PRODUCTIVITY RESEARCH NOTES 2621

ASEAN’s TFP and Its Country Origins

Concentrated Gains, Changing Sources

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KEY MESSAGE

ASEAN's TFP gains have come from a small number of economies, and the set has changed. Indonesia contributed 4.9 of the 13.3 cumulative percentage points attributable to country TFP growth over 1970–2024, more than any other economy, and its 1998 collapse pushed the cumulative country-origin contribution below zero. Since 2010, however, Indonesia has subtracted while Vietnam, Malaysia, and the Philippines have supplied the gains. The base is broader than it was, but the aggregate is not larger.

WHY THIS MATTERS

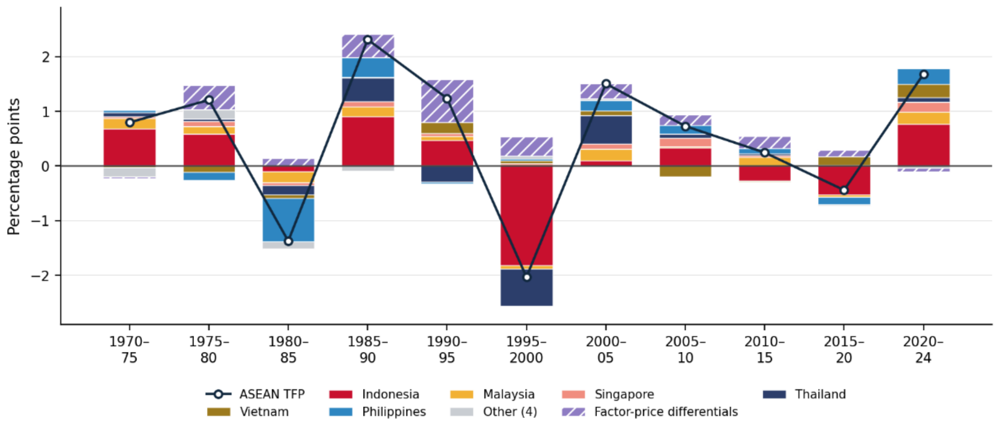
PRN2620 measured ASEAN’s TFP across 10 member economies as of 2024 as the residual from regionally aggregated output and inputs, treating the region as a single production system. That aggregation accounted for price differentials not only in output but also in capital and labor inputs. The measure is nonetheless silent on which economies the gains came from. This note decomposes regional TFP by country of origin, following Nomura (2018), and asks whether ASEAN’s intermittent productivity record is a regional pattern or the experience of a few economies.

EVIDENCE: COUNTRY CONTRIBUTIONS TO REGIONAL TFP GROWTH

Figure 1 decomposes ASEAN TFP growth into country contributions and a factor-price differential term—a residual of the regional aggregation that belongs to no single economy, discussed below. It was largest in 1990–95, at 0.78 points.

Figure 1. Country Origins of ASEAN TFP Growth, 1970–2024

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



Indonesia, the region’s largest economy throughout the period, dominates the early decades, contributing 0.68 percentage points per year in 1970–75 and 0.91 points in 1985–90. It also dominates the reversals: its contribution was −1.82 points in 1995–2000 and −0.52 points in 2015–20. Thailand added 0.44 points in 1985–90 but subtracted 0.68 points in 1995–2000. Malaysia and Singapore contributed less in any single period but did so more consistently.

EVIDENCE: GAINS ACCUMULATED AND REVERSED

Figure 2 cumulates these country contributions from 1970, setting the factor-price differential term aside. Indonesia dominates the first half of the period, reaching 12.7% by 1995 before falling to 2.6% in 1998; Thailand moved from 0.5% to −4.2% in the same year. This likely reflected, in part, lower capacity utilization rather than lost productive capability, and both economies subsequently recovered a large part of the ground.

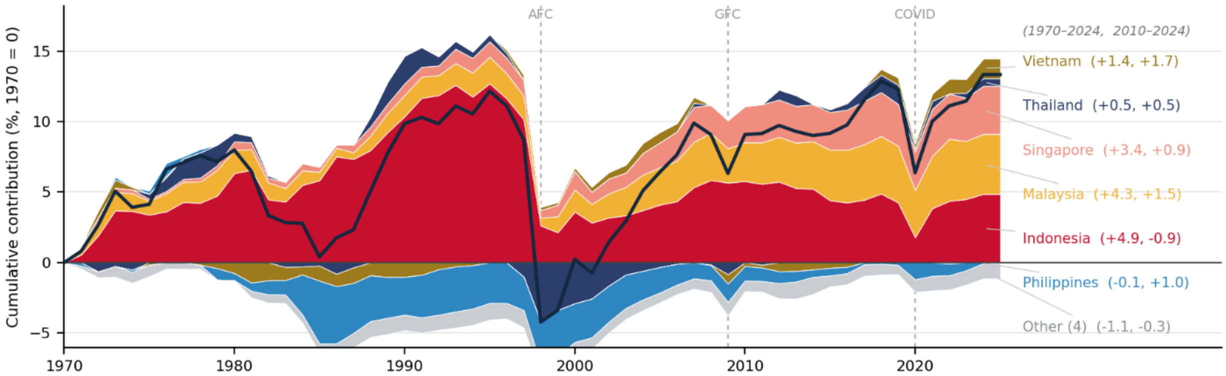


Figure 2. Country Origins of ASEAN TFP: Cumulative Contributions, 1970–2024

Unit: Cumulative contribution in percent, 1970 = 0; excludes factor-price differentials. Parenthetical figures are cumulative contributions over the two periods indicated. Source: APO Productivity Database 2026 (APO 2026).

Since 2010, however, the region looks different. Vietnam added more than any other economy, 1.7 points, followed by Malaysia at 1.5 and the Philippines at 1.0. Indonesia subtracted 0.9 points, the only sizeable negative.

INTERPRETATION

ASEAN's productivity record is not a regional pattern but the sum of a few divergent national experiences. A regional aggregate that once moved with one economy now draws on several of moderate size, which makes it less exposed to any one of them than it was in 1998. But the economies now supplying the gains are small, and what they support has not grown larger.

MEASUREMENT CONSIDERATIONS

Country contributions are each economy's TFP growth weighted by its two-period average share of regional output, following Nomura (2018). Their sum is 0.25 percentage points per year over 1970–2024, against 0.51 for the ASEAN TFP of PRN2620. The difference arises because regional capital and labor are aggregated with factor-specific PPPs while country TFP is weighted by output shares; it is proportional to input growth, and falls to 0.16 points after 2000.

IMPLICATIONS

01	02	03
Indonesia contributed 4.9 of the 13.3 country-origin TFP points over 1970–2024, more than any other economy.	Since 2010 Indonesia has subtracted 0.9 points, while Vietnam, Malaysia, and the Philippines supplied the gains.	Thailand contributed 0.5 points over 1970–2024, far less than Malaysia or Singapore despite a larger economy.

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.

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