

# Introduction to the ASEAN Community

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### Preview

- 1. ASEAN general information
- 2. ASEAN and trade facilitation
- CEPT/AFTA
- ATIGA
  - 3. Trade facilitation in AEC
- Vietnam's participation
- Vietnam's commitments
  - 4. Impacts

## **GENERAL INFORMATION**

- •The Association of Southeast Asian Nations, or ASEAN, was established on 8 August 1967 in Bangkok, Thailand, with the signing of the <u>ASEAN</u> <u>Declaration (Bangkok Declaration) by the Founding</u> Fathers of <u>ASEAN</u>, namely Indonesia, Malaysia, Philippines, Singapore and Thailand.
- •Viet Nam on 28 July 1995, which is 7th member of ASEAN
- <u>https://asean.org/media-gallery/video/</u>

# Members

### 10 Member States

- Brunei Darussalam (7 January 1984)
- Cambodia (30 April 1999)
- Indonesia (8 August 1967)
- Lao PDR (23 July 1997)
- Malaysia (8 August 1967)

Myanmar (23 July 1997)

- Philippines (8 August 1967)
- Singapore (8 August 1967)
- Thailand (8 August 1967)
- Viet Nam (28 July 1995)

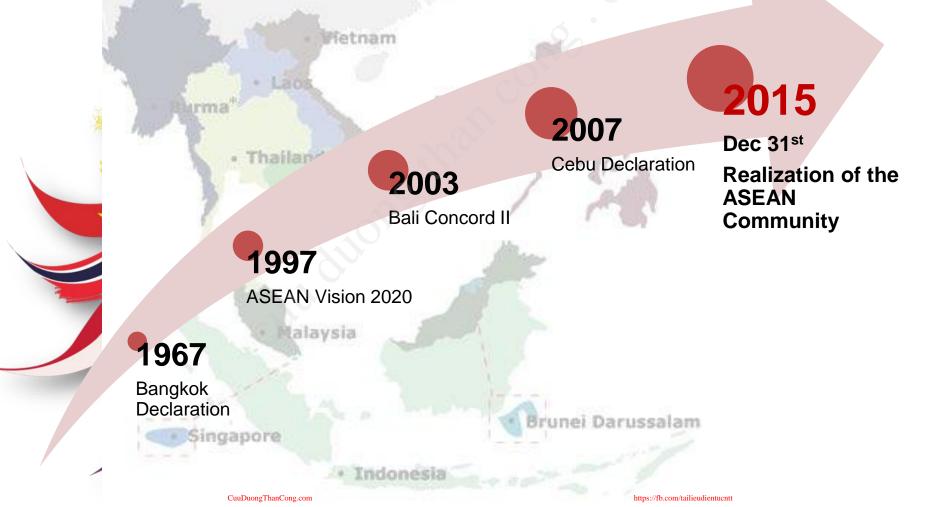


# ASEAN Aims and Purposes (Bangkok Declaration 1967)

- To accelerate the economic growth, social progress and cultural development in the region through joint endeavours.
- To promote regional peace and stability through abiding respect for justice and the rule of law.

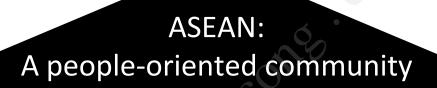


### The ASEAN Journey to Community Building





# **ASEAN Community Building**



ASEAN Political-Security Community (APSC) ASEAN Economic Community (AEC)

ASEAN Socio-Cultural Community (ASCC)

### Narrowing the Development Gap (NDG)

### Pillar 1 APSC Vision 2025

"Our ASEAN Political-Security Community by 2025 shall be a united, inclusive and resilient community. Our peoples shall live in a safe, harmonious and secure environment, embrace the values of tolerance and moderation as well as uphold ASEAN fundamental principles, shared values and norms. ASEAN shall remain cohesive, responsive and relevant in addressing challenges to regional peace and security as well as play a central role in shaping the evolving regional architecture, while deepening our engagement with external parties and contributing collectively to global peace, security and stability.."





### Pillar 1 APSC Blueprint 2025

Rules-based, peopleoriented, people-centred Community A resilient Community in a peaceful, secure and stable region

ASEAN Centrality in a dynamic and outwardlooking region Strengthened ASEAN institutional capacity and presence

# Pillar 1 : Thailand's role

- ASEAN Intergovernmental Commission on Human Rights (AICHR)
- ASEAN Human Rights Declaration
- Southeast Asia Nuclear Weapon Free Zone (SEANWFZ)
- Preventive Diplomacy
- ASEANTOM
- ASEAN-NARCO (in Bangkok)
- ASEAN Center of Military Medicine (in Ban
- Non-Traditional Security Threats



