ASEAN Economic Community (AEC)
ASEAN Snapshot

Macro-Economic Basics (2013)

- GDP (2013): US$2,399 Bn
- GDP per capita: US$3,837
- GDP Growth: 5.1%
- Population: 625 million people
- Area: 4.44 million km$^2$

Source: ASEAN Finance and Macro-economic Surveillance Unit Database (compiled/computed from data submission, publications and/or websites of ASEAN Member States' national statistics offices and relevant government agencies, and from the International Monetary Fund World Economic Outlook (IMF WEO) Database April 2014 as of August 2014
ASEAN GDP and Population (2013)

THAILAND
• US$ 388 billion (GDP)
• 68 million

ASEAN
• US$2,399 billion (GDP)
• 625 million

ASEAN: Third largest market in the world after China and India

Source: ASEAN Statistics
## Foreign Direct Investment, Net Inflows ($ Million)

<table>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>1,093</td>
<td>4,346</td>
<td>-4,550</td>
<td>8,336</td>
<td>4,914</td>
<td>6,928</td>
<td>9,318</td>
<td>4,877</td>
<td>13,771</td>
<td>19,241</td>
<td>19,618</td>
<td>-</td>
</tr>
<tr>
<td>Malaysia</td>
<td>2,332</td>
<td>4,178</td>
<td>3,788</td>
<td>3,925</td>
<td>7,691</td>
<td>9,071</td>
<td>7,573</td>
<td>115</td>
<td>10,886</td>
<td>15,119</td>
<td>9,734</td>
<td>11,583</td>
</tr>
<tr>
<td>Philippines</td>
<td>530</td>
<td>1,478</td>
<td>2,240</td>
<td>1,664</td>
<td>2,707</td>
<td>2,919</td>
<td>1,340</td>
<td>2,065</td>
<td>1,070</td>
<td>2,007</td>
<td>3,215</td>
<td>3,860</td>
</tr>
<tr>
<td>Singapore</td>
<td>5,575</td>
<td>11,535</td>
<td>16,484</td>
<td>18,090</td>
<td>36,924</td>
<td>47,733</td>
<td>12,201</td>
<td>23,821</td>
<td>55,076</td>
<td>50,368</td>
<td>61,160</td>
<td>63,772</td>
</tr>
<tr>
<td>Thailand</td>
<td>2,444</td>
<td>2,068</td>
<td>3,366</td>
<td>8,055</td>
<td>9,455</td>
<td>11,327</td>
<td>8,538</td>
<td>4,854</td>
<td>9,104</td>
<td>3,868</td>
<td>10,692</td>
<td>12,833</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>180</td>
<td>1,780</td>
<td>1,298</td>
<td>1,954</td>
<td>2,400</td>
<td>6,700</td>
<td>9,579</td>
<td>7,600</td>
<td>8,000</td>
<td>7,430</td>
<td>8,368</td>
<td>8,900</td>
</tr>
</tbody>
</table>

Note: - = data not available at cutoff date

Source: Key Indicators for Asia and the Pacific 2014, as of Aug 2014
## Gross Domestic Product at Purchasing Power Parity
(current international dollars, million)

<table>
<thead>
<tr>
<th>Region Member</th>
<th>2000</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>920,505</td>
<td>1,302,667</td>
<td>1,416,574</td>
<td>1,546,436</td>
<td>1,671,460</td>
<td>1,762,290</td>
<td>1,894,632</td>
<td>2,058,130</td>
<td>2,227,561</td>
<td>2,388,413</td>
</tr>
<tr>
<td>Malaysia</td>
<td>291,562</td>
<td>412,846</td>
<td>449,304</td>
<td>490,278</td>
<td>524,010</td>
<td>520,050</td>
<td>565,426</td>
<td>606,094</td>
<td>651,470</td>
<td>692,335</td>
</tr>
<tr>
<td>Philippines</td>
<td>261,421</td>
<td>367,521</td>
<td>398,681</td>
<td>436,341</td>
<td>463,339</td>
<td>472,267</td>
<td>514,464</td>
<td>543,771</td>
<td>590,992</td>
<td>642,881</td>
</tr>
<tr>
<td>Singapore</td>
<td>164,578</td>
<td>234,674</td>
<td>263,320</td>
<td>294,937</td>
<td>306,074</td>
<td>306,569</td>
<td>357,568</td>
<td>386,673</td>
<td>403,283</td>
<td>425,155</td>
</tr>
<tr>
<td>Thailand</td>
<td>455,430</td>
<td>682,188</td>
<td>736,550</td>
<td>789,630</td>
<td>827,698</td>
<td>812,449</td>
<td>887,017</td>
<td>904,485</td>
<td>1,002,837</td>
<td>1,036,003</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>151,255</td>
<td>255,946</td>
<td>282,223</td>
<td>310,368</td>
<td>334,346</td>
<td>355,106</td>
<td>382,490</td>
<td>414,339</td>
<td>443,705</td>
<td>474,840</td>
</tr>
</tbody>
</table>

