



ASEAN Economic Community (AEC)

Presented by *Daw Tin Tin Htwe (Retd. Director)*
National AFTA Unit
Ministry of National Planning & Economic Development





Time line of ASEAN

- 1967 Establishment of ASEAN
- 1993 Asean Free Trade Area (AFTA) comes into force.
- 1997 Myanmar joined ASEAN
- 2003 Bali resolution to establish AEC by 2020.
- 2007 Cebu declaration to accelerate AEC to 2015.
- 2015 AEC established.





ASEAN Economic Community

Year 2007

- ASEAN Leaders signed Cebu Declaration for the acceleration of the establishment of ASEAN Community by 2015.
- ASEAN Economic Ministers signed and approved the AEC Blueprint.
- In November, ASEAN Leaders approved a “Roadmap” for the ASEAN Community consisting of a “Blueprint” for each of the three pillars of ASEAN Community and Declaration on the AEC Blueprint to reaffirm the commitments towards the AEC by 2015.





ASEAN Integration 2015

ASEAN Community

POLITICAL - SECURITY Blueprint (APSCC)

- Rules-based, shared norms and values
- Cohesive, peaceful, stable, resilient with shared responsibility
- Dynamic and Outward looking

ECONOMIC Blueprint (AEC)

- Single Market and production base
- Competitive economic region
- Equitable Economic development
- Integration into global economy

SOCIO-CULTURAL Blueprint (ASCC)

- Human Development
- Social Welfare and Protection
- Social justice and rights
- Environmental Sustainability
- ASEAN Identity

ASEAN Charter - One Vision, One Identity, One Caring and Sharing Community





AEC Blueprint

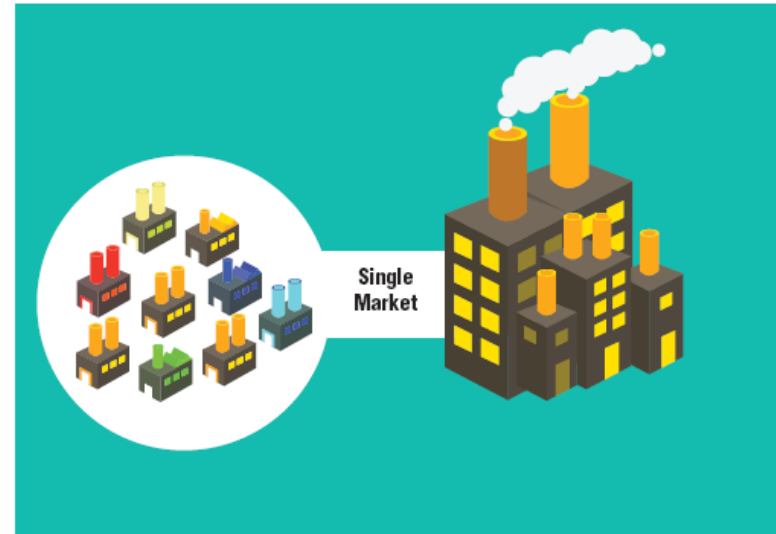
- This information pack will focus on the first pillar under AEC
- We will examine the **Intra-ASEAN trade in goods** and how SMEs can benefit from AEC initiatives to liberalize trade in goods





A 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



Other two areas: Priority integration sectors,

Food, Agriculture and Forestry



Free flow of goods

Liberalization

- Customs tax on all trading goods to reduce/ eliminate by 2015 (CLMV to eliminate some sensitive products by 2018)

Facilitation

- Eliminate Non- Tariff- Barriers (NTBs)
 - Harmonize customs procedures
 - Establish National/ASEAN Single Window
 - Operational certification procedure on CEPT Scheme
 - Harmonization and standardization of trade and customs procedure
 - Customs modernization
 - Harmonize technical regulations and conformity assessment procedures

Excessive and time consuming documentary requirement, irregular and arbitrary payments for expediting customs procedure





Free flow of services

- To reduce substantially all restrictions on services among member states:

(1) Business, Professional (Medical practitioner, Engineer, Lawyer, Accountant, etc)

(2) Communication (8) Health

(3) Construction (9) Tourism and travel

(4) Distribution (10) Recreation

(5) Education (11) Transport

(6) Environment (12) Others

(7) Finance





Free flow of Investment

- ASEAN Comprehensive Investment Agreement (ACIA signed in 2009)

Sectors covered:

- Manufacturing,
 - Agriculture
 - Fishery
 - Forestry
 - Mining and quarrying
- Investment protection
 - Facilitation and cooperation
 - Promotion and awareness
 - Liberalization





Freer flow of capital

- Remove and relax restrictions, where appropriate and possible
 - To facilitate the flows of payments and transfers for current account transactions.
 - To support foreign direct investment and initiative to promote capital market development.





Mutual Recognition Arrangements (MRAs)

- Engineering Services (9.12.2005)
- Nursing Services (8.12.2005)
- Architectural services (19.11.2007)
- Framework Arrangement for the Mutual Recognition of
Surveying Qualifications (19.11. 2007)
- Accountancy Services (26.2. 2009)
- Medical Practitioners (26.2 2009)
- Dental Practitioners (26.2. 2009)





Free Flow of Skilled Labor

- Facilitate the issuance of visas and employment passes for ASEAN professional and skilled labor
- Work towards Mutual Recognition Arrangements (MRAs)
(Professionals and skilled labor of one member state are legitimate to work in other member states, subject to domestic rules and regulations of the recipient country.)





