

Bridging the Technology Gap and Escaping the Middle-Income Trap in ASEAN+3

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Abstract

In recent decades, the countries in the ASEAN region have experienced significant economic growth. However, this progress is at risk of being short-lived, given the low rate of technological progress in various ASEAN nations. Growth limitation has emerged mainly due to low total factor productivity (TFP) and low spending levels on research and development (R&D), which may lead many ASEAN countries to be stuck in the middle-income trap (MIT). This paper examines factors affecting growth and development in ASEAN + 3 (China, Japan, and South Korea) countries and the possibilities of escaping the MIT. The study suggests that total factor productivity is key to avoiding stagnation and, thus, the development trap.

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