Note: - = data not available at cutoff date

Source: Key Indicators for Asia and the Pacific 2014, as of Aug 2014
ASEAN COMMUNITY
By 2015

ASEAN Economic Community (AEC)

ASEAN Security Community (ASC)

ASEAN Socio-Cultural Community (ASCC)

Declaration of the AEC Blueprint

AEC Blueprint

Strategic Schedule
## AEC Blueprint Roadmap

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A</strong></td>
<td>Single market and production base</td>
</tr>
<tr>
<td><strong>B</strong></td>
<td>Competitive economic region</td>
</tr>
<tr>
<td><strong>C</strong></td>
<td>Equitable economic development</td>
</tr>
<tr>
<td><strong>D</strong></td>
<td>Integration into the global economy</td>
</tr>
</tbody>
</table>

### Category A: Single market and production base
- Free flow of goods
- Free flow of services
- Free flow of investment
- Freer flow of capital
- Freer flow of skilled labour
- Priority integration sectors: Food, Forestry, Rubber, Fishery, Auto, Rubber, Health, Tourism, Air Transport, E-ASEAN,

### Category B: Competitive economic region
- Competition Policy
- Consumer Protection
- IPR
- Infrastructure Development
- Taxation
- E-Commerce

### Category C: Equitable economic development
- SME Development
- Reduce development gap among members

### Category D: Integration into the global economy
- FTA with non-Members
- Enhanced participation in global supply network
AEC Blueprint: Free Flow of Goods

**Tariff Elimination**

Reaffirm the commitments under CEPT*-AFTA

<table>
<thead>
<tr>
<th>Product in Inclusion List</th>
<th>ASEAN (6) 2010</th>
<th>CLMV 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Import Duty - 0%</td>
<td>Import Duty - 0%</td>
</tr>
</tbody>
</table>

Except for:

1. Products in **Sensitive List**
   - Of which import duties may not be 0% but must be <5%

2. Products in **Highly Sensitive List** will be excluded from tariff reduction
   - i.e. **Rice** for Indonesia, Malaysia and the Philippines / **Sugar** for Indonesia

*CEPT = Common Effective Preferential Tariff
### AEC Blueprint: Free Flow of Services

**INCREASE FOREIGN EQUITY PARTICIPATION**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(PIS) ICT, Health Tourism, Air Transport</td>
<td>49%</td>
<td>51%</td>
<td>70%</td>
<td>70%</td>
<td>70%</td>
</tr>
<tr>
<td>Logistics</td>
<td>30%</td>
<td>49%</td>
<td>51%</td>
<td>70%</td>
<td>70%</td>
</tr>
</tbody>
</table>
Service Sectors

- Professional services (engineer, architect, legal, accountant, etc.)
- Communication services
- Construction services
- Distribution services
- Education services
- Environment services
- Financial services
- Health-related services
- Tourism services
- Recreation, Sport services
- Transport services
- Other services
AEC Free Trade in Services (AFAS)

2010:
Up to 70%
Asean ownership in ICT, healthcare, tourism and Aviation services Operating in any member country

2013:
Up to 70%
Asean ownership in logistics service operating in any member country

2015:
Up to 70%
Asean ownership in all other services operating in any Member country

Free flow of skilled jobs: engineers, architects, doctors, dentists, nurses, accountants, surveyors

2015: Asean Economic Community (AEC) heads towards a single market and production base for free flow of goods, services, investment and skilled labour, and free flow of capital

Source: The Nation, as of February 8, 2010
## Trade Facilitation & Logistic Development under ASEAN Economic Community (AEC)

