



ASEAN's Potential *in Semiconductor and Digital Economy*

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Global Trade Outlook

Rising protectionism continues...

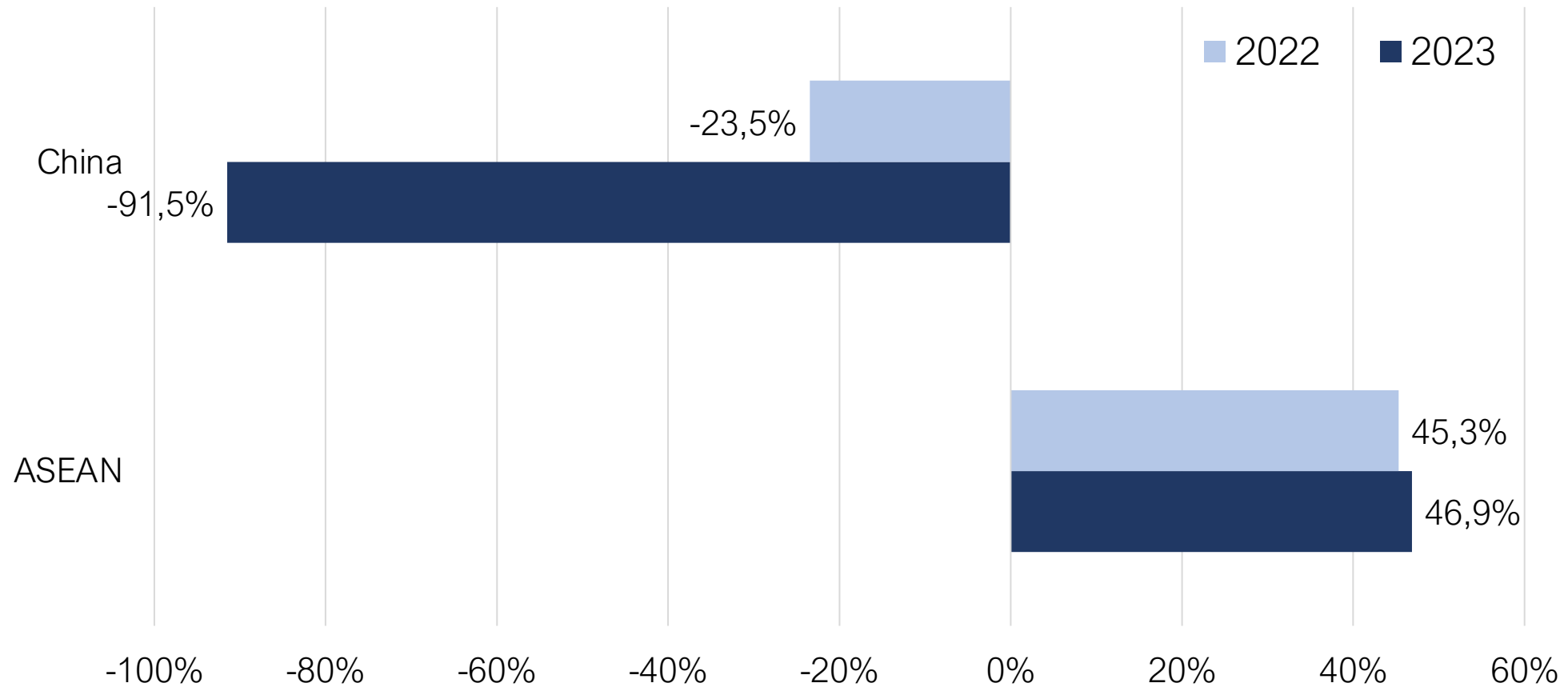
- Geopolitical tensions
 - US —China trade tensions (now extended to technology, strategic industries, and security)
 - US's Friend shoring strategy—China's Dual Strategy
- Rising anti-globalization and protectionism
 - Stalled Multilateral Trading System (WTO)
 - Trade coercions, sanctions, and protectionism
 - World's Defragmented Value Chains

