

# ENGENDERING ECONOMIC INCLUSION and PEOPLE-CENTEREDNESS in INTEGRATING ASEAN

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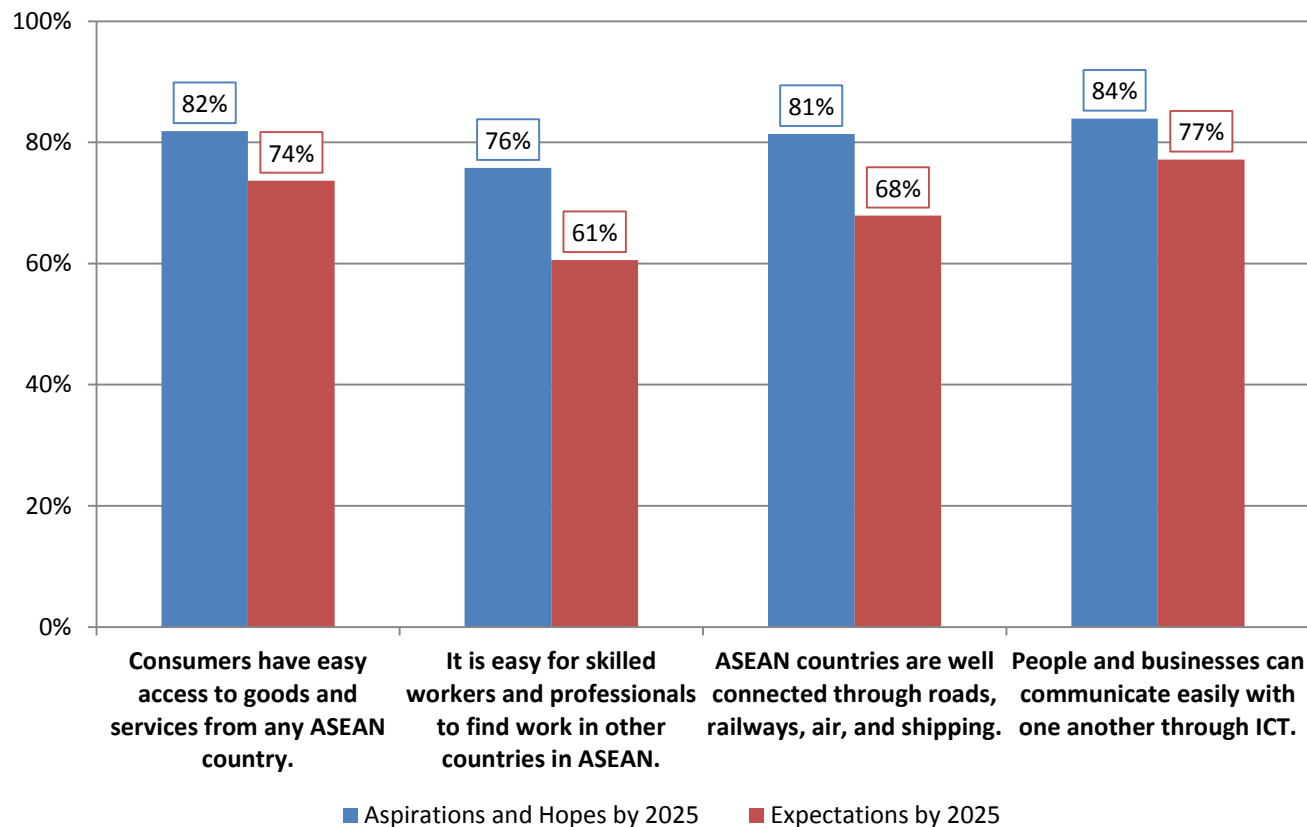
# Outline of Presentation

- Survey results
- Framework for inclusiveness and social equity
- Digital economy, inclusiveness and people centeredness
- Engendering robust growth and economic inclusion in integrating ASEAN in the digital world

