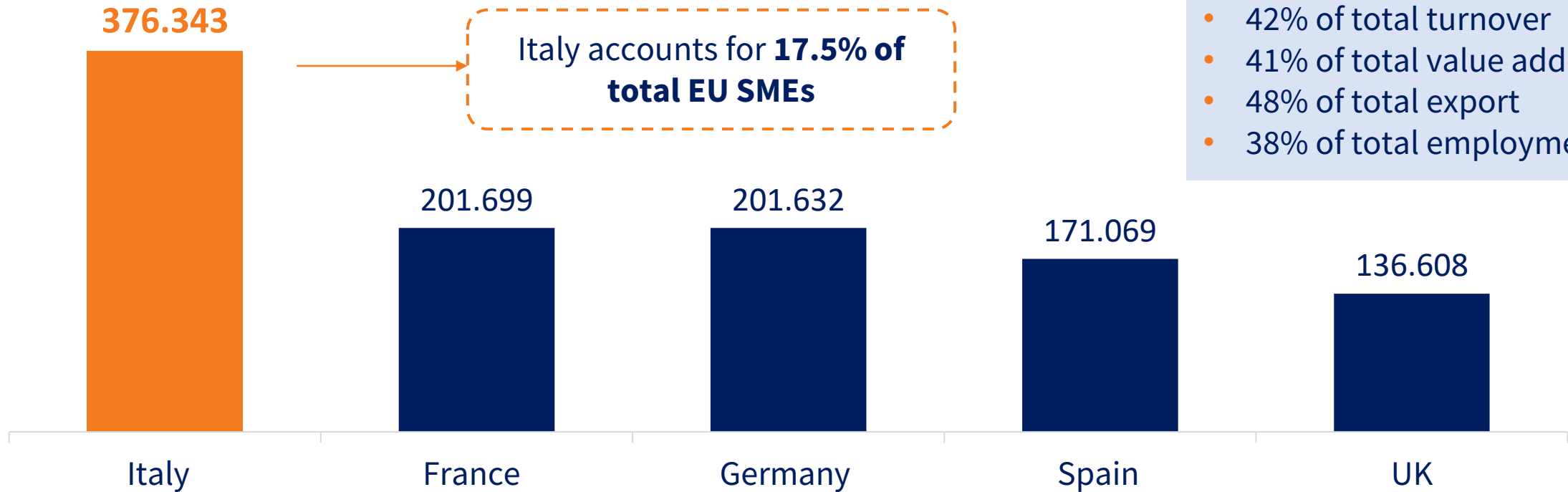
From the industrial perspective, Italy is the second largest manufacturing hub in Europe

Top-10 countries for manufacturing trade balance (\$bn), 2020



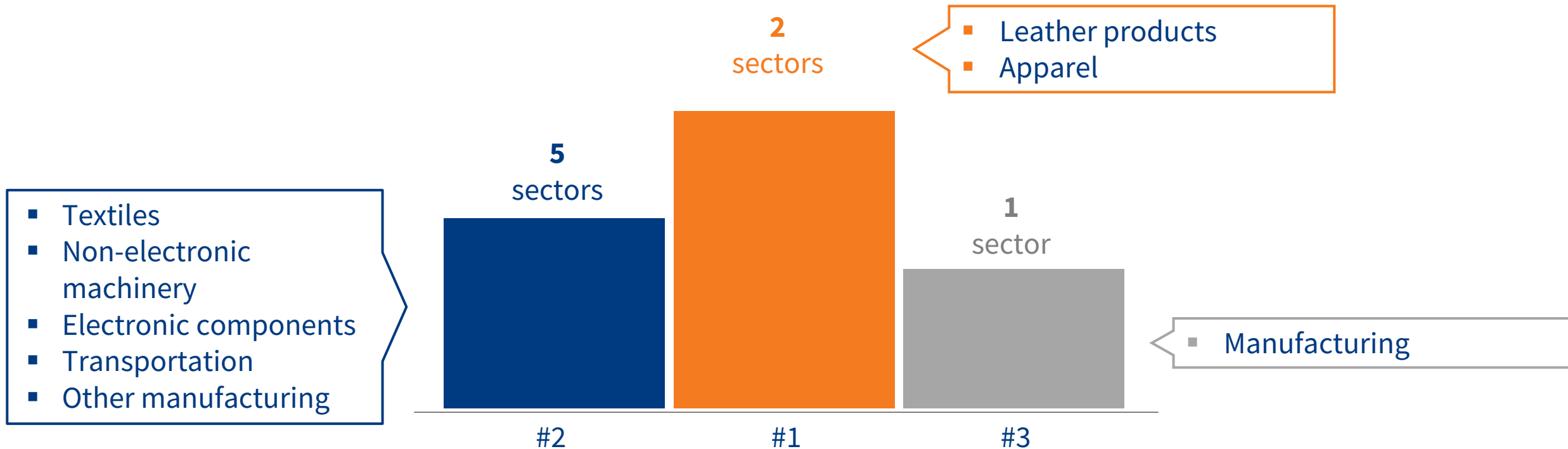
... and Italian manufacturing SMEs represent 1/5 of the European total

Number of manufacturing SMEs in EU top-5 countries and average EU
(absolute values), last available year



