



POSITION PAPER

**Competitiveness of ASEAN Countries:
the state-of-the-art as measured by The European House –
Ambrosetti “Global Attractiveness Index 2023”**

High Level Dialogue on ASEAN Italy Economic Relations, Bangkok, Thailand, October 3-4, 2023

Today, the ASEAN countries are **one of the fastest-growing regions of the world**. If considered as a single economy, the ASEAN region is **the 3rd largest economy in Asia** and **the 5th largest in the world** after the US, China, Japan and Germany. In addition, it is becoming pivotal on the international scene and, in fact, in 2022, it ranked **3rd among the top-10 countries for both exports and imports** and has become the **3rd top recipient of Foreign Direct Investment** in the world.

In 2016, **The European House - Ambrosetti** launched the **Global Attractiveness Index (GAI)** research project with the aim to make available to business leaders, investors and policy-makers an innovative and highly reliable country index that can offer a representative profile of the attractiveness and competitive sustainability of countries.

According to the Global Attractiveness Index 2023, **ASEAN countries are among the best performing ones in Asia**. Specifically, in 2023: the cumulative ASEAN 10-country ranking value recorded **+46.4 points** compared to the previous year; among the 22 Asian countries, **5 of the top-10 countries** in the GAI Index are from ASEAN; **3 ASEAN countries** are in the **top-10** Asian countries for GAI positions gained in the last year; and **6 ASEAN countries** are among the **top-10** Asian countries for GAI ranking value gained in the last year.

Outstanding results were also seen in the **4 pillars** (openness, innovation, efficiency and endowment) of the GAI index compared to the previous year.

ASEAN socio-economic analysis and main trends

1. Established in 1967, ASEAN currently includes 10 member states (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam),¹ and, with a population of **600 million people**, it is the **3rd largest region in the world**, after China and India. ASEAN, if considered as a single economy, is the **3rd largest economy in Asia and the 5th largest in the world** after the US, China, Japan and Germany.

2. Today, ASEAN is **one of the fastest-growing regions of the world**, reporting in the last decade (2013-2022) a GDP growth of **+42%**. More specifically, in 2022, the region recorded a GDP of about 3.7 trillion Dollars (**+8.3%** compared to 2021) and a growth rate of **+7.8%** is expected for 2023, lower than that experienced in 2022 but still well above the global average, which is estimated to be **+2.8%** in 2023.²

3. Linked with its strong growth, Southeast Asia is becoming pivotal on the international scene in both commercial trade and attraction of foreign investment. In international trade, ASEAN is today one of the **largest trading areas in the world** and in

2022 it ranked **3rd among the top 10 countries**, after China and the United States, for both exports and imports, with a value of 1,962 billion Dollars and 1,734 billion Dollars respectively.

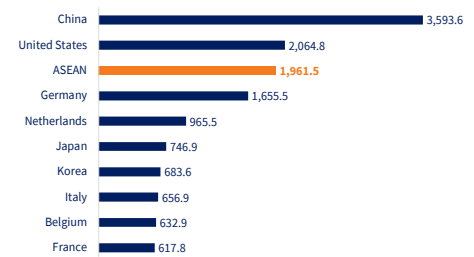


Figure 1. ASEAN exports of the first 10 world countries (billion Dollars), 2022. Source: The European House - Ambrosetti elaboration on UNCTAD data, 2023

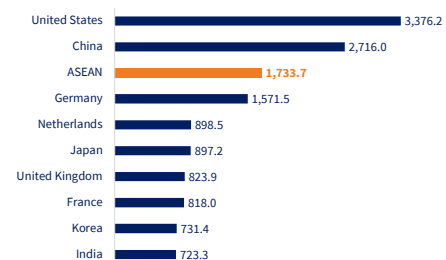


Figure 2. ASEAN import of the first 10 world countries (billion Dollars), 2022. Source: The European House - Ambrosetti elaboration on UNCTAD data, 2023

¹ In November 2022, the ASEAN leaders admitted—in-principle—Timor-Leste as the 11th member of ASEAN and in May 2023 adopted a roadmap for Timor-Leste’s full partnership.

² Source: “ASEAN Economic Outlook 2023”, 2023.

4. The notable performance of ASEAN countries is also the result of several policies and agreements of cooperation with other countries that, over the years, have been adopted by the Southeast Asia region. An example is provided by the bilateral and plurilateral **Free Trade Agreements** established between ASEAN and the world's major economies.

