

# TEN as ONE: Challenges & Opportunities for ASEAN Integration



United Nations Economic & Social Commission for Asia & the Pacific  
Bangkok, 2007

## Acknowledgements

This report was prepared through an Inter-Divisional endeavour of the ESCAP secretariat involving staff members of all substantive Divisions under the guidance of Ms. Noeleen Heyzer, Under-Secretary-General of the United Nations and Executive Secretary of ESCAP, with the support of Nanda Krairiksh and San Yuenwah.

### *Research Team Coordinator*

Pietro Gennari, supported by Eric Hermouet and other staff members of the Statistics Division of ESCAP

### *Research Team (alphabetical order)*

Shuvojit Banerjee

Clovis Freire

Hongpeng Liu

Mia Mikic

Sangmin Nam

Richard Alexander Roehrl

Aneta Slaveykova

Jan Smit

Seiffe Tadesse

Srinivas Tata

Kioe Sheng Yap

### *Printing*

Conference Management Unit

### *Editor*

Orestes Plasencia

### *Graphic Design*

Marie Ange Sylvain-Holmgren

---

This report is mainly based on data available with the Statistics Division of ESCAP.

The designations employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area of its authorities, or concerning the delimitation of its frontiers or boundaries.

The opinions, figures and estimates set forth in this publication are the responsibility of the authors and should not necessarily be considered as reflecting the views or carrying the endorsement of the United Nations.

Mention of firm names and commercial products does not imply the endorsement of the United Nations.

This document has not been formally edited.

# TABLE OF CONTENTS

<b>Executive summary</b>	<b>1</b>
<b>1. Introduction</b>	<b>5</b>
<b>2. Challenges for ASEAN integration</b>	<b>9</b>
2.1. <i>Disparities in development outcomes</i>	<b>9</b>
2.2. <i>Disparities in data availability and data access</i>	<b>20</b>
2.3. <i>Governance gaps</i>	<b>25</b>
<b>3. From cooperation to integration</b>	<b>31</b>
3.1. <i>Investment and financial flows</i>	<b>31</b>
3.2. <i>Trade integration</i>	<b>33</b>
3.3. <i>Management of international migration flows</i>	<b>35</b>
3.4. <i>Control of communicable diseases and their spread across borders</i>	<b>40</b>
3.5. <i>Environmental sustainability</i>	<b>42</b>
3.6. <i>Energy security</i>	<b>43</b>
3.7. <i>Information infrastructure</i>	<b>45</b>
3.8. <i>Transport infrastructure</i>	<b>50</b>
<b>4. Conclusions and recommendations</b>	<b>57</b>
<b>References</b>	<b>61</b>
<b>Disparities indicator tables</b>	<b>63</b>
<b>ESCAP projects involving ASEAN countries</b>	<b>67</b>

# Executive

---

## Summary

The Association of Southeast Asian Nations (ASEAN) so far has been the most successful regional organization in Asia and the Pacific. However, to fulfil its aspiration of regional integration, ASEAN has to address the wide, and sometimes growing, disparities between (as well as within) its member countries. This report is the outcome of a study conducted by the secretariat of the Economic and Social Commission for Asia and the Pacific (ESCAP) to coincide with the 13th ASEAN Summit. It looks, first, at the development gaps among ASEAN member countries and shows that they impede the area's future as an integrated region. The report then evaluates ongoing initiatives for regional cooperation and identifies where these need to be strengthened and broadened in order to narrow the development gaps.

## Challenges for ASEAN integration

Despite good economic growth in the ASEAN region, large disparities in development outcomes between countries remain. Especially stark are the differences in health, economic and IT connectivity achievements. The child and maternal mortality rates of Cambodia, the Lao People's Democratic Republic and Myanmar, for example, are between 11 and 47 times higher than those of Singapore. Similarly, the GDP per capita and labour productivity of Singapore is on par with developed countries, and three times as high as that of the next ranking ASEAN country on these scores, Malaysia. The GDP per capita and labour productivity of the poorer countries, Cambodia, the Lao People's Democratic Republic, Myanmar and Viet Nam, is a mere tenth or less of Singapore's levels. The per capita use of mobile phones and the Internet in Cambodia and the Lao People's Democratic Republic is just one-hundredth of Singapore's use.

These numbers would present an even gloomier picture if all countries of the region were able to produce reliable and timely data for the most basic statistical indicators. The Lao People's Democratic Republic and Myanmar stand out as having the lowest availability of data for the indicators discussed in this report, scoring particularly low on the World Bank statistical capacity index, and not having subscribed to the IMF General Data Dissemination System (GDDS). Myanmar, furthermore, is the only ASEAN country that has not yet started to formulate a national statistical development strategy (NSDS), whereas all other member countries have such a strategy in place or are in the process of finalizing it.

Good quality statistical data is a vital precondition for good governance, which is another main challenge to ASEAN's regional integration. On this score, ASEAN's overall performance is far from impressive. All ASEAN countries, for example, rank amongst the bottom half of all countries of the world on the ability of their citizens to select their government and to engage in freedom of expression and association. Cambodia and the Lao People's Democratic Republic rank amongst the bottom quintile of all countries on the effectiveness of their governments, rule of law and the control of corruption; the Lao People's Democratic Republic also does so on the quality of its policies and regulations. Myanmar, in the meanwhile, ranks amongst the bottom five per cent of all countries on all these dimensions; it is even last on "voice and accountability".

True regional integration will require all countries to achieve minimum standards of economic and social development, guided by international agreed development goals and principles, including those contained in the United Nations Millennium Declaration. The benefits of economic and social development by ASEAN countries therein need to be shared. Similarly, the ability of future generations to meet their needs should not be compromised.

## From cooperation to integration

The present report identifies several areas where current ASEAN cooperation initiatives need to be strengthened and transformed into genuine integration mechanisms to make a real difference:

*Investment and financial flows.* Current ASEAN investment policies suffer from insufficient assistance to poorer countries to reduce socio-economic disparities. ASEAN financial cooperation policies have not been sufficiently focused on addressing the challenges of poorer member countries, such as financing development and crisis prevention. Narrowing the wide development gaps amongst ASEAN members is a condition for poorer ASEAN countries to benefit from ongoing initiatives to establish stable and supportive financial flows systems for development.

*Trade integration.* Trade will remain the backbone of ASEAN's integration. The ASEAN Free Trade Area is close to completion and tariffs have been significantly reduced. Furthermore, considerable progress has been made under ASEAN Framework Agreement on Trade in Services. However, the expansion of trade and investment flows has been mainly market-driven. Transforming 10 ASEAN markets into an integrated market to allow for free movements of goods and services requires policies that go beyond current trade and investment liberalization. The focus should be on policies enhancing the locational advantages of the region by lowering the costs of cross-border transactions, including elimination of non-tariff barriers, closer cooperation on competition rules, trade and facilitation measures, standards, financial rules, and consumer protection initiatives.

*Management of international migration flows.* As it moves toward greater economic integration, ASEAN has attached growing importance to cross-border human mobility. The economic benefits from migration to several ASEAN countries are clouded by concerns over social costs and unintended consequences of migration policies. ASEAN should promote a regional strategy for managing migration that addresses all forms of population movements in a coordinated and integrated manner. The migration-development nexus and the role of remittances in poverty reduction as well as gender dimensions of migration in ASEAN should also be addressed.

*Control communicable diseases and their spread across borders.* Development of effective drugs and vaccines and making them available at an affordable cost to all sections of the population is an essential component of communicable disease control. The ASEAN region could cooperate more closely in promoting affordable access to drugs by: 1) sharing local technical expertise and utilizing flexibilities available within intellectual property laws; and 2) enhancing research and manufacturing capabilities for new medicines. Efforts also must be made to work with countries in the region with limited financial and human resources in the health sector to build the political will for according importance to health, and also to direct financial and training resources to strengthening health systems.

*Energy security.* The current volatility of oil prices has caused major uncertainty in ASEAN. Effective ways to ensure energy security include diversifying energy resources and supply, and building strategic oil reserve to serve in times of an unforeseen supply crisis. Expediting the implementation of the ASEAN Power Grid and the Trans-ASEAN Gas Pipeline (TAGP) projects with linkages to other regional initiatives such as the Trans-Asian Energy System (TAES), and the creation of an ASEAN Energy Investment Facility to assist infrastructure development, would also further enhance energy security.

*Information infrastructure.* There are many opportunities for a strong ASEAN ICT sector as the world ICT market continues to grow steadily. To enhance its competitiveness, ASEAN should expedite the integration of the ICT sector. ASEAN should also call for a strong commitment of member countries to narrow their internal digital divides. An integrated ASEAN ICT sector would require integrated policies and regulations on the use of ICT, a regional physical infrastructure that includes adequate internet connectivity, a pool of skilled ICT professionals and an integrated ICT labour market.

*Transport infrastructure.* An ASEAN integrated transport network is needed to support ASEAN integration. However, insufficient progress has been made to develop such a network. Lessons learned from cross-border transport projects in recent years have shown that 1) governments need to play a larger role, even in projects that are primarily private sector-driven; 2) they require formal or informal institutional arrangements to reduce risk or conflict; and 3) a fair system of distribution is needed, when costs and benefits between different groups vary dramatically.

## Recommendations towards ASEAN integration

The present report emphasizes that the persistence of development gaps among ASEAN member countries is unsustainable for ASEAN's future effectiveness. True regional integration will require all countries to achieve minimum standards of economic and social development. Without such development, ASEAN integration will lead to clear winners and losers, with poverty and inequality increasing between members as well as within member countries. Three key areas are outlined in which initiatives may be undertaken by ASEAN in order to narrow these development gaps and fulfill the aspirations for ASEAN integration:

**Governance:** Adequate decision-making in government, civil society and the private sector on political, economic, social and environmental issues requires minimum standards of governance, including transparency and access to reliable information and data.



**Cohesion policy:** The ASEAN vision on the new freedoms of movement will only be sustainable if supported by a cohesion policy aimed at diminishing the development gaps between winners and losers of the integration process. The policy requires financial transfers for social, economic and environmental development.

**Trans-ASEAN networks:** As the backbone for the envisaged freedom of movement, network infrastructures and services in transport, ICT, energy, and water are needed that reflect a regional rather than a national perspective. Trans-ASEAN networks are especially important because of wide inter-country disparities in development outcomes.

Eight main recommendations for strengthening governance, cohesion policy and intra-regional networks in ASEAN are proposed:

1. **Ensure adherence to international norms and standards in governance and social protection.** Stronger commitment by member countries is required in ensuring control of corruption, regulatory quality, political stability, rule of law, and voice and accountability.
2. **Adapt and modify current institutions to give them financial independence and legal identity with enforceable power.** A “subsidiary” principle could be adopted to ensure that both new and existing institutions have more effective governing power, without the need of establishing supranational institutions.
3. **Ensure that the legal and institutional environment is supportive of objective and reliable statistics.** The Statistical Law should ensure that the national statistical system is truly independent from political interference and statistics are compiled professionally and on an impartial basis.
4. **Increase funding for statistics.** ASEAN members with a weak statistical system should invest more in it to provide timely and reliable statistical information on the status of the economy, society and environment, so that policies can be appropriately targeted and efficiently implemented.
5. **Expedite the integration of the Trans-ASEAN network.** Stronger efforts are needed to create highly efficient regional networks for physical infrastructure services and financial integration. These should take into account economic, social and environmental sustainability considerations.
6. **Maintain outward orientation by adopting a “first deepen, then widen” approach to regional integration.** Enlarging the number of bilateral agreements leads to fragmentation instead of facilitating integration. Disparities between member countries should also be reduced to strengthen the negotiating power of ASEAN as a block, both vis-à-vis large trading partners and in the multilateral arena.
7. **Provide direct financial assistance to poorer countries.** Financial assistance is required to enable the poorer countries to benefit from the opportunities offered by regional integration. These countries require additional support to provide social and economic resources to their citizens to benefit from increased openness to investment and trade.
8. **Strengthen the system of social safety nets and protection mechanisms.** Member countries and groups therein that are adversely affected by the deepening and widening of integration should be compensated. ASEAN could consider formulating a covenant on social protection which could provide the basis for expanding its accessibility and financing as well as strengthening its solidarity components.

# 1. Introduction

In January 2007, the ASEAN Secretariat issued a note<sup>1</sup> stating that ASEAN “is one of the most successful regional organizations, and is deepening its integration efforts in all fronts”. It also noted, however, that ASEAN is facing many new challenges, including the need to narrow the development gaps among its member countries, and that it must address these challenges to remain relevant. Since the ASEAN Summit meeting in Kuala Lumpur in December 2005, an Eminent Persons Group and a High-Level Task Force have worked on the drafting of a charter for ASEAN.

This charter will place ASEAN in a better position to overcome the challenges described above. It offers an opportunity for ASEAN to take stock of its achievements and shortcomings, to reaffirm its relevance and to forge a new path for its integration. The leaders of the 10 ASEAN countries will sign the charter at their Summit Meeting in Singapore in November 2007. Although the exact text of the charter has not yet been made public, it is clear that it will promote greater cooperation and integration among the member countries.

Since its inception, the mandate of ESCAP has been to promote regional cooperation for the economic and social development of its member States. In an effort to reinvigorate its role in the vast and diverse Asia-Pacific region, ESCAP intends to work increasingly using a subregional approach, including through subregional organizations, which are playing an ever more important role in defining political agendas in Asia and the Pacific. With the aim of promoting inclusive and sustainable economic and social development, ESCAP will be reaching out to these actors in new ways, in particular by conducting strategic analyses of persistent and emerging issues, which can serve as inputs into regional and subregional policy dialogues.

The present report is the outcome of a study conducted by the ESCAP secretariat to coincide with the 13th ASEAN Summit, to be held from 18 to 22 November 2007 in Singapore. It reaffirms the observation of the ASEAN Secretariat that ASEAN is one of the most successful regional organizations, but it also stresses the need for ASEAN to narrow the development gaps among its members, through mutual assistance and cooperation, for the benefit of the citizens of all 10 countries. From its inception in 1967, ASEAN has emphasized its commitment to justice and the rule of law and its adherence to the principles of the Charter of the United Nations.<sup>2</sup>

---

<sup>1</sup> ASEAN Secretariat, A New ASEAN, <http://www.aseansec.org/19742.htm>.

<sup>2</sup> ASEAN, The ASEAN Declaration (Bangkok Declaration), Bangkok, 8 August 1967.



In its assessment of the achievements and development gaps of ASEAN, ESCAP is guided by internationally agreed development goals and principles, notably the following:

- ❑ Universal Declaration of Human Rights<sup>3</sup> (10 December 1948)
- ❑ International Covenant on Civil and Political Rights<sup>4</sup> (23 March 1976)
- ❑ International Covenant on Economic, Social and Cultural Rights<sup>5</sup> (3 January 1976)
- ❑ Convention on the Elimination of All Forms of Discrimination Against Women<sup>6</sup> (3 September 1981)
- ❑ Fundamental Principles of Official Statistics<sup>7</sup> (15 April 1994)
- ❑ United Nations Millennium Declaration<sup>8</sup> (8 September 2000)

The Millennium Declaration states: “We consider certain fundamental values to be essential to international relations in the twenty-first century. These include freedom, equality, solidarity, tolerance, respect for nature, and shared responsibility.” In order to translate these shared values into action, the Millennium Declaration identifies key objectives, including peace, security and disarmament; development and poverty eradication; protection of the common environment; human rights, democracy and good governance. The Millennium Development Goals were developed as a monitoring framework with 18 quantitative targets and 48 indicators to measure the progress towards the objectives of development and poverty eradication.

The many achievements of ASEAN notwithstanding, the present report notes serious development gaps between the member countries of ASEAN and argues that these disparities need to be bridged urgently to prevent losers of the integration process from being permanently left behind. ESCAP believes that, in the long run, uneven development is unsustainable, as instabilities resulting from disparities will spill across borders into neighbouring countries, involving the movement of displaced people and the transformation of border areas into conflict zones, destabilizing wider areas of the region. Nor is it sustainable to build “firewalls” to contain instabilities rather than addressing root causes.

Greater regional cooperation aimed at reducing development gaps will benefit all countries, as it would enhance the functioning and sustainability of the partnerships between the member States. It will also enable the region as a whole to become collectively more competitive in the global economy, which increasingly hinges on the free flow of goods, services, capital, people and ideas as well as the benefits resulting from this free flow. The failure to address instabilities will obstruct this flow and structurally inhibit the competitiveness of the regional producers in the global economy.

Regional cohesion that bridges development gaps between and within member States will require substantial transfers of resources in the form of investments in economic, social and environmental development, including the development of local infrastructure as part of regional networks. Modalities for such investments need to be discussed and agreed upon, not merely through bilateral arrangements that already exist between various countries, but through more significant, collective processes.

---

<sup>3</sup> General Assembly resolution 217 A (III).

<sup>4</sup> See General Assembly resolution 2200 A (XXI), annex.

<sup>5</sup> Ibid.

<sup>6</sup> General Assembly resolution 34/180, annex.

<sup>7</sup> See *Official Records of the Economic and Social Council, 1994, Supplement No. 9 (E/1994/29)*, chap. V, para. 59.

<sup>8</sup> See General Assembly resolution 55/2 of 8 September 2000.

One possibility that needs to be explored is the establishment of ASEAN-wide funds, specifically earmarked for regional equalization policies. State and non-State bodies in partner countries could then apply to access such funds for collaborative projects. Approval of collective assistance for collaborative projects from such funds must be guided by United Nations and international values and standards. In this way, ASEAN member States can work together to achieve United Nations standards and benchmarks already agreed by the international community.

ASEAN leaders have declared that “ASEAN must remain cohesive with strong institutions and responsive policies for regional community building”. Collective and constructive engagement will enable the organization to achieve its goal of attaining regional cohesion with strong institutions and responsive policies for regional community building. The development of such a regional cohesion policy needs to incorporate international benchmarks for enhanced equality upon which ASEAN members have agreed.

Key policies, institutions and financing arrangements have to be put in place, similar to those in the European Economic Community in the early 1990s, the only other geographic area where the free movement to which ASEAN leaders aspire has been achieved. Although supranational institutions, per se, will not be required, what is necessary is the following:

(a) *Good governance*: Adequate decision-making in government, civil society and the private sector on political, economic, social and environmental issues requires minimum standards of governance, including transparency and access to reliable information and data;

(b) *Cohesion policy*: The ASEAN vision of the new freedoms of movement will only be sustainable if supported by a cohesion policy aimed at diminishing the development gaps between winners and losers in the process. The policy requires financial transfers for social, economic and environmental development;

(c) *Trans-ASEAN networks*: As the backbone for the envisaged freedom of movement, network infrastructures and services in transport, ICT, energy, and water are needed that reflect a regional rather than national perspective. Trans-ASEAN networks are especially important because of wide intercountry disparities in development outcomes.

The present report has four chapters. The next chapter will analyse the main gaps existing between ASEAN countries in development outcomes, data availability, and governance. The third chapter will review the ongoing initiatives by ASEAN for regional cooperation and analyse their strengths and weaknesses, as well as the opportunities they bring and the threats they encounter. The fourth chapter concludes with a set of key policy recommendations.





## 2. Challenges for

---

# ASEAN Integration

In today's world, economic growth and social development cannot be separated from environmental sustainability or good governance. Economic growth provides the resources for social development, while social development supports economic growth. Neither can be sustained unless the environment and the natural resources are protected and preserved. Good governance is the glue that links these three development dimensions.

This section analyses the main differences between ASEAN countries in the economic, social and environmental fields, in data availability and access and in governance. Both the recent status and trends in disparities since the early 1990s are evaluated.

### 2.1. Disparities in development outcomes

#### *Economic growth since 1990*

The first half of the 1990s was a period of strong growth in the ASEAN region, during which the economies of Indonesia, Malaysia, Singapore, Thailand and Viet Nam grew, on average, 6 per cent or more annually. The region as a whole was hit hard, however, by the Asian financial crisis of 1997-98. The economies of Indonesia and Thailand contracted during the second half of the decade, while those of Malaysia and Singapore in particular, but also Viet Nam, grew at a much slower pace. The early years of the millennium have seen steady economic growth in the aforementioned countries, but at a slower pace than the early 1990s, with the exception of Viet Nam.

The growth paths of the remaining ASEAN members have been rather different. Although benefiting from high oil prices in recent years, the economy of Brunei Darussalam is smaller in 2006 than it was in 1990. Alone among the ASEAN founding members, the Philippines did not benefit from the boom of the early 1990s; the country's economy actually declined during that period. Although its growth rates have picked up somewhat since the mid-1990s, the average annual growth rate in the Philippines during the last decade and a half has been an anaemic 1.5 per cent, the second lowest in the ASEAN region after Brunei Darussalam (Table 2.1).

**Table 2.1 Economic growth rates in ASEAN countries, 1990-2006**

	1990-95	1995-2000	2000-05	2006	1990-2006
Brunei Darussalam (BRN)	-1.1	0.1	-0.2	1.5	-0.3
Cambodia (KHM)	3.1	4.8	7.2	5.4	5.0
Indonesia (IDN)	6.2	-0.7	3.3	4.3	3.0
Lao PDR (LAO)	3.5	3.9	4.6	5.5	4.1
Malaysia (MYS)	6.7	2.3	2.5	4.0	3.8
Myanmar (MMR)	4.3	7.1	11.8	6.1	7.6
Philippines (PHL)	-0.1	1.5	2.5	3.3	1.4
Singapore (SGP)	5.9	3.4	2.5	6.5	4.1
Thailand (THA)	7.4	-0.6	4.3	4.3	3.7
Viet Nam (VNM)	6.0	5.3	6.0	6.3	5.8

The member countries that joined ASEAN after 1996, Cambodia, the Lao People's Democratic Republic and Myanmar, were for various reasons rather insulated from the globalizing world at the beginning of the 1990s. Following the peace settlement and elections in 1993, the economy of Cambodia has grown at average annual rates higher during each successive half-decade. The growth experience of the Lao People's Democratic Republic and Myanmar has been similar. Myanmar is the only country in the ASEAN region with an average annual economic growth rate of over 7 per cent since 1990.

It should be noted, however, that the large discrepancy between official and unofficial foreign exchange rates and the weakness of the country's statistical system makes a true assessment of Myanmar's growth performance difficult. This is reflected in the wide variation in estimates of the country's GDP growth rate in recent years. The 2005 estimate, for example, of IMF was 13.2 per cent, of ADB 12.2 per cent and of the Economist Intelligence Unit 5.2 per cent. The issue of data availability and comparability is discussed in detail in the next section of this chapter.