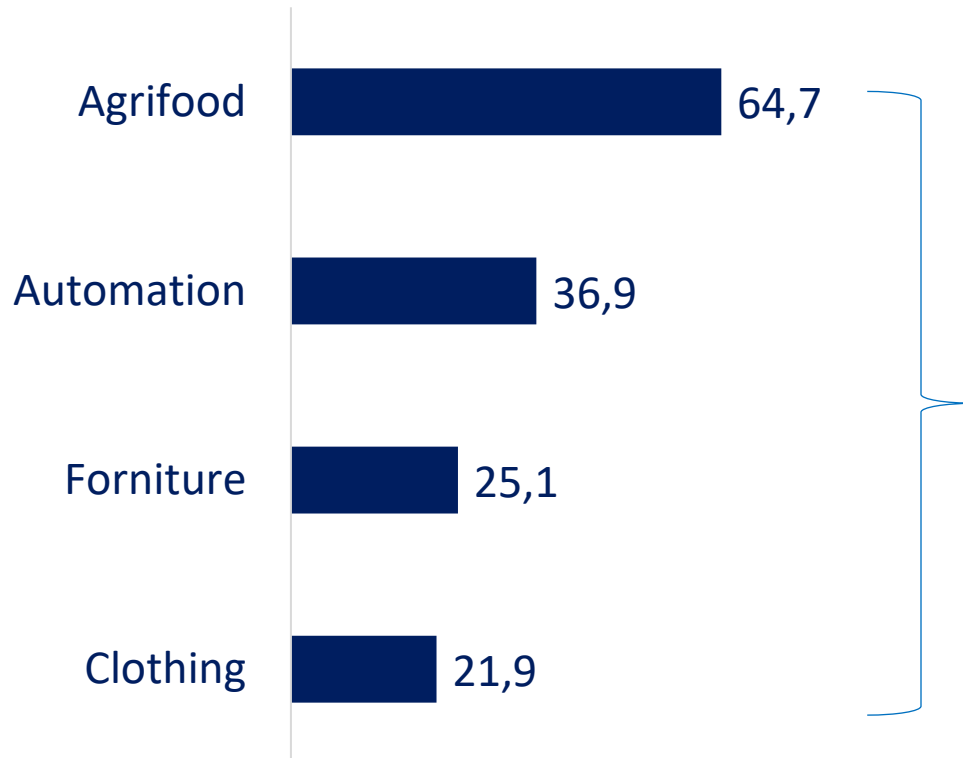
- SMEs in Italy represent:
- 42% of total turnover
 - 41% of total value added
 - 48% of total export
 - 38% of total employment

Italy ranks in the world-top 3 positions in 8 out of 14 sectors of the Trade Performance Index



... and the “4A” sectors of Made in Italy generated in 2021 higher value added than key industries in other EU MSs

