



**THINKING GLOBALLY, PROSPERING REGIONALLY**  
**ASEAN Economic Community 2015**





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# Introduction

- ❖ **READY:** This is ASEAN's time. In the geographic heart of the world's premier growth corridor, ASEAN is poised to "seize the moment."
- ❖ **SET:** With a market of over 600 million consumers and combined GDP of nearly US\$3 trillion, ASEAN is offering a future of prosperity and stability. The AEC is one of the foundations of that future.
- ❖ **GO:** Agreements on trade, services and investment are changing the economic landscape and allowing the freer flow of goods, services and people across the region.



# Where do we stand?



- ❖ **AEC Blueprint:** Signed in 2007
- ❖ **Defined:** The AEC will “establish ASEAN as a single market and production base with the goal of making ASEAN more dynamic and competitive.”

## ❖ **Four Pillars of AEC**

Single Market and Production Base

Competitive Economic Region

Equitable Economic Development

Integration into the Global Economy



# Where do we stand?

## *Pillar 1: Single Market and Production Base*



### Five Core Elements

1. Free flow of goods;
2. Free flow of services;
3. Free flow of investment;
4. Freer flow of capital; and
5. Free flow of skilled labour.



# Where do we stand?



## Progress toward goals

- ❖ **Tariffs already near zero.**
- ❖ **The ASEAN Trade in Goods Agreement** created a legal framework to realise the free flow of goods within the AEC.
- ❖ **The ASEAN Framework Agreement on Services** eases restrictions on cross-border trade in at least 80 subsectors.
- ❖ **The ASEAN Comprehensive Investment Agreement** liberalises and protects cross-border investment activities and embraces international best practices in the treatment of foreign investors.



# Where do we stand?



## Progress toward goals

- ❖ Pilot program for the **ASEAN Self-Certification System** for exporters launched.
- ❖ Member States testing preliminary exchange of trade data and information through the **ASEAN Single Window Gateway**.
- ❖ **Mutual Recognition Arrangements (MRAs)** in place on testing standards in many areas.
- ❖ Stock exchanges from ASEAN-5 and Viet Nam have collaborated to form **ASEAN Exchanges**.
- ❖ **MRAs concluded in eight professions** to facilitate the movement of ASEAN professionals in these areas through recognition of their qualifications.



# Where do we stand?

## *Pillar 2: Competitive Economic Region*



## Progress toward goals

- ❖ AEC seeks to foster a culture of fair competition, including institutions and laws that underpin the effort, including **protection for consumers and guarantees for intellectual property rights**.
- ❖ ASEAN Member States intensifying their efforts to introduce **competition policy and law by 2015**.
- ❖ **Outreach activities underway** to educate the public on the importance of competition policy.



# Where do we stand?



## Progress toward goals

- ❖ **The ASEAN Highway Network** is physically connecting key roadways, including the priority **Transit Transport Routes**, a vital infrastructure and logistics component.
- ❖ **Six (out of planned 16) cross-border connections of the ASEAN Power Grid** already in operation. **The Trans-ASEAN Gas Pipeline** will connect ASEAN's gas pipeline infrastructure.
- ❖ **The agreements and protocols under the ASEAN Open Skies Policy** have been concluded and implemented.
- ❖ **Telecommunication infrastructure** is also undergoing continuous enhancement.



# Where do we stand?

## *Pillar 3: Equitable Economic Development*



## Progress toward goals

- ❖ There are thirty business incubators and innovation centres under the **ASEAN Business Incubator Network** to promote business matching and development.
- ❖ The **ASEAN SME Guidebook towards the AEC 2015** has been developed.
- ❖ The **Initiative for ASEAN Integration** has developed new approaches so that the benefits of the AEC are evenly shared between all Member States.
- ❖ The **ASEAN Framework for Equitable Economic Development** was introduced in 2011.



