



ASEAN: AEC Impact on Myanmar

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ASEAN Establishment



8 August 1967:

- Indonesia, Malaysia, Philippines, Singapore, Thai

7 January 1984:

- Brunei Darussalem

28 July 1995:

- Vietnam

23 July 1997:

- Lao and Myanmar

30 April 1999:

- Cambodia



- 8 August 1967 in Bangkok, Thailand, with the signing of the ASEAN Declaration (Bangkok Declaration)
- Founding Fathers of ASEAN: 5 Foreign Ministers - Adam Malik (**Indonesia**), Narciso R. Ramos (**Philippines**), Tun Abdul Razak (**Malaysia**), S. Rajaratnam (**Singapore**) and Thanat Khoman (**Thailand**)





ASEAN Vision 2020

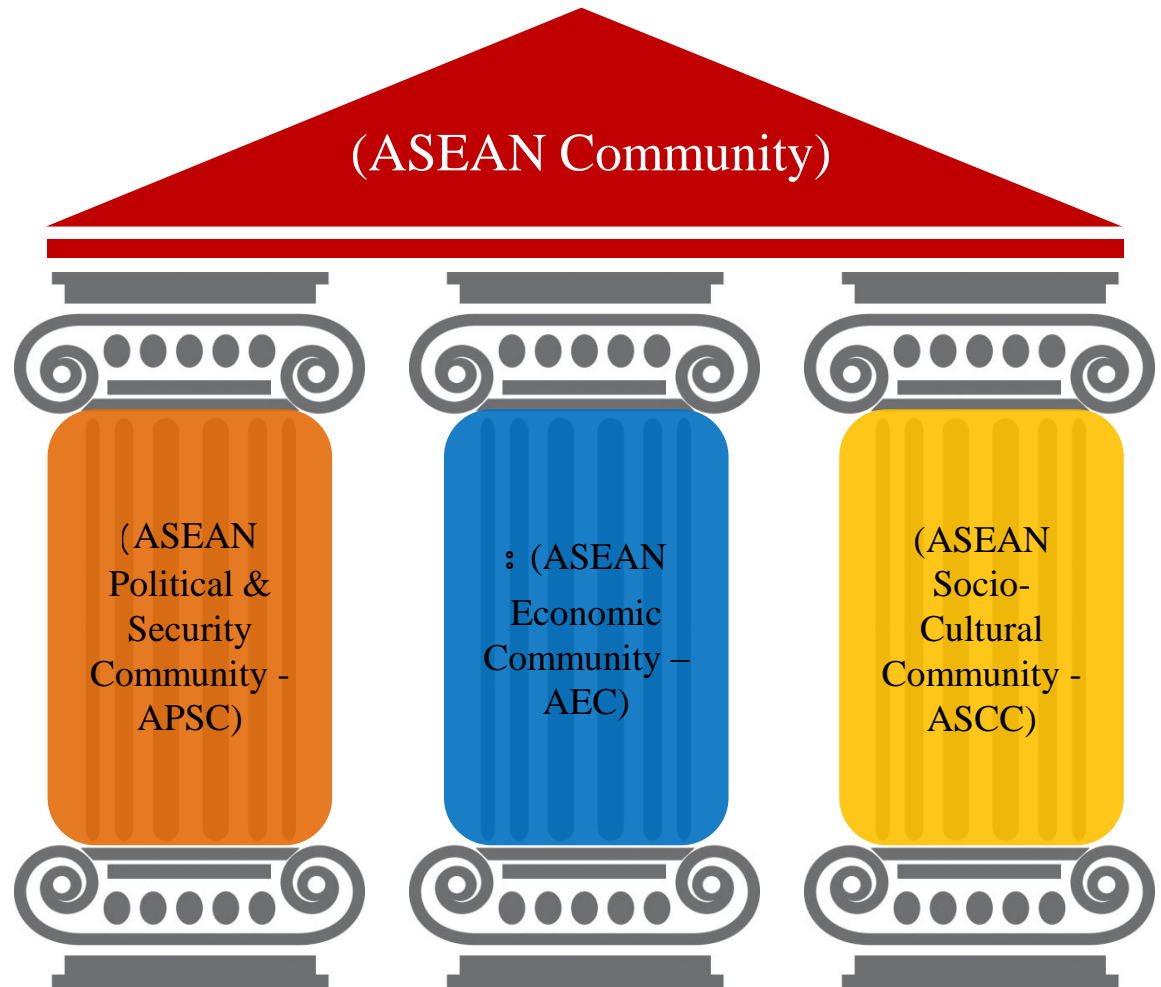
At Kuala Lumpur Summit in Dec 1997, ASEAN Leaders decided to transform ASEAN into a