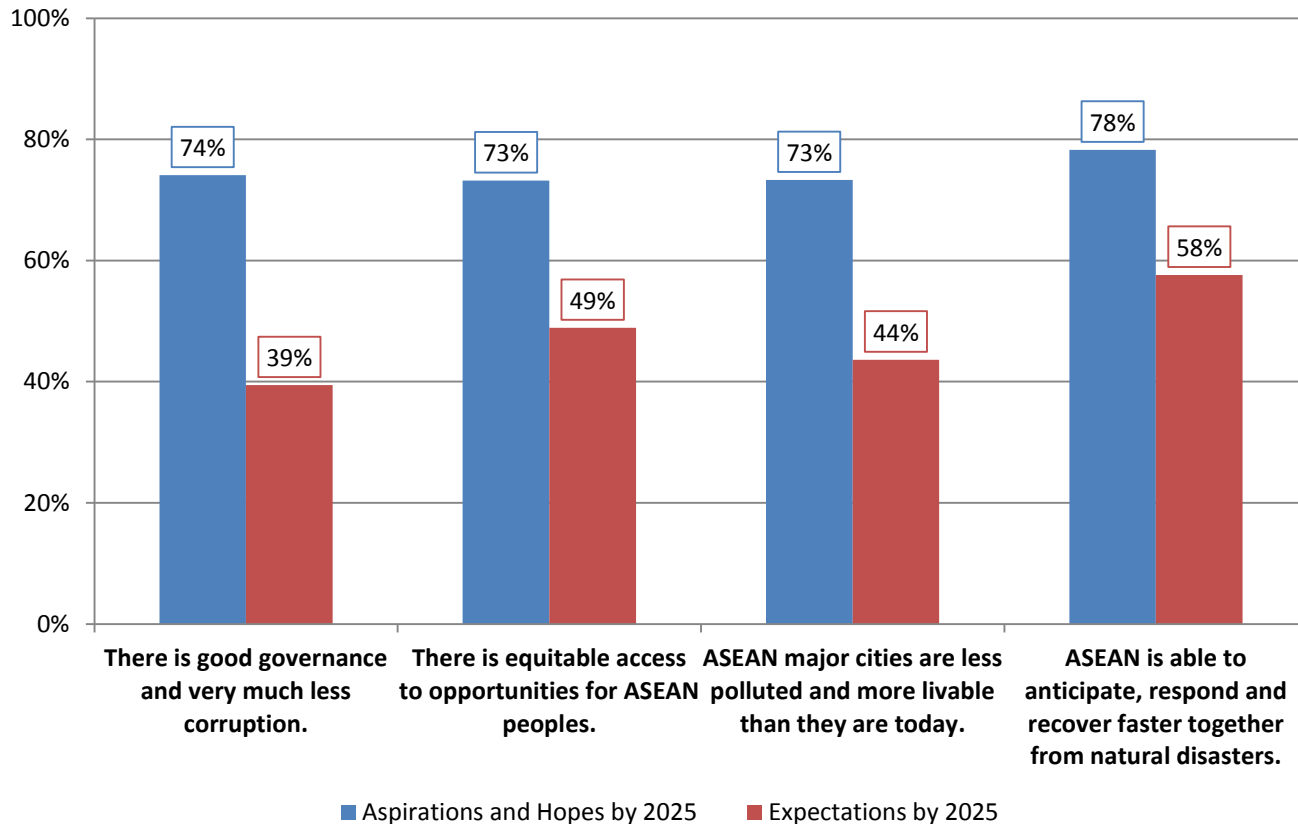
# Findings from the Survey Results

- There is **strong aspiration** for:
  - an integrated and connected ASEAN
  - a resilient, equitable and sustainable ASEAN
  - an ASEAN of good governance
  - an ASEAN with significant global and regional presence and contribution
- **Gap between aspirations and expectations for 2025:**
  - **Narrowest:** Integrated and connected ASEAN
  - **Widest:** ASEAN of good governance
  - **Large:** Equitable and sustainable ASEAN
- **Significant overlap between pressing regional and national concerns.** Pressing concerns mirror aspirations-expectations gaps: E.g.,
  - Corruption
  - Income disparity and social inequality