5. To date, there are **8 FTAs in effect**: the Regional Comprehensive Economic Partnership Agreement; the ASEAN Free Trade Area; the ASEAN-Korea Comprehensive Economic Cooperation Agreement; the ASEAN-Japan Comprehensive Economic Partnership; the ASEAN-Australia and New Zealand Free Trade Agreement; the ASEAN-People's Republic of China Comprehensive Economic Cooperation Agreement; and the ASEAN-India Comprehensive Economic Cooperation Agreement.

6. Other Free Trade Agreements are also expected to take effect in the future. In fact, currently, there are **5 FTAs under consultation** involving the ASEAN region: the ASEAN-Eurasian Economic Union Free Trade Agreement; the East Asia Free Trade Area (ASEAN+3); the Comprehensive Economic Partnership for East Asia; the ASEAN-Pakistan Free Trade Agreement; the ASEAN-EU Free Trade Agreement; and the ASEAN-Canada FTA.

7. Concerning its international standing in terms of FDI attraction, ASEAN countries have experienced **strong growth** over the last twenty years, **more than doubling** their share of global inward stock of FDI in the last two decades, from a share of 3.7% in 2003 to a share of 8.2% in 2022.

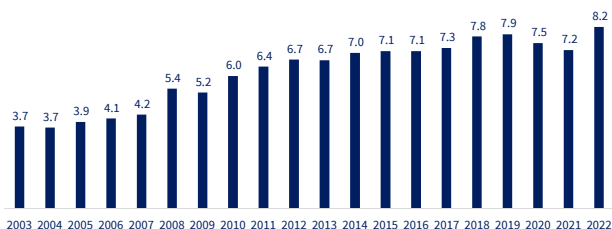


Figure 3. FDI inward stock in ASEAN countries (% share of global FDI inward stock), 2003-2022. Source: The European House - Ambrosetti elaboration on UNCTAD data, 2023

8. Due also to its recent growth, the **ASEAN region has become the 3rd top recipient of Foreign Direct Investment in the world**, after the United States and China, with a stock of FDI of 3.6 trillion Dollars in 2022 and an annual growth rate in the 2003-2022 period of **+13%**, second only to the Chinese growth rate of +16%.

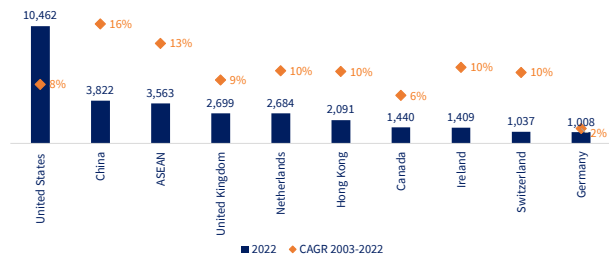


Figure 4. FDI inward stock in the top-10 world economies (billion Dollars), 2022 and CAGR* (% val.), 2003-2022. Source: The European House - Ambrosetti elaboration on UNCTAD data, 2023

9. Looking forward, ASEAN countries are **expected to experience remarkable growth** in coming years, reaching a cumulative GDP growth of **1,963 billion Dollars** by 2028—equivalent to the entire current GDP of Brazil (1,924 billion Dollars), 1.2 times higher than Australia's GDP (1,701 billion Dollars), 1.4 times higher than Spain's GDP (1,404 billion Dollars) and 2 times higher than the Netherland's GDP (994 billion Dollars).



Figure 5. Cumulative ASEAN GDP (billion Dollars), 2022 vs. 2028^e. Source: The European House - Ambrosetti elaboration on IMF data, 2023

Countries competitiveness as measured by The European House - Ambrosetti "Global Attractiveness Index 2023"

10. The Global Attractiveness Index research project was launched in 2016 by The European House - Ambrosetti (TEH-A) to make available to corporate decision-makers, investors and policy-makers an innovative country index that can offer a highly representative and reliable profile of the attractiveness and competitive sustainability of countries and, as a result, **provide dependable information to aid in making system-wide choices about growth and optimization of the pro-business environment.**

11. The GAI measures the attractiveness of a country using a range of primarily quantitative indicators that represent the various aspects of a country's attractiveness, dynamism and sustainability. Specifically, the GAI analyzes attractiveness from a dual perspective:

- **Internal:** the ability to retain resources already present in the area.
- **External:** the ability to attract new resources from the outside.

12. As a result, a country's relative performance is examined in **four areas**: Openness,³ Innovation,⁴ Efficiency⁵ and Endowment.⁶ The GAI is also structured using three different sub-indices:

- Positioning Index (PI).
- Dynamism Index (DI).
- Sustainability Index (SI).