- stable
- prosperous and
- highly competitive region with economic development and
- reduced poverty and socio-economic disparities



Bali Concord II

- At Bali Summit in October 2003, ASEAN Leaders declared that the AEC shall be the goal of regional economic integration by 2020.
- ASEAN Political and Security Community (APSC) and ASEAN Socio- Culture Community (ASCC) are other 2 pillars that will work together with AEC pillar for the establishment of ASEAN Community in 2020.





Advancing AEC to 2015

August 2006 in KL

- ASEAN Economic Ministers agreed to develop 'a single and coherent blueprint for advancing the AEC by 2015 by identifying the characteristics and elements consistent with Bali Concord II
- Clear targets and timelines for implementation of various measures also include.





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.



AEC Blueprint

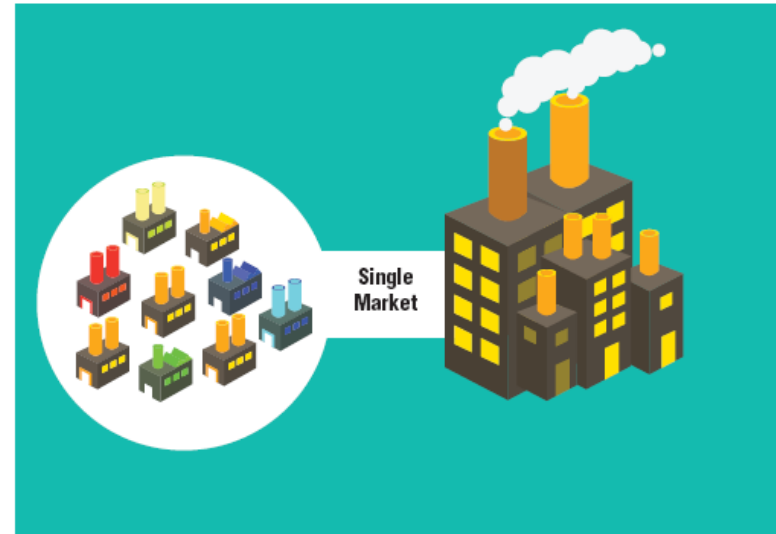
- This information pack will focus on the first pillar under AEC
- We will examine the **Intra-ASEAN trade in goods** and how SMEs can benefit from AEC initiatives to liberalize trade in goods





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



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 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.



