

Major Challenges to Economic Growth and ASEAN's Programs

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Endogenous Growth Framework

Economic growth depends on the quantity
as well as quality of inputs

Note: Some of the ideas were culled from the 7th
Meeting of the International Policy Advisory Group of
the Asian Development Bank.

Categories of Major Challenges

- Factors of Production
- Macroeconomic Stability
- Sustainability

Factors of Production

- **Investment in physical infrastructure**
 - Developing Asia: USD8 trillion requirement between 2010 and 2020
 - Chronic fiscal crisis, especially advanced economies
 - Public private partnerships
 - Will AIIB provide a significant boost?

Factors of Production

- **Innovation**

- Main long-term driver of economic growth
- Need to balance IPR protection and access for developing countries

- **Skills upgrading**

- Job-skills mismatch
- Closer coordination among academe, government, and private sector
- Promote TVET

- **Quality of Education**

- Nurturing innovative thinkers and managers who can address complex issues and develop creative solutions.

Macroeconomic Stability

- **Financial Sector stability**
 - Disruptive asset price shifts in financial markets
 - Volatile capital flows
 - Tendency for boom-bust cycles
 - Further strengthen financial regulation and supervision
 - Clearer role for capital account regulations
 - Sovereign debt workout mechanisms
 - Promote regional cooperation, e.g. CMIM

Macroeconomic Stability

- **Narrow fiscal space**

- Impact of ageing populations
- Need to maintain macroeconomic stability
- Lack of public goods (e.g. undercapitalization of World Bank)

- **Policy Coordination**

- Global macroeconomic imbalances
- Reduce reliance on accumulation of foreign exchange reserves
- Address financial sector instability

Sustainability

- **Environmental Management**
 - Climate change: mitigation and adaptation

- **Inequality and Social Cohesion**
 - Inclusive growth

Sustainability

- **Rebalancing and product diversification**
 - Leads to new sources of economic growth. E.g. Philippines → modest shift towards investment and manufacturing
- **Demographic winter in many countries**
 - Migration policy

ASEAN Programs

- Master Plan for ASEAN connectivity
 - ASEAN Highway Network
 - Integrated and Competitive Maritime Transport in ASEAN
 - ASEAN Single Aviation Market
- Cooperation in education - ASEAN Quality Assurance Network, ASEAN Universities Network
- Intra-regional migration - ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers; 8 MRAs have been concluded

ASEAN Programs

- **Financial Cooperation**

- CMIM, AMRO
- Roadmap for Monetary and Financial Integration of ASEAN
- ASEAN Financial Integration Framework

- **SME development** (rebalancing and inclusiveness)

- Strategic Action Plan for ASEAN SME Development 2010-2015
- ASEAN Benchmark for SME Credit Rating
- Methodology, the SME Service Centre, the ASEAN SME Policy Index and the ASEAN
- Common Curriculum for Entrepreneurship.

ASEAN Programs

- Environment – ASEAN Environmental Cooperation in 10 priority areas
- Overall goal of AEC: (a) a single market and production base, (b) a highly competitive economic region, (c) a region of equitable economic development, and (d) a region fully integrated into the global economy.

감사합니다

Maraming Salamat!!!

Terima Kasih

ขอบคุณครับ

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Cảm ơn rất nhiều

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謝謝你。

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THANK YOU !!!