

Moving Towards ASEAN Single Community: Human Face Nexus of Regional Economic Development

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Over the years, ASEAN has evolved from an association with primary concern on security, to an association with economic focus. The ASEAN Free Trade Agreement (AFTA), signed in 1992, was a significant big step in promoting trades among ASEAN countries. Together with other factors such as the rise of production network within the region, and with countries outside the region such as China, Japan, and the rise of average income level of the ASEAN countries themselves, intra-ASEAN trades have increased rather quickly in the recent past.

Much has been said about the economic sequences of regional cooperation. However, economic consequences almost always induce social changes as well. In this paper, some of the social dimensions will be discussed, focusing on regional comparisons of social achievement or social problems among ASEAN countries.

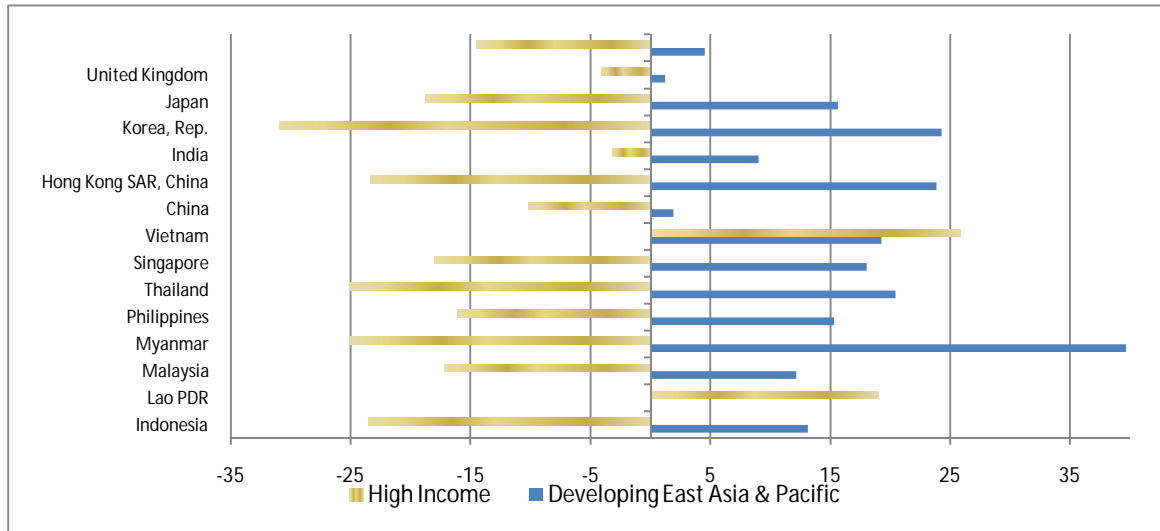
The paper begins with brief discussion on past and current economic integration among ASEAN countries, followed by discussion on social dimensions, and ends with the likely social impacts of ASEAN Economic Community (AEC).

1. ASEAN Economic Integration

The most important economic integration among ASEAN is trade integration. Over the past 2-3 decades, trades between ASEAN with developing East Asia and Pacific countries (ASEAN themselves included) have increased steadily, at the expense of trade with high income countries such as the US, Europe, Japan. Figures 1 and 2, showing changes of in export share by destination and import share by origin, clearly show this trend.

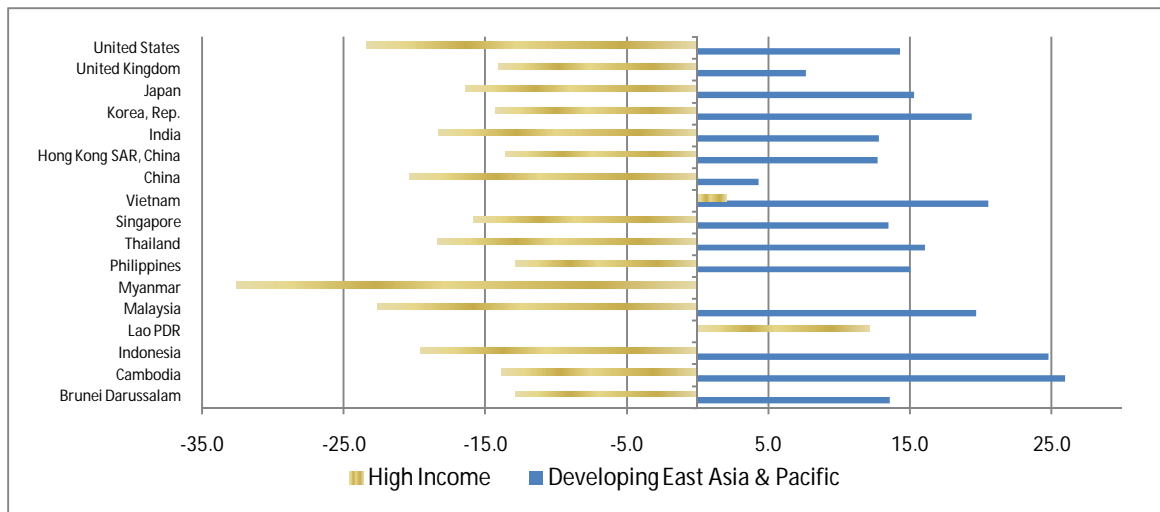
The relevant question to ask is what this closer economic integration brings? One would hope that the development gaps are narrow as a result. Figure 3 and 4 seem to confirm this, at least during the most recent period of 1993-2007 (where the more complete data of most ASEAN countries are available).

Figure 1 Changes in Share of Export Destinations of ASEAN, China, Hong Kong, India, 1990-2008 (%)



Source: World Development Indicators 2011

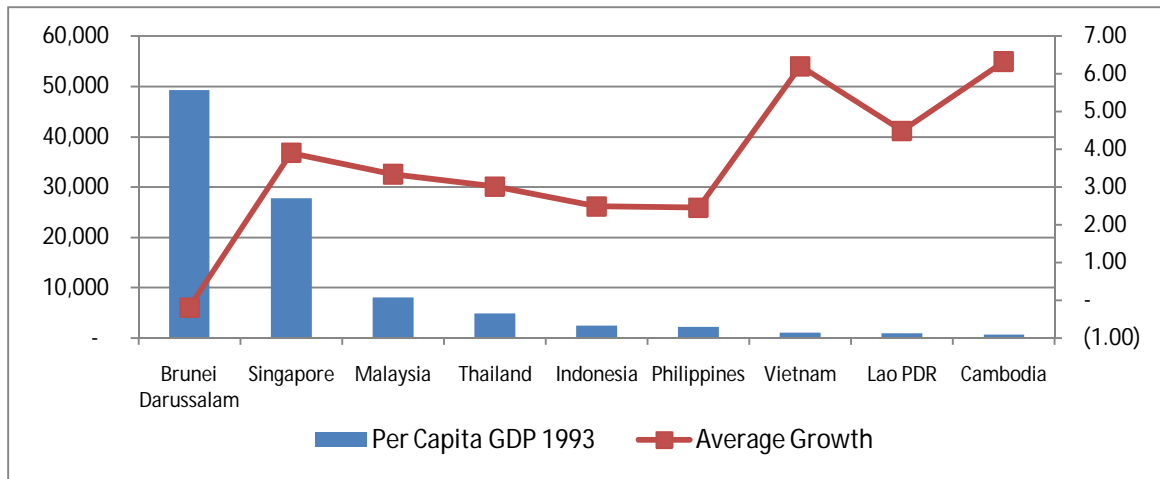
Figure 2 Changes in Share of Import Sources of ASEAN, China, Hong Kong, India, 1990-2008 (%)



