Development gaps in the ASEAN process of regionalisation: mid-term prospects for their reduction. Paper presented at the SASE conference: Global Reordering: Prospects for Equality, Democracy and

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Development gaps in the ASEAN process of regionalisation: mid-term prospects for their reduction.

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Abstract

The ASEAN region, with its 10-member states, as it stood at the beginning of the 21st century, presented huge gaps between levels of development of member states. Over the last two decades one observes a relative convergence in countries' levels (even if the gap is still quite important) but an increase in inequalities within countries. Even if this dual movement can be found in many groups of trade partners, and in first instance in the EU, the replication of this dual movement may be surprising in a set of countries with such differences in development levels. The paper will try to investigate whether this dual evolution is likely to persist or recede in the medium term and to what extent a regionalisation process, mainly based on trade liberalisation, is the main factor at work. An assessment of the contribution to this dual dynamic of the various sectors, whether agriculture, raw materials or manufacturing, will be attempted as it may hint at specific trade policies to limit rises in within- country inequalities which run the risk at the end to ruin the benefits of the regionalisation process.

Historical specificities of Europe and ASEAN regional integration

Regional integration is supposed to foster convergence of living standards on the long run as it creates catching-up opportunities for less developed member states. Better access to an enlarged market, attraction of foreign direct investment, transfer of technologies, improved infrastructure and connectivity are the economic drivers of the process of convergence. These economic factors combine with institutional and socio-political drivers such as political agreements on common policy objectives, adoption of common regulatory framework, procedures and norms regarding production, trade, skills, migration and sometimes, education and social rights.

In the case of Europe, the process of convergence is very clear. Over the long period (1970-2014), the Theil entropy index which measures between-country inequality of the EU 15 Member States (EMS) fell rapidly to very low levels (see Figure 1).

Figure 1 here

The same convergence can be observed among the 28 EMS states after the successive waves of enlargement (Figure 2).

Figure 2 here

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This remarkable achievement, which is documented by many publications, does not mean that all EMS have the same average income (or expenditure) per capita but that their share of regional income is proportionate to their share in the regional population. In other terms, the regional integration has not led some countries to get a much higher regional income share than their share in the regional population. The reason is that the EU founders were more or less on an equal footing in terms of level of development although some (Belgium, Luxemburg, The Netherlands) were much smaller than the larger ones (France, Germany, Italy). The various waves of enlargement did not revert this general rule even if some latecomers were much poorer than the founder states.

The regional integration of Southeast Asian countries prompted by ASEAN since 1967 differ from the European integration in several significant ways.

While the EU was very active before and after its official foundation in 1957, ASEAN was a rather dormant association until at least 1977, with just an annual meeting of heads of states and ministers of foreign affairs (Jones 2016a, Weatherbee 2014). Priority was given to the creation of nation states, to the establishment of borders and control of national territory, to national development and the forging of a national identity. The newly born Southeast Asian nation states were headed by strong men eager to ascertain their power by the diffusion of a nationalistic ideology based on the support of military and police forces (Jetin 2016a). Regional integration was not the priority, not even economic integration and ASEAN annual summits were more confined to security and peace issues.

To the contrary of Western Europe, which was emerging from the Second World War and wanted to create a European Community to firmly establish a long-lasting peace, Southeast Asia was still at war in the 1960s and 1970s. The Cold War was not “cold” in Southeast Asia like in Europe. Among ASEAN founders, the fight against communism in Indonesia, Malaysia, Thailand and the Philippines implied military operations that left long-lasting consequences such as the absence of liberal democracy in the region which is at the core of the European integration. More, it is only after the end of the “Vietnam War”, which also ravaged Cambodia and Laos, and the final suppression of the Khmer rouge remnants in the 1990s, that the region was definitely at peace. This explains why economic development became a factor of regional integration only in the end of the 1980s when American and Japanese multinational companies started to push for a more common regional framework to facilitate the organisation of a regional division of labour among their subsidiaries in Southeast Asia (Mottet and Jetin 2016).

But the creation of a free trade zone among ASEAN Member States (AMS) was a long and tortuous process as it was fiercely resisted by local companies. In the EU, European multinational companies were long-established and could rely on their states and the existence of a national system of scientific research supported by a national system of education. Their priorities were the creation of a European common market to increase their sales in Europe and be in a better position to compete with American multinational companies which were investing heavily at the time in Europe. The major European enterprises supported the European economic integration and overcame resistance of small and medium enterprises which were more protectionist (Van Apeldoorn 2000). In Southeast Asia, they were no private national champions at the start and the domestic private companies wanted to reserve the national market for themselves, which the state was willing to do. The other option was to create a joint venture with a foreign company to either tap the national market or export to the USA or Europe and much less frequently to neighbour countries. The largest local companies were usually state companies whose priorities were also the national market. Because many private companies were created by the state, or the richest families which owned the largest existing private companies and had strong links with the state, the demand for protectionism was satisfied by the state during most of the existence of ASEAN (Jones 2016b). It is interesting to observe that this applies to the formally capitalist economy of the ASEAN founders or to the officially socialist countries (Cambodia, Laos, Myanmar and Vietnam) which joined ASEAN in the nineties.

The creation of a free trade zone among AMS, started only in 1992 with the establishment of the Common Effective Preferential Tariff (CEPT) which later became the ASEAN Free Trade Area (AFTA). It was only completed 23 years later with the launch of the ASEAN Economic Community (AEC) in 2015 (Jetin and Mikic 2016). The removal of the last tariff barriers means that ASEAN can now attempt to reduce non-tariff barriers which still impede the existence of a "real single market and production base". This very gradual reduction of protectionism was finally made possible because on top of foreign multinational companies (American, European, Japanese and recently Chinese), emerging multinational companies from Southeast Asia have now an interest in developing their activities in a regional market.