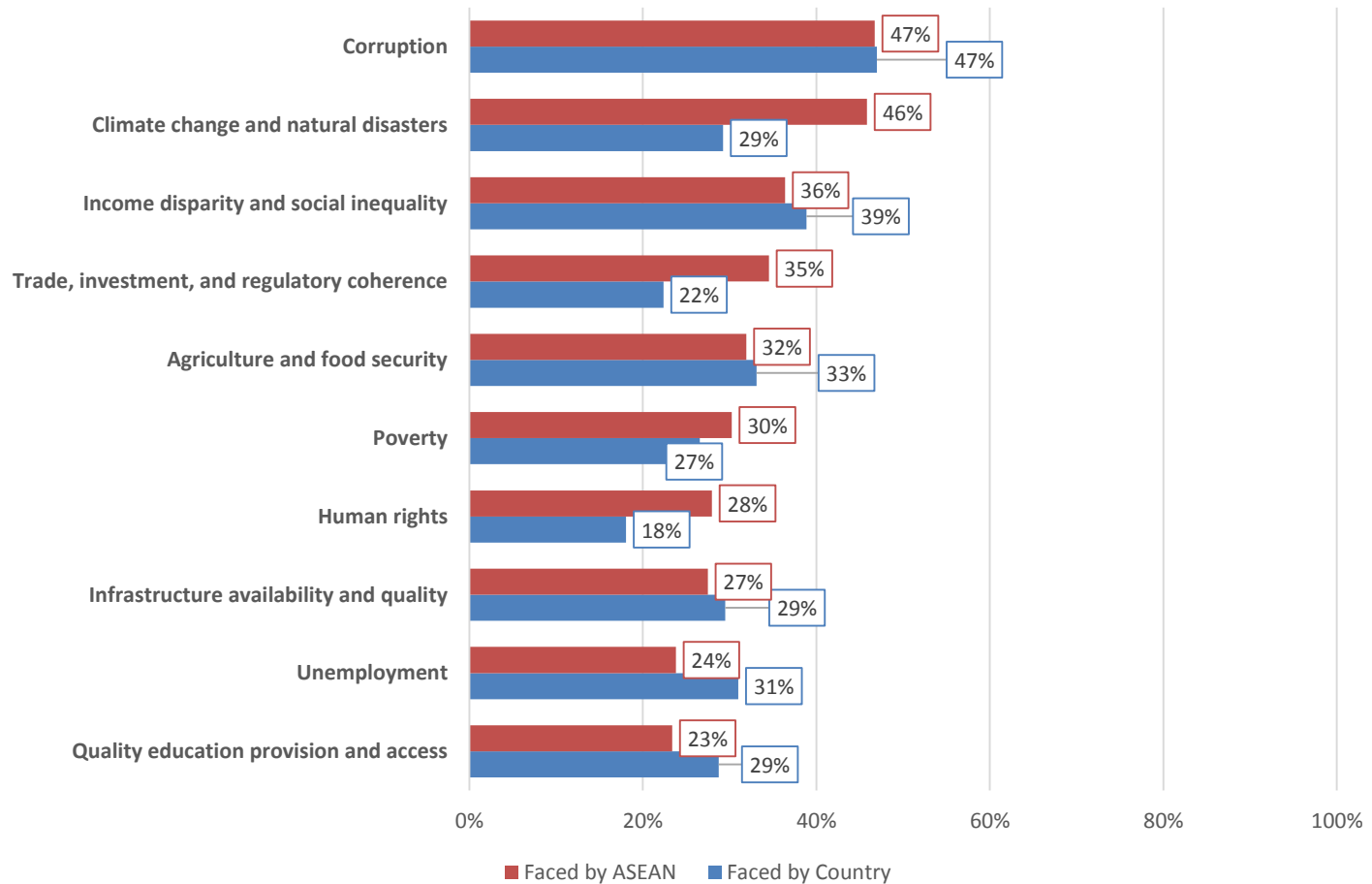
# Integrated and Connected ASEAN



# ASEAN Governance, Resilience, Equity



# Pressing Problems



# Three Key Global Developments

- **Brexit, Trump and the rise of protectionism:** inclusivity and management of adjustment are critical in an integrating world.
  - egalitarian Japan vs non-egalitarian US experiences
- **India/SA-ASEAN-China growth corridor:**
  - Fastest growing largest consumer market; most potent global growth driver
  - Risk: inequitable growth if integration not managed well
- **Digital Revolution and Possible 3<sup>rd</sup> Unbundling**
  - Digital revolution offers SME global-GVC reach
  - Digital revolution can facilitate inclusiveness and people-centeredness
  - 3<sup>rd</sup> Unbundling (Baldwin): de-linking labor service and service provider—marked services globalization
  - Need to manage risks

# Framework for inclusiveness and social equity in regional integration

- Social equity as poverty reduction
  - High economic growth key poverty reducer
  - Investment as key growth driver
  - Many regional integration initiatives enhance investment attractiveness
- Social equity as reduced inequality
- Strategies:
  - *Enhancing direct investment and growth drivers as indirect equity enablers*
  - *Strengthening direct equity drivers and indirect growth enablers*
  - *Enhancing digital innovations as means for inclusiveness and people-centeredness*



