

# ANALYSIS OF ECONOMIC DEVELOPMENT OF THE COUNTRIES OF SOUTH EAST ASIA

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## Abstract

The study aims to analyse the economic development of the Southeast Asia countries to draw an overall picture of economic situation. The research was conducted through the measurement of the related index of real national income per capita (GNP), domestic product (GDP), and the CPI of each country. The data used in the research is collected from World Bank's data source. The analysis results of the GDP index show that they are divided into three groups of high speed economic development countries, including Singapore, Brunei, the average ones, like Thailand, Malaysia, Indonesia, and the low speed economic development group, such as Philippines, Myanmar, Vietnam, Laos, Cambodia. The development trend based on GNP index can be divided into 5 groups, in which the highest one is Indonesia to compare with the four left groups. The research finding of imbalance economic development for the last decade of the Southeast Asian countries could be the scientific and reliable reference for investment and development strategies.

**Key words:** Southeast Asian region, Economic Development, GDP, GNP, CPI

**JEL Code:** A31, F62, F63

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## 1. Introduction

In recent years, Southeast Asia is one of the regions with high but stable economic growth rate compared with other ones in the world, anchored by the steady rise in domestic demand. Real GDP growth in Emerging Asian economies is moderating gradually but remains robust over the time from 2000 to 2014. Southeast Asian region's growth has been robust, growing at a pace which is comparable to the pre-global financial crisis.

The region's consumption and investment will continue to be enhanced, providing a key anchor for domestic demand and making a crucial contribution to overall GDP growth in many countries in Southeast Asia. Moreover, these countries also remain in current account surplus, narrow their fiscal deficits, which lead to stable or lower public debt-to-GDP ratios that are lower or stable. In current economic situation, labor markets are considered as motivation for growth in wages and private consumption. Many macroeconomic policies have

applied to support the increase in private consumption by pursuing price stability over the medium term. During this period, a lot of government infrastructure spending to drive long-term development plans was plumped to stimulate economic development and also attract FDI. Going to details, Indonesia is projected to be the fastest-growing economy within the ASEAN. Indonesia and the Philippines have underpinned by strong growth in domestic demand, boosted infrastructure spending and implementation of structural economic reforms. The dramatically growth of Thailand and Malaysia was maintained after the financial crisis, projected growth rates compare favorably to those of other developing countries at similar stages of economic development, while making a lot of effort in order to grow beyond the middle-income trap.

With advanced stage of economic development, Singapore's economy is projected to grow continuously over this period. Meanwhile, Thailand suffered the impact of political instability affect the growth slower than Singapore. Southeast Asia is the area attractive to international investors. This area attracted 9% of global FDI flow (Sethi et al. 2003), which would be the third-largest market in the world for the domestic consumer market behind China and India. The development of the region is recognized, yet it's short-coming is the low labor productivity. To compare with labor productivity of America, majority of the countries of South East Asia's labor productivity is only about 1/3 to 1/2, excepting from Singapore with the highest one in Asia. This shows that the Southeast Asia countries' GDP are lower than with other countries on the world.

From what were mentioned above, the economic development of the countries of Southeast Asia in the last 10 years is analyzed order to have clearly economic prospects, holistic view of economic growth and the advantages of free trade agreements of the countries. Through the analysis of the indicators of growth of GDP, GNP will help investors better understand the growth and development of the area of South-East Asian region to have decided to cooperate, proper.

## **2. Research Methods**

### **2.1 Objectives of the study**

Economic development of the South East Asia 10 is aimed to analyze via the measurement of index of GDP, GNP, and CPI. The data were gathered from World Bank's data source

### **2.2 Measurement method**

GDP, GNP and CPI are used to measure the economic development in national.

The GNP (Gross National Product) is one of the most common indicators used in national income accounting. GNP was calculated by volume produced by citizens of a country, including the value of goods and services produced by citizens living outside the borders of a country. The World Bank and other multilateral organizations often call this the concept of national income (GNI).