One last striking difference between the EU and ASEAN is the greatest heterogeneity among the member states in the latter case (see Table 1).

Table 1 here

In 2016, Indonesia, the country with the largest economy (41% of ASEAN GDP) and the largest population (41% of ASEAN population), has a rather low GDP per capita (US$ 10,765 PPP) which ranks fifth among the 10 countries of the association. It accessed durably the lower segment of the middle-income countries of the World Bank income category in 2003 only, after it slowly recovered from the 1997-98 Asian crisis. Table 1 shows that its rate of growth, which has been moderately high during the nineties (5.5% in 1991-96), experienced a prolonged slump after the Asian crisis of 1997-98 (3.3% in 1999-2008) and has only started to accelerate at a moderate pace after the Great recession of 2008-2009 (4.2% in 2010-2016). Indonesia is also a country where protectionism is still solidly entrenched. It means that the largest economy of the association, which is also a member of the G20, has not the financial means to play a leader role in the economic, political and security areas and to contest the hegemonic views of China in Southeast Asia. At the other extreme, Singapore is a rich country, with a high GDP per capita (US$ 80,305 PPP), and very open to free trade and investment, but its absolute share in the regional GDP (7% in 2014) and population (1%) is too small to make it an engine of regional growth. In Europe, the four largest economies (German, France, the United Kingdom and Italy) have among the highest GDP per capita of the region and were a driving force of the union, in particular, the French-German partnership.

Table 1 shows that ASEAN may be divided into two groups with Thailand playing an intermediate role due to the size of its economy, its population and level of development. The first group includes the richest AMS, Brunei, Malaysia and Singapore. Brunei is very dependent on oil. It has been affected by the recent decrease of oil prices and is trying to diversify its economy (Jetin and Chaisse 2018). Singapore has completed its structural change from developing country to a rich economy specialised in services and notably financial services. Malaysia is aspiring to become soon a high-income economy relying on natural resources, manufacturing and services. All three economies have reached a stage of development when growth decelerate[i] compared to the early stage of development.

The second group comprises the lower-middle income AMS, some being founders of ASEAN, like Indonesia and the Philippines, others the latecomers, Cambodia, Laos, Myanmar and Vietnam. The so-called CLMV group has accessed very recently to the status of lower-middle income country. This second group is still growing fast and is catching up with the group of more advanced countries, especially with Thailand whose rate of growth per capita is decelerating. This process of catching up explains the decrease of between-country inequality in ASEAN at work since 2005, which nonetheless remains higher than the average level observed before the Asian crisis of 1997-98 (Figure 3).

Figure 3 here.

The rise of income inequality within ASEAN member countries.

The process of convergence is also rather slow because Indonesia has not experienced a prolonged period of very high growth like the one registered by China or even India (see Table 1). If, for instance, Thailand and Indonesia maintain the same average rate of growth observed over the period 2010-2016, respectively 3.2 and 4.2%, Indonesia would reach the Thai GDP per capita in 2055 only. Among many assumptions, this would imply that within-country income inequality remains the same. The problem is that they are on the rise in many ASM. B. Jetin (2016b) found that, in 2012, within-country inequality explains 73.5% of the Theil index of income inequality in ASEAN, up from 66.5% in 2002, while between-country inequality decreased to 26.5%, down from 33.5%. Several other publications have confirmed this dual trend of between-country decline and within-country inequality rise in Southeast Asia and other Asian countries (ADB 2007, ADB 2012, Kanbur et al. 2014). One important consequence of the growing within-country inequality is that the process of regional convergence does not benefit as much as it could the poor and the low-income earners in general. Many factors contribute to this rise of inequality. Structural change, land grabbing and marketisation of agriculture, technological change, lack of access to education and health services, wage repression, absence of progressive taxation and redistribution of income combine to make growth non-inclusive in several AMS. The next section review some of these arguments with a special focus on the CLMV.

Structural change and income inequality within ASEAN.

Structural change leads spontaneously to growing income inequality within developing countries if they are not corrected by public policies. The well-known Kuznets hypothesis (Kuznets 1955) posits that the labour transition from rural (agriculture) to urban sectors (industry and services) leads to rising income differences between sectors that are compounded by growing income differences within sectors. This hypothesis has never always been verified, usually rejected by cross-sectional data and validated in recent time series data for some fast-growing developing countries (Baymul and Sen 2017, Sumner 2016). This is explained by the specificities of each national development trajectories. Rural-urban inequalities and within sectors inequalities can vary considerably across countries (Kanbur et al. 2014), state intervention to correct or to worsen them being one among key factors.

Structural change in ASEAN is already far advanced. Figure 4 and 5 displays the evolution of employment at sector level in ASEAN founders[ii] and in CLMV according to ILO projections[iii]. In ASEAN founders, agriculture is projected to decline to 25% of total employment in 2021 down from 43% in 2000. In CLMV countries, agricultural employment would also dramatically decrease to around 40% in 2021, down from 70% in 2000. Both figures show that the majority of workers leaving agriculture find a job in services as industry plateaus at around 20%. Contrary to the experience of the industrial revolution in Europe, which saw industrial employment peaking in some countries at around 40% of employment at the end of the 19th century (Huber et al. 1993), which was repeated one century later in South Korea and Taiwan (Burris 1992), industrialisation in Southeast Asia has a more limited impact. One may argue that ASEAN founders are affected by a premature deindustrialisation (Tan 2014) (Rodrik 2016). This sheds light on the development of services that is observed in both ASEAN founders and CLMV. The lack of industrial deepening and upgrading in most AMS (Jetin 2010), with the exception of Singapore, which can be observed in the paucity of world-class domestic industrial firms, means that most of the services correspond to traditional activities which do not imply a high level of skills and knowledge (Tham 2017).