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

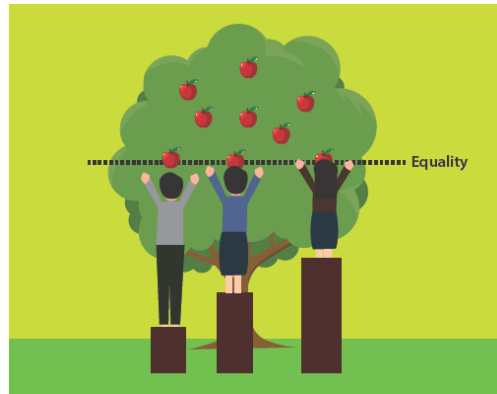




A Region of Equitable Economic Development



- 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



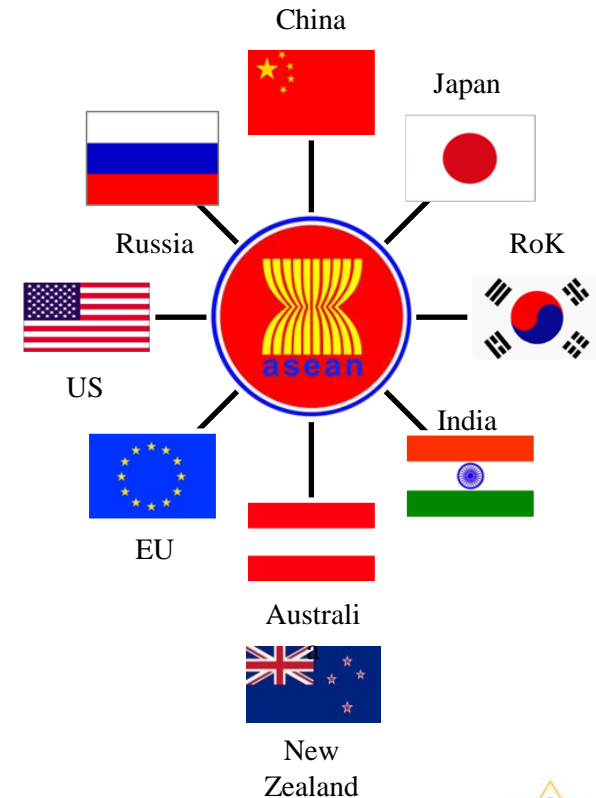
A Region Fully Integrated Into The Global Economy

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



ASEAN Economy

- **ASEAN GDP**

2007	2014
USD 1.33 trillion	USD 2.57 trillion
(76 % increase in GDP per capita)	

- **ASEAN Trade**

2007	2014
USD 1.6 trillion	USD 2.5 trillion
(Increased by nearly USD 1 trillion)	

- **ASEAN FDI**

2007	2014
USD 85 billion	USD 136 billion

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



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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.

Source: Deloitte - *The ABC of AEC to 2015 and beyond*





ASEAN, Integrated community

- Aims to be a region :
 - Where there are simplified rules
 - Lower tariffs
 - Harmonized standards and closer regulatory cooperation
 - Greater transparency
 - A talented well educated pool of workers and
 - A large vibrant consumer base



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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- Seize the opportunity
 - Get market information
 - what do they like/ prefer (their tastes)
 - From where they can get it
 - The price, distribution system etc...



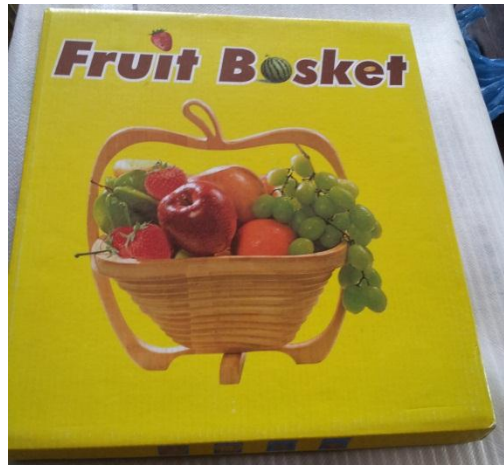
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- Be creative and competitive
 - Not only on price, but also on quality and packing
 - Advertise your product and your brand





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- Enhance your technology and staff ability
 - Provide trainings inland and abroad
- Keep updated information



Challenges

- Most challenges facing today:
 - quality and standard
 - Lack of technology and knowledge
 - Lack of infrastructure
 - electricity
 - communication
 - Transport



Impact

- More ASEAN products will come into Myanmar with “NO” tariff rate
- If Myanmar cannot export more, income will decrease and some or many SMEs may fall down



Win the Race

- You may fall down, but don't give up
- Don't expect the protection from the government; Protect yourself
- It is only YOU to seize the opportunities

- - Run in the Race and WIN - - -



Thank You