

# Towards a Well-Integrated and Connected Global ASEAN by 2025

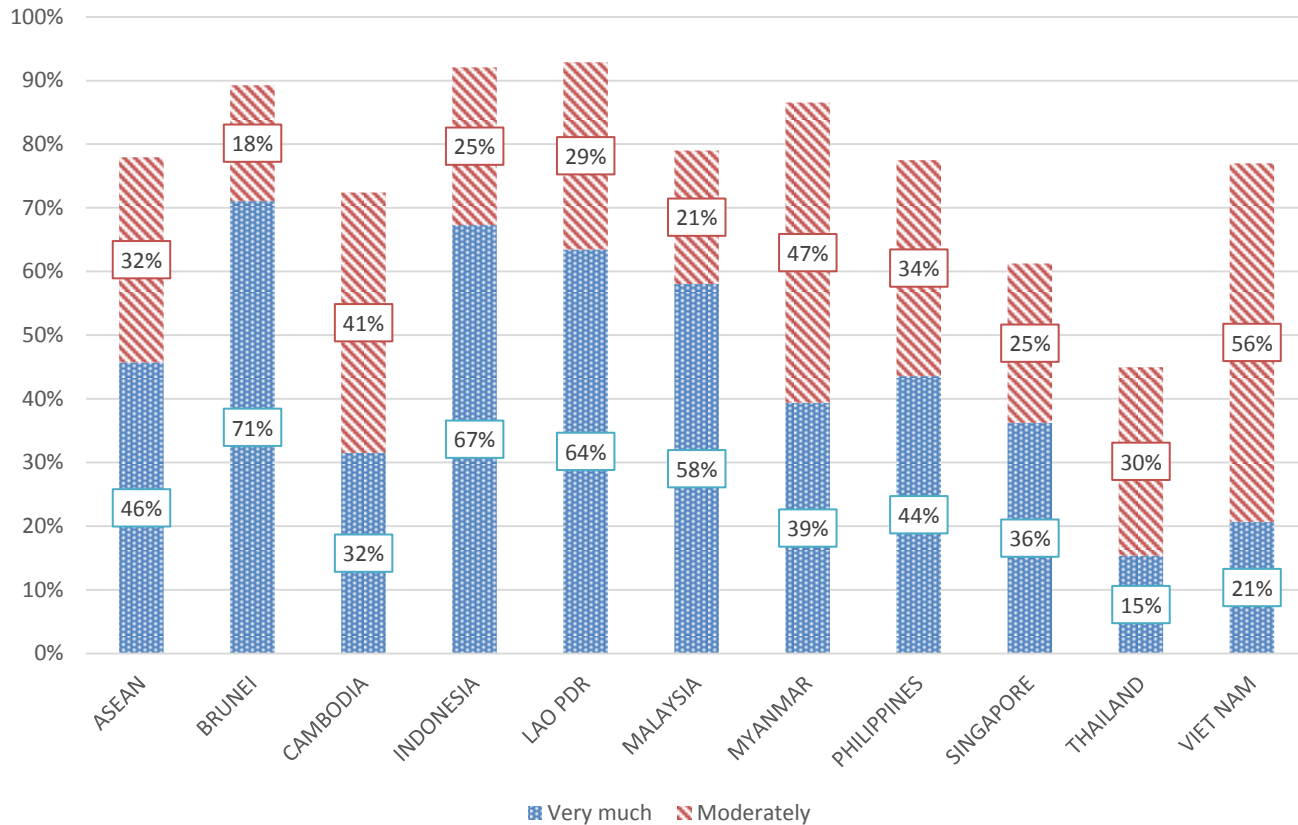
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**6<sup>th</sup> ASEAN-CER Integration Partnership Forum**  
**Auckland, NZ; 31 May 2017**