For the year 2016, Table 2 shows that the share of agriculture in GDP is inferior to 10% in the richest AMS (Brunei Darussalam, Malaysia, Singapore and Thailand) and equal or close to 10% in the Philippines and Indonesia. This compares to a share of 7% for upper middle countries and 8.5% in China (source: World Bank and ILO). In the CLMV countries, agriculture's value-added share ranges between 18% (Vietnam) to 27% (Cambodia), which is above the average of lower middle-income countries (16.5%). Clearly, structural change is still under way and this is even more so in terms of employment. Agriculture employs 42% of Vietnamese, 51% of Burmese and 62% of Laotian labour force which is above the average of lower middle-income countries (39%). This reflects the low productivity of agriculture in these countries and the potential for internal migration of rural workers looking for a better job in industry or services. Agricultural employment remains also high in Indonesia, the Philippines and even Thailand although structural change has started decades ago in these countries. This shows that structural change is a very long process that does not always lead to a sharp decline of agriculture because of the resilience of the rural society. For instance, in Thailand, although millions of rural dwellers have migrated to cities and in particular Bangkok, many have also decided to stay in the back country, where agriculture has diversified, and households' members have off-farm jobs. A small middle class has even emerged in rural areas (Walker 2007) with a changing lifestyle and political aspirations (Phatharathananunth 2016). Cambodia, which has the lowest GDP per capita of the region in PPP terms (see Table 1), stands as an exception. Agricultural employment is the lowest of the CLMV countries because industry, and in particular manufacturing, has developed quickly in terms of value added and employment. Apparel, which is highly labour intensive, accounts for around 25% of manufacturing production and 55% of manufacturing employment and is highly dependent on the low level of wages (ADB 2014). This kind of industrialisation has a small ripple effect on the rest of the economy and does not greatly improve living standards. Laos, Myanmar and Vietnam have also a value-added share in industry which accounts for at least one third of GDP, but the share of manufacturing is much lower. This is especially the case in Laos where manufacturing share accounts for only 9% of GDP and 5% of employment. This reflects more the importance taken by the production of energy, mining and quarrying, which depends on the abundance of natural resources, while manufacturing remains small. Regional integration tends to reinforce this trend and to transform Laos in an energy producer and a country crossed by high-speed railways, roads and electricity grids. Not only China with its Belt and Road initiative (Jetin 2018), but also Thailand, favour the development of dams to produce hydroelectricity that Laos sell to its neighbours. This leads to land grabbing and the displacement of population to the expense of agriculture without much benefits for the local people (Fau 2016). Vietnam's manufacturing is more diversified but still depends on labour intensive and processing industries such as food and beverages, leather, apparel, textile and electronics, which together amount to around 35% of manufacturing production in 2011 and rank among the top five exports products (Anh et al. 2014). The apparel sector by itself accounted for 31% of manufacturing employment in 2012 (El Achkar Hilal 2014: 7). This light industry highly depends on the imports of parts and components from abroad, mainly China (Dinh 2014: 6). In Myanmar, the share of industry in GDP has quadrupled between 1995 and 2013 and the share of manufacturing alone has tripled (Gelb et al. 2017). Production focuses on low-value-added sectors including textiles, apparel, processed foods, beverages, wood products, and minerals. The labour cost is among the lowest in the region. The average wage of a Myanmar factory worker is about $3 a day, compared with $4 in Indonesia, $5 in Vietnam, and $18 in China and Thailand, but productivity is also about 70% below the Asian average (Institute 2013). On the whole, unit labour costs are much lower in Myanmar than in China because the wage gap is higher than the productivity gap. Foreign companies in the garment industry are overwhelmingly Chinese and their main motivation for producing in Myanmar is precisely the low labour cost and the possibility to export to OECD countries since the easing of sanctions since 2012. Production comprises almost exclusively cut-make-package (CMP) production operations using fabric imported free of taxes from China (Gelb et al. 2017: 40). This leaves no room for increasing local value-added in Myanmar as everything is decided by the original equipment manufacturer located in China which receives its order from big Western brands.

It is quite normal that the CLMV countries start their industrialisation process with low-value added and labour-intensive industries. Magacho and McCombie (2017) have shown that these sectors exhibit the highest increasing returns at the first stage of development. At later stages, it becomes more advantageous to move up to more capital and technology- intensive industries, which have higher increasing return to scale leading to fastest productivity gains and potentially higher wages. This is precisely the issue of industrial upgrading, which raises questions about the capacity of CLMV to catch up AMS founders and ASEAN as a whole to make further progress in the process of development. Industrialisation is stagnating in CLMV and in ASEAN founders and because most of local manufacturing consists now of segments of global value chains, the capacity of industrial upgrading and its spill over effects on skilled services, is constrained. This, we believe is one of the key reasons for the so-called middle-income trap.

