

The Second ASEAN-CER Integration Partnership Forum
(Manila, the Philippines; May 19, 2012)

The Current Status and Perspectives of Economic Integration in ASEAN and Extended East Asia

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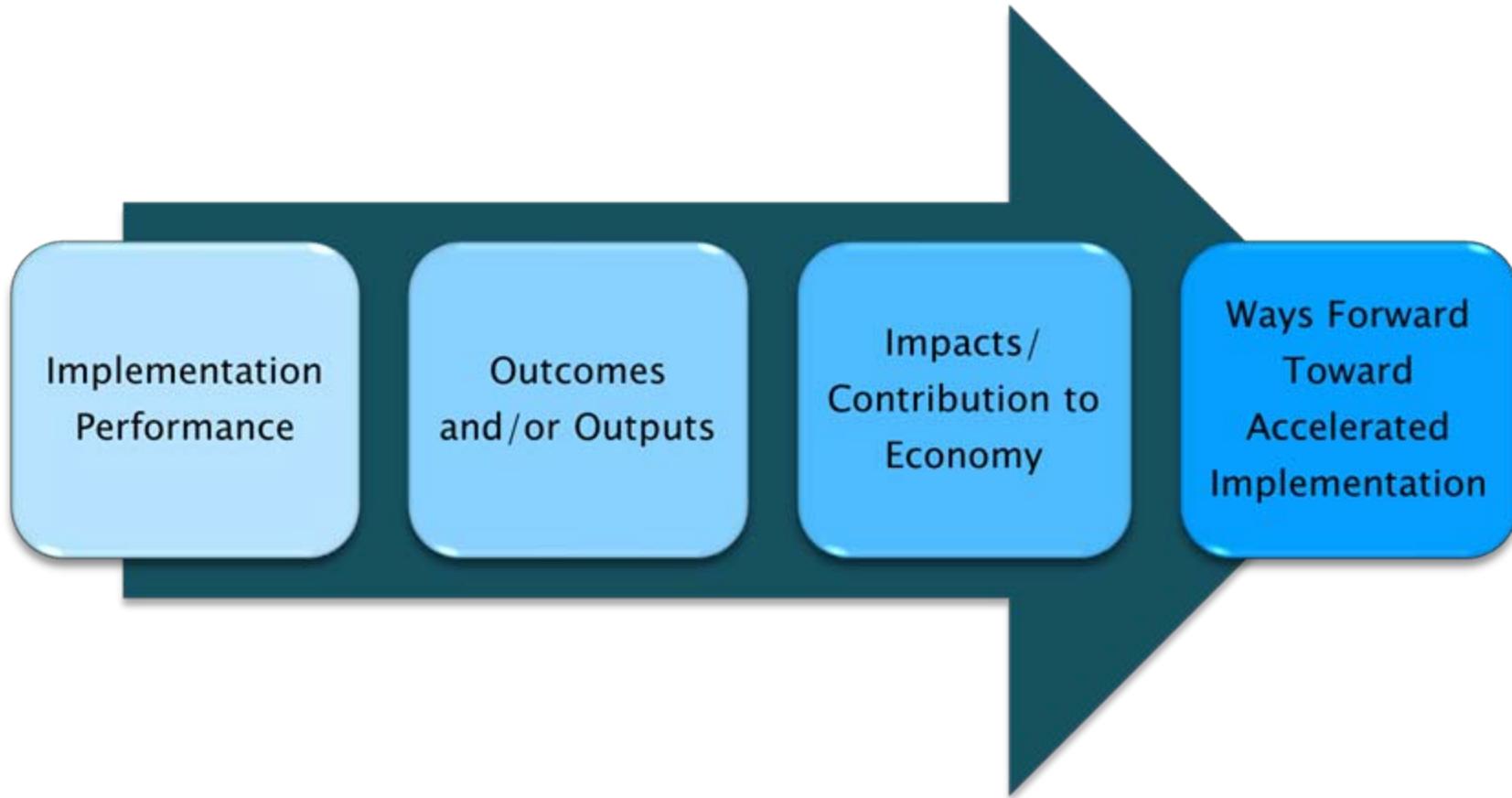
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1. Mid-term Review (MTR) of the AEC Blueprint

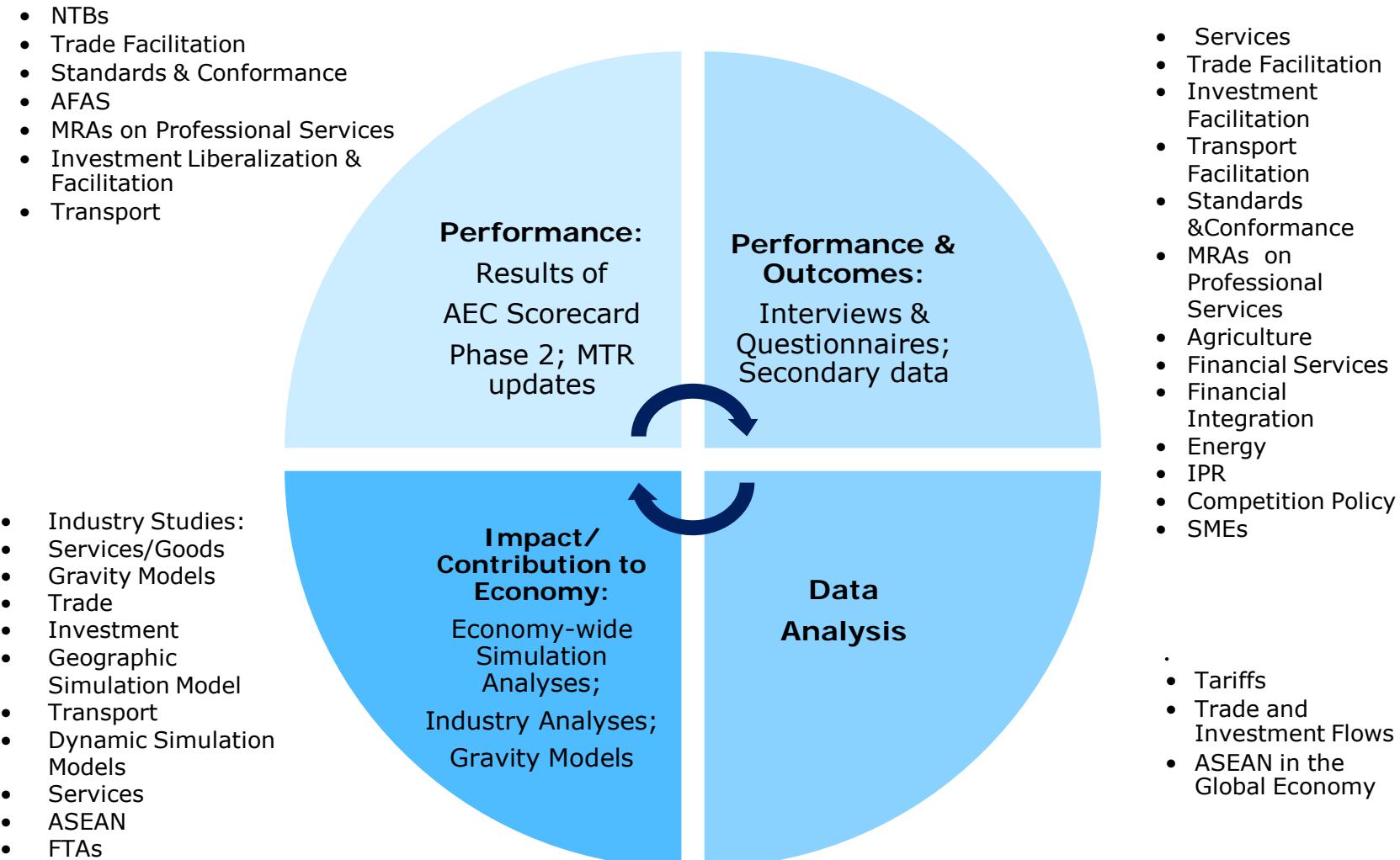
Coverage of MTR of the AEC Blueprint

Pillar 1 Toward a Single Market and Production Base	Pillar 2 Toward a Highly Competitive Region	Pillar 3 Towards a Region of Equitable Economic Development	Pillar 4 Towards Full Integration into the Global Economy
<ul style="list-style-type: none">* Tariff* Non-Tariff Barriers* Trade Facilitation* Standards & Conformance<ul style="list-style-type: none">* Services* Investment<ul style="list-style-type: none">* Labor* Agriculture	<ul style="list-style-type: none">* Competition Policy<ul style="list-style-type: none">* IPR* Transport* ICT* Energy	<ul style="list-style-type: none">* SME* IAI	<ul style="list-style-type: none">* FTA/CEP

An Overview of Mid-Term Review

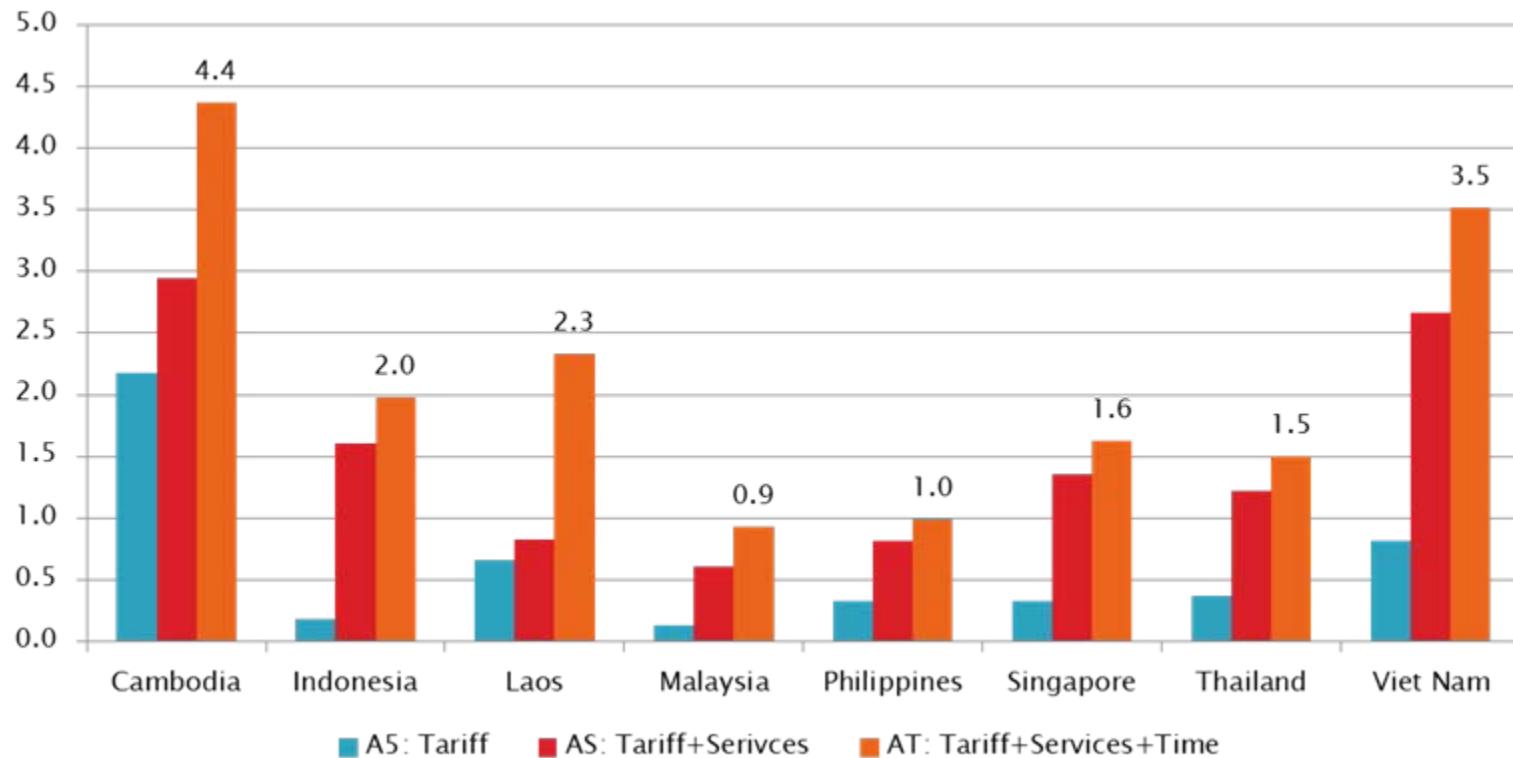


MTR Implementation Approach



Potential Impact on GDP

(Cumulative Percentage Point Deviation from Baseline, 2011– 2015)