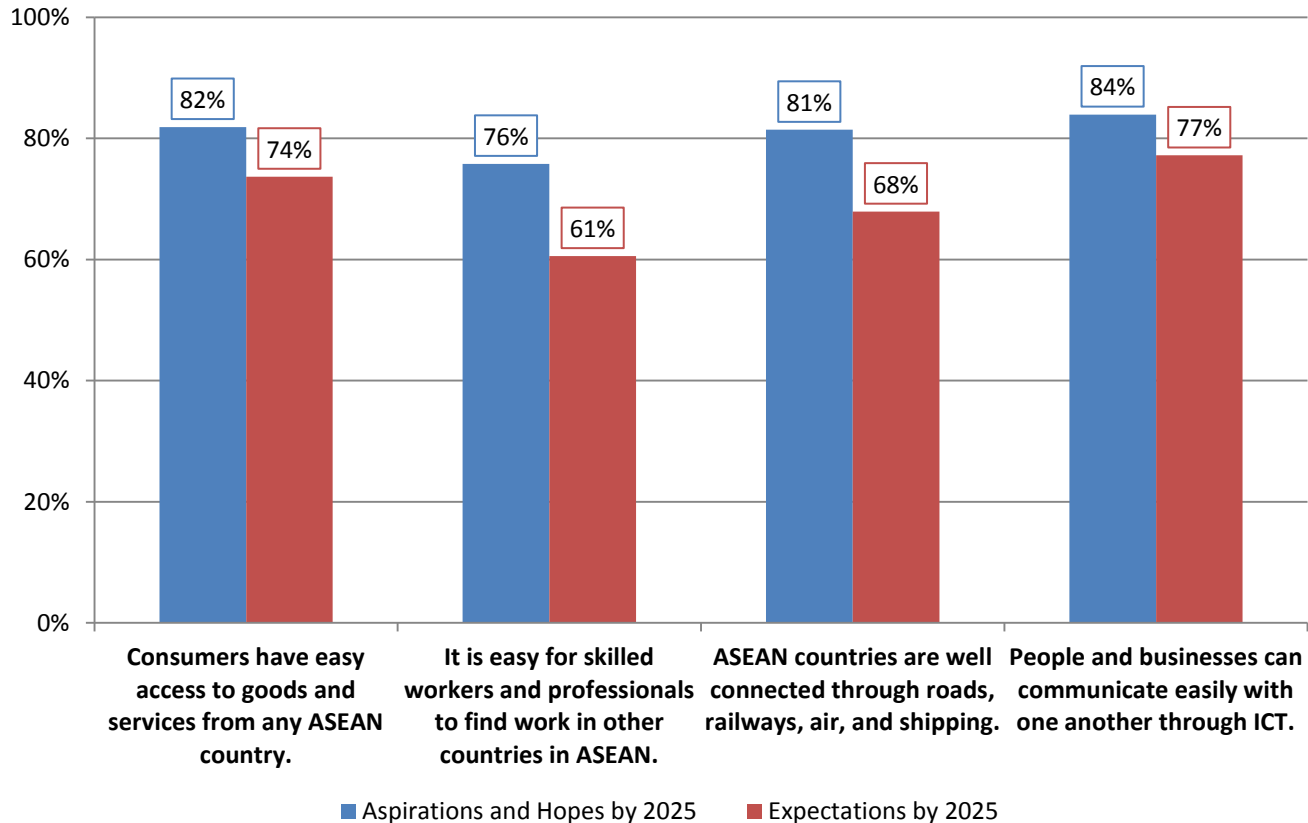
# Presentation Outline

- Voices of ASEAN People: *Aspirations, Expectations, Pressing Problems*
- ASEAN Integration into 2025: *Key Global Opportunities, Risks and Implications for ASEAN*
- Pursuing Economic Integration in Interesting Times
- Realizing a Well-Integrated and Connected AEC by 2025
- Lessons from ANZ CER and ASEAN