The remainder of this chapter will argue that despite good economic growth in the ASEAN region on average since 1990, and although most poorer members have grown at least as rapidly as the richer ones, there are still large disparities in development outcomes between countries. Quick evidence for this is provided in figure 1, which shows, through the Gini index, inequality<sup>9</sup> between ASEAN countries in 1990 (or the nearest year since) and 2006 (or the nearest year before) for a series of economic, poverty, education, gender, health, environment, energy and IT and physical infrastructure indicators.<sup>10</sup>

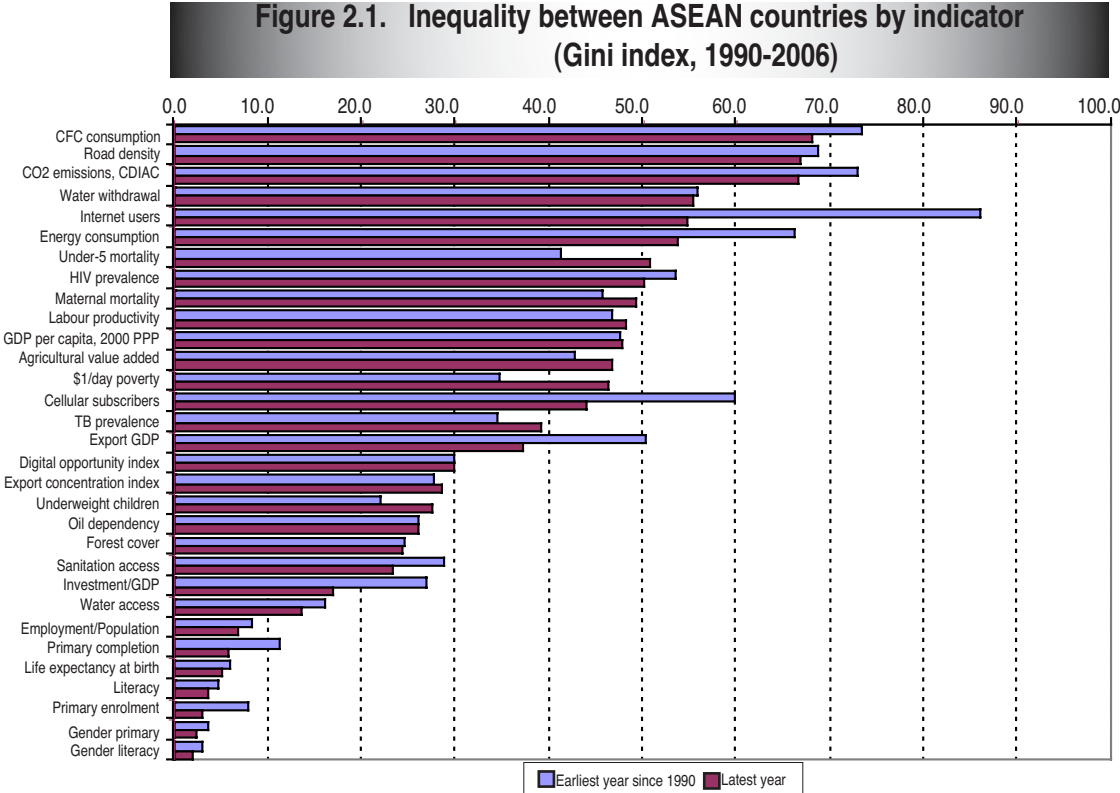
The largest disparities are found for some environmental indicators (such as CFC consumption, CO<sub>2</sub> emissions, water withdrawal, per capita energy consumption) and health indicators (as under-5 mortality, HIV prevalence, maternal mortality). Very high inequalities also exist in infrastructure endowments (Internet users, road density), even if in some cases they derive from the physical characteristics of the country (size, topography). Most of the

<sup>9</sup> Values of the Gini index range between 0 and 100. An index value of 0 means that, say, GDP per capita is the same in all countries. A value of 100 implies that one country earns all GDP. Higher values along the index between 0 and 100 mean higher levels of inequality (disparity).

<sup>10</sup> The analysis is hampered by the incompleteness of internationally comparable data. This issue is, as mentioned before, dealt with in detail in the next section.

economic development indicators (labour productivity, GDP per capita, share of agricultural value added, ratio of exports to GDP, export concentration index) and poverty indicators (\$1/day poverty, underweight children) show intermediate levels of inequality. Lastly, disparities across ASEAN members are relatively low for some dimensions of environmental sustainability (forest cover, sanitation and water access), and negligible for indicators of employment, primary education and gender parity in education.

Another major conclusion is that disparities tend to persist over time, with a very high correlation between the values of the Gini index at the beginning of the 1990s and recent years. Despite a substantial drop in the index, inequality has remained relatively high in ICT infrastructure/access and related economic indicators. Disparities in poverty and mortality, instead, have increased considerably in the ASEAN region.



The following paragraphs will address the areas of development where the performance of ASEAN members continues to be largely diverse and the inequality between the best performers and the countries lagging behind is still very wide.

***Economic development***

The disparities between ASEAN countries in terms of economic development are considerable. In 2006, the GDP per capita in 2000 purchasing power parity (PPP) dollars in Singapore was 28,305, virtually on par with France. The gap of Singapore with the rest of ASEAN is enormous; the GDP per capita of Malaysia and Thailand, the next best countries, is merely 36 and 28 per cent that of Singapore. The GDP per capita of the remaining ASEAN countries is – in some cases much – less than a fifth of Singapore’s level, with that of Cambodia and the Lao People’s Democratic Republic being just 9 and 7 per cent, respectively.<sup>11</sup>

<sup>11</sup> There are no GDP per capita in PPP dollar figures for Brunei Darussalam and Myanmar.



Labour productivity is a crucial determinant of the economic development of a country. On the one hand, higher labour productivity contributes to lower unit labour costs, which in turn are an important determinant of overall cost competitiveness. On the other hand, higher labour productivity allows for higher wages and shorter working hours, directly improving the living standards of the working population and its dependants. At US\$ 47,975 in 2005, the labour productivity of Singapore was by far the highest in the ASEAN region, more than double that of Malaysia and almost three and a half times that of Thailand, the second and third best-performing countries on this score. The contrast of Singapore with Viet Nam, Myanmar and Cambodia is even starker, the labour productivity in 2005 of the latter three countries being just 10 per cent, 9 per cent and 6 per cent, respectively, of the former.

Closing the gap between Singapore and the other ASEAN members will take a long time. For example, ILO has calculated that, if recent trends continue, reducing the GDP per capita between Singapore and Cambodia by 25 per cent will take 15 years; a reduction of 50 per cent will take 34 years.

While the poorer ASEAN members have recently (i.e., since 2000) been growing at a somewhat faster rate than Singapore, such countries as Indonesia, Malaysia, Thailand and the Philippines have not. A recent (2007) ADB study attributes the lower-than-desired growth rates in these countries to caution on the part of firms and investors, which is reflected in considerably lower investment ratios after the crisis than before. Poor infrastructure in Indonesia and the Philippines and shortages of skilled labour in Malaysia and Thailand are some of the reasons that the study cites for the low investment ratios. But deteriorating governance ratings in comparison with other countries – countries that compete for FDI – may be equally important. The governance issue is discussed in detail in section 2.3.

## *Trade and investment*

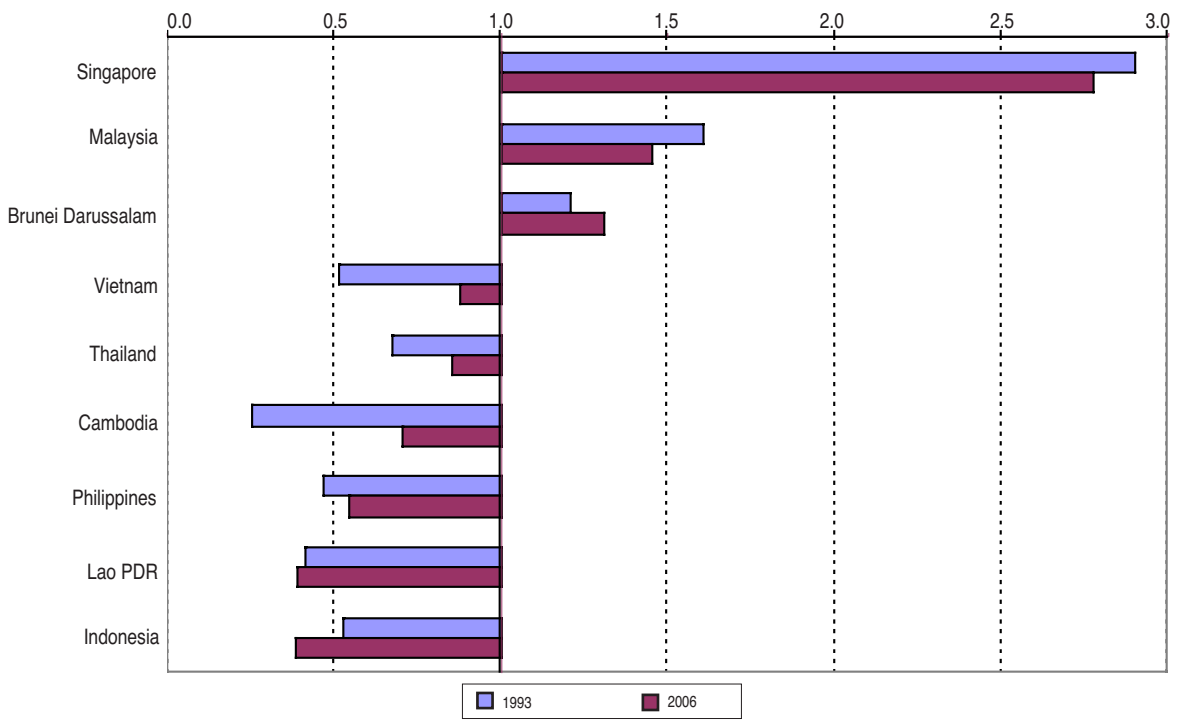
The development gaps in trade and investment between ASEAN members are also potential obstacles to the further development of regional integration. Exports from ASEAN countries totaled US\$719 billion in 2006, placing the export value of the region behind China but ahead of Japan.<sup>12</sup> The exports of Singapore amount to almost two and a half times its GDP; in Malaysia, also, the value of exports exceeds GDP. The dependency of Indonesia and the Lao People's Democratic Republic on trade, on the other hand, is much smaller, with a ratio of exports to GDP of just over and well below, respectively, one third. The exports of the Lao People's Democratic Republic are, with an export concentration index of 0.4, also rather homogenous, a phenomenon the country shares with Cambodia, the Philippines and, especially, Brunei Darussalam (0.6). The export structures of Indonesia, Malaysia, the Philippines, Singapore, Thailand and Viet Nam (0.1-0.2), on the other hand, are much more diversified.

The liberalization efforts under the ASEAN Free Trade Area (AFTA) have not resulted in a significant increase in intraregional trade, which remains at the level of one quarter of total ASEAN trade, despite its relatively sound growth since the early 1990s. The contribution of intraregional trade to GDP at the ASEAN level is still four times smaller than the contribution of ASEAN's total trade, which in 2005 surpassed 130 per cent.

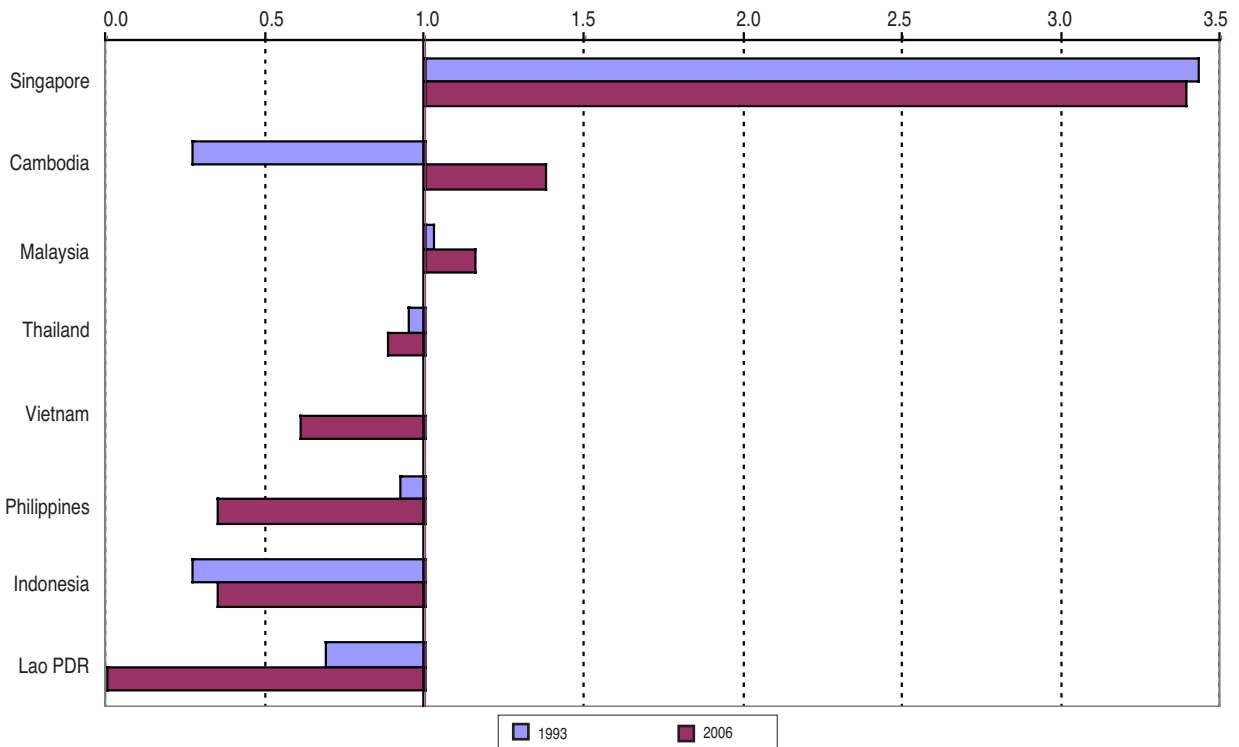
---

<sup>12</sup> UN COMTRADE data downloaded from World International Trade Solution (WITS), World Bank/UNCTAD/WTO.

**Figure 2.2 Merchandise export dependence:  
Ratio of national export/GDP to total ASEAN export/total ASEAN GDP**



**Figure 2.3 Services export dependence:  
Ratio of national export/GDP to total ASEAN export/total ASEAN GDP**



Obviously, ASEAN as a whole did not build a “fortress” type of integration, but remained outward-oriented. There are sharp disparities, however, between the openness of countries in terms of both merchandise and service exports. Singapore and Malaysia are consistently more dependent on exports than ASEAN as a group and some other lesser developed members. Furthermore, in terms of regional orientation of exports and imports, some members trade predominantly with other ASEAN countries (for example the Lao People’s Democratic Republic and Myanmar), while others almost exclusively with the rest of the world (for example Cambodia, the Philippines, or Viet Nam). Singapore also shows an intraregional share of exports and imports well above the average.

Intra-ASEAN investment is promoted through the ASEAN Investment Area (AIA), which aims at gradually liberalizing rules and policies on investment among ASEAN members. On average, there has been a strong reliance on FDI from outside the region and ratios of intra-ASEAN to total FDI ranged from 6 per cent to 26 per cent during the period 1995-2001.<sup>13</sup> However, the dependence of CLMV (Cambodia, the Lao People’s Democratic Republic, Myanmar, Viet Nam) countries on ASEAN for FDI is much higher, particularly in some of the priority sectors (e.g. agro-based, rubber-based and wood-based products).

## *Poverty and hunger*

In 2004, 37 million people lived on less than one US\$ (PPP) a day in the ASEAN countries for which data are available, i.e. Indonesia, Cambodia, Malaysia, the Philippines and Thailand.<sup>14</sup> The poverty rates in Malaysia (1997) and Thailand (2002) stood at 2 per cent or less, in stark contrast with those of the Philippines, 14.8 per cent (2003), the Lao People’s Democratic Republic, 27 per cent (2002), and Cambodia, 34 per cent (1997). The contribution of these last three countries to the total number of poor has increased considerably, while that of Indonesia, where \$1/day poverty decreased from 17.4 per cent in 1993 to 7.5 percent 2002, fell from almost two thirds to well below half.

One of the more abject outcomes of poverty is the malnourishment of children during their physically and mentally formative years. In 2005, 15.4 million children under the age of 5 in the ASEAN region were underweight. Indonesia and the Philippines, both of which had underweight prevalence rates of about 28 per cent in 2003, contributed roughly two fifths and one fifth, respectively, to this total. The proportion of underweight children was much higher, however, in such countries as Myanmar (31.8 per cent), the Lao People’s Democratic Republic (40 per cent) and Cambodia (45.2 per cent) in 2000-03. These numbers contrast starkly with the 3.4 per cent rate of Singapore (2003).

---

<sup>13</sup> Figures from Austria, M (2004) “The Pattern of Intra-ASEAN Trade in the Priority Goods Sectors” REPSF Project No. 03/006e, Final Report.

<sup>14</sup> ESCAP, 2007. The Millennium Development Goals: Progress in Asia and the Pacific 2007, (Bangkok, ESCAP, ADB and UNDP). No \$1/day poverty figures are available for Brunei Darussalam, Singapore, Myanmar and Viet Nam. In case of the former two countries it may safely be assumed that \$1/day poverty, if any, is negligible. The fact that Myanmar and Viet Nam do not produce internationally comparable poverty data, however, severely hampers the tracking of the overall ASEAN progress towards MDG 1.

## *Education and gender*

The disparities between ASEAN countries are low for education, including gender-related, outcomes and the life expectancy at birth. Well over 85 per cent of all primary children were enrolled in school in all ASEAN countries. Nevertheless, the Philippines, Thailand and Myanmar, with enrolment rates of less than 95 per cent in 2005, and Viet Nam and the Lao People's Democratic Republic, with rates of less than 90 per cent, fall below the highest ASEAN standard of 95-99 per cent set by Brunei Darussalam, Indonesia and Cambodia.

The bias against girls attending school and acquiring knowledge is much less of an issue in the ASEAN region than in some South Asian countries. Still, also on this count some ASEAN countries are doing better than others. In the Lao People's Democratic Republic, for example, the ratio of girls to boys enrolled in primary school and the ratio of young women (aged 15-24) to young men who are literate are both, at 0.88 and 0.9 respectively, the lowest in the ASEAN region. The fact that the sex ratio for primary education is lower than for the literacy of young adults is especially worrying. The Lao People's Democratic Republic, however, is not the only country in the region that exhibits this characteristic; Indonesia, the Philippines, Thailand and Viet Nam do so as well.

## *Longevity and mother and child health*

Life expectancy and child and maternal mortality indicators are good proxies for the measurement of the overall level of social development of a country. Life expectancy at birth in Singapore, at 80, is the highest among ASEAN countries, and it is about 20 years, or 25 per cent, higher than in Cambodia and Myanmar. Although these differences are considerable, they pale in comparison to the disparities in child and maternal mortality.

In 2005, 455,000 children died in the ASEAN region before having reached their fifth birthday, less than half the number in 1990. Together, Indonesia, with 161,000, and Myanmar, with 95,000, accounted for almost 60 per cent of these deaths. However, the rate of child deaths in Myanmar, at 105 per 1,000 live births, was over three times as high as in Indonesia. The country with the highest rate of child deaths in the ASEAN region was Cambodia at 143, a rate 47 times higher than that of Singapore, which with 3 child deaths per 1,000 live births set the ASEAN standard in 2005. Afghanistan and Turkmenistan were the only other countries in Asia and the Pacific that year with child mortality rates higher than 100 per 1,000 live births.

In 2000, 23,100 mothers died during or shortly after giving birth in the ASEAN region. Of this total number of deaths, 10,400 occurred in Indonesia, 4,400 in the Philippines and 3,400 in Myanmar. However, the rate of maternal deaths per 100,000 live births in Myanmar was, at 360, much higher than in the other two countries (230 and 200 respectively). Together with the Lao People's Democratic Republic (650 maternal deaths per 100,000 live births) and Cambodia (450 per 100,000), Myanmar ranks among the 10 countries with the highest incidence of maternal mortality in Asia and the Pacific. In comparison, the maternal mortality rate stood at just 30 in Singapore in 2000.

## *Communicable diseases*

Although the ASEAN region has made considerable progress in reducing the incidence of communicable diseases, HIV/AIDS, tuberculosis and malaria continue to create a heavy burden of morbidity and mortality in several countries. The continuing outbreak of avian influenza, moreover, has resulted in human casualties in five countries and caused considerable economic loss through the culling of poultry populations.

The highest national of HIV/AIDS infection levels in Asia are found in the ASEAN region. In 2006, an estimated 1.6 million people were living with HIV in this area, and one third of them were women. The total prevalence of HIV/AIDS among adults aged 15-49 years is 0.5 per cent across the region, but exceeds 1 per cent in some countries. Such countries as Cambodia and Thailand have shown strong advocacy and leadership in addressing the problem of HIV/AIDS and have managed to bring down the rates of infection in the general population, though infection rates in some vulnerable groups in Thailand have shown an increasing trend. Myanmar is experiencing a serious epidemic with national adult prevalence at 1.3 per cent and prevalence among young people at 2.2 per cent.<sup>15</sup>

TB prevalence rates in the ASEAN region have decreased by 43 per cent from 483 cases per 100,000 people in 1990 to 275 in 2005, whereas TB incidence rates have declined from 273 to 218 cases per 100,000 people. Although the ASEAN area accounts for only about 24 per cent of the total malaria cases in the Asian and Pacific region, it accounts for about half of the region's deaths due to malaria. The largest number of malaria deaths is seen in Myanmar, which accounted for 1,707 deaths in 2005.<sup>16</sup> The ASEAN region also has one of the highest levels of resistance to anti-malarial drugs and insecticides.

The ongoing outbreak of avian influenza has significantly affected the ASEAN region. Countries in the region account for 74 per cent of the 334 confirmed human cases of avian influenza worldwide, and 79 per cent of the 205 deaths globally due to the disease.<sup>17</sup> Apart from loss of human life, ASEAN member countries have suffered economic losses in excess of US\$ 10 billion due to the outbreak. The poultry sector had shrank by 10-15 per cent in such countries as Thailand and Viet Nam, with small farmers being the worst affected, along with downstream sectors, such as poultry traders, feed mills and breeding farms. The threat of a global pandemic of avian influenza still hangs over the region, and countries have to maintain a high state of alert over an extended period of time.

## *Environment*

The performance of the ASEAN region in terms of environmental sustainability is very diverse. Countries with rapid economic growth show a large decline in environmental quality, diminishing biodiversity and increasing degradation of land and marine and coastal resources.

The ASEAN contribution to global carbon emissions is relatively small; the region is responsible for about 3.3 per cent of global CO<sub>2</sub> emissions while its share of world population is more than double that number (7.7 per cent). However, such countries as Brunei Darussalam,

---

<sup>15</sup> UNAIDS and WHO, AIDS in the ASEAN region-facts and figures, (UNAIDS, Geneva, 2006).

<sup>16</sup> ESCAP calculations based on WHO data.

<sup>17</sup> WHO, latest update 5 November 2007.

Singapore and Malaysia exceed the world average of per capita CO<sub>2</sub> emissions by a large margin. Brunei Darussalam, for example, releases a quantity of CO<sub>2</sub> emissions per capita over 60,000 times higher than the best performer, Cambodia.

In the ASEAN region, 78 per cent of freshwater is used for agricultural purposes and only 6 per cent for domestic use. In such countries as Cambodia, Indonesia, Thailand and Myanmar the agricultural sector accounts for about 90 per cent of total water consumption. Population growth and industrial development have caused water demand to soar in ASEAN cities. While urban centres generally have better access to safe drinking water sources than rural areas, rapid urbanization has increased the difficulties that many cities encounter in providing their citizens with equitable access to water. Privatization has long been promoted as a way to address the issue of growing water scarcity in cities. However, countries that have assigned the management of water supplies to the private sector have not achieved the expected gains in revenue and efficiency, nor have they improved water infrastructure. Furthermore, reserves of clean groundwater are increasingly threatened by water pollution, as most cities have inadequate collection and treatment systems for domestic sewage. Food-processing plants, electroplating plants, textile mills and tanneries are another major source of water pollution, with industrial wastewater flowing into urban rivers.

The ASEAN region is among the most biologically diverse and heavily forested areas in the world. As of 2005, forests covered approximately 49 per cent of the total land surface of the ASEAN region, and many of the world's biological hotspots were found within them. However, the region's land resources and terrestrial ecosystems are under mounting pressure from growing populations, increasing agricultural production, uncontrolled logging and illegal trade in endangered species. Shared threats to biodiversity include trans-boundary forest fires and deforestation, the development of the Mekong River basin and illegal wildlife trade.

