Presentation on Southeast Asia
Who is this?
Who is this?
Who is this?
Who is this?
Geopolitical Themes: Asia
Apex of Japan’s WWII Expansion

1942

Maximum extent of Japanese expansion July 1942
Fight for Hegemony in Asia
Escalating Geo-political Tensions In East China Sea
What’s happening in South China Sea?
North Korea
Possible Trade War between China and US
China’s Growing Influence

OBOR in SEA

Boosts global connectivity

Welcomed by ASEAN

Kunming-Singapore Railway

THE PAN-ASIA RAILWAY NETWORK

Central Route
Kunming → Yuxi → Mohan → Vientiane → Bangkok → Kuala Lumpur → Singapore

Western Route
Kunming → Dali → Baoshan → Ruili → Yangon → Bangkok → Kuala Lumpur → Singapore

Eastern Route
Kunming → Yuxi → Mengzi → Hekou → Hanoi → Ho Chi Minh → Phnom Penh → Bangkok → Kuala Lumpur → Singapore
Overview: Southeast Asia
ASEAN Overview

Diverse

Young

Emerging Middle Class

Urbanization

Relatively low GDP per Capita

Regulatory framework
Big Challenges for ASEAN

- Education
- Infrastructure
- Energy transition
- Universal healthcare
- Climate change
- No meaningful integration
- Death of TPP
- Poverty
- Under and unemployment
ASEAN and AEC
## Comparing ASEAN to the world

<table>
<thead>
<tr>
<th></th>
<th>ASEAN</th>
<th>EU</th>
<th>US</th>
<th>China</th>
<th>Japan</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of member states</strong></td>
<td>10</td>
<td>28</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Populations (millions)</strong></td>
<td>629</td>
<td>510</td>
<td>321</td>
<td>1,371</td>
<td>127</td>
<td>1,311</td>
</tr>
<tr>
<td><strong>Annual population growth (%)</strong></td>
<td>1.11</td>
<td>0.3</td>
<td>0.8</td>
<td>0.5</td>
<td>-0.1</td>
<td>1.2</td>
</tr>
<tr>
<td><strong>GDP (US$ trillion)</strong></td>
<td>2.4</td>
<td>16.3</td>
<td>18.0</td>
<td>11.0</td>
<td>4.1</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>GDP per capita (US$ thousands)</strong></td>
<td>3.9</td>
<td>32.4</td>
<td>56.1</td>
<td>8.1</td>
<td>34.5</td>
<td>1.6</td>
</tr>
<tr>
<td><strong>GDP growth (annual %, 2015)</strong></td>
<td>4.7</td>
<td>2.2</td>
<td>2.6</td>
<td>6.9</td>
<td>0.5</td>
<td>7.6</td>
</tr>
</tbody>
</table>

*Source: World Bank 2015; ASEAN 2016*
### ASEAN and the EU are two completely different institutions

<table>
<thead>
<tr>
<th></th>
<th>ASEAN</th>
<th>EU</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mandate</strong></td>
<td>Strictly intergovernmental</td>
<td>Supra-national/ intergovernmental</td>
</tr>
<tr>
<td><strong>Parliament</strong></td>
<td>No parliament</td>
<td>Elected parliament</td>
</tr>
<tr>
<td><strong>Judicial</strong></td>
<td>No ASEAN law</td>
<td>EU law of higher order than national law</td>
</tr>
<tr>
<td><strong>Political</strong></td>
<td>Myriad political systems</td>
<td>Democracy a pre-requisite for entry</td>
</tr>
<tr>
<td><strong>Monetary</strong></td>
<td>No plan for monetary union</td>
<td>Eurozone/ Single monetary union</td>
</tr>
<tr>
<td><strong>Economic</strong></td>
<td>AEC 2015, 2025</td>
<td>One common market</td>
</tr>
<tr>
<td><strong>Enforcement</strong></td>
<td>Non-enforceable agreements</td>
<td>Enforceable agreements</td>
</tr>
<tr>
<td><strong>Capacity</strong></td>
<td>≤300 staff Budget: USD 20 million</td>
<td>32,900 staff Budget: USD 344 billion*</td>
</tr>
</tbody>
</table>

*2017 figures
The ASEAN Economic Community (AEC) is highly ambitious

**Pillars**

1. A Single market and production base
2. Highly competitive economic region

**Key areas**

- Free flow of goods
- Free flow of investment
- Free flow of skilled labour
- Priority integration sectors
- Food, Agriculture & Forestry

- Competition Policy
- Intellectual Property Rights
- Energy
- ICT
- E-commerce

- Free flow of services
- Frer flow of capital
- Free flow of skilled labour
- Priority integration sectors
- Food, Agriculture & Forestry

- Consumer protection
- Transport
- Mineral
- Taxation
EU Economic Diplomacy

Bilateral FTAs

High FDI

Regional FTA?
The Philippines
Factors for Diplomacy

Duterte the Mayor

Siloed Agencies

Institutional inertia

Political Factions
Factors for Diplomacy

Shifting personnel

Emerging clamour for competition

Looming pro-investment reforms
Myanmar
Opportunities and Challenges

Rakhine crisis

Crackdown on journalists

Military Influence in Politics

SEZs

Increase FDI

Infrastructure

Education, skills development
Rise of religious extremism post-Ahok Reformasi

Balancing reform agenda with power consolidation

Political Developments
2019 Elections

2018 Local Elections

Balancing nationalism vs. FDI

Changing political dynamics

Suharto era: top-down

Post-Suharto era: bottom up
Opportunities and Challenges

35 gigawatt power program

Education and skills development

Corruption

Protectionism; regulatory uncertainty

Palm oil
Singapore
General Elections 2019

Reserved Presidency 2017

Leadership succession a focus

ASEAN Chair 2018
Economic Developments

Slower growth

Future Economy

Regional hub

Smart Nation

GLCs looking out
Singapore’s ASEAN Chairmanship, 2018

- Security
  - Cybersecurity
  - Transnational Crime
  - Terrorism
- Economic Integration
  - AEC
- Digital Economy
  - Smart Cities Network
  - E-Commerce
Political Developments

New Constitution

Junta for the long haul

End of mourning period

Restricted political activity

Elections: late 2018?
Opportunities & Challenges

Slow economic growth

Aggressive FDI courting

Hi-tech industries

Thailand 4.0
Political developments

Najib’s position secured

New Opposition Coalition

General Election 2018
Economic Focus

E-commerce Roadmap 2016

Alibaba’s Digital Free Trade zone

High Value Infrastructure
Overview

Former PM Dzung ousted

Dominant role of Party

More conservative leadership

Corruption crackdown

US & China relations
Opportunities and Challenges

Strong GDP growth

“Slow reform” to continue

Ambitious trade commitments

SOE privatization

Fears of competition

Education

Skilled labor
Crackdown on opposition
2017 commune, 2018 national elections
Industrial Development Policy
Garment Industry
Rise of SEZs
Overview
Vriens & Partners

Navigating the Politics of Business