Figure 6 shows that in selected manufacturing sectors, the share of domestic value added[iv] in exports is much lower in Cambodia and Vietnam than in Indonesia and the Philippines[v]. These latter are taken collectively as a benchmark as they are the closest to CLMV in terms of GDP per capita. For textiles, textile products, leather and footwear, Cambodia's share of domestic value-added (41%) is half the value of Indonesia and the Philippines (82%). For electrical and optical equipment, Vietnam's share is 31% versus 72%. One may argue that the low level of local content reflects the reality of today's manufacturing with the prevalence of global value chains which leaves just a small segment of productive tasks to each country. Nonetheless, several authors have stressed the weak capacity of Cambodian and Vietnamese companies to supply goods and services to exporting foreign multinational companies due to poor governance, lack of technical capabilities, human skills and certifications of their products (Wirjo and Cheok 2017, Pincus 2015, Rasiah 2009). In Cambodia, these factors combined resulted in the lack of linkage between local suppliers and foreign companies and explained that despite the concentration of garment companies in clusters, there were no significant economies of agglomeration (Vixathep and Matsunaga 2012). In Vietnam, very few private companies have ventured into investing in R&D to try to upgrade their product range and improve their productivity to be able to provide inputs to foreign exporting companies or exports directly themselves. This is due to the way the transition to a market economy was realised. According to Pincus (2015: 5), this transition was operated by a process of commercialisation and fragmentation of the state so that public companies and their managers could take advantage of business opportunities created by the market and the internationalisation of the Vietnamese economy. Not only state companies did not withdraw from the market, but many private companies were created from the spin-off of public companies. Other were created thanks to strong personal and family connections between business men and high rank officials (Gainsborough 2002). Many of these new private entrepreneurs, connected with the state officials, prefer to invest in real estate, land development, construction and finance for short-term profit rather than in the uncertain business of technological innovation in manufacturing. Although the countries are different in many ways, this analysis applies to Cambodia, Laos. Gainsborough (2012: 39) observes that “across the three societies, there exists a close connection between the holding of public office and the acquisition of private wealth”, precisely because officials use their insider knowledge to seize business opportunities, sell-off state assets and commercialise the state for their benefit.

This political and institutional context explains that the quality of economic and industrial policy is low[vi] (Ohno 2016), i.e. is not conducing to the accumulation of knowledge, technological capabilities and skills. According to Ohno, Cambodia and Vietnam are precisely characterised by a low quality of their industrial policy compared to other Asian countries. On the long run, this situation will lead to a middle-income trap, which does not mean that growth per capita falls down but that domestic value creation is not vigorous enough to propel the economy to higher income per capita level (Ohno 2016: 180-81).

