

A dark blue silhouette map of Southeast Asia is positioned in the upper left corner of the slide, partially overlapping the title text.

Investments in ASEAN:

Opportunities & Challenges for you after AEC

AEC Strategy Center

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ASEAN: Economic Integration

What to expect?



What is ASEAN?

The Association of Southeast Asian Nations

ASEAN Cooperation

Political Cooperation

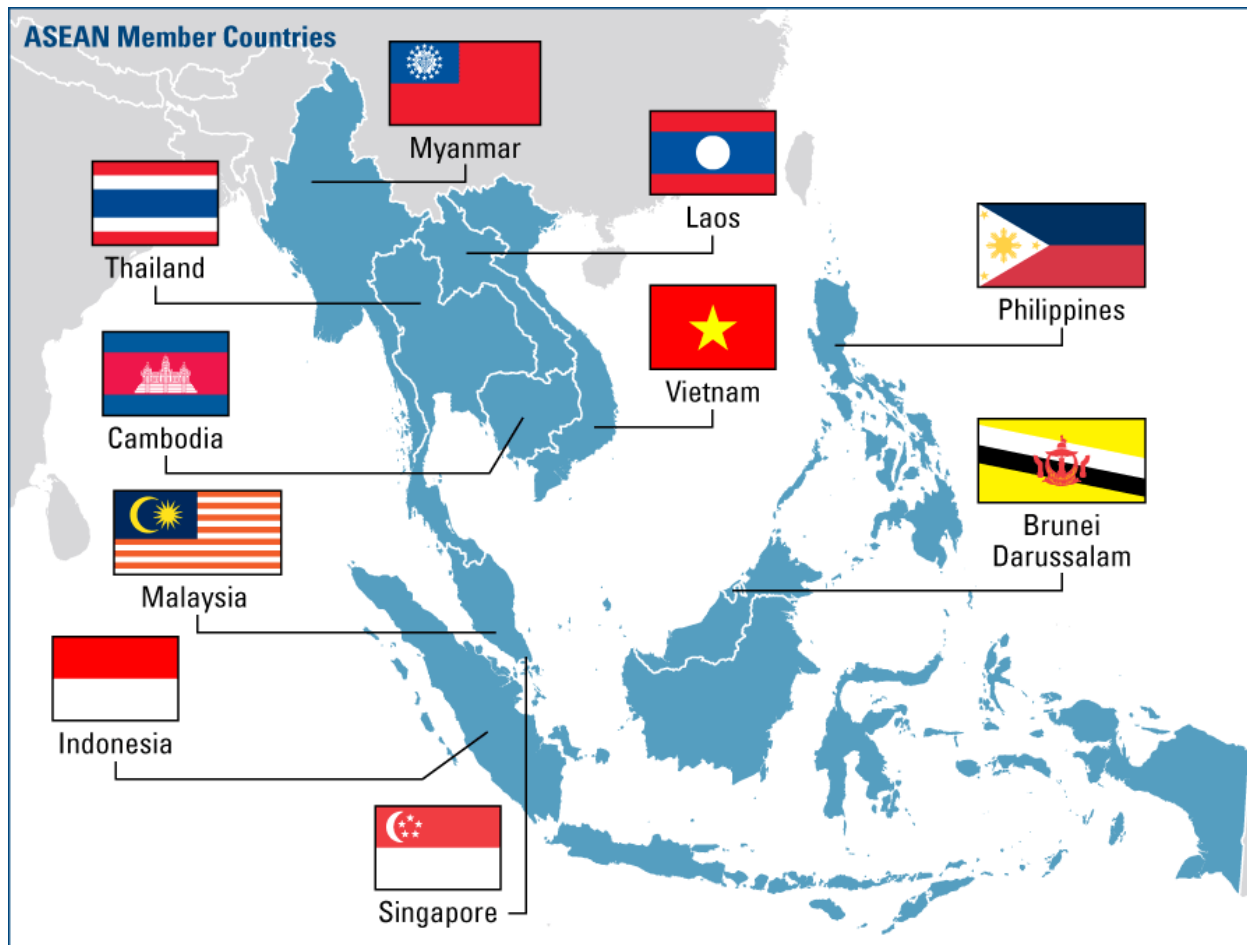
Social Cooperation

Economic Cooperation



Introduction

Association of Southeast Asian Nations
Established on 8 August 1967 in Bangkok, Thailand



Introduction

ASEAN Declaration (Bangkok Declaration) signed by the Founding Fathers of ASEAN (Indonesia, Malaysia, Philippines, Singapore and Thailand)

Additional countries joined as follows:

Brunei Darussalam: 7 January 1984

Vietnam: 28 July 1995

Lao PDR and Myanmar: 23 July 1997

Cambodia: 30 April 1999



ASEAN Community 2015: 3 Pillars



ASEAN Economic Community

Single market and production base
Competitive economic region
Development
Integration into global economy