ASEAN's Potential

in Semiconductor and Digital Economy

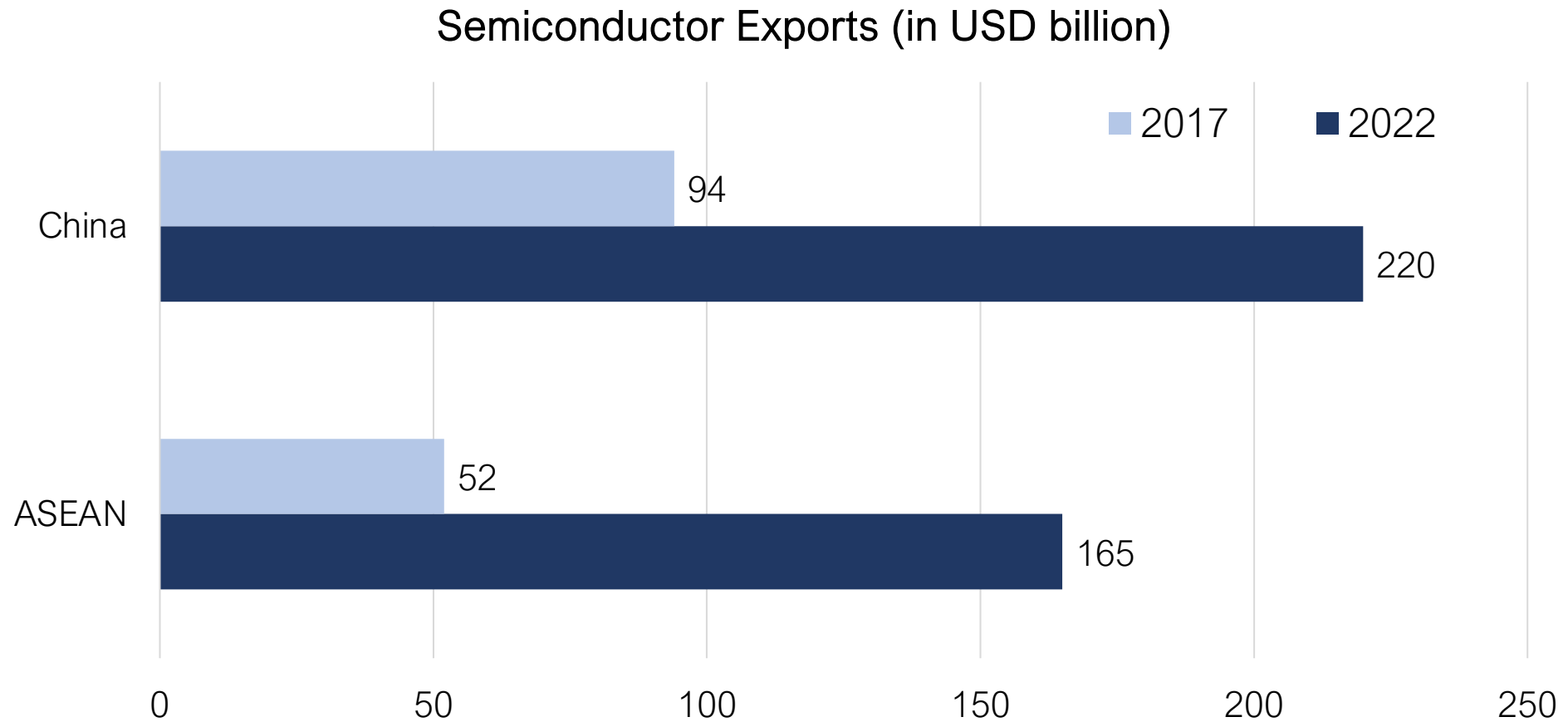
Changes in Total FDI, after and before US—China tensions

2022 and 2023 compared to 2018



Source: ERIA Staff Calculations from EIU Database [accessed 8 January 2024]

ASEAN's Potential in Semiconductor



Source: ERIA Staff Calculations based on WITS Database [accessed 12 September 2023], semiconductor exports: HS 8541 and 8542