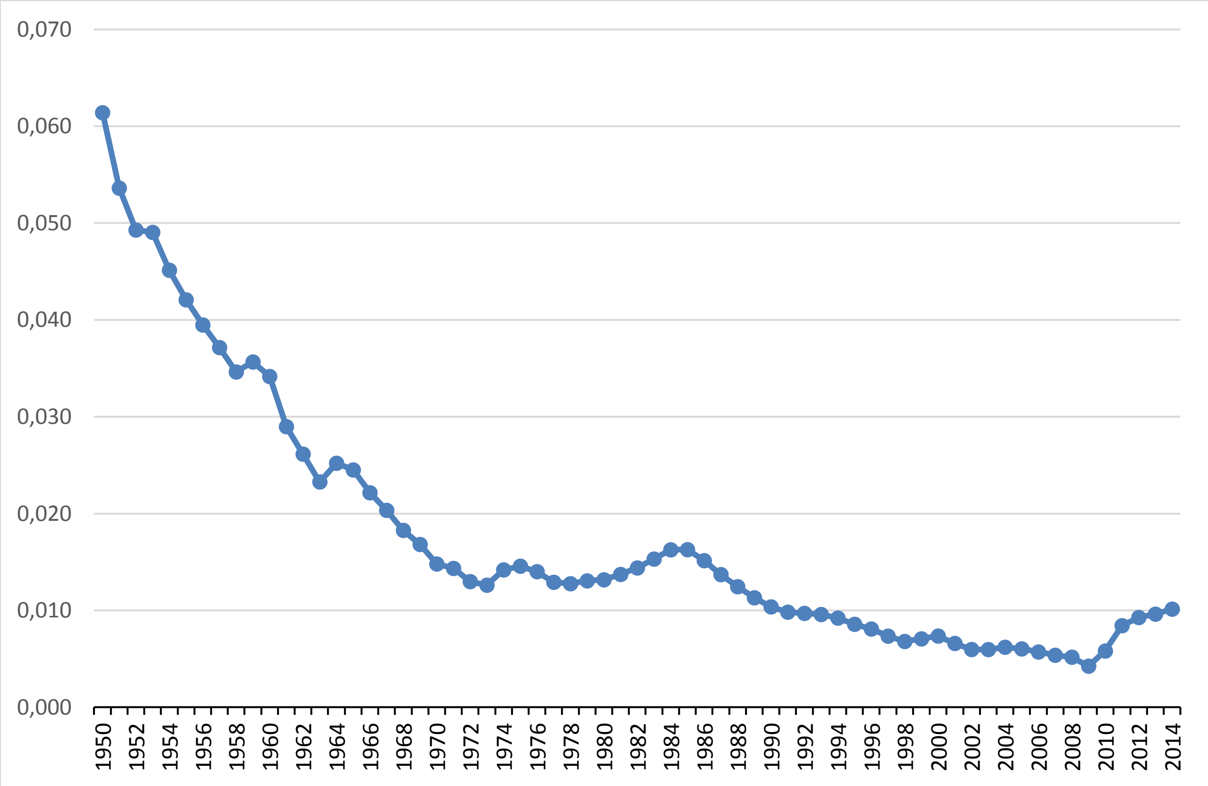
Conclusion

CLMV countries are presently growing fast and catching up with the ASEAN founders because their growth is based on the mobilisation of natural and social advantages such as geographical location, fertile land, and a numerous and young labour force disciplined by state suppression to make sure that wages stay low. These domestic business advantages are combined with international trade, aid and foreign investment agreements negotiated within ASEAN and between ASEAN and the big powers (the USA, China, and Japan) so that a stable regulatory framework is provided to multinational companies to exploit these domestic given advantages by establishing segment of their global value chains. This pattern of growth has been labelled “extensive growth” by the French Regulation School as it is based on the quantitative mobilisation of existing resources and can for a certain period lead to a high rate of growth. The historical length of the extensive growth regime depends on the magnitude of the given initial advantages and the speed at which they are exhausted. But on the mid and long-term, the extensive growth is not sustainable if it is not replaced by an “intensive growth” regime, based on innovation, knowledge and technology. The so-called four “dragons” (Singapore, Hong Kong, Taiwan and South Korea) have successfully made this transition from an extensive to an intensive growth regime and this explains why they are high-income countries now.

In the case of the CLMV countries, there are reasons to believe that the extensive growth period and the catching up process with ASEAN founders will not be sustained for a long time. Firstly, the natural resources are depleted rapidly. Deforestation, land grabbing, the mismanagement of the Mekong river due to the multiplication of dam constructions, and excessive fish farming at a time of global warming, do not bode well for the sustainability of development on the long-term, in particular of agriculture and fishing. Secondly, industrialisation led by low wages and without technological and knowledge accumulation is fragile. Multinational companies are locating some segments of their value chains in CLMV because wages are much lower than in neighbouring China and the rest of ASEAN. The domestic market of CLMV is small and does not justify by himself their presence. When real wages will start to grow, these multinational companies will easily offshore their plants to other countries where wages are lower. Thirdly, the international context, and in particular China's rise and its hegemony in Southeast Asia will shorten the length of extensive growth. The Chinese Belt and Road Initiative will accelerate the depletion of CLMV natural resources because it will make their import by China easier and less costly, and because the infrastructure projects do not take the environmental cost into consideration. Additionally, the BRI will facilitate the off-shoring of Chinese manufacturing companies to new countries where wages are lower. Finally, the BRI comes with huge investment projects in real estate which include luxury closed-gate condominiums, Macmansions and gigantic shopping centres. These projects will not be all profitable and will fragilise the CLMV countries as it makes their economies more prone to financial speculation and the heavy short-term debts that come with it. The Asian crisis of 1997-98 is an example of such excesses still vivid in Southeast Asia.

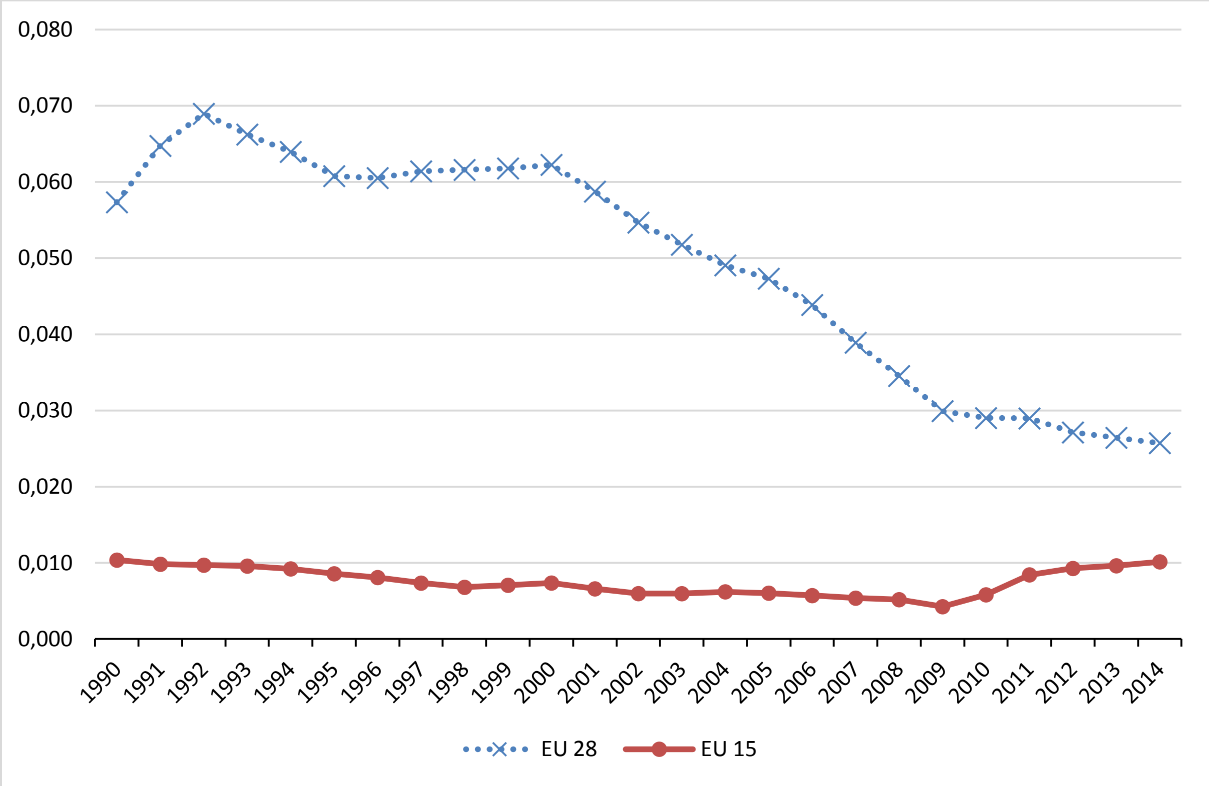
Figures and tables

Figure 1: Between-country inequality of EU 15-member states, 1950-2014



Theil index of Expenditure-side real GDP at chained PPPs (in mil.2011 US$). Source: Authors' calculations with data from Penn World Tables version 9