ASEAN Social-Cultural



Human development

Social welfare and protection

Social justice and rights

Ensuring environmental sustainability

Building an ASEAN identity



ASEAN Political-Security Community

Rules-based community of shared norms and values

Cohesive, peaceful, stable, resilient region with shared responsibility for comprehensive security

Dynamic and outward-looking region in an increasingly integrated and interdependent world



ASEAN Economic Community – 2015

Free
FLOW
Of



Goods

Capital

Services

Investment

Skilled Labor



ASEAN Economic Community – 2015

Competitive Economic Region

- Competitive policy
- Consumer protection
- Intellectual property rights
- Infrastructure development
- Taxation & e-commerce



ASEAN Economic Community – 2015

Regional integration into the global economy

- Coherent approach towards external economic relations
- Enhanced participation in global network



ASEAN Economic Community – 2015

Region of equitable economic development

- SME development
- Enhanced participation in global network





Core Elements for a Single Market & Production Base



Free flow of goods

Free flow of services

Free flow of investment

Freeer flow of capital

Free flow of skilled labor



Free Flow of Goods

ASEAN Trade in Goods Agreement (ATIGA)

ASEAN Free Trade Area (AFTA) for intra-ASEAN trade in goods

elimination of tariff barriers

elimination of quantity restrictions and non-tariff barriers

ASEAN Rules of Origin



ASEAN product



CLMV

will reduce tariffs to
0% by 2015

ASEAN-6

more than 99% of
tariff lines have 0%
in 2012

Free Flow of Investment

Intra-ASEAN Investment governed by the:

ASEAN Comprehensive Investment Agreement (ACIA)

Objectives

Enhancing ASEAN's competitiveness

Attracting Foreign direct investment (FDI)

Increasing intra-ASEAN investment

Actions

Extend non-discriminatory treatments

National treatment to investors

Most-favored nation treatment must be respected


Reduce and eliminate restrictions to entry

Reduce and eliminate other impediments

Free Flow of Skilled Labor

Greater mobility of services to facilitating movement of business persons, skilled labor, and talent.

Greater mobility of qualified service professionals in the region by excepting common standards of some professionals. There are **mutual recognition agreements (MRAs)** for the following



- Medical practitioners
- Dental practitioners
- Accountancy services
- Engineering services
- Nursing services
- Architectural services
- Surveying qualifications
- Tourism professionals

Free Flow of Capital

Strengthening ASEAN capital market **development and integration**



Achieve greater harmonization in standards

Facilitate mutual recognition of agreements

Achieve greater flexibility in language and governance

Enhance withholding tax structure

Establish exchange and debt market linkages

Capital Integration in ASEAN

Can investment and capital can be transferred freely in ASEAN now?

No, not just yet

Why not integrated yet?

Many barriers such as language, procedure, systems, regulations...

What does ASEAN need to do?

- 1 Standardize all regulations and procedures
- 2 Remove restrictions to facilitate transactions
- 3 Remove restrictions on foreign direct investment (FDI)