<table>
<thead>
<tr>
<th></th>
<th>Present</th>
<th>Within 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Free flows of goods</strong></td>
<td>All members build up trade facilitation system to apply ASEAN Single Window</td>
<td>• Implement full function of ICT for customs duty and trade facilitation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Full function of ASEAN Single Window system</td>
</tr>
<tr>
<td><strong>Free flows of services</strong></td>
<td>Allow 70% foreign shareholders in Thai’s logistic service</td>
<td><strong>Within 2013</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Liberalization of all service sectors</td>
</tr>
<tr>
<td><strong>Infrastructure development</strong></td>
<td>• Transportation Action Plan</td>
<td><strong>Within 2015</strong></td>
</tr>
<tr>
<td></td>
<td>– Poipet-Sisophon Rail Link</td>
<td>• Singapore-Kunming Rail Link (SKRL)</td>
</tr>
<tr>
<td></td>
<td>– Road Safety Requirements (2011)</td>
<td>• Draft ASEAN framework on cross border transport facilitation</td>
</tr>
<tr>
<td></td>
<td>• Draft ASEAN framework on multi-model transport facilitation (2013)</td>
<td></td>
</tr>
</tbody>
</table>

Source: NESDB
Free Flows of Investment & Freer flow of capital and skilled labour

Free Flows of Investment: Extend non-discriminatory treatment, including National Treatment and Most-Favored Nations to investors in ASEAN

FREER Flows of Capital

FREER Flows of Skilled Labours: Greater mobilization for professionals but not yet unskilled workers
## Progress Report of AEC

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trade in goods</strong></td>
<td>AS-6 99.2% eliminated; CLMV 97.5% to 0-5%</td>
</tr>
<tr>
<td><strong>NTBs</strong></td>
<td>Database, coordination at national level; 170 Technical standards harmonised eg. Electrical, pharma, medical devices; Developing MRA on auto, food and construction</td>
</tr>
<tr>
<td><strong>Services</strong></td>
<td>At least 104 subsectors allow up to 70% of ASEAN investors</td>
</tr>
<tr>
<td><strong>Investment</strong></td>
<td>Continue to be strong; negative-listed sectors</td>
</tr>
<tr>
<td><strong>MRA for professionals</strong></td>
<td>Engineers, architect, nursing, medical, dental, accountant, surveyor, now tourism</td>
</tr>
<tr>
<td><strong>Competition and IPR</strong></td>
<td>Many have competition laws; acceding to Madrid Protocol and Hague Agreement</td>
</tr>
</tbody>
</table>
In 2015; focus on transport facilitation, ASEAN Single Window, self-certification, ASEAN Trade Repository, harmonisation of standard, services package and FTA (ACFTA, AJCEP, RCEP)

Post 2015; Vision for 2016-2025
1. Integrated and highly cohesive economy
2. Competitive, innovative and dynamic ASEAN
3. Resilient, Inclusive, People-oriented
4. Enhanced sectoral integration and cooperation
5. Global ASEAN
### Why ASEAN & Why Thailand?

- Expanding economies & pop’n
- Investment opportunities
- “Asian Bridge” & FTA Network
- Thailand as a Gateway to ASEAN
- Logistics, Techno, Food, Env’t
ASEAN Economic Community

Singapore

Brunei
Cambodia
Laos
Myanmar

Thailand
Malaysia
Indonesia
Philippines
Vietnam

Service

Resource

Production

Industry

Rubber
Automotive
Tourism and Aviation
Fashion
Food
Education
Logistics & Transportation
Agriculture & Fisheries
Wood
ICT and Healthcare
Electronics
Financial services
Energy
Construction

Source: Dr. Suvit Maesincee, SASIN by TMA as of June 11, 2012
## AEC & Countries’ Potential

<table>
<thead>
<tr>
<th>Group</th>
<th>Countries</th>
<th>Potentials</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CLMV</td>
<td>Materials / labor</td>
</tr>
<tr>
<td>2</td>
<td>Indonesia, Malaysia, Philippines, Thailand</td>
<td>Production bases</td>
</tr>
<tr>
<td>3</td>
<td>Singapore, Thailand, Malaysia</td>
<td>Technology</td>
</tr>
</tbody>
</table>

Source: Comparing the Potential of Countries in the AEC; / Department of Trade Negotiations, as of Jun 12, 2012.
## 2014 Free Trade Agreement Status