Figure 2: Between-country inequality of EU 15 and EU28-member states, 1990-2014



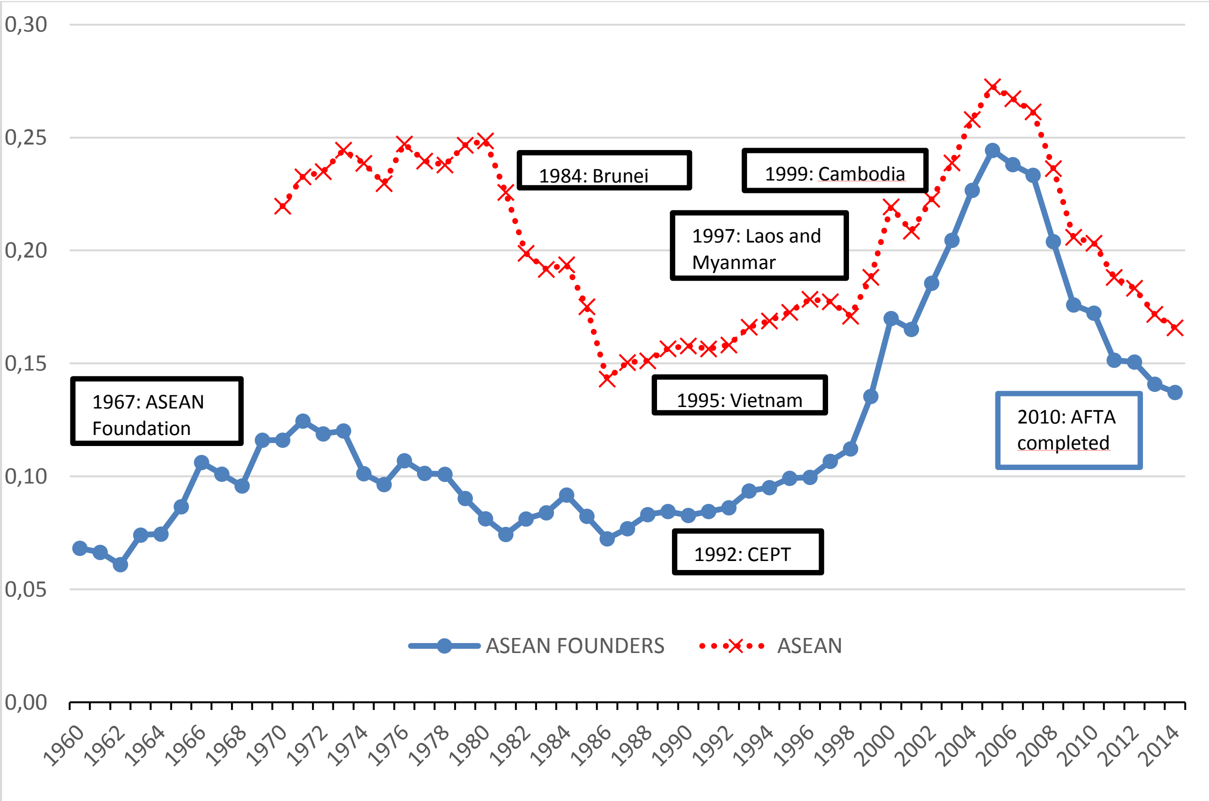
Theil index of Expenditure-side real GDP at chained PPPs (in mil.2011 US$). Source: Authors' calculations with data from Penn World Tables version 9

Table 1: Main characteristics of ASEAN member states, China and India.

2016 / Country	Income category	GDP, millions of PPP 2011 $	Population (thousands)	GDP per capita	Average rate of growth of GDP per capita 1991-1996	1999-2008	2010-2016
Brunei Darussalam	H	32 828	423	71 789	0,3	0,1	-1,4
Cambodia	LM	59 018	15 762	3 463		7,5	5,3
Indonesia	LM	3 037 181	261 115	10 765	5,5	3,3	4,2
Lao PDR	LM	41 877	6 758	5 735	3,6	5,1	6,4
Malaysia	UM	865 021	31 187	25 660	6,8	3,6	3,6
Myanmar	LM	303 156	52 885	5 352	4,6	11,4	6,6
Philippines	LM	807 894	103 320	7 236	0,4	2,6	4,6
Singapore	H	493 458	5 607	81 443	5,1	3,7	3,6
Thailand	UM	1 166 975	68 864	15 682	6,7	4,0	3,2
Vietnam	LM	596 524	92 701	5 955	6,6	5,3	4,9
China	UM	21 450 968	1 378 665	14 401	10,6	9,5	7,6
India	LM	8 717 513	1 324 171	6 093	3,4	5,2	6,0