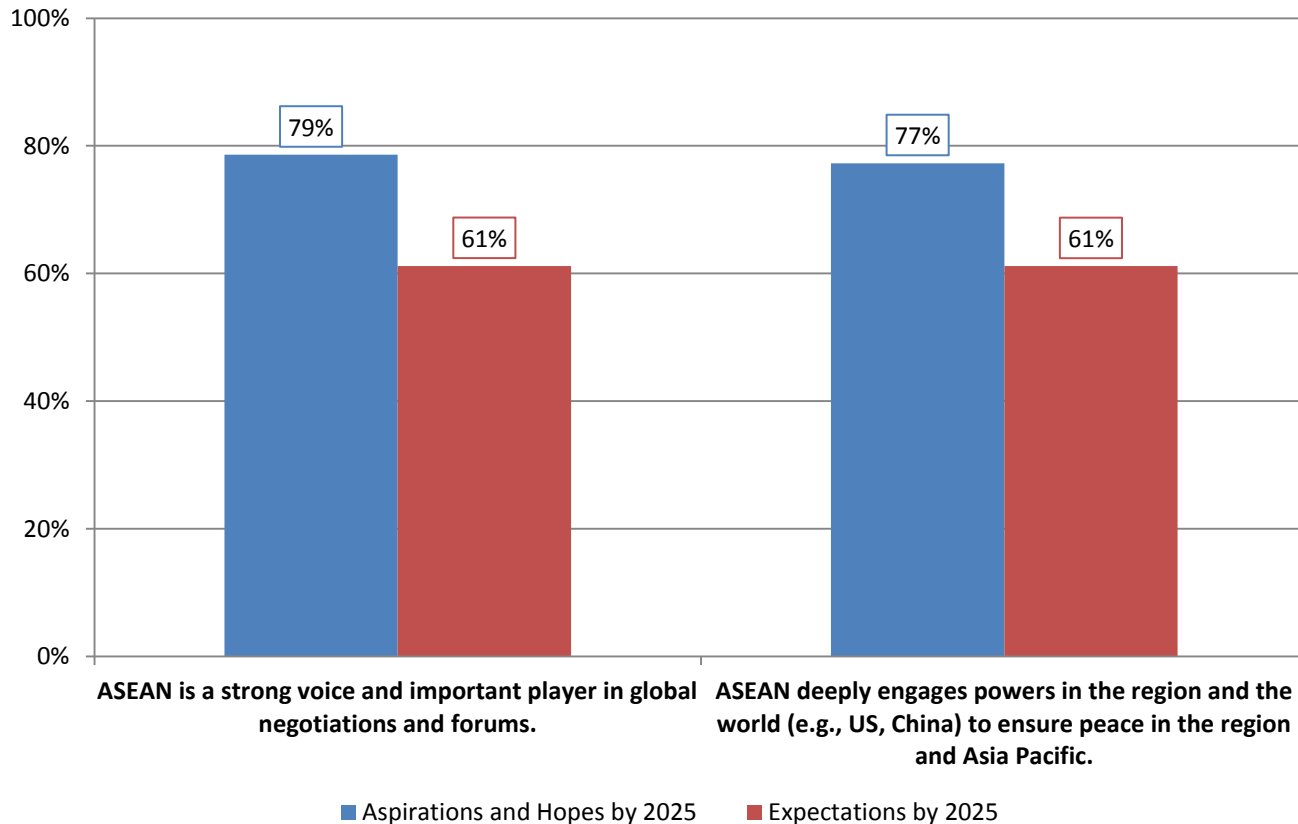
# I feel that I am a Citizen of ASEAN



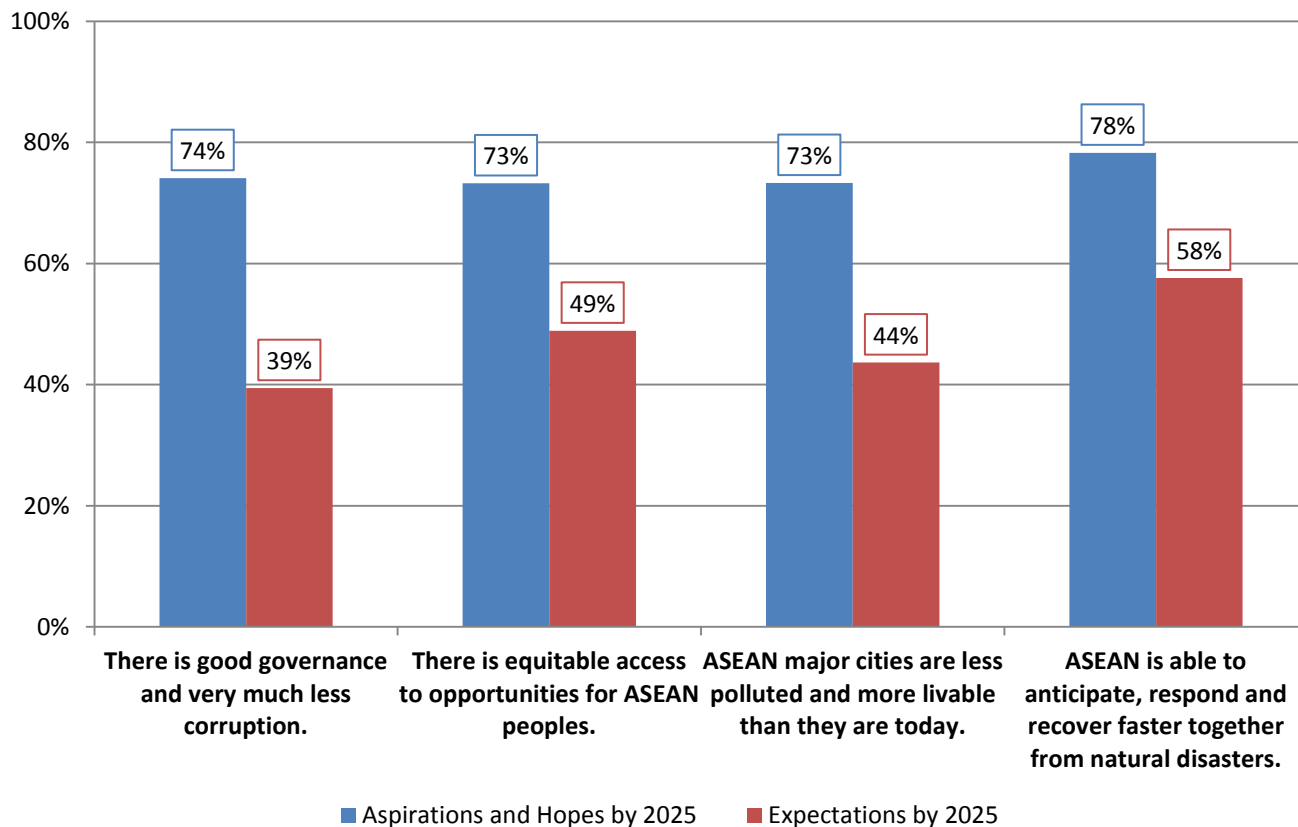
# Integrated and Connected ASEAN



# ASEAN Global and Regional Engagement



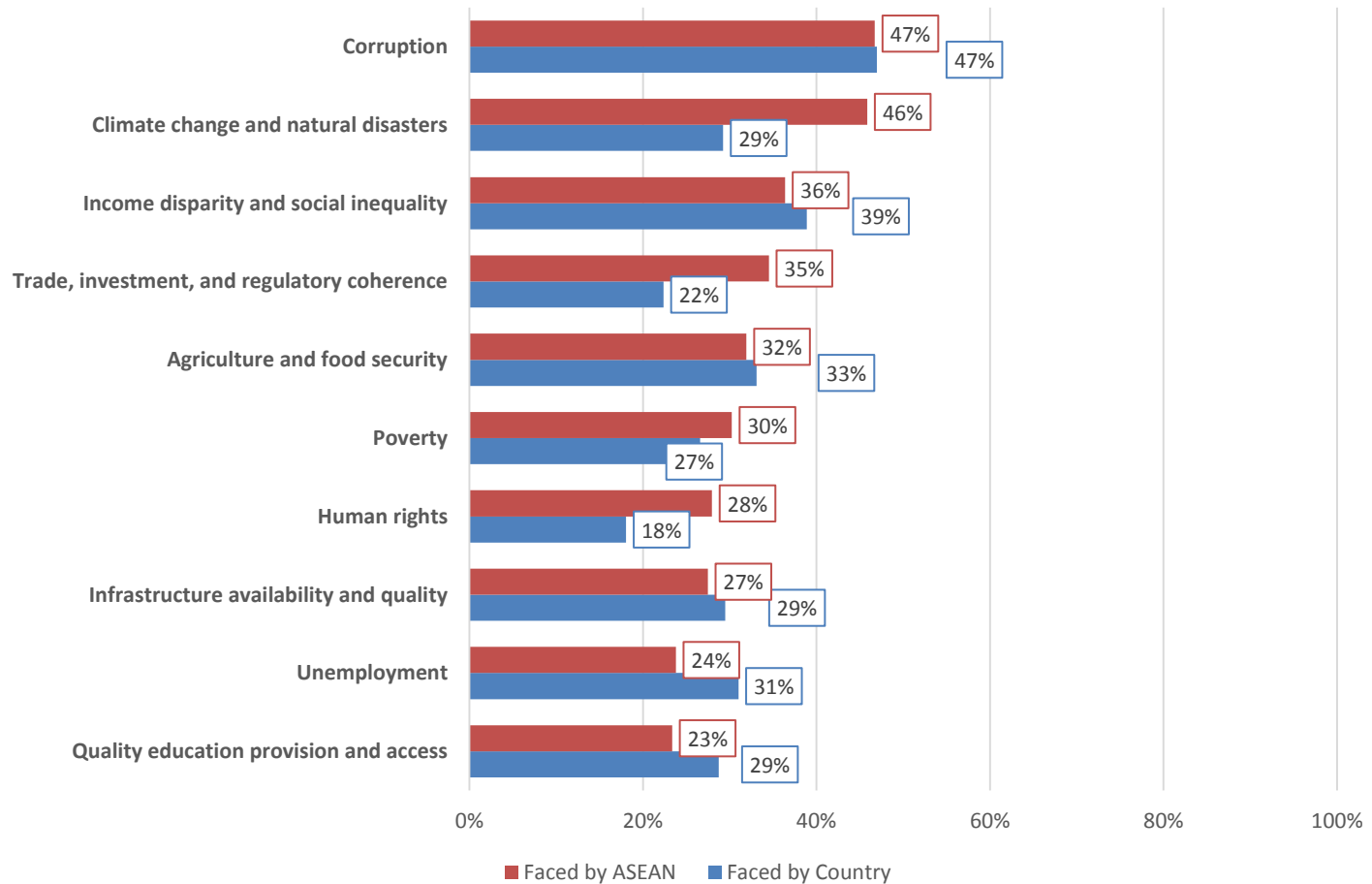
# ASEAN Governance, Resilience, Equity



# Findings from the Survey Results

- There is **strong aspiration** for:
  - an integrated and connected ASEAN
  - a resilient, equitable and sustainable ASEAN
  - an ASEAN of good governance
  - an ASEAN with significant global and regional presence and contribution
- **Gap between aspirations and expectations for 2025:**
  - **Narrowest:** Integrated and connected ASEAN
  - **Widest:** ASEAN of good governance
  - **Large:** Equitable and sustainable ASEAN
  - **Considerable:** Resilient ASEAN; ASEAN's global and regional engagement

# Pressing Problems





# Insights from the Survey Results

- **Significant overlap between pressing regional and national concerns.** Pressing concerns mirror aspirations-expectations gaps: E.g.,
  - Corruption
  - Income disparity and social inequality