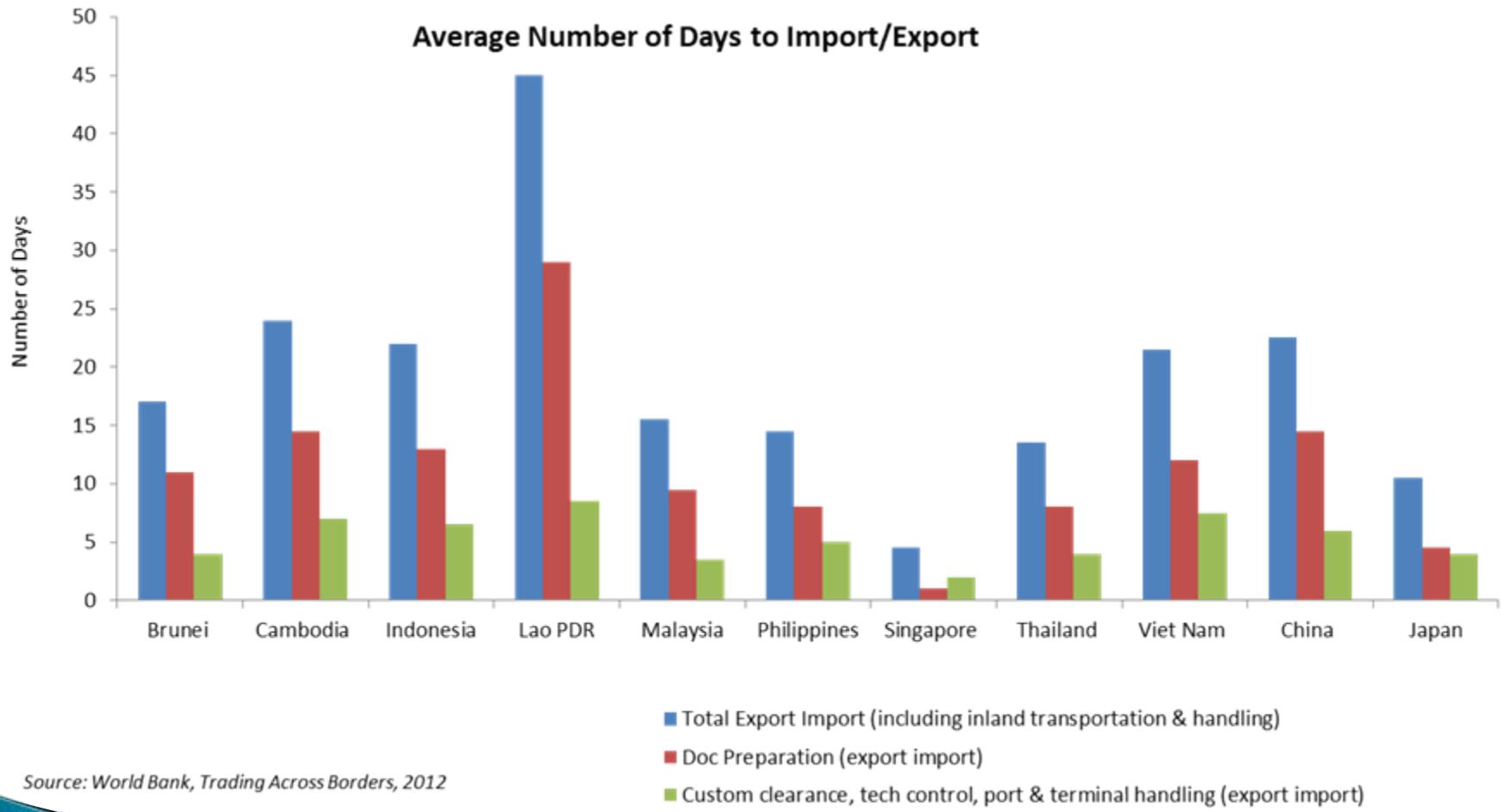
Source: Itakura for MTR (2012)

Trade Facilitation

Top priority AEC measure for private sector.

Impact of improved trade facilitation on trade is large.

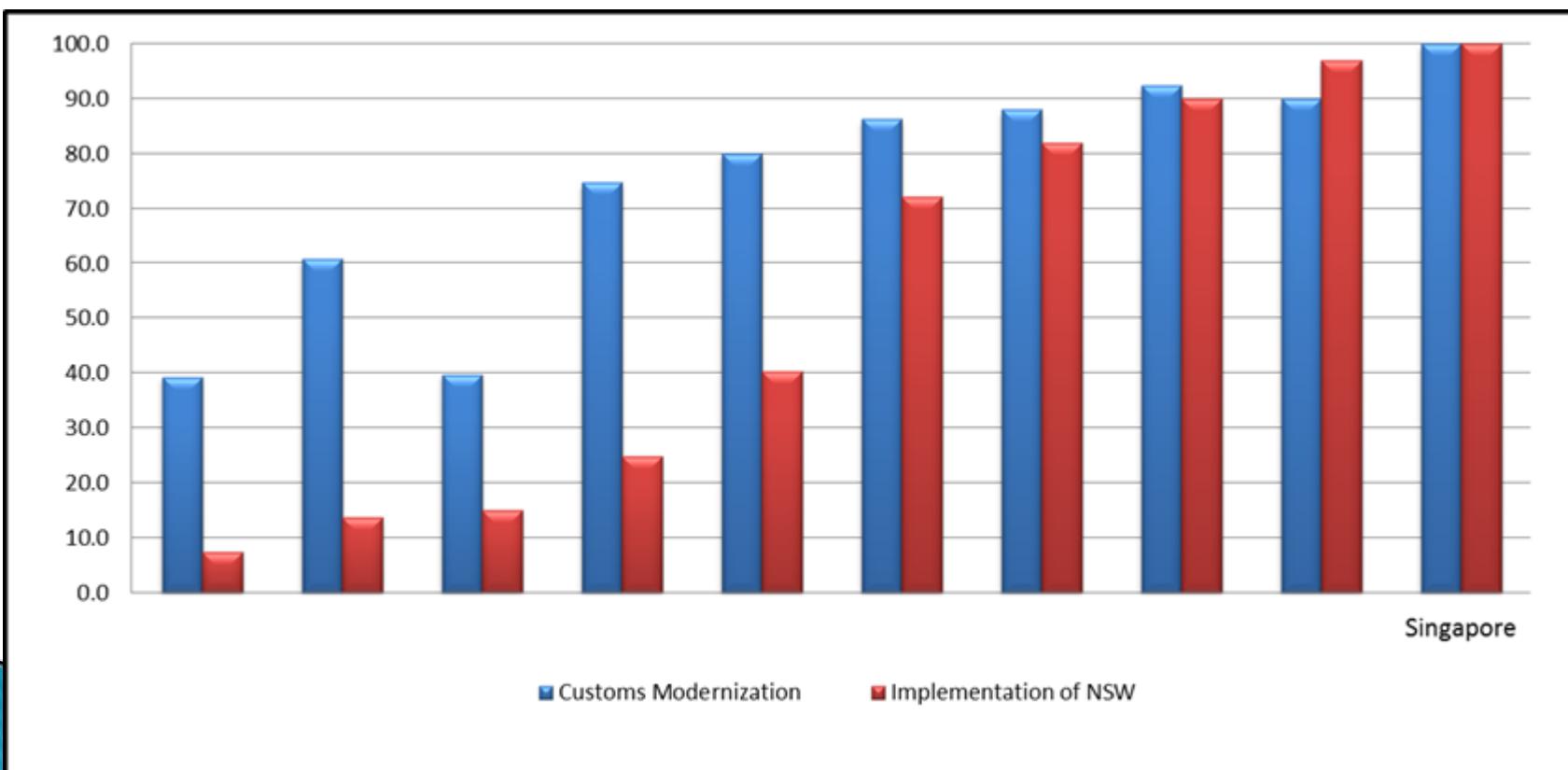
Extremely wide range of trade facilitation quality among ASEAN Member States



Trade Facilitation (2)

- Challenge : Substantially improve trade facilitation quality of the lagging ASEAN countries
- Key area of reform is dramatic reduction in days for documentation plus customs clearance. Both addressable by customs modernization and NSW (National Single Window)/ASW (ASEAN Single Window)
- Challenge: Tail enders also lag on customs modernization and NSW implementation
- Possible way forward: High priority to ensure 2015 ASW implementation

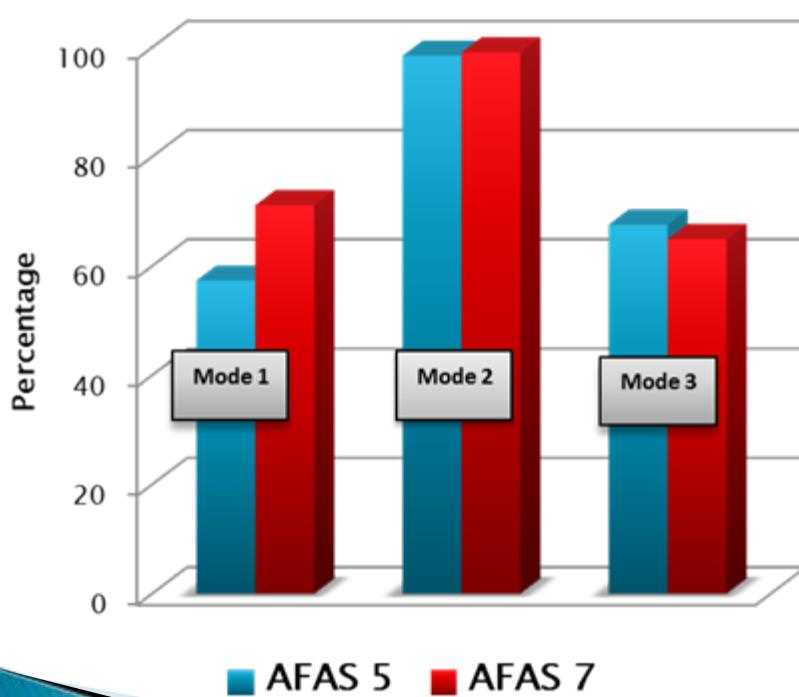
Trade Facilitation Scores : ASEAN Member States arrayed on NSW Implementation



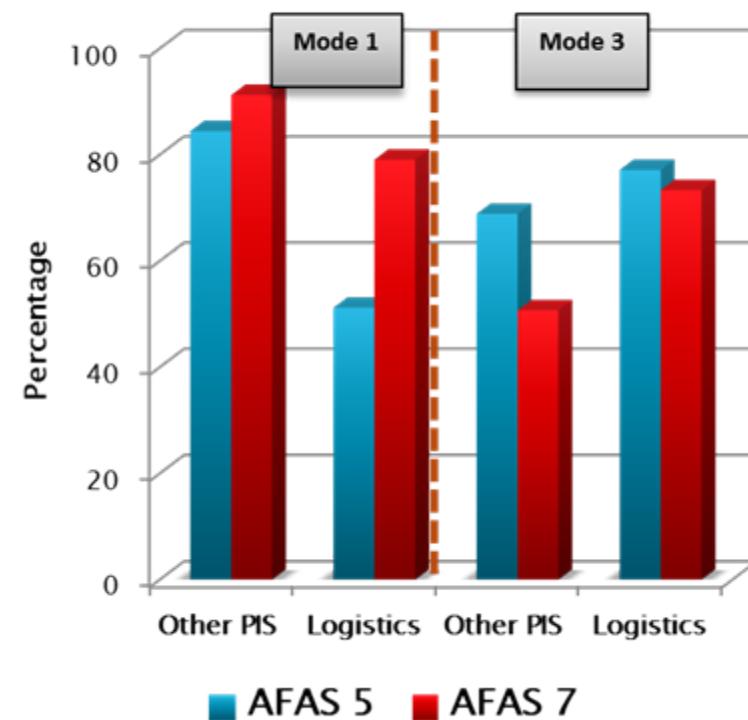
Services Liberalization under AFAS 5th and 7th Package

- ▶ High overall liberalization rate under AFAS 7th for the whole ASEAN; but rather large variation across the member states.
- ▶ From AFAS 5th to 7th: very high liberalization rate for Mode 2; improved liberalization rate for Mode 1 (with reduction in policy space), but still low liberalization rate for Mode 3.
- Greater liberalization in logistics services than in the other PIS (priority integration sectors) services, especially in Mode 3.