GDP (Gross Domestic Product) or the total domestic product of a nation is the same as GNP, except the entire products produced within the borders of the country, including the output produced by foreign residents, but does not count the value of output of the citizens living outside the country.

The consumer price index (CPI) is the relative indicators reflect trends and the general price level over time of a fixed number of goods and services represents the final consumption, serving the normal life of the people.

The figures are taken from the world development indicators WDI (World Development Indicator) is a World Bank (WB). Packages used in R are WDI by Vincent Arel-Bundock (University of Michigan).

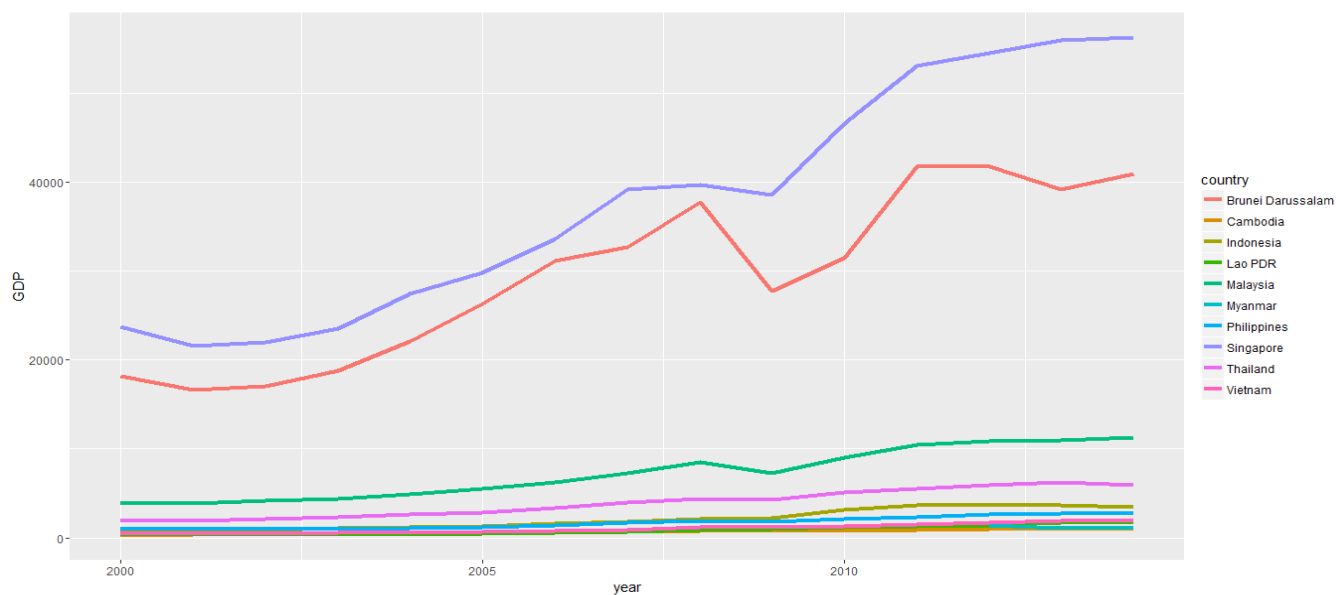
### **2.3 Data analysis**

The figures are presented in chart over the period put in research. All data is processed by software R, Packages used to create the chart is ggplot2.