# AEC 2025: Direct Investment and Efficiency Drivers & Indirect Equity Enablers

- **Seamless Trade Facilitation**
  - NSW/ASW; NTR/ATR; Tariff Finder; Self-Certification
  - Most beneficial to SMEs if with interactive features and SME support “center”. SMEs are major employment drivers.
  - Efficient export/import/customs processes more important for outward-oriented MSMEs, esp given e-commerce potentials
  - Critical in global value chains (GVCs) and MSMEs link to GVCs
- **NTMs and Standards and Conformance**
  - Transparency helps SMEs navigate foreign markets
  - Accessible laboratories and efficient certification systems beneficial to SMEs
  - Narrower regulatory differences and standards gap between exporting and importing countries make it easier for firms, esp. MSMEs, to access export markets

# AEC 2025: Direct Investment and Efficiency Drivers & Indirect Equity Enablers

- **Connectivity**
  - Physical, digital, institutional, people-to-people
  - Access of peripheries (including rural areas) to growth centers important for inclusive growth
- **Services Liberalization and Cooperation**
  - Reframing: towards “service exporters are service importers”
  - Movement of natural persons
  - Skills certification
  - Innovative local (ASEAN) SMEs with access to specialist foreign skills can have better chances of competing globally by marrying local strengths and foreign expertise to develop unique service product propositions.
  - Digital revolution

# AEC 2025: Direct Investment and Efficiency Drivers & Indirect Equity Enablers

- **Good Regulatory Practice (GRP) and Regulatory Cooperation**
  - Stakeholder engagement emphasized, needs to include SMEs
  - Support international regulatory convergence
  - GRP on NTMs call for transparency, streamlined procedures and private sector engagement—all anti-corruption measures
  - Gives voice to SMEs in discussions on regulatory improvement and reducing unnecessary regulatory burden
  - Complex regulations more burdensome to SMEs than LEs
  - Regulatory Cooperation:
    - Dialogues; exchange of information; principles and guidelines; codes of conduct; use of international standards; MRAs; exchange of staff; etc.

# Digital innovations, inclusiveness and people-centeredness

- Digital trade offers MSMEs global-GVC reach for market niches without requiring huge volumes
- E-commerce platforms support hundreds of thousands, if not millions, of MSMEs
  - E.g., Alibaba
- Digital trade grows from efficient logistics/ trade facilitation, relatively free data flows, and payment systems geared for small transactions (financial inclusion), all facilitated by digital technology
  - E.g., NSW, NTR, Lenddo; Gcash with Ant Financial
- Digital revolution and e-governance leads to more effective targeted subsidies, more efficient delivery of government services, and greater voice from various stakeholders (people centeredness)

# Digital innovations, inclusiveness and people-centeredness

- **Digital revolution and possible 3<sup>rd</sup> unbundling**
  - 3<sup>rd</sup> Unbundling (Baldwin): de-linking labor service and service provider
  - marked services globalization
  - Service sector contestability and service trade facilitation (e.g., skills certification)
- **4<sup>th</sup> industrial revolution:**
  - highly disruptive and fast innovations
  - requires more agile government response, greater investment in education and people more adaptable to fast changing environments
- **WB: “analog components” critical against adverse effects;**
  - e.g., over-concentration, labor-market “hollowing out”;
  - Address risk of “hollowing out” of labor market

# ASCC 2025: Equity Drivers and Growth Enablers

## ▪ **Education**

- Education for all
- IFPRI studies show rural education very important in reducing rural poverty
- Raises potentials for technology upgrading and flexibility given 4<sup>th</sup> industrial revolution
- E-learning

## ▪ **Health; Access to safe water and sanitation**

- Poor cannot afford not to work due to health reasons. Health emergencies may force poor to sell income earning assets (e.g., buffalo) or to borrow
- Healthy workers raise productivity