13. The overall goal is to outline a **complete profile of the conditions of a country's economic system**, on the basis of three aspects:

- Static (current situation) – PI.
- Dynamic (short-to-medium term trend) – DI.
- Prospective (potential future evolution) – SI.

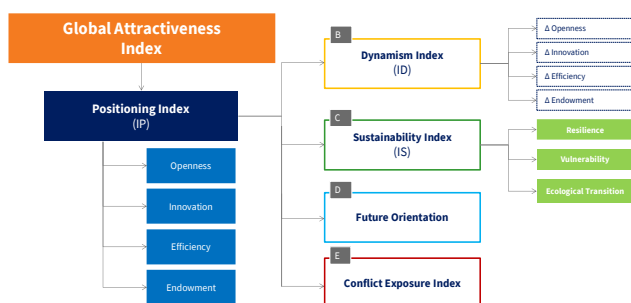


Figure 6. The methodological structure of the Global Attractiveness Index. Source: The European House - Ambrosetti elaboration, 2023

14. The result is a composite and relative index—ranging from min=1 to max=100—based on an **integrated analysis of more than 75 Key Performance Indicators (KPIs) measured over 12 years, comparing 148 countries in the world,⁷ and resulting in a database of more than 1,000,000 data points.**

15. The GAI methodology, already presented to and endorsed by dozens of governments across the world, has been accredited on an international level, specifically by the OECD, and validated by the Joint Research Centre (JRC) of the European Commission through an independent statistical audit.⁸

The performance of ASEAN countries, as measured by the “Global Attractiveness Index 2023”

16. According to the Global Attractiveness Index 2023, ASEAN members are among the **best performing countries in Asia** (of the 22 Asian countries considered⁹).

17. Specifically:

- In 2023, the **cumulative ranking value of the 10 ASEAN countries** reached 352.4 points, recording **+46.4 points** compared to the 2022 cumulative value (+11.9% vs. +5% average increase in Asian countries¹⁰).
- Among Asian countries, **5 out of the top-10 countries** in the GAI Index are from ASEAN: Singapore (4th), Malaysia (7th), Vietnam (8th), Thailand (9th) and Brunei Darussalam (10th).
- **3 ASEAN countries** are in the **top-10** Asian countries for **GAI positions** gained in the last year. Specifically, Lao PDR gained 8 positions, Indonesia 7 positions and Cambodia 3 positions.
- **6 ASEAN countries** are in the **top-10** Asian countries for **GAI ranking value** gained in the last year. Specifically, Myanmar gained 12.0 points, Malaysia 6.6 points, Brunei 5.3 points, Cambodia 5.2 points, Thailand 5.2 points and Vietnam 4.9 points.

18. In addition to the overall positions and scores recorded by ASEAN countries individually, in 2023 the ASEAN region also attained excellent results in the **4 pillars** of the GAI index compared to the previous year. More specifically:

- **5 ASEAN countries** are in the **top-10** Asian countries for positions gained in the **openness pillar** compared to last year. In fact, in 2023, Brunei Darussalam gained 42 positions, Indonesia 36 positions, Cambodia 19 positions, Malaysia 5 positions and Vietnam 2 positions.
- **5 ASEAN countries** are in the **top-10** Asian countries for positions gained in the **innovation pillar** compared to last year. In fact, in 2023, the Philippines gained 13 positions, Myanmar 4 positions, Lao PDR 2 positions, and Indonesia and Vietnam 1 position each.
- **3 ASEAN countries** are in the **top-10** Asian countries for positions gained in the **efficiency**

³ To evaluate the level of openness of a country, the Index considers 5 KPIs related to FDI flows, export+import, foreign tourism, foreign tertiary students and number of migrants.

⁴ To evaluate the level of innovation of a country, the Index considers 5 KPIs related to high-tech sectors employed, export of high-tech goods, technology endowment, scientific publications and Internet users.

⁵ To evaluate the level of efficiency of a country, the Index considers 5 KPIs related to unemployment, logistics performance, total factor productivity, rule of law and tax rate.

⁶ To evaluate the level of endowment of a country, the Index considers 6 KPIs related to total GDP and per capita GDP, gross

fixed capital, natural endowment, tertiary students and PISA test scores.

⁷ Representing about 95% of the world's population and about 99% of global GDP.

⁸ Full methodology and analysis can be found at: www.ambrosetti.eu/en/global-attractiveness-index.