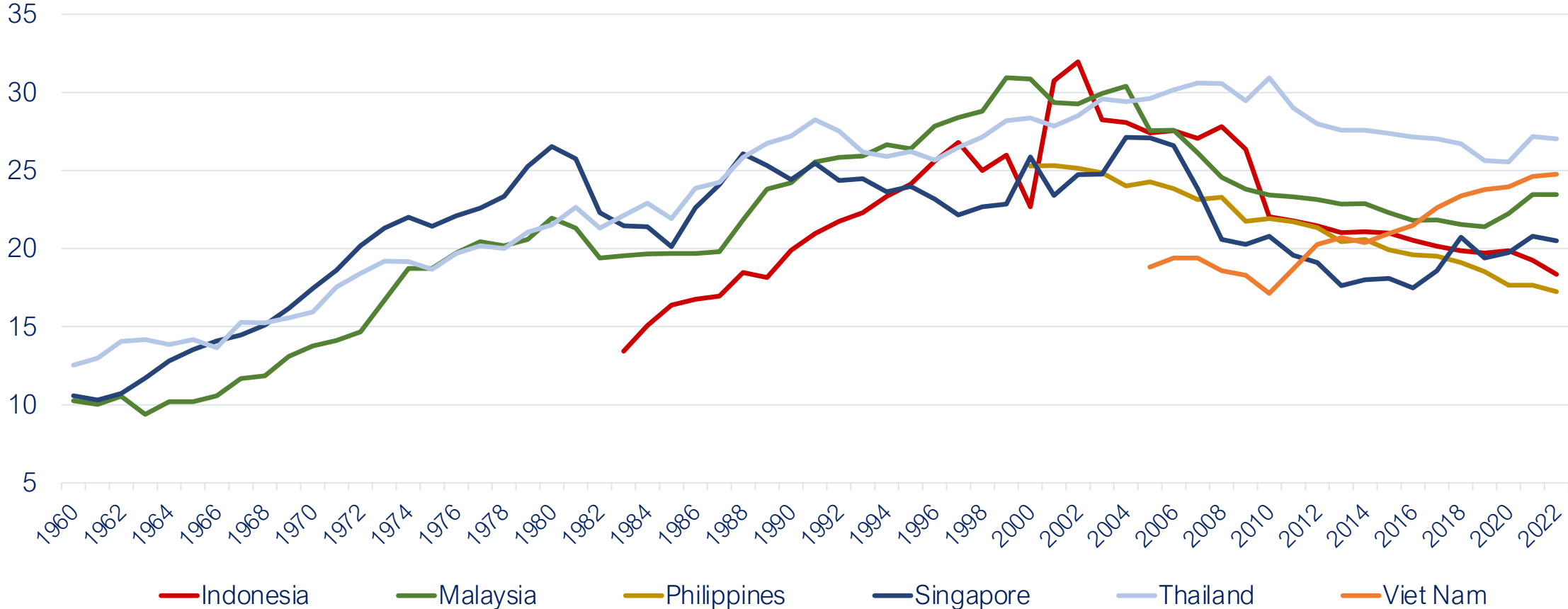
ASEAN's Potential in Digital Economy

- In 2023, ASEAN has 679mn population, 70% of which are internet users.
- In 2023, the digital economy was recorded at USD 259 billion.
- By 2030, ASEAN's digital economy will reach USD 1 trillion.

Challenges for ASEAN

Challenge 1: Level up manufacturing value added?

Manufacturing Value Added to GDP (%)