<b>Country</b>	<b>Total CO<sub>2</sub> emissions (Mt)</b>	<b>CO<sub>2</sub> emissions per capita (t CO<sub>2</sub>/ per capita)</b>
Brunei Darussalam	5.19	14.18
Cambodia	0.55	0.04
Indonesia	336.32	1.55
Laos	0.315	0.06
Malaysia	136.22	5.47
Myanmar	9.32	0.19
Philippines	72.26	0.89
Singapore	38.05	8.97
Thailand	206.91	3.25
Vietnam	78.80	0.96
World	26,583	4.18



The proportion of land covered by forests varies enormously across the region, from 3.4 per cent of national territory in Singapore, to 24 per cent and 28 per cent in the Philippines and Thailand, respectively, to almost 70 per cent in the Lao People's Democratic Republic. Over the period 2000-2005, the rate of deforestation accelerated to 1.3 per cent annually (from 1.1 per cent in 1990-2000), resulting in a total decrease of over 41,500 km<sup>2</sup> of forest cover in 15 years. In particular, Cambodia, Indonesia and the Philippines have experienced the most serious decline in forest cover among the ASEAN members. The growth of plantation forests has to a certain extent slowed the total loss of forest cover. Plantation forests are expanding fastest in Brunei Darussalam, Thailand, Myanmar and Viet Nam. These countries have been establishing plantations for timber production using faster growing varieties while allowing the proportion of natural forests that are high in bio-diversity to decline. In 2005 plantation forests made up over 9 per cent of the total forest area in the ASEAN region.

**Table 2.3 Area covered with forest in ASEAN countries**

	1990	2000	2005	Annual Change (%)	
				1990-2000	2000-2005
Brunei Darussalam	313	288	278	-0.8	-0.7
Cambodia	12,946	11,541	10,447	-1.1	1.9
Indonesia	116,567	97,852	88,975	-1.6	-1.8
Lao PDR	17,314	16,532	16,142	-0.5	-0.5
Malaysia	22,376	21,591	20,890	-0.4	-0.6
Myanmar	39,219	34,554	32,222	-1.2	-1.3
Philippines	10,574	7,949	7,162	-2.5	-2.0
Singapore	2	2	2	0.0	0.0
Thailand	15,965	14,814	14,520	-0.7	-0.4
Viet Nam	9,363	11,725	12,931	2.5	2.1
<b>ASEAN</b>	<b>244,639</b>	<b>216,848</b>	<b>203,089</b>	<b>-1.1</b>	<b>-1.3</b>

Illegal forest resource exploitation, including illegal logging, encroachment for development, and conversion to agriculture continues to be a problem. In Indonesia, estimates showed that about 73 per cent of log production was illegal. Illegal logging was also reported in Myanmar, the Philippines and Thailand, and continued to be a source of social tension. Loss of forest cover makes land resources vulnerable to water erosion, a major cause of land degradation in all South-East Asian countries.

Other than decreasing the area covered with forest, Cambodia, Myanmar, the Philippines and Thailand have reduced the size of national protected areas during the last decade while the world moves towards the expansion of protected areas. In particular, the size of national protected areas in Myanmar has reduced from 15.4 per cent of the land area in 1996 to 0.3 per cent in 2003 (ASEAN 2006).

## Energy

In recent years, energy security concerns have reached the top of the policy agenda in the ASEAN region. Issues discussed range from commercial gas pipeline networks to the production of biofuels.

A number of ASEAN member countries are relatively rich in energy resources and are the major producers of oil and gas in the Asia-Pacific region. For instance, large oil reserves are found in Indonesia and Brunei Darussalam, and considerable potential for oil production exists in Malaysia, Myanmar and Viet Nam. In addition, sizeable gas and coal reserves are available in Indonesia and Malaysia. The Philippines produces geothermal energy, while Indonesia, the Lao People's Democratic Republic and Myanmar have significant hydropower potential. Most countries have good potential for harnessing biomass energy. However, oil self-sufficiency in most member countries of ASEAN is quite limited. Most of the member countries will become net oil importers eventually (see Table 2.4). ASEAN member countries have been facing a number of challenges in enhancing energy security in the context of further integration and development, from securing conventional supplies of energy to increasing the use of clean and alternative energy.

Year	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
2002	-2	-54	100	100	89	-77
2010	18	-30	96	100	84	-20
2020	46	2	97	100	92	18
2030	60	32	97	100	94	57

Source: Asia Pacific Energy Research Center (2006).

Brunei Darussalam, Indonesia, Malaysia and Viet Nam are net energy exporters, while Thailand and the Philippines depend heavily on imports for their energy needs. Oil remains the primary source of energy in the ASEAN region but its share is expected to gradually decline, while the shares of coal, natural gas and renewable energy sources increase. In 2000, the share of renewable energy (which included hydropower and geothermal energy) in the primary energy mix of the Lao People's Democratic Republic, Myanmar, the Philippines and Viet Nam was significant, accounting for 56, 27, 22 and 23 per cent respectively. However, for the region as a whole, renewable energy accounted for only 8.2 per cent of the total primary energy mix.

The disparities in energy consumption among ASEAN countries are stark. For example, energy consumption in the Lao People's Democratic Republic was 1 GJ per person in 2005, while in Brunei Darussalam it was 94 GJ; in the same year, the electricity consumption per capita in Brunei Darussalam and Singapore was 29 and 26 GJ respectively, while in Cambodia and Myanmar it was 0.2 and 0.3 GJ, respectively.<sup>18</sup> In addition to commercial energy, rural households in such countries as Cambodia and Myanmar rely heavily on traditional sources of energy, such as biomass, to meet their daily needs.

Energy imports in ASEAN countries, especially those of liquid fuels, grew at more than 6 per cent annually from 2000 to 2004, as compared to 4.4 per cent on average in the Asia-Pacific region. Energy trade among countries within ASEAN is still relatively low, but

<sup>18</sup> United Nations Energy Database.

it is expected to increase rapidly. One of the main reasons for the slow progress towards the integration of the energy systems of ASEAN member countries is probably the lack of commercial viability.

## *ICT infrastructure*

Differences in ICT infrastructure are striking in the ASEAN region. While Singapore has more than 40 telephone subscribers per 100 inhabitants, other ASEAN countries have less than 1.<sup>19</sup> While Internet users amount to about 40 per cent of the population in Brunei Darussalam, Malaysia, and Singapore, less than 1 per cent of the population has Internet access in Cambodia, the Lao People's Democratic Republic and Myanmar.

The latest digital opportunity index ranking (2005/2006), which tracks the progress of countries in bridging the digital divide, places Singapore in fifth position in digital opportunities in the world, in third in the Asian and Pacific region and first among the ASEAN countries. On the other hand, most of the latest entrants to ASEAN are among the countries with the fewest digital opportunities in the world.<sup>20</sup>

Reducing the digital divide is important because today's economies are becoming increasingly dependent on the use of information technologies. The ICT sector is one of the drivers of the rapid economic growth of some ASEAN countries. For example, high-tech products account for a substantial share of the total exports of manufactured products of Malaysia, the Philippines, Singapore and Thailand.<sup>21</sup>

ICT is fundamental for the competitiveness of other sectors of the economy as well. Asian countries that used to compete in the global economy by relying on low-cost labour alone are now being pressed to improve their processes, to innovate, and to improve their competitiveness through the use of ICT.

The more competitive countries are also the ones with higher e-readiness. The Global Competitiveness Report 2006/2007 of the World Economic Forum ranks Singapore, Malaysia and Thailand among the top 35 economies in the world in terms of competitiveness. These countries also rank above the world average in terms of digital opportunity.<sup>22</sup>

## **2.2. Disparities in data availability and data access**

In the previous section, lack of data has often inhibited a thorough assessment of development gaps in the ASEAN region. Whereas for most economic indicators data are available for the entire period 1990-2006 in almost all ASEAN members, data values for social (e.g. \$1/day poverty, underweight children, HIV prevalence) and environmental indicators (e.g. water and sanitation access, water withdrawal) are generally scattered over time and

---

<sup>19</sup> ITU, *Asia-Pacific Telecommunications indicators 2006*. Telephone subscribers per 100 inhabitants: Singapore (42.3), Brunei Darussalam (21), Myanmar (0.9) Cambodia (0.2), Viet Nam (18.8), Lao PDR (1.3), Thailand (10.9), Philippines (4.3), Malaysia (16.8), Indonesia (6.6).

<sup>20</sup> ITU/UNCTAD, *World Information Society Report 2007*. World Rank: Singapore (5), Brunei Darussalam (43), Malaysia (57), Thailand (82), Philippines (102), Indonesia (116), Viet Nam (126), Cambodia (149), Lao PDR (150), Myanmar (179). Niger is in the last position in the digital opportunity index rank 2005/2006 in 181st position.

<sup>21</sup> World Bank. 2002. *World Development Indicators 2002*. High tech as percentage of manufactured export per country: Singapore (63 per cent), Philippines (59 per cent), Malaysia (59 per cent), Thailand (32 per cent).

<sup>22</sup> World Economic Forum, *Global Competitiveness Report 2006/2007*. World rank out of 125 countries: Singapore (5), Myanmar (Not included), Cambodia (103), Lao PDR (Not included), Thailand (35), Philippines (71), Malaysia (26), Indonesia (50), Brunei Darussalam (not included), Viet Nam (77).

across countries. Even if annual monitoring is not always essential for social and environmental phenomena that tend to change slowly over time, the quantity and quality of information available to policymakers and civil society and the extent to which this information is used vary greatly across countries. This section will analyse disparities in data availability between ASEAN members and verify whether countries with the largest data gaps have adopted national plans to enhance their statistical capacity for monitoring development outcomes.

**Table 2.5 Data availability (%) by key indicator and ASEAN member, 1990-2006**

Indicator	BRN	IDN	KHM	LAO	MMR	MYS	PHL	SGP	THA	VNM	ASEAN
GDP per capita, 2000 PPP	0.0	100.0	82.4	100.0	0.0	100.0	100.0	100.0	100.0	100.0	78.2
Agricultural value added (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Gross fixed capital formation / GDP	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Exports of merchandise / GDP	94.1	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	99.4
Export concentration index	58.8	64.7	52.9	58.8	58.8	64.7	64.7	64.7	64.7	58.8	61.2
Employment / GDP	94.1	94.1	94.1	94.1	94.1	94.1	94.1	94.1	94.1	94.1	94.1
Labour productivity	0.0	94.1	94.1	0.0	94.1	94.1	94.1	94.1	94.1	94.1	75.3
\$1/day poverty	0.0	23.5	5.9	17.6	0.0	17.6	29.4	0.0	29.4	0.0	12.4
Underweight children	0.0	17.6	11.8	11.8	17.6	17.6	23.5	5.9	11.8	17.6	13.5
Primary enrolment	11.8	41.2	47.1	47.1	47.1	35.3	41.2	0.0	11.8	35.3	31.8
Primary completion	47.1	35.3	41.2	41.2	41.2	29.4	35.3	0.0	5.9	35.3	31.2
Literacy	11.8	11.8	11.8	11.8	5.9	11.8	17.6	11.8	5.9	5.9	10.6
Gender primary	47.1	41.2	47.1	47.1	47.1	41.2	41.2	47.1	52.9	47.1	45.9
Gender literacy	11.8	11.8	11.8	11.8	5.9	11.8	17.6	11.8	5.9	5.9	10.6
Life expectancy at birth	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Under-5 mortality	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5
Maternal mortality	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6
HIV prevalence	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8
TB prevalence	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6
Forest cover	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6
CO2 emissions, CDIAC	88.2	88.2	88.2	88.2	88.2	88.2	88.2	88.2	88.2	88.2	88.2
CFC consumption	82.4	82.4	64.7	70.6	76.5	94.1	94.1	94.1	94.1	76.5	82.9
Water withdrawal /renewable resources	11.8	11.8	5.9	5.9	5.9	11.8	11.8	0.0	5.9	5.9	7.6
Water access	0.0	11.8	5.9	5.9	11.8	11.8	11.8	11.8	11.8	11.8	9.4
Sanitation access	0.0	11.8	5.9	5.9	11.8	11.8	11.8	11.8	11.8	11.8	9.4
Cellular subscribers	100.0	70.6	76.5	58.8	23.5	100.0	94.1	100.0	100.0	64.7	78.8
Internet users	70.6	70.6	52.9	47.1	35.3	88.2	70.6	94.1	88.2	64.7	68.2
Digital opportunity index	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9
Road density	58.8	76.5	58.8	58.8	47.1	76.5	82.4	88.2	64.7	64.7	67.6
<b>Average data availability per country</b>	<b>42.6</b>	<b>51.9</b>	<b>48.5</b>	<b>45.8</b>	<b>43.4</b>	<b>53.3</b>	<b>54.2</b>	<b>50.5</b>	<b>51.3</b>	<b>49.3</b>	<b>49.1</b>

The largest data gaps in the list of key indicators, which have been selected to assess the performance of ASEAN members, are to be found in the poorest countries. Table 2.5 shows that Myanmar and the Lao People's Democratic Republic have the lowest capacity among ASEAN member countries to produce reliable and timely data even for the most basic statistics. The statistical system in these countries is rather weak and policymakers make little use of statistical information; this creates a vicious circle that generates poor policy decisions and poor development outcomes. In the case of Myanmar, another concern is that the Government might not be producing, or making publicly available, some key statistics (e.g. \$1/day poverty). As a result, these countries are often absent from the international data series and the assessment of their performance can therefore only be partial. In other countries, instead, data are missing on some indicators because they are not relevant to their physical characteristics or level of economic development. In the case of Brunei Darussalam, for example, no data is available in international data sources on \$1/day poverty and child malnutrition, because the share of population affected is relatively small and the statistical agency focuses on different development issues. As a result, overall data availability is rather low for Brunei Darussalam (table 2.5).

The exercise to evaluate the performance of ASEAN members has used international data series to ensure basic comparability across countries. But data availability at the international level is only a "proxy" for assessing the statistical capacity of a country to produce the selected indicator set. Sometimes more data is available at the national level than in international databases; in other cases, the absence of country-level data on specific indicators forces international agencies to estimate missing values.

Moreover, international data are not always consistent with national official statistics. This may happen, for example, when national sources do not fully comply with international statistical standards, requiring international agencies to carry out data adjustments in order to ensure comparability across countries. In extreme situations, the international agencies might also reject statistics produced by the national statistical system (NSS) because the minimum requirements of professional autonomy and integrity of the statistical agency have not been met and data values are inconsistent with other information. A case in point is the recent GDP growth figures for Myanmar, which are not published by the World Bank or IMF. In other cases, data are derived from surveys sponsored and carried out by international organizations with a limited degree of involvement of the NSS. In these situations, the statistical capacity of the country to monitor key indicators can be disputed.

A better understanding of the statistical capacity of a country is provided by a composite index developed by the World Bank. The index combines three indicators of the performance of a NSS, namely statistical practice, data collection activities and indicator availability. The statistical practice index evaluates essentially the methodology used for producing key economic statistics, such as national accounts, balance of payments, government financial statistics and consumer prices; the data collection index reports on the frequency of censuses and key household surveys; and the indicator availability index measures the coverage by the NSS of key economic, social and environmental indicators. The score for each indicator varies on a scale from 0 to 100; the individual scores are then combined in the composite index by simple arithmetic averaging.

The ranking of the ASEAN countries using the World Bank composite index is slightly different from the results presented in table 2.5. As shown in table 2.6, Indonesia, followed by Philippines and Thailand, are the NSSs with the highest capacity among the low-income countries (Brunei Darussalam and Singapore, being middle income countries, are not



covered by the index); Myanmar, on the other hand, stands out again as the country with the lowest capacity. The frequency in conducting key data collection activities, especially, is very low in this country, as compared with other ASEAN members.

The data gaps in the poorest countries have a significant negative impact on development outcomes. Good statistics, in fact, are extremely important both to influence the design of development policies and to monitor their outcomes. They enable Governments to identify the best course of action in addressing complex social, environmental or economic problems, and to implement appropriate policy interventions. They are needed to ensure that scarce resources are used efficiently by improving the allocation of available funds to meet identified needs. They are also essential for managing the effective delivery of basic services.

<b>Table 2.6 Statistical capacity index in low-income ASEAN countries, 2006 (WB)</b>				
	Overall	Statistical	Data	Indicator
	Index	Practice	Collection	Availability
Indonesia	85	80	80	95
Philippines	83	60	100	90
Thailand	80	90	80	70
Malaysia	77	80	60	90
Vietnam	75	50	80	95
Cambodia	65	70	50	75
Lao PDR	62	40	70	75
Myanmar	53	50	40	70

Good quality statistical data is a vital precondition for ensuring accountability, transparency and good governance. Citizens have the right to hold Governments accountable. Relevant, objective, sound, accurate, timely, accessible and internationally comparable information enables them to evaluate the effects of government policies. Good statistics, therefore, are part of the enabling environment for development; they quantify inputs, outputs, outcomes, and impact, providing reliable assessments of all aspects of development, from measures of economic output and price inflation, to the well-being of individuals.

Good statistics are required for evidence-based decision-making by a broad range of stakeholders and potential users. Not only policymakers, but also private sector companies, civil society organizations, academia, the media, the general public and international agencies need good statistics to use as a basis to take informed decisions, among other purpose. International agencies, for example, are among the key users of international statistics to monitor disparities between countries and target programmes towards less developed countries. Companies that operate globally also need international statistics to identify trade and investment opportunities.

Given the importance of good-quality statistics for improving development outcomes, it is crucial that the poorest countries adopt a statistical master plan to bridge current data gaps and enhance their statistical capacity to produce reliable and timely data for the most



basic indicators. Recognizing the challenges that national statistical systems in developing countries experience in meeting users' needs, one of the main recommendations of the Marrakech Action Plan for Statistics<sup>23</sup> was for the international community to support the implementation of national statistical development strategies (NSDS) in every low-income country by 2006. An NSDS is a "strategic approach to planning statistical capacity-building across the entire national statistical system, encompassing data production, analysis and use, and all actors in the system, including line ministries". In particular, an NSDS should provide a coherent overview of national statistical needs and priorities across the whole statistical system, linking statistics within policy processes, and address data limitations by providing a framework for prioritizing the use of limited resources. A good strategy, adequately funded and successfully implemented, can make quite a difference in the performance of a national statistical system and help those countries locked in the vicious cycle of underfunding and underperformance to break free.

At the end of 2006 almost all ASEAN low-income countries had completed an NSDS, or they were well on the way to completing one. Only in Myanmar has the strategy design process not yet started. This situation might have long-term consequences for the capacity of the NSS of Myanmar to produce data that meet the needs of both current and future users. Considering the low score obtained in statistical capacity, the absence in this country of a long-term strategy to address data limitations may cause major constraints in development progress.

Similar results can be derived by the statistics on the participation of ASEAN members in the GDDS/SDDS initiatives. The General Data Dissemination System (GDDS), launched in 1996 by IMF, is a structured process through which countries evaluate needs for data improvements in the macroeconomic, financial and socio-demographic fields and develop long-term plans to improve the overall quality of the statistics compiled and disseminated by their NSS. In so doing, they set their priorities, taking into account the main constraints in terms of human and financial resources. The GDDS framework is built around four dimensions: data characteristics (evaluated against coverage, periodicity, and timeliness of data dissemination); quality; access; and integrity. Integrity, in particular, is a key principle that has to inform the work of a statistical agency in its totality in order to build trust in the disseminated data among the users and the public at large. An essential requirement for providing assurances of integrity is effective statistical legislation that ensures the professional independence and objectivity of the statistical agency.

Many countries in the world voluntarily subscribe to the GDDS or the Special Data Dissemination Standard (SDDS), which has more stringent subscription requirements than GDDS. SDDS, in particular, requires its members to follow best practices in the dissemination of high frequency economic and financial data, thereby promoting transparency and confidence in the quality and integrity of statistical products and their producers.

---

<sup>23</sup> The Marrakech Action Plan for Statistics was adopted at the 2nd Roundtable on Measuring for Development Results which took place in Marrakech, Morocco, in February 2004. The Roundtable participants (nearly 200 from developing countries and development organizations) endorsed the core principles and a global action plan on managing for development results. In addition, participants agreed on a global plan for statistics which consists of six actions: (1) Mainstream strategic planning of statistical systems and prepare national strategies for the development of statistics (NSDS) for all low-income countries by 2006; (2) Begin preparations for the 2010 census round; (3) Increase financing for statistical capacity building; (4) Set up an International Household Survey Network; (5) Undertake urgent improvements needed for monitoring the Millennium Development Goals; and (6) Increase accountability of the international statistical system.

<b>Table 2.7 NSDS and GDDS/SDDS status in ASEAN countries</b>		
	<b>NSDS status</b>	<b>GDDS/SDDS Status</b>
Brunei Darussalam	Not relevant	GDDS
Cambodia	Completed	GDDS
Indonesia	Completed	SDDS
Lao PDR	Completed	
Malaysia	Preparation underway	SDDS
Myanmar	Process not yet started	
Philippines	Preparation underway	SDDS
Singapore	Not relevant	SDDS
Thailand	Preparation underway	SDDS
Viet Nam	Completed	GDDS

Among ASEAN members, three countries are participating in GDDS, while five are subscribe to SDDS. Two countries, namely the Lao People’s Democratic Republic and Myanmar, are not participating in either. This means that documentation on methodologies and sources and data dissemination practices is not readily available to national and international users. Furthermore, access to key statistics by the public and international agencies is not allowed and widely accessible tools are not used to disseminate data. This situation signals a lack of commitment by the statistical agencies of these countries to being transparent on their compilation and dissemination practices, and to improving the quality of statistical data on the basis of international methodologies and standards.

## **2.3. Governance gaps**

One of the main challenges to ASEAN regional integration is the overall low performance in terms of good governance, as this study contends that poor governance, including the availability of, access to and the free flow of information across borders, is a serious obstacle to the political and economic integration of the sub-region.

For the sake of simplicity, this study adopts the definition of governance used by the World Bank: “Governance consists of the traditions and institutions by which authority in a country is exercised. This includes the process by which governments are selected, monitored and replaced; the capacity of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them.”<sup>24</sup>

---

<sup>24</sup> World Bank, *Worldwide Governance Indicators, 1996-2007*, <http://www.info.worldbank.org/governance/wgi2007/>.

Governance is a very broad topic that relates to many aspects of society and the economy. The United Nations Millennium Declaration contains a section on “human rights, democracy and good governance” which states that the Heads of State and Government “will spare no effort to promote democracy and strengthen the rule of law, as well as respect for all internationally recognized human rights and fundamental freedoms, including the right to development.” In that context, the Heads of State and Government resolved, inter alia, “to strengthen the capacity of all our countries to implement the principles and practices of democracy and respect for human rights, including minority rights.”<sup>25</sup>

To assess the governance gaps in ASEAN countries, this report uses the Worldwide Governance Indicators (WGI) 1996-2006 that are available from the World Bank. WGI reports aggregate and individual governance indicators for 212 countries and territories over the period 1996-2006 for six dimensions of governance:

(a) *Voice and accountability*; the extent to which the country’s citizens are able to participate in selecting their Government, as well as freedom of expression, freedom of association and a free media;

(b) *Political stability and absence of violence*; the perceptions of the likelihood that the Government will be destabilized or overthrown by unconstitutional or violent means, including domestic violence and terrorism;

(c) *Government effectiveness*; the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government’s commitment to such policies;

(d) *Regulatory quality*; the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development;

(e) *Rule of law*; the extent to which agents have confidence in and abide by the rules of society, in particular the quality of contract enforcement, the police, and the courts, as well as the likelihood of crime and violence;

(f) *Control of corruption*; the extent to which public power is exercised for private gain, including petty and grand forms of corruption, as well as “capture” of the State by elites and private interests.