**Value added in Italian manufacturing “4A”
(billion Euro), 2021**

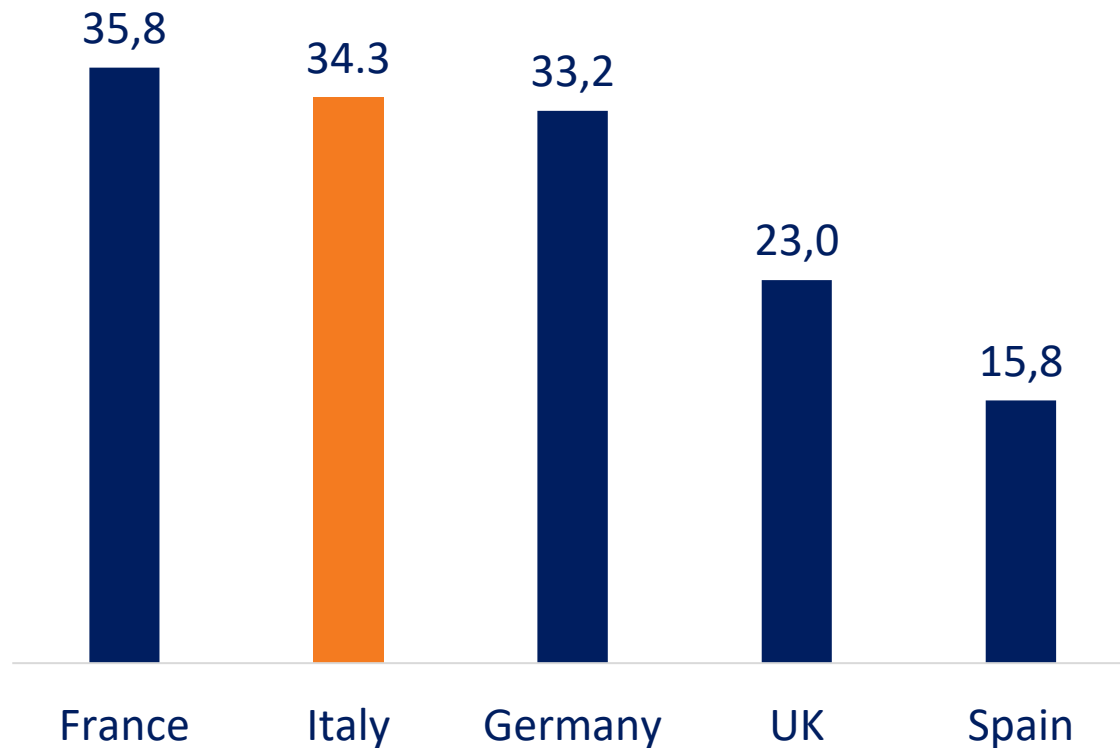


€148.6 billion

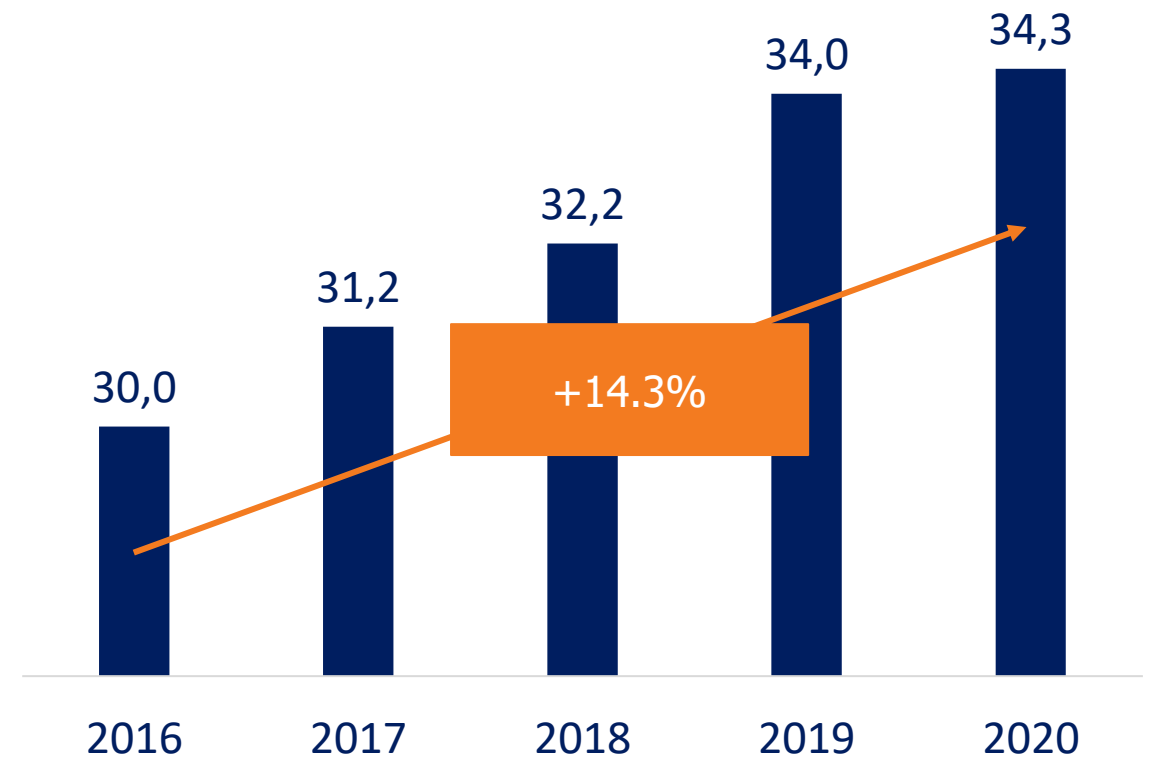
x1.3 the EU value added of **wood and paper**
x1.5 the EU value added of **electrical equipment**
~**half** of the EU value added of **motor vehicle manufacturing**

But Italy is more: e.g. pharma sector in Italy generated a record production value equal to 34.3 bn Euro (more than Germany)

Production value of Pharma companies in European Big4+UK (billion Euros), 2020

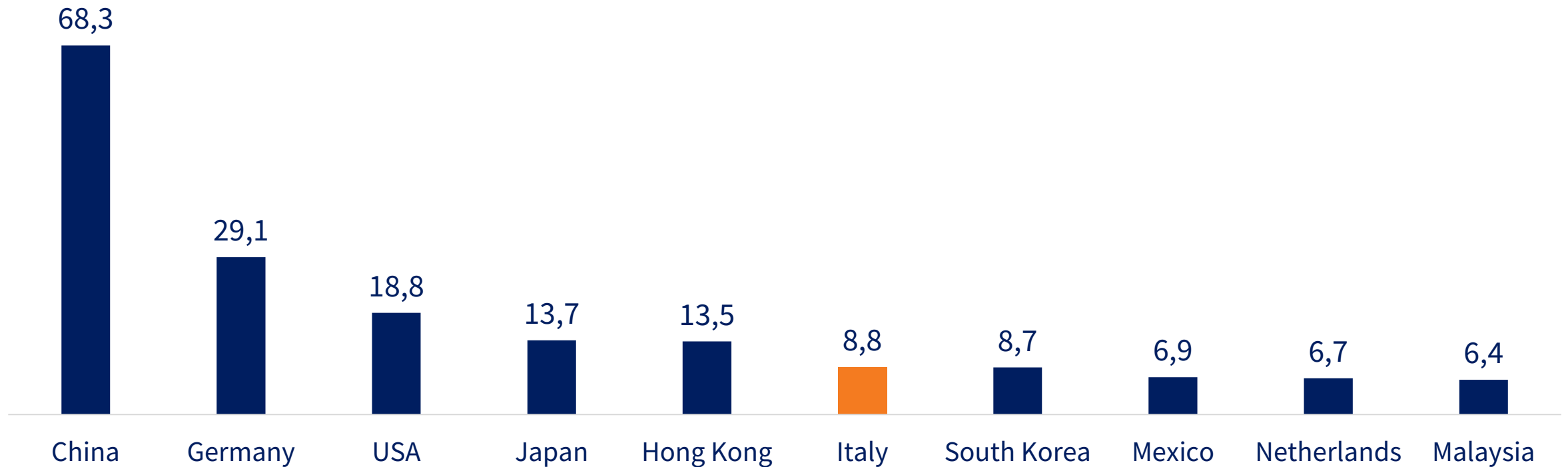


Production value of Pharma companies in Italy (billion Euros), 2016-2020



With \$8.8bn of exports in 2020, Italy is the world's 6th largest exporter (and 2nd in EU) of renewable technologies

Top 10 renewable technology exporting countries* (billion dollars), 2020



(*) The aggregate includes products mainly related to the world of renewable energy sources (so-called core renewables, including technologies for the production of photovoltaic, wind, thermodynamic solar, hydroelectric, etc.) and components not exclusively related to the production of energy from renewable sources and therefore also intended for other sectors (such as, for example, alternators for electric power or towers and pylons for wind turbines).