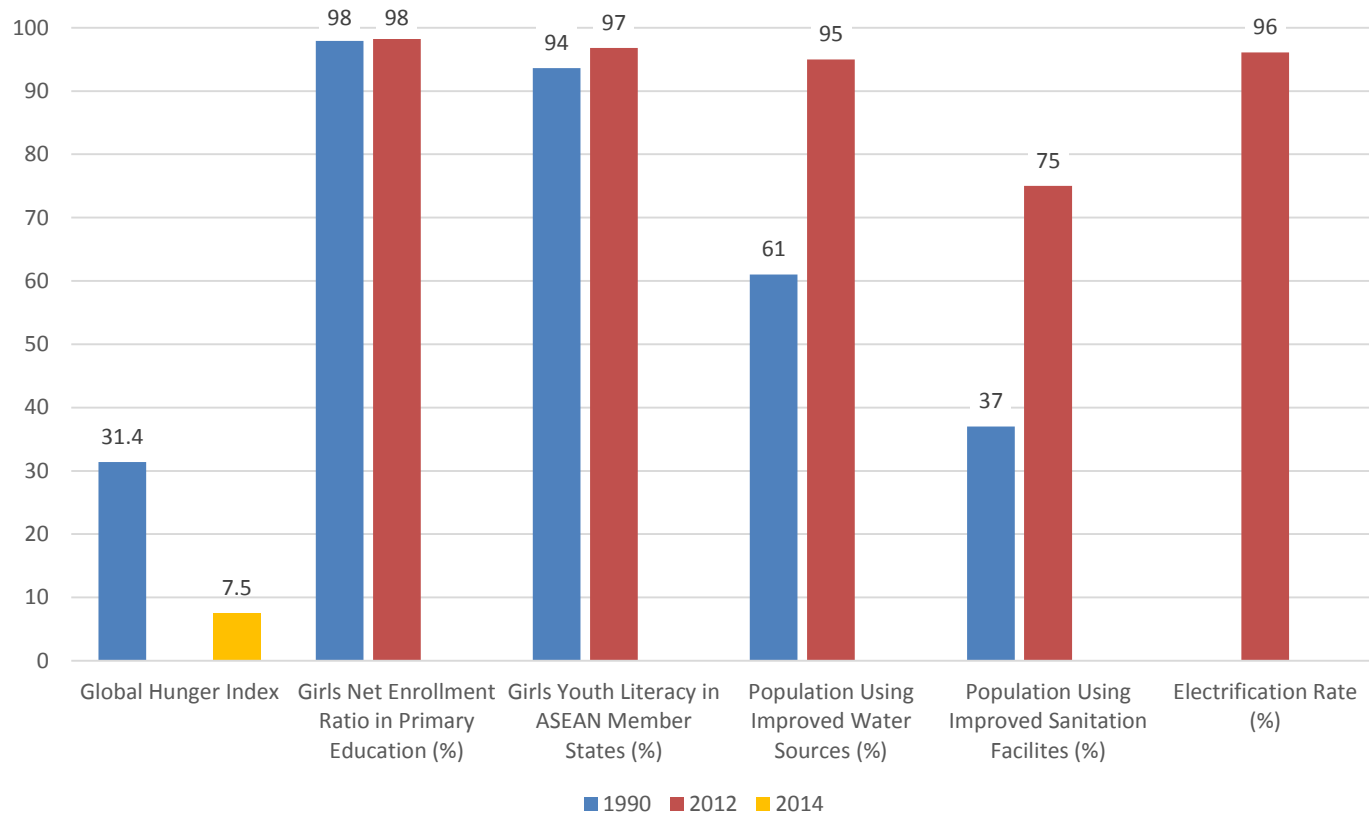
## ▪ **Access to electricity, irrigation, farm-to-market roads**

- IFPRI studies show irrigation, rural roads and electricity as important in reducing rural poverty
- Raise agricultural productivity and non-farm rural industrialization