⁹ List of Asian countries considered: Bangladesh, Bhutan, Brunei Darussalam, Cambodia, China, Hong Kong, India, Indonesia, Japan, Rep. of Korea, Lao, Malaysia, Mongolia, Myanmar, Nepal, Pakistan, the Philippines, Singapore, Sri Lanka, Thailand, Timor-Leste and Vietnam.

¹⁰ Excluding ASEAN countries.

pillar compared to last year. In fact, in 2023, Vietnam gained 17 positions, Thailand 11 positions and Singapore 4 positions.

- **4 ASEAN countries** are in the **top-5** Asian countries for positions gained in the **endowment pillar** compared to last year. In fact, in 2023, Brunei Darussalam gained 15 positions, Cambodia 3 positions, and Indonesia and Lao PDR 1 position each.

19. After the presentation of the (static and dynamic) positioning of ASEAN countries considered as a whole, in the following paragraphs the main highlights and scores of the ten ASEAN countries will be presented individually. Specifically, for each country, the Paper will outline:

- the country’s position among the 10 ASEAN countries.
- the country’s position among the 22 Asian countries.
- the country’s position in each pillar (openness, innovation, efficiency and endowment) among the 22 Asian countries.
- the country’s overall position considering specific KPIs.



Figure 7. Map of ASEAN countries (illustrative). The European House - Ambrosetti elaboration, 2023

Brunei Darussalam

20. According to the Global Attractiveness Index 2023, Brunei Darussalam:

- Ranks **5th** out of the 10 countries of the ASEAN region (maintaining the same position as in 2022)—with a relative score of 47.18 (+5.32 points compared to the 2022 score)—in relation to the overall GAI 2023 score.
- Ranks **10th** out of the 22 Asian countries (maintaining the same position as in 2022), in relation to the overall GAI 2023 score.
- Of the 22 Asian countries, ranks 7th considering its endowment level, 7th considering its innovation level, 15th considering its efficiency level and 16th considering its openness level.
- **Ranks 1st in the world for the lowest debt to GDP ratio** (2.10) and presents a significant level of endowment ranking 9th in the world and 2nd in ASEAN—after Singapore—for **per capita Gross National Product** (66,940). Also, Brunei Darussalam is 11th in the world and 2nd in ASEAN—after Vietnam—for the percentage of Gross Fixed Capital Formation (GFCF) to national GDP (31.08%), and 16th in the world and 1st in ASEAN for the natural endowment index (TEH-A)¹¹, with an index of 0.14. In addition, Brunei ranks 17th for the lowest inflation rate (index = 1.74).

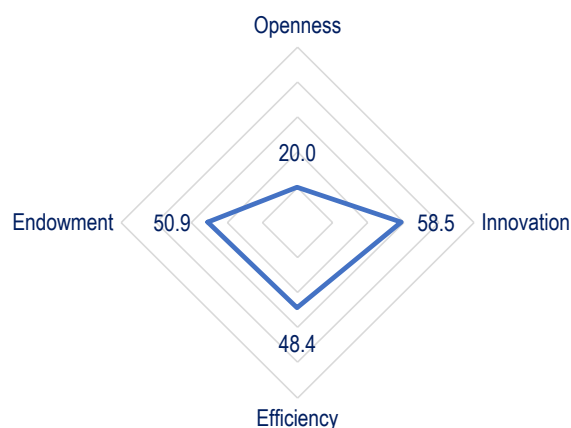


Figure 8. GAI, score for each dimension (1 = min, 100 = max), Brunei Darussalam, 2023. Source: The European House - Ambrosetti elaboration on GAI Index, 2023

¹¹ Composite index elaborated by The European House - Ambrosetti, comprised of the depletion rate of energy and mineral resources.

Cambodia

21. According to the Global Attractiveness Index 2023, Cambodia:

- Ranks **8th** out of the 10 countries of the ASEAN region (maintaining the same position as in 2022)—with a relative score of 27.95 (+5.21 points compared to the 2022 score)—in relation to the overall GAI 2023 score.
- Ranks **18th** out of the 22 countries of the Asian continent (maintaining the same position as in 2022), in relation to the overall GAI 2023 score.
- Of the 22 Asian countries, ranks 12th considering its innovation level, 17th considering its openness level, 19th considering its efficiency level and 21st considering its endowment level.
- **Ranks 2nd in the world for the lowest unemployment rate** (0.40%) and 5th for the **lowest inflation rate** (index=0.12). Furthermore, Cambodia ranks 33rd in the world and 2nd in ASEAN—after Myanmar—for **renewable energy share in the total final energy consumption** (53.36%).