...and Italy has a leading positioning in several other key manufacturing sectors



Machinery and automation

2nd country in the world by export value (behind Germany)



Ceramics industry

Among the leading manufacturers of ceramic tiles in Europe (85% of revenues from exports)



Aerospace and defence

1st high-tech manufacturing sector in Italy; 3rd country in the world for helicopter exports



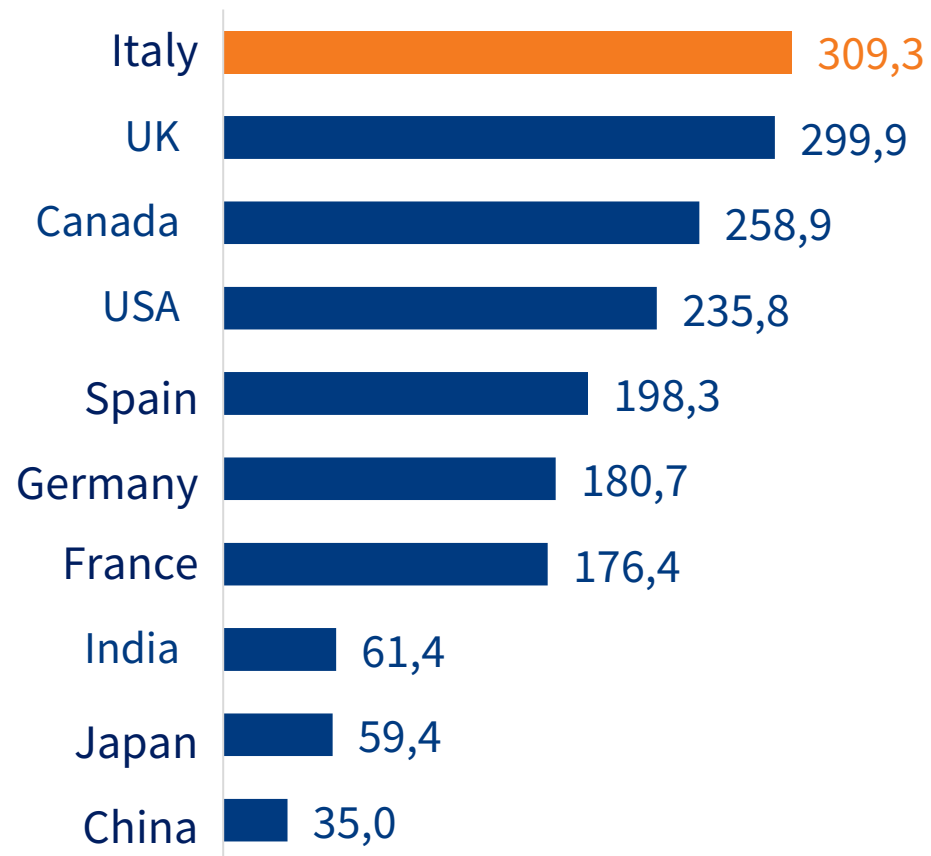
Industrial design

35% of the value of production carried out abroad (€ 430 million)

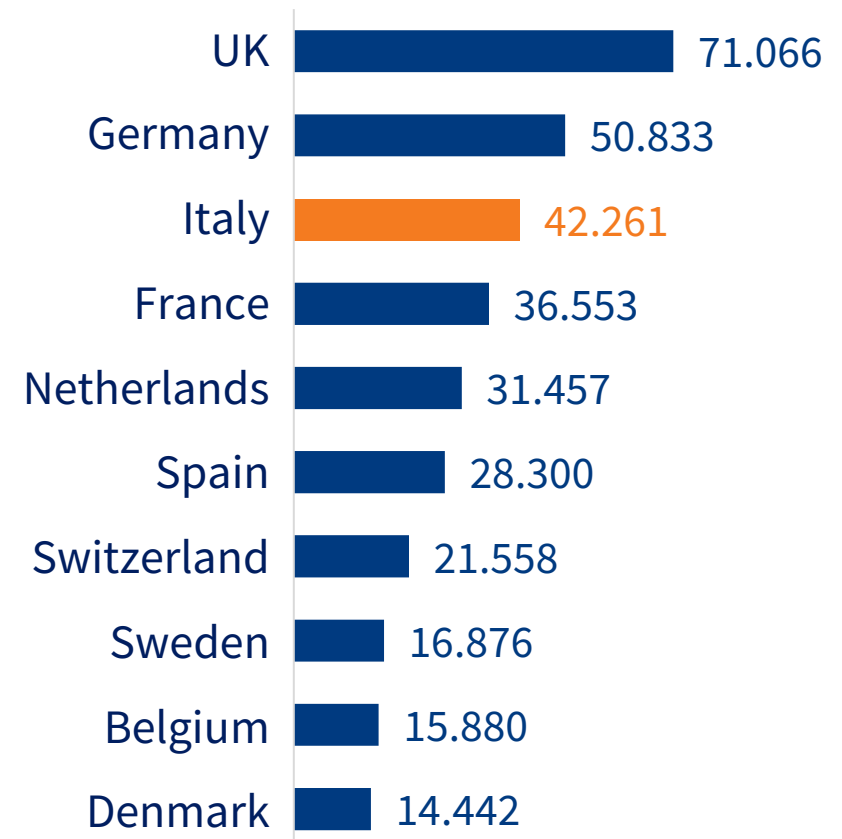
Not to mention **Energy (in particular Renewables), Automotive, Robotics, Scientific instrumentation, Chemicals**, etc.

Italy is also a leading innovation hub

Number of citations per researcher (absolute val. in world top-10 by publications), last 20 years



Number of citations in medicine (top-10 European countries), 2020



In addition...