Integration of Monetary & Financial in ASEAN

Four focus areas

Capital Market Development

Financial Services Liberalization

Capital Account Liberalization

ASEAN Currency Cooperation



Integrated Capital Markets

Collaboration of the **asean** exchanges

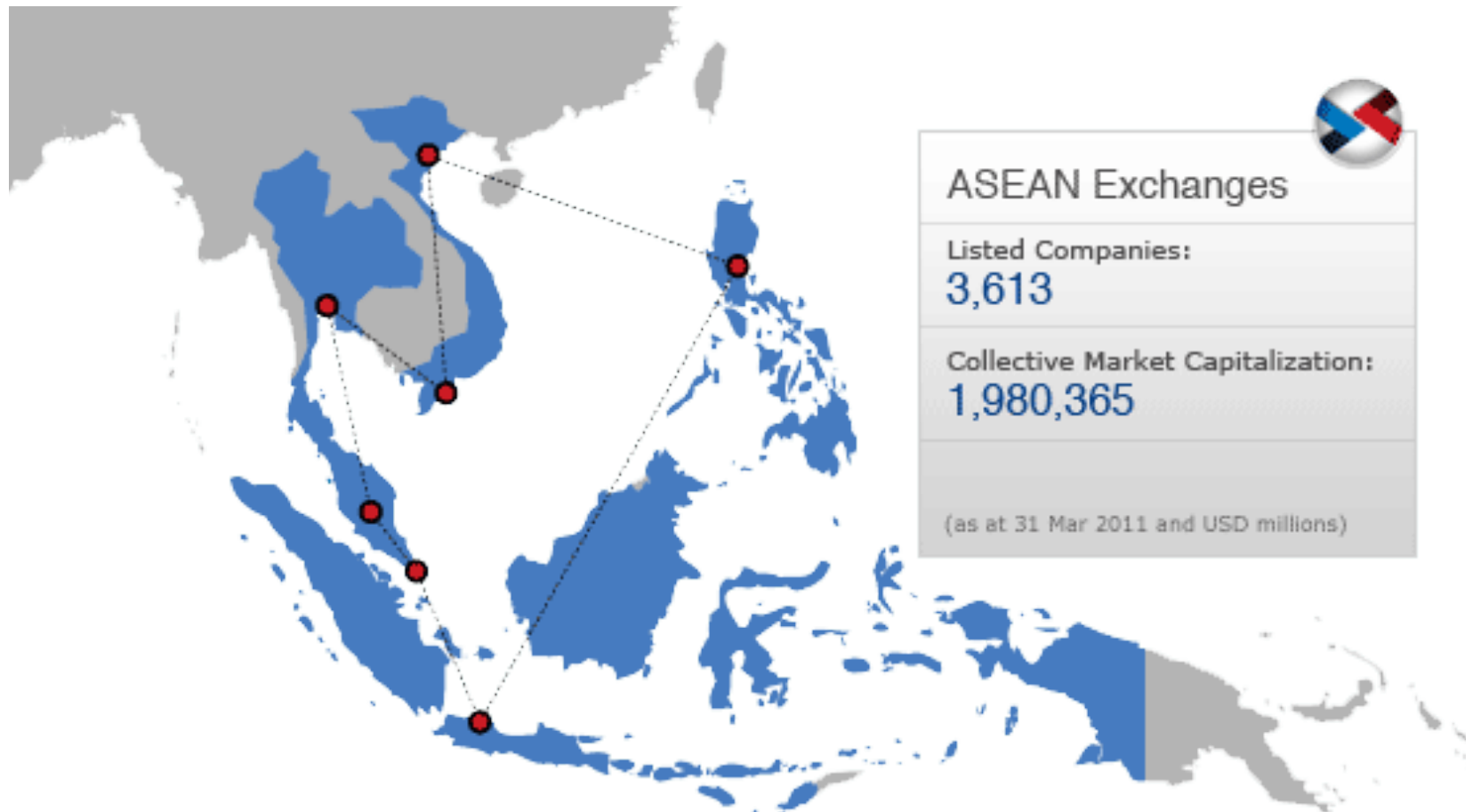
Seven stock exchanges in ASEAN formalized in April 2011 to promote the growth of the ASEAN capital market with the intent of bringing more ASEAN investment opportunities to more people.

Members

Bursa Malaysia, Hanoi Stock Exchange, Hochiminh Stock Exchange, Indonesia Stock Exchange, The Philippine Stock Exchange Inc., Singapore Exchange and The Stock Exchange of Thailand.



ASEAN Exchanges



Free Flow of Services

ASEAN Framework Agreement on Services (AFAS)

Services Covered

Business services
Financial
Professional services
Construction
Distribution
Education
Environmental
Healthcare
Maritime transport
Telecommunications
Tourism
Others

No restrictions on ASEAN
service suppliers

Eliminates restrictions to trade in
services among ASEAN
countries

Liberalization of services under
the Coordinating Committee on
Services

Roadmap / Timeline

What will happen from now until



Timeline for Liberalization

Foreign (ASEAN Citizen) ownership limits

SECTORS TARGETS	2008	2010	2013	2015
e-ASEAN, healthcare tourism services	51%	70%		
Logistics		51%	70%	
Construction	51%			70%
Others		51%		70%



Single Market and Production Base

Core elements	Actions	Model Representation
1. Goods	<ul style="list-style-type: none">• Eliminate TBs, NTBs• Simplify ROOs• Trade facilitation, customs integration, single window• Harmonize standards and regulations	<ul style="list-style-type: none">• Lower tariffs• Lower goods non-tariff barriers
2. Services	<ul style="list-style-type: none">• Remove restrictions on service trade• Allow at least 70% equity participation• Schedule commitments for Mode 4• Extend MRAs, liberalize financial services	<ul style="list-style-type: none">• Lower service non-tariff barriers• Higher FDI flows
3. Investment	<ul style="list-style-type: none">• Investment protection, facilitation, promotion, liberalization• Non-discrimination, national treatment	<ul style="list-style-type: none">• Higher FDI flows

Single Market and Production Base (con'd)

Core elements	Actions	Model Representation
4. Capital	<ul style="list-style-type: none">• Harmonize regulations• Promote cross-border capital raising	
5. Labor	<ul style="list-style-type: none">• Facilitate movement of skilled and professional labor in cross-border trade• Enhance movement of students• Work toward harmonizing qualifications	<ul style="list-style-type: none">• Lower service non-tariff barriers





Challenges & Opportunities



Let's Get READY!