Source: World Development Indicators 2011

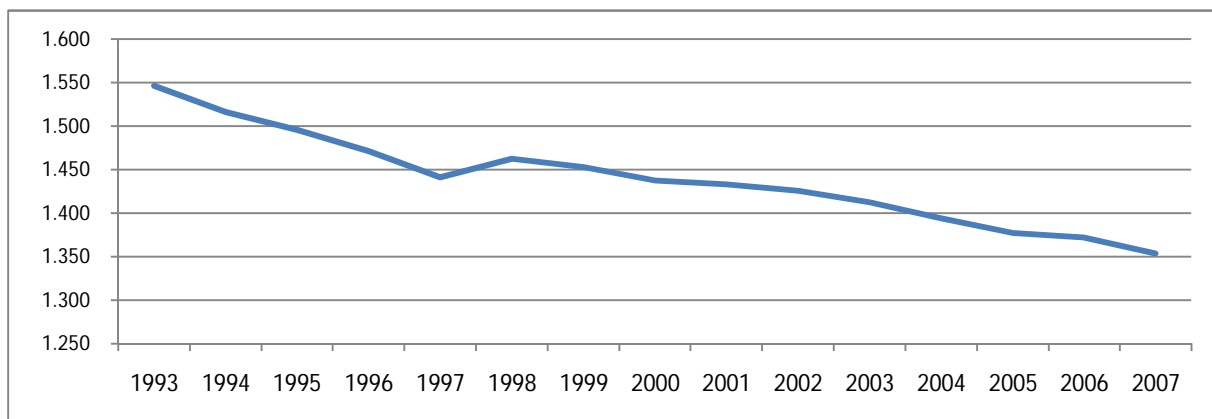
Figure 3 shows that countries with lower per capita GDP to begin with in 1993 grew faster than richer countries. These are Cambodia, Vietnam and Laos. The original five ASEAN countries did not grow as fast, except for the Singapore. Brunei is also an exception, in the sense that it is a country drawing economic growth and wealth mainly from its natural resource richness. Economic integration for Brunei is therefore less broad-based than others. The narrower gap translates into lower economic disparity, as shown by lower coefficient of variation of per capita GDP during 1993-2007 in Figure 4.

Figure 3 Per Capita GDP in 1993 and Average Annual Growth during 1993-2007



Source: Author's Calculation based on data from the World Development Indicators 2011

Figure 4 Coefficient of Variation of Per Capita GDP among ASEAN countries, 1993-2007 (constant 2005 dollar)



Source: Author's Calculation based on data from the World Development Indicators 2011

2. ASEAN Social Dimensions

In this section, I will show some social indicators for ASEAN countries and discuss the achievement and remaining problems in this area. The indicators are grouped into the following groups:

- Population
- Demographic
- Health

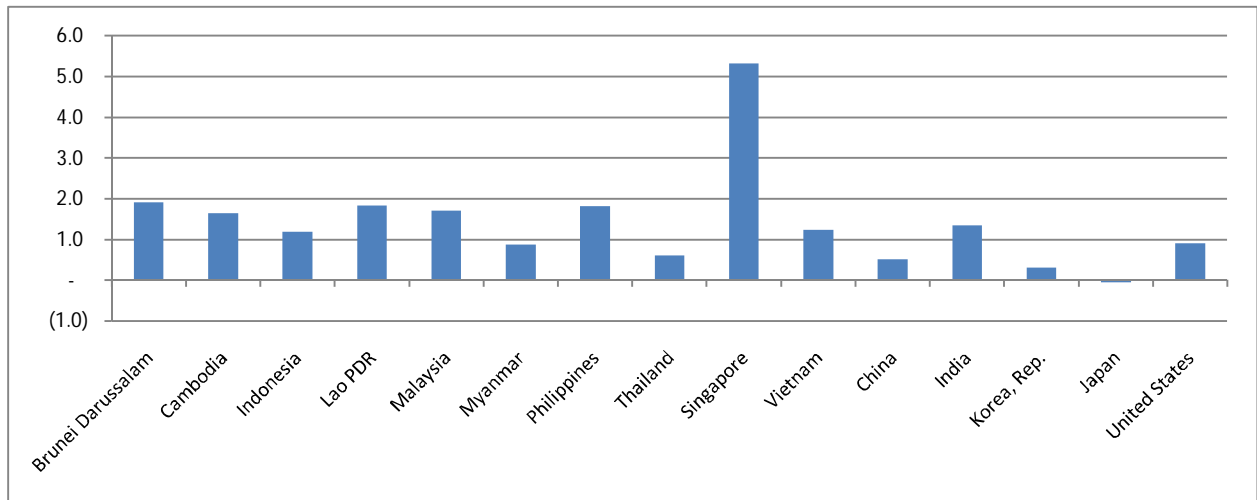
- Education and literacy
- Employment
- Poverty and inequality
- Social livelihood
- Environment
- Institutions

Most of these indicators are social in nature, but some are not but have close bearings on social environment. Indicators for all ASEAN countries, when available, are collected and shown in Data Annex at the end of this report. Data from some selected non-ASEAN countries are also included for comparison purpose; they are China, India, South Korea, Japan, and the United States. Note that only some selected indicators will be discussed.

On population, ASEAN are experiencing low and declining rate of population growth. Except for Singapore which gains its population through large immigration, most ASEAN countries expanded their population numbers by less than 2 percent per years, and some less than 1%. In general larger countries grew more slowly (except for the Philippines). This might be another area of convergence, albeit slowly.