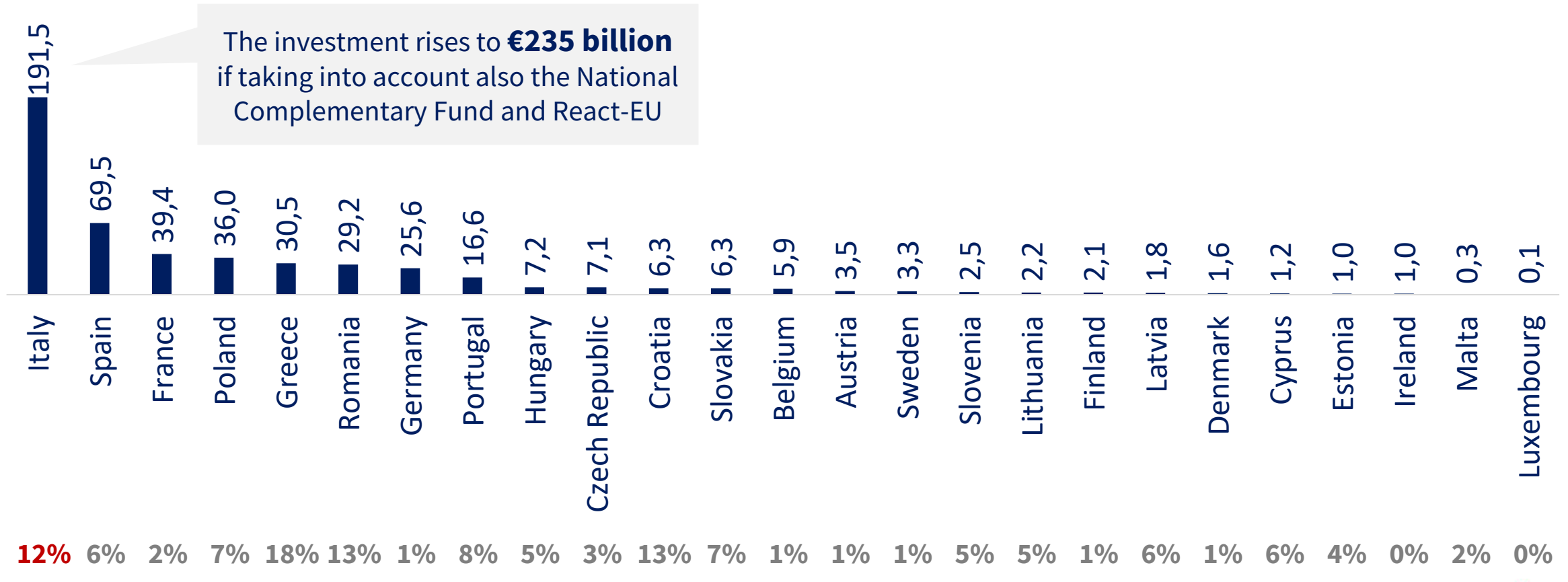
Italy will deploy over the next 5 years

the biggest investment plan in Europe

to boost the economy after the COVID-19 crisis

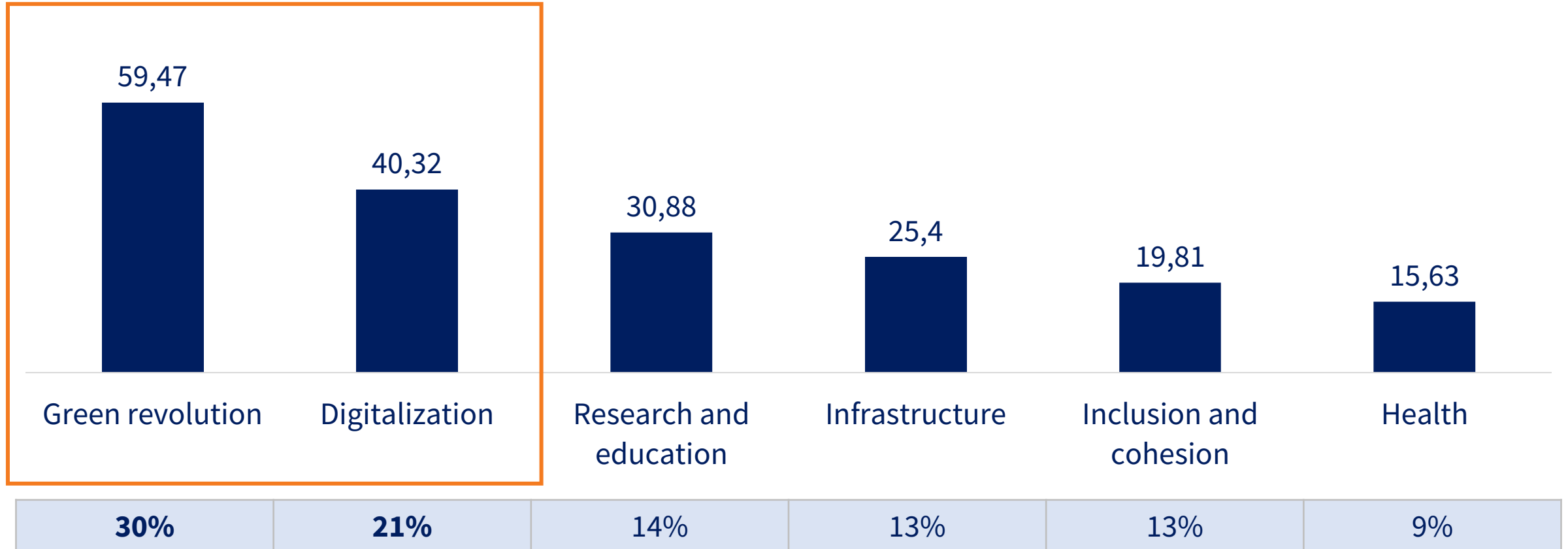
Italy will be (by far) the country that will invest the most through the Next Generation EU for a total of 191.5 billion Euros...