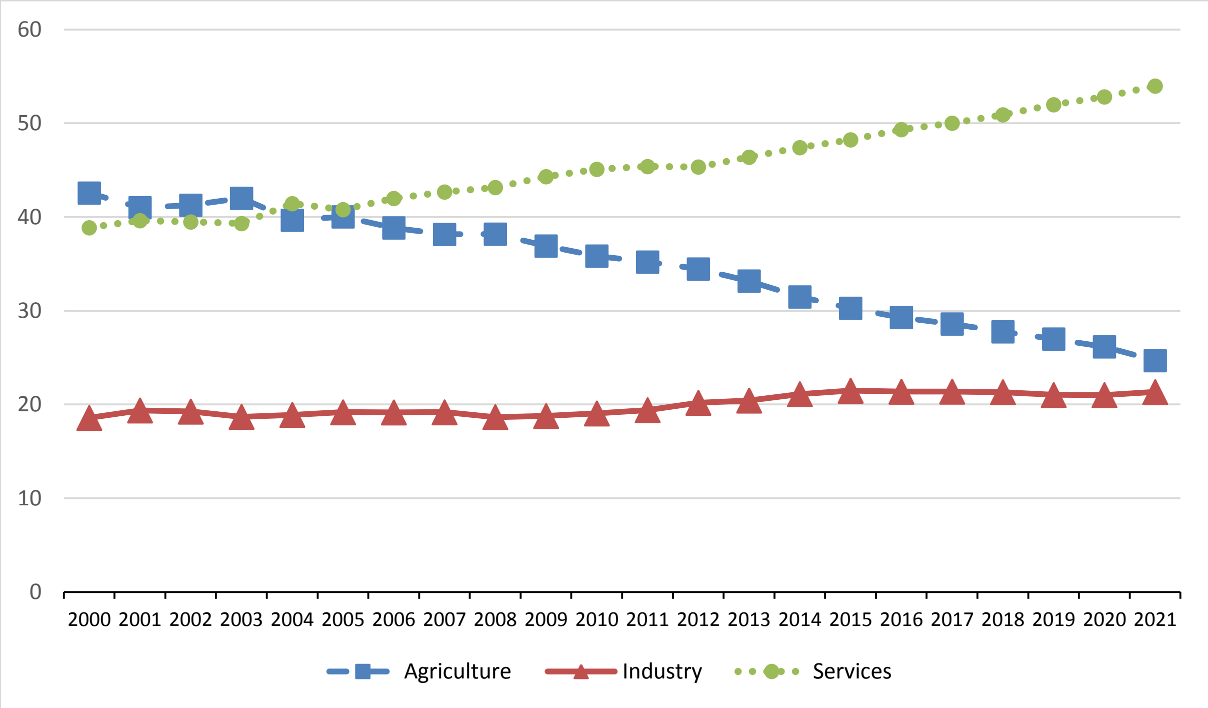
Note: L = Low, LM = Lower Middle, UM = Upper Middle, H = High income. GDP and GDP per capita in PPP 2011$. Source: Authors' calculations with data from World Development Indicators 2018, World Bank.

Figure 3: Between-country inequality of ASEAN founders and ASEAN 10-member states, 1960-2014



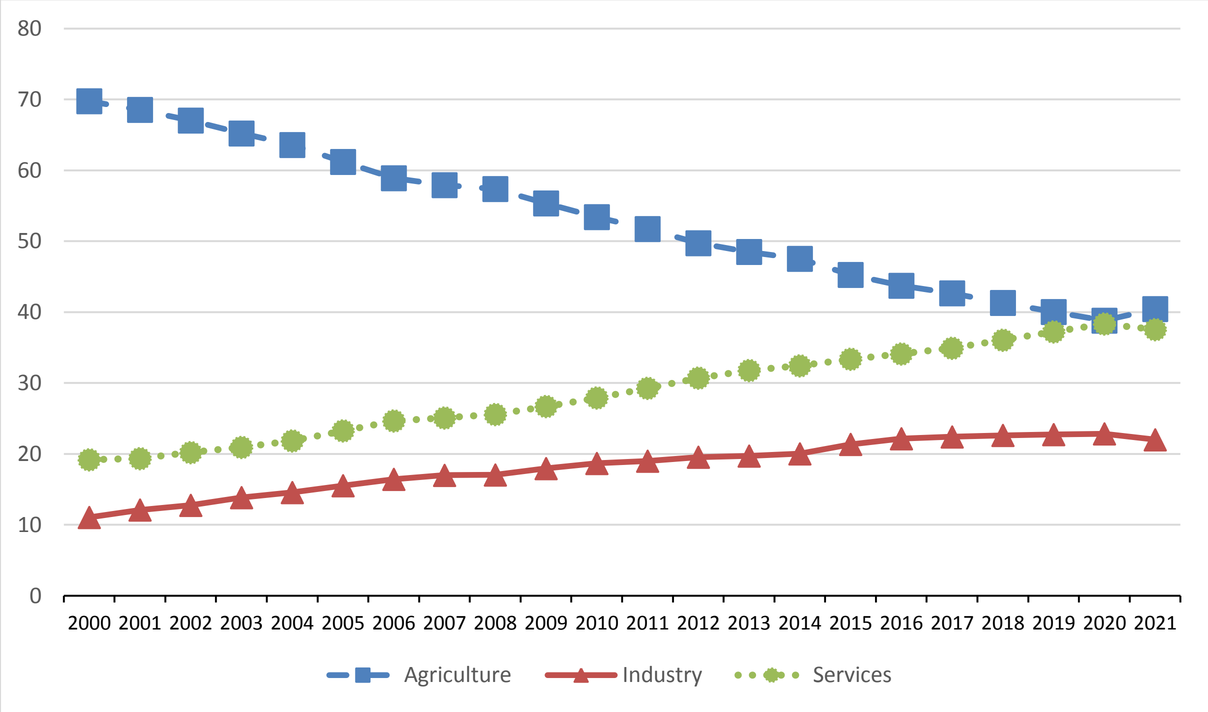
Theil index of Expenditure-side real GDP at chained PPPs (in mil.2011 US$). Source: Authors' calculations with data from Penn World Tables version 9