## **3. Results**

### **3.1. Results analysis GDP of South-East Asian countries**

**Figure 1. Performances of GDP the South East Asian countries**



Source: World Bank, 2016

Economy's development is measured by GDP. This graph showed that there are 3 groups of development as the high speed group, the average speed group and the low speed group. Overall, all of countries have development I GDP in the term from 2000 until now. Respectively, Singapore and Brunei are in the group has high speed of economic development with the figures were 30000 and 27000 in 2005 and have gone up about twice in the last decade. This is the country has oil reserves and is the third largest natural gas in Southeast Asia after Indonesia and Malaysia (Yoo 2006). While Thailand and Malaysia are in the average speed with the number in 2013 reached respectively about 6000 and 11000, which are double than the numbers in 2000. This thanks to the positive impact on tourism industry (Tang and Tan 2015). And the last group includes Vietnam, Laos, Cambodia, Indonesia, Myanmar and Philippines. In recent years, Indonesia has the highest GDP although it has being reduced slightly and reached about 3000 in 2013. GDP of Philippines was lower than Indonesians about 1000. While Vietnam and Laos got about 1000, Myanmar and Cambodia were the lowest, they reached about 500. From 1986, Vietnam has a GDP equivalent to USD according to rates of the fact that 6 billion then to 2014, GDP had increased, reaching 185 times 30.83 billion, to help Vietnam's economy ranked 55 in the world among 190 countries and regions (according to the International Monetary Fund-IMF).

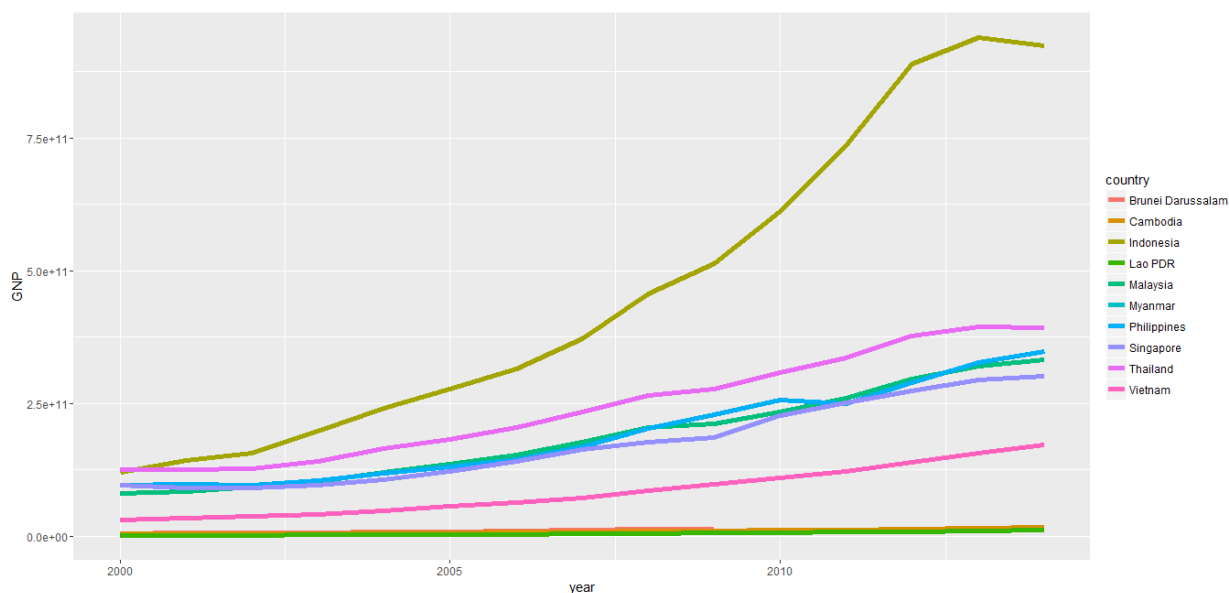
The difference between the groups can be explained (1) differences historically between countries, Southeast Asian countries are all the colonial countries, has little experience of autonomous work. Election petition as Vietnam also experienced French colonies, the United States. (2) Educational Foundation Oriental Confucianism substance, less concerned about

which science and technology research only on human celebration. (3) the development of tourism as Thailand, Malaysia, Singapore, the natural resource-rich countries like Brunei, Indonesia, Vietnam. (4) the high growth rates are approaching the industrialization policy, focusing primarily export subsidies and breaking the local currency to stabilize public policy. In the context of the economic difficulties of the region and the impact of the financial crisis affecting the world, countries in Southeast Asia hardly developed evenly spaced (Fase and Abma 2003).

Imbalance in economic development can be explained by different level in education, human resource and calamity as well as development of technologies and science.