There is little disagreement that voice and accountability, regulatory quality, rule of law and control of corruption are desirable conditions. Political stability and absence of violence are only desirable, however, if institutions are in place to allow the voicing of opinions and to demand accountability; without these institutions, political stability and absence of violence may represent “the silence of the graveyard”. Similarly, government effectiveness is only desirable, if the government has “good intentions”.

The scores used in this analysis represent the percentile rank of the country for the governance indicator concerned. Percentile ranks indicate the percentage of countries worldwide that rate below that country; higher values thus indicate better governance ratings.

---

<sup>25</sup> United Nations, Millennium Declaration, Millennium Summit, New York, 6-8 September 2000.

Governance is not a condition that changes rapidly over time and the WGI for the 10 ASEAN countries generally show fluctuations within a narrow range of ranks during the period 1996 to 2006. Given the limited changes in governance in ASEAN countries for the period for which data are available, the report looks primarily at the situation in 2006.

### ***Voice and accountability***

As a whole, ASEAN countries rank poorly in the area of “voice and accountability”. Their average rank over the period 1996 to 2006 fluctuates in the range of the 26th to 32nd percentile. Such a rank implies that the level of freedom of expression and association (including free media) are not optimal or that citizens are unable to participate in the selection of their government. However, there are wide gaps between the members of ASEAN. Countries that ranked best in 2006, although still relatively low from a global perspective, were Singapore (46.6), the Philippines (44.2) and Indonesia (41.3). The lowest rankings were for the Lao People’s Democratic Republic (6.3), Viet Nam (8.2) and Myanmar (0.0).

### ***Political stability and absence of violence***

The average rank for the 10 ASEAN countries fluctuated between 39.3 and 50.3 during the period 1996 to 2006, but here too, the disparities between the countries are wide. Brunei Darussalam (92.8) and Singapore (94.7) were politically very stable countries in 2006. The Philippines (11.1), Indonesia (14.9) and Thailand (16.3), on the other hand, were politically unstable and experienced political violence. The low rank of Indonesia requires a comment: many would argue that while the political instability and the presence of violence affect the investment climate and therefore the economy negatively, they are also signs of an emerging democracy in a country with political institutions that are still developing. Similarly, the two other countries (Thailand and the Philippines) with a low rank in political stability and absence of violence, do relatively well in voice and accountability, most likely due to extensive freedom of expression and free media.

### ***Government effectiveness***

The year 1996 was a good year for government effectiveness in ASEAN countries; since then, however, all countries except Cambodia have had a low level of government effectiveness. Over the period 1998 to 2006, the average rank of the 10 ASEAN countries together fluctuated within a narrow range of the 46th to 50th percentile, meaning that slightly less than half of the countries in the world score below the ASEAN average. In 2006, the most effective governments were found in Singapore (99.5), Malaysia (80.6) and Brunei Darussalam (72.0), while the least effective governments in 2006 were those of the Lao People’s Democratic Republic (18.5), Cambodia (15.2) and Myanmar (2.8).

### ***Regulatory quality***

In terms of regulatory quality, the average rank for ASEAN as a whole is also just below the 50th percentile mark, fluctuating between 46 and 51 during the period 1998 to 2006. In 1996, the rank was 59. As with all other aspects of governance, the gaps between the countries are wide. Singapore (99.5) and Brunei Darussalam (80.0) ranked high, while the Lao People’s Democratic Republic (14.1) and Myanmar (1.0) ranked very low.

## Rule of law

Over the period 1996 to 2006, the average rank of the 10 ASEAN countries together for adherence to the rule of law fluctuated within a range of the 39th to 45th percentile. The best country in 2006 was Singapore with a ranking of 95.2. On the other hand, Indonesia (23.3), the Lao People's Democratic Republic (17.1), Cambodia (12.4) and Myanmar (3.8) had very low percentile ranks.

## Control of corruption

ASEAN countries as a whole do not rank well in terms of control of corruption. Over the period 1996 to 2006, the average rank of the 10 ASEAN countries fluctuated between the 38th and 42nd percentile ranks. In fact, only 3 out of 10 countries ranked above the 50th percentile in 2006: Singapore (98.1), Malaysia (68.0) and Brunei Darussalam (63.6). Of the remaining seven, three ranked quite low: the Lao People's Democratic Republic (13.1), Cambodia (7.3) and Myanmar (1.0).

**Table 2.8 Governance Indicators for ASEAN and ASEAN countries, 2006**

	BRN	IDN	KHM	LAO	MMR	MYS	PHL	SGP	THA	VNM	ASEAN
Voice / accountability	17.3	41.3	21.6	6.3	0.0	38.0	44.2	46.6	32.2	8.2	25.6
Political Stability	92.8	14.9	29.3	42.8	24.0	58.7	11.1	94.7	16.3	59.6	44.4
Gov. effectiveness	72.0	40.8	15.2	18.5	2.8	80.6	55.0	99.5	64.9	41.7	49.1
Regulatory quality	80.0	43.4	26.8	14.1	1.0	69.8	52.2	99.5	62.4	31.2	48.0
Rule of law	59.5	23.3	12.4	17.1	3.8	65.7	41.9	95.2	55.2	44.8	41.9
Control of corruption	63.6	23.3	7.3	13.1	1.0	68.0	27.2	98.1	50.5	29.1	38.1
Average	64.2	31.2	18.8	18.7	5.4	43.5	38.6	88.9	46.9	35.8	41.2

During the period 1996-2006 only four significant changes (three deteriorations and one improvement) to the six governance indicators can be found among the 10 ASEAN countries<sup>26</sup>:

■ Thailand experienced a drop in its ranking for “voice and accountability” from 63.0 in 2000 to 32.2 in 2006, while the opposite is true for Indonesia, where there was a major improvement in its ranking for this dimension of governance, from 15.8 in 1996 to 41.3 in 2006;

■ Thailand and the Philippines experienced a decline in “political stability and the absence of violence”, for Thailand from 59.1 in 1998 to 16.3 in 2006, and for the Philippines from 39.4 in 1998 to 11.1 in 2006.

<sup>26</sup> Daniel Kaufman, Aart Kraay and Massimo Mastruzzi, *Governance Matters IV: Aggregate and Individual Governance Indicators 1996-2006*, World Bank, July 2007 (WPS4280), p. 32.

A comparison of the rankings of the 10 countries of ASEAN as a whole and individually in 2006, the last year of measurement, shows that ASEAN countries still have a long way to go before they can truly achieve good governance. ASEAN countries as a whole take a position just below the 50th percentile in the world, except for “voice and accountability” where they are in the 25th percentile.

The country with “the best governance” is Singapore, whose rankings are close to the 90th percentile, except for voice and accountability. Brunei Darussalam ranking is also rather high, except for “voice and accountability”, while Malaysia and Thailand fluctuate around the middle of the rankings. All other member countries of ASEAN rank below the 50th percentile. With its average positioning of 5.4 for 2006, Myanmar is among the lowest ranking countries in the world.









# 3. From Cooperation to Integration

## 3.1. Investment and financial flows

### *Ongoing initiatives for regional cooperation*

The objective that should guide increased financial and investment flows to poorer countries in ASEAN is to achieve integration through inclusive and sustainable growth that benefits the sizeable number of citizens who remain afflicted by poverty.

ASEAN is actively engaged in improving the ease of regional investment and in improving the ability of countries to benefit from investment. The ASEAN Investment Area (AIA) process is expected to culminate in the elimination of investment restrictions in the 10 ASEAN member countries by 2015. ASEAN is boosting the ability of poorer countries to benefit from potential increased investment flows through the Initiative for ASEAN Integration (IAI), which provides technical and development assistance to less developed countries in order to enhance their capacity to participate in the regional economy.

### *Present constraints and prospects*

Poorer countries possess a number of natural advantages that make them attractive as investment locations. Some, such as Myanmar and Viet Nam, possess a large workforce. Most of the countries also benefit from rich agricultural potential as well as mineral and energy reserves, including hydropower, natural gas and oil.

ASEAN integration has delivered insufficient financial and investment flows to provide support for poverty alleviation in later entrants to ASEAN, other than Viet Nam. These countries display levels of poverty far in excess of the ASEAN average. Foreign direct investment (FDI) in poorer countries has been minimal since the start of the ASEAN integration process. FDI to ASEAN has been heavily skewed towards a handful of better-off countries in the region. From 1995 to 2005, 55 per cent of all FDI inflows went to Singapore, 17 per cent to Malaysia, 14 per cent to Thailand and 7 per cent to Viet Nam. Intra-ASEAN FDI has been low and stagnant, especially since the 1997 Asian financial crisis.

For poorer countries, foreign investment and capital flows have been insufficient to create jobs. The economies have large numbers of young job seekers, but, in some countries, investment has been focused on natural-resource-extracting industries, which create few jobs. Little investment has flowed into the agriculture sector, where the majority of the population is employed. Agriculture is plagued by low productivity.

Poorer countries have found it difficult to attract investment because of weak levels of governance. Performance in both political and economic governance is important in creating an attractive investment climate, but economic governance in these countries is markedly below the ASEAN average, with control of corruption and regulatory requirements both causing concern. Political governance is important as investors worry not only about the return on investments but also the risk of losing their investments altogether. Investors assess political risk in terms of political stability, political accountability and the rule of law. New ASEAN entrants are far behind the ASEAN average in these areas.

Another reason that investment is not attracted to poorer countries is their weak social spending. Low levels of absolute spending leads to insufficient health and education levels among citizens and therefore lower productivity. The workforce in these countries has not been sufficiently empowered because basic schooling – at the primary and secondary levels – is inadequate. The countries are also significantly underperforming the region in providing adequate health services for their populations. Gender discrimination in income and access to education and health continues to be prevalent in these countries, also reducing the productive capacities of their economies.

Current ASEAN policies do not provide lagging countries with sufficient assistance to reduce socio-economic disparities. ASEAN assistance to poorer countries, through IAI, is constrained because it primarily takes the form of technical assistance projects of a relatively small scale, but, with Singapore and Brunei Darussalam its only high-income economies, ASEAN is limited in the size of its financial resources.

*Regional investment liberalization* is benefiting from the sustained efforts of ASEAN. The AIA is a good example of an investment accord based on the principle of open regionalism. It will be important to ensure that the Agreement is implemented as forecast, especially by keeping negative lists short. The eventual creation of the single ASEAN Economic Community will create the necessary, though not sufficient, conditions for attracting poverty-alleviating investment.

*Regional financial cooperation* has expanded recently through the creation of a pooled foreign reserves fund for crisis prevention, the revised Chiang Mai Initiative (CMI), and proposed regional bond funds for infrastructure financing. Given the limited foreign reserves of the poorer countries, they would benefit even more from CMI than the other ASEAN countries, which have now built up large reserves. Poorer countries are not included in CMI as they do not have sufficient reserves to contribute to the fund. A regional collaborative effort in the form of an ASEAN Infrastructure Bond Fund (AIBF) is currently under discussion. The concept is for the Governments of ASEAN member countries to invest along with the private sector in the Fund, which will be used to finance regional infrastructure projects.

*Inadequate social protection systems and standards* will make it difficult for poorer countries to cope with the effects of investment integration and to achieve their potential in attracting investment. The process of opening up to international investment will naturally lead to dislocation of workers during adjustment, especially in the State-owned sector. Without adequate social protection mechanisms, many workers will be vulnerable to poverty. Increased regional integration and openness to capital flows also increases the vulnerability of workers to regionally transmitted financial shocks. Poorer countries do not currently have employment-related programmes to deal with the structurally unemployed or those in the majority informal sector. Companies are increasingly adhering to their corporate social responsibility obligations and demanding adequate social standards in order to invest in countries. Those who do not meet these requirements lose potential investment, whereas those who do can reap the

benefits. Increased labour standards in Cambodia, for example, have boosted investment in its garments industry.

*Increased migration* will result from the formation of a single investment community. Industries currently constrained by domestic protection, for example in services, will relocate according to the comparative advantage of a particular country. Workers will migrate across international borders to the places where jobs are located. The outcome will be greater social and economic pressures on receiving countries due to inflows of foreign workers. ASEAN has yet to formulate adequate policies to cope with this prospect.

## 3.2. Trade Integration

### *Ongoing initiatives for regional cooperation*

The ASEAN Free Trade Area (AFTA) is very close to completion. Liberalization coverage now extends to 98.6 per cent of the total products, with tariffs in most cases ranging between 0 and 5 per cent. Moreover, disparity in product coverage between the “original” six members and the CLMV countries, which joined later, has been considerably reduced. The average tariff for ASEAN-6 under the Common Effective Preferential Tariff (CEPT) scheme is now 1.6 per cent while for CLMV countries is 4.4 per cent.<sup>27</sup>

Priority sectors for integration include agro-based products, air travel, automobiles, electronics, health care, logistics, tourism, textiles and apparel, logistics, rubber-based products, wood-based products, and logistic services. Tariffs in those sectors have been eliminated retroactively as of 1 January 2007. The harmonization of standards is an essential element in achieving greater trade integration. Mutual recognition agreements (MRAs) are tools for the harmonization of standards. The MRA on Electromagnetic Compatibility, for example, has harmonized safety standards among the 10 members since 2004. The MRA for Electrical and Electronic Equipment was signed in 2002 and has recorded good progress.

It might be expected that intraregional trade within a trade bloc would thrive, as the reduction/elimination of trade barriers, inter alia, allows for fuller exploitation of comparative advantages. In the ASEAN case, however, intraregional trade has not grown much. Brunei Darussalam, the Lao People’s Democratic Republic, Myanmar and Singapore register above the ASEAN average intraregional trade shares, while Cambodia and the Philippines have the weakest orientation towards trading with the other members of ASEAN. Figures 2.2 and 2.3 illustrated different levels of relative dependence on merchandise and services exports. Singapore and Malaysia are consistently more dependent on exports than the other ASEAN countries in the generation of their GDP.

Complicated rules of origin and the persistence of non-tariff barriers have been significant obstacles to enhancing intraregional trade (other obstacles include different standards, regulation and financing). Nevertheless, the degree of complementarity in intraregional trade has increased (APTIAD, 2007), albeit not evenly across countries, providing the opportunity to enhance the degree of integration among ASEAN members.

---

<sup>27</sup> Information extracted from Asia-Pacific Trade and Investment Database (APTIAD), November 2007. <<http://www.unescap.org/tid/aptiad>>

When increased intraregional trade is associated with higher intra-industry trade, the adjustment costs linked to economic restructuring are lower and business cycles tend to be synchronized. The share of ASEAN intra-industry trade has grown rather slowly and mainly among a few members. ASEAN, therefore, has untapped potential for developing horizontal and vertical production linkages among members and for exploiting countries resources and localization advantages.

In the area of services liberalization, much less can be said due to sparse data. Services are the key sector for trade and development as they drive progress in technical efficiency and productivity. Under the ASEAN Framework Agreement on Services (AFAS), four rounds of negotiations on services liberalization have taken place, which resulted in the liberalization of 55 subsectors. Priority areas for liberalization in services are e-ASEAN, health care, tourism and logistics. MRAs on professional services will be added to those on architectural services, surveying services and the movement of nurses.

ASEAN members are also increasingly a prime choice for location of off-shoring services and, in the A.T. Kearney Global Services Location, 2007, four of the ASEAN members were ranked among the top 10 countries (Malaysia 3rd, Thailand 4th, Indonesia 6th and Philippines 8th).

## *Present constraints and prospects*

AFTA is recognized as the most successful trade liberalization agreement among developing countries in Asia, covering 95 per cent of products with only 0-5 per cent tariffs and with good prospects for the elimination of non-tariff barriers. The aggressive regional liberalization has not changed the outward orientation of most members. Their import structure has also remained unchanged, indicating that ASEAN integration has no adverse effects on third countries.

At the same time, intraregional trade and FDI flows may have already reached their potential. First of all, ASEAN lacks a destination market capable of absorbing large quantities of final goods. Secondly, trade integration has stalled due to the weak enforcement of agreements and slow and cumbersome decision-making arising from unclear linkages between national Governments and the ASEAN Secretariat. Thus far, the expansion of trade and FDI has mostly been market-driven, aided by infrastructural development, technical progress and improved physical and digital connectivity. Market-driven integration, however, is not sustainable without a policy mechanism, such as contractual forms of cooperation and the transfer of national sovereignty to some region-wide body, which can govern trade and FDI much more tightly.

Never before has ASEAN come as close to actually transforming existing multiple cooperative initiatives into regional integration as it will in November 2007, when, at the 13th ASEAN Summit, it will have the opportunity to adopt the Blueprint Roadmap for the ASEAN Economic Community (AEC) and the ASEAN Charter. This might be a "make it-or break it" occasion for ASEAN from the perspective of locking-in the position of an Asia-wide core of production and supply networks and trade and investment arrangements. Through its outward orientation ASEAN has already built the platform on which to establish itself as a centre for regional trade and investment integration, which will include its traditional dialogue partners (China, Japan and Republic of Korea) as well as India, Australia and New Zealand.



This transformation cannot happen unless mechanisms are put in place to address development deficits and diversities in a more systematic and formalized manner. Such mechanisms would involve the reform of domestic (behind the border) measures and the harmonization of minimum acceptable standards in different areas. As a stepping-stone towards harmonization, institutional initiatives should be put in place for the purpose of (a) sharing information on good practices and policies and (b) building awareness of the benefits of stricter enforcement.

The persistence and deepening of development gaps without a mechanism for compensation from some sort of “equity or solidarity funds” might seriously threaten the future prospects of ASEAN. At the regional level, continuing gaps might undermine the willingness of those members of ASEAN that rely on trade taxes as a source of revenue. If they were going to continue to eliminate tariffs, they would rightly expect to receive adequate funding in lieu of trade taxes lost as a result of regional liberalization. Failure to move the integration to the next level would leave the problems of persisting gaps unsolved and cause the more prominent appearance of “centres of growth and peripheries”. In addition to potentially awakening protection-seeking lobbies and the reversal of trade reforms, will most definitely contribute to inequalities, in which case current development gaps would only widen. With the possibility that only some countries will keep growing at high rates, the continued proliferation of bilateral trade agreements between individual ASEAN members and multiple partners in the rest of the Asia-Pacific region and globally would only progressively add more “noodles” to the bowl. Thus, efforts must be channelled into reducing existing development gaps and raising the profile of ASEAN as a more cohesive integration so that Dialogue partners prefer to negotiate with it as a bloc instead of discriminatorily picking only some of its members. This is seen as a sustainable way to achieve the stated AEC goals of convergence within ASEAN and between ASEAN and its partners.

### **3.3. Management of international migration flows**

#### ***Current ASEAN initiatives and measures to regulate the flow of people across borders***

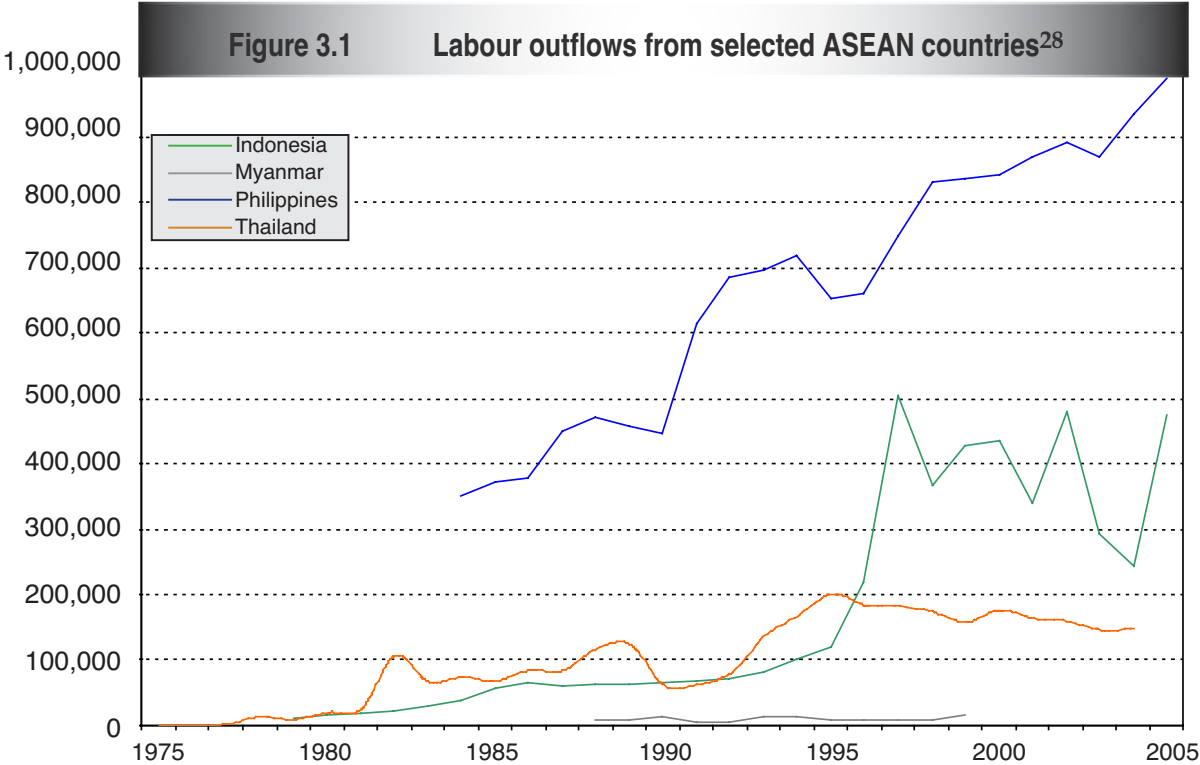
As it moves towards greater economic integration, the ASEAN region has attached growing importance to the issue of cross-border human mobility. ASEAN is addressing international migration issues by focusing on four major areas: (a) enhancing immigration systems, capacities and cooperation; (b) combating trafficking in persons and transnational crimes; (c) protecting and promoting the rights of migrant workers; and (d) facilitating the mobility of service professionals.

*Initiatives to facilitate cooperation on immigration matters.* Immigration was first identified as an area of cooperation which could strengthen economic cooperation at the 5th ASEAN Summit, held in 1995. The free flow of people, goods and services is anticipated as ASEAN countries move closer to economic integration. The ASEAN Plan of Action for Cooperation on Immigration Matters was adopted in 2002 to streamline immigration procedures with a view to facilitating intra-ASEAN commerce, tourism and travel through an effective network among ASEAN countries. The Plan aims at fostering the modernization and simplification of immigration procedures, the harmonization of relevant immigration policies and legislation, and closer collaboration for managing labour movements and combating transnational crime. Most recently, the ASEAN Framework Agreement on Visa Exemption

was adopted in July 2006 to facilitate intra-ASEAN travel by streamlining existing bilateral visa arrangements into a uniform rule.

*Initiatives to combat trafficking in persons.* In recognition of the urgent need for a comprehensive regional approach to prevent and combat trafficking in persons, ASEAN members adopted in November 2004 the Declaration Against Trafficking in Persons, particularly Women and Children, which emphasizes aspects of law enforcement. In the same year, the six countries of the Greater Mekong Subregion, namely Cambodia, China, the Lao People’s Democratic Republic, Myanmar, Thailand and Viet Nam, signed a memorandum of understanding (MOU) on cooperation against trafficking in persons and established the Coordinated Mekong Ministerial Initiative against Trafficking (COMMIT). The MOU addresses five key areas of concern: (a) policy and cooperation; (b) legal frameworks, law enforcement and justice; (c) protection, recovery and reintegration; (d) preventive measures; and (e) mechanisms for implementation, monitoring and evaluation of the MOU. The MOU commits the signatory Governments to develop national plans of action against trafficking in persons and to work towards establishing and strengthening national multisectoral committees to address trafficking. The COMMIT process is actively developing guidelines and procedures for protecting and providing other support for persons who have been trafficked.