  - Climate change, natural disasters and regional resiliency
  - Integration and trade, investment and regulatory coherence
- **Regionally concerted national actions bring synergy**
  - Synergy among AMSs
  - Synergy among blueprints: AEC + ASCC + MPAC + APSC

## Insights from the Survey Results (2)

- AEC Blueprint 2025 (together with MPAC 2025 and ASCC 2025) potentially helps address many pressing problems & supports aspirations:
  - Challenge: need for widespread understanding and appreciation that AEC (and MPAC) is far more than economic integration. It is also for anti-corruption; poverty reduction and unemployment; growth with equity if done well; ASEAN as regional player (RCEP), etc..

# Two Key Global Developments

## Great Opportunities in Developing East Asia

- India/SA-ASEAN-China: “golden arc of opportunity”: the largest fast rising consumer market in the world; most potent global growth driver
- Risk: inequitable growth if integration not managed well

## Digital Revolution and Possible 3<sup>rd</sup> Unbundling

- Digital revolution offers SME global-GVC reach.
- WB: “analog components” critical against adverse effects; e.g., over-concentration, labor-market “hollowing out”
- 3<sup>rd</sup> Unbundling (Baldwin): de-linking labor service and service provider—marked services globalization
- Address risk of “hollowing out” of labor market

# Pursuing Economic Integration in Interesting Times

- **Brexit/Trumpism lesson:** inclusivity and management of adjustment are critical in an integrating world.
  - egalitarian Japan vs non-egalitarian US experiences
- **Realizing opportunities of India/SA-ASEAN-China growth corridor:** managed deepening integration with complementary structural adjustment policies.
  - ASEAN blueprints together with domestic strategies, policies and institutional improvements.
- **Key complementary measures for inclusive integration and growth** are in the ASCC; e.g., education, health and nutrition, social protection, MPAC; e.g., infra access of peripheries, and APSC; e.g., disaster response.
- **If done well, inclusive integration and growth** can prevent disaffection by populace with integration and globalization.