### 3.2. The GNP analysis results are as following

Figure 2. The GNP performing of South East Asian countries



Source: World Bank, 2016

Through the chart shows, the GNP of the 10 countries could be divided into 5 small groups. As it can be seen, Indonesia was the country had the top GNP in Asians, it was 2.5e+11 in 2000 and jump up six-fold after a decade, which increased significantly compared with the countries in the region.

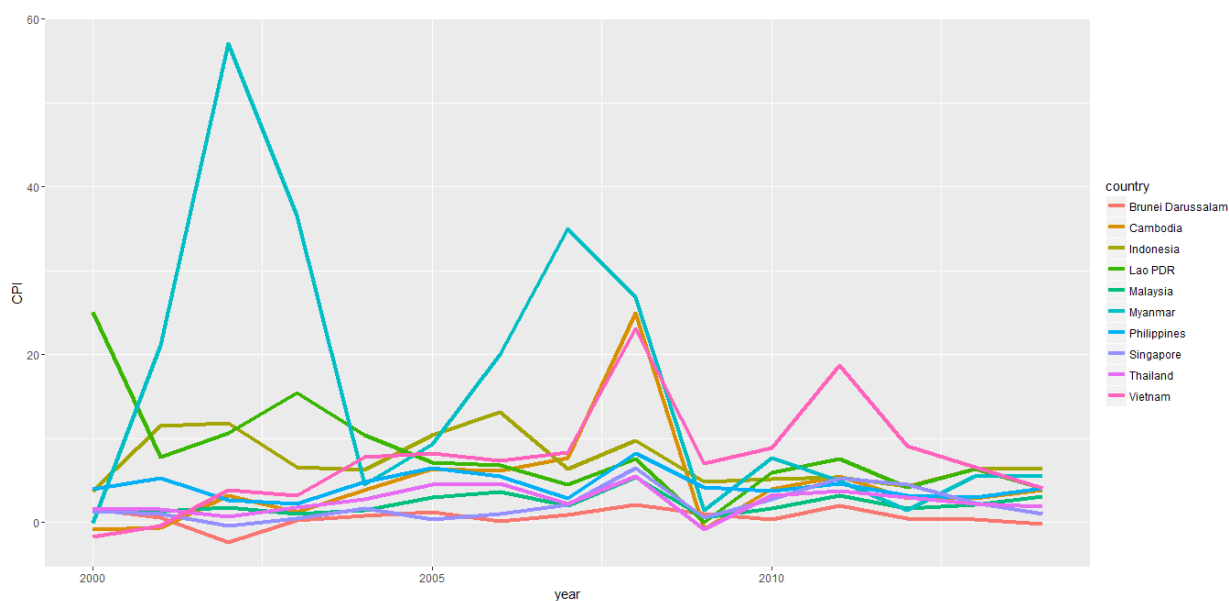
And the second country is Thailand, where reached about 3.8e+11 in 2013 in terms of gross national product growth.

While three countries as Singapore, Malaysia and Philippines tend to grow up stably and reached about 3.5e+11 in 2013, Cambodia and Laos tended to go up slightly about 0.2e+11

over the last decade. And Vietnamese GNP increased year by year over the term from 0.4e+11 to 1.7e+11, having lower GNP growth than the three above groups above. Group 5 including Laos, Cambodia which did not show growth of domestic product, 2 the country almost stable around only during the last 10 years.

### 3.3. The analysis of CPI is presented as following:

**Figure 3. Performances of CPI the South East Asian countries**



Source:World Bank, 2016

The graph figure the number of CPI in Asians. Overall, Asian CPI had been fluctuated from 2000 to 2012 and then tended to be more stable. While the CPI of almost countries tended to be reduce, Brunei increased its CPI from minus number to zero. Countries has the most significant fluctuation in CPI are Philippines, Laos, Cambodia and Vietnam. And the terms has shaped change in CPI were 2008-2009 (inflation) and 2010-2011(recovering). In inflation time, CPI in all countries went down, Thailand reached minus number particularly. Then in 2010-2011, CPI in all countries recovered and increase, especially Vietnam was the highest with the figure about 20 in 2011. After that, CPI of Asian countries tended to decrease. To conclude, low GPD countries will have fluctuated CPI and inflation is one of the main factors impact to economic development.