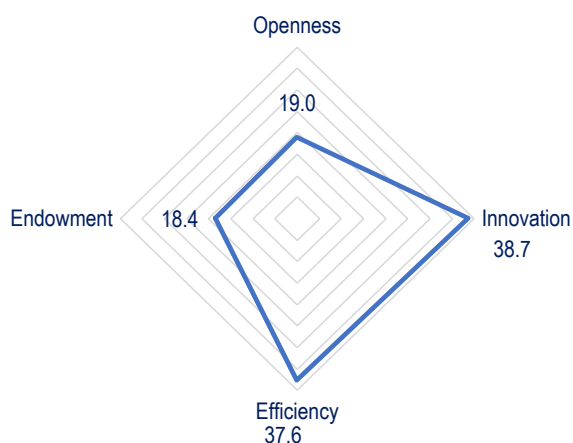


Figure 9. GAI, score for each dimension (1 = min, 100 = max), Cambodia, 2023. Source: The European House - Ambrosetti elaboration on GAI Index, 2023

Indonesia

22. According to the Global Attractiveness Index 2023, Indonesia:

- Ranks **6th** out of the 10 countries of the ASEAN region (same position as in 2022)—with a relative score of 40.52 (+1.66 points compared to the 2022 score)—in relation to the overall GAI 2023 score.
- Ranks **11th** out of the 22 countries of the Asian continent (same position as in 2022), in relation to the overall GAI 2023 score.
- Of the 22 Asian countries, ranks 9th considering its endowment level, 13th considering its openness level, 13th considering its efficiency level and 14th considering its innovation level.
- **Ranks 1st globally in the world giving index**¹² (index=68.00). In addition, Indonesia has a significant level of endowment, ranking 14th in the world and 3rd in ASEAN—after Vietnam and Brunei—for the percentage of **Gross Fixed Capital Formation (GFCF) to national GDP** (30.81%) and 15th in the world for share of national GDP to total global GDP (1%). Finally, Indonesia ranks 23rd for number of scientific publications (1.34%).

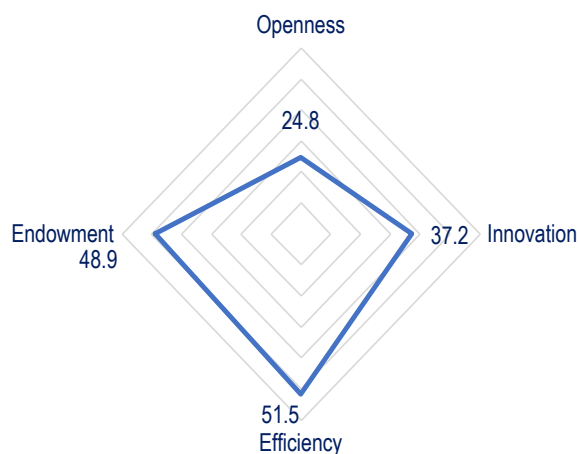


Figure 10. GAI, score for each dimension (1 = min, 100 = max), Indonesia, 2023. Source: The European House - Ambrosetti elaboration on GAI Index, 2023

¹² The World Giving Index (WGI) is an annual report published by the Charities Aid Foundation which provides a global overview of giving trends.

Lao PDR¹³

23. According to the Global Attractiveness Index 2023, Lao PDR:

- Ranks **9th** out of the 10 countries of the ASEAN region (maintaining the same position as in 2022)—with a relative score of 26.32 (+3.62 points compared to the 2022 score)—in relation to the overall GAI 2023 score.
- Ranks **20th** out of the 22 Asian countries, experiencing a loss of competitiveness with respect to 2022 in terms of ranking (ranked 19th), in relation to the overall GAI 2023 score.
- Of the 22 Asian countries, **ranks 1st considering its efficiency level**, 20th considering its openness level, 20th considering its innovation level and 22nd considering its endowment level.
- **Ranks 16th in the world for lowest unemployment rate** (2.60%) and 39th for **corporate tax rate**¹⁴ (20.00%). Moreover, Lao PDR presents good results in ecological transition, ranking 38th in the world and 3rd in ASEAN—after Myanmar and Cambodia—for **renewable energy share in total final energy consumption** (48.43%).