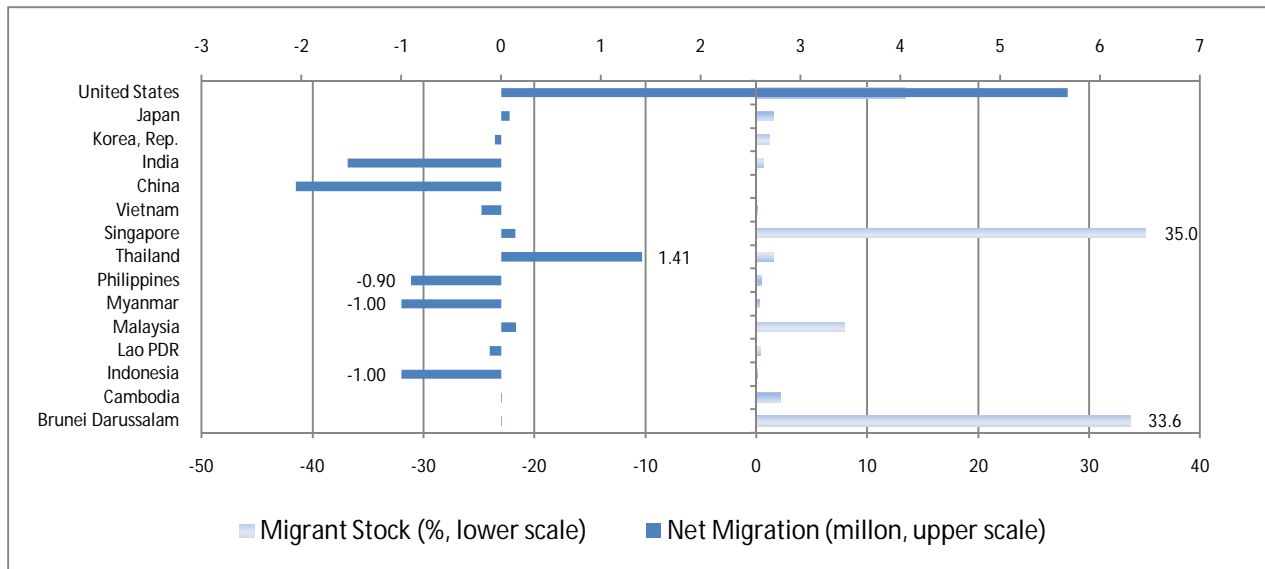
Migration has played a significant role. Figure 5 shows that a few ASEAN countries had net migration, either inward or outward) in the scale of one millions. Smaller and rich countries like Singapore and Brunei had over 30% of their populations coming from migration.

Figure 4 Population Growth Rates (% , latest figures)



Source: World Development Indicators 2011

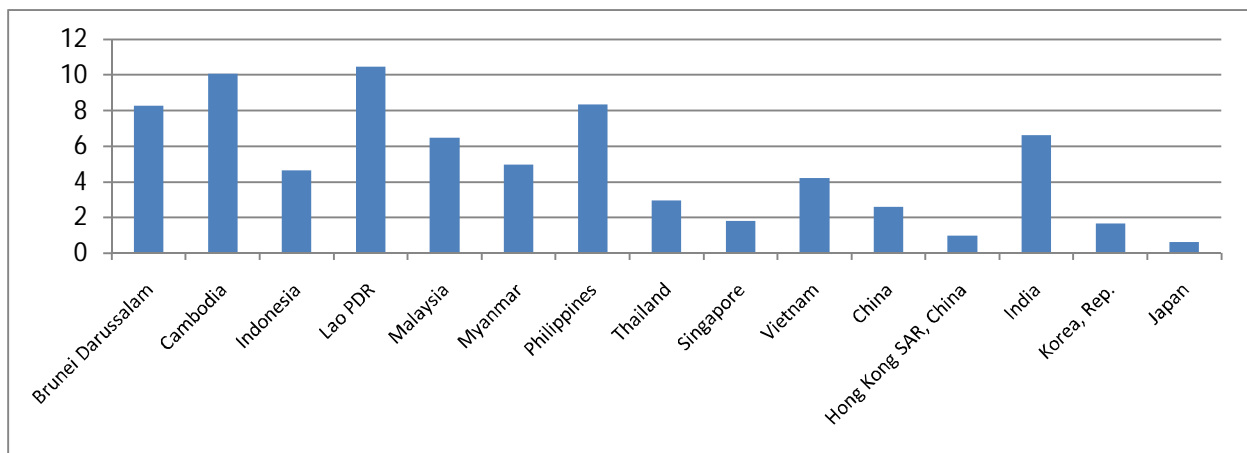
Figure 5 Net Migrations and Migrant Stock



Source: Word Development Indicators 2011

The demographic front, ASEAN is also experiencing structural change in age composition. Some countries already entered aging society process, as their birth rates are low (see Table A1 in Data Annex) and the baby-boomers are approaching retirement ages. Some other countries do not have this problem, as their birth rates still high while death rates fall following better health care. These countries thus have high human potential in the future. To measure such potentials, Figure 6 compares a 'youth indicator', measured as the ratio between population age below 15 to those aging 65 and over. There is considerable difference among ASEAN, with Brunei, Cambodia, Lao PDR and Philippines relatively younger than the others.

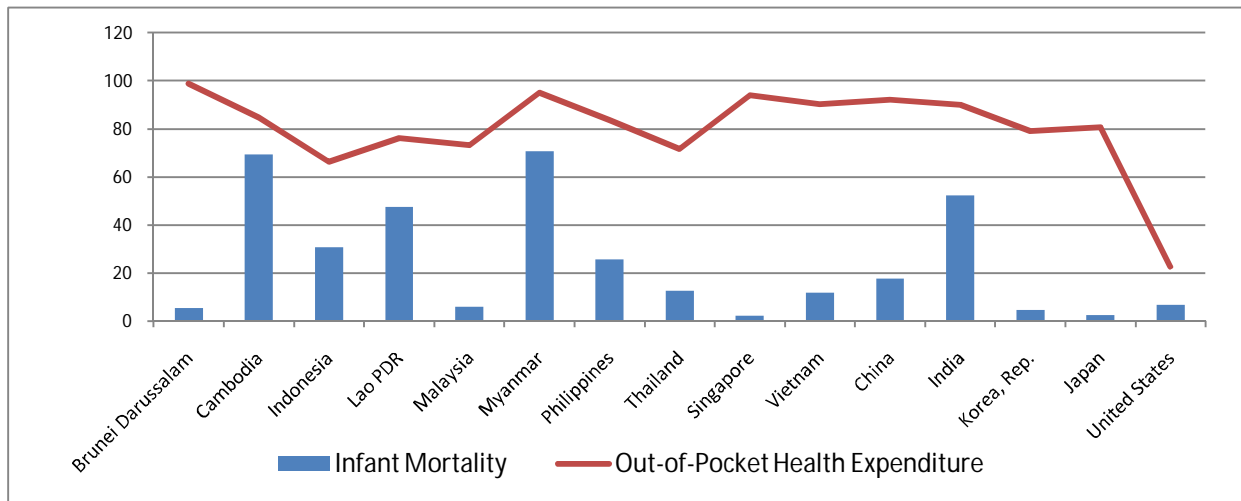
Figure 6 Ratio of Population aged 0-14 to ages 65 and over