AFAS Liberalization Rates

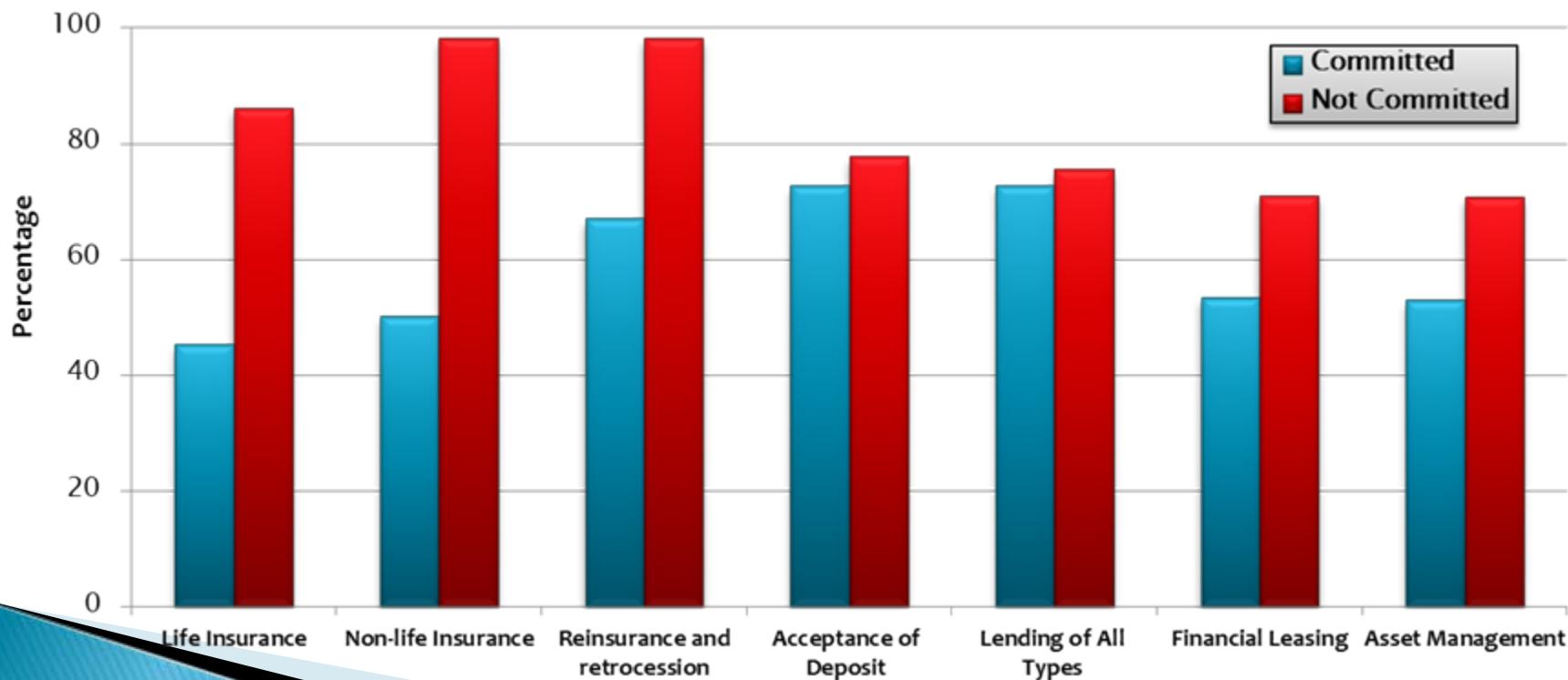


AFAS Liberalization Rates



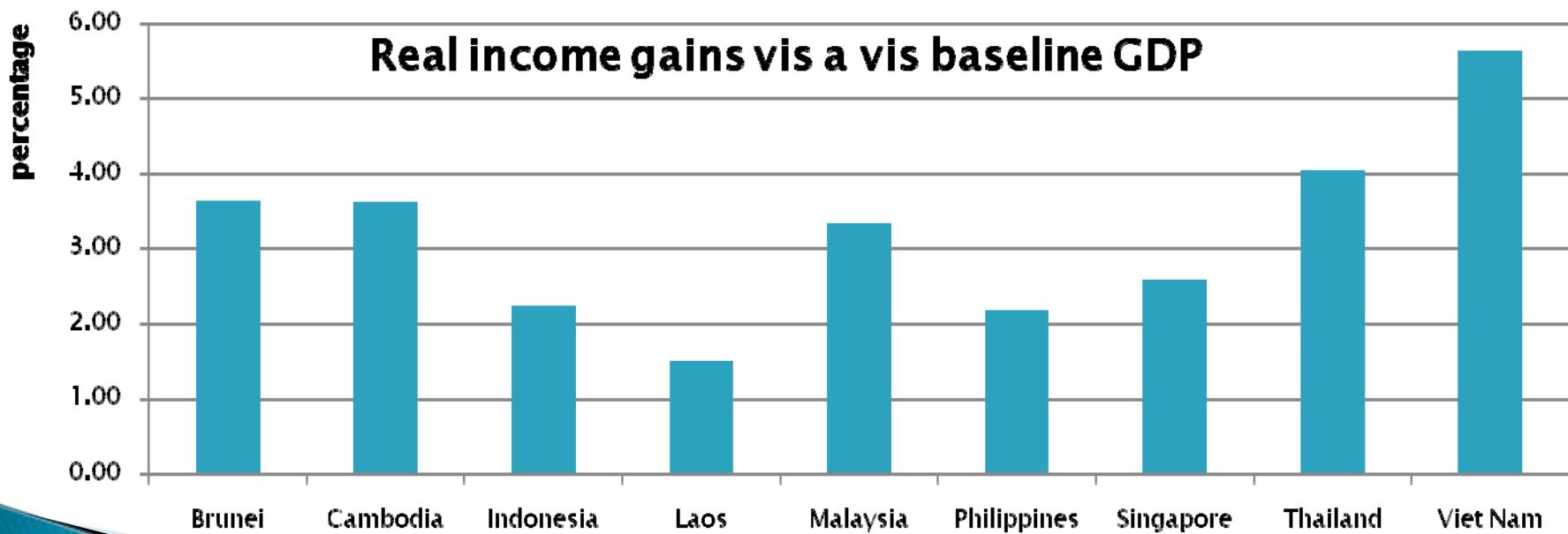
Financial Services Liberalization of AFAS

- Low liberalization rate for Mode 1 and 3. There is only marginal improvement in the liberalization rate for Mode 3 from the 2nd to 5th package of Financial Services Commitments.
- There are some member states that liberalize their financial sectors faster than the other member states though they have not yet committed to fully liberalize the sectors by 2015.



Potential Impact of further Services Liberalization

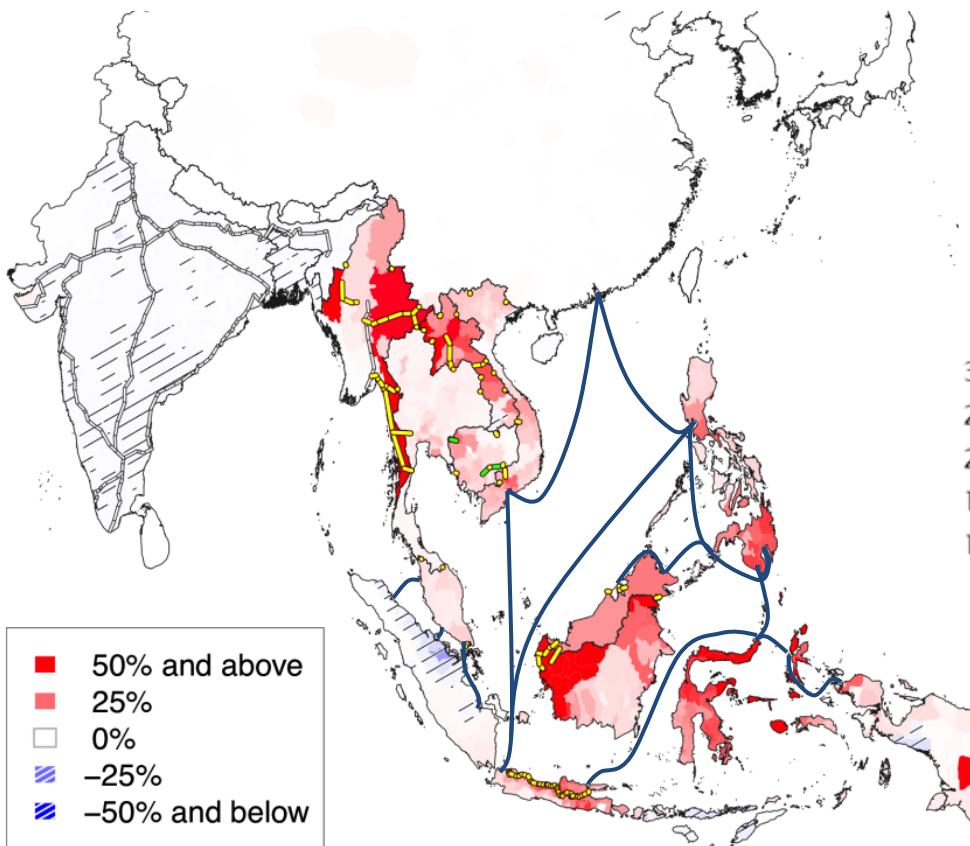
- ▶ Further services liberalization gives positive impact on output of the member states (*figures are cumulative rise over 10 years*).
- ▶ Much of the gains comes from domestic reforms, mainly from liberalization of air and maritime transport services followed by electricity and banking.
- ▶ The gains are projected to come with some adjustments. While losses are expected, the net overall or economy-wide impact is still positive and substantial.



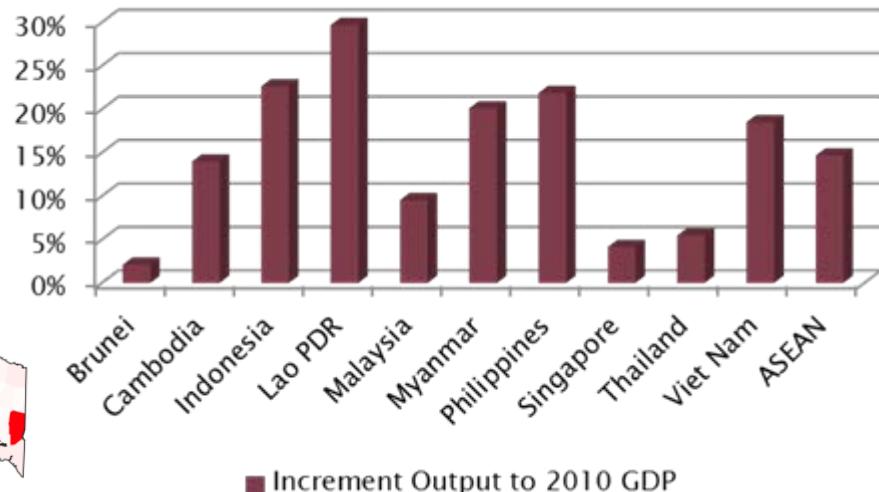
Source: Dee, 2012

Potential Economic Impacts of Selected Transport (Facilitation) Measures

ALL Scenario



- Upgrade 'below class III' roads
- Border facilitation
- Mae Sot-Yangon Link
- Hong Kong-Manila-Davao-Manado-Surabaya-Jakarta Link
- Hong Kong-Ho Chi Minh City-Jakarta-Manila Link
- Pontianak-Kuching Link
- 5 Ro-Ro Links
- Construct missing links in SKRL