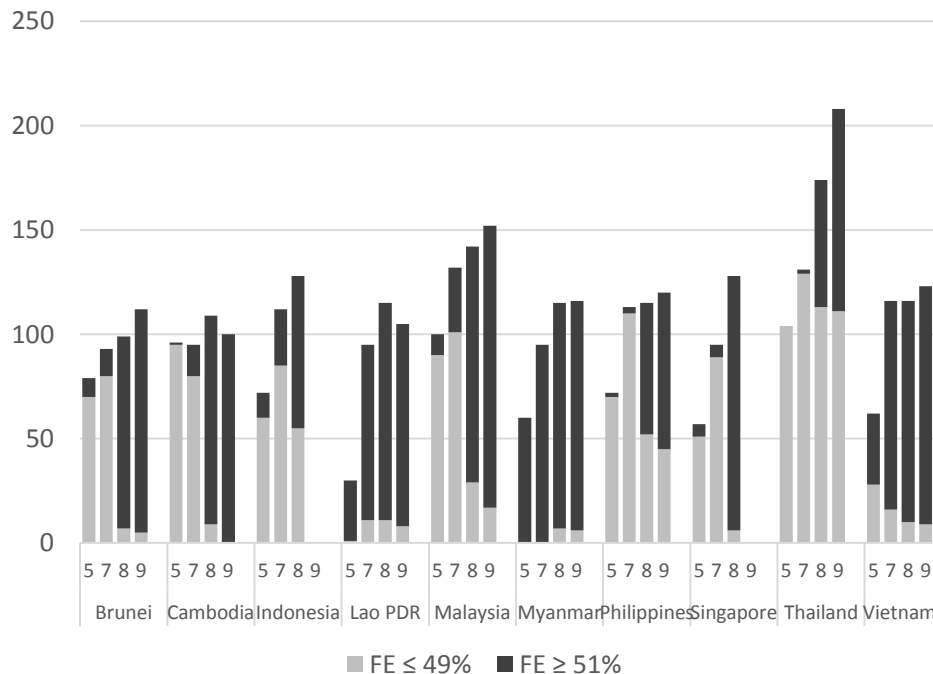
# Integration and Community Building

- Overall: moving forward:
  - **emphasize synergy among integration and domestic reform, connectivity and cooperation, together with adjustment/transition measures and institution building**
- Economic integration in ASEAN is critical part of, and needs, ASEAN community building.
  - **Successful AEC that delivers benefits to all people needs robust ASCC, MPAC and APSC. Complementation critical.**
- Implementation and coordination! Political Will and People Support!
  - **Communication and engagement critical**