National Recovery and Resilience Plan investments, billion Euros in current prices



Green revolution and digitalization will be the “core” of the Italian PNRR investment plan, boosting modernization

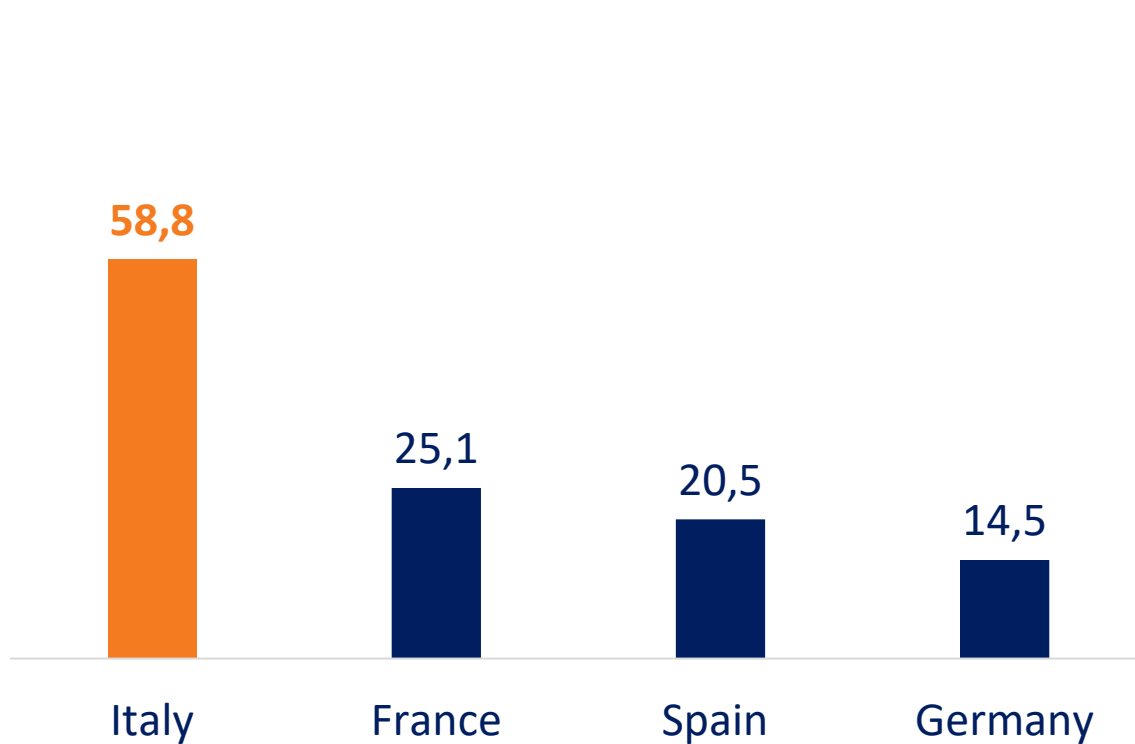
Composition of the PNRR by Mission*
(billion Euros and percentage values), 2021



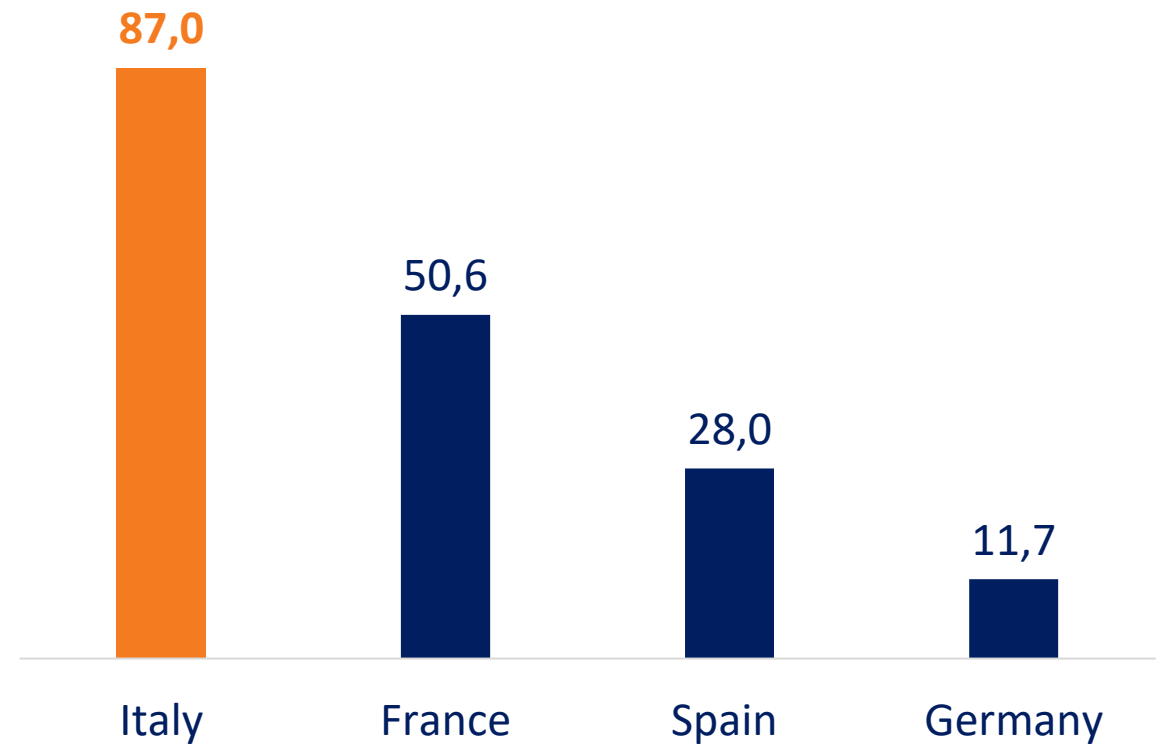
(* Excludes the financial allocations from the Complementary Fund and React EU.

