

ADB's Support on Trade Facilitation in Southeast Asia

Presentation Outline:

- 1. SEA integration context:**
 - a. ASEAN and SEA subregions**
 - b. ASEAN Economic Community 2015**
 - c. ASEAN Connectivity and Competiveness**
- 2. ADB Support on Trade Facilitation in Southeast Asia**





ASEAN



ASEAN



Background on ASEAN

- ASEAN established in 1967 with Indonesia, Malaysia, Philippines, Singapore and Thailand
- Joining later: Brunei Darussalam (1984), Viet Nam (1995), Lao PDR (1997), Myanmar (1997), and Cambodia (1999)
- Home to 600 million with combined GDP of \$2 trillion (8th largest economy in the world)
- 2015 marks the establishment of the ASEAN Economic Community.

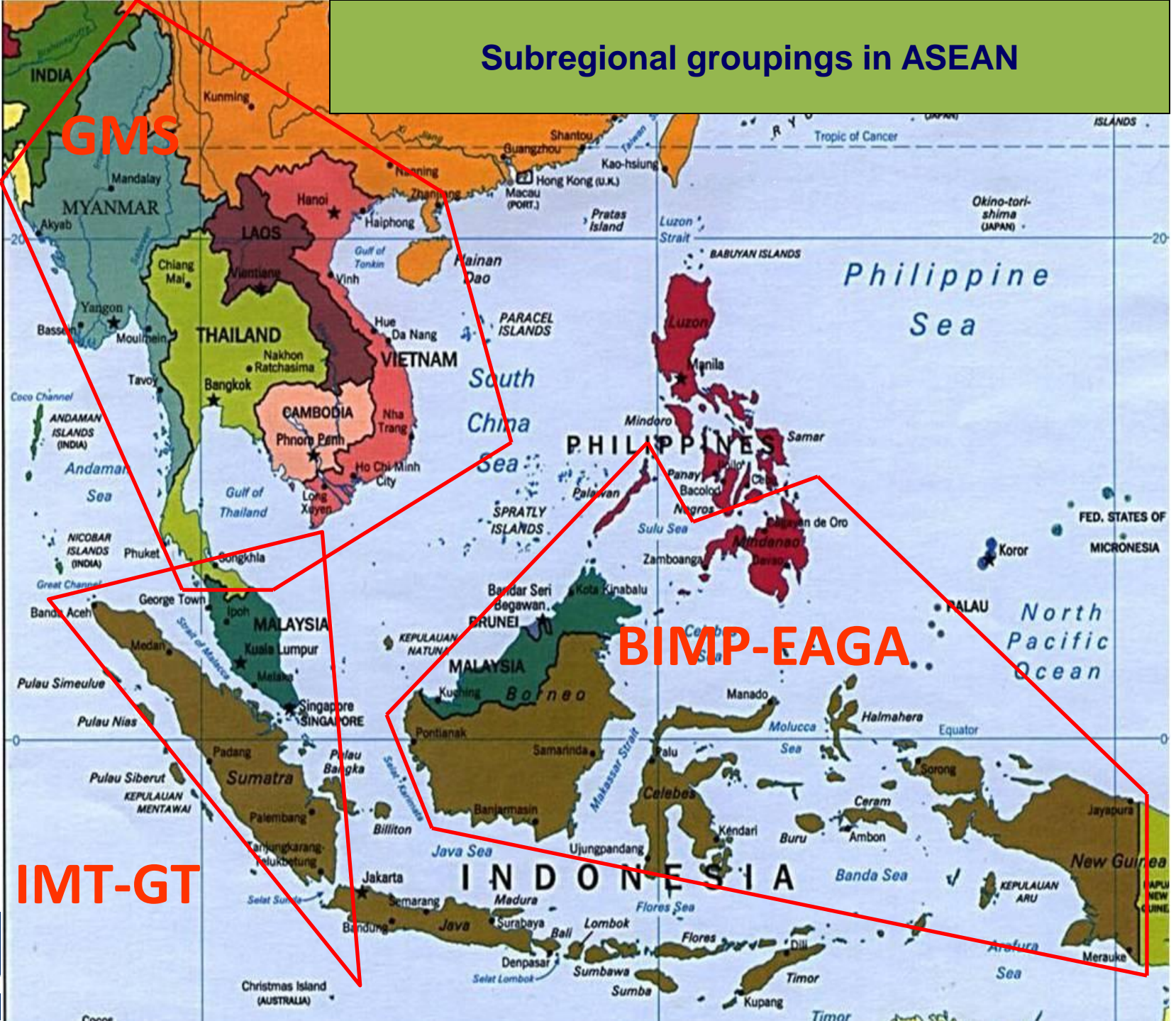


Subregional groupings in ASEAN

GMS

BIMP-EAGA

IMT-GT



What is the ASEAN Economic Community?

The ASEAN Economic Community 2015
is anchored on 4 pillars:

1. *Single market & production base;*
2. *Competitive economic region;*
3. *Equitable economic development; and*
4. *Integration into the global economy*



AEC's 2015 Target: Reality or Vision?

Strategic Schedule

ASEAN ECONOMIC COMMUNITY

SINGLE MARKET AND PRODUCTION BASE

Free flow of goods

Free flow of services

Free flow of investment

Free flow of capital

Free flow of skilled labor

Priority Integration Sectors

Food, Agriculture and Forestry

COMPETITIVE ECONOMIC REGION

Competition policy

Consumer Protection

Intellectual Property Rights

Infrastructure development

Taxation

e-Commerce

EQUITABLE ECONOMIC DEVELOPMENT

SME development

Initiative for ASEAN Integration (IAI)

INTEGRATION INTO THE GLOBAL ECONOMY

Coherent Approach towards External Economic Relations

Enhanced participation in global supply networks

Human Resource Development

Research and Development

ACHIEVEMENTS ...

- **Tariff Reduction:** >70% of intra-ASEAN trade is tariff-free
- **Non Tariff Measures:** Updating of its database, continuous review.
- **Trade Facilitation:** A number of initiatives e.g. ASEAN Single Window, Liberalized ROO, Customs Agreements, Transport Agreements, etc.

CHALLENGES????