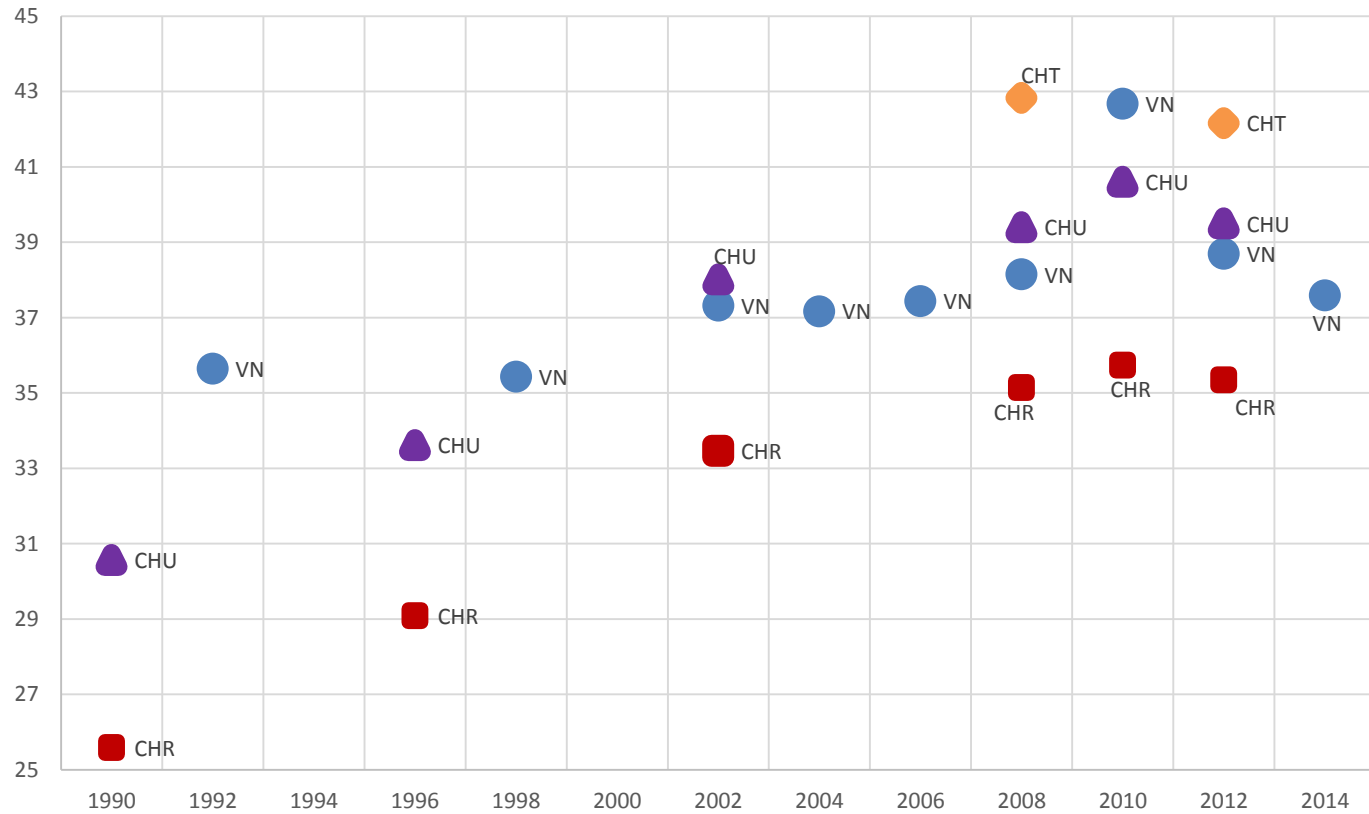
## ▪ **Social Safety Net**

- For increased economic resiliency and may enhance intersectoral labor mobility

# Vietnam Indicators



# Gini Index



VN = Vietnam ; CHT = China Total ; CHU = China Urban ; CHR = China Rural

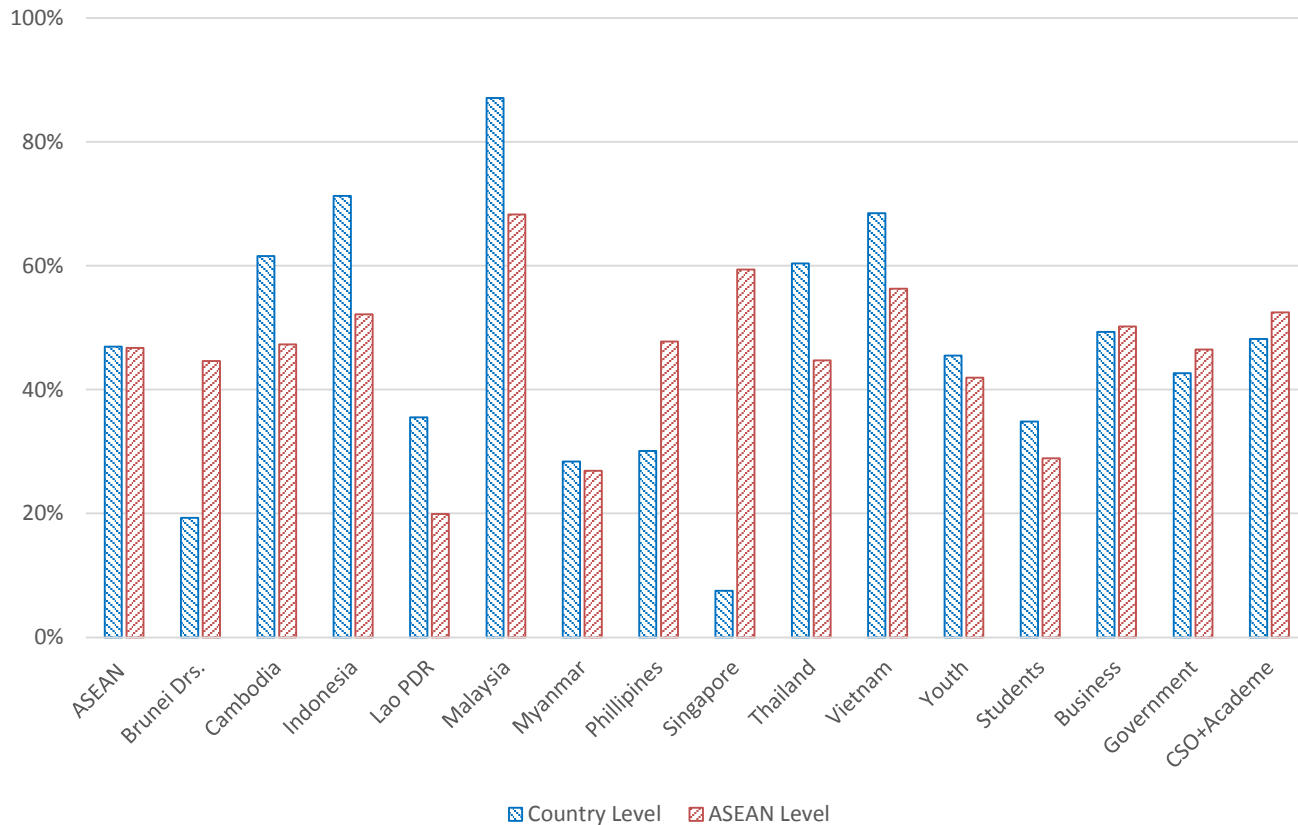


# Integration and Community Building

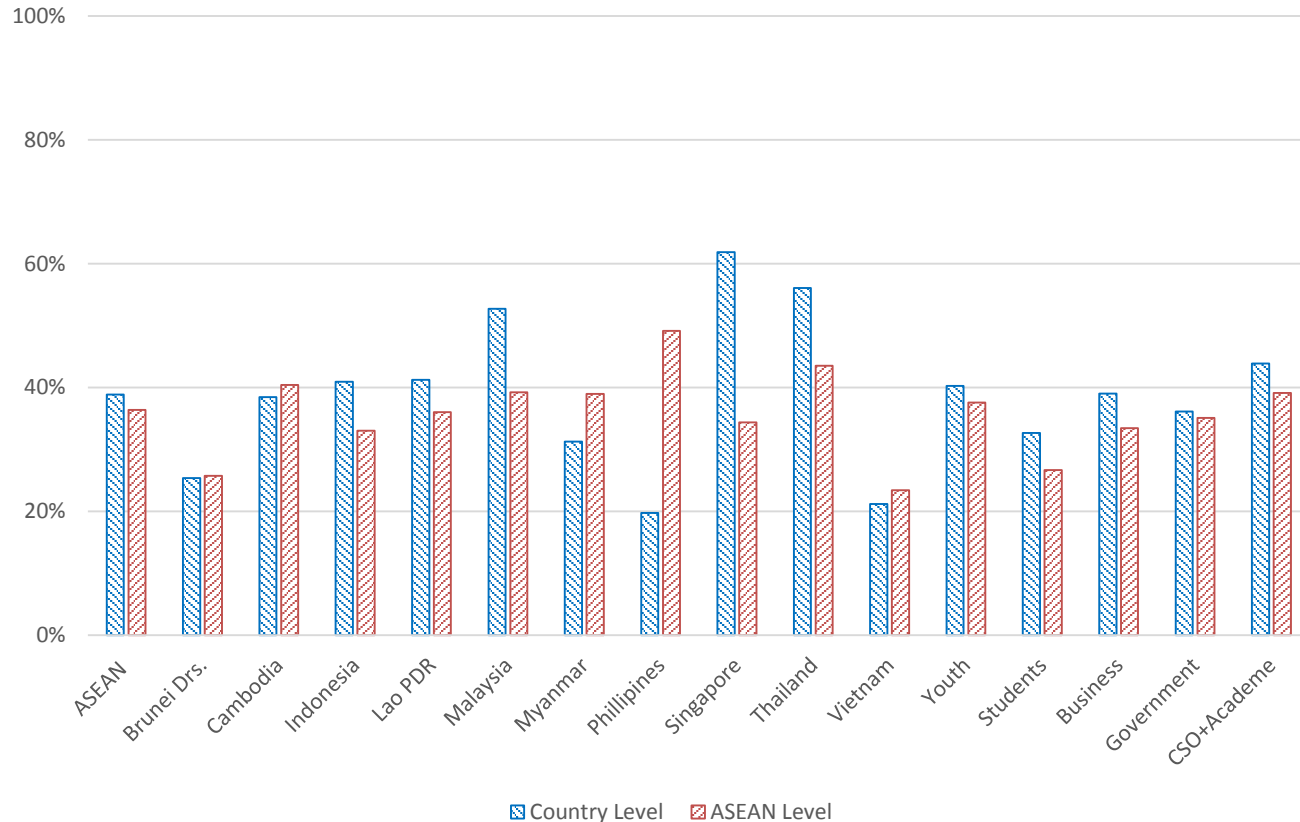
- Overall: moving forward towards robust and inclusive integration:
  - **emphasize synergy among integration and domestic reform, connectivity and cooperation, together with adjustment/transition measures and institution building**
- Economic integration in ASEAN is critical part of, and needs, ASEAN community building.
  - **Successful AEC that delivers benefits to all people needs robust ASCC, MPAC and APSC. Complementation critical.**
- Implementation and coordination! Political Will and People Support!
  - **Communication and engagement critical**