*Initiatives to protect the rights and welfare of migrant workers.* Since the 1980s, the ASEAN region has witnessed phenomenal growth in international migration, particularly the mobility of people seeking temporary overseas employment. International migration in the region has become so dynamic that the phenomenon now involves nearly all ASEAN member countries as countries of either origin or destination. The ASEAN region comprises several poles that attract temporary migrant workers. The sustained growth of their economies coupled with a limited national work force has made Brunei Darussalam, Malaysia, Singapore and Thailand destination countries drawing manpower from neighbouring low-income and labour-surplus countries. Several ASEAN countries, notably the Philippines and Indonesia, have deployed large numbers of migrant workers to these and other destinations. In 2005 alone, the Philippines deployed over 980,000 contracted migrant workers while Indonesia deployed over 474,000 workers.



As migration for the purpose of employment has expanded rapidly among ASEAN countries, the importance of ensuring the rights and welfare of migrant workers has been recognized. However, the issue is often contentious, and the negotiations on the conditions of migrant workers have largely been left to the different stakeholders involved in the process of recruiting and employing them. Between sending and receiving ASEAN countries, there are few bilateral agreements that give full protection to the rights of migrant workers. Against this background, ASEAN adopted in January 2007 the Declaration on the Protection and Promotion of the Rights of Migrant Workers, which calls for commitments on the part of member countries to ensure that migrant workers have decent working conditions, protection from all forms of abuse and a guaranteed wage. The Declaration also calls for the full potential and dignity of migrants to be promoted in a climate of freedom, equity and stability.

*Initiatives to facilitate the mobility of service professionals.* ASEAN is facilitating the mobility of service professionals under its Framework Agreement on Services, signed in December 1995. The Framework seeks to enhance cooperation in services among its member countries by eliminating restrictions to trade in services and liberalizing trade in services. ASEAN is taking the first steps towards the free mobility of service professionals through MRAs for qualifications in major professional services. So far, two MRAs, for nursing and engineering services professionals, have been signed and have entered into force.

### *Present constraints and prospects*

ASEAN political commitment to take measures aimed at facilitating orderly movements of people and protecting the rights of migrant workers has been affirmed by the adoption of the agreed documents on international migration matters. The agreed documents provide guidelines and delineate general principles to be observed by the whole membership as well as the specific obligations of sending and receiving countries. The Declaration on the Protection of the Rights of Migrant Workers calls for follow-up action by requiring the Secretary-General of ASEAN to submit annually a report on the progress of the implementation of the Declaration to the Summit through the ASEAN Ministerial Meeting. In the light of the importance of implementing the Plan of Action on Immigration Matters, ASEAN has developed a work programme detailing practical initiatives and measures to be carried out, including a periodic review of progress. The MRAs that have entered into force for nursing and engineering services professionals point towards progressive liberalization of trade in services in the ASEAN region. The temporary mobility of service professionals provides an opportunity for developing countries with surplus skills in the service sector to earn a higher income. On the other hand, the circulation of skills also allays the concerns of developed countries about permanent settlement.

---

<sup>28</sup> Sources: 1) Indonesia: Ministry of Manpower and Transmigration website, <<http://www.nakertrans.go.id>>; ILO International Labour Migration Database (ILM), <http://www.ilo.org>; 2) Myanmar: ILO International Labour Migration Database (ILM), <http://www.ilo.org>; 3) Philippines: Philippine Overseas Employment Administration (POEA) website, <http://www.poea.gov.ph/html/statistics.html>; 4) Thailand: Huguet, Jerrold and S. Punpuing (2005), International Migration in Thailand, International Organization for Migration (IOM), Regional Office, Bangkok.; Asian Regional Programme on International Labour Migration, UNDP-ILO Project (RAS/88/029). Statistical Report 1990. International Labour Organisation, Regional Office for Asia and the Pacific. Bangkok, Thailand.

The COMMIT process lays down a framework for a systematic response to human trafficking and a three-year subregional plan of action for a collaborative effort to protect victims of human trafficking, promote cooperation in investigating and prosecuting traffickers and undertake protective efforts to address vulnerability to trafficking. The activities under the COMMIT process have included national and subregional training workshops and the drafting of model procedures and guidelines.

There is no ASEAN-wide policy or administrative framework for managing migration that addresses all forms of population movements in a coordinated and integrated manner. The daunting task of harmonizing national policies with international instruments remains, as does the establishment of mechanisms for the effective implementation of the various instruments and obligations. The ASEAN agreed documents on migration matters reference international human rights instruments; however, they do not mention international instruments developed specifically for the situation of migrants, such as the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families<sup>29</sup>, which entered into force on 1 July 2003. The Philippines is the only country in the ASEAN region that has ratified the Convention, while Cambodia and Indonesia have signed it.

While the ASEAN agreed documents on international migration matters signify valuable progress in establishing mechanisms for the humane and orderly management of international migration, they are nonetheless non-binding general statements of principles and contain significant omissions. Freedom of association for migrant workers is absent from the declaration on migrant workers. The migration-development nexus and the role of remittances in poverty reduction as well as the gender dimensions of international migration remain unaddressed in ASEAN agreed documents.

Remittances have become a structural element of several economies in the ASEAN region, playing essential roles in sustaining local and national economies. In 2005, the ASEAN region received over \$22 billion, with the Philippines taking the lion's share at \$13.6 billion, Viet Nam receiving \$4 billion and Indonesia \$1.9 billion. The volume of remittances to these countries is now so high in absolute size as well as in relation to other sources of finance that it has become essential to harness its potential for bringing about longer-term and broader economic and social development.

One growing policy concern revolves around channelling remittances so as to maximize their development impacts. This is a major policy issue because of the high transaction costs charged by money transfer agents. Calls for harnessing the development impact of migration provide opportunity for ASEAN to improve the financial infrastructure underlying remittances. There is scope for regional cooperation to make it easier and cheaper to transfer remittances and to regularize informal channels of transfer. ASEAN cooperation could also be instrumental in boosting diasporic contributions and transfers and in promoting return migration. Understanding the important relationship between migration, poverty and development could enable ASEAN member countries to better address the challenges of international migration and maximize its benefits for all.

---

<sup>29</sup> United Nations, Treaty Series, vol. 2220, No. 39481.

Table 3.1 Migrant workers' remittances received by ASEAN countries (2005)		
	Total (millions US\$)	% of GDP
Cambodia	200	3
Indonesia	1,883	1
Lao PDR	1	<1
Malaysia	1,281	1
Myanmar	117	
Philippines	13,566	14
Thailand	1,187	1
Vietnam	4,000	8

Source: *The World Bank, World Development Indicators 2006.*

Most ASEAN member countries participate in regional consultative processes (RCPs) such as the Manila Process, the Bali Process, the Colombo Process and the Inter-Governmental Asia-Pacific Consultation on Refugees and Displaced Persons (APC). RCPs focus on specific population movements, such as irregular migration and trafficking, and have been credited for enhancing regional coordination on migration, building trust and fostering a better common understanding of migration issues. As the ASEAN migration system is a part of the larger Asia-Pacific and global migration systems, it can benefit from further and deeper cooperation and collaboration with existing mechanisms, including RCPs. These interactive dialogues, information exchanges and instances of technical cooperation are crucial if links between States are to be developed and the groundwork for future bilateral and multilateral agreements is to be laid.

The economic benefits of migration accruing to several ASEAN countries are clouded by concerns over the social costs and unintended consequences of migration policies. The emigration of highly skilled persons from countries of origin threatens the development potential of those countries. A shortage of human capital in key sectors, such as health, technology and industry, could threaten productivity, economic growth and the provision of social services. The social costs of migration include the impact on family structures and gender roles. Unproductive use of remittances is also an area of concern. The presence in host societies of migrants, especially those with different ethnic origins or languages, may lead to the segmentation of the labour market. During economic downturns or sudden changes in host countries, such as the 1997 Asian financial crisis, the demand for migrant labour could diminish and the employment security of migrants could be threatened. Such events could be compounded by growing numbers of migrants with irregular status. As the recent SARS outbreaks in several ASEAN countries have demonstrated, human mobility has repercussions on public health. The impact of SARS went beyond health concerns; it had consequences for the economy, international relations and tourism. This demonstrates the importance of integrating migration into local and global public health management.



## 3.4. Control of communicable diseases and their spread across borders

### *Ongoing initiatives for regional cooperation*

A number of cooperation frameworks have been instituted by ASEAN as part of its efforts towards effective surveillance and control of communicable diseases. These regional cooperation frameworks have been formulated in such areas as HIV/AIDS and surveillance of communicable diseases as well as, more recently, for combating avian influenza.

In 2006, an estimated 1.6 million people were living with HIV in the ASEAN region, and one third of them were women. Acknowledging the significant impact of HIV/AIDS in the ASEAN region, high-level ASEAN summits have devoted special sessions to examining the impact of HIV/AIDS and evolving effective strategies to tackle the problem in the region. The 12th ASEAN summit, held at Cebu, Philippines, in January 2007, adopted a declaration committing member nations to a number of actions, including mainstreaming HIV/AIDS within national development policies, targeting HIV/AIDS policies and programmes effectively towards vulnerable groups, and sharing experiences on good practices and lessons learned regarding prevention and treatment. The declaration also commits ASEAN member States to removing obstacles that impede access to quality HIV and AIDS prevention products, medicines and treatment commodities.

Other regional initiatives include the formation of an ASEAN disease surveillance network for effective sharing of information and rapid response to disease outbreaks and for strengthening laboratory capacity. The regional approach used by ASEAN has facilitated effective partnerships with donors and international agencies, such as WHO. The regional approach has also facilitated joint programming and increased interest from donors.

The ongoing outbreak of avian influenza has significantly affected countries in the ASEAN region. ASEAN has been swift to recognize and respond to this threat. Regional frameworks for cooperation have been formed in a number of areas, including a Regional Framework for Control and Eradication of Highly Pathogenic Avian Influenza, the ASEAN Animal Health Trust Fund and the formation of an ASEAN HPAI task force.

However, most of the efforts described above mainly involve actions at national level, and cross-border actions are largely limited to exchanging information and experiences between countries. Disparities in health system capacities, governance and financing for the health sector between ASEAN countries appear to be holding back more effective regional cooperation and integration in the health sector. In addition, the ASEAN region faces an increasing burden of non-communicable diseases due to demographic changes as well as epidemiological changes, partly attributable to changes in lifestyle and diet due to globalization.

### *Present constraints and prospects*

In many countries in the ASEAN region, health has been accorded high priority. Such ASEAN countries as Malaysia and Thailand are often cited as examples of achievement of near universal health-care coverage at lower levels of GDP than many developed countries. As many as four countries (Brunei Darussalam, Malaysia, Singapore and Thailand) provide their populations with universal health-care coverage.



The primacy accorded to health issues and strong advocacy for health in many member countries have led to significant progress in curbing the spread of HIV/AIDS in such countries as Cambodia and Thailand, where the prevalence rates are showing a declining trend. Furthermore, such ASEAN nations as Indonesia, Malaysia and Thailand have displayed initiative in utilizing the flexibilities available under intellectual property laws in order to provide patients in need with antiretroviral drugs.

Political will provides a strong opportunity for translating an interest in health issues into meaningful efforts at regional cooperation and integration, which go beyond the sharing of experiences and best practices. Regarding control of communicable diseases, for example, this could be channelled into the sharing of the resources and capacities available in some countries of the region to benefit those who do not have them.

Increasing economic integration between ASEAN member States also provides an opportunity for integration in the health sector. For example, the ASEAN Free Trade Agreement on Services is also looking at integration in the area of health services.

<b>Table 3.2 Indicators of health expenditures, 2003</b>		
	Total health expenditure/GDP (%)	Government health expenditure / Total health expenditure (%)
Brunei Darussalam	3.5	80
Cambodia	10.9	19.3
Indonesia	3.1	35.9
Lao PDR	3.2	38.5
Malaysia	3.8	58.2
Myanmar	2.8	19.4
Philippines	3.2	43.7
Singapore	4.5	36.1
Thailand	3.3	61.6
Viet Nam	5.4	27.8

Source: World Health Report, 2006

The main obstacle to effective regional cooperation towards tackling the cross-border spread of communicable diseases takes the form of disparities between ASEAN member countries with regard to levels of funding for the health sector as well as health system capacities. Low levels of government expenditure on health in some ASEAN countries, such as Cambodia and Myanmar, translate into high levels of out-of-pocket expenditure, which is a major cause of impoverishment. It also results in poor capacities for surveillance of communicable diseases, and weak delivery of vital interventions within national health systems. In the case of Myanmar, the total expenditure on health as a proportion of GDP is the lowest in the ASEAN region, and the government contribution is only 19.4 per cent of total health expenditure, which translates into a very low level of government expenditure on health.

The main threat posed by such low levels of spending and the resultant poor capacities is the increased threat that diseases will spread not only within countries but also across borders to other countries. In addition, the fact that health systems are at widely differing levels of development inhibits regional integration and cooperation.

## 3.5. Environmental Sustainability

### *Ongoing Initiatives for Regional Cooperation*

ASEAN has made considerable progress in building institutional mechanisms for multilateral governance on the environment. Regional environmental cooperation dates back to 1977, when the ASEAN Subregional Environment Programme (ASEP) was established, leading in the subsequent year to the creation of the ASEAN Experts Group on the Environment. The mechanisms for dialogue and coordination have been continuously strengthened through regular meetings of ASEAN Senior Officials on the Environment (ASOEN) and the ASEAN Ministerial Meeting on the Environment (AMME) since 1989 and 1994, respectively, for the formulation, implementation and monitoring of regional programmes and activities on the environment. In addition to developing institutional mechanisms, ASEAN has been able to expand the scope and degree of environmental cooperation by promulgating 14 environmental agreements and declarations since 1981.

According to the ASEAN Vision 2020, regional cooperation on the environment informs the whole development agenda of ASEAN. It defines its goal to pursue a more sustainable path to development by calling for: “A clean and green ASEAN with fully established mechanisms for sustainable development to ensure the protection of the region’s environment, the sustainability of natural resources and the high quality of life of its people.”

### *Present constraints and prospects*

The major strength of ASEAN regional environmental cooperation is the number and articulation of institutional mechanisms which have contributed to the shaping of a common regional environmental policy framework, the facilitation of multilateral activities for capacity-building and the creation of bases of common knowledge and information. Unlike in other parts of Asia and the Pacific, this development of organizational and legal structures for environmental cooperation has taken place in parallel with the progress of economic and political integration, which is essential if the adverse impact of rapid economic growth on the environment is to be avoided.

ASEAN has also been successful in creating relatively well-coordinated foundations for collective responses to key transboundary environmental challenges, such as haze, loss of biodiversity, water security and marine pollution. Two good examples of ASEAN environmental cooperation are the promulgation of the Agreement on Transboundary Haze Pollution and the establishment, in 2005, of a legally constituted body, the ASEAN Centre for Biodiversity, as a follow-up to an interregional collaboration with the European Union.

Although ASEAN has expanded the scope and depth of regional environmental cooperation, many challenges remain. Multilateral environmental governance can be examined in the context of institutional effectiveness and environmental impact by looking at the capacity of a given mechanism to change the behaviour of member States and to examine the environmental consequences of the mechanism. In this regard, the current institutional mechanisms of ASEAN on environmental cooperation and the environmental outcomes of the mechanisms show serious weaknesses. ASEAN has been able to facilitate active regional dialogues on biodiversity conservation from the early stage of environmental cooperation by adopting the Agreement on the Conservation of Nature and Natural Resources in 1985 and

by formulating various declarations and policy guidelines on the issue. At the same time, the area covered with forests has been decreasing constantly over the last 15 years. These trends confirm the limited capacity of the current mechanisms of influencing decision-making in member States. On one hand, the “non-intervention” policy of ASEAN limits the implementation of various environmental agreements, declarations and action plans. On the other, the national capacity of the member States in environmental governance could represent an impediment to the institutional and environmental effectiveness of the mechanisms. As the market of ASEAN integrates, the implementation system for agreed environmental goals among member States will also need to be strengthened. This will require the strengthening of the political and institutional capacity of the ASEAN Secretariat regarding multilateral environmental governance.

Except for the areas of haze and biodiversity, ASEAN lacks strong legal foundations for other important environmental concerns. In particular, there is no mechanism in place to pursue sustainable development in the ASEAN region. Furthermore, ASEAN lacks appropriate instruments for joint action on climate change, while the consequences of natural disasters in terms of economic and human loss are growing in the region. In view of the fragile capacity of ASEAN for resilience in relation to natural disasters, active engagement in global mitigation actions as well as preventive measures to adapt to climate change are necessary.

A sustainable development approach to water resources management is also required. In a region where, on average, 78 per cent of freshwater is used for agricultural purposes, the eco-efficiency of water use in agriculture needs to be enhanced in order to minimize the impact of changing meteorological patterns on food production and food security, thereby ensuring the survival of rural livelihoods.

## **3.6. Energy security**

### *Ongoing initiatives for regional cooperation*

ASEAN has a relatively well-established framework for energy cooperation at different levels. Energy cooperation in ASEAN has been the overall responsibility of the Senior Officials on Energy Meeting (SOME) with regard to the supervision, coordination and implementation of ASEAN cooperation programmes, projects and activities. The ASEAN Ministers on Energy Meeting (AMEM) covers the issues and concerns of common interest and sets policy and programmatic direction with regard to ASEAN energy cooperation. A number of forums and networks as well as institutions have been established to facilitate and coordinate regional energy cooperation activities as well as providing advisory support for their implementation.

The ASEAN 2020 Vision adopted in 1997 by the Heads of State at the 2nd ASEAN Informal Summit, held in Kuala Lumpur, envisioned an energy-interconnected South-East Asia through the ASEAN Power Grid and the Trans-ASEAN Gas Pipeline projects. These ventures call for regional cooperation in pooling energy resources and maximizing the efficient utilization thereof. ASEAN adopted the Plan of Action for Energy Cooperation (APAEC), 2004-2009, at the Twenty-Second ASEAN Ministers on Energy Meeting (AMEM) in 2004. At the Twelfth ASEAN Summit, held in Cebu, Philippines, on 15 February 2007, the Heads of State of ASEAN countries, together with Australia, China, India, Japan, New Zealand and the Republic of Korea, adopted the Cebu Declaration on East Asia Energy Security (EAES), which essentially reaffirmed the collective commitment to ensuring energy security. Further, the

Twenty-Fifth ASEAN Ministers on Energy Meeting, held in Singapore on 23 August 2007, made a joint ministerial statement to further promote energy security.

### *Present constraints and prospects*

The ASEAN region has about 40 per cent of all the oil and gas resources in the Asia-Pacific region, and oil and gas exports generate about US\$ 50 billion annually for the ASEAN economies. The region is also well endowed with renewable energy resources, including hydro, solar, biomass and wind.

ASEAN is one of the fastest growing regions in the world, which creates an expanding energy market to fuel its rapid economic growth. Energy imports in ASEAN countries, especially liquid fuels, recorded the highest growth rate, more than 6 per cent annually, from 2000 to 2004, while the average for the whole Asia-Pacific region was 4.4 per cent.

ASEAN has built up close relations on energy cooperation with other economic powers both within and outside the Asia-Pacific region, such as ASEAN + 3 and other bilateral dialogues.

Although many activities and initiatives have called on the member countries of ASEAN to be committed to enhancing energy security and sustainable development, there are certain concerns and challenges, regarding increased energy cooperation towards a more integrated ASEAN energy system, that should be addressed.

Rapid economic growth puts increased pressure on the environment in ASEAN countries and can threaten energy security. Energy intensity is relatively high in major industries. In the industrial and transport sectors, there is strong demand for fossil fuels, which put severe pressure on the environment, from air pollution to greenhouse gas emissions. It is estimated that greenhouse gas emissions could triple in ASEAN countries by 2030, with demand for energy doubling in the same period.

Overall energy imports have grown considerably whereas energy trade among ASEAN member countries has been sluggish. Although the ASEAN energy system integration process has started, progress is too slow to meet the demand of enhancing energy security. One of the reasons is probably lack of commercial feasibility. In the absence of political commitment to make these investments more attractive to private investors, it will be very difficult to speed up the integration of the ASEAN energy system. Another factor is the shortage of public investment in certain disadvantaged countries.

The lack of an integrated and transparent energy market and pricing system is one of constraints preventing enhanced ASEAN energy security and cooperation. The ASEAN oil market is neither as deep nor as transparent as the market in Europe. Buyers cannot reduce risks and sellers receive less than they would elsewhere because of the relatively inefficient and volatile market. On the other hand, ASEAN has very limited strategic oil reserves, which have only been established at the country level. Moreover, due to the lack of a transparent pricing system in some member countries, the rising price of oil has been an heavy burden for Governments. There is no level playing field for improving energy efficiency and increasing the use of renewable energy towards a sustainable energy system.

Deepening trust and synergy among member countries is needed for a win-win solution and balanced development. With the exception of Singapore, ASEAN member countries are all developing countries; economic development, not surprisingly, receives top

priority. For this reason, member countries might be driven to develop and exploit their resources in search of short to medium-term gains. Power importers, for instance, might want to take advantage of lower electricity costs and not invest a great deal in energy-efficient or renewable energy technologies.

The soaring price of oil has significant impacts on the energy security and economic development of ASEAN countries. Here, too, there are opportunities. The average annual growth rates for energy production and supply from 1992 to 2005 were higher in ASEAN than in other subregions of Asia and the Pacific. The price of oil has taken its toll on such ASEAN member countries as the Philippines, Singapore and Thailand, which are the most oil-dependent. Their heavy dependence on oil imports makes them vulnerable to disturbances in the energy supply.

Collectively, the efforts of ASEAN member countries to improve the energy trade among themselves, including accelerating the implementation of ASEAN Power Grid and the Trans-ASEAN Gas Pipeline projects, finding a way to improve energy efficiency and using more alternative forms of energy, are effective ways to minimize the impact of the rising price of oil. Technology transfer among member countries will allow the optimization of the region's energy resources for greater security.

## **3.7. Information infrastructure**

### *Ongoing initiatives for regional cooperation*

The ASEAN ICT initiatives have been implemented to address one of the following two complementary objectives: (a) to reduce the digital divide within and among ASEAN member countries; and (b) to strengthen the competitiveness of the ASEAN ICT sector. Initiatives related to bridging the digital divide have focused on the implementation of universal service mechanisms, the use of open source technology and the development of localized content. The Siem Reap Declaration on Enhancing Universal Access of ICT Services in ASEAN, "ICT Reaching out to the Rural", was adopted in August 2007 by the ASEAN ministers responsible for telecommunications and information technology. It provides actions and measures to be implemented at the national level to establish or strengthen Universal Service Obligation programmes. ASEAN member countries have formulated and implemented, with different levels of success, policies and programmes to address the problem of the digital divide. Such initiatives aim at enhancing the ICT access of rural and underserved communities. But they are local and national initiatives by nature; regional cooperation has been limited to sharing expertise and good practices among countries.

Some progress has been reported on the ASEAN initiatives to accelerate the integration of the ICT sector. They have focused on capacity-building, infrastructure development, and facilitation of e-commerce and trade of ICT products and services. Initiatives have been implemented to facilitate interconnectivity and technical interoperability among ICT systems and to improve existing national networks to connect them into a regional information infrastructure. Some member countries have established ASEAN Computer Emergency Response Teams (CERTs) and have conducted regional ASEAN Cybersecurity Incident Drills. Guidelines have been produced to harmonize the legal and regulatory frameworks for the strengthening of e-commerce in the ASEAN region. Member countries have progressed in implementing their sectoral MRAs on conformity assessment for telecommunications



equipment. A website has been established to act as a platform for the dissemination of information related to ASEAN ICT initiatives.<sup>30</sup> In addition, an ASEAN ICT fund has been set up to provide support for regional ICT projects and activities. To ensure effective and efficient utilization of the Fund, the ASEAN ICT Centre (AICTC) has been set up to assist the ASEAN senior officials from the ministries responsible for telecommunications and information technology in assessing the suitability and feasibility of the proposed ICT projects and activities.<sup>31</sup>

The two objectives of ASEAN ICT initiatives are complementary, but the strategies to achieve them should take into consideration different sets of strengths, weaknesses, opportunities and threats.