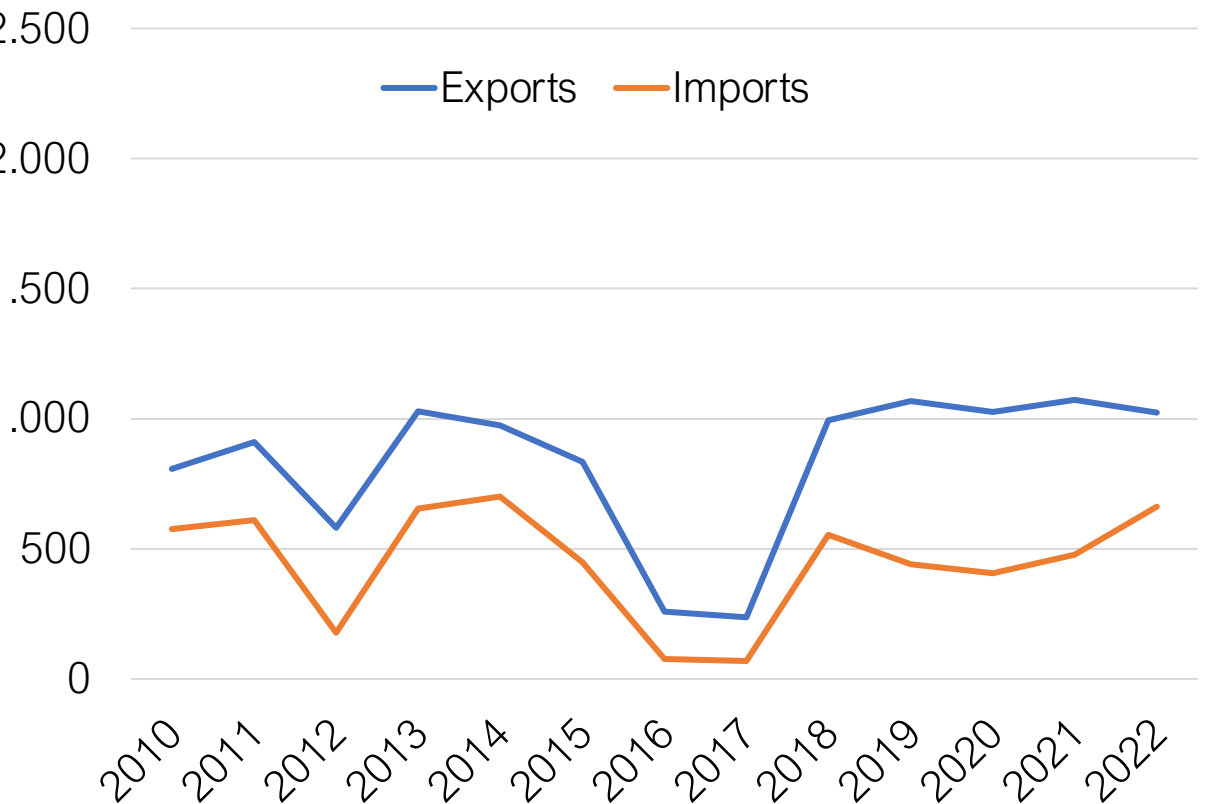
Source: World Development Indicators, World Bank [accessed 31 October 2023]

30% of ASEAN's exports are still resource intensive

Value of Total ASEAN's Exports and Imports to the World (USD bn)



Value of Total ASEAN's Exports and Imports to the World (billion KG)



Source: International Trade Center and WITS Database [accessed 15 January 2024]

Challenge 2: Domestic pressures

Consequences from political uncertainties on economic policies

Despite ASEAN promising economy and potentials, there have been growing concerns on ASEAN trade and investment policies and regulations