Source: Word Development Indicators 2011

Figure Two health indicators are chosen here, and shown in Figure 7. Infant mortality is meant to measure general health situation, as it is one of the most used basic health indicator. Again, ASEAN varies significantly in term of health care, with richer countries achieving more than the poorer ones. The second indicator, out-of-pocket health expenditure, measures the coverage of health insurance. Lower out-of-pocket expenditure means better insurance. In this regards, health insurance coverage were high among middle-income ASEAN, and low in poorer countries (Cambodia, Myanmar, Vietnam) and also rich countries (Singapore and Brunei). This pattern is interesting and needs further investigation.

Figure 7 Infant Mortality Rates and Out-of-Pock Health Expenditure (% of private health expenditure)

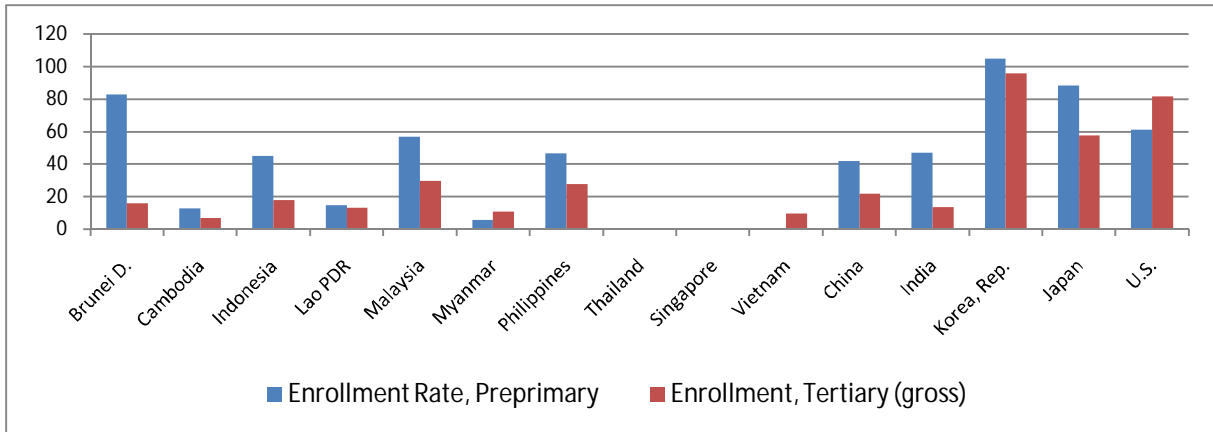


Source: Word Development Indicators 2011

Achievement in education can be viewed from many angles. Access to basic education is however a starting point. In this regards, ASEAN countries started to differ since the school enrollment at secondary level. But more pronounced were the enrollment rates for tertiary and pre-primary level. These two levels were usually high for higher income countries, as parents of those enrolled must be sufficiently resourceful to afford. In general, when compared to countries like Japan, South Korea and the US, the enrollment rates were much lower in ASEAN, except only Singapore and Brunei (the latter for pre-primary only, but not tertiary). Another interesting indicator is the ratio of female enrollment at tertiary level compared to male. It turns out that except for only poorer countries like Cambodia, Lao PDR and Vietnam, all ASEAN countries have more female students than male in universities. See Figure 9.

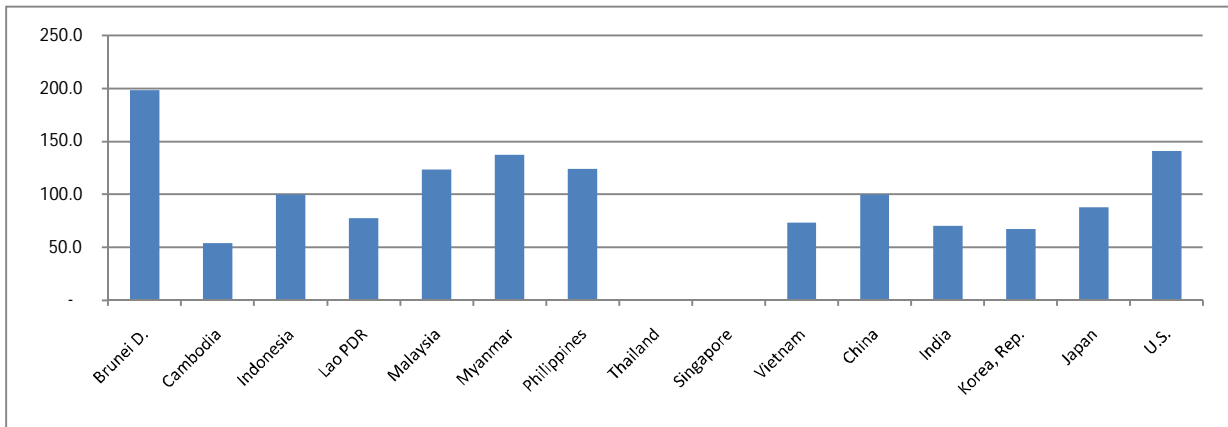
Employment figures also reveal some interesting stories. First of all, unemployment rates in ASEAN are generally low, except for Indonesia and Philippines; lower than developed countries like Japan and the US. The rates However, youth unemployment rates are higher than developed countries. That could mean that while overall labor demand are high, skills possessed by young workforce are still not attractive enough to the businesses. On-the-job training is therefore important.