Strategies to address the digital divide should call for a stronger commitment of individual member countries to facilitate the development and uptake of their national ICT infrastructures. Even though a divide exists among countries, there will always be a well-connected and informed sector of society even in countries with very few digital opportunities, and a poorly connected and uninformed segment even in countries with a high level of digital opportunities. Thus, the digital divide is mainly an internal issue of each country.

It may be surprising to some that there is no shortage of national ICT strategies in ASEAN. Most of these strategies, however, have not considered fulfilling the information needs of the rural population as a priority. Universal service programmes, telecommunication reforms, and market liberalization with an inclusive pro-poor and pro-rural strategy that is supported by an efficient sector regulation, are all important issues that should be part of the national ICT strategies. But the digital divide is not only about technology, it is about access to timely, useful, and contextualized information. The control or suppression of Internet access through the practice of Internet censorship widens the digital divide. Some ASEAN member countries see Internet censorship as an important political tool.<sup>32</sup> Such filtering undermines the flow of information within and across borders and unveils the dilemma that these Governments face when they propose to bridge the technological divide while they disregard the freedom of information access. More access to ICT in rural areas means more information in rural areas. Unsurprisingly, some ASEAN member countries show an impressive record in the number of strategies and plans but no progress in terms of action.

Initiatives to address the digital divide should leverage the sundry examples of good practices in the region, initiatives that have enhanced connectivity and developed adequate content to reach people in rural communities. The establishment of telecentres (i.e. public centres for shared access of ICTs) is one example. It has been the most effective way to provide ICT access to the rural poor. Several telecentre initiatives have been implemented in

---

<sup>30</sup> The ASEAN Connect – ASEAN ICT Portal, <http://www.aseanconnect.gov.my/>, accessed on 11 November 2007.

<sup>31</sup> All ASEAN initiatives mentioned here are from the ASEAN's official website, <http://www.aseansec.org/4925.htm>, accessed on 7 November 2007.

<sup>32</sup> A recent (2007) study conducted by OpenNet Initiative (ONI), a partnership of academic institutions that research Internet filtering and surveillance practices, concluded that Myanmar and Viet Nam "rely on pervasive filtering as central platform for shaping public knowledge, participation, and expression" and that Thailand have blocked a "substantial number of sites across categories of content considered sensitive or illicit". See OpenNet Initiative website, <http://opennet.net/research/regions/asia>, accessed on 11 November 2007. Myanmar and Viet Nam are also in the list of 13 Internet enemies compiled by the non-profit organization Reporters without Borders (RSF). See [http://www.rsf.org/article.php3?id\\_article=19603](http://www.rsf.org/article.php3?id_article=19603), accessed on 11 November 2007.



Indonesia, Malaysia, the Philippines and Thailand. Some of those good practices have been disseminated.<sup>33</sup> The Knowledge Network of telecentres in Asia-Pacific, sponsored by ESCAP, has united the stakeholders of telecentre initiatives in the region, including Governments, NGOs, academia and development agencies, so that they can share experiences, skills and expertise and develop activities collectively (e.g. content development, advocacy etc). ASEAN countries can leverage those experiences to develop and strengthen their own telecentre programmes.

Rapid advances in mobile technology and its growing uptake in the region also present great opportunities to bridge the digital divide. The use of mobile phones enhances the users' communication capacity while not requiring literacy or the acquisition of expensive equipment. Mobile phones are also integrating other technologies, such as photography, music and video, geographic positioning, and Internet access, which opens up a wide range of new opportunities for provision of services in rural areas.

Another opportunity for ASEAN is the willingness of Dialogue Partners, particularly China, Japan and the Republic of Korea, to support ASEAN efforts to improve its regional ICT infrastructure. ASEAN can benefit from this strategic partnership in the areas of infrastructure investment, research and development and capacity-building. These countries have different objectives for cooperating with ASEAN ICT initiatives. However, if the strategies are aligned to push in the same direction, ASEAN would be able to leverage the resources and expertise of Dialogue Partners to boost the enhancement of its regional ICT infrastructure.

An established ASEAN ICT infrastructure is also fundamental to enhance the competitiveness of the ASEAN ICT sector. In some ASEAN member countries (i.e. the Philippines and Malaysia) the ICT sector already accounts for a significant share of the business sector valued-added and workforce.<sup>34</sup> That indicates the existence of the basis for a strong ASEAN ICT sector. In addition, the business sectors in some countries have developed export-oriented strategies and have enhanced their participation in the e-commerce, which has created an internal demand for ICT products and services. The manufacturing, tourism and hospitality industries are examples. That has enabled the development in some countries of an ICT industry supportive to those specific needs.

One challenge to enhance its competitiveness is that the ASEAN ICT industry is strongly based on SMEs. The competitiveness and productivity of SMEs are often constrained by limited access to information and technological know-how to support the development and marketing of value-added products. Another challenge is the limited ICT capacity in the region. ICT industry requires a variety of highly skilled professionals, and the development of human resources requires time. ASEAN is trying to keep the pace in developing a skilled ICT workforce to fulfil the demands of a vibrant ASEAN ICT Sector.<sup>35</sup>

---

<sup>33</sup> The Telecentre Online Database available in the ESCAP website compiles an extensive list of telecentre projects in the Asia-Pacific region. See <http://www.unescap.org/icstd/applications/cec/>, accessed on 11 November 2007. Guidelines on the establishment and operation of telecentres based on Malaysian experience are available at [http://www.unescap.org/icstd/applications/projects/Malaysia\\_CeC/docs/guidebook.pdf](http://www.unescap.org/icstd/applications/projects/Malaysia_CeC/docs/guidebook.pdf), accessed on 11 November 2007

<sup>34</sup> Contributions of ICTs to the business sector in Philippines (over 20 per cent in 2001) and Malaysia (around 15 per cent in 2003) are above the OECD-average contributions (around 10 per cent in 2003). Share of the ICT sector in total business sector workforce in Philippines was around 11 per cent in 2001. It was around seven per cent in Malaysia in 2003. See Information Economic Report 2006 – The Development Perspective, pag. 23 and 25, UNCATD, 2006, Sales No. E.06.II.D.8.

<sup>35</sup> Several countries have expanded ICT-related enrollment of existing universities and colleges, expanded private educational institutes and facilitated ICT training by private companies. However, quality of skills and balancing the demand and supply of specific skills are still challenges according to Ravi Raina, regional adviser ICT - ESCAP. ICT Human Resource Development in Asia and the Pacific – current status, emerging trends, policies and strategies, presented at the Regional Forum on ICT Capacity Building, APCICT, 5-6 March 2007, Incheon, Republic of Korea.

There are many opportunities for such strong ASEAN ICT Sector as the World ICT Market continues to grow steady. It is estimated that global IT spending in 2007 will be US\$ 1.2 trillion, accounting for 2.5 per cent of GDP, and IT employment will be increased by 4.7 per cent per year until 2011. The IT market is expected to drive the creation of more than 100,000 new businesses between 2007 and 2011.<sup>36</sup> There are also opportunities from the growth of the ICT outsourcing industry. It is estimated that the worldwide services and outsourcing market will grow at a compound annual growth rate of 15 per cent to reach a market size of US\$ 1,430 billion by the end of 2009.<sup>37</sup>

Concerns with the situation of human rights in some ASEAN member countries may produce market restrictions against products from ASEAN countries. An integrated ASEAN ICT sector would be negatively impacted by such a development. Strategies to enhance the competitiveness of the ASEAN ICT sector should also take in consideration the growing impact of China and India in this area. The prospect of China and India combining their strengths in the ICT industry to compete globally has been the subject of much speculation. Joint ventures and partnerships between Chinese and Indian companies could have access to complementary skills and resources that would allow them to establish strong leadership in the global market. On the other hand, their strong economic growth, huge domestic markets and growing demand for ICT products and services pose great opportunities for ASEAN ICT sector.

At the institutional level, the structure and mechanisms currently adopted in ASEAN have strengths and weakness that affect the achievement of those two ASEAN ICT objectives (i.e. reduce the digital divide and enhance the competitiveness of the ICT sector). The strength is the efficient institutional mechanism that is in place to formulate the strategies towards the e-ASEAN Community. The TELMIN and TELMIN + 1 Meetings<sup>38</sup> ensure that ministers responsible for telecommunications and information technology are driving the strategy formulation and monitoring the progress of the action plans.<sup>39</sup> Strategic links with ASEAN Dialogue Partners have been strengthened with the introduction of TELMIN +1 meetings in 2006. The weakness is the gap between the formulation of the ASEAN ICT strategy and its implementation. Currently, the TELSOM<sup>40</sup> provides a forum for senior officials to discuss and control the implementation of the ASEAN work programmes related to ICT.

---

<sup>36</sup> IDC Economic impact study 2007: The economic impact of IT, software, and the Microsoft ecosystem on the global economy, IDC White paper, October 2007, Accessed on 07 November 2007 at: <http://www.microsoft.com/downloads/details.aspx?FamilyId=BB95083E-2BCA-4C60-832C-9B35A2A6BC6D&displaylang=en>

<sup>37</sup> Computer Business Review, August 2007. Accessed on 07 November 2007 at: <http://www.cbr.co.za/article.aspx?pkArticleId=4714&pkCategoryId=404>

<sup>38</sup> The ASEAN Telecommunications and IT Ministers' Meeting (TELMIN) meets once a year and is based under the ASEAN institutional framework. Part of the TELMIN annual programme includes sessions with the ASEAN Dialogue Partners on a Plus Three basis (with the People's Republic of China, Japan and the Republic of Korea) and a Plus One basis (with India). See ASEAN connect website, <http://www.aseanconnect.gov.my/telmin/telmin.php>, accessed on 09 November 2007.

<sup>39</sup> In September 2005, the 5th TELMIN adopted the Ha Noi Agenda, which outlines specific actions in five areas to support the promotion of Online Services and Applications to realize e-ASEAN. The 6th TELMIN, held in September 2006, endorsed the Brunei Action Plan that outlined a programme of action to enhance the ASEAN's competitiveness in the ICT sector. The Siam Reap Declaration on Enhancing Universal Access of ICT Services in ASEAN, adopted by the 7th TELMIN in August 2007, outlines actions and measures to ensure equal and affordable access to ICT services in rural and remote areas.

<sup>40</sup> The ASEAN Telecommunications Senior Officials Meeting (TELSOM) is the operating arm of TELMIN, implementing the programmes and projects and with the task to further translate the strategies and policies into tangible activities on the ground. See <http://www.aseanconnect.gov.my/telsom/telsom.php>, accessed on 11 November 2007.

However, development has been slow since many initiatives are limited in scope.<sup>41</sup> The pace of implementation is also limited by the lack of strong regional coordination mechanisms. In addition, there has been a low level of participation by other stakeholders, such as the private sector and civil society, in the implementation of ASEAN ICT initiatives.<sup>42</sup>

In summary, to enhance its competitiveness, ASEAN should accelerate and expand the integration of the ICT sector in order to reduce the cost of doing business and to make the region more competitive and more attractive to outside investment. The strategies to enhance the competitiveness of the ICT sector should be strongly dependent on regional cooperation. Individually, few ASEAN member countries have the required ICT capacity to venture into the market of ICT products and services. However, to compete with China and India, economies of scale are fundamental. An integrated ASEAN ICT sector requires integrated policies and regulations on the use of ICT, a regional physical infrastructure that includes adequate Internet connectivity, a pool of skilled ICT professionals and an integrated ICT labour market. That could be accomplished by: (a) expediting the establishment of institutional mechanisms that will ensure that plans and commitments are translated into concrete actions; (b) removing impediments to competition in the telecommunication market; and (c) facilitating the movement of ICT skilled workers within ASEAN region.

ASEAN should also call for a strong commitment of member countries that are poorer to address their internal digital divide. Other ASEAN member countries should contribute with capacity-building for national institutions on the use of ICT for social and economic development, and with financial support for projects and initiatives. As a condition for such support, ASEAN should require countries that are poorer to implement effective actions to provide ICT access to rural and underserved areas, including restraints on the use of Internet filtering and other mechanisms that undermine the free flow of information. The digital divide within each country is the thermometer of its readiness to participate in the global economy.

---

<sup>41</sup> The Brunei Action Plan, adopted by the 6th TELMIN in September 2006, outlines 11 priority projects for implementation in 2007, which are: 1) Engaging ASEAN Dialogue Partners in ASEAN Computer Emergency Response Teams Incident Drills (ACID II); 2) Training Workshop on Open Document Format (ODF); 3) Capacity Building on the establishment of CERT for Lao PDR and Cambodia; 4) ASEAN ICT e-Mall to Facilitate ICT Trading; 5) Use of ICTs to empower homeworkers in ASEAN Countries; 6) ASEAN Workshop on Public Domain and Content Development; 7) E-Learning: e-Culture/ e-Heritage for Youth; 8) ASEAN ICT Skills Standards Development; 9) Engage ASEAN Dialogue Partners in IPv6 Capacity Building Initiatives; 10) Developing a Framework for a Research and Education (REN); and 11) Free/Libre Open Source Software (FLOSS) Distribution Kiosks.

<sup>42</sup> At the strategy and policy level, TELMIN has engaged with the private sector through an e-ASEAN Business Council (e-ABC) which was established to provide private sector feedback on policy and regulatory issues regarding new and emerging technologies. See the website of the e-ABC, <http://www.eabc.biz/>, accessed on 11 November 2007.

## 3.8. Transport infrastructure

### *Ongoing initiatives for regional cooperation*

The transport sector is not only a major economic sector in itself, but transport infrastructure is an essential backbone for trade and commerce. While there are many transport-related issues of importance to South-East Asia, much of the following concentrates on (a) transnational transport infrastructure and (b) cross-border facilitation, as these two areas are of direct relevance to the vision of an ASEAN Economic Community to be achieved by 2015. ASEAN and the Greater Mekong Subregion (GMS) Programme have clearly been the most prominent in promoting cooperation on transport in South-East Asia, and their activities are summarized below.

ASEAN has established some 20 bodies for the transport sector, at the working group, senior officials and ministerial levels. In the Vientiane Action Plan of November 2004, the Heads of State and Government of ASEAN member countries committed themselves to gearing up ASEAN transport as a critical logistics and services support sector through the implementation of the ASEAN Transport Action Plan for 2005-2010.<sup>43</sup> The Action Plan focuses on facilitating the seamless movement of peoples and goods (ASEAN framework agreements); The Action Plan focuses on facilitating the seamless movement of peoples and goods (ASEAN framework agreements); enhancing integration and efficiency of multimodal transport infrastructures, facilities and services; accelerating open sky arrangements; and advancing the liberalization of air and maritime transport services. Major activities also relate to IMO instruments, road signage and priority sections of the ASEAN highway, the implementation of sections of the Singapore-Kunming Rail Link (SKRL), and the ASEAN road safety action plan.

In theory, a Trans-ASEAN transportation network has been designated that consists of major inter-State highway and railways networks, principal ports and sea lanes, inland waterway transport, and major civil aviation links. In practice, however, cooperation on cross-border transport projects, is still negotiated on a project-to-project basis, and no joint decision-making or financing instrument exists.

Since 1998, ASEAN members have concluded nine regional transport-related agreements, which were for the mutual recognition of commercial vehicle inspection certificates, ASEAN highway network development, goods in transit facilitation and its five implementing Protocols, as well as for air freight services liberalization. Cooperation road maps are in place for transport infrastructure integration, transport facilitation and competitive air services.

In particular, the ASEAN Framework Agreement on the Facilitation of Goods in Transit aims to establish, inter alia, an effective, efficient, integrated, and harmonized transit transport system in the ASEAN region. Nine protocols are associated with the agreement and deal with: the designation of transit transport routes, facilities and frontier posts; specification of the types, quantities and technical requirements of road vehicles; specification of requirements for a standardized system of compulsory third party motor vehicle insurance; designation of railway border and interchange stations; specification of a harmonized Customs transit

---

<sup>43</sup> adopted at the 10th ASEAN Transport Ministers Meeting held at Phnom Penh in November 2004

system; and specification of sanitary and phytosanitary measures and requirements for carriage of dangerous goods. The agreement requires that establishment of national transit transport coordinating committees and of a Transit Transport Coordinating Board,<sup>44</sup> which oversees the implementation of the agreement.

In the GMS, Thailand and the CMLV countries work with the Yunnan Province of China. Due to their geography, in fact, Thailand, Myanmar and Lao People’s Democratic Republic are of potential importance for land transport linking India and China. The GMS programme has focused on strengthening cross-border connectivity since 1992. For each of the designated five economic corridors, the programme promotes roads to improve access, institutional and policy support for trade and transport facilitation, and transit policy harmonization to reduce logistics costs across the subregion. However, cooperation on cross-border transport is still on a project by project basis.

The GMS Cross-Border Transport Agreement was sponsored by ADB and came into operation this year. In its annexes and protocols, it specifies single-stop/single-window customs inspection; cross-border movement of persons; transit traffic regimes, including exemptions from physical Customs inspection, bond deposit, escort, and phytosanitary and veterinary inspection; requirements which road vehicles will have to meet to be eligible for cross-border traffic; exchange of commercial traffic rights; and infrastructure, including road and bridge design standards, road signs and signals. The Agreement applies to selected and mutually agreed routes and points of entry and exit in the signatory countries. It also requires the establishment of National Transport Facilitation Committees as well as a Joint Committee which will provide a forum for dispute settlement. Table 3.3 summarizes the main differences between the ASEAN and GMS framework agreements on transport facilitation.

<b>Table 3.3 ASEAN and GMS framework agreements on transport facilitation</b>		
<b>STFAs</b>	<b>Sectors</b>	<b>States</b>
ASEAN Agreement	Transit of goods by road and rail	Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Viet Nam
GMS Agreement	Cross-border of goods and passengers by road	Cambodia, China, Lao PDR, Myanmar, Thailand, Viet Nam

---

<sup>44</sup> The board comprises one senior official from each ASEAN member country and a representative from the ASEAN Secretariat



Other programmes or organizations that promote regional cooperation in transport include: The BIMSTEC,<sup>45</sup> the Mekong-Ganga, the ASEAN promoted growth triangles BIMP-EAGA,<sup>46</sup> IMT-GT,<sup>47</sup> and IMS-GT,<sup>48</sup> as well as AMBDC<sup>49</sup> and ACMECS.<sup>50</sup> In terms of land transport development, all these initiatives are complementing each other, as the ESCAP-promoted Asian Highway and the Trans-Asian Railway routes and standards continue to serve as reference.

### *Present constraints and prospects*

Some of the fastest growing economies with even more rapid growth in exports are located in South-East Asia, which means a rapidly expanding demand for transport services, too. In fact, Singapore, Thailand, the Philippines, Indonesia, Malaysia, and Viet Nam have pursued somewhat similar very transport-intensive development models which led to major nodes of international production networks, administered by transnational corporations, to be located in and around key container ports. This is also evidenced by high intra-product and intra-industry trade shares in some ASEAN countries.

Some of the greatest container ports in the world are located in the region, in particular in Singapore, Malaysia and Thailand. And according to ESCAP's Maritine Policy Planning model, container port throughput in South-East Asia is expected to triple from 37 million TEU in 2002 to 93 million TEU in 2015.

The only landlocked country in South-East Asia is the Lao People's Democratic Republic which requires access to the sea through neighbouring countries. The Lao People's Democratic Republic has concluded bilateral agreements and protocols with both Thailand and Viet Nam for the transit of its international trade.

Finally, a major strength for regional cooperation on transport in South-East Asia is the region's strategic location between the emerging economic giants China and India. This does not only imply increased demand for transport in the future, but also offers the possibility to engage in deeper transport cooperation with these countries.

The ASEAN Transport Action Plan 2005-2010 mentions a number of key weaknesses: "Shipping logistics within ASEAN are relatively efficient—shipping between ASEAN ports takes a similar amount of time per kilometre compared to better integrated markets, such as the European Union. However, the issue around logistics concerns the lack of quality road transport to ports, poor port infrastructure and sub-optimal shipping networks that add to overall transport costs. Sub-optimal shipping networks are another cause for concern. The transport issues raised above bind together to form an intractable problem: entry barriers and high operating costs discourage logistics companies from serving the region as a whole. The absence of regional logistics players in turn perpetuates fragmented transport systems."

---

<sup>45</sup> Bay of Bengal Initiative for Multisectoral, Technical and Economic Cooperation (BIMSTEC)

<sup>46</sup> Brunei, Indonesia, Malaysia, Philippines East ASEAN Growth Area (BIMP-EAGA)

<sup>47</sup> Indonesia, Malaysia, Thailand-Growth Triangle (IMT-GT)

<sup>48</sup> Indonesia, Malaysia, Singapore-Growth Triangle (IMS-GT)

<sup>49</sup> ASEAN Mekong Basin Development Cooperation (AMBDC)

<sup>50</sup> Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS)



**Table 3.4 Average annual investments and maintenance needs in South-East Asia, billion US\$**

	2000-2005	2005-2010	2010-2015
Roads	14.2	14.7	17.2
Railways	0.4	0.5	0.5
Airports	0.9	1.7	2.0
Container-ports	0.5	0.7	0.9
Urban mass-transit	3.7	5.3	6.8
Total	19.7	22.9	27.4

Source: ESCAP, 2004

In fact, large gaps have remained in terms of land transport and access to seaports has been in part due to the relatively large investment requirements. According to ESCAP estimates, the annual investment and maintenance needs for transport infrastructure will rise from roughly US\$ 23 billion per year at present to US\$ 27 billion from 2010 to 2015. By 2015, roughly 136 new berths will be required at a cumulative cost of at least US\$ 9.3 billion.

While logistics costs in the United States of America have declined in absolute terms in recent years, they have increased (even as share of GDP) for most South-East Asian countries. Domestic logistics costs also vary more widely than tariffs or non-tariff barriers across South-East Asian countries. Given the logistics costs, a number of South-East Asian economies are actually closer to North America, Japan and the European Union than to their regional neighbours, in terms of economic distance.

The ASEAN Competitiveness Study of Aug. 2003 reported that “Many investors raised the concern of incurring unnecessary costs when doing business in ASEAN. Such costs arise in three areas: diverging product standards, customs inefficiencies, and poorly integrated regional logistics.” Table 3.5 shows some details on average time delays at borders and associated costs.

**Table 3.5 Average time delays at borders and associated costs**

	Documents for export (nr)	Time for export (days)	Cost to export (US\$ x container)
Cambodia	8	36	736
Indonesia	7	25	546
Lao PDR	12	66	1,420
Malaysia	6	20	481
Philippines	6	18	1,336
Singapore	5	6	382
Thailand	9	24	848
Viet Nam	6	35	701
East Asia & Pacific	7	24	885
OECD countries	5	10.5	811

Institutional constraints for cross-border transport projects include: (a) absence of a methodology for the appraisal of regional projects; (b) significant differences in institutional and financial capacity for resource mobilization and project implementation; (c) time and costs of obtaining agreements among countries; and (d) the lack of single instrument for implementing cross-border agreements in regional projects. In practise, cooperation on cross-border transport projects is negotiated on a project-to-project basis, and no joint decision-making or financing instrument exists. As a result, “missing links” persist, and essential infrastructure remains underdeveloped in the GMS economies.