<table>
<thead>
<tr>
<th>Entered into force</th>
<th>Pending Ratification</th>
<th>Populations (million) July 2014 est.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• AFTA (1 Jan 1993)</td>
<td><strong>Thailand-Chile</strong></td>
<td></td>
</tr>
<tr>
<td>• ASEAN-China (20 Jul 2005)</td>
<td>(Chile is in the process of getting parliament’s approval, while Thailand is finalizing rules and regulations of agreement before the agreement to be enforced.)</td>
<td>• ASEAN: 636</td>
</tr>
<tr>
<td>• ASEAN-Japan (1 Jun 2009)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• ASEAN-India/trade in goods (1 Jan 2010)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• ASEAN-Korea (1 Jan 2010)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• ASEAN-Australia-NZ (12 Mar 2010)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Thailand-Japan (1 Nov 2007)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Thailand-Australia (1 Jan 2005)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Thailand-NZ (1 Jul 2005)</td>
<td></td>
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</tr>
<tr>
<td>• Thailand-India (1 Sept 2004 for EHS &amp; 1 Sept 2006 for 0% tariff reduction)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Thailand-Peru (31 Dec 2011)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Thailand: 67.74</td>
<td>• China: 1,355.69</td>
<td></td>
</tr>
<tr>
<td>• India: 1,236.34</td>
<td>• Japan: 127.10</td>
<td></td>
</tr>
<tr>
<td>• S.Korea: 49.04</td>
<td>• Australia: 22.50</td>
<td></td>
</tr>
<tr>
<td>• NZ: 4.40</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Department of Foreign Trade, www.thaifta.com, CIA Factbook
Strategic Agenda: New Economic Area

- Trilateral Exchange in Traffic Right between Thailand – Laos PDR – China and 4th Mekong River Crossover Bridge
- Border Economy Development
- Deep Sea Port and Dawei Industrial Estate Development
- Thai – Laos – China High-speed Train
- Train connecting sub-region Singapore - Kunming
- Hat Yai – Sadao Motorway

Source: Ministry of Transport
Strategic Agenda : New Economic Area

Road Link between Laem Chabang Sea Port & Dawei Port Development

Source: Italian-Thai Development March 2012
ASEAN Business Outlook Survey 2014: Economic Outlook

PROFIT OUTLOOK

Source: AMCHAM ASEAN Business Outlook Survey 2014 as of Aug 23, 2013
ASEAN Business Outlook Survey 2014: Economic Outlook

TRADE & INVESTMENT IN ASEAN

Level of Trade/Investment in ASEAN over the Past 2 Years

- Increased: 79%
- Decreased: 19%
- Remained about the same: 2%

Level of Trade/Investment in ASEAN over the Next 5 Years

- Increased: 91%
- Decreased: 7%
- Remained about the same: 2%

Source: AMCHAM ASEAN Business Outlook Survey 2014 as of Aug 23, 2013
ASEAN Business Outlook Survey 2014: Business Expansion in Asia

LOCATION OF BUSINESS EXPANSION IN ASIA

Into Which Specific ASEAN Country or Countries, if Any, Does Your Company Plan to Expand?

- Indonesia: 49%
- Vietnam: 43%
- Thailand: 40%
- Myanmar: 39%
- Malaysia: 31%
- Philippines: 29%
- Singapore: 22%
- Cambodia: 20%
- Laos: 13%
- None: 11%
- Brunei: 6%

Source: AMCHAM ASEAN Business Outlook Survey 2014 as of Aug 23, 2013
**ASEAN Business Outlook Survey 2014: Business Expansion in Asia**

**TOP REASONS FOR BUSINESS EXPANSION IN ASEAN**

- Potential for business growth: 83%
- Increasing market share: 46%
- Diversification of customer base: 32%
- Economic recovery: 30%
- Reasonable production costs: 24%
- Stable government and political system: 15%

*Source: AMCHAM ASEAN Business Outlook Survey 2014 as of Aug 23, 2013*
ASEAN Business Outlook Survey 2014: ASEAN Integration and Regional Agreements

IMPORTANCE OF ASEAN INTEGRATION

Is ASEAN Integration Important to Helping Your Company Do Business in the Region?

Source: AMCHAM ASEAN Business Outlook Survey 2014 as of Aug 23, 2013