GET READY!
(Be an Early Adopter)
ASEAN

Founded in 1967: Bangkok Declaration

Goals were to promote peace

Did not attempt any economic initiatives

AFTA 1992: only applied to trade in manufactured goods
ASEAN

5 original members
(Indonesia, Malaysia, Philippines, Singapore, Thailand)

1984: Brunei
1995: Vietnam
1997: Laos & Myanmar
1999: Cambodia
ASEAN

Potentially 8\textsuperscript{th} largest economy

Approximately 600 million people

“One Vision, One Identity, One Community”

ASEAN Secretariat: Jakarta
ASEAN Economic Community (AEC)

Was initially targeted for 2020

Then moved to Jan 1, 2015

Then to Dec 31, 2015 – to allow AMS more time to prepare regulatory changes
AEC

Transform the region into one market with free movement of goods, services, investment, skilled labour & capital

Integration effort seeking to achieve a single market & production base, high mobility of labour & capital

Lessons learnt after 1997 financial crisis
European Community (1)

Treaty of Rome 1957

The aim was for closer union between the people of Europe

It was not purely an economic treaty
European Community (2)

Full economic union, full monetary union, creation of a single currency, common defence policy

Direct elections to the European Parliament since 1979
Free Movement of Goods

- to create a single market
- free of internal restrictions on trade

*Effect:* Presents a common commercial front to the world
European Community: Free Movement of Goods (1)

Industrial & Agriculture products (regardless of origin)

Anything capable of money valuation, and the object of commercial transactions
European Community: Free Movement of Goods (2)

- Discriminatory taxation disallowed
- Introduction of new duties disallowed
- Abolishment of existing import duties
European Community: Free Movement of Persons (1)

Free Movement of Persons

- designed to provide a single market in labour
- to promote greater union among the people of Europe, to pool resources, to accelerate standards of living
Facilitate movement of economically active persons, and their dependant families

All discrimination based on nationality (for employment opportunities, salaries and other conditions of work is prohibited)

Small exceptions: eg. safeguarding the general interests of the state
Liberalization and promotion of intra-regional flows enhance the regions attractiveness to global investors

Share of global FDI increased from 34% to 41%
Indonesia

Population > 200 million

Before 1980, 70% of GNP was from oil exports

Now, less than 20%

Largest Muslim community in the world

Effect of Pancasila
AEC: Blueprint

4 characteristics of this Economic Community
AEC: Blueprint

(a) Single Market & Production Base
- barriers to trade in goods & services to come down

(b) Competitive Economic Region
- regional standards in trade policy
- framework for IP rights
- infrastructure development
(c) Equitable Economic Development
- strive to level the playing field
- develop SMEs

(d) Integration into Global Economic
- moving as a single block into the global supply chain
End-goal is economic integration

To establish ASEAN as a single market & production base
AEC: Can it happen?

ASEAN Single Window
- streamlining the processing of data and single decision making point for customs release & clearance

Air Transport
- significant liberalization

Import Duties
- Zero duties by 2015
AEC: Can it happen?

Monetary Corporation
- Chiangmai Initiative

Free flow of skilled labour
- 7 professions

ASEAN Exchange
- collaboration of all stock exchanges
AEC: Can it happen?

Timing is good: investment in emerging market is more desirable than US or Europe
Criticism

Lack of leadership

Lack of hard infrastructure: road, ports

Lack of soft infrastructure: eg. English

AMS still view each other as competitors
Criticism

Lack of awareness & visibility: ASEAN line at airports?

Decisions by ASEAN ministers must be brought home

People of ASEAN have not been involved

Gulf between people and the leaders
Mismatch between political ambition and political will

ASEAN Intra-Trade:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage of total ASEAN Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>25.0%</td>
</tr>
<tr>
<td>2010</td>
<td>25.4%</td>
</tr>
<tr>
<td>2009</td>
<td>25.5%</td>
</tr>
</tbody>
</table>
Criticism

AMS emphasize trade relations between associate states and third countries: eg. Japan

Huge economic disparities between AMS (2010)

<table>
<thead>
<tr>
<th>GDP Singapore</th>
<th>USD 43,929 per capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP Myanmar</td>
<td>USD 716 per capita</td>
</tr>
</tbody>
</table>
**Criticism**

Constant demand for protection

Quality of governance, legal & regulatory framework region-wide needs improvement assure to lenders and investors

Now 2015 has become a mile-stone (not a target)
Some Visible Achievements

ASEAN ePaper collaboration

- The Star (MY), The Nation (TH), The Jakarta Post and The Philippine Daily Inquirer

Reaches 450 million out of 600 million in ASEAN

Pay one, access full content
Some Visible Achievements

Chiangmai Initiative: pooling of foreign exchange resources to provide liquidity to member countries in time of emergencies

Will bid to host 2030 FIFA World Cup
E-Commerce

2 hurdles – writing & signature

Legal provisions assume such records

E-commerce eliminates need for paper based transactions

Law should provide for equal treatment of both
## Broadband Speed: Household Download

<table>
<thead>
<tr>
<th>Country</th>
<th>Speed (Mbps)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>67.55</td>
</tr>
<tr>
<td>Malaysia</td>
<td>5.9</td>
</tr>
<tr>
<td>Indonesia</td>
<td>4.6</td>
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<tr>
<td>Philippines</td>
<td>3.4</td>
</tr>
<tr>
<td>Mongolia</td>
<td>14.2</td>
</tr>
</tbody>
</table>

*ookla global net index*
E-Commerce: Harmonization

An e-commerce legal framework across jurisdictions

Began 10 years ago

Focused on electronic transaction laws
(less on other cyberlaws)

In 2000 ASEAN members signed e-ASEAN framework agreement to establish ASEAN Information Infrastructure and promote regional e-commerce growth
Create a legal environment to:

- facilitate trade
- tourism
- mobile commerce
- IT enabled servicing
- social networking
ACIA: 2012

ASEAN Comprehensive Investment Agreement

To establish easy and transparent investment regime

Aims to protect investors and open up investment regime
ACIA: 2012

Giving preferential treatment to member states

Contains precise list of authorized investments

Liberalization in manufacturing, agriculture, fisheries, forestry, mining & quarrying

Investment policy convergence

Easy transfer of investment monies
Standards

Trade Facilitation Network

- to remove non-tariff barriers
- harmonization of standards
- standardize trade regulations
Thank you

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Assisted by : Ang, Wei Chao

MAKE IT HAPPEN!