

**ASEAN Roundtable 2009
The Global Economic Crisis: Implications for ASEAN**

Thursday, 18 June, 2009
Pan Pacific Hotel, Pacific Ballroom 1-2, Singapore

The 2008 meltdown of major financial markets and its repercussions on the real economy constitute the biggest economic crisis to affect countries and people across the world since the Great Depression of 1929. The crisis has held the world captive since September 2008 with the failure, merger and re-capitalisation of several large United States and European financial institutions, thereafter affecting global capital markets and resulting in the loss of market value of equities, the decline of demand and higher unemployment. Political leaders and senior officials from Ministries of Finance and Central Banks have coordinated their efforts to allay fears but the crisis has kept spreading and deepening with every passing day.

The crisis has its human costs. It is developing into an unemployment crisis. Even where workers can retain their jobs, they face pay cuts, underemployment and increasing job insecurity. Many more are driven into poverty, with the rising prices of food and fuel and reduced pay. Diminished remittances by overseas migrant workers will also affect the growth of many developing economies in the region. Safety net programmes in these countries are insufficient to meet the needs of the increasing number of retrenched workers and the new poor.

The strategic consequences of the crisis are also beginning to emerge. The decline in economic growth, with its potential for social dissatisfaction and unrest, requires strong commitment from governments to see the process of recovery through, and convince investors, donors, trading partners, and their own electorate of this commitment. Uncertainties in ASEAN's political and strategic climate have heightened. Concerns are emerging that the crisis may exacerbate existing weaknesses of governments in some ASEAN countries. Calls have been made for improved governance (especially with regard to financial systems) and greater partnerships with the private sector and civil society groups.

The roundtable objectives are:

- a. To study impact on the economy and the community building. Unlike the 1997-98 crisis, this time the crisis is spreading to ASEAN through indirect channels like exports, investments and market sentiments. Hence, with the financial meltdown still in progress, how is ASEAN coping with the economic vulnerabilities that have emerged from the crisis? How are the financial and banking sectors in ASEAN faring and coping with the crisis? Finally, what would be the implications of this crisis on building an ASEAN Economic Community (AEC) by 2015?
- b. To study the impact on regional security. Will the political fallout of the crisis in some ASEAN countries be serious? How will governance issues be tackled? What are the implications of the economic crisis on regional security? Will changes in economic relationships have an impact on existing strategic relationships (with and between US, China, Japan, India)? How has the current economic slowdown affected the "economic security" in the region? How will this affect the realization of an ASEAN Security Community?
- c. To study the impact on people. In the aftermath of the 1997-98 crisis, ASEAN countries developed response mechanisms to respond to labour/employment and social safety/protection needs. Are these mechanisms still effective (or relevant)

today? As the current crisis follows close on the heels of the food and fuel crises¹, how will this affect ASEAN's rural (agricultural) and informal sectors? As trade decreases and employers – both formal and informal – find it harder to pay wages, how will ASEAN's migrant workers fare? How will ASEAN countries manage social protection/safety schemes to help people cope with immediate shortfalls and retool their skills? Overall, how will the crisis affect ASEAN's efforts at community-building and cohesiveness?

The roundtable had separate panel discussions on the implications of the crisis – impact on the economy and community building, impact on security, and impact on people.

The roundtable invited personalities from government, the private sector, and academia. The one-day discussion helped businessmen and policymakers to position themselves for the future and to benefit from the recommendations.

The preliminary report of the workshop was submitted to the 41st ASEAN Economic Ministers (AEM) held in Bangkok, Thailand on 12-16 August 2009. Copies of the preliminary report have also been provided to policy-makers in ASEAN countries. A full report will be published by ISEAS.

For the preliminary report text click [here...](#)

¹ Recent food price increases are estimated to have put 100 million people below the poverty line.