Figure 8 Enrollment Rates for Pre-primary and Tertiary Education (%)



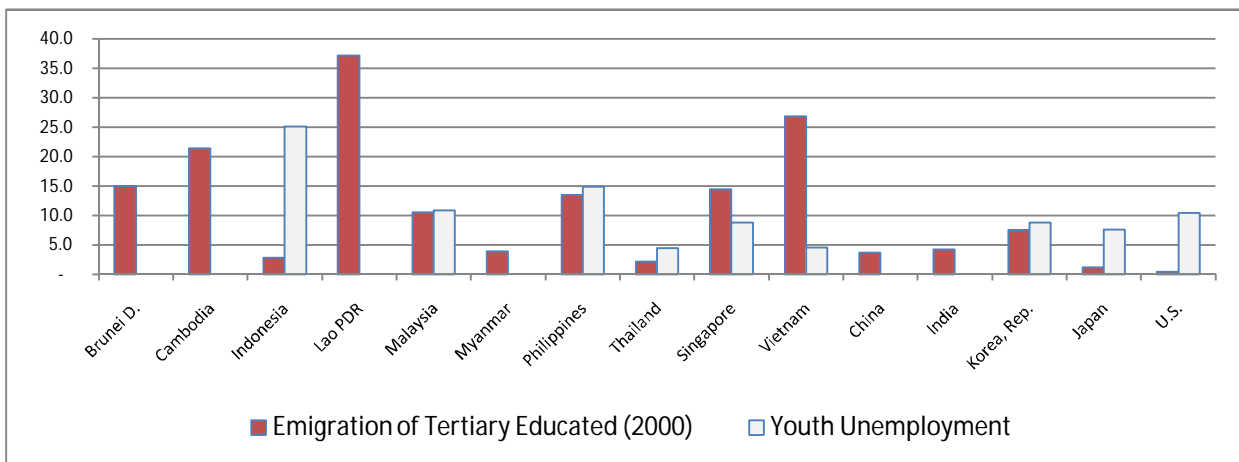
Source: Word Development Indicators 2011

Figure 9 Ratios of Female to Male Enrollment at Tertiary Level (%)



Source: Word Development Indicators 2011

Figure 10 Emigrations of Tertiary Educated and Youth Unemployment (%)

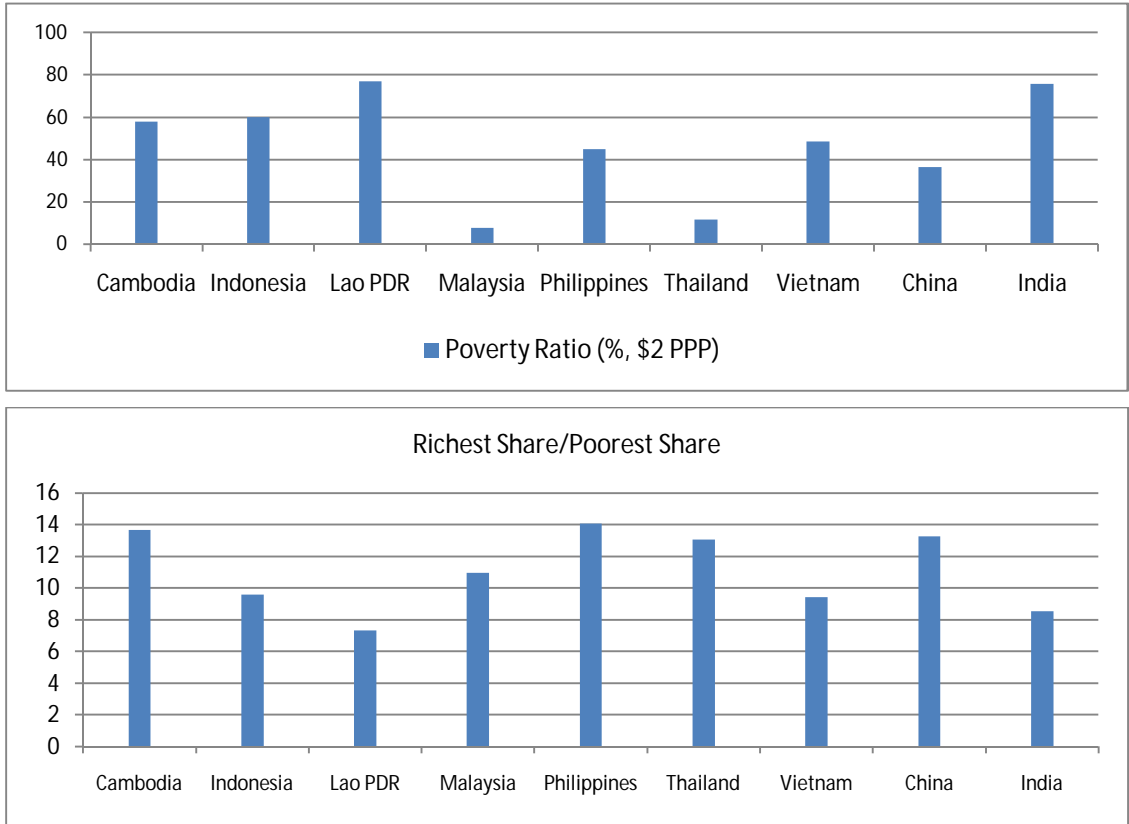


Source: Word Development Indicators 2011

Another interesting note is that large fractions of those completing tertiary education seek jobs outside their home countries. More notably are the Lao PDR, Cambodia and Vietnam. Note, however, that these are figures from the year 2000. It is expected that the current situation should be improved as the economies in these countries have performed quite well over the past decade.

Perhaps two of the most important social dimensions of economic development are poverty and inequality. Figure 11 shows the poverty rates (headcount ratios) and inequality indices, measured by the ratio of household income share by the richest 10% to the income share by the poorest 10%. On poverty, lower income ASEAN countries continued to have high poverty rate (using 2 dollar PPP poverty line). On inequality, ASEAN still host countries with the most unequal income distribution (like Thailand and Philippines). While poverty will decline further with more economic growth, inequality can be quite persistent. For example, Thailand has experienced high level of inequality since 1980s-1990s and failed to reduce it ever since. Clearly measures must be devised and implemented, both economic and non-economic ones.