# Where do we stand?

## *Pillar 4: Integration into the Global Economy*



## Progress toward goals

- ❖ **“ASEAN+1” FTAs** with the People’s Republic of China, Japan, the Republic of Korea, Australia, New Zealand and India position ASEAN at the centre of global supply chains.
- ❖ ASEAN is negotiating **the Regional Comprehensive Economic Partnership (RCEP)**, a regional agreement involving ASEAN and its six FTA partners. RCEP will represent a combined GDP of about US\$21.2 trillion, which is about 30% of global GDP, and a market of 3.4 billion people (48% of the world’s population).



# Where do we stand?

## Increased business interest in the AEC

- ❖ A survey conducted by the US Chamber of Commerce revealed that **54% of American companies had an ASEAN strategy** in place.
- ❖ The ASEAN Business Advisory Council (ABAC) report noted that in the 2013 ABAC Survey on Competitiveness, almost **half of the businesses surveyed (48% of respondents) said they take into account the attractiveness of the ASEAN region as a whole** when planning investment strategies.



# Key AEC Messages



# “SHARED MARKET, SHARED BENEFITS” “FROM TEN to ONE”

With reduced barriers to trade and investment, investors can move more freely in the region, have greater access to capital and benefit from moving goods easily across borders.



## Some Success Stories:

- ❖ Jollibee, one of the region’s fastest-growing fast-food chains, has built an efficient regional supply chain that helps keep prices down.
- ❖ The Jebsen & Jessen Group of Companies started small and is now a US\$866 million operation with entities in nine out of the ten ASEAN nations.



# “SIMPLIFIED RULES, GREATER ACCESS” “TRADING ON A BIGGER STAGE”

Trade in the region will be facilitated through simple, harmonised and streamlined trade and customs documentation as well as rules and procedures.



## Some Success Stories:

- ❖ Denso Corporation, with operations in five ASEAN countries, has benefited from trade facilitation and the pilot self-certification system.
- ❖ Sony EMCS (Malaysia), an electronics manufacturer uses the listed testing laboratory to test products prior to export.



# “ASEAN: HOME FOR YOUR INVESTMENT” “PARTNERS IN BUSINESS”

A more conducive business environment will encourage investors who are not yet in ASEAN to do business in the region, provide greater confidence among current investors and increase intra- ASEAN investment.



## Some Success Stories:

- ❖ Prudential Insurance has been in the region for 80 years.
- ❖ Caterpillar has made a major commitment to ASEAN as the labour force grows and modern infrastructure needs rise.
- ❖ India's Fortis and the Bangkok Hospital Group are examples of partnerships providing better healthcare for the public.



# “MAKING CAPITAL WORK FOR YOU” “EXPANDING ACCESS TO FINANCE”

A more robust financial sector translates into stronger financial intermediation, capacity and risk management to support growth, and stronger cooperation to reduce vulnerabilities to external shocks and volatility.



## Some Success Stories:

- ❖ The launch of the ASEAN Exchanges have created significant awareness of ASEAN as an attractive location for retail and institutional investors.
- ❖ CIMB think of itself as an ASEAN bank.



# “ASEAN PROFESSIONALS ON THE MOVE” “BEST PEOPLE AND BEST PRACTICES”

The diversity of talent found in the ten Member States is a major benefit for ASEAN employers as they build regional companies.



## Some Success Stories:

- ❖ ASEAN’s ICT skill standards will enable the free flow of ICT professionals within the region.
- ❖ MRAs (e.g. engineering, architectural services) will change the way ASEAN professionals think about their careers.
- ❖ MRA on Tourism Professionals uses a Common ASEAN Tourism Curriculum that will improve graduates’ eligibility.



# What comes next?

## OUR COMMUNITY, OUR JOURNEY

- ❖ ASEAN is committed to implement the ASEAN Economic Community by the end of 2015 and much has already been done. While there are challenges ahead, **ASEAN's commitment remains undiminished.**
- ❖ In 2013, the ASEAN Heads of State committed to creating a **“Post-2015 Vision”**. The Leaders' goal is to realise a community that is “politically cohesive, economically integrated, socially responsible and a truly people-oriented, people-centred and rules-based ASEAN.”
- ❖ **Our ASEAN people are the most crucial factor on our journey** and this is a golden opportunity for the region's growing business community.

**2015: Just the beginning.**

**Seize the moment!**

**Get involved!**





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one vision  
one identity  
one community