**IMPLEMENTATION,
IMPLEMENTATION
IMPLEMENTATION..!!!!**



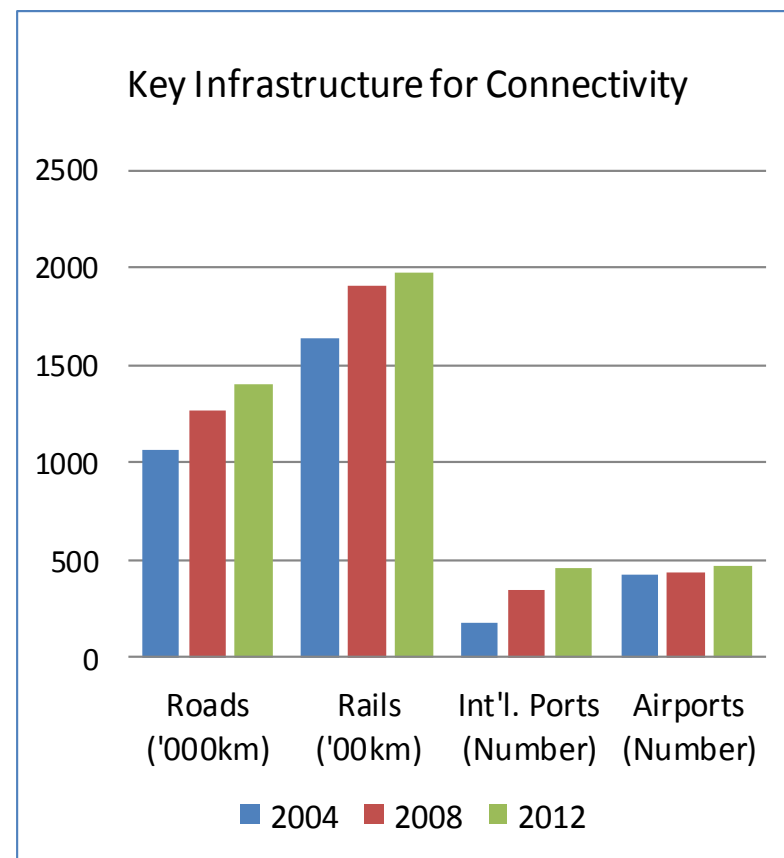


Connectivity and Competiveness



ASEAN physical connectivity is progressing

- Despite lagging other regions and some internal disparities, ASEAN shows steady progress in physical connectivity
- However, despite physical infrastructure investments, additional work in promoting “software” connectivity needed



Connectivity Initiatives Supported by ADB

- **Physical Connectivity:** ADB lends for infrastructure development. Of ADB's \$14.4 billion in lending in 2014, more than 50% was on infrastructure.
- **Innovative Financing:** ADB is involved in new and innovative financing schemes, such as the ASEAN Infrastructure Fund, which plans to lend \$300 million per year (co-financed with ADB).
- **Private Sector Participation:** \$4.5 billion in operations by ADB's Private Sector Operations Department (2013). ADB is working to promote PPPs for physical and software connectivity projects.
- **Software Connectivity:** Development partner for the GMS, BIMP-EAGA, IMT-GT programs promote software connectivity and integration: "bottom up" approach through technical assistance, knowledge sharing and capacity building.