IN COMPARATIVE VIEW: Italy will invest in digital and green transition almost as much as France, Spain and Germany together

Funds* allocated to digital transition in the National Plans of Italy, France, Spain and Germany, (billion Euros), 2021



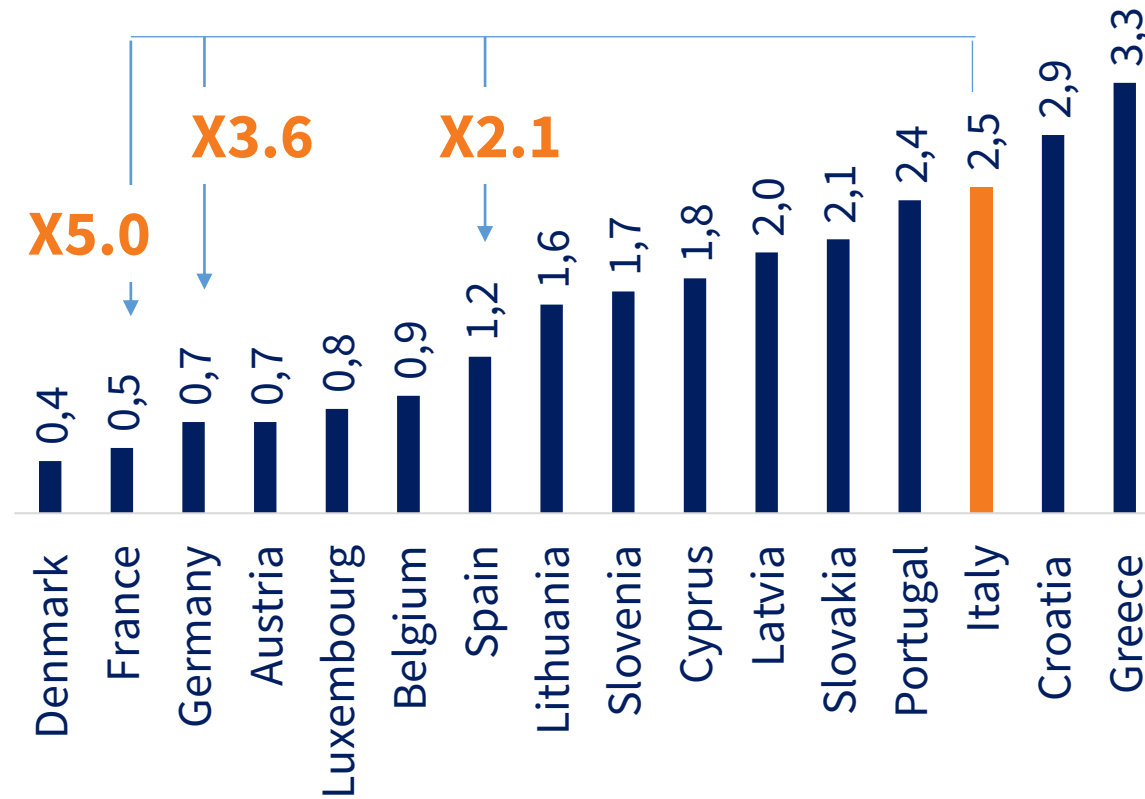
Funds* allocated to green transition in the National Plans of Italy, France, Spain and Germany, (billion Euros), 2021



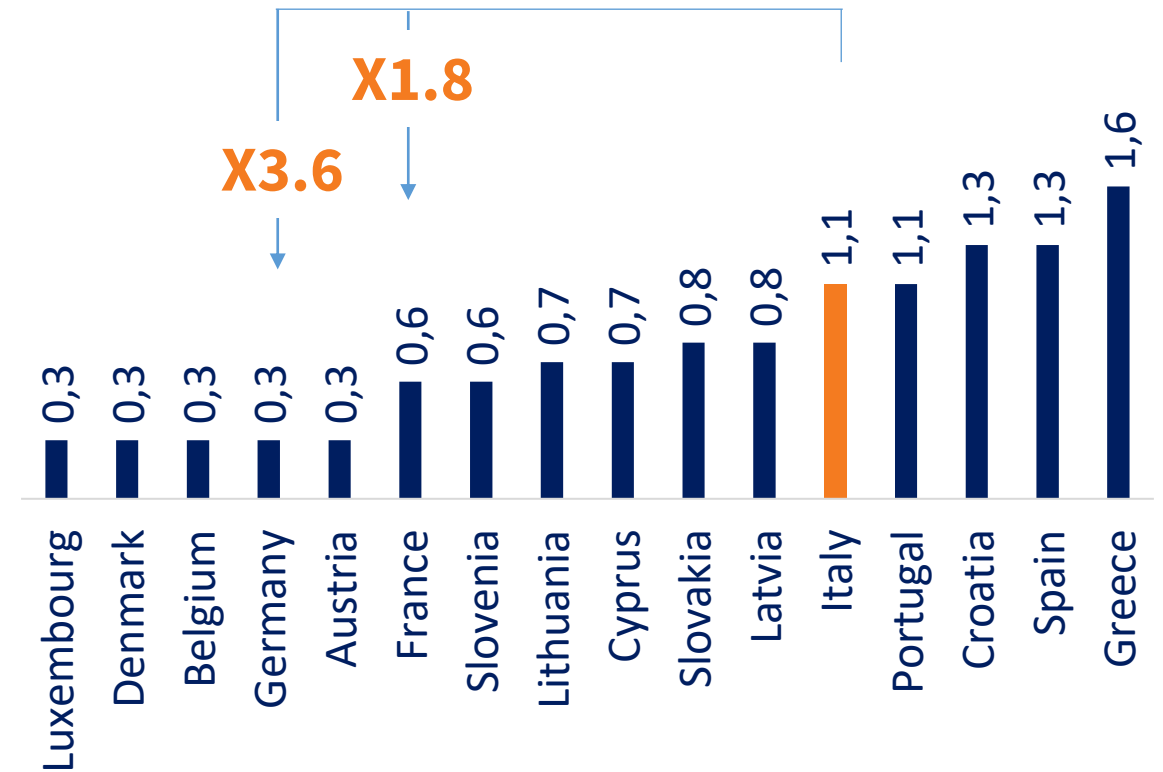
(* Including the financial allocations from the Complementary Fund and React EU and considering all the missions of the Plan.