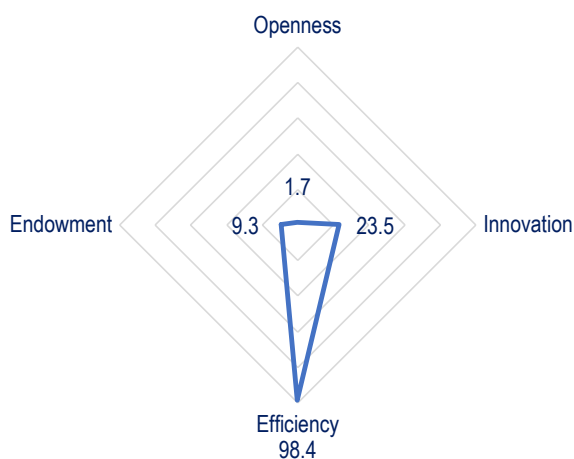


Figure 11. GAI, score for each dimension (1 = min, 100 = max), Lao PDR, 2023. Source: The European House - Ambrosetti elaboration on GAI Index, 2023

Malaysia

24. According to the Global Attractiveness Index 2023, Malaysia:

- Ranks **2nd** out of the 10 countries of the ASEAN region (maintaining the same position as in 2022)—with a relative score of 58.29 (+6.61 points compared to the 2022 score)—in relation to the overall GAI 2023 score.
- Ranks **7th** out of the 22 Asian countries (maintaining the same position as in 2022), in relation to the overall GAI 2023 score.
- Of the 22 Asian countries, ranks 6th considering its innovation level, 7th considering its openness level, 7th considering its efficiency level and 14th considering its endowment level.
- **Has excellent results in the efficiency level, ranking 5th in the world and 2nd in ASEAN—after Singapore—in the liner shipping connectivity index**¹⁵ (index=98.68) and 9th for **growth of total factor productivity** (3.19). Moreover, Malaysia ranks 9th in the world and 3rd in ASEAN—after Singapore and Vietnam—for **percentage of export of high-tech goods** (3.25%).

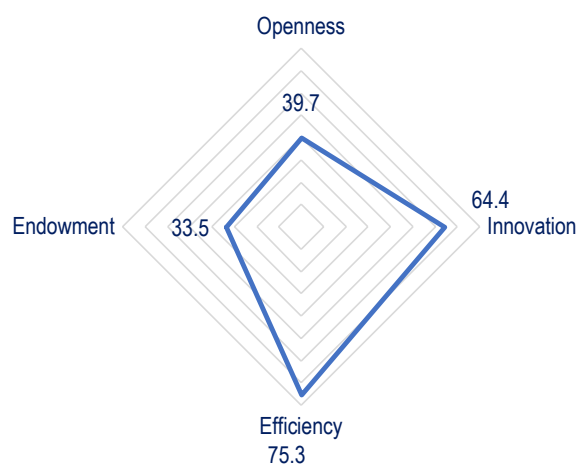


Figure 12. GAI, score for each dimension (1 = min, 100 = max), Malaysia, 2023. Source: The European House - Ambrosetti elaboration on GAI Index, 2023

¹³ The high ranking in the efficiency area is also due to low data coverage equal to 68.2%.

¹⁴ Considered as a percent of commercial profits, it is an index derived from the Tax Foundation database.

¹⁵ The Liner Shipping Connectivity Index (LSCI) is published annually by the World Bank and measures how well countries are connected to global shipping networks by measuring liner shipping connectivity.

Myanmar¹⁶

25. According to the Global Attractiveness Index 2023, Myanmar:

- Ranks **10th** out of the 10 countries of the ASEAN region (maintaining the same position as in 2022)—with a relative score of 13.02 (+12.02 points compared to the 2022 score)—in relation to the overall GAI 2023 score.
- Ranks **22nd** out of the 22 Asian countries (maintaining the same position as in 2022), considering the overall GAI 2023 score.
- Of the 22 Asian countries, ranks 18th considering its endowment level, 19th considering its innovation level, 22nd considering its openness level and 22nd considering its efficiency level.
- **Ranks 5th globally in the world giving index (index=52.00) and 16th for the percentage of Gross Fixed Capital Formation (GFCF) to national GDP (29.97%).** Moreover, it has good results in the sustainability field, ranking 30th in the world and 1st in ASEAN for **lowest percentage of CO₂ emissions (0.68%),** and 32nd in the world and 1st in ASEAN for renewable energy share in total final energy consumption (57.85%).