#### **4. Conclusion**

Through the analysis of economic growth trend shows that it was divided by GDP indicators in three groups (Henderson 1999). While the analysis according to GNP growth, then a wider dispersion. In the context of different countries of origin should have growth and uneven development (Fase and Abma 2003). Analysis of the GNP index is recorded as the country had the highest growth of Indonesia compared with the average growth countries Thailand, Malaysia, Myanmar, Philippines, Singapore. Our research results also are interpreted and in some extent similar to research findings of a case of study of other studies.

In addition, like other studies, data from the World Bank for so the result depends on the data collection party. Results from the study showed that the economic development of the South East Asian region is equal, focused primarily on countries which have strong advantage of natural resources, international seaports and the tourism development (Tang and Tan 2015). Analysis results contributes to increased understanding of the picture of economic growth to help foreign investors choose country appropriated investments, cooperation.

This result has implications for foreign investors in order to reference the policies of economic partnership agreements the regional comprehensive (RCEP) and the trans-Pacific Partnership (TPP) for the Southeast Asian countries as well as cooperation with the ASEAN.

#### **5. Acknowledgment**

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**Table 1. Data on GDP by the year**

Country	Time (year)														
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Brunei	18154.83	16616.8	17016.94	18758.9809	22131.95	26337.92	31157.69	32707.7	37798.39	27726.48	31453.22	41787.02	41807.65	39151.23	40979.64
Indonesia	780.0921	748.1847	900.1308	1065.6565	1150.349	1263.481	1590.178	1860.623	2167.858	2262.721	3125.22	3647.627	3700.524	3623.532	3491.93
Cambodia	299.5622	319.6925	337.8043	361.0703	407.0849	472.4489	537.8486	629.2829	742.9429	735.4075	782.6928	879.1512	946.4767	1024.609	1094.577
Lao PDR	324.0197	326.0307	319.5325	362.6677	418.1733	476.1624	591.3648	710.9803	900.4996	947.9555	1147.095	1300.98	1445.87	1700.987	1793.471
Myanmar	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	1421.497	1106.984	1203.845
Malaysia	4004.557	3878.771	4132.668	4431.2395	4924.586	5564.173	6194.672	7240.682	8486.599	7312.008	9069.042	10427.76	10834.66	10973.66	11307.07
Philippines	1039.702	958.0116	1000.778	1011.2866	1080.086	1196.54	1395.213	1678.852	1929.133	1836.874	2145.24	2371.854	2604.656	2786.951	2872.512
Singapore	23792.61	21577.08	22016.83	23573.628	27405.27	29869.85	33579.86	39223.58	39721.05	38577.56	46569.68	53121.35	54576.76	55980.15	56284.33
Thailand	2016.041	1896.971	2093.979	2349.3845	2643.479	2874.386	3351.118	3962.751	4384.783	4231.14	5111.909	5539.494	5917.918	6229.173	5977.381
Vietnam	433.3337	448.8823	477.1059	530.8618	606.9044	699.4998	796.6716	919.2093	1164.613	1232.37	1333.584	1542.67	1754.548	1907.564	2052.319