A Highly Competitive Economic Region

- Competition Policy
- Consumers Protection
- Intellectual Property Rights (IPR)
- Infrastructure Development
- Double taxation
- E -commerce

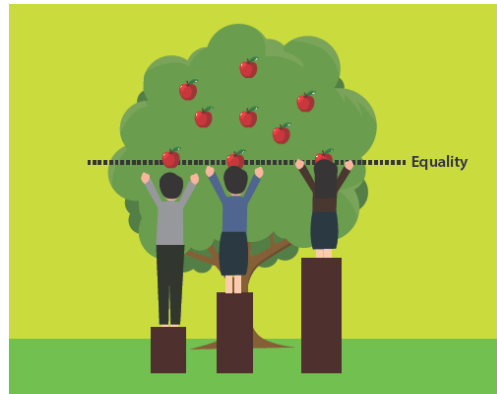




A Region of Equitable Economic Development



- SME Development
Enhance the competitiveness, dynamism and resilience of ASEAN SMEs and increase the contribution of SMEs to overall economic growth and development of ASEAN



- Initiative for ASEAN
Integration- IAI





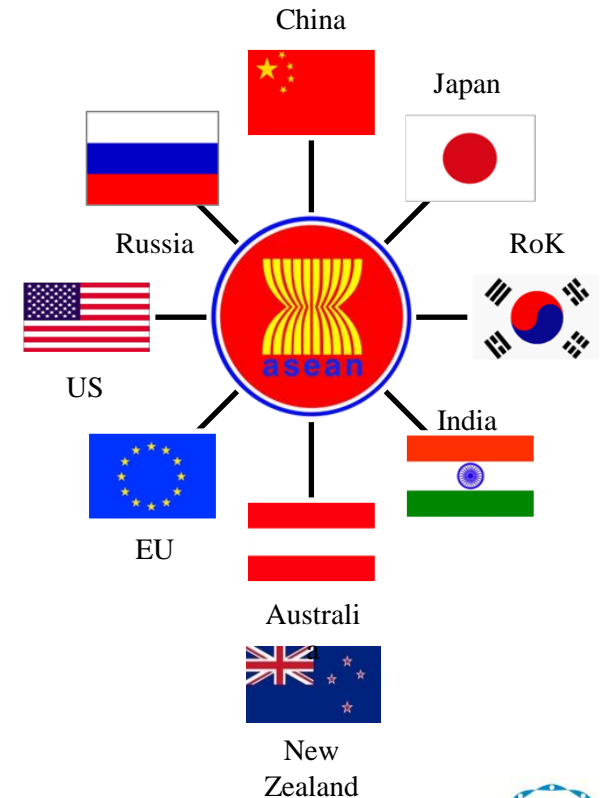
A Region Fully Integrated Into The Global Economy

Two main goals:

- (1) Coherent approach towards external economic relations
- (2) Enhanced participation in global supply networks

ASEAN FTAs with Dialogue Partners

- ASEAN- China
- ASEAN- Korea
- ASEAN- Japan
- ASEAN- India
- ASEAN- Australia + New Zealand
- ASEAN- US
- ASEAN- EU
- ASEAN- Russia





AEC Scorecard Implementation Status (as at 31 Oct 2015)

Total measures to implement	506
Implemented	469
Overall implemented	92.7%

- Single market and production base - 21 measures left out of 277
- Competitive economic region - 16 measures left out of 170
- Equitable economic development - all 35 measures completed
- Integrating into global economy - all 24 measures completed

Source: ASEAN Secretariat





AEC implementation status

Pillar 1: Single market and production base

Free flow of goods

Tariffs : ASEAN 6.. 99.2% of tariff lines at 0%

CLMV90.86% at 0%

Non-tariff barriers: On going process

(States committed to review NTMs)

Trade Facilitation: Much improved





Continue.....

Services:

Has some success, but overall have been very challenging.

Free flow of investment:

Protection and liberalization seen progress

Much remains to do

Freer flow of capital:

Slow progress. Very challenging

Free flow of skilled labor:

On going process. It was reinforced somewhat by progress on MRAs for 8 professions





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Pillar 2: Competitive Economic Region

- Infrastructure: slow progress
- Competition Policy: on going process
- IPR protection: Slow progress





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Pillar 3: Equitable economic development

- Development of SMEs:
Positive progress on capacity building, entrepreneurship for women and links to the global supply chain
- Initiative for ASEAN Integration:
- Six-year IAI work plans being implemented which comprised technical assistance and capacity building programmes





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Pillar 4: Integration into the global economy

Global integration:

ASEAN's FTAs are actually doing little to promote regional economic integration for wider economy.





Opportunities

- Trade opportunities for a market over 600 million people :
 - Tariffs have gone down to 0%

(To enjoy the tariff reduction, needs to use Form D in intra ASEAN trade for products that are considered “made in ASEAN”)
 - Rules base market for more trade and investment
 - Increased people to people interaction – which leads to more commerce (therefore many costs of doing business and trade will incline)
 - Opportunity for setting up a regional production area which will improve ASEAN’s competitiveness Vs other blocs or parts of the world
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Start Now

- Run in the race
- Grab the opportunity and

.....**WIN**.....

Thank you