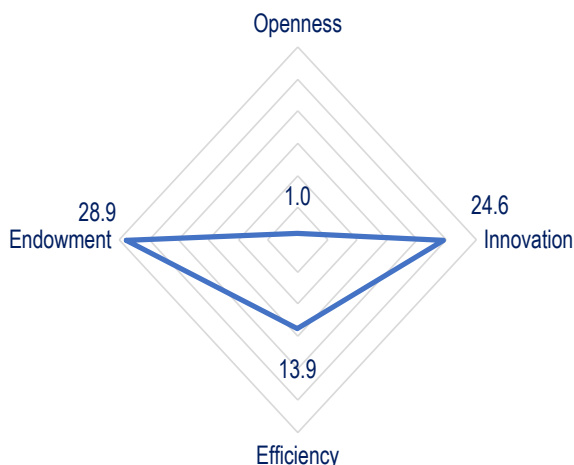


Figure 13. GAI, score for each dimension (1 = min, 100 = max), Myanmar, 2023. Source: The European House - Ambrosetti elaboration on GAI Index, 2023

The Philippines

26. According to the Global Attractiveness Index 2023, the Philippines:

- Ranks **7th** out of the 10 countries of the ASEAN region (maintaining the same position as in 2022)—with a relative score of 37.44 (+3.66 points compared to the 2022 score)—in relation to the overall GAI 2023 score.
- Ranks **14th** out of the 22 Asian countries, experiencing a loss of competitiveness with respect to 2022 in terms of ranking (ranked 13th), considering the overall GAI 2023 score.
- Of the 22 Asian countries, ranks 9th considering its openness level, 10th considering its endowment level, 16th considering its efficiency level and 18th considering its innovation level.
- **Has outstanding results in the academic field, ranking 8th in the world and 1st in ASEAN for percentage of graduates in the world (2.01%) and in the efficiency pillar, ranking 11th for the lowest unemployment rate (2.20%).**

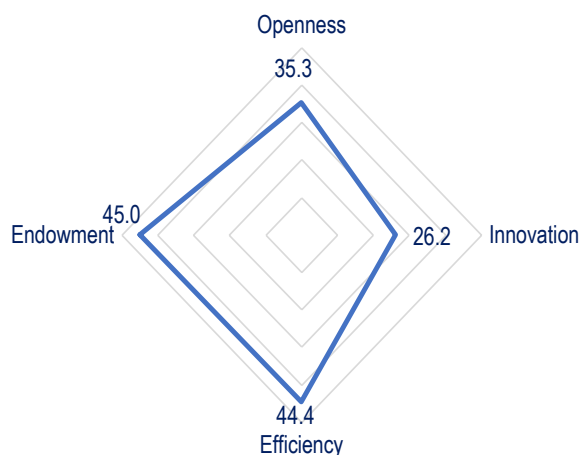


Figure 14. GAI, score for each dimension (1 = min, 100 = max), the Philippines, 2023. Source: The European House - Ambrosetti elaboration on GAI Index, 2023

¹⁶ Data coverage = 63.6%.

Singapore

27. According to the Global Attractiveness Index 2023, Singapore:

- Ranks **1st** out of the 10 countries of the ASEAN region (maintaining the same position as in 2022)—with a relative score of 80.99 (-1.76 points compared to the 2022 score)—in relation to the overall GAI 2023 score.
- Ranks **4th** out of the 22 Asian countries, experiencing a loss of competitiveness with respect to 2022 in terms of ranking (ranked 5th), in relation to the overall GAI 2023 score.
- Of the 22 Asian countries, ranks **1st** considering its openness level, **2nd** considering its efficiency level, **5th** considering its innovation level and **5th** considering its endowment level.
- **Has outstanding results in terms of global openness ranking 4th for flows of inward+outward FDI (7.62%) and 6th for percentage of foreign university students (0.96%).** It also shows excellent performance in innovation, ranking 5th in the world and 1st in ASEAN for **percentage of export of high-tech goods (4.83%)**. Furthermore, Singapore ranks 1st globally for **per capita Gross National Product (102,450)** and 3rd in the **liner shipping connectivity index (index=110.86)**, reporting excellent results in both efficiency and endowment level.