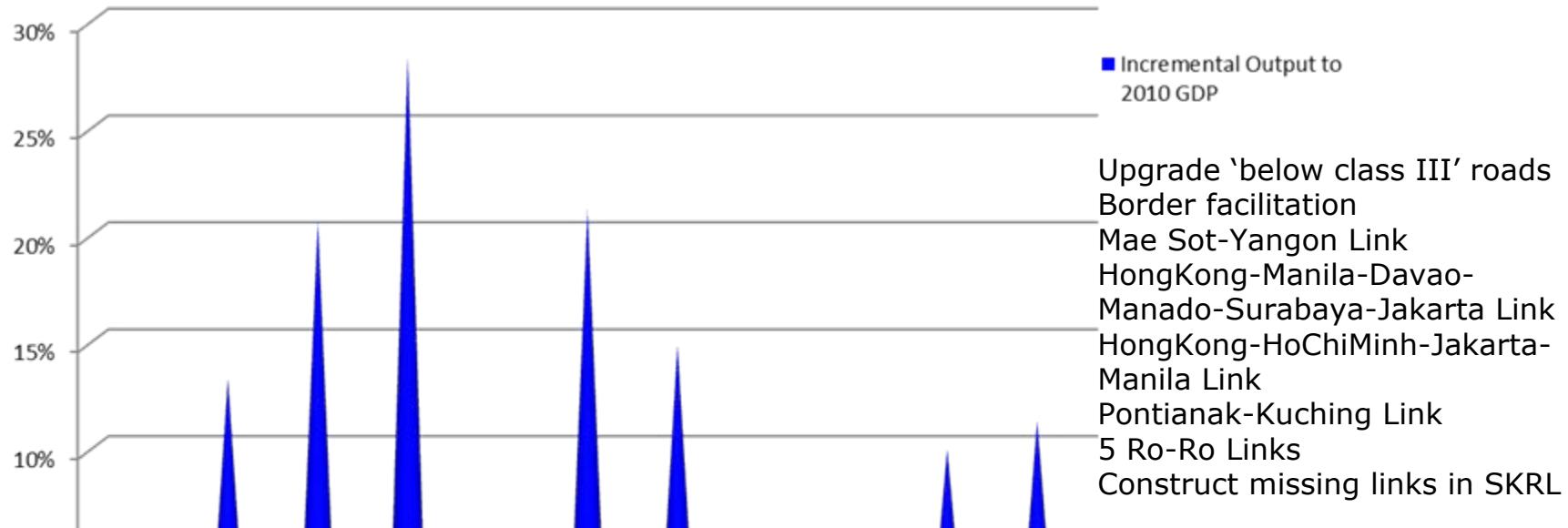


Source: Isono, et.al(2012)

- ▶ Large economic impacts on CLMV, Indonesia and the Philippines
- ▶ Need for further efforts on 'behind the border' issues

Preliminary Findings on Economic Impacts of Selected Transport (Facilitation) Measures

ALL Scenario



Upgrade 'below class III' roads
Border facilitation
Mae Sot-Yangon Link
HongKong-Manila-Davao-
Manado-Surabaya-Jakarta Link
HongKong-HoChiMinh-Jakarta-
Manila Link
Pontianak-Kuching Link
5 Ro-Ro Links
Construct missing links in SKRL

Source: Isono, et.al(2012)

- ▶ Large economic impacts on CLMV, Indonesia and the Philippines
- ▶ Need for further efforts on 'behind the border' issues

Competitive and Innovative, Strong, Dynamic and Efficient SME Sector



ASEAN Strategic Action Plan for SME Development and National SME Development Strategy



ASEAN SME Policy Index



Functions of the SME Policy Index

- Structured monitoring and assessment
 - an analytical and dynamic tool to review SME policy developments on a number of policy dimension and across countries;
- Targeted supports for improvement
- Public and private sector involvement
- Planning and resource allocation
- Regional collaboration and mutual encouragement
 - a framework to exchange experiences, good practices and foster policy dialogue



ASEAN SME Policy Dimensions

- 1.General SME policy and business environment.
- 2.Cheaper and faster start-up or reduced administrative and regulation burden on SMEs;
- 3.Finance and taxation;
- 4.Technology and technology transfer;
- 5.Market access and getting more out of the Single Market;
- 6.Human resource development and training;
- 7.Information access; and
- 8.developing stronger, more effective representation of small enterprises' interests.



Sub-dimensions, Indicators, Levels of Policy Reforms

2. Jakarta Framework

- Dr. Surin Pitsuwan, Secretary General of ASEAN, and Mr. Hidetoshi Nishimura, Executive Director of ERIA presented the **Jakarta Framework on Moving the ASEAN Community Forward into 2015 and Beyond** to Dr. Susilo Bambang Yudhoyono, President of the Republic of Indonesia on 16 November 2011 on the sidelines of the 19th ASEAN Summit and the 6th East Asia Summit in Bali, Indonesia. The Framework was developed by ERIA with inputs from the two-day symposium organized by the Government of Indonesia, ERIA and Harvard University held on 31 October - 1 November 2011 in Jakarta, Indonesia.
- ERIA conducted several inputs to Government of Indonesia for supporting its success of Chairmanship of ASEAN last year. ERIA will support and contribute for Cambodia's Chairmanship of ASEAN this year as well.



H.E. Dr. Susilo Bambang Yudhoyono, President of Indonesia
(center)
Dr. Surin Pitsuwan, Secretary General of ASEAN (center)

Four pathways in Jakarta Framework

- A step from middle-income to fully developed economies
- Push the frontier of production networks forward
- Industrial agglomerations for innovation and human capital development
- Achieve free flows of goods, services, people, and human capital development
- Further enhance physical and institutional connectivity

Competitive
and dynamic
pathway

Inclusive
pathways

Sustainable
pathways

Dynamic
equilibrium with
ASEAN
centrality viz
ASEAN partners

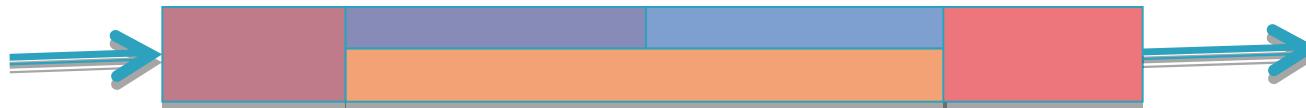
- Resiliency
Energy, food, resource
security
Disaster management
Social protection
• Green development

- Geographical inclusiveness
- Industrial inclusiveness
- Societal inclusiveness

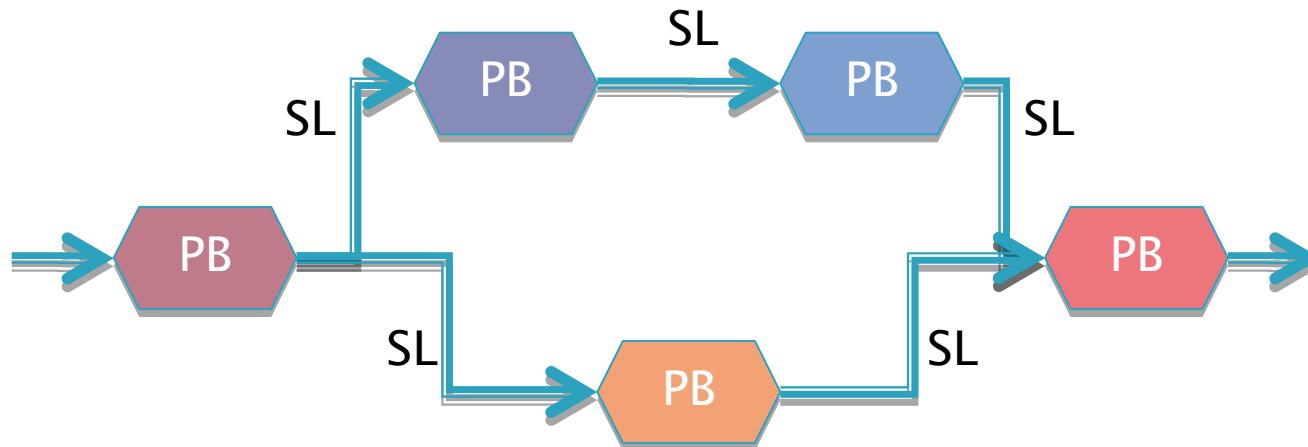
- Maintain open and equal relations with external partners
- Act as a central building block for other wider cooperation schedules
- Raise voice and influence in international forum
- Encourage cohesiveness among ASEAN Member States

The fragmentation theory: production blocks and service links

Before fragmentation

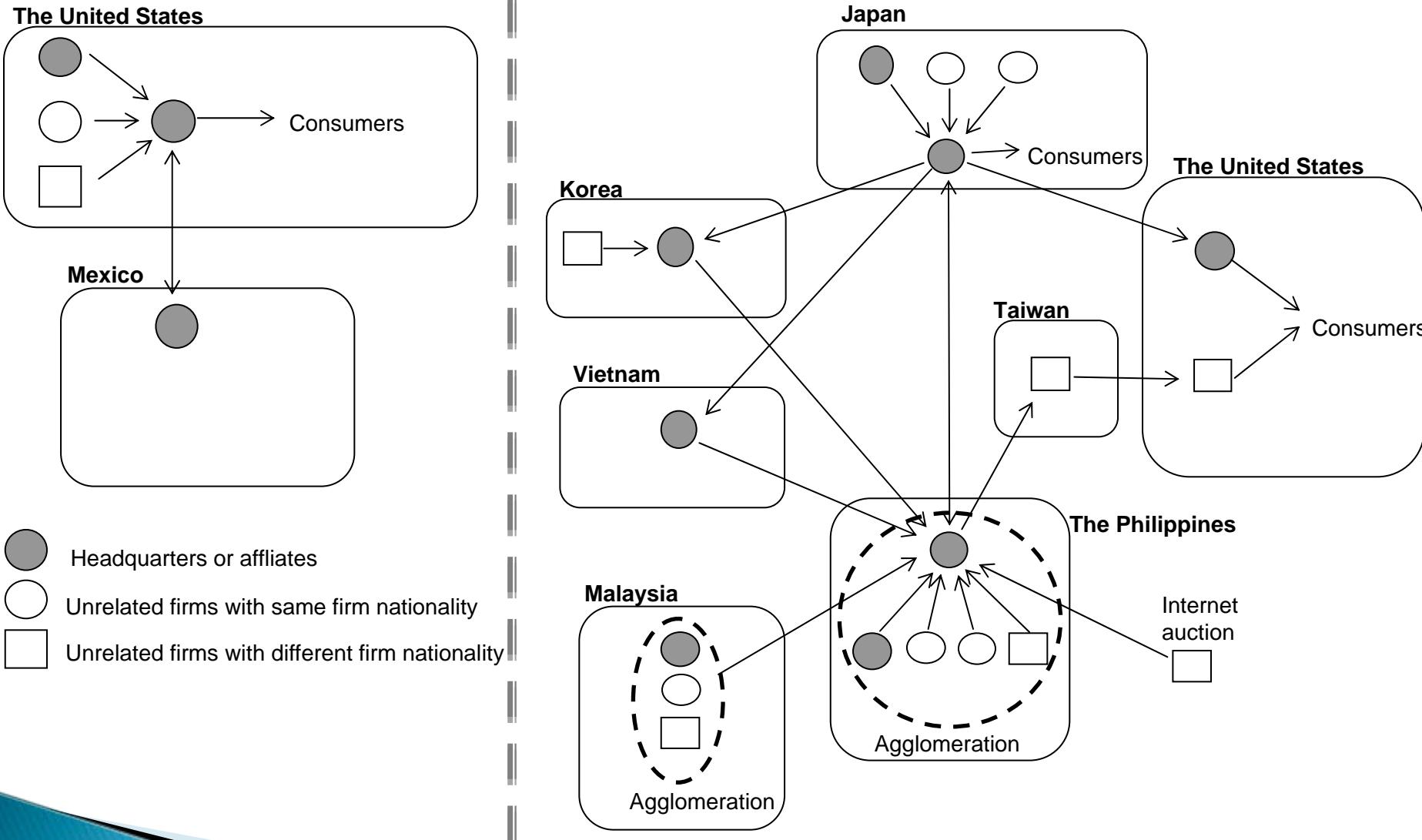


After fragmentation



PB: Production block
SL: Service link

Production networks: The US-Mexico nexus versus East Asia



Source: Ando, Mitsuyo and Eukunari Kimura (2009). *Fragmentation in East Asia: Further Evidence*, ERIA Discussion paper Series No.2009-20 (<http://www.eria.org>).