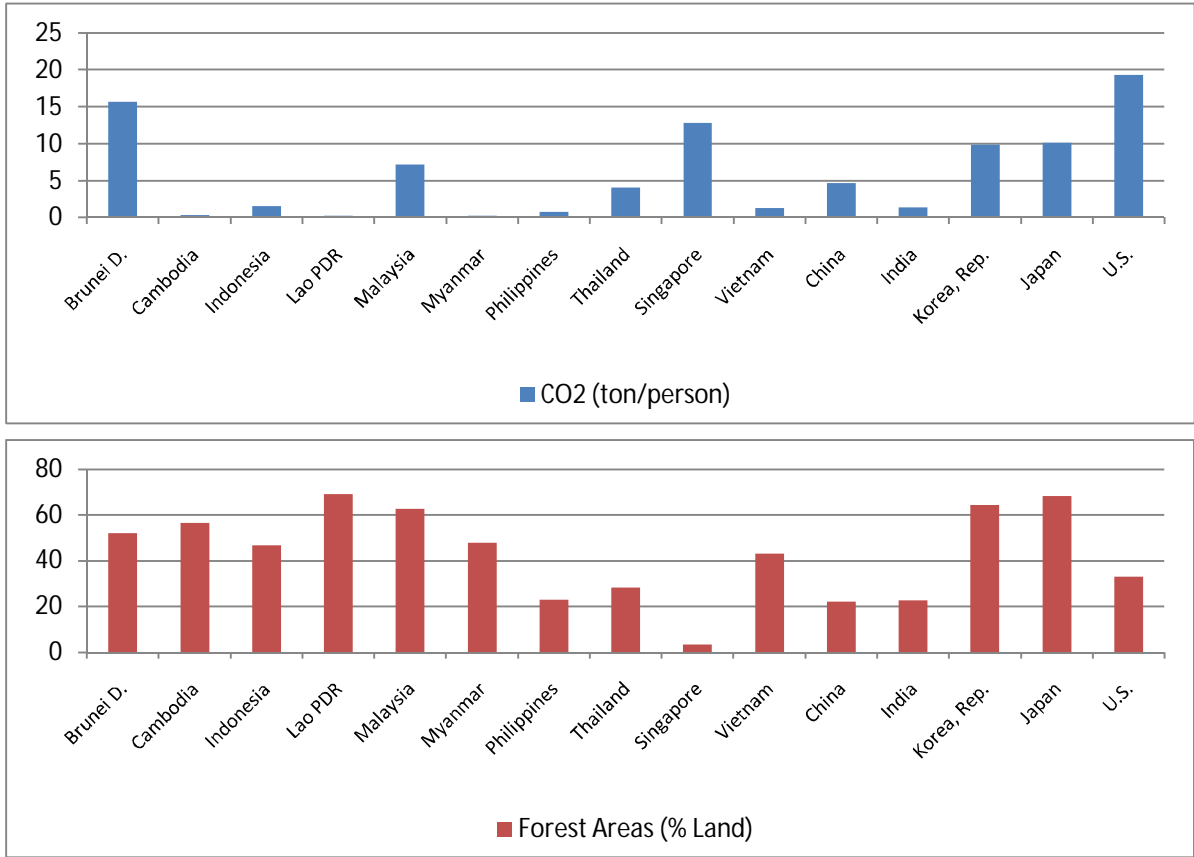
Figure 11 Poverty and Inequality



Source: World Development Indicators 2011

The next social indicators are about environment. Two indicators are chosen; carbon dioxide emission and the percentage of forest areas. See Figure 12. Singapore did not have good records on both indicators while Brunei, another rich ASEAN that emitted high level of CO2 due possibly to high prevalence of motor vehicles (see Table A7), still had about 50% forest areas. In general, the higher the income, the higher CO2 and the smaller forest area.

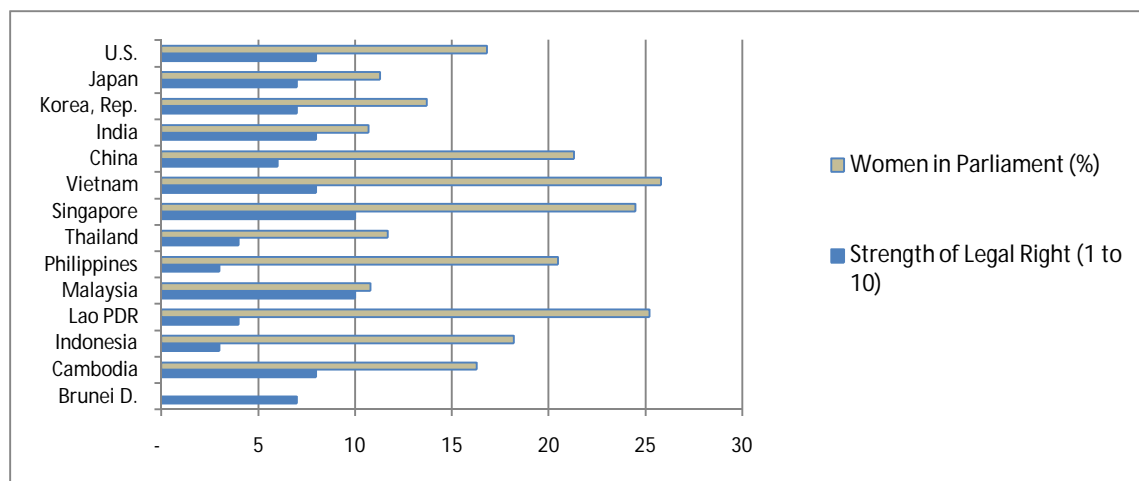
Figure 12 CO2 Emission and Forest Areas



Source: World Development Indicators 2011

The last social indicators are on legal right and women’s political participation. Figure 13 shows these two indicators. Rather surprisingly, many ASEAN countries, like Vietnam, Lao PDR and Singapore, had about 25% of their parliament members being women. These were higher than in the United States, Japan South Korea. Other ASEAN countries also had significant numbers of women in parliaments. On legal right, Singapore and Malaysia also outperformed the US and Japan while other ASEAN countries did not do well in this area.

Figure 13 Women's Political Participation and Legal Right



Source: World Development Indicators 2011

In conclusion, social achievements among ASEAN are as diverse as the Association's economic development. Many social indicators reflect the different level of economic development, such as health, education, poverty level. Other indicators might not uniformly go the same direction, such as youth employment, political right of women, or even in the opposite direction such as CO2 emission and forest areas. ASEAN will also enter the aging process at different rates, some are quite rapidly (like Singapore, Thailand, Vietnam, Indonesia and Malaysia, in that order), while others can still enjoy their larger young population bases (such as Lao PDR, Cambodia, Philippines). Together with future economic development in each country, this diverse demographic stage will play into a very interesting future unfolding of social achievements in ASEAN.

3. Social Dimension of AEC

Although AEC focuses on economic integration, it will have certain social consequences. With AEC, not only trade but also investment will be promoted. More importantly, production inputs such as capitals and skilled labor will be allowed to flow freely, more or less, across ASEAN borders.

On economic front, the free flows of goods are nothing new. Trade tariffs have been scheduled to reduce to zero under AFTA and several other trade agreements. Services flows are less free previously, but have made continuous improvements over time. For investments, most ASEAN countries receive more investment from countries outside ASEAN than from countries within. So if AEC can change that or speed up the changes, it will have a great impact on all ASEAN countries.

On social front, perhaps the most immediate and direct impact of AEC is through the freer flows of skilled labors. Firms that face the problem of skilled labor shortage will stand to benefit, as they will find the labor constraint more relaxed. This should bring more profits. Some skilled workers will also benefit, especially those with highly competitive skills and fluent in English. The semi-skilled workers might, however, lose out, as their jobs could be replaced by more skilled workers from other ASEAN countries. Those who might be hit hardest are probably the workers with secondary education and some university graduates. In the long-run, this should be a good thing, as the entire regional workforce will have to adjust to the new environment and become more productive. The governments might also be forced to reform their education system to be more responsive to the new opportunities and challenges.