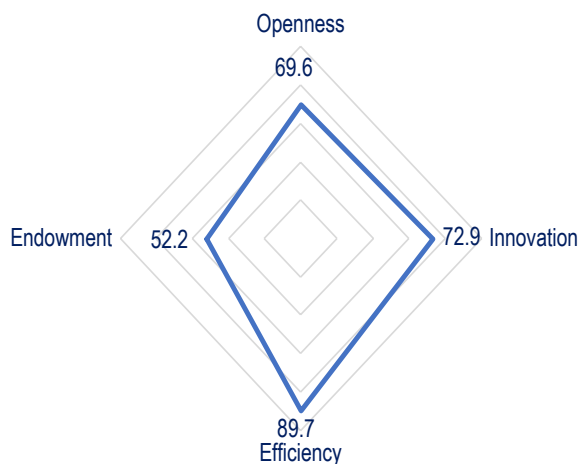


Figure 15. GAI, score for each dimension (1 = min, 100 = max), Singapore, 2023. Source: The European House – Ambrosetti elaboration on GAI Index, 2023

Thailand

28. According to the Global Attractiveness Index 2023, Thailand:

- Ranks **4th** out of the 10 countries of the ASEAN region (maintaining the same position as in 2022)—with a relative score of 49.69 (+5.18 points compared to the 2022 score)—in relation to the overall GAI 2023 score.
- Ranks **9th** out of the 22 Asian countries, (maintaining the same position as in 2022), in relation to the overall GAI 2023 score.
- Of the 22 Asian countries, ranks 6th considering its openness level, 10th considering its innovation level, 11th considering its efficiency level and 16th considering its endowment level.
- **Is characterized by a high-level of efficiency,** ranking 4th in the world and 2nd in ASEAN—after Cambodia—for the **lowest unemployment rate (0.90%)** and 3rd in the world for **working poverty rate (0.10%)**. Moreover, it ranks 16th in the world for percentage **export of high-tech goods (1.31%)**.

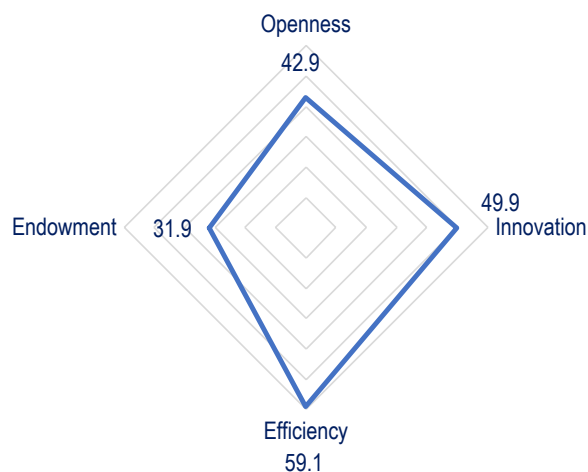


Figure 16. GAI, score for each dimension (1 = min, 100 = max), Thailand, 2023. Source: The European House – Ambrosetti elaboration on GAI Index, 2023

Vietnam

29. According to the Global Attractiveness Index 2023, Vietnam:

- Ranks **3rd** out of the 10 countries of the ASEAN region (maintaining the same position as in 2022)—with a relative score of 51.95 (+4.85 points compared to the 2022 score)—in relation to the overall GAI 2023 score.
- Ranks **8th** out of the 22 Asian countries, (maintaining the same position as in 2022), in relation to the overall GAI 2023 score.
- Of the 22 Asian countries, ranks 8th considering its innovation level, 10th considering its openness level, 10th considering its efficiency level and 12th considering its endowment level.
- **Ranks 8th in the world and 2nd in ASEAN—after Singapore—for percentage of export of high-tech goods (3.28%), 9th in the world for the lowest unemployment rate (1.90%), 9th for Gross Fixed Capital Formation (GFCF) to national GDP (index=31.68), 12th in the liner shipping connectivity index (index=77.47) and 14th for percentage of graduates in the world (1.27%).**

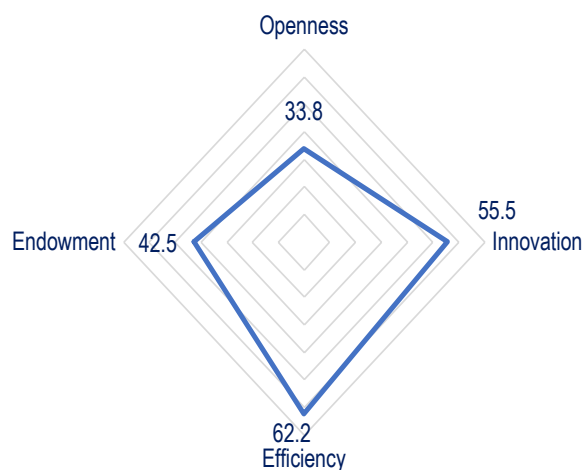


Figure 17. GAI, score for each dimension (1 = min, 100 = max), Vietnam, 2023. Source: The European House - Ambrosetti elaboration on GAI Index, 2023