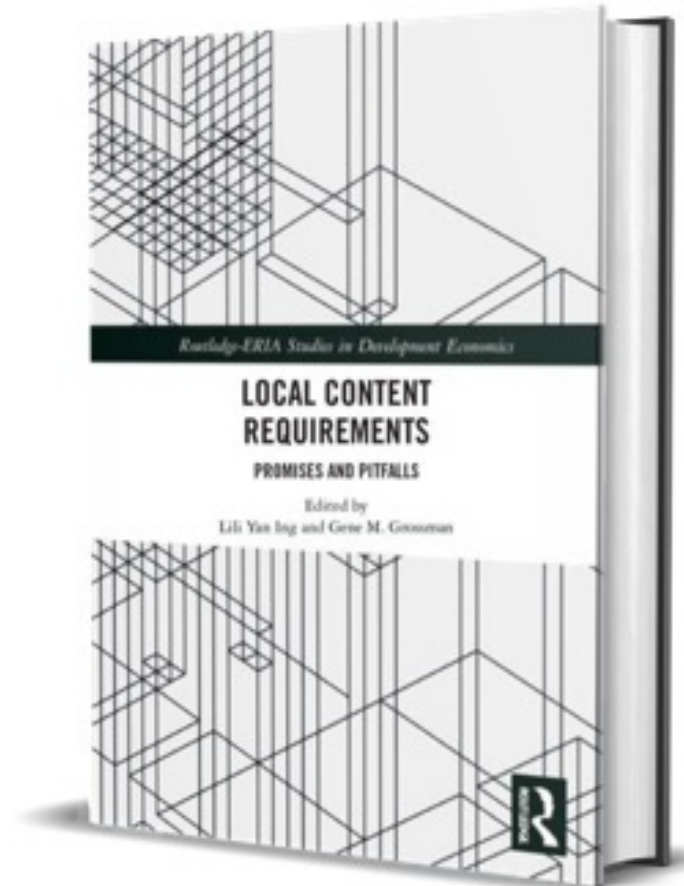
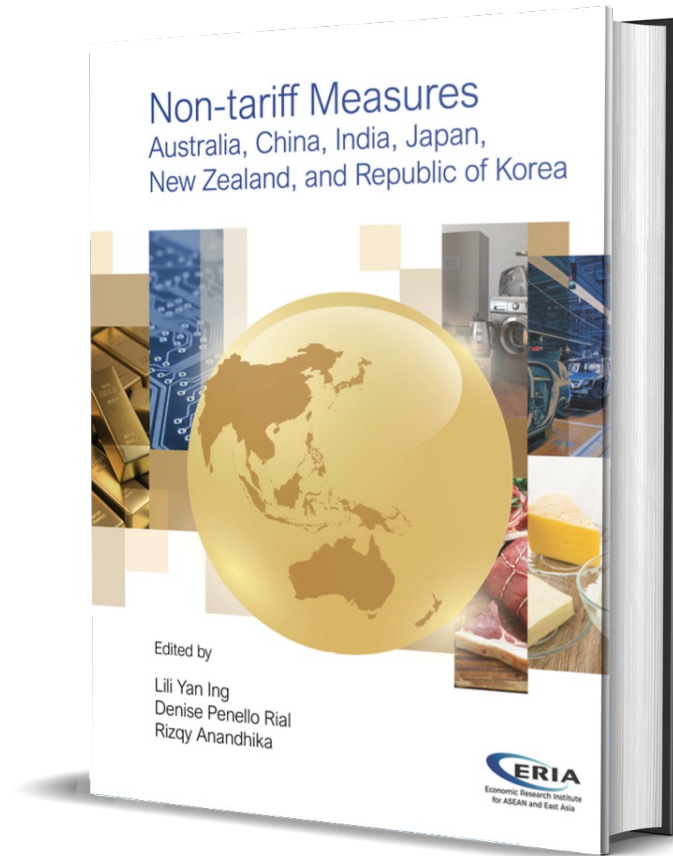
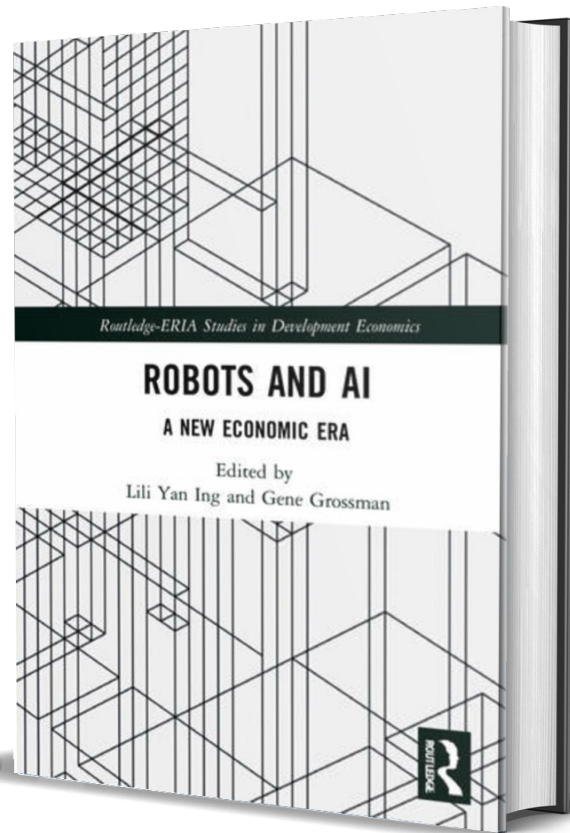
- Export and import bans
- Local Content Requirements (LCRs)
- Investment barriers (foreign equity and board of directors)
- Picking Winner policies (prioritizing specific industries)
- Non-automatic licensing system