Policies for enhancing the 2nd unbundling: examples

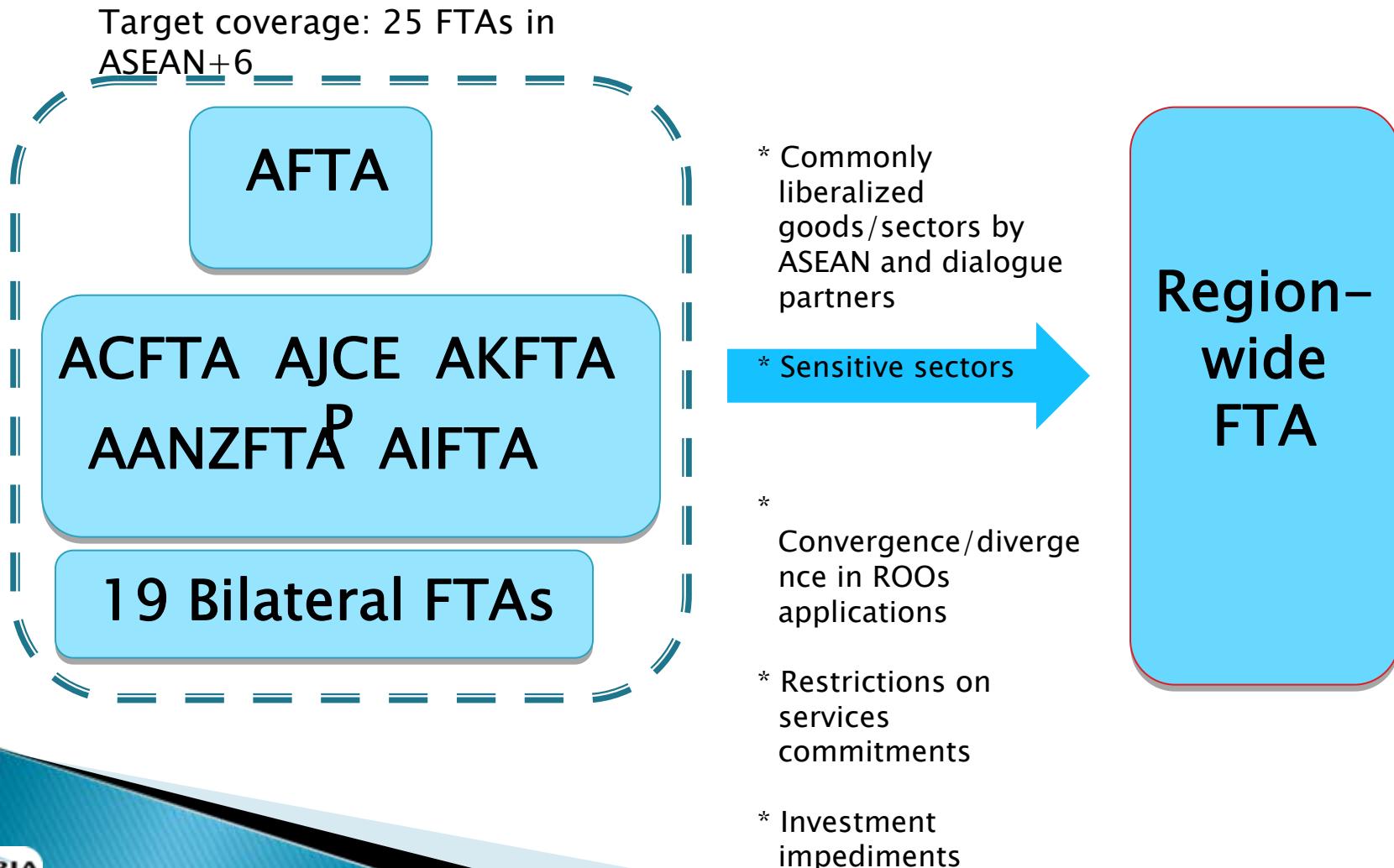
	Reduction in network set-up cost	Reduction in service link cost	Reduction in production cost per se
High-level FTAs	<ul style="list-style-type: none"> • Investment liberalization • IPR protection • Competition policy 	<ul style="list-style-type: none"> • Tariff removal • Trade facilitation • Enhancing institutional connectivity 	<ul style="list-style-type: none"> • Liberalization of production-supporting services • Investment liberalization
Development agenda	<ul style="list-style-type: none"> • Investment facilitation/promotion 	<ul style="list-style-type: none"> • Enhancing physical connectivity (including hard and soft logistics infrastructure development) • Reducing transaction cost in economic activities 	<ul style="list-style-type: none"> • Upgrading infrastructure services such as electricity supply and EPZs • Enhancing agglomeration effects through SME development • Strengthening innovation

3.

Perspectives for ASEAN++ FTA or RCEP

Key Objective of ERIA's Study

To develop a comprehensive database on FTAs in ASEAN and East Asia to facilitate discussion in formulating a strategy for a region-wide FTA



Scope of ERIA's Study

Tariffs	Rule of Origin	Services	Investment
<ul style="list-style-type: none"><u>Comparable database:</u> at both HS 6 & HS 8-10 digits.<u>Comparative analysis</u> on the degree of tariff elimination among FTAs.	<ul style="list-style-type: none"><u>Comparable database:</u> at HS 6-digit level and matrices on major elements of ROOs for comparisonConcordance between tariffs and ROOs (next phase)<u>Comparative analysis</u> for the convergence of ROOs	<ul style="list-style-type: none"><u>Comparable database:</u> by aspects, modes, and sub-sectors<u>Index Construction:</u> service trade liberalization<u>Quantitative analysis:</u> on countries' commitments	<ul style="list-style-type: none"><u>Comparable database:</u> by sub-sectors and restrictions<u>Comparative analysis:</u> on degree of restriction/ liberalization of FDI rules

Tariffs – Based on Final Preferential Tariff Rates

Elimination coverage by country under the ASEAN+ FTAs (**HS 6-digit Base**)

	ASEAN-Korea	ASEAN-China	ASEAN-ANZ	ASEAN-India	ASEAN-Japan	Average	(Excluding AIFTA)
SGP	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
BRN	99.2%	98.3%	99.2%	85.3%	97.7%	95.9%	98.6%
MLS	95.5%	93.4%	97.4%	79.8%	94.1%	92.0%	95.1%
THA	95.6%	93.5%	98.9%	78.1%	96.8%	92.6%	96.2%
IDN	91.2%	92.3%	93.7%	48.7%	91.2%	83.4%	92.1%
PHI	99.0%	93.0%	95.1%	80.9%	97.4%	93.1%	96.1%
VTN	89.4%	na	94.8%	79.5%	94.4%	89.5%	92.8%
CAM	97.1%	89.9%	89.1%	88.4%	85.7%	90.0%	90.4%
LAO	90.0%	97.6%	91.9%	80.1%	86.9%	89.3%	91.6%
MYA	92.2%	94.5%	88.1%	76.6%	85.2%	87.3%	90.0%

KOR	90.5%					
CHN		94.1%				
AUS			100.0%			
NZ				100.0%		
IND					78.8%	
JPN						91.9%
Average	94.5%	94.7%	95.7%	79.6%	92.8%	

Source: ERIA FTA Stocktaking Study Team

Note: Data on Myanmar under the ASEAN-China FTA is missing for HS01-HS08.

Elimination coverage by country under the ASEAN+ FTAs (**HS 8/9/10-digit Base**)

	ASEAN-Korea	ASEAN-China	ASEAN-ANZ	ASEAN-India	ASEAN-Japan	Average	(Excluding AIFTA)
SGP	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
BRN	97.8%	97.9%	98.5%	82.6%	96.4%	94.6%	97.7%
MLS	93.5%	93.7%	95.5%	79.6%	92.1%	90.9%	93.7%
THA	93.7%	88.3%	98.8%	74.3%	96.9%	90.4%	94.4%
IDN	90.3%	89.0%	93.4%	50.4%	88.7%	82.3%	90.4%
PHI	97.9%	86.5%	94.8%	75.8%	96.0%	90.2%	93.8%
VTN	84.3%	na	90.9%	69.7%	84.7%	82.4%	86.6%
CAM	85.5%	86.7%	86.2%	84.1%	76.0%	83.7%	83.6%
LAO	85.4%	96.4%	90.7%	77.5%	84.2%	86.8%	89.2%
MYA	87.5%	86.9%	86.1%	73.6%	79.4%	82.7%	85.0%

KOR	92.2%
CHN	94.6%
AUS	100.0%
NZ	100.0%
IND	74.3 %
JPN	86.3 %
Average	91.6%
	92.0%
	94.6%
	76.5%
	89.2%

Source: ERIA FTA Stocktaking Study Team

Note: Data on Myanmar under the ASEAN-China FTA is missing for HS01-HS08.

Distribution of tariff lines by liberalization status

	% of "liberalized to all" products	% of "depends on FTA" products	% of consistently protected products	% of "liberalized to all but India" products
Brunei	84.1	15.9	0.0	96.1
Cambodia	64.3	35.3	0.4	70.8
Indonesia	46.0	52.8	1.2	81.2
Lao PDR	68.0	31.6	0.4	75.8
Malaysia	76.0	22.9	1.1	87.2
Myanmar	66.6	31.8	1.6	81.6
Philippines	74.6	24.4	1.0	85.6
Singapore	100.0	0.0	0.0	100.0
Thailand	75.6	24.3	0.1	90.4
Vietnam	78.1	19.1	2.8	86.9
AVE.	73.3	25.8	0.9	85.6

Based on HS2007 version, HS 6-digit base.

HS391721 (Tube, pipe or hose, rigid, of polyethylene)

Protected to all

Eliminated to all

HSCode	Brunei					Cambodia					Indonesia					Laos					Malaysia					
	vis-à-vis					vis-à-vis					vis-à-vis					vis-à-vis					vis-à-vis					
	ANZ	C	I	J	K	ANZ	C	I	J	K	ANZ	C	I	J	K	ANZ	C	I	J	K	ANZ	C	I	J	K	
391710																										
391721																										
391722																										
391723																										
391729																										
391731																										
391732																										
391733																										
391739																										
391740																										

**Eliminated to at least one
but not to all
("depends on FTA")**

HSCode	Myanmar					Philippines					Singapore					Thailand					Vietnam					
	vis-à-vis					vis-à-vis					vis-à-vis					vis-à-vis					vis-à-vis					
	ANZ	C	I	J	K	ANZ	C	I	J	K	ANZ	C	I	J	K	ANZ	C	I	J	K	ANZ	I	J	K		
391710																										
391721																										
391722																										
391723																										
391729																										
391731																										
391732																										
391733																										
391739																										
391740																										

Eliminated

Not eliminated

Rules of Origin – Convergence

- ▶ ATIGA and ASEAN+1 FTAs frequently use business friendly “co-equal” rules.
- ▶ Among others, “RVC40 or CTH” is the most common rules in ATIGA and ASEAN+1 FTAs. Thus, ERIA FTA Stocktaking Study considers this as “general rules”.
- ▶ Counting the share of the general rules as well as more liberal rules, e.g. “RVC40 or CTH or SPR” and “RVC40 or CTSH”, this general rule is applied in more than 60% tariff lines in ATIGA (3918), AANFTA (3501), AJCEP (3090) and AKFTA (4137) out of 5224 tariff lines (6-digit, HS2002).
- ▶ China (ACFTA) needs to be addressed to implement co-equal rule.
- ▶ India (AIFTA) takes “35% RVC+ CTSH” as general rule, which should be more liberalized.