# Services Liberalization in ASEAN

## AFAS Sectors FE $\geq$ 51%

Progression of number of sectors offered by AMS  
in AFAS 5, 7, 8 and 9

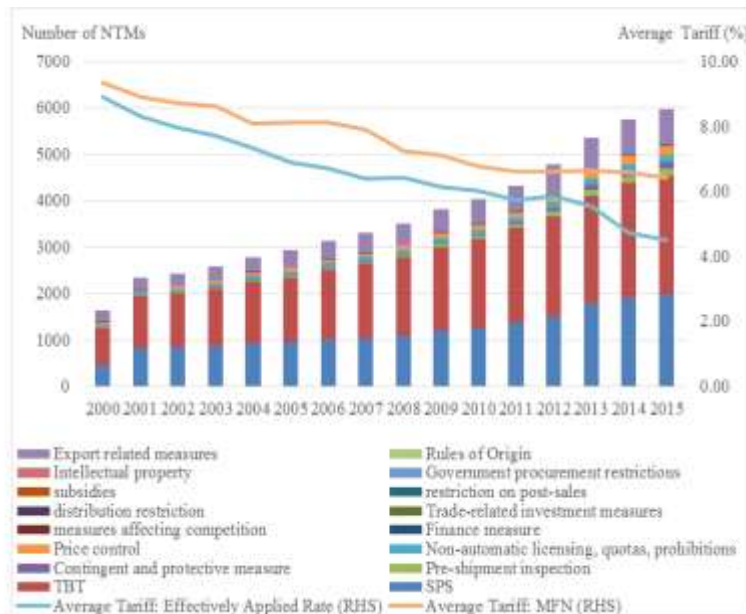


## Key Points

- Indonesia, Philippines and Thailand lowest liberalization rate commitment
- Further liberalization requires change in mindsets.
- Service revolution in global manufacturing, services GVCs, tourism boom in EA: opportunities for service-competitive AMSs
- Negative list? Link with RCEP time table for switch to negative list?
- Measured services liberalization; sectoral annexes or chapters?
- GRP complements services lib; disciplines on domestic regulations
- Regular engagements with industry associations

# Addressing NTMs in ASEAN

## NTMs in ASEAN



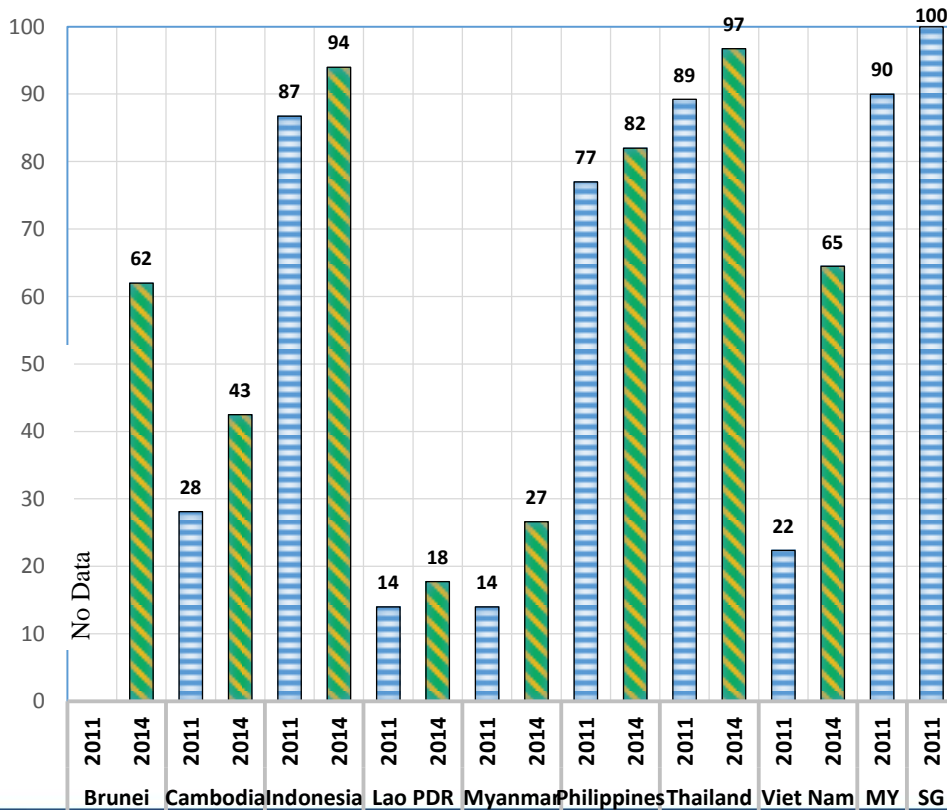
Source: Ing et al. (2016).

## Findings/Solutions

- Rising number of NTMs while tariff rates went down.
- NTMs mainly TBTs and SPS measures
- Key measures: transparency, standards and conformance, Good Regulatory Practice (GRP) and regulatory reform, international regulatory cooperation (IRC), capacity building in few AMSs

# Towards Seamless Trade Facilitation in ASEAN

## NSW Implementation (2014)



## ASEAN TF Initiatives

- AVEs of ATIGA ROOs large in some commodities
- NSWs in at least 7 AMSs; E-Form D tested in 5 AMSs
- Pilot ASEAN Customs Transit System (ACTS)
- ATF-JCC reactivated
- ASEAN Trade Facilitation Indicators/Index (ATFI) being developed
- Streamline ROOs and CO
- Full operationalization of ATR/NTR, ASW, Tariff Finder, ASSIST. Etc.



