

ASEAN's Regional Growth Account

Accumulation-Led Growth, Intermittent Productivity Gains

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September 3, 2026

KEY MESSAGE

ASEAN's real output grew by an average of 5.3% per year over 1970–2024. Capital contributed about 3.1 percentage points, labor 1.6 points, and total factor productivity (TFP) 0.5 points—roughly 60%, 30%, and 10% of overall growth. Capital accumulation was the largest and most persistent source of expansion, while TFP gains were smaller and much more volatile. ASEAN's long-run growth has therefore been predominantly accumulation-led.

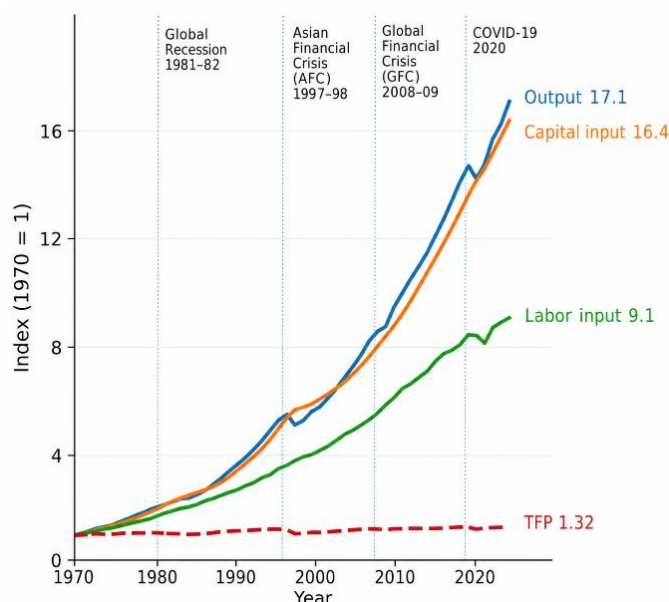
WHY THIS MATTERS

ASEAN is commonly assessed through GDP growth, trade, investment, and per-capita income, but long-run productivity accounts for the region as a whole are much less common. The APO Productivity Database 2026 provides methodologically harmonized measures of output, capital, and labor across the ten ASEAN member economies as of 2024, allowing them to be combined within a common productivity-accounting framework. This note treats ASEAN as a single regional production system over 1970–2024 and asks how much of its expansion came from capital accumulation, labor input, and TFP.

EVIDENCE: FIVE DECADES OF REGIONAL EXPANSION

Figure 1 compares ASEAN output, capital input, labor input, and TFP since 1970. By 2024, output had expanded 17.1-fold and capital input 16.4-fold, while labor input rose 9.1-fold. TFP, by contrast, increased only 32%. Its path was also repeatedly interrupted around major global and regional shocks. The widening gap between output and TFP points to factor accumulation as the principal source of ASEAN's long-run expansion.

Figure 1. Output, Capital Input, Labor Input, and TFP in ASEAN, 1970–2024
Unit: Index (1970=1). Source: APO Productivity Database 2026 (APO 2026).



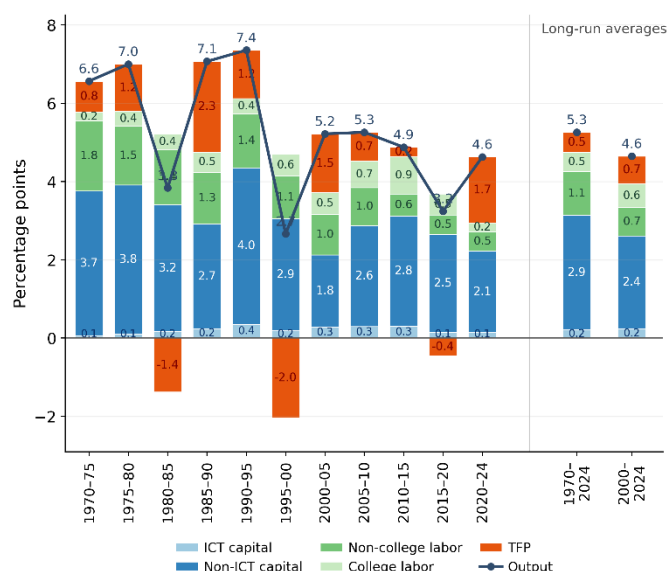
EVIDENCE: SOURCES OF ASEAN GROWTH

Figure 2 decomposes regional growth into ICT and non-ICT capital, college and non-college labor, and TFP. Non-ICT capital was the largest contributor throughout the period. TFP was far less stable, turning negative in 1980–85, 1995–2000, and 2015–20. The composition of labor growth also changed. The contribution of non-college labor declined from about 1.8 percentage points in

the early 1970s to around 0.5 points after 2015, while college labor became relatively more important. Over 2000–2024, the two contributed 0.7 and 0.6 percentage points, respectively, compared with 1.1 and 0.5 points over 1970–2024.

Figure 2. Sources of Economic Growth in ASEAN, 1970–2024

Unit: Percentage points, average annual growth rates.
Sources: APO Productivity Database 2026 (APO 2026) and AQUALI Database 2026.



INTERPRETATION

ASEAN combined sustained capital deepening with a large expansion of labor input, while productivity gains were intermittent. This allowed the region to keep growing even through periods of weak or negative TFP growth. At the same time, the declining contribution of non-college labor and the rising relative role of college labor indicate a gradual change in the labor base supporting regional growth. Future growth may depend less on simply expanding factor quantities and more on productive capital formation, a more educated workforce, and sustained TFP improvement.

MEASUREMENT CONSIDERATIONS

Regional growth accounting requires comparable purchasing power parities (PPPs) not only for output but also for factor inputs. Output is aggregated using the ICP 2021 PPPs for GDP (World Bank 2024). Following Nomura (2018), capital and labor are instead aggregated using factor-specific PPPs derived from asset-level capital service prices and compensation differentials across worker groups represented in the AQUALI Database. This distinction matters because, in many Asian economies, capital-input PPPs are relatively high and labor-input PPPs relatively low compared with output PPPs, so the GDP PPP is not an appropriate proxy for either factor input. This framework—rare in international growth accounting—allows the ten ASEAN economies to be combined as a single production system rather than simply averaging national growth rates. ASEAN TFP is then measured as the residual from regionally aggregated output and inputs.

IMPLICATIONS

01

Capital input accounted for about 60% of ASEAN's output growth over 1970–2024, making it the dominant long-run growth source.

02

TFP contributed only about 10% of long-run growth—negative around the early-1980s recession, the AFC, and COVID-19, but not the GFC.

03

Non-college labor has become a smaller source of growth, while college labor accounted for nearly half of ASEAN's labor contribution after 2000.

REFERENCES

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This note is part of the *Productivity Research Notes* series, examining key issues in productivity and economic performance in Asia. The views expressed are those of the author(s). Inquiries may be directed to sankenoffice@info.keio.ac.jp.