Frequency by type of ROOs used in ASEAN+ FTAs (number of 6-digit HS Lines, HS2002)

ROO type	ATIGA	AANZFTA	ACFTA	AIFTA	AJCEP	AKFTA
Single Rule or stricter						
WO	185	294	8		3	458
CC		248	1		735	61
CTH		107			137	4
CTSH					8	
RVC(<40)						36
RVC(40)	149	68	4659		219	22
RVC(>40)						6
RVC(35)+CTSH				5224		
CC with exception*		3			258	
CTH with exception*		10			20	
Various**		43				3
Sub-total	334	773	4668	5224	1380	590
% share in total	6.4%	14.8%	89.4%	100.0%	26.4%	11.3%
"RVC(40) or CTH" or more flexible						
RVC(40) or CTH	2679	2204	122		3057	4076
RVC(40) or CTH or Specific Process Rule		24				
RCV(40) or CTS	756	1072			33	61
RVC(40) or CTH or [RVC(35)+CTSH]	136	195				
RVC(40) or CTH or Textile Rule	347	6				
Sub-total	3918	3501	122	0	3090	4137
% share in total	75.0%	67.0%	2.3%	0.0%	59.2%	79.2%
Other "or" rules						
RVC(40) or CC or Textile Rule	463					
RVC(40) or CC	453	583	7		126	487
Various***	56	367	427		628	10
Sub-total	972	950	434	0	754	487
% share in total	18.6%	18.2%	8.3%	0.0%	14.4%	9.3%
Total # of 6 digit HS(2002) Lines	5224	5224	5224	5224	5224	5224

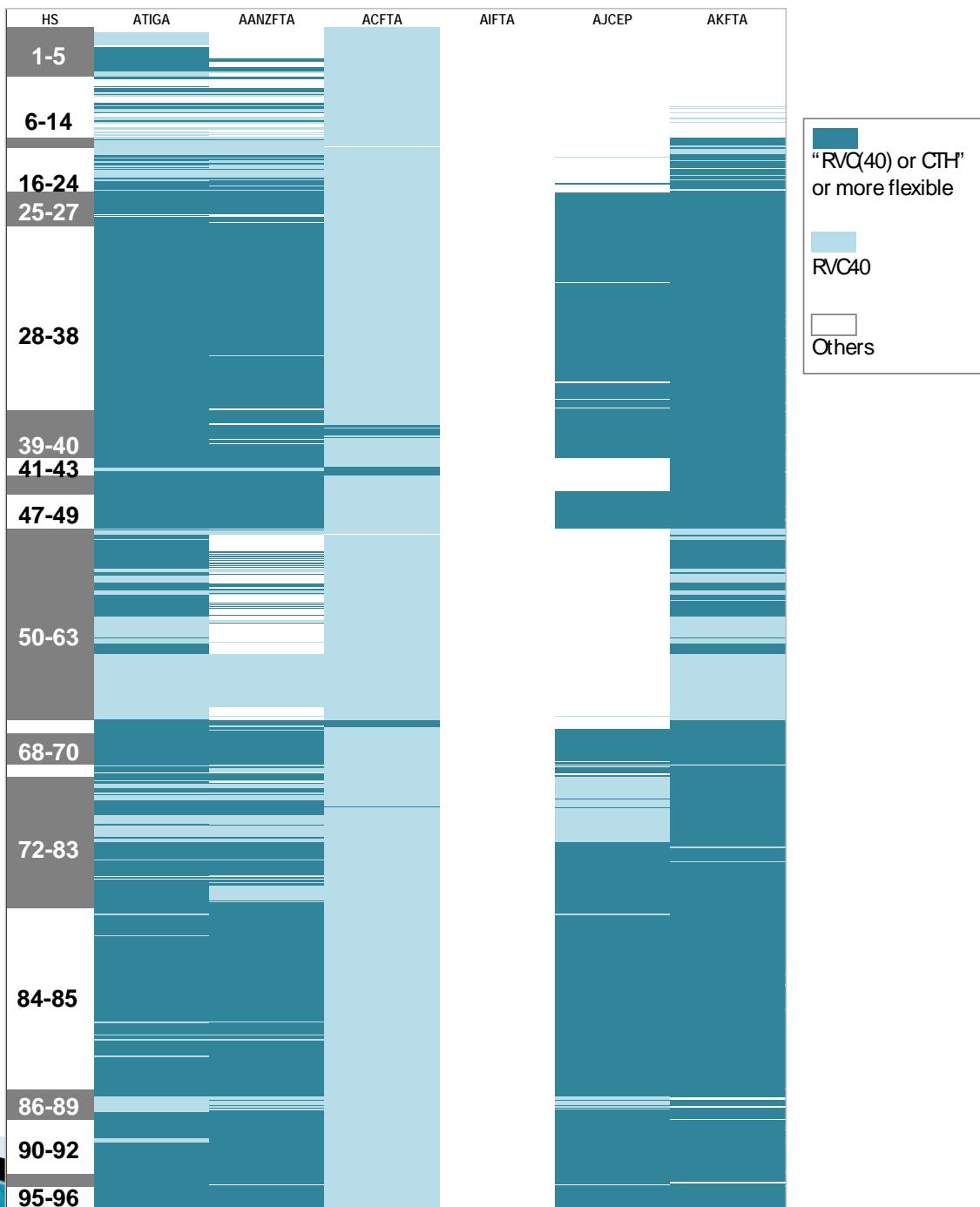
WO- wholly obtained; CC- change in commodity classification; CTH- change in tariff heading; CTS- change in tariff subheading; RVC- regional value content; GR-General ROO rule; PSR-Product Specific Rules

* excludes specific HS lines where CTC cannot come from

a/ in lieu of ASEAN-India FTA (PSR)

Source of basic data: ASEAN Secretariat; encoded Annex2 PSR for AANZFTA and Japan-India CEP from agreements

Commonality of ROOs



Certificate of origin issuing authorities

ASEAN Partner(s)	Issuing Authority
Australia	Australian Chamber of Commerce and Industry Australian Industry Group
New Zealand	Auckland Regional Chamber of Commerce and Industry Canterbury Employers Chamber of Commerce Otago Chamber of Commerce Independent Verification Services Ltd Wellington Employers' Chamber of Commerce
China	China Customs (General Administration) China Council for the Promotion of International Trade (CCPIT)/ China Chamber of International Commerce (CCOIC)
India	Export Inspection Council of India or any other agency authorized by the Government of India in accordance with laws and regulations
Japan	The Ministry of Economy, Trade and Industry * Designated Body: Japan Chambers of Commerce and Industry
Korea	Korea Customs Service, Korea Chamber of Commerce and Industry (KCCI) or any other agency authorized by the Government of Korea

ASEAN Member	Issuing Authority
Brunei	Ministry of Foreign Affairs and Trade
Cambodia	Ministry of Commerce
Indonesia	Ministry of Trade (Directorate General of International Trade)
Laos	Ministry of Commerce (Directorate of Import and Export (Office No. 1))
Malaysia	Ministry of International Trade and Industry (Trade Services Division)
Myanmar	Ministry of Commerce (Directorate of Trade)
Philippines	Bureau of Customs (Export Coordination Division)
Singapore	Singapore Customs (Documentation Specialist Branch)
Thailand	Ministry of Commerce (Department of Foreign Trade, Bureau of Trade Preference)
Vietnam	Ministry of International Trade (Management Office of Import-Export Administration)
Self Certification	All members by 2012 (Started Nov 2010: Brunei, Malaysia and Singapore)

Comparison of provisions in operational certification procedures

A. Similar provisions across all (text may vary)						
CO Form	D	E	AJ	AK	AANZ	AI
Provision of specimen signatures and official seals of the issuing authorities	same					
Presentation of CO	Submit original CO at time of import declaration	Submit original CO & triplicate copy at time of import declaration; send back triplicate to issuing authority	Submit original CO at time of import declaration	Submit original CO at time of import declaration	Submit original CO at time of import declaration	Submit original CO & triplicate copy at time of import declaration; send back triplicate to issuing authority
Back-to-back CO	Allowed as specified in OCP	Provision in the revised OCP, October 2010	Allowed	Allowed as specified in Appendix 1 under Rule 7	Allowed as specified in OCP	allows for the issuance of back-to-back CO Form AI subject to conditions laid down in Article 11 of Appendix D
Third country invoicing	Allowed as specified in OCP	Provision in the revised OCP, October 2010	Acceptable under certain conditions	Allowed	Allowed as specified in OCP	allows for third party invoicing as provided under Article 22 of Appendix D.
Record keeping requirement	Issuing body, exporter, importer to keep record for 3 years	Issuing body to keep record for at least 3 years, exporter to retain quadruplicate copy for 12 month	Issuing body, exporter, importer to keep record for 3 years	Issuing body, exporter, importer to keep record for 3 years	Issuing body, exporter, importer to keep record for 3 years	Issuing body to keep record for at least 3 years, exporter to retain quadruplicate copy for 12 month

Comparison of provisions in operational certification procedures (continued)

Period of validity	12 months	Normally 4 months	12 months	6 months	12 months	12 months
Waiver of CO	No CO required for goods valued at US \$200 FOB					no exemption
Verification	yes, where necessary					
Pre-export examination	Similar in substance but sometimes varies with regard to specific steps by country					
Confidentiality	Similar, e.g. confidentiality of business information					
Treatment of erroneous declaration in the CO	Similar, e.g. erasures are not allowed and CO to be replaced					
Action against fraudulent acts	Similar, e.g. parties should cooperate in such cases and member country shall provide legal sanctions					
Denial of preferential tariff treatment	Similar, e.g. authorities can deny preference with findings of non-compliance					
Documentation for implementing direct consignment	Similar provisions on treatment of goods passing through one or more non-member party					

B. Provisions with some variation across FTAs

Treatment of minor discrepancies	This is with regards to differences in HS classification and multiple goods declared in one CO but some similarity in substance across FTAs
Special cases	Except for ATIGA and AJCEP, FTAs have provisions about cases where there is change in destination
Minimum data requirements	This is with regards to company details, product information and others, there is a little variation in details required

Cumulation Rules in ATIGA and ASEAN+ FTAs

Agreements	Cumulation
ASEAN Trade in Goods Agreement (ATIGA)	Cumulation permitted across ATIGA provided inputs each satisfy RVC or CTC rule Partial cumulation permitted in RVC calculation on pro rata basis where RVC is at least 20%
ASEAN-China Trade in Goods Agreement (ACFTA)	Cumulation permitted across all RTA parties provided inputs each satisfy RVC (40)
ASEAN-Korea Trade in Goods Agreement (AKFTA)	Cumulation permitted across participating countries provided inputs each satisfy RVC or CTC rule
ASEAN-Japan Comprehensive Economic Partnership (AJCEP)	Cumulation permitted across participating countries provided inputs each satisfy RVC or CTC rule
ASEAN-Australia/New Zealand FTA (AANZFTA)	Cumulation permitted across AANZFTA provided inputs each satisfy RVC or CTC rule
ASEAN-India Trade in Goods Agreement	Cumulation permitted across all RTA parties provided inputs each satisfy RVC (35)+CTSH rule

Services – Restrictiveness Index

- The service chapters of ASEAN+n adopt a GATS-style reporting
- In each service sector, the four modes times two aspects of liberalization i.e., market access (MA) and national treatment (NT), make eight “cells”, to each of which the existence of limitations is indicated.

Unbound
Point: 0

Limited (or
restricted) but bound
Point: 0.5

No limitation (and
bound) Point: 1



More
Liberalized

Level of service liberalization (Hoekman Index, average of all service sectors)

	AFAS(5)	AFAS(7)	AANZFTA	ACFTA	AKFTA
Brunei	0.17	0.23	0.18	0.05	0.08
Cambodia	0.40	0.41	0.51	0.38	0.38
Indonesia	0.18	0.36	0.29	0.09	0.18
Laos	0.09	0.34	0.24	0.02	0.07
Malaysia	0.22	0.34	0.31	0.11	0.20
Myanmar	0.20	0.36	0.26	0.04	0.06
Philippines	0.22	0.33	0.26	0.11	0.17
Singapore	0.28	0.39	0.44	0.30	0.33
Thailand	0.30	0.50	0.36	0.25	NA
Vietnam	0.31	0.38	0.46	0.34	0.32
ASEAN					
Average	0.24	0.36	0.33	0.17	0.20
Australia			0.52		
New Zealand			0.51		
China				0.28	
Korea					0.31

Note: 1 = fully liberalized, 0 = unbound (government has not committed to liberalize)

Note: Specific Commitment Basis and some Horizontal Commitments

Additional Gains by AFAS(5) from GATS Commitments

AFAS(5)	01 Business	02 Communication	03 Construction	04 Distribution	05 Education	06 Environment	07 Finance	08 Health	09 Tourism	10 Recreation	11 Transport
Brunei	0.36	0.08	0.31	0.00	0.00	0.00	0.33	0.31	0.27	0.11	0.17
Cambodia	0.30	0.28	0.50	0.75	0.45	0.75	0.44	0.19	0.52	0.30	0.20
Indonesia	0.22	0.13	0.50	0.00	0.36	0.00	0.25	0.00	0.48	0.08	0.07
Laos	0.11	0.03	0.55	0.00	0.00	0.00	0.24	0.00	0.14	0.00	0.01
Malaysia	0.32	0.09	0.50	0.15	0.24	0.00	0.28	0.16	0.53	0.18	0.09
Myanmar	0.09	0.09	0.63	0.30	0.10	0.16	0.09	0.25	0.36	0.18	0.10
Philippines	0.16	0.33	0.31	0.16	0.00	0.00	0.45	0.14	0.45	0.00	0.37
Singapore	0.27	0.16	0.75	0.30	0.15	0.25	0.34	0.23	0.66	0.15	0.08
Thailand	0.35	0.15	0.64	0.10	0.34	0.69	0.39	0.13	0.52	0.14	0.14
Vietnam	0.36	0.32	0.56	0.25	0.28	0.50	0.49	0.30	0.38	0.10	0.14
ASEAN Average	0.25	0.17	0.53	0.20	0.19	0.23	0.33	0.17	0.43	0.12	0.14