# GRP and IRC for ASEAN

## GRP/IRC in ASEAN

- New in AEC 2025: Good governance and effective, efficient, coherent and responsive regulations and Good Regulatory Practice
- Political support through adoption of GRP principles
- Regular review of regulations
- Institutionalize GRP consultations among stakeholders
- IRC in ASEAN can lead to adoption of good practice, strengthened cross-border coordination, AMS' regulatory convergence or concordance

## AEC and Anti-Corruption

- NSW demands streamlined procedures, interagency coordination, transparency, and allows non-contact transactions.
- NTR/ATR: transparency
- GRP approach to addressing NTMs calls for streamlined procedures and private sector involvement.
- GRP principles and disciplines in services regulation serve as anti-corruption measures.

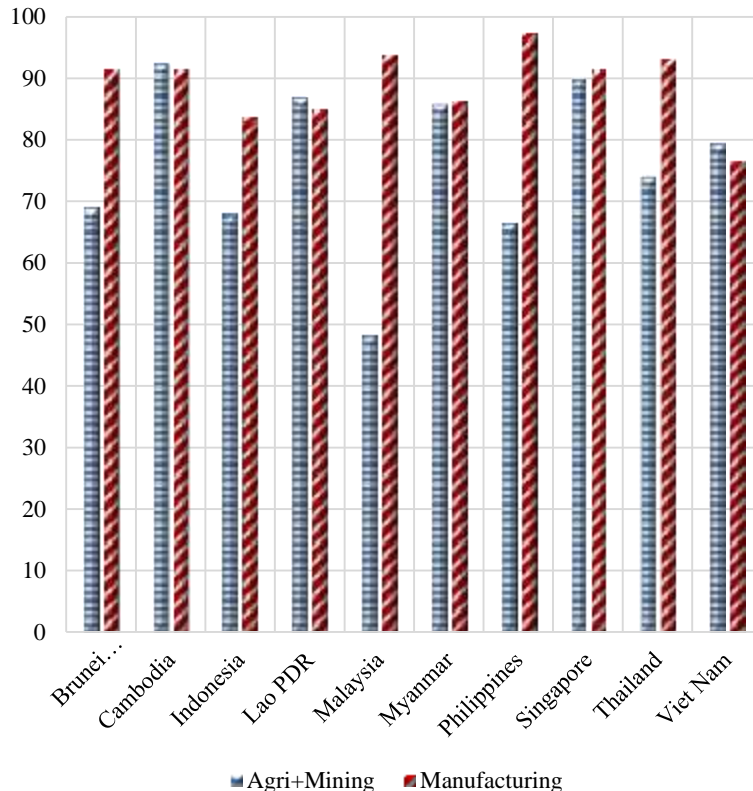
# Pursuing Economic Integration in Interesting Times (2)

- Lessons from ANZ CER
  - Integration is a long, gradual, continuous process. Note CER process earlier than ASEAN integration process (since 1992 only)
  - Integration rests on community building: trust; understanding and connections of people, institutions, & cultures; commonality of interests
  - Integration has political and people support.
  - Integration must deliver benefits to the people
- ASEAN follows the footsteps of ANZ CER
- For ASEAN: Implement! Political Will! Partnerships!

# THANK YOU!

# Investment Liberalization in ASEAN

## ACIA Liberalization Rate ( $\geq 70\%$ FE): 2015



## Key Points

- Manufacturing: largely open to FE in most AMSs
- Agri + Mining: largely open in CLM; more restricted in B, I, M, P, T. *Complex non-economic sensitivities or constitutional restrictions to foreign equity control in some AMSs.*
- Enhance Investment Peer Review process
- Importance of overall investment climate, not just investment lib rate
- Sharing of best practices

# Connectivity Action Plans in ASEAN

## Transport

- Review MAAS, MAFLAFS, MAFLPAS & protocols for further liberalization
- Implement AFAFGIT, AFAFIST & AFAMT
- Implement ASEAN CBTP
- Develop ASEAN logistics network
- Develop KPIs on port efficiency; EDIs in ports; pilot test ASSM; Ro Ro
- SKRL, AHN, China's BRI

## ICT & E-Commerce

- ICT infrastructure development in rural areas and resiliency
- ICT regulatory cooperation and lower roaming charges
- ICT human capital devt
- Information security and assurance
- Facilitate cross-border e-commerce in ASEAN
- Develop regional data protection and privacy principles
- Harmonize legal framework for online dispute settlement