Figure 4: Employment distribution in ASEAN founders (%), 2000-2021



Source: Authors' calculations with data from ILOSTAT. Last update on 21 May 2018

Figure 5: Employment distribution in CLMV (%), 2000-2021

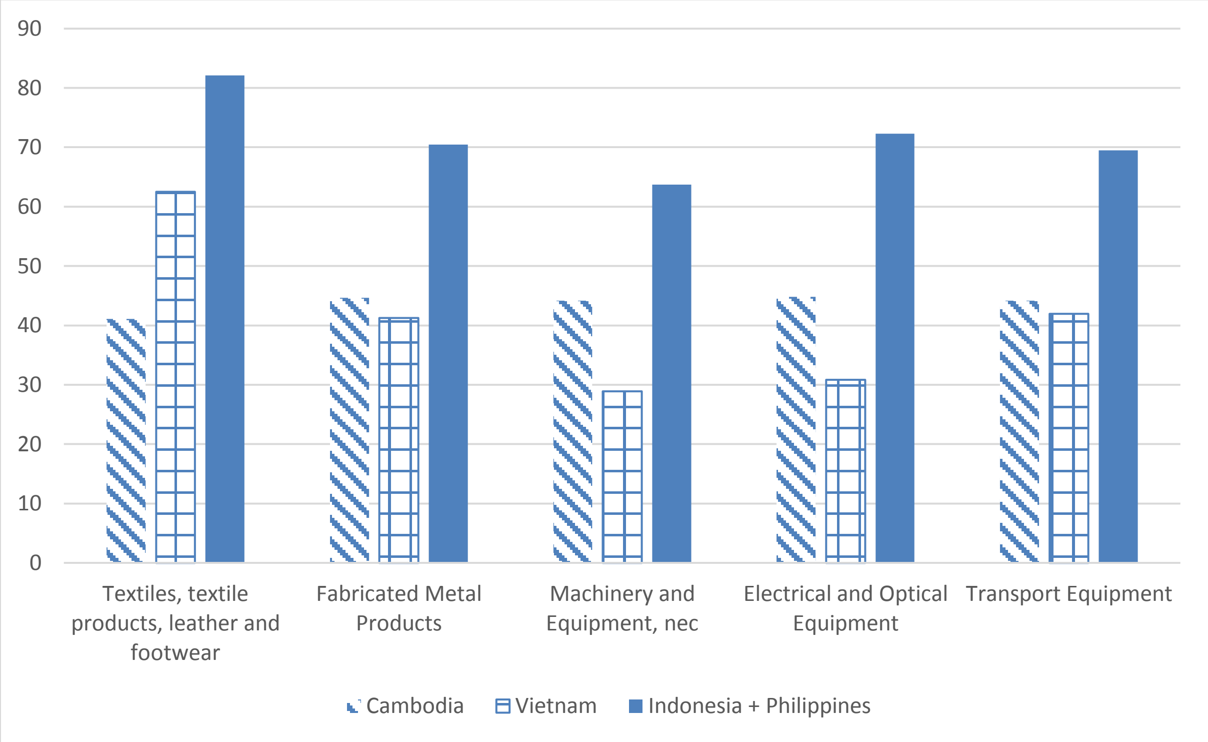


Source: Authors' calculations with data from ILOSTAT. Last update on 21 May 2018

Table 2: Sector value added and employment shares in 2016

	Value added share (% of GDP) in 2016			
Country	Agriculture	Industry	Manufacturing	Services
Brunei Darussalam	1	57	11	42
Cambodia	27	32	17	42
Indonesia	14	41	21	45
Lao PDR	19	33	9	48
Malaysia	9	38	22	53
Myanmar	25	35	23	40
Philippines	10	31	20	60
Singapore	0	26	20	74
Thailand	8	36	27	56
Vietnam	18	36	16	45
	Share of total employment (%) in 2016			
Country	Agriculture	Industry	Manufacturing	Services
Brunei Darussalam	1	18	3	81
Cambodia	27	27	17	46
Indonesia	32	22	13	46
Lao PDR	62	10	5	28
Malaysia	11	27	17	61
Myanmar	51	16	11	32
Philippines	27	17	8	56
Singapore	0	16	11	84
Thailand	33	23	16	44
Vietnam	42	25	17	33
Source: Data from database of World Development Indicators and ILO, Last Updated: 05/21/2018				

Figure 6: Share of domestic value-added in total exports of selected manufacturing sectors (2011)



Source: Authors' computations from OECD TiVA database. Accessed 13 June 2018

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[i] And even turn negative in the case of Brunei.

[ii] Indonesia, Malaysia, Philippines, Singapore, Thailand. We have also included Brunei Darussalam in this group also it joined ASEAN in 1984.

[iii] Downloaded from ILOSTAT. Last update on 21MAY18

[iv] These figures are exhaustive as they include the contribution of services sectors such as logistics and telecommunications to manufacturing.

[v] No data is available for Lao PDR and Myanmar but we expect that the situation must not be very different.

[vi] The quality of industrial policy is calculated as the average of ten criteria.