Additional Gains of AFAS(5) from GATS Commitments

Brunei	0.24	0.03	0.31	0.00	0.00	0.00	0.20	0.31	0.27	0.11	0.16
Cambodia	0.00	0.00	0.00	0.05	0.00	0.00	0.09	0.00	0.06	0.15	0.03
Indonesia	0.17	0.03	0.28	0.00	0.36	0.00	0.04	0.00	0.31	0.08	0.04
Laos	NA										
Malaysia	0.02	0.05	0.41	0.15	0.24	0.00	0.07	0.00	0.31	0.00	0.06
Myanmar	0.09	0.09	0.63	0.30	0.10	0.16	0.09	0.25	0.02	0.18	0.09
Philippines	0.13	0.11	0.31	0.16	0.00	0.00	0.11	0.14	0.09	0.00	0.21
Singapore	0.06	0.02	0.60	0.30	0.15	0.25	0.02	0.23	0.38	0.00	0.05
Thailand	0.13	0.05	0.23	0.00	0.04	0.00	0.19	0.13	0.00	0.00	0.03
Vietnam	0.02	0.05	0.06	0.00	0.08	0.06	0.08	0.05	0.02	0.01	0.02
ASEAN Average	0.10	0.05	0.31	0.11	0.11	0.05	0.10	0.12	0.16	0.06	0.08

Additional Gains by AFAS(7) from GATS Commitments

AFAS(7)	01 Business	02 Communication	03 Construction	04 Distribution	05 Education	06 Environment	07 Finance	08 Health	09 Tourism	10 Recreation	11 Transport
Brunei	0.38	0.10	0.33	0.00	0.45	0.00	0.33	0.31	0.28	0.11	0.21
Cambodia	0.30	0.30	0.51	0.75	0.45	0.75	0.44	0.19	0.53	0.30	0.20
Indonesia	0.27	0.16	0.53	0.21	0.48	0.42	0.25	0.66	0.61	0.24	0.30
Laos	0.35	0.28	0.75	0.34	0.56	0.56	0.24	0.27	0.42	0.00	0.14
Malaysia	0.50	0.19	0.50	0.43	0.39	0.34	0.28	0.33	0.56	0.23	0.14
Myanmar	0.25	0.35	0.63	0.38	0.48	0.47	0.09	0.50	0.52	0.30	0.13
Philippines	0.42	0.52	0.35	0.28	0.00	0.27	0.45	0.14	0.47	0.30	0.38
Singapore	0.52	0.38	0.75	0.60	0.15	0.25	0.34	0.38	0.66	0.30	0.14
Thailand	0.66	0.20	0.64	0.60	0.58	0.75	0.39	0.31	0.64	0.64	0.24
Vietnam	0.39	0.33	0.56	0.25	0.43	0.50	0.49	0.63	0.52	0.18	0.19
ASEAN Average	0.41	0.28	0.55	0.38	0.40	0.43	0.33	0.37	0.52	0.26	0.21

Additional Gains of AFAS(7) from GATS Commitments

Brunei	0.26	0.06	0.33	0.00	0.45	0.00	0.20	0.31	0.28	0.11	0.20
Cambodia	0.01	0.02	0.01	0.05	0.00	0.00	0.09	0.00	0.08	0.15	0.03
Indonesia	0.23	0.06	0.30	0.21	0.48	0.42	0.04	0.66	0.44	0.24	0.28
Laos	NA										
Malaysia	0.20	0.14	0.41	0.43	0.39	0.34	0.07	0.17	0.34	0.05	0.12
Myanmar	0.25	0.35	0.63	0.38	0.48	0.47	0.09	0.50	0.17	0.30	0.12
Philippines	0.39	0.30	0.35	0.28	0.00	0.27	0.11	0.14	0.11	0.30	0.22
Singapore	0.31	0.23	0.60	0.60	0.15	0.25	0.02	0.38	0.38	0.15	0.10
Thailand	0.44	0.10	0.23	0.50	0.28	0.06	0.19	0.31	0.13	0.50	0.13
Vietnam	0.05	0.06	0.06	0.00	0.23	0.06	0.08	0.38	0.16	0.09	0.08
ASEAN Average	0.24	0.15	0.32	0.27	0.27	0.21	0.10	0.32	0.23	0.21	0.14

Additional Gains by AANZFTA from GATS Commitments

AANZFTA	01 Business	02 Communication	03 Construction	04 Distribution	05 Education	06 Environment	07 Finance	08 Health	09 Tourism	10 Recreation	11 Transport
Brunei	0.27	0.18	0.38	0.13	0.13	0.13	0.26	0.13	0.13	0.13	0.16
Cambodia	0.42	0.43	0.63	0.88	0.58	0.88	0.56	0.31	0.58	0.28	0.29
Indonesia	0.27	0.23	0.63	0.13	0.58	0.13	0.35	0.28	0.44	0.13	0.15
Laos	0.24	0.16	0.40	0.13	0.33	0.59	0.23	0.13	0.42	0.13	0.12
Malaysia	0.47	0.29	0.56	0.13	0.38	0.13	0.40	0.28	0.47	0.30	0.15
Myanmar	0.28	0.14	0.63	0.13	0.48	0.13	0.13	0.13	0.45	0.13	0.22
Philippines	0.20	0.37	0.20	0.13	0.25	0.23	0.50	0.13	0.50	0.13	0.32
Singapore	0.61	0.34	0.88	0.43	0.28	0.38	0.49	0.38	0.66	0.40	0.19
Thailand	0.37	0.24	0.46	0.23	0.58	0.69	0.35	0.13	0.58	0.24	0.26
Vietnam	0.47	0.45	0.63	0.58	0.45	0.56	0.70	0.47	0.50	0.29	0.27
ASEAN Average	0.36	0.28	0.54	0.29	0.40	0.38	0.40	0.23	0.47	0.21	0.21
Australia	0.67	0.27	0.63	0.70	0.53	0.88	0.37	0.25	0.61	0.43	0.41
New Zealand	0.62	0.35	0.88	0.58	0.73	0.88	0.48	0.13	0.63	0.13	0.37

Additional Gains of AANZFTA from GATS Commitments

Brunei	0.14	0.14	0.38	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.15
Cambodia	0.12	0.15	0.13	0.18	0.13	0.13	0.21	0.13	0.13	0.13	0.13
Indonesia	0.22	0.13	0.40	0.13	0.58	0.13	0.15	0.28	0.27	0.13	0.12
Laos	NA										
Malaysia	0.16	0.25	0.48	0.13	0.38	0.13	0.18	0.13	0.25	0.13	0.13
Myanmar	0.28	0.14	0.63	0.13	0.48	0.13	0.13	0.13	0.11	0.13	0.21
Philippines	0.17	0.15	0.20	0.13	0.25	0.23	0.16	0.13	0.14	0.13	0.16
Singapore	0.40	0.20	0.73	0.43	0.28	0.38	0.17	0.38	0.38	0.25	0.15
Thailand	0.16	0.13	0.05	0.13	0.28	0.00	0.16	0.13	0.06	0.10	0.14
Vietnam	0.13	0.19	0.13	0.33	0.25	0.13	0.29	0.22	0.14	0.20	0.16
ASEAN Average	0.20	0.16	0.34	0.19	0.30	0.15	0.17	0.18	0.18	0.14	0.15
Australia	0.14	0.13	0.23	0.13	0.13	0.50	0.09	0.13	0.13	0.13	0.21
New Zealand	0.28	0.24	0.38	0.13	0.28	0.88	0.13	0.13	0.38	0.13	0.14

Additional Gains by ACFTA from GATS Commitments

ACFTA	01 Business	02 Communication	03 Construction	04 Distribution	05 Education	06 Environment	07 Finance	08 Health	09 Tourism	10 Recreation	11 Transport
Brunei	0.12	0.05	0.00	0.00	0.00	0.00	0.13	0.00	0.02	0.00	0.14
Cambodia	0.29	0.28	0.50	0.75	0.45	0.75	0.43	0.19	0.45	0.15	0.17
Indonesia	0.05	0.10	0.40	0.00	0.00	0.00	0.21	0.00	0.33	0.00	0.03
Laos	0.05	0.00	0.00	0.00	0.00	0.00	0.23	0.00	0.00	0.00	0.00
Malaysia	0.34	0.05	0.09	0.00	0.01	0.00	0.22	0.16	0.27	0.18	0.04
Myanmar	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.34	0.00	0.07
Philippines	0.06	0.23	0.00	0.00	0.00	0.11	0.34	0.00	0.44	0.00	0.16
Singapore	0.40	0.14	0.15	0.45	0.30	0.25	0.39	0.25	0.53	0.40	0.15
Thailand	0.22	0.11	0.41	0.10	0.44	0.69	0.19	0.00	0.58	0.14	0.11
Vietnam	0.35	0.33	0.50	0.45	0.31	0.44	0.57	0.34	0.38	0.16	0.18
ASEAN Average	0.19	0.13	0.21	0.18	0.15	0.22	0.27	0.09	0.33	0.10	0.10
China	0.35	0.29	0.44	0.48	0.31	0.58	0.23	0.00	0.34	0.01	0.15

Additional Gains of ACFTA from GATS Commitments

Brunei	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.13
Cambodia	0.00	0.00	0.00	0.05	0.00	0.00	0.08	0.00	0.00	0.00	0.00
Indonesia	0.00	0.00	0.18	0.00	0.00	0.00	0.00	0.00	0.16	0.00	0.00
Laos	NA										
Malaysia	0.03	0.00	0.00	0.00	0.01	0.00	0.01	0.00	0.05	0.00	0.01
Myanmar	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05
Philippines	0.02	0.01	0.00	0.00	0.00	0.11	0.00	0.00	0.08	0.00	0.00
Singapore	0.19	0.00	0.00	0.45	0.30	0.25	0.06	0.25	0.25	0.25	0.11
Thailand	0.01	0.00	0.00	0.00	0.14	0.00	0.00	0.00	0.06	0.00	0.00
Vietnam	0.01	0.06	0.00	0.20	0.11	0.00	0.16	0.09	0.02	0.08	0.07
ASEAN Average	0.03	0.01	0.02	0.08	0.06	0.04	0.03	0.04	0.07	0.04	0.04
China	0.01	0.00	0.00	0.00	0.00	0.44	0.00	0.00	0.00	0.01	0.03

Additional Gains by AKFTA from GATS Commitments

AKFTA	Gains by Sector										
	01 Business	02 Communication	03 Construction	04 Distribution	05 Education	06 Environment	07 Finance	08 Health	09 Tourism	10 Recreation	11 Transport
Brunei	0.12	0.06	0.31	0.00	0.00	0.00	0.13	0.19	0.11	0.00	0.06
Cambodia	0.29	0.30	0.50	0.75	0.45	0.75	0.43	0.19	0.45	0.15	0.17
Indonesia	0.19	0.13	0.50	0.00	0.46	0.00	0.24	0.16	0.34	0.00	0.04
Laos	0.02	0.00	0.41	0.00	0.20	0.06	0.01	0.13	0.00	0.00	0.00
Malaysia	0.34	0.15	0.44	0.18	0.04	0.00	0.24	0.16	0.52	0.20	0.09
Myanmar	0.03	0.04	0.13	0.00	0.00	0.00	0.00	0.00	0.34	0.00	0.09
Philippines	0.19	0.40	0.11	0.00	0.00	0.11	0.44	0.00	0.42	0.00	0.25
Singapore	0.44	0.33	0.75	0.45	0.15	0.25	0.38	0.25	0.47	0.30	0.06
Thailand	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Vietnam	0.34	0.33	0.50	0.45	0.20	0.44	0.52	0.30	0.38	0.16	0.15
ASEAN Average	0.22	0.19	0.41	0.20	0.17	0.18	0.27	0.15	0.34	0.09	0.10
Korea	0.58	0.30	0.36	0.48	0.13	0.50	0.16	0.00	0.50	0.08	0.28