**Table 2. Data on GNP by the year**

Country	Time (year)														
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Brunei	4.89E+09	5.47E+09	5.94E+09	6.29E+09	7.18E+09	8.43E+09	1.02E+10	1.16E+10	1.30E+10	1.25E+10	NA	NA	1.51E+10	NA	NA
Indonesia	1.19E+11	1.43E+11	1.57E+11	1.98E+11	2.41E+11	2.77E+11	3.16E+11	3.72E+11	4.57E+11	5.13E+11	6.12E+11	7.36E+11	8.89E+11	9.39E+11	9.24E+11
Cambodia	3.62E+09	3.86E+09	4.01E+09	4.54E+09	5.29E+09	6.16E+09	6.98E+09	8.05E+09	9.28E+09	9.82E+09	1.07E+10	1.18E+10	1.30E+10	1.44E+10	1.56E+10
Lao PDR	1.50E+09	1.66E+09	1.77E+09	1.88E+09	2.20E+09	2.62E+09	3.01E+09	3.66E+09	4.55E+09	5.50E+09	6.25E+09	7.13E+09	8.41E+09	9.83E+09	1.11E+10
Myanmar	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	6.81E+10
Malaysia	8.02E+10	8.41E+10	9.17E+10	1.03E+11	1.19E+11	1.35E+11	1.53E+11	1.77E+11	2.05E+11	2.11E+11	2.33E+11	2.59E+11	2.96E+11	3.20E+11	3.33E+11
Philippines	9.53E+10	9.71E+10	9.63E+10	1.05E+11	1.18E+11	1.31E+11	1.45E+11	1.69E+11	2.02E+11	2.28E+11	2.56E+11	2.49E+11	2.88E+11	3.26E+11	3.47E+11
Singapore	9.53E+10	9.10E+10	9.09E+10	9.51E+10	1.07E+11	1.21E+11	1.41E+11	1.64E+11	1.78E+11	1.85E+11	2.27E+11	2.51E+11	2.73E+11	2.95E+11	3.02E+11
Thailand	1.25E+11	1.25E+11	1.27E+11	1.41E+11	1.65E+11	1.83E+11	2.04E+11	2.33E+11	2.65E+11	2.77E+11	3.07E+11	3.35E+11	3.77E+11	3.94E+11	3.92E+11
Vietnam	3.10E+10	3.39E+10	3.68E+10	4.12E+10	4.82E+10	5.59E+10	6.30E+10	7.16E+10	8.49E+10	9.67E+10	1.10E+11	1.22E+11	1.38E+11	1.56E+11	1.72E+11

Table 3. Data on CPI as the years

Country	Time (year)														
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Brunei	1.5582	0.5959	-2.3150	0.3000	0.8142	1.2444	0.1599	0.9678	2.0850	1.0357	0.3569	2.0159	0.4641	0.3833	-0.1944
Indonesia	3.7200	11.5021	11.8788	6.5857	6.2435	10.4520	13.1094	6.4074	9.7766	4.8135	5.1328	5.3575	4.2795	6.4134	6.3949
Cambodia	-0.7920	-0.6006	3.2251	1.2100	3.9248	6.3493	6.1433	7.6684	24.9972	-0.6613	3.9962	5.4786	2.9327	2.9426	3.8552
Lao PDR	25.0846	7.8118	10.6313	15.4894	10.4623	7.1654	6.8022	4.5223	7.6293	0.0353	5.9823	7.5769	4.2569	6.3649	4.1352
Myanmar	-0.1092	21.1013	57.0745	36.5897	4.5342	9.3686	19.9965	35.0246	26.7995	1.4723	7.7184	5.0215	1.4676	5.5243	5.4745
Malaysia	1.5347	1.4168	1.8079	0.9928	1.5185	2.9609	3.6092	2.0274	5.4408	0.5833	1.7100	3.2000	1.6554	2.1050	3.1430
Philippines	3.9771	5.3455	2.7228	2.2892	4.8292	6.5169	5.4852	2.9000	8.2604	4.2190	3.7898	4.6473	3.1721	2.9977	4.1045
Singapore	1.3616	0.9972	-0.3917	0.5079	1.6627	0.4251	1.0209	2.0951	6.5186	0.6036	2.8000	5.2529	4.5287	2.3785	1.0101
Thailand	1.5920	1.6269	0.6973	1.8043	2.7591	4.5404	4.6375	2.2415	5.4685	-0.8457	3.2722	3.8098	3.0200	2.1840	1.8904
Vietnam	-1.7103	-0.4315	3.8308	3.2199	7.7591	8.2814	7.3858	8.3038	23.1163	7.0546	8.8616	18.6775	9.0942	6.5923	4.0859