DATA Annex

Table A1: General Population Indicators of ASEAN and selected non-ASEAN Asian Countries

Country	Population (million)	Population Density (person/sq.m.)	Birth Rate (per 1,000)	Death Rate (per 1,000)	Population Growth (%)	Urban Population (% total population)	Population in the Largest City (% urban population)	Net Migration (person)	International Migrant Stock (% of population)
ASEAN									
Brunei Darussalam	0.4	74.4	19.8	2.8	1.9	74.8		3,520	33.6
Cambodia	14.6	82.5	24.7	8.3	1.6	21.6	48.9	10,000	2.2
Indonesia	227.3	125.5	18.6	6.3	1.2	51.5	7.9	-1,000,000	0.1
Lao PDR	6.2	26.9	27.3	7.0	1.8	30.9		-115,000	0.3
Malaysia	27.0	82.2	20.4	4.5	1.7	70.4	7.8	150,000	7.9
Myanmar	49.6	75.8	20.5	9.8	0.9	32.6	26.1	-1,000,000	0.2
Philippines	90.3	303.0	24.7	4.8	1.8	64.9	19.5	-900,000	0.4
Thailand	67.4	131.9	14.5	9.0	0.6	33.3	30.3	1,411,430	1.5
Singapore	4.8	6,943.2	10.2	4.4	5.3	100.0	100.0	139,000	35.0
Vietnam	86.2	278.0	17.2	5.4	1.2	27.8	22.2	-200,000	0.1
Non-ASEAN									
China	1,324.7	142.0	12.1	7.1	0.5	43.1	2.7	-2,058,280	
India	1,140.0	383.4	22.8	7.4	1.3	29.5	5.5	-1,540,000	0.5
Korea, Rep.	48.6	501.5	9.4	5.0	0.3	81.5	25.0	-65,338	1.1
Japan	127.7	350.4	8.7	9.1	(0.1)	66.5	42.0	82,000	1.6
United States	304.1	33.2	14.3	8.1	0.9	81.7	7.7	5,675,800	13.3

Source: World Development Indicators 2011

Note: (1) Latest figures for each country are used; they are mostly from the years 2005-2008 (2) Blank means data not available or too outdated.

Table A2: Demographic Indicators of ASEAN and selected non-ASEAN Asian Countries

Country	Population 0-14 years (%)	Population 15-64 years (%)	Population 65 years and over (%)	Ratio 0-14 Years/ 65 and Over
ASEAN				
Brunei Darussalam	27.3	69.4	3.3	8.3
Cambodia	34.1	62.5	3.4	10.1
Indonesia	27.4	66.8	5.9	4.7
Lao PDR	38.2	58.2	3.6	10.5
Malaysia	30.0	65.4	4.6	6.5
Myanmar	27.1	67.5	5.5	5.0
Philippines	34.3	61.6	4.1	8.3
Thailand	22.0	70.6	7.4	3.0
Singapore	17.1	73.5	9.4	1.8
Vietnam	26.5	67.2	6.3	4.2
Non-ASEAN				
China	20.5	71.5	7.9	2.6
India	31.7	63.5	4.8	6.6
Korea, Rep.	17.4	72.3	10.4	1.7
Japan	13.4	65.2	21.4	0.6
United States	20.4	66.9	12.6	1.6

Source: World Development Indicators 2011

Note: (1) Latest figures for each country are used; they are mostly from the years 2005-2008 (2) Blank means data not available or too outdated.

Table A3: Health Indicators of ASEAN and selected non-ASEAN Asian Countries

Country	Life Expectancy (years)	Infant Mortality (% of live birth)	Child Mortality (%)	Debt of Hunger (k. calorie/ person/day)	Water Access (%)	Sanitation Access (%)	Out-of-Pocket Health Expenditure (% private health expenditure)
ASEAN							
Brunei Darussalam	77.4	5.5	6.7		99	0	98.9
Cambodia	61.0	69.3	89.5	250	65	28	84.7
Indonesia	70.8	30.7	40.5	230	80	52	66.2
Lao PDR	65.0	47.5	61.3	250	60	48	76.1
Malaysia	74.4	5.9	6.4	130	99	94	73.2
Myanmar	61.6	70.6	97.5	300	80	82	95.1
Philippines	71.8	25.7	32.4	240	93	78	83.7
Thailand	68.9	12.5	14.1	210	98	96	71.7
Singapore	80.7	2.3	2.7		100	100	93.9
Vietnam	74.4	11.8	13.6	280	92	65	90.2
Non-ASEAN							
China	73.1	17.8	20.5	250	88	65	92.0
India	63.7	52.3	68.8	260	89	28	89.9
Korea, Rep.	79.8	4.7	5.1	130	92		79.2
Japan	82.6	2.5	3.5	210	100	100	80.8
United States	78.4	6.7	7.8	100	99	100	22.6

Source: World Development Indicators 2011

Note: (1) Latest figures for each country are used; they are mostly from the years 2005-2008 (2) Blank means data not available or too outdated.

Table A4: Education and Literacy Indicators of ASEAN and selected non-ASEAN Asian Countries

Country	Enrollment Rate, Preprimary (%)	Enrollment Rate, Primary (% net)	Enrollment Rate, Secondary (% net)	Enrollment Rate, Tertiary (% gross)	Private Secondary School Enrollment (% of total Secondary)	Adult Literacy Rate (%)	Youth Literacy Rate (%)	Ratio of Young Female Literate to Male (%)	Ratio Female/Male Tertiary Enrollment (%)
ASEAN									
Brunei Darussalam	82.9	93.3	88.2	16.0	12.9	95.0	99.7	100.0	198.7
Cambodia	12.9	88.6	34.1	7.0	2.0	77.0	87.0	93.0	53.6
Indonesia	45.0	94.8	69.7	18.0	48.8	92.0	96.7	99.2	99.9
Lao PDR	14.9	82.4	36.0	13.4	1.9	72.7	83.9	88.3	77.6
Malaysia	57.1	97.5	68.7	29.7	5.3	92.1	98.4	100.0	123.6
Myanmar	5.5		46.4	10.7		91.9	95.6	99.0	137.1
Philippines	46.8	90.4	59.9	27.8	20.3	93.6	94.8	102.0	124.1
Thailand					18.0	93.5	98.1	99.7	
Singapore					6.0	94.5	99.8	100.0	
Vietnam		94.0	62.3	9.7	11.4	92.5	96.8	99.0	73.2
Non-ASEAN									
China	41.9			22.1	8.3	93.7	99.3	100.0	99.7
India	47.1	89.8		13.5		62.8	81.1	84.1	69.9
Korea, Rep.	105.0	98.6	96.4	96.1	32.1				67.3
Japan	88.4	100.0	98.0	57.9	19.1				87.9
United States	61.1	91.5	88.2	81.6	8.8				141.1

Source: World Development Indicators 2011

Note: (1) Latest figures for each country are used; they are mostly from the years 2005-2008 (2) Blank means data not available or too outdated.