Additional Gains of AKFTA from GATS Commitments

AKFTA	Gains by Sector										
	01 Business	02 Communication	03 Construction	04 Distribution	05 Education	06 Environment	07 Finance	08 Health	09 Tourism	10 Recreation	11 Transport
Brunei	0.00	0.01	0.31	0.00	0.00	0.00	0.00	0.19	0.11	0.00	0.04
Cambodia	0.00	0.02	0.00	0.05	0.00	0.00	0.08	0.00	0.00	0.00	0.00
Indonesia	0.14	0.03	0.28	0.00	0.46	0.00	0.03	0.16	0.17	0.00	0.01
Laos	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Malaysia	0.04	0.10	0.35	0.18	0.04	0.00	0.03	0.00	0.30	0.03	0.06
Myanmar	0.03	0.04	0.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07
Philippines	0.16	0.18	0.11	0.00	0.00	0.11	0.10	0.00	0.06	0.00	0.09
Singapore	0.23	0.18	0.60	0.45	0.15	0.25	0.06	0.25	0.19	0.15	0.03
Thailand	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Vietnam	0.00	0.06	0.00	0.20	0.00	0.00	0.11	0.05	0.02	0.08	0.04
ASEAN Average	0.07	0.08	0.22	0.11	0.08	0.04	0.05	0.08	0.11	0.03	0.04
Korea	0.25	0.10	0.01	0.06	0.13	0.05	0.05	0.00	0.02	0.08	0.15

Contents of limitations under the five ASEAN+n FTAs

FTA	A	B	C	D	E	F	G	T	Total
AFAS5	26	0	2	263	378	268	443	20	1,400
AFAS7	1	0	1	345	477	359	144	119	1,446
ASEAN-China FTA	0	0	0	32	123	71	26	4	256
ASEAN-Australia-New Zealand FTA	0	0	0	3,587	364	163	76	27	4,217
ASEAN-Korea FTA	14	0	1	154	406	169	117	53	914
Total	41	0	4	4,381	1,748	1,030	806	223	8,233

A: limitations on the number of service suppliers whether in the form of numerical quotas, monopolies, exclusive service suppliers or the requirements of an economic needs test;

B: limitations on the total value of service transactions or assets in the form of numerical quotas or the requirement of an economic needs test;

C: limitations on the total number of service operations or on the total quantity of service output expressed in terms of designated numerical units in the form of quotas or the requirement of an economic needs test;

D: limitations on the total number of natural persons that may be employed in a particular service sector or that a service supplier may employ and who are necessary for, and directly related to, the supply of a specific service in the form of numerical quotas or the requirement of an economic needs test;

E: measures which restrict or require specific types of legal entity or joint venture through which a service supplier may supply a service;

F: limitations on the participation of foreign capital in terms of maximum percentage limit on foreign shareholding or the total value of individual or aggregate foreign investment;

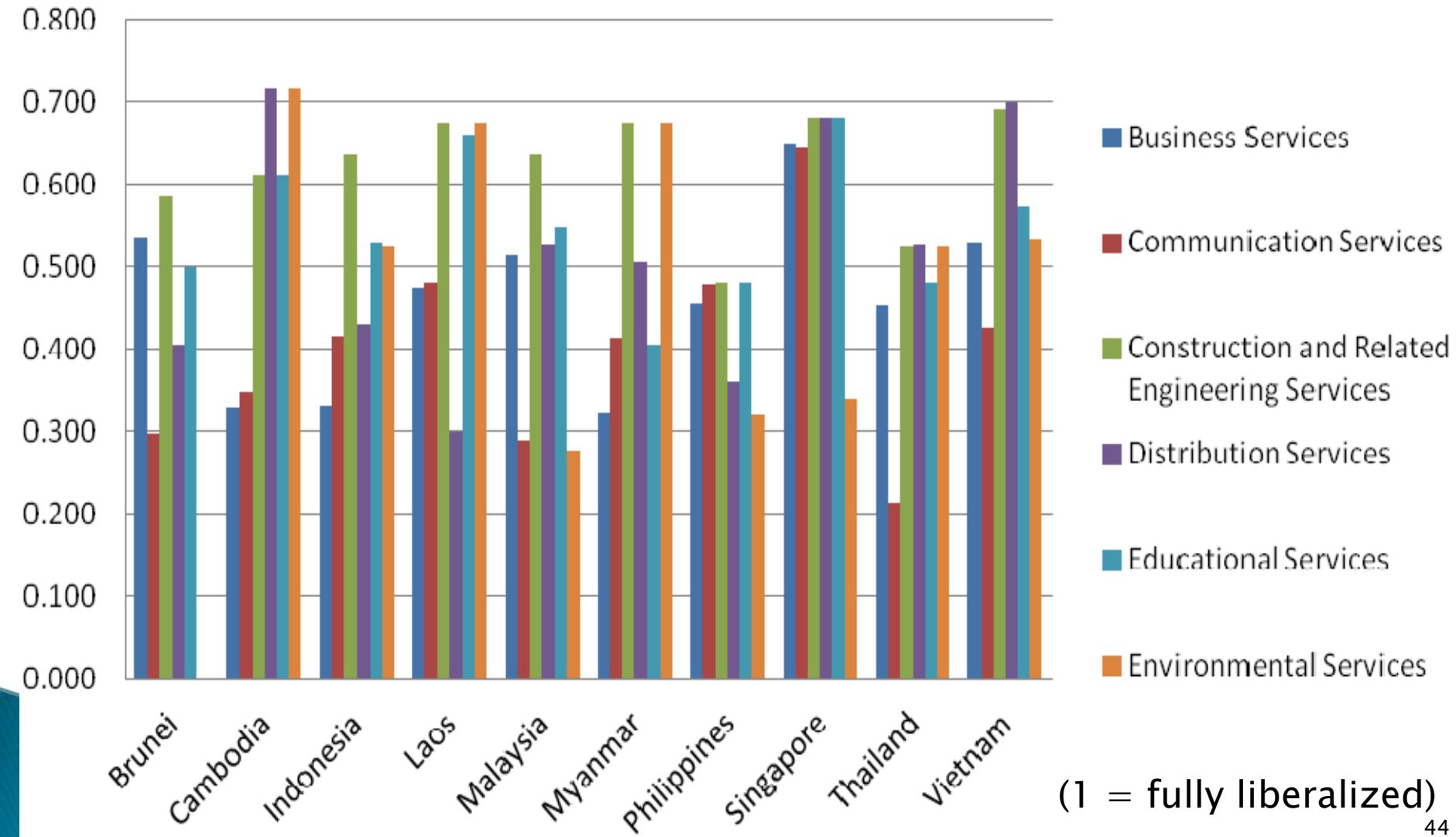
G: limitations related to government approval (indicated explicitly);

T: Restrictions related to paying taxes or fees.

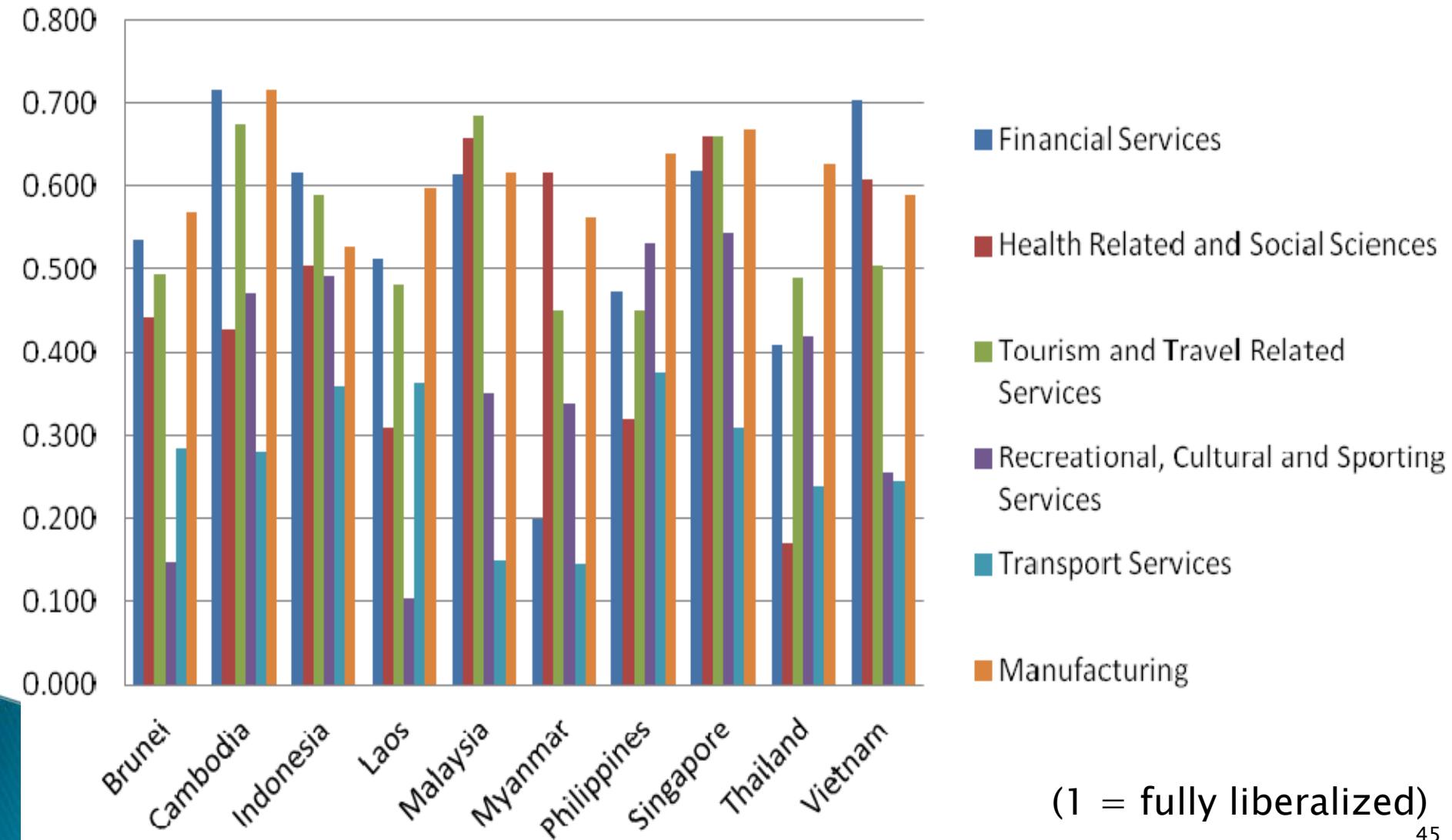
Investment – FDI Restrictive Index

- ▶ This study covers nearly 156 sectors, and the analysis is aggregated into key sectors under AFTA, ACFTA and AKFTA at this stage.
- ▶ Temporary Exclusion Lists and Sensitive Lists provided by each country, as well as their more recent Individual Action Plans which list the removal of some FDI restrictions.
- ▶ We create index for (a) GATs and (b) Overall that includes GATS and Individual Country Action Plan.

FDI Restrictive Index by Sector – Overall (1)



FDI Restrictive Index by Sector – Overall (2)



Investment – Degree of Restrictions in ASEAN

(1st country = most open)

Ranking		AKFTA		ACFTA
1	Singapore	0.458	Vietnam	0.472
2	Vietnam	0.436	Cambodia	0.386
3	Korea	0.414	Singapore	0.378
4	Cambodia	0.386	China	0.148
5	Malaysia	0.219	Malaysia	0.133
6	Thailand	0.198	Philippines	0.109
7	Indonesia	0.193	Thailand	0.086
8	Laos	0.182	Indonesia	0.081
9	Philippines	0.115	Laos	0.037
10	Brunei	0.106	Brunei	0.017
11	Myanmar	0.024	Myanmar	0.089

1. As compared to ACFTA and AKFTA, ACIA adopts a more liberalized policy with respect to foreign investments.
2. Score for AKFTA tends to be much higher than ACFTA – Korean firms in production value-chain.

4. Conclusion

- ▶ Mid-term Review of AEC Blueprint
 - Mixed results by policy modes
 - Well achieved, improved, going with some delay, ...
- ▶ Overall picture of economic integration and “beyond 2015”
 - Jakarta Framework and its extension
 - Policy environment for the 2nd unbundling
 - Complementary function of high-level FTAs and development agenda
- ▶ ASEAN++ FTA or CEP
 - TPP and CK/CJK/ASEAN++
 - How far can it be “high-level”?
 - Positioning of ASEAN