- Do you want to be in the market with 600 million people?
- Should you wait for AEC 2015 or get ready now?
- Do you want to help go to get ready to be part of the ASEAN Single Market?

SOME THOUGHTS

- Understand what AEC really is
- Foresee who will come to your territory- new customers, new competitors?
- New game, new rules, new players
- **BUILD** and **EXPAND** your ASEAN Network

Future Expansion of ASEAN Economic Integration

CEPEA (Comprehensive Economic Partnership in East Asia) (ASEAN +6)



Australia



New Zealand



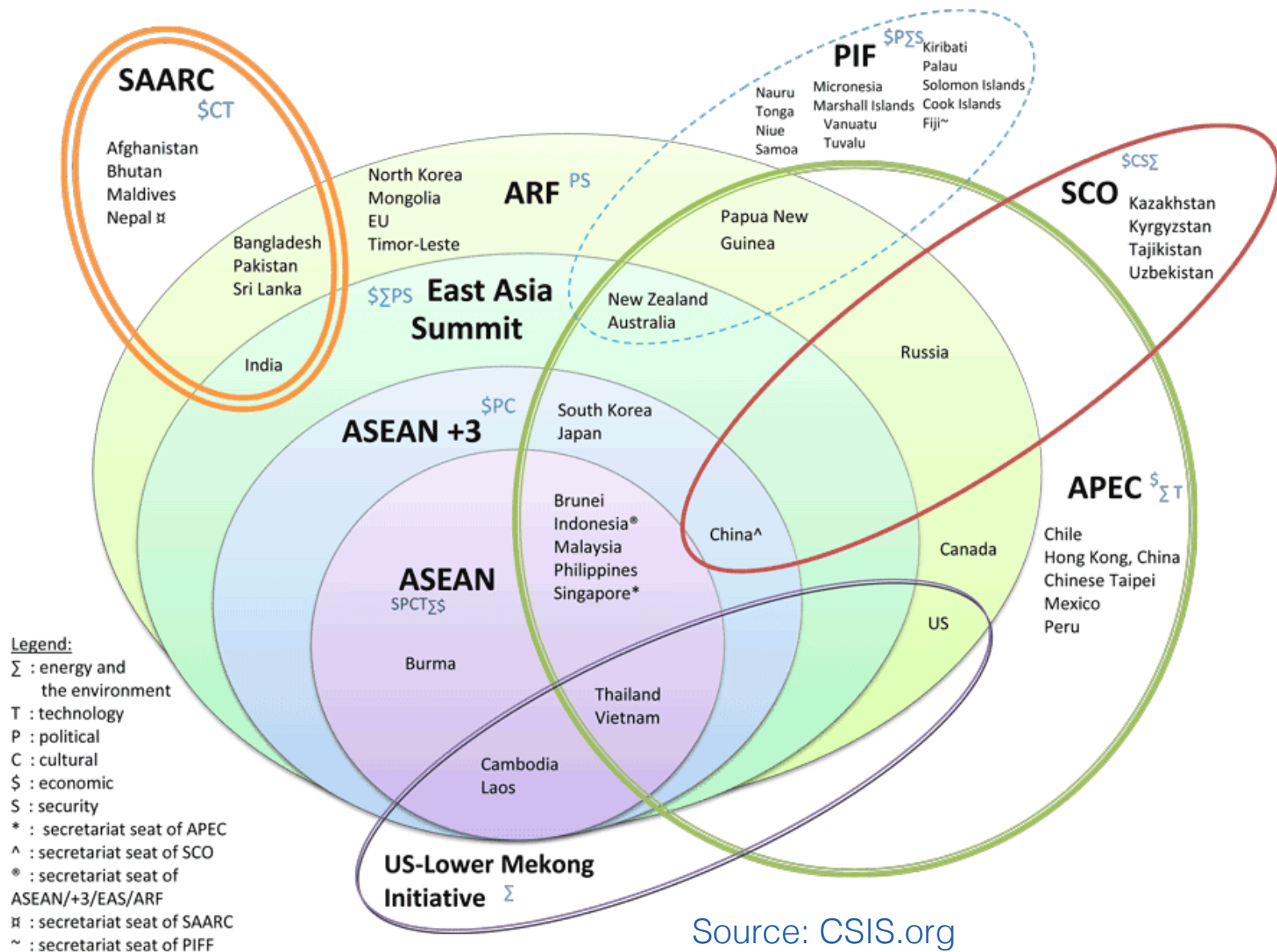
India

ASEAN+10 Population 590 million (9% of world population)

EAFTA (ASEAN +3) Population 2,068 million (31% of world population)

CEPEA (ASEAN +6) Population 3,284 million (50% of world population)

Integration to the Global Economy



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Comments & Questions?

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