Table A5: Employment Indicators of ASEAN and selected non-ASEAN Asian Countries

Country	Unemployment Rate	Youth Unemployment	Vulnerable Employment	Employment to Population 15+ Years	Employment to Population 15-24 Years	Emigration of Tertiary Educated
ASEAN						
Brunei Darussalam				63.3	42.3	15.0
Cambodia			86.7	74.6	68.2	21.4
Indonesia	8.4	25.1	63.1	61.8	40.8	2.9
Lao PDR				77.7	63.6	37.2
Malaysia	3.2	10.9	22.3	60.5	44.5	10.5
Myanmar				74.4	53.4	3.9
Philippines	7.4	14.9	44.7	60.1	39.2	13.5
Thailand	1.4	4.5	53.3	71.5	45.6	2.2
Singapore	3.2	8.9	10.2	61.6	37.6	14.5
Vietnam	2.1	4.6	73.9	69.4	51.1	26.9
Non-ASEAN						
China	4.2			71.0	54.5	3.8
India				55.6	39.6	4.3
Korea, Rep.	3.2	8.9	25.2	58.1	27.7	7.5
Japan	4.0	7.7	10.8	54.2	40.4	1.2
United States	5.8	10.5		59.2	50.7	0.5

Source: World Development Indicators 2011

Note: (1) Latest figures for each country are used; they are mostly from the years 2005-2008 (2) Blank means data not available or too outdated.

Table A6: Poverty and Inequality Indicators of ASEAN and selected non-ASEAN Asian Countries

Country	Poverty Ratio (\$2 PPP)	Richest 10% Income Share	Poorest 10% Income Share
ASEAN			
Brunei Darussalam			
Cambodia	57.8	36.9	2.7
Indonesia	60.0	30.1	3.1
Lao PDR	76.9	27.0	3.7
Malaysia	7.8	28.5	2.6
Myanmar			
Philippines	45.0	33.9	2.4
Thailand	11.5	33.7	2.6
Singapore			
Vietnam	48.4	29.8	3.2
Non-ASEAN			
China	36.3	31.4	2.4
India	75.6	31.1	3.6
Korea, Rep.			
Japan			
United States			

Source: World Development Indicators 2011

Note: (1) Latest figures for each country are used; they are mostly from the years 2005-2008 (2) Blank means data not available or too outdated.

Table A7: Some Social Livelihood Indicators of ASEAN and selected non-ASEAN Asian Countries

Country	Motor Vehicle (per 1,000 people)	Internet Users (per 1,000 people)	Smoking Prevalence among Women (%)	Smoking Prevalence among Men (%)
ASEAN				
Brunei Darussalam	696.1	55.3		
Cambodia		0.5	6.0	46.0
Indonesia	75.8	7.9	4.0	58.0
Lao PDR	20.8	8.5	13.0	60.0
Malaysia	272.0	55.8	2.0	49.0
Myanmar	7.1	0.2	13.0	40.0
Philippines	32.0	6.2	11.0	50.0
Thailand		23.9	2.0	40.0
Singapore	148.7	69.6	5.0	34.0
Vietnam	13.5	24.2	2.0	41.0
Non-ASEAN				
China	32.2	22.5	4.0	59.0
India	12.0	4.5	1.0	28.0
Korea, Rep.	338.3	75.8	6.0	53.0
Japan	595.0	75.2	13.0	42.0
United States	819.8	75.9	19.0	25.0

Source: World Development Indicators 2011

Note: (1) Latest figures for each country are used; they are mostly from the years 2005-2008 (2) Blank means data not available or too outdated.

Table A8: Some 'Doing Business' Indicators of ASEAN and selected non-ASEAN Asian Countries

Country	Export Cost	Import Cost	Highest Marginal Tax, Corporate (%)	Highest Marginal Tax, Individual (%)	Logistic Performance Index
ASEAN					
Brunei Darussalam	630.0	708.0			
Cambodia	732.0	872.0			2.4
Indonesia	704.0	660.0	28.0	30.0	2.8
Lao PDR	1,860.0	2,040.0			2.5
Malaysia	450.0	450.0	25.0	27.0	3.4
Myanmar					2.3
Philippines	816.0	819.0	30.0	32.0	3.1
Thailand	625.0	795.0	30.0	37.0	3.3
Singapore	456.0	439.0	18.0	20.0	4.1
Vietnam	756.0	940.0	25.0	35.0	3.0
Non-ASEAN					
China	500.0	545.0	25.0	45.0	3.5
India	625.0	960.0	34.0	30.0	3.1
Korea, Rep.	945.0	742.0	24.2	35.0	3.6
Japan	742.0	1,047.0	40.7	50.0	4.0
United States	989.0	1,315.0	40.0	35.0	3.9

Source: World Development Indicators 2011

Note: (1) Latest figures for each country are used; they are mostly from the years 2005-2008 (2) Blank means data not available or too outdated.

Table A9: Some Environment and Institutional Indicators of ASEAN and selected non-ASEAN Asian Countries

Country	CO2	Forest Areas	Fertilizer Use per 1,000 kg	Strength of Legal Right	Women in Parliament
ASEAN					
Brunei Darussalam	15.6	52.0	3.8	7	
Cambodia	0.3	56.7	0.1	8	16.3
Indonesia	1.5	46.8	1.7	3	18.2
Lao PDR	0.2	69.3		4	25.2
Malaysia	7.2	62.7	8.1	10	10.8
Myanmar	0.2	47.9	0.1		
Philippines	0.8	23.0	1.4	3	20.5
Thailand	4.1	28.2	1.2	4	11.7
Singapore	12.8	3.3	189.5	10	24.5
Vietnam	1.3	43.3	4.3	8	25.8
Non-ASEAN					
China	4.7	22.0	3.3	6	21.3
India	1.4	22.8	1.4	8	10.7
Korea, Rep.	9.8	64.5	4.5	7	13.7
Japan	10.1	68.2	3.4	7	11.3
United States	19.3	33.1	1.7	8	16.8

Source: World Development Indicators 2011

Note: (1) Latest figures for each country are used; they are mostly from the years 2005-2008 (2) Blank means data not available or too outdated.