Italy will have one of the highest impact of NGEU both in terms of GDP and employment

Economic impact of Next Generation EU (% difference in GDP to 2026)



Employment impact of Next Generation EU (% difference in employment by 2026)



Italy, within the PNRR, will also implement 63 structural reforms to boost growth and pro-business environment

HORIZONTAL REFORMS



Reform of Justice



Reform of the Public Administration

SECTORAL REFORMS

Mission 1 – digitalisation
6 reforms

Mission 2 – green revolution
13 reforms

Mission 3 – infrastructure
10 reforms

Mission 4 – education
11 reforms

Mission 5 – inclusion
5 reforms

Mission 6 – health
2 reforms

Market and Competition Law

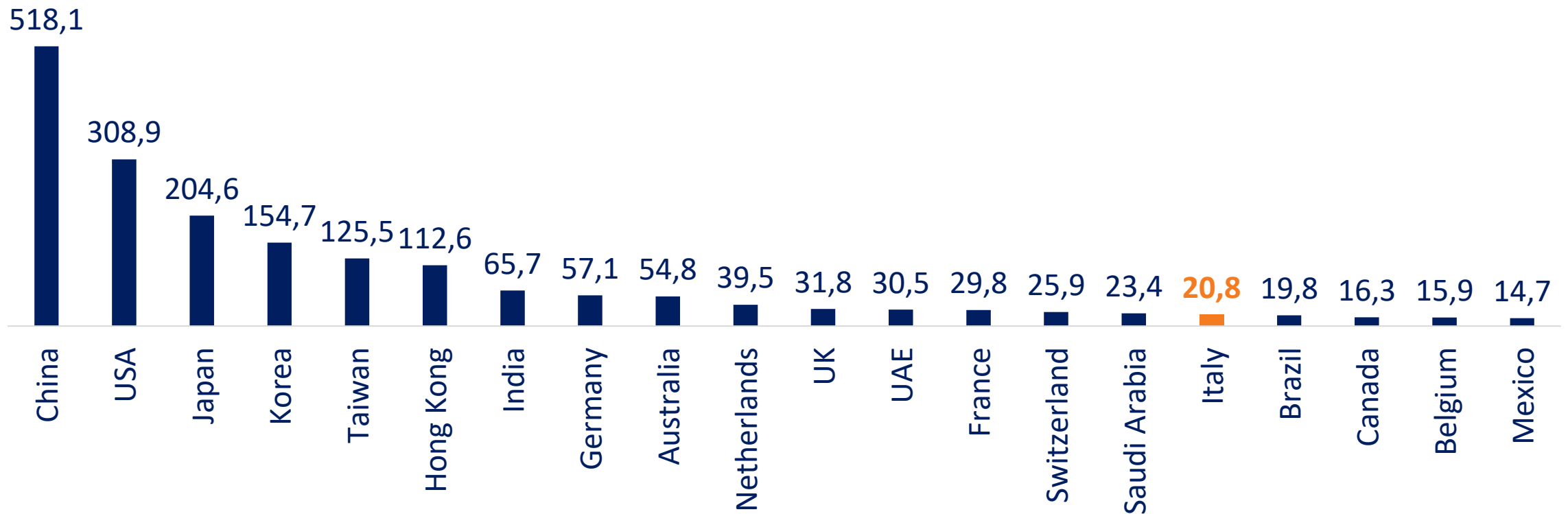
Simplification and rationalisation of legislation
13 reforms

ENABLING REFORMS

A final consideration...

Italy and ASEAN countries can do more together

Trade partners of the ASEAN region (export+import, US\$ billion), 2021



Today the Dialogue want to address the topics that can be at the centre of strategic collaboration between ASEAN Countries and Italy

**Macroeconomic outlook of ASEAN
in the post-pandemic scenario and in the
geopolitical order**

**Green transition
for a sustainable future**

**Smart technologies
and advanced manufacturing**

e-Economy and digital ecosystems

**Regional and sub-regional cooperation
and integration in ASEAN**

**Aerospace and Security
for resilience**

**Investments opportunities and
cooperation tools between Italy and
ASEAN countries**

**PPPs models, financial schemes
and Free Trade Agreements**

Thank you for the attention and enjoy the Dialogue



KUALA LUMPUR HIGH LEVEL DIALOGUE ON ASEAN ITALY ECONOMIC RELATIONS

*Coming together is a beginning
keeping together is progress
working together is success*

Henry Ford