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### **Milestones** International IP **Competition policy** Consumer protection laws protocols and law ASEAN Highway **ASEAN Single ASEAN Power Grid** Shipping Market Network Trans-ASEAN Gas Principles for PPP **ASEAN Open Skies** Frameworks Pipeline Policy Telecommunication infrastructure 11

### **Milestones**

**ASEAN Business Incubator Network** 

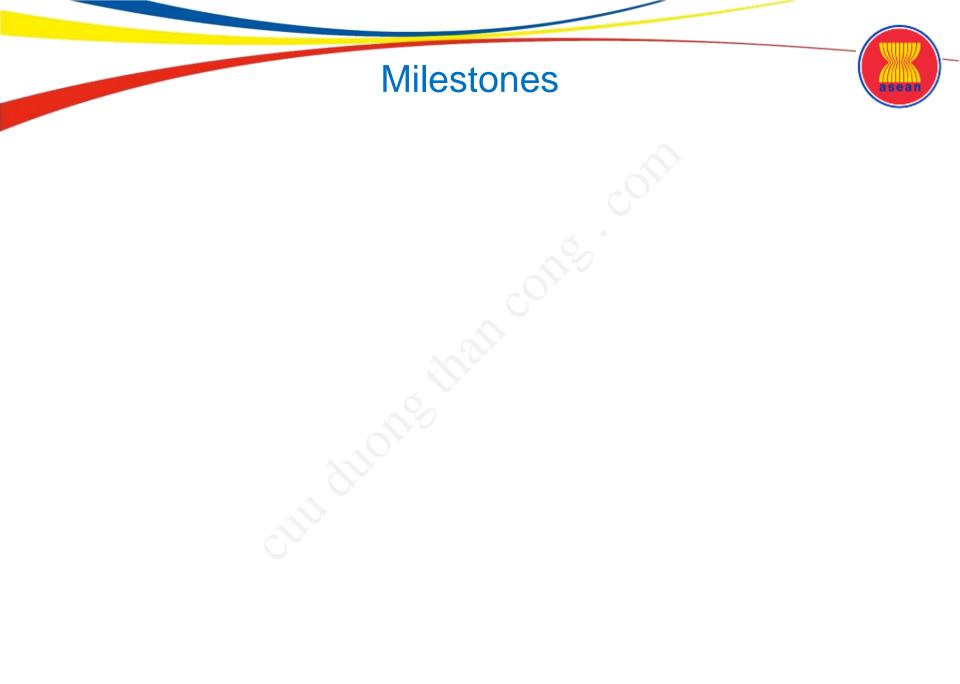
ASEAN SME Guidebook

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Initiative for ASEAN Integration (IAI)

ASEAN Framework for Equitable Economic Development

**ASEAN Equitable Development Monitor Report** 



\* Commencement of Negotiations



If ASEAN were a single country, it would already be the *seventh-largest economy in the world*, with a combined GDP of \$2.6 trillion in 2014.

It is projected to rank as the **fourth-largest economy by 2050**.



### **Pillar 2 : Thailand's role**

- ASEAN Free Trade Area (AFTA)
- ASEAN Connectivity
- Energy Security
- Chiang Mai Initiative Multilateralism (CMIM)
- ASEAN Plus Three Emergency Rice Reserve (APTERR)



### Pillar 3 ASCC Vision 2025

"Our ASEAN Socio-Cultural Community by 2025 shall be one that engages and benefits the peoples, and is inclusive, sustainable, resilient, and dynamic."





### Pillar 3 ASCC Blueprint 2025

Human Development	Environmental Sustainability	Building ASEAN Identity
Social Welfare & Protection	Social Justice & Rights	Narrowing the Development Gap



### 1. Heightened commitments

- Declaration on Non-communicable Diseases in ASEAN
- Declaration on Elimination of Violence Against
   Women and Elimination of Violence Against Children in ASEAN
- ASEAN Joint Statement on Climate Change to the 21<sup>st</sup> Session of the Conference of the Parties to the UN's Framework Convention on Climate Change (COP21)
- Development of ASEAN instruments for the protection and promotion of the rights of migrant workers

### **Milestones**

### 2. Quick, tangible action

- Humanitarian assistance through the ASEAN Coordinating Centre for Humanitarian Assistance (AHA Centre)
- Regional Plan of Action on Elimination of Violence Against Women
- Regional Plan of Action on Elimination of Violence Against Children
- ASEAN Post-2015 Health Development Agenda

### Pillar 3 : Thailand's role

- Promotion of Healthcare
- Cultivation of Leadership for Youths
- Regional Plans of Action
- Establishment of the ASEAN Commission on the Promotion and Protection of the Rights of Women and Children (ACWC)
- ASEAN University Network (AUN) and ASEAN Studies
- Cooperation on Disaster Management
- Establishment of Thailand's "ASEAN Cultural Centre" in Bangkok