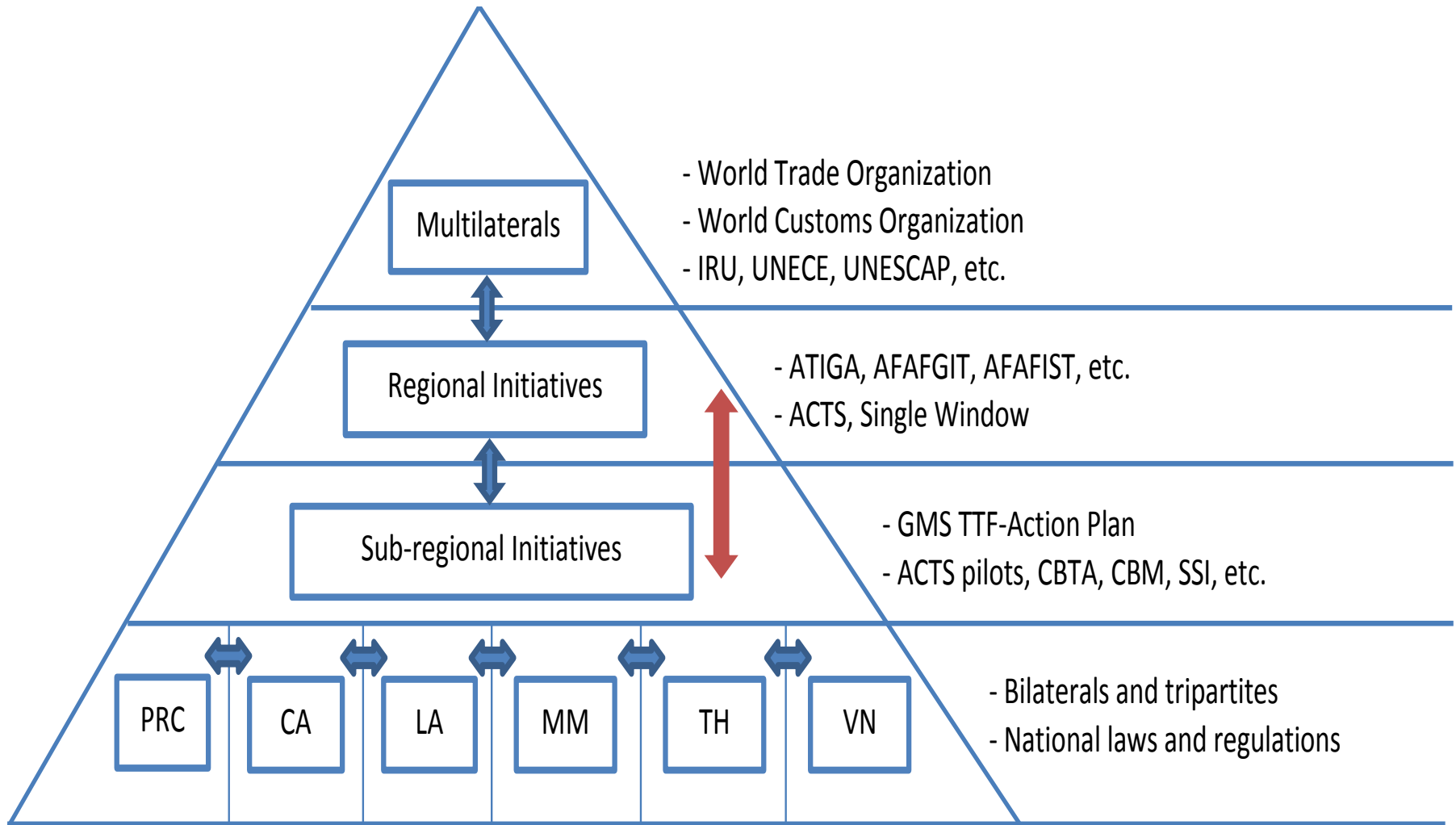




ADB Support for Trade Facilitation in Southeast Asia



TTF Pyramid



Trade Facilitation in GMS

- **Institutional strengthening of customs Agencies:** various activities based on need – e.g. HR system, RKC Accession, Post Clearance Audit, Risk Management, Customs Transit system, Time Release Study (monitoring)etc.
- **Strengthening Partnership of Customs with Private sector** – compliance program, AEO, outreach, etc.
- **Sanitary and Phyto-Sanitary** : lab capacity, tracking mechanism, etc.
- GMS Cross Border **Transport Facilitation** Agreement (CBTA):
 - ✓ Landmark TTF agreement signed in late 1990s
 - ✓ Contributed to expansion of traffic rights and routes through bilateral/trilateral transport agreements, also enhanced Border Management
 - ✓ Provided support to CLMVT in negotiating transport facilitation agreements



Trade Facilitation in BIMP-EAGA

BIMP-EAGA: Implementation of international and ASEAN standards and commitments

- Strengthen working relations among border officers
- Address capacity disparities among countries
- Provide technical advisory services
- Strengthen partnerships with private sector

ASEAN “plus”: addressing subregion-specific issues in trade facilitation

- One-Borneo Quarantine Collaboration Regime
- Port security on secondary ports/non-convention vessels



Trade Facilitation in IMT-GT

- CIQ Task Force established in 2010
 - To follow BIMP-EAGA approach in developing its Action Plan
- Contributing to key pilot IMT GT and/or ASEAN initiatives
 - 2 prioritized RORO routes
 - i. Melaka- Dumai
 - ii. Phuket-Belawan-Penang
 - IMT-GT Cross Border Economic Zones
 - Pilot phase of ASEAN Customs Transit System



Conclusions

- **Trade Facilitation contributes significantly in enhancing connectivity, and connectivity is a must in AEC realization**
- **ADB engagement in its support in Trade Facilitation at various level – multilateral, regional (ASEAN), Subregional, and national.**
- **GMS, BIMP-EAGA and IMT-GT increasingly recognize need for “software” connectivity to maximize benefits of physical infrastructure**
- **As GMS, BIMP-EAGA and IMT-GT become more connected, we will see more integrated and competitive ASEAN.**

Thank you