# THANK YOU!

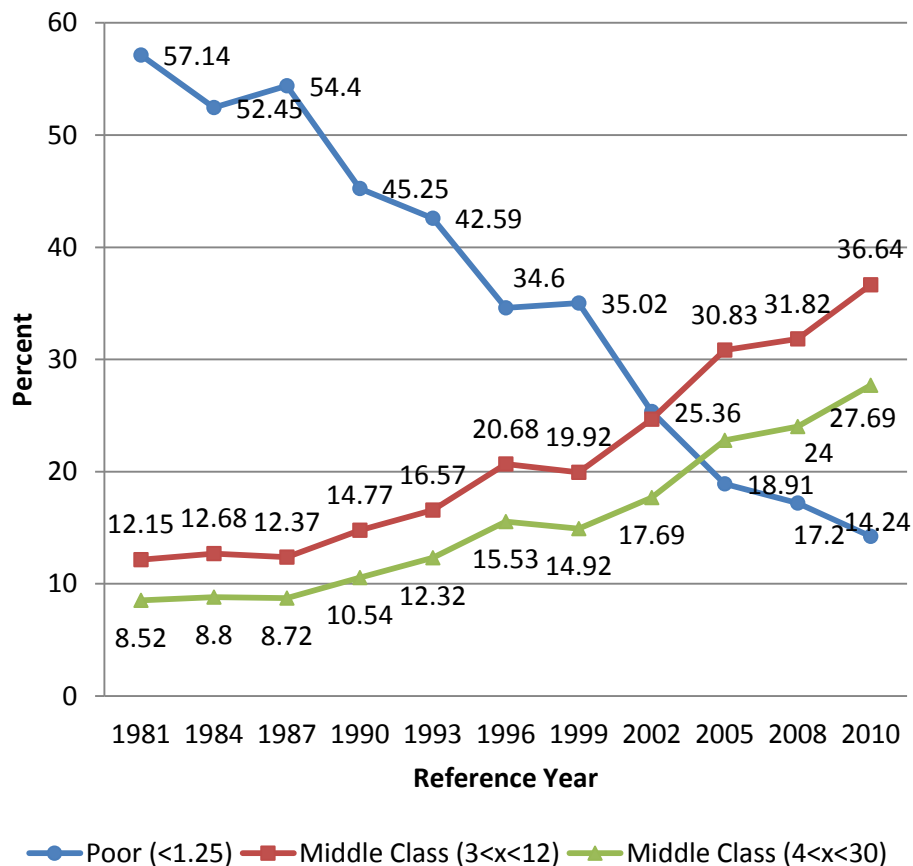
# Corruption as Pressing Problem



# Income Disparity and Social Inequality as Pressing Problem



# ASEAN Progress: Sharp fall of poverty; marked rise in middle class since late 1980s



➔ **ASEAN - 7 Poverty Rate:**  
**1990: 45%**  
**2010: 14%**  
**(15.6% incl Myanmar)**

➔ **ASEAN - 7 Poverty Gap:**  
**1990: 14%**  
**2010: 3%**

➔ **ASEAN Middle Class:**  
**1990: 15% (11%)**  
**2010: 37% (28%)**

**ASEAN 3<sup>rd</sup> largest EA economy**  
**ASEAN 3<sup>rd</sup> most populous in world**