# Benefits of engaging with ASEAN Community

- Opportunities from the 3<sup>rd</sup> largest consumer market in the world (measured by population).
- Opportunities from a population of 622 million, 53% of which are below 30 years old.
- Opportunities from a highly connected region, conducive to trade and investment.
- Opportunities from a vibrant economy (GDP growth projected at 4.9% in 2015 and 5.3% in 2016).
- Opportunities from rich cultural diversity.
- Regional partner in the promotion of peace and security, SDGs, and in addressing transnational threats and challenges<sub>21</sub>



### **ASEAN Smart Cities**

- •At the 32<sup>nd</sup> ASEAN Summit on 28 April 2018, the ASEAN Leaders established the ASEAN Smart Cities Network (ASCN).
- •The ASCN is a collaborative platform where cities from the ten ASEAN Members work towards the common goal of smart and sustainable urban development
- •The ASCN aims to facilitate cooperation on smart cities development, catalyse bankable projects with the private sector, and secure funding and support from ASEAN's external partners.
- •To this end, 33 partnerships have been established thus far.





# The ASEAN Free Trade Area

- (AFTA)
  The AFTA is a trade bloc agreement by the Association of Southeast Asian Nations supporting local trade and manufacturing in all ASEAN countries, and facilitating economic integration with regional and international allies
- The AFTA agreement was signed on 28 January 1992 in Singapore.
- When the AFTA agreement was originally signed, ASEAN had six members, namely, Brunei, Indonesia, Malaysia, Philipp ines, Singapore and Thailand
- AFTA now comprises the ten countries of ASEAN



# The ASEAN Free Trade Area (AFTA)

 It stands as one of the largest and most important FTA in the world, and together with its network of dialogue partners, drove some of the world's largest multilateral forums and blocs, including <u>Asia-Pacific Economic</u> <u>Cooperation, East Asia Summit</u> and <u>Regional</u> <u>Comprehensive Economic Partnership</u>



# The ASEAN Free Trade Area (AFTA)

The primary goals of AFTA seek to:

- Increase ASEAN's competitive edge as a production base in the world market through the elimination, within ASEAN, of <u>tariffs</u> and non-tariff barriers; and
- Attract more <u>foreign direct investment</u> to ASEAN.



### The Common Effective Preferential Tariff (CEPT) scheme

- AFTA does not apply a <u>common external tariff</u> on imported goods. Each ASEAN member may impose tariffs on goods entering from outside ASEAN based on its national schedules.
- However, for goods originating within ASEAN, ASEAN members are to apply a tariff rate of 0-5%
- The more recent members of Cambodia, Laos, Myanmar and Vietnam were given additional time to implement the reduced tariff rates.



# The Common Effective Preferential Tariff (CEPT) scheme

ASEAN members have the option of excluding products from the CEPT in three cases:

- Temporary exclusions (products for which tariffs will ultimately be lowered to 0-5 %, but which are being protected temporarily by a delay in tariff reductions)
- Sensitive agricultural products (such as rice, ASEAN members have until 2010 to reduce the tariff levels to 0-5%)
- General exceptions (protection of national security, public morals, the protection of human, animal or plant life and health, and protection of articles of artistic, historic, or archaeological value)

### **ASEAN Trade in Goods Agreement (ATIGA)**

- 1. The ASEAN Trade in Goods Agreement (ATIGA) was signed in February 2009 and subsequently entered-intoforce on 17 May 2010. The ATIGA replaced the earlier Agreement on Common Effective Preferential Tariff of the ASEAN Free Trade Area (CEPT-AFTA) scheme signed in 1992
- 2. <u>https://www.miti.gov.my/miti/resources/fileupload/Write</u> = <u>up%20on%20ASEAN%20Trade%20in%20Goods%20A</u> <u>greement%20(ATIGA).pdf</u>

# ASEAN Economic Community (AEC)

https://www.youtube.com/watch?v=zKTlqVeSPoU

# Pillar 2 AEC Vision 2025

"ASEAN Economic Community (AEC) by 2025 shall be a highly integrated and cohesive economy, a competitive, innovative and dynamic ASEAN, a resilient, inclusive and people-oriented, people-centred ASEAN, enhanced connectivity and sectoral cooperation, and a global ASEAN."



# Pillar 2 AEC Blueprint 2025

Highly integrated and cohesive economy Competitive, innov ative and dynamic ASEAN Enhanced connectivity and sectoral cooperation

Resilient, inclusive, pe ople-oriented and people-centred ASEAN

### Global ASEAN

# ASEAN Economic Community (AEC)

- •The ASEAN leaders made a declaration on the establishment of the ASEAN Economic Community (AEC) on 31/12/2015
- The objective of the AEC is to promote economic development in an equitable manner, to establish economic zone with higher competitiveness, facilitating for the full integration of ASEAN into the global economy.

### ASEAN ECONOMIC COMMUNITY

### STRATEGIC SCHEