



The European House
Ambrosetti



In collaboration with



BANGKOK
HIGH LEVEL DIALOGUE
ON ASEAN ITALY
ECONOMIC RELATIONS

October 4, 2023 - Grand Hyatt Erawan, Bangkok

PRESENTATION BY

JAMES VILLAFUERTE

Main Partner



With the Patronage of



Institutional Partner



Technical Partner



Partner



Junior Partner



With the support of



Strategic Partner



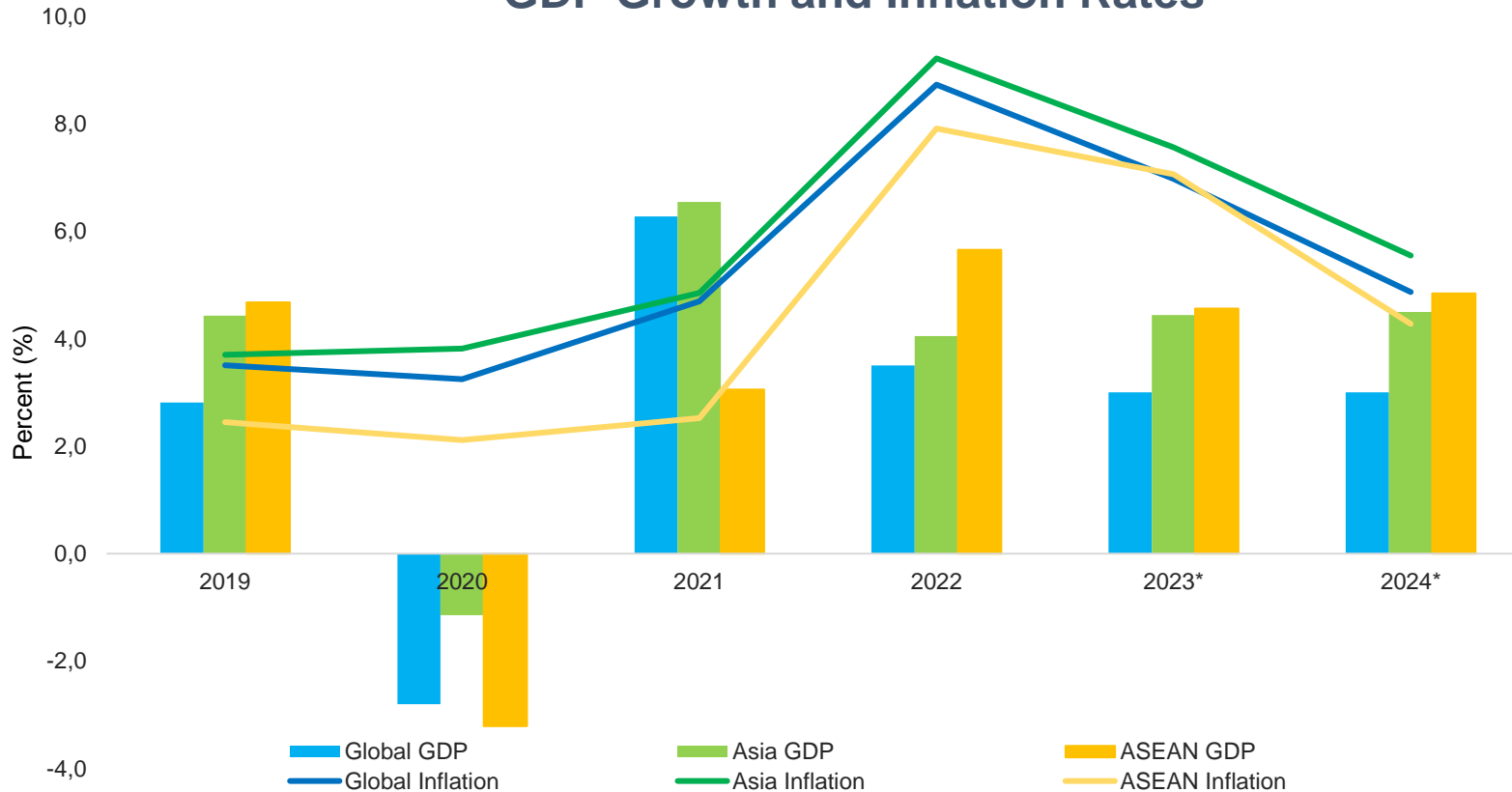
Building Bridges between ASEAN and EU

James Villafuerte
Regional Lead Economist for Southeast Asia, ADB

7th High Level Dialogue on ASEAN Italy Economic Relations
4 October 2023, Bangkok, Thailand

ASEAN economic outlook remains upbeat, despite some downside risks

GDP Growth and Inflation Rates



Global Headwinds:

- Weak global growth
- Elevated oil and commodity prices
- Persistent inflation
- High interest rates
- Weaker-than-expected recovery in the People’s Rep. of China
- Climate change risks
 - Early onset of El Nino

Note: 2023 and 2024 GDP and Inflation Rates are forecasts. Regional aggregates for growth are estimated using the weighted average of GDP. Regional aggregates for inflation are computed using simple averaging. Sources: Asian Development Outlook 2023, World Economic Outlook 2023, World Bank Database.