A major weakness is also the border closures that happen from time to time between some members (e.g., Thai - Myanmar border) due to political conflicts.

A number of opportunities exist for the coming years that should not be missed. For example, in the context of the envisaged ASEAN Economic Community 2015, logistics was identified as one of 12 priority sectors for accelerated economic integration. In fact, the ASEAN road map for logistics foresees integration by 2013. Furthermore, major gains are expected from the envisaged liberalization of freight logistics services, as well as of certain transport services.

Such actions could also contribute to reducing logistics costs, which would greatly increase trade, particularly in CLMV countries. For example, a 20 per cent reduction in logistics costs is expected to increase the trade to GDP ratio by more than 10 per cent in the case of Cambodia and the Lao People’s Democratic Republic.

There is an opportunity to reinforce the region’s competitiveness through regional cooperation for cross-border infrastructure. The fact that to-date very few cross-border infrastructure projects have been realized, means that several high impact projects (e.g., missing TAR links, and transit roads through Myanmar and the Lao People’s Democratic Republic) can be achieved.

The close proximity to the high growth and large volume markets of China and India is a decisive opportunity for South-East Asia. In fact, the Governments of China and India have also been increasingly interested in supporting and financing transnational transport projects in the GMS subregion. At present, China is investing some US\$ 6.4 billion in three Trans-Asian Railway sections in its Yunnan province to the borders with Viet Nam, the Lao People’s Democratic Republic and Myanmar. In view of the fact that a future India-China rail connection through Myanmar would be much cheaper and less than one third of the distance of the searoute, in March 2007, China started working on a US\$ 1.9 billion 350-kilometre link from Dali to Ruli on the Myanmar border, whereas India has sanctioned 100 of the 315 km line to its border with Myanmar. Similarly, China has funded one third of the road between Boten and Huaxay through the Lao People’s Democratic Republic, linking China and Thailand. China is also funding studies for a 225 km railway link between Phnom Penh and Loc Ninh on the Viet Nameese border which is part of the SKRL project. Some expect that these routes will one day carry large amounts of Chinese trade to and from a deep-sea container port on the Indian Ocean in Myanmar or Thailand.

Continued comparative advantage, particularly in ports, is not guaranteed. According to ADB, the “overall quality and quantity of infrastructure in Indonesia, the Philippines, Thailand and to some extent Malaysia may already be inadequate to remain competitive” in the longer run.

Participation in international production networks has benefited mainly coastal areas. Some hinterlands, landlocked countries and least developed countries face the threat of further marginalization. This is real threat to the Lao People's Democratic Republic, Cambodia and Myanmar, as well as some hinterlands located far away from major seaports.

The asymmetric distribution of costs and benefits of cross-border projects among countries is a serious threat to further regional integration, unless some redistribution and adaptation mechanism is in place.

Some perceive the recent proliferation of overlapping bilateral and multilateral infrastructure-related agreements as a threat to further integration. Similarly, large differences exist in terms of accession to major international conventions, such as those contained in ESCAP resolution 48/11, UN/IMO facilitation and WCO conventions.

One of the most important threats are persistent intransparency on various levels and the disruptive consequences across the region of political conflicts in a single country.

Finally, particularly some emerging economies of South-East Asia perceive the increasingly tough competition from China and India as a threat, even though to-date no clear evidenc exists for this assertion.





# 4. Conclusions & Recommendations

ASEAN stands poised at a moment of historic opportunity. The organization stands ready to form a true regional community among all the countries of South-East Asia, encompassing countries at various stages of economic, environmental, and social development. ASEAN's strategy to achieve regional integration involves cooperation to ensure the freer movement of goods, services, investment, skilled labour, and capital. This report has analyzed the likelihood that the state of current ASEAN initiatives is likely to achieve ASEAN's goal of true regional integration. True regional integration can only be achieved when all member countries are in a position to benefit from the envisioned freer movement in various spheres.

True regional integration, therefore, will require all countries to achieve minimum standards of economic and social development. Without such development, ASEAN integration will lead to clear winners and losers, with poverty and inequality increasing between members as well as within member countries. This report concludes that the persistence of development gaps among ASEAN member countries is unsustainable for ASEAN's future effectiveness. Three key areas are outlined in which initiatives may be undertaken by ASEAN in order to narrow these development gaps.

First, minimum standards for **governance** are required both within and amongst ASEAN member countries. Key requirements are good decision-making in government, civil society and the private sector, and transparency and access to reliable information and data. Good governance in economic and political spheres is necessary in order to maintain competitiveness of member countries with respect to other members of ASEAN and relative to international competitors. Good governance is also required to ensure inclusive and sustainable development. The economic benefits of ASEAN integration will not serve to ensure domestic political stability if the poor are not included in development and if the environment is damaged leading to imperilled livelihoods for the most vulnerable citizens.

This report has shown that there are wide gaps amongst ASEAN member countries on governance issues. Some countries trail behind the world average in indicators related to freedom of expression, association and media, quality of policy formulation and implementation, rule of law, and control of corruption. Member countries that are relatively well-off also fail to rank sufficiently in one or another of these indicators.

The governance of ASEAN during its integration process should also be addressed. It has become increasingly evident that ASEAN's approach of "non-intervention" in national issues has limited the effectiveness of agreements, declarations and action plans. As ASEAN integrates further, the implementation mechanisms for agreed goals among member States needs to be strengthened. This will require strengthening the political and institutional capacity of the ASEAN Secretariat with regard to multilateral governance.

The second requirement for regional integration is an ASEAN **cohesion policy**. The capacity to take advantage of the new freedom of movement of goods, services, people and ideas varies enormously within and across countries. Thus, the ASEAN vision will only be sustainable if supported by a subregional cohesion policy, which aims at diminishing the gap between winners and losers of the process. The policy requires financial transfers for social, environmental, industrial, and local infrastructure development.

The third condition for ASEAN integration is the creation or strengthening of existing **trans-ASEAN networks** that reflect regional rather than national perspectives, in the areas of infrastructure and services. These networks are essential to ensure that countries will be able to access the freer movement of goods, services, investment, skilled labour, and capital. The trans-ASEAN networks required are physical networks for transport, ICT, energy, as well as knowledge networks related to trade and transport facilitation, monitoring of cross-border spread of diseases, and climate change and disaster reduction.

This report presents eight recommendations for strengthening governance, cohesion policy and intraregional networks in ASEAN.

## *Recommendations for strengthening governance*

**Ensure adherence to international norms and standards in governance and social protection.** Improved economic and political governance standards are necessary for poorer countries to achieve inclusive and sustainable growth. They are also necessary in order to attract foreign investments. Better performance is required in control of corruption, regulatory quality, political stability, rule of law, and voice and accountability. The promise of financial assistance in an institutionalized manner by ASEAN subject to the achievement of clear and transparent targets may provide the necessary impetus to achieve improved economic and political governance performance by poorer member countries.

**Provide institutions with financial independence and a legal identity with enforceable power.** Deepening of integration cannot be done without an appropriate institutional framework. This does not require a supranational type of institutions. Instead, a “subsidiary” principle could be used to establish institutions with more effective governing power. Already, some progress was made at the 12th ASEAN Summit with the adoption of Cebu Declaration on the Blueprint of the ASEAN charter. This is a strong confirmation and recognition by member countries of the need to adopt stronger institutions, with more formal regional bodies, legally binding rules and regulations and fair and transparent dispute settlement mechanisms.

**Ensure that the legal and institutional environment is supportive of objective and reliable statistics.** The Statistical Law should ensure that the national statistical office is truly independent from political interference and statistics are compiled professionally and on an impartial basis. The responsibility for collecting, processing, and disseminating statistics should also be clearly specified, and coordination mechanism among data producers should be improved.

**Increase funding for statistics.** ASEAN members with a weak statistical system should invest more in it to provide timely and reliable statistical information on the status of the economy, society and environment, so that policies can be appropriately targeted and efficiently implemented. These members should be assisted by the more developed ASEAN countries to enhance their statistical capacity through programmes of technical cooperation.



## *Recommendations for strengthening policy cohesion*

**Maintain outward orientation by adopting a “first deepen, then widen” approach to regional integration.** A number of ASEAN members have already built a substantial network of bilateral agreements with other countries in the region and around the globe. Due to the “noodle bowl” syndrome, this large number of agreements, instead of facilitating integration, has led to fragmentation. Furthermore, it is easy to see that any member that has more appealing economic, social and political conditions for outside partners would end up accumulating larger benefits. Therefore, allowing disparities among ASEAN members to continue and/or widen will only enhance this polarization and result in deeper disparities. The solution is therefore is to try to reduce some of the obvious disparities between member countries, which in turn, would strengthen a position of ASEAN as a bloc against other large trading powers in the world.

**Provide direct financial assistance to poorer countries.** Financial assistance is required to enable poorer countries to benefit from the opportunities offered by regional integration. Countries require additional support to provide social and economic resources to their citizens to benefit from increased openness to investment. Regional public goods that require increased investment are health, human resources development, and infrastructure provision. In particular, ASEAN should:

- Increase intra-member development investment flows;
- Strengthen efforts to attract development funding from international agencies and bilateral donors, including the “+3” countries; and
- Provide more development resources by use of some of the region’s substantial financial reserves.

**Strengthen the system of social safety nets and protection mechanisms.** Member countries and groups therein that are adversely affected by the deepening and widening of integration should be compensated. Trade liberalization always creates winners and losers, and, with large disparities amongst member countries, it is necessary to actively promote fair distribution of both gains and costs of further integration. In addition, adequate levels of social protection need to be provided to attract investors and to manage adjustment impacts and increased vulnerability to cross-country financial shocks. Systems of unemployment support, job retraining, minimum labour standards for domestic workers and migrants, and universal access to a minimum package of health services for all sections of the population are some of the mechanisms that should be put in place. This is especially relevant in the context of ageing populations and changing family structures within the ASEAN region. ASEAN could consider formulating a covenant which could provide the basis for expanding the accessibility, financing and solidarity components of social protection in the ASEAN region.

## *Recommendations for strengthening trans-ASEAN networks*

**Expedite the integration of trans-ASEAN networks.** Stronger efforts are needed to create high-performance regional networks for physical infrastructure services and financial integration. These should take into account economic, social, safety and environmental sustainability considerations. Insufficient progress has been made towards developing such networks. Without them, the freedom of movement of goods, services and people contained in the ASEAN Vision cannot be achieved in a sustainable way. Specific recommendations related to energy, ICT and transport, and financial networks include:

- To speed up the implementation of the ASEAN Power Grid and Trans-ASEAN Gas Pipeline (TAGP) projects and link it strategically with other regional initiatives such as the Trans Asian Energy System (TAES) operated by ESCAP, and to further promote the energy trade including electricity, oil, gas and biofuels. In addition, to create an ASEAN Energy Investment Facility to help the member countries overcome the investment barriers in building infrastructure to enhance energy security especially the trans-boundary projects;
- To expedite the implementation of the ASEAN information infrastructure by utilizing the ASEAN ICT Fund and partnering with dialogue partners to finance projects that specifically target the enhancement of ICT infrastructure of poorer countries, provided that these countries remove impediments to competition in the telecommunication market and restrain the use of Internet filtering and other mechanisms that undermine the free flow of information;
- To establish a joint decision-making process and a financing instrument to negotiate and finance cross-border transport projects as part of an integrated programme, avoiding the current approach of negotiation on a project-by-project basis. And to develop a fair system of distribution to address the asymmetric distribution of costs and benefits of cross-border transport projects among countries;
- To include poorer countries as beneficiaries of the Chiang Mai Initiative (CMI) pooled foreign reserves scheme. Given the limited foreign reserves of the poorer countries, they would benefit even more from CMI in the event of financial crisis than the other ASEAN countries who have now built up large reserves; and
- To use market and investment mechanisms to channel ASEAN countries' large pool of savings for regional needs. ESCAP has highlighted the role of various modes of regional cooperation in mobilizing resources from the region's capital markets and providing loans to countries for infrastructure development. For example, the Asian Bond Fund could be increased in both its quantum and its coverage of ASEAN member countries. A public-private partnership approach should be promoted with the aim of enhancing private sector participation in the long run.



## References

- Austria, M. (2004): *The Pattern of Intra-ASEAN Trade in the Priority Goods Sectors*, EPSF Project No. 03/006e, Final Report.
- Computer Business Review, (2007): *Global outsourcing market to be worth \$1,430bn by 2009*, at: <http://www.cbr.co.za/article.aspx?pkArticleId=4714&pkCategoryId=404>
- ESCAP (2006): *Enhancing regional cooperation in infrastructure development including that related to disaster management*, Theme study for the 62nd Commission Session of UNESCAP, 6-12 April 2006.
- ESCAP (2007): *Trade Facilitation Beyond the Doha Round of Negotiations: Regional Practices, Customs Valuation and Other Emerging Issues*. (Forthcoming)
- ESCAP, ADB and UNDP (2007): *The Millennium Development Goals: Progress in Asia and the Pacific 2007*, Bangkok.
- Huguet, Jerrold and S. Punpuing (2005): *International Migration in Thailand*, International Organization for Migration (IOM), Regional Office, Bangkok.
- IDC (2007): *The economic impact of IT, software, and the Microsoft ecosystem on the global economy*, IDC White paper, accessed on 07 November 2007 at: <http://www.microsoft.com/downloads/details.aspx?FamilyId=BB95083E-2BCA-4C60-832C-9B35A2A6BC6D&displaylang=en>
- ILO (2007): *Labour and Social Trends in ASEAN 2007*, International Labour Organisation, Regional Office for Asia and the Pacific, Bangkok.
- Kaufman, Daniel, Aart Kraay and Massimo Mastruzzi, *Governance Matters IV: Aggregate and Individual Governance Indicators 1996-2006*, World Bank, July 2007 (WPS4280), p. 32.
- UNCTAD (2006): *Information Economic Report 2006 – The Development Perspective*, Sales No. E.06.II.D.8.
- ITU (2007): *Asia-Pacific Telecommunications indicators 2006*, ITU, Geneva.
- ITU and UNCTAD, 2007. *World Information Society Report 2007*.
- Raina R. (2007), *ICT Human Resource Development in Asia and the Pacific – current status, emerging trends, policies and strategies*, presented at the Regional Forum on ICT Capacity Building, APCICT, 5-6 March 2007, Incheon, Republic of Korea.
- UNAIDS and WHO (2006): *AIDS in the ASEAN region - facts and figures*, UNAIDS, Geneva.
- World Bank (2007): *World Development Indicators 2007*, Washington.
- World Economic Forum (2007): *Global Competitiveness Report 2006/2007*.



**Table A: Indicator values**

Earliest year since 1990	Brunei									
	Darussalam	Indonesia	Cambodia	Lao PDR	Myanmar	Malaysia	Philippines	Singapore	Thailand	Viet Nam
GDP / capita, 2000 PPP		2224 90	1238 93	1061 90		5561 90	3703 90	14986 90	4596 90	1153 90
Agricultural value added	2.3 90	16.6 90	50.1 90	61.2 90	57.3 90	15 90	21.9 90	0.3 90	14.4 90	38.7 90
Investment / GDP	14.2 90	25.8 90	8.3 90	11.3 90	14.7 90	33 90	23.1 90	32.3 90	40.4 90	13.1 90
Exports / GDP		23.1 90	4 90	11.8 90		74.5 90	27.5 90	191.8 01	34.1 90	36 90
Export concentration index	0.6 95	0.1 95	0.3 97	0.3 95	0.3 95	0.2 95	0.4 95	0.2 95	0.1 95	0.2 95
Employment / Population	41.2 91	40.8 91	43.1 91	36.1 91	48.4 91	38.3 91	35.1 91	50.6 91	55.8 91	46.3 91
Labour productivity		5945 90	2296 90		1959 90	13434 90	6348 90	28191 90	8291 90	2346 90
\$1/day poverty		17.4 93	34.1 97	18.6 92		2 92	19.8 91		6 92	
Underweight children		26.4 99	39.8 94	44 93	32.4 90	23.3 93	33.5 90	3.4 00	18.6 93	33.1 00
Primary enrolment	92.7 91	97.3 91	69.5 91	62.8 91	98.1 91	97.8 99	96.5 91		75.8 91	90.2 91
Primary completion	100 91	90.7 91	39.1 99	72.9 99	67.6 99	91.4 91	89.6 99		86.2 99	96.4 99
Literacy	98.1 91	96.2 90	76.3 98	71.1 95	94.5 00	95.6 91	96.6 90	99 90	98 00	93.9 99
Gender primary	0.94 91	0.98 91	0.81 91	0.79 91	0.96 91	1 91	0.99 91	0.97 91	0.96 91	0.93 91
Gender literacy	1 91	0.98 90	0.87 98	0.81 95	0.98 00	0.99 91	1.01 90	1 90	1 00	0.99 99
Life expectancy at birth	73.9 90	61.5 90	55.1 90	54.1 90	58.8 90	70.1 90	65.3 90	74.7 90	66.8 90	65.3 90
Under-5 mortality	11 90	91 90	115 90	163 90	130 90	22 90	62 90	9 90	37 90	53 90
Maternal mortality	60 90	650 90	900 90	650 90	580 90	80 90	280 90	10 90	200 90	160 90
HIV prevalence	0.1 03	0.1 03	2 03	0.1 03	1.4 03	0.4 03	0.1 03	0.3 03	1.4 03	0.4 03
TB prevalence	113 90	440 90	951 90	472 90	417 90	195 90	820 90	52 90	355 90	470 90
Forest cover	59.4 90	64.3 90	73.3 90	75 90	59.6 90	68.1 90	35.5 90	3.4 90	31.2 90	28.8 90
CO2 emissions, CDIAC	22.7 90	1.2 90	90 90	0.1 90	0.1 90	3.1 90	0.7 90	15 90	1.8 90	0.3 90
Water withdrawal	0.9 91	2.6 90	0.9 00	0.9 00	3.2 00	1.7 90	5.8 95		21.2 00	8 00
Water access		72 90	41 04	50 04	57 90	98 90	87 90	100 90	95 90	65 90
Sanitation access		46 90	17 04	30 04	24 90	47 90	57 90	100 90	80 90	36 90
Energy consumption / capita	347 90	54596 90	34 90	42 90	4402 90	8365 90	18374 90	5892 90	28286 90	969 90
Oil imports / consumption		22.1 00			52.9 00	34.4 00	99.5 00	100 00	102.2 00	
Cellular subscribers	0.69 90	0.11 95	0.1 94	0.08 96	0.09 02	0.49 90	0.06 91	1.7 90	0.12 90	0.09 96
Internet users	1.06 95	94 00	0.01 97	0.01 98	99 99	92 00	0.01 94	0.16 91	92 92	96 96
Digital opportunity index	0.56 05	0.34 05	0.18 05	0.18 05	0.04 05	0.5 05	0.38 05	0.72 05	0.43 05	0.29 05
Road density	192 90	159 90	203 90	61 90	38 90	262 90	538 90	4176 90	141 90	295 90

Latest year	Brunei									
	Darussalam	Indonesia	Cambodia	Lao PDR	Myanmar	Malaysia	Philippines	Singapore	Thailand	Viet Nam
GDP / capita, 2000 PPP		3570 06	2629 06	2013 06		10091 06	4731 06	28305 06	8065 06	2925 06
Agricultural value added	1.1 06	13.7 06	29.6 06	46.8 06	52.6 06	8.8 06	14.2 06	0.1 06	10.7 06	21.7 06
Investment / GDP	13.3 06	24 06	18 06	30.7 06	14.9 06	20.2 06	14.6 06	23.1 06	28.6 06	32.5 06
Exports / GDP		34.3 05	65 05	27.2 05		123 05	47.6 05	243.2 05	73.8 05	69.5 05
Export concentration index	0.6 04	0.1 05	0.4 05	0.4 04	0.3 04	0.2 05	0.4 05	0.2 05	0.1 05	0.2 05
Employment / Population	41.9 06	43.7 06	48 06	40.3 06	54.5 06	42.8 06	41.2 06	49 06	56.7 06	52.2 06
Labour productivity		9022 05	2853 05		4541 05	22112 05	7271 05	47975 05	13915 05	4809 05
\$1/day poverty		7.5 02	34.1 97	27 02		2 97	14.8 03		2 02	
Underweight children		28.2 03	45.2 00	40 00	31.8 03	10.6 03	27.6 03	3.4 00	17.6 95	26.6 04
Primary enrolment	96.9 05	98.3 05	98.9 05	83.6 05	90.2 05	95.4 04	94.4 05		93.1 06	87.8 05
Primary completion	106.9 05	101.1 05	92.3 05	75.9 05	79 05	91.6 04	96.6 05		86.2 99	93.5 05
Literacy	98.9 01	98.7 04	83.4 04	78.5 01	94.5 00	97.2 00	95.1 03	99.5 00	98 00	93.9 99
Gender primary	1 05	0.96 05	0.92 05	0.88 05	1.02 05	1 04	0.99 05	1 05	0.96 06	0.94 05
Gender literacy	1 01	1 04	0.9 04	0.9 01	0.98 00	1 00	1.03 03	1 00	1 00	0.99 99
Life expectancy at birth	76.9 06	70.1 06	58.6 06	63.7 06	61.2 06	73.9 06	71.3 06	79.7 06	70 06	74 06
Under-5 mortality	9 05	36 05	143 05	79 05	105 05	12 05	33 05	3 05	21 05	19 05
Maternal mortality	37 00	230 00	450 00	650 00	360 00	41 00	200 00	30 00	44 00	130 00
HIV prevalence	0.1 05	0.1 05	1.6 05	0.1 05	1.3 05	0.5 05	0.1 05	0.3 05	1.4 05	0.5 05
TB prevalence	63 05	262 05	703 05	306 05	170 05	131 05	450 05	28 05	204 05	235 05
Forest cover	52.8 05	48.8 05	59.2 05	69.9 05	49 05	63.6 05	24 05	3.4 05	28.4 05	39.7 05
CO2 emissions, CDIAC	24.1 04	1.7 04	04 04	0.2 04	0.2 04	7 04	1 04	12.2 04	4.3 04	1.2 04
Water withdrawal	1.1 94	2.9 00	0.9 00	0.9 00	3.2 00	1.6 00	6 00		21.2 00	8 00
Water access		77 04	41 04	50 04	78 04	99 04	85 04	100 04	99 04	85 04
Sanitation access		55 04	17 04	30 04	77 04	94 04	72 04	100 04	99 04	61 04
Energy consumption / capita	838 04	102953 04	2259 04	154 04	20469 04	36686 04	33490 04	6596 04	62106 04	45824 04
Oil imports / consumption		32.6 04			38.6 02	30.2 04	103.4 04	100 04	100.5 04	
Cellular subscribers	66.51 06	28.3 06	7.94 06	10.77 05	0.34 05	75.45 06	49.24 06	109.34 06	63.02 06	18.17 06
Internet users	43.35 06	7.18 05	0.31 05	0.42 05	0.06 05	43.77 06	5.48 05	39.21 06	13.07 06	17.21 06
Digital opportunity index	0.56 05	0.34 05	0.18 05	0.18 05	0.04 05	0.5 05	0.38 05	0.72 05	0.43 05	0.29 05
Road density	218 99	203 02	217 04	135 03	43 99	300 04	671 03	4627 04	112 00	717 04