Way Forward

Way Forward

Maintain neutral ground of ASEAN and improve cooperation

- 1. Deepen trade and investment ties with existing and potential partners**
 - Ensure the effective functioning of the multilateral trading system
 - Optimize the use of ASEAN FTAs: Intra ASEAN, ASEAN+1 FTAs, and RCEP
- 2. Improve trade and investment climate**
 - Create conducive environment to all sectors and industries (*Not picking the winners*)
 - Improve transparency in licensing, permits, and regulatory process by implementing corporate governance standards
- 3. Optimize the use of digital technologies and ensure sustainability**
 - Increase value added in the semi conductor and EV industries
 - Optimize the use of digital technologies to increase productivity (invest in physical and digital connectivity and Ensure sustainable development across all sectors.



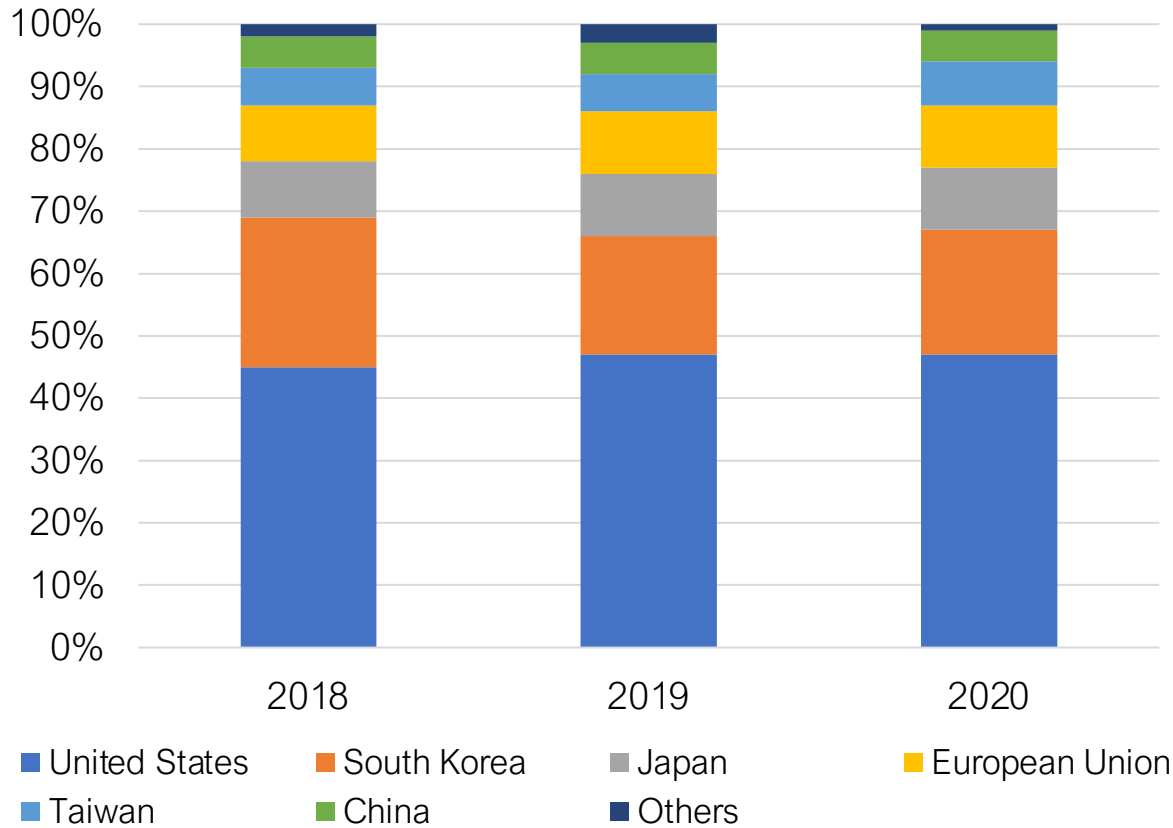
Thank You

Lili Yan Ing