Economic flows between ASEAN, EU and Italy

| | Year | EU | | Italy | |
|---|------|-----------|------------------|---------|------------------|
| | | Value | % of ASEAN total | Value | % of ASEAN total |
| ASEAN 's total trade with-, \$ bn | 2022 | 331.1 | 8.6% | 28.22 | 0.7% |
| ASEAN's FDI inflows from-, \$bn | 2021 | 10.2 | 5.8% | 0.24 | 0.1% |
| ASEAN's portfolio investments from-, \$bn | 2022 | 259.9 | 27.0% | 3.20 | 0.3% |
| ASEAN's tourists from- , number | 2021 | 272,569 | 9.5% | 11,596 | 0.6% |
| ASEAN's migrants to- , number | 2020 | 1,769,042 | 7.5% | 176,096 | 0.7% |
| ASEAN's remittance inflows from-, \$ bn | 2021 | 8.6 | 11.1% | 0.98 | 1.3% |

Sources:

Trade: ADB calculations using data from International Monetary Fund. Direction of Trade Statistics. <http://data.imf.org/DOT> (accessed September 2023)

FDI: ADB calculations using data from ASEAN Secretariat. ASEANstats Data Portal. <https://data.aseanstats.org> (accessed July 2019); CEIC Data Company; Eurostat. Balance of Payments. <https://ec.europa.eu/eurostat> (accessed July 2022); International Monetary Fund. World Economic Outlook April 2022 database. <https://www.imf.org/en/Publications/WEO/weo-database/2022/April> (accessed April 2022); and United Nations Conference on Trade and Development. World Investment Report 2022 Statistical Annex Tables. <https://worldinvestmentreport.unctad.org/annex-tables/> (accessed June 2022).

Portfolio investment: ADB calculations using data from International Monetary Fund (IMF). Coordinated Portfolio Investment Survey. <https://data.imf.org/cpis> (accessed September 2023). Remittances: ADB calculations using data from World Bank, Global Partnership on Migration and Development, <https://www.knomad.org/data/remittances> (accessed July 2023)

Tourists: : ADB calculations using data from United Nations World Tourism Organization. Tourism Satellite Accounts. <http://statistics.unwto.org> (accessed May 2023)

Migration: ADB calculations using data from United Nations Department of Economic and Social Affairs, Population Division. International Migrant Stock 2020. <https://www.un.org/development/desa/pd/content/international-migrantstock> (accessed May 2023).

Strategy must evolve to build resilience and sustainability

1990-2000

1990s saw impressive output and trade growth driven by

- 1.Improvement in transport, logistics, and connectivity
- 2.Rapid demand and income growth
- 3.Technological breakthroughs
- 4.Favorable market conditions
- 5.Policy reforms in trade and investment

2000-2020

Output and trade growth began to slow, eventually stagnating with deglobalization emerging

1. 2008 Global financial crisis
2. 2011 natural disaster
3. Growing trade conflict between the US and PRC
4. COVID-19 pandemic
5. Slower world economy
6. Reconfiguration of GVCs

FUTURE

Climate change risk, intense competition for resources, geopolitical tension, and disruptive technology are the key challenges to the region

1. Green energy sources, transport, and trade
2. Invest in ICT, logistics, digital payment system, and enhance innovation policy
3. Upskill and reskill workers to provide skills needed for the future
4. Strengthen trade with multiple partners, including their neighbors

Priority areas for Cooperation



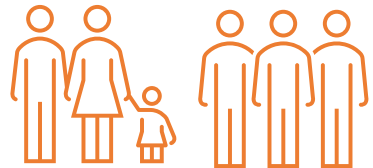
Regional development and integration



Green Deal



Peace and security, governance and rule of law



Migration, forced displacement and mobility



Digital agenda



Sustainable jobs



Enhancing multilateralism

Opportunities for collaboration



Cambodia:
Green growth and decent jobs and Cambodia's connectivity to ASEAN



Indonesia:
Investing in energy transition and enhancing capacity to produce solar panels and batteries



Lao PDR:
Nutrition, education, health, and governance with focus on disadvantaged groups



Philippines:
Flood prevention, tourism, sustainable agriculture, job creation, renewable energy



Thailand:
Technology and economic development, bio-circular, higher education, governance



Timor-Leste:
Green and sustainable economy, member of the Green-Blue Alliance



Viet Nam:
Energy sector, particularly private sector investment in greening and increasing the share of renewable

How ADB can help



• Act as honest broker to link parties

• Help bring private sector participation

• Facilitate policy dialogue especially shift on climate

• Organize consultations and project discussions

• Promote visibility



Thank you for your attention!