**Table B: Ratio with best performer**

Earliest year since 1990	Brunei									
	Darussalam	Indonesia	Cambodia	Lao PDR	Myanmar	Malaysia	Philippines	Singapore	Thailand	Viet Nam
GDP / capita, 2000 PPP		15 90	8 93	7 90		37 90	25 90	100 90	31 90	8 90
Agricultural value added	872 90	6253 90	18909 90	23100 90	21604 90	5650 90	8264 90	100 90	5427 90	14615 90
Investment / GDP	35 90	64 90	21 90	28 90	36 90	82 90	57 90	80 90	100 90	32 90
Exports / GDP		12 90	2 90	6 90		39 90	14 90	100 01	18 90	19 90
Export concentration index	672 95	160 95	333 97	288 95	341 95	199 95	403 95	236 95	100 95	234 95
Employment / Population	74 91	73 91	77 91	65 91	87 91	69 91	63 91	91 91	100 91	83 91
Labour productivity		21 90	8 90		7 90	48 90	23 90	100 90	29 90	8 90
\$1/day poverty		870 93	1705 97	930 92		100 92	990 91		300 92	
Underweight children		776 99	1171 94	1294 93	953 90	685 93	985 90	100 00	547 93	974 00
Primary enrolment	94 91	99 91	71 91	64 91	100 91	100 99	98 91		77 91	92 91
Primary completion	100 91	91 91	39 99	73 99	68 99	91 91	90 99		86 99	96 99
Literacy	99 91	97 90	77 98	72 95	95 00	97 91	98 90	100 90	99 00	95 99
Gender primary	94 91	98 91	81 91	79 91	96 91	100 91	99 91	97 91	96 91	93 91
Gender literacy	99 91	97 90	86 98	80 95	97 00	98 91	100 90	99 90	99 00	98 99
Life expectancy at birth	99 90	82 90	74 90	72 90	79 90	94 90	87 90	100 90	89 90	87 90
Under-5 mortality	122 90	1011 90	1278 90	1811 90	1444 90	244 90	689 90	100 90	411 90	589 90
Maternal mortality	600 90	6500 90	9000 90	6500 90	5800 90	800 90	2800 90	100 90	2000 90	1600 90
HIV prevalence	100 03	100 03	2000 03	100 03	1400 03	400 03	100 03	300 03	1400 03	400 03
TB prevalence	217 90	846 90	1829 90	908 90	802 90	375 90	1577 90	100 90	683 90	904 90
Forest cover	79 90	86 90	98 90	100 90	79 90	91 90	47 90	5 90	42 90	38 90
CO2 emissions, CDIAC	48718 90	2517 90	100 90	122 90	229 90	6571 90	1543 90	32151 90	3795 90	696 90
Water withdrawal	104 91	305 90	100 00	104 00	370 00	203 90	672 95		2472 00	932 00
Water access		72 90	41 04	50 04	57 90	98 90	87 90	100 90	95 90	65 90
Sanitation access		46 90	17 04	30 04	24 90	47 90	57 90	100 90	80 90	36 90
Energy consumption / capita	1034 90	162489 90	100 90	124 90	13100 90	24896 90	54684 90	17535 90	84184 90	2883 90
Oil imports / consumption		100 00			239 00	156 00	449 00	452 00	462 00	
Cellular subscribers	41 90	6 95	6 94	5 96	5 02	29 90	4 91	100 90	7 90	5 96
Internet users	100 95	94 91	1 97	1 98	99 99	92 92	1 94	15 91	92 92	96 96
Digital opportunity index	78 05	47 05	25 05	25 05	6 05	69 05	53 05	100 05	60 05	40 05
Road density	5 90	4 90	5 90	1 90	1 90	6 90	13 90	100 90	3 90	7 90

Latest year	Brunei									
	Darussalam	Indonesia	Cambodia	Lao PDR	Myanmar	Malaysia	Philippines	Singapore	Thailand	Viet Nam
GDP / capita, 2000 PPP		13 06	9 06	7 06		36 06	17 06	100 06	28 06	10 06
Agricultural value added	1691 06	21062 06	45478 06	71982 06	80920 06	13528 06	21847 06	100 06	16412 06	33458 06
Investment / GDP	41 06	74 06	56 06	95 06	46 06	62 06	45 06	71 06	88 06	100 06
Exports / GDP		14 05	27 05	11 05		51 05	20 05	100 05	30 05	29 05
Export concentration index	693 04	150 05	481 05	406 04	394 04	216 05	414 05	285 05	100 05	265 05
Employment / Population	74 06	77 06	85 06	71 06	96 06	76 06	73 06	86 06	100 06	92 06
Labour productivity		19 05	6 05		9 05	46 05	15 05	100 05	29 05	10 05
\$1/day poverty		375 02	1705 97	1350 02		100 97	740 03		100 02	
Underweight children		829 03	1329 00	1176 00	935 03	312 03	812 03	100 00	518 95	782 04
Primary enrolment	98 05	99 05	100 05	85 05	91 05	96 04	95 05		94 06	89 05
Primary completion	100 05	95 05	86 05	71 05	74 05	86 04	90 05		81 99	87 05
Literacy	99 01	99 04	84 04	79 01	95 00	98 00	96 03	100 00	98 00	94 99
Gender primary	98 05	94 05	90 05	86 05	100 05	98 04	97 05	98 05	94 06	92 05
Gender literacy	97 01	97 04	87 04	87 01	95 00	97 00	100 03	97 00	97 00	96 99
Life expectancy at birth	97 06	88 06	74 06	80 06	77 06	93 06	90 06	100 06	88 06	93 06
Under-5 mortality	300 05	1200 05	4767 05	2633 05	3500 05	400 05	1100 05	100 05	700 05	633 05
Maternal mortality	123 00	767 00	1500 00	2167 00	1200 00	137 00	667 00	100 00	147 00	433 00
HIV prevalence	100 05	100 05	1600 05	100 05	1300 05	500 05	100 05	300 05	1400 05	500 05
TB prevalence	225 05	936 05	2511 05	1093 05	607 05	468 05	1607 05	100 05	729 05	839 05
Forest cover	76 05	70 05	85 05	100 05	70 05	91 05	34 05	5 05	41 05	57 05
CO2 emissions, CDIAC	61772 04	4345 04	100 04	589 04	526 04	18075 04	2491 04	31347 04	10987 04	3017 04
Water withdrawal	126 94	340 00	100 00	104 00	370 00	181 00	693 00		2472 00	932 00
Water access		77 04	41 04	50 04	78 04	99 04	85 04	100 04	99 04	85 04
Sanitation access		55 04	17 04	30 04	77 04	94 04	72 04	100 04	99 04	61 04
Energy consumption / capita	545 04	66924 04	1469 04	100 04	13306 04	23848 04	21770 04	4288 04	40371 04	29787 04
Oil imports / consumption		108 04			128 02	100 04	342 04	331 04	332 04	
Cellular subscribers	61 06	26 06	7 06	10 05	05 05	69 06	45 06	100 06	58 06	17 06
Internet users	99 06	16 05	1 05	1 05	05 05	100 06	13 05	90 06	30 06	39 06
Digital opportunity index	78 05	47 05	25 05	25 05	6 05	69 05	53 05	100 05	60 05	40 05
Road density	5 99	4 02	5 04	3 03	1 99	6 04	14 03	100 04	2 00	15 04

**Table C: Affected people** (thousands)

Earliest year since 1990	Brunei									
	Darussalam	Indonesia	Cambodia	Lao PDR	Myanmar	Malaysia	Philippines	Singapore	Thailand	Viet Nam
\$1/day poverty		33349 93	4088 97	804 92		382 92	12409 91		3336 92	
Underweight childrer		5636 99	768 94	349 93	1625 90	602 93	3072 90	9 00	928 93	2611 00
Primary enrolment	2 91	712 91	542 91	256 91	107 91	68 99	345 91		1465 91	988 91
Literacy	1 91	1441 90	518 98	271 95	501 00	154 91	424 90	6 90	212 00	954 99
Under-5 mortality	90	428 90	49 90	29 90	142 90	12 90	125 90	90	39 90	108 90
Maternal mortality	90	30.6 90	3.8 90	1.2 90	6.3 90	0.4 90	5.6 90	90	2.1 90	3.3 90
HIV prevalence	03	123 03	135 03	3 03	373 03	53 03	42 03	7 03	492 03	183 03
TB prevalence	90	805 90	92 90	19 90	167 90	35 90	502 90	2 90	193 90	311 90
Water access		51197 90	8095 04	2787 04	17263 90	362 90	7959 90	90	2715 90	23160 90
Sanitation access		98737 90	11388 04	3901 04	30512 90	9595 90	26327 90	90	10858 90	42350 90
Cellular subscribers	255 90	197193 95	11061 94	4804 96	46726 02	18015 90	62632 91	2965 90	54226 90	74508 96
Internet users	292 95	194540 94	11988 97	5025 98	45385 99	19087 92	67088 94	3091 91	55595 92	74575 96
<b>Latest year</b>										
	Brunei									
	Darussalam	Indonesia	Cambodia	Lao PDR	Myanmar	Malaysia	Philippines	Singapore	Thailand	Viet Nam
\$1/day poverty		16310 02	4088 97	1459 02		433 97	12014 03		1233 02	
Underweight childrer		6103 03	788 00	312 00	1359 03	288 03	2927 03	9 00	868 95	2127 04
Primary enrolment	1 05	432 05	23 05	152 05	518 05	146 04	665 05		371 06	1212 05
Literacy	1 01	557 04	524 04	230 01	501 00	124 00	798 03	3 00	212 00	954 99
Under-5 mortality	05	161 05	53 05	12 05	95 05	7 05	76 05	05	20 05	31 05
Maternal mortality	00	10.4 00	1.7 00	1.1 00	3.4 00	0.2 00	4.4 00	00	0.4 00	2.1 00
HIV prevalence	05	126 05	114 05	3 05	354 05	69 05	44 05	7 05	492 05	239 05
TB prevalence	05	592 05	98 05	17 05	82 05	34 05	381 05	1 05	129 05	200 05
Water access		51342 04	8095 04	2787 04	10464 04	252 04	12430 04	04	626 04	12576 04
Sanitation access		100451 04	11388 04	3901 04	10940 04	1511 04	23203 04	04	626 04	32697 04
Cellular subscribers	128 06	164096 06	13069 06	5054 05	47804 05	6411 06	43787 06	0 06	23462 06	70542 06
Internet users	216 06	209832 05	13912 05	5640 05	47938 05	14684 06	79932 05	2664 06	55152 06	71370 06

**Table D: Share in ASEAN problem** (%)

Earliest year since 1990	Brunei									
	Darussalam	Indonesia	Cambodia	Lao PDR	Myanmar	Malaysia	Philippines	Singapore	Thailand	Viet Nam
\$1/day poverty		61.3 93	7.5 97	1.5 92		0.7 92	22.8 91		6.1 92	
Underweight childrer		36.1 99	4.9 94	2.2 93	10.4 90	3.9 93	19.7 90	0.1 00	5.9 93	16.7 00
Primary enrolment	0.1 91	15.9 91	12.1 91	5.7 91	2.4 91	1.5 99	7.7 91		32.7 91	22 91
Literacy	91	32.2 90	11.6 98	6 95	11.2 00	3.4 91	9.5 90	0.1 90	4.7 00	21.3 99
Under-5 mortality	90	45.9 90	5.2 90	3.1 90	15.2 90	1.3 90	13.4 90	0.1 90	4.2 90	11.6 90
Maternal mortality	90	57.3 90	7.2 90	2.2 90	11.9 90	0.8 90	10.6 90	90	3.9 90	6.1 90
HIV prevalence	03	8.7 03	9.6 03	0.2 03	26.4 03	3.8 03	2.9 03	0.5 03	34.9 03	13 03
TB prevalence	90	37.8 90	4.3 90	0.9 90	7.9 90	1.7 90	23.6 90	0.1 90	9.1 90	14.6 90
Water access		45.1 90	7.1 04	2.5 04	15.2 90	0.3 90	7 90	90	2.4 90	20.4 90
Sanitation access		42.3 90	4.9 04	1.7 04	13.1 90	4.1 90	11.3 90	90	4.6 90	18.1 90
Cellular subscribers	0.1 90	41.7 95	2.3 94	1 96	9.9 02	3.8 90	13.3 91	0.6 90	11.5 90	15.8 96
Internet users	0.1 95	40.8 94	2.5 97	1.1 98	9.5 99	4 92	14.1 94	0.6 91	11.7 92	15.6 96
<b>Latest year</b>										
	Brunei									
	Darussalam	Indonesia	Cambodia	Lao PDR	Myanmar	Malaysia	Philippines	Singapore	Thailand	Viet Nam
\$1/day poverty		45.9 02	11.5 97	4.1 02		1.2 97	33.8 03		3.5 02	
Underweight childrer		41.3 03	5.3 00	2.1 00	9.2 03	1.9 03	19.8 03	0.1 00	5.9 95	14.4 04
Primary enrolment	05	12.3 05	0.7 05	4.3 05	14.7 05	4.1 04	18.9 05		10.5 06	34.4 05
Literacy	01	14.3 04	13.4 04	5.9 01	12.8 00	3.2 00	20.5 03	0.1 00	5.4 00	24.4 99
Under-5 mortality	05	35.3 05	11.7 05	2.7 05	20.8 05	1.5 05	16.6 05	05	4.3 05	6.9 05
Maternal mortality	00	43.9 00	7.1 00	4.4 00	14.4 00	0.9 00	18.4 00	0.1 00	1.8 00	8.9 00
HIV prevalence	05	8.7 05	7.9 05	0.2 05	24.4 05	4.8 05	3 05	0.5 05	34 05	16.5 05
TB prevalence	05	38.6 05	6.4 05	1.1 05	5.3 05	2.2 05	24.8 05	0.1 05	8.4 05	13 05
Water access		52.1 04	8.2 04	2.8 04	10.6 04	0.3 04	12.6 04	04	0.6 04	12.8 04
Sanitation access		54.4 04	6.2 04	2.1 04	5.9 04	0.8 04	12.6 04	04	0.3 04	17.7 04
Cellular subscribers	06	43.9 06	3.5 06	1.4 05	12.8 05	1.7 06	11.7 06	06	6.3 06	18.9 06
Internet users	06	41.9 05	2.8 05	1.1 05	9.6 05	2.9 06	15.9 05	0.5 06	11 06	14.2 06



**List of ESCAP activities involving ASEAN countries**

<b>Nr</b>	<b>Name of the project</b>	<b>Brief description of expected outcomes</b>	<b>Period</b>	<b>ASEAN countries involved</b>
1	Improving access to micro-data in Asia and the Pacific	<ul style="list-style-type: none"> <li>▪ <u>Project Goal:</u> Greater availability of documented survey microdata in the Asian and Pacific region for analysing disparities and socio-economic impact of policy interventions.</li> <li>▪ <u>Outcome:</u> National statistical offices and survey organizations document household surveys and censuses in accordance with international good practices and make anonymized microdata sets available to secondary users.</li> </ul>	2007-2008	Indonesia, The Philippines, Viet Nam
2	Supporting the development of National Statistical Systems in the ESCAP region	<ul style="list-style-type: none"> <li>▪ National policymakers and statisticians of the region acquire an increased capacity to pursue national strategic planning for statistical development and to implement their strategies.</li> <li>▪ Create greater awareness among national policymakers and society at large about the importance of statistics for a country's social and economic life.</li> <li>▪ Information on national statistical work programmes and statistical capacity-building activities is available to (1) countries to monitor and evaluate their statistical capacity-building efforts including the implementation of their national strategies, and (2) all statistical development actors to facilitate improved regional coordination of statistical capacity-building efforts among donor agencies and national statistical offices.</li> </ul>	2008-2009	All
3	Trans-Asian Energy System (TAES),	<ul style="list-style-type: none"> <li>▪ To achieve greater cooperation, coordination and integration of energy system through sharing of information and expertise, and leading to transboundary energy trade and exchange.</li> <li>▪ <u>Strategies/action:</u> Facilitate the establishment of an intergovernmental collaborative mechanism/agreement; Develop and implement a pragmatic plan of action</li> <li>▪ <u>Focus Areas:</u> (Hard) natural gas pipelines; and electricity grid network; (Soft) energy efficiency, renewable energy, energy policy and R&amp;D partnership.</li> </ul>	Ongoing	All
4	Enhancing capacity toward regional cooperation on international migration in East and South-East Asia	<ul style="list-style-type: none"> <li>▪ <u>Project Goal:</u> More effective and constructive dialogue towards bilateral and regional cooperation on international migration in East and South East Asia.</li> <li>▪ <u>Outcome:</u> Participating governments and relevant stakeholders take measures to implement key policy recommendations for national and regional frameworks to manage international migration.</li> </ul>	2007	All

Nr	Name of the project	Brief description of expected outcomes	Period	ASEAN countries involved
5	Promoting sustainable strategies to develop and improve universal access to basic health care in the Asian and Pacific region	To initiate country-level action plans to optimize investment in health protection systems, which would lead to increased access to health services to vulnerable groups, including women, through improved dialogue and cooperation among finance, planning, and health officials.	2007-2008	Viet Nam
6	Promoting sustainable social protection strategies to improve access to health care in the GMS	Country-level action plans to work towards universal health care coverage in order to address issues related to improved access to health services to vulnerable groups, including women, are formulated through multi-ministerial dialogue and cooperation.	2007-2008	Cambodia, Lao People's Democratic Republic, Myanmar, Thailand
7	Knowledge network of telecentres in Asia-Pacific	To strengthen the capacity of ICT access points to provide, develop, organize, share and disseminate knowledge for the sustainable development of marginalized communities.	Ongoing	Current members include telecentres from Cambodia, Lao People's Democratic Republic, Malaysia, The Philippines, and Thailand
8	Regional Space Applications Programme for Sustainable Development in Asia and the Pacific (RESAP) Network	<ul style="list-style-type: none"> <li>▪ To promote and coordinate regional space cooperation for development, as well as organize and implement space application projects of regional interest;</li> <li>▪ To promote national capability-building for space applications through regional projects and regional cooperation;</li> <li>▪ To contribute to human resource development through developing space-application-related education facilities in the countries of the region;</li> <li>▪ To provide technical assistance, such as advisory and consultancy services, on national policies, programmes and planning related to the establishment of space agencies/space application centers.</li> </ul>	Ongoing	All
9	Knowledge network of women's cooperatives in Asia-Pacific	To empower women in rural areas and disadvantaged group of communities and enhance their capacity to build effective businesses.	Ongoing	Current members include women's cooperatives from Cambodia, Lao People's Democratic Republic, Myanmar and Thailand.
10	Biotechnology Information Network for Asia (BINASIA).	To facilitate knowledge-sharing, technology development, technology transfer and development and promotion of biotech industries through an IT-driven mechanism by linking biotech-community, providing biotechnology professionals with an easy access to the network and information, promoting international R & D collaboration for technology development, facilitating technology transfer, assisting development of human resources.	Ongoing	Indonesia, Malaysia, The Philippines, Thailand and Viet Nam



Nr	Name of the project	Brief description of expected outcomes	Period	ASEAN countries involved
11	Capacity Development of SMEs in the Greater Mekong Subregion	Government officials involved in SME development and representatives of the private sector, including those in the network of the GMS Business Forum take steps to promote SMEs participation in global and regional value chains through policy level actions, regional cooperation, training, counseling and matchmaking activities.	Ongoing	GMS countries
12	Asia-Pacific Research and Training Network on Trade (ARTNeT)	<ul style="list-style-type: none"> <li>▪ Increased national capacity to effectively negotiate, conclude and implement multilateral and other trade agreements supporting the internationally agreed development goals, including the MDGs.</li> <li>▪ Increased capacity and regional cooperation to develop and implement trade efficiency policies and programmes to promote international competitiveness.</li> <li>▪ Increased capacity to design and implement policies and programmes that create an enabling environment for investment and promote a competitive business sector.</li> </ul>	Ongoing	All
13	ARTNeT Support Project for Trade Research Capacity Building in the GMS	<ul style="list-style-type: none"> <li>▪ Increased national capacity to negotiate, conclude and implement multilateral and regional trade and investment agreements designed to promote inter- and intra-subregional trade and investment flows.</li> <li>▪ Increased national capacity to develop and implement trade and investment policies and programmes designed to enhance supply-side capacity and international competitiveness of exports.</li> </ul>	Ongoing	Cambodia, Lao People's Democratic Republic, Viet Nam
14	Increasing the contribution of business to sustainable development through more effective implementation of the principles of the Global Compact in Asia and the Pacific	Global Compact country networks in Asia and the Pacific are more active in recruiting participants and providing support to companies and organizations in their implementation of the principles of the Global Compact.	Ongoing	Indonesia, The Philippines, Malaysia, Thailand
15	Asia-Pacific Business Forum	Business representatives advocate views and ideas on improvement of policy and regulatory frameworks resulting from the APBF 2006 and 2007 to governments and intergovernmental bodies, in particular as regards needs for regional initiatives.	Ongoing	Open to all
16	Subnational innovation systems and technology capacity-building policies to enhance competitiveness of SMEs	Government policymakers have developed policies, strategies and institutional frameworks for establishing or strengthening subnational innovation systems.	Ongoing	Cambodia, Indonesia, Lao People's Democratic Republic, Myanmar, The Philippines, Thailand, Viet Nam
17	ARTNeT Research on Drivers of Regional Integration and Trade in Services in the GMS	Improved national capacity to effectively negotiate, conclude and implement multilateral and other trade agreements supporting the internationally agreed development goals, including the Millennium Development Goals.	Ongoing	Countries of the Greater Mekong Subregion and other ASEAN countries

Nr	Name of the project	Brief description of expected outcomes	Period	ASEAN countries involved
18	Human resources development in tourism in the Greater Mekong subregion	Strengthening of the teaching capacity of GMS countries (tourism education and training institutions) in cultural tourism sites management, based on the concepts and guidelines introduced in ESCAP training manual, and supported by the interactive training materials.	2006-2007 possible extension to June 2008	Cambodia, Lao People's Democratic Republic, Myanmar, Thailand and Viet Nam
19	Regional cooperation in enhancing the role of tourism in socio-economic development and poverty alleviation	Improvement of the capacity of participating countries to design and implement in effective programmes to enhance the role of tourism in socio-economic development and poverty alleviation based on principles and strategies introduced in the Plan of Action for Sustainable Tourism Development in the Asian and Pacific Region.	2005-2008	Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, The Philippines, Thailand, Viet Nam
20	Promotion and development of the Asian Highway: Upgrading of Asian Highway priority routes	Member governments initiate further actions, or approach multilateral and bilateral donors, international financing institutions or private sectors, for upgrading of selected sections of Asian Highway routes.	2006-2007	Cambodia, Lao People's Democratic Republic, Myanmar, Philippines, Viet Nam
21	Regional intermodal transport planning (Phases I and II)	Governments and service providers in the region have improved coordinated intermodal transport planning from a regional perspective (utilizing ESCAP-developed Integrated Transport Planning Model and its database).	2005-2007	All, particularly land-locked and transit developing countries for intermodal linkages
22	Promoting the role of the Asian Highway and Trans-Asian Railway: Intermodal interfaces as focus for development.	Adoption of policies and strategies by participating governments to improve facilities and services at intermodal interfaces along international corridors, including border points, as focus of development.	2006-2007 possible extension to June 2008	All, with particular focus on landlocked countries
23	Identifying investment needs and development priorities for the Trans-Asian Railway Network	National transport planners, policymakers and railway managers integrate the identified investment needs and priorities into the definition of national policies for the development of the Trans-Asia Railway network.	2007-2008	Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, Myanmar, Singapore, Thailand, Viet Nam
24	Public-private partnership alliance programme for capacity building in infrastructure development provision of basic services	Enhancement of the sustainable capacity of governments at national, sub-national and municipal/local levels to promote, develop, operate and manage PPP projects for infrastructure development and provision of basic services. The project is being executed in collaboration with ECE and ECA, and UN entities and other agencies interested in capacity-building for PPPs with a view to creating considerable synergies in PPP development.	2006-2008	On a selective basis. So far Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, Myanmar, Thailand and Viet Nam have participated