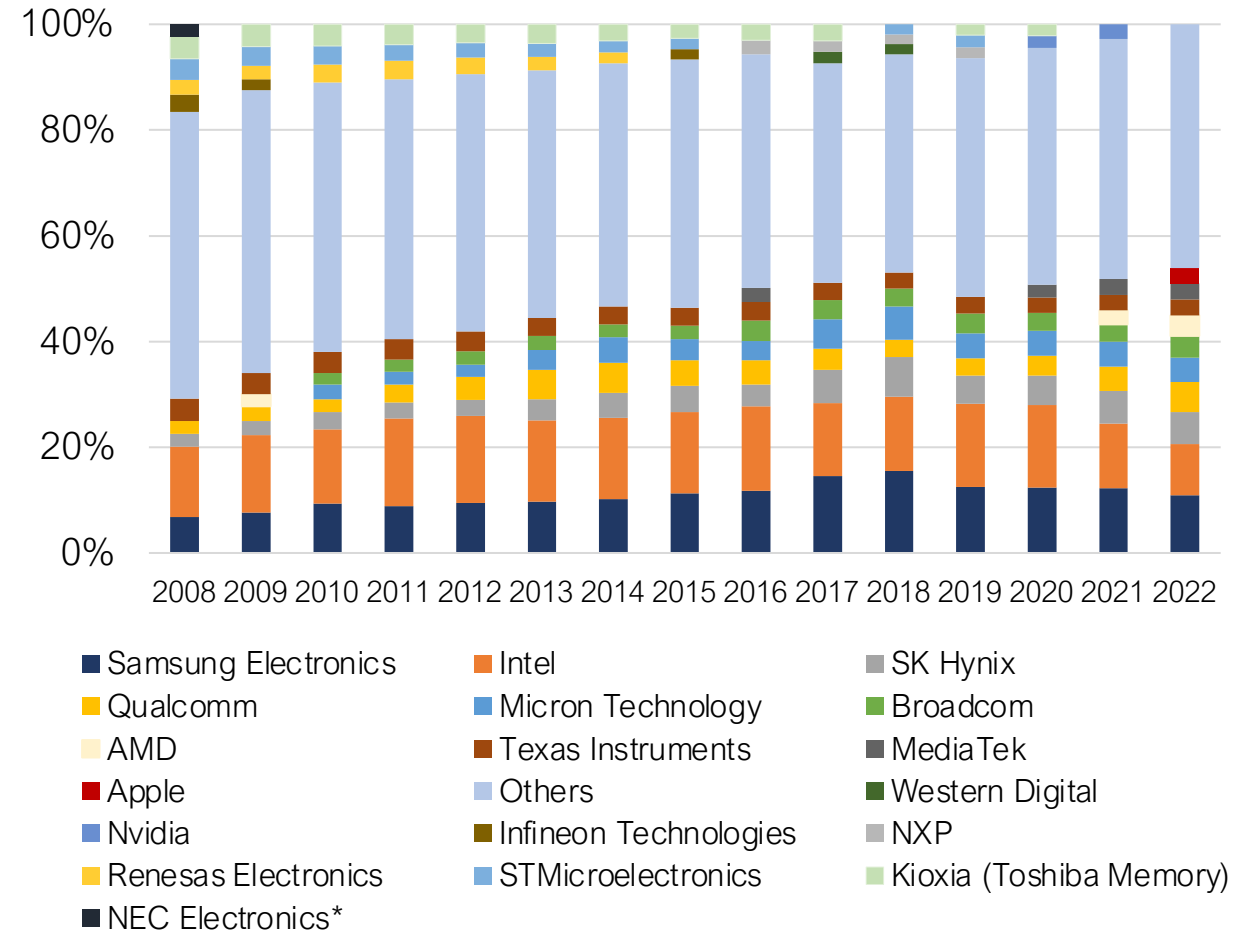


Global Semiconductor Market

Share of Global Semiconductor Industry

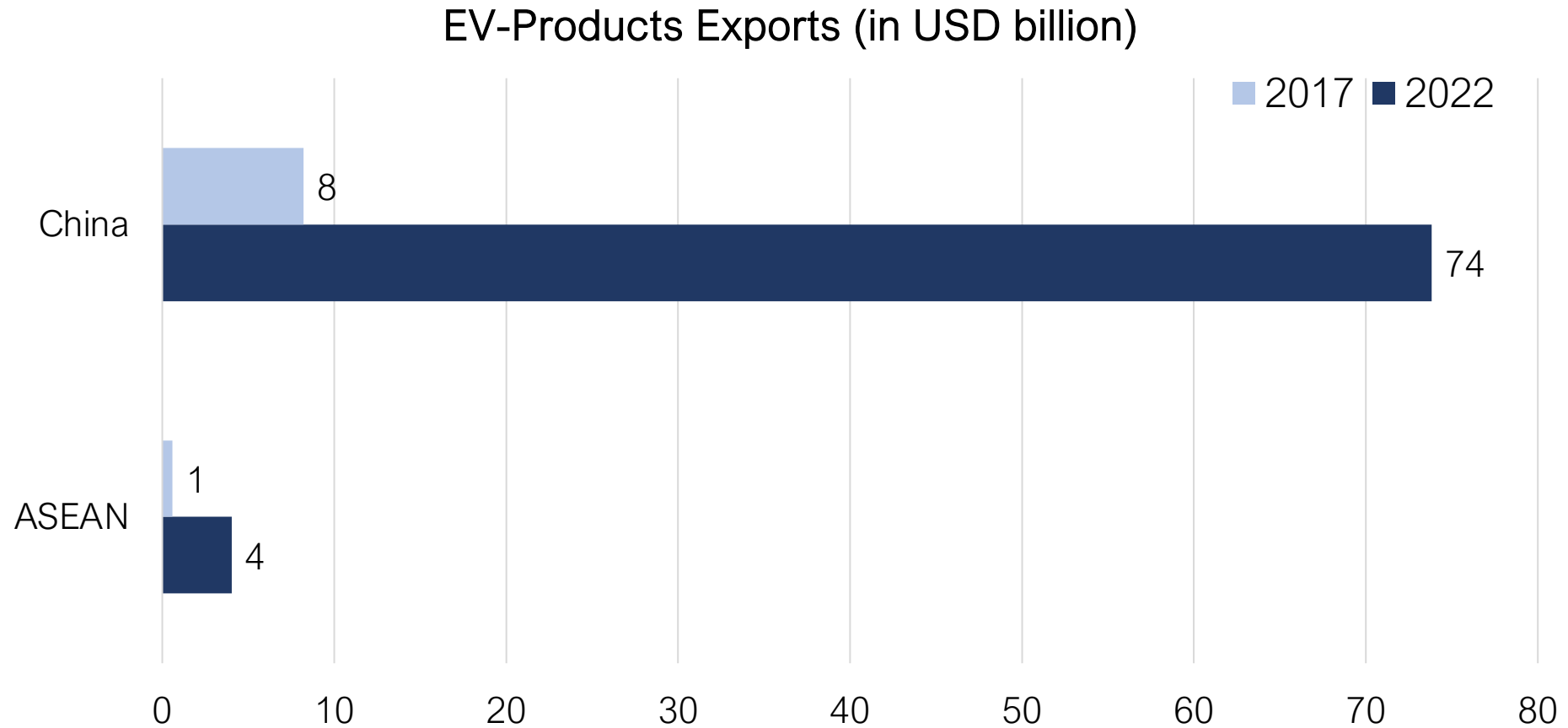


Semiconductor Companies Market Revenue Share Worldwide



Source: ERIA Staff Calculations based on Statista Data [accessed 14 May 2023]

ASEAN's Potential in EV



Source: ERIA Staff Calculations based on WITS [accessed 5 February 2024], Electric Vehicle exports: HS 850760, 870340, 870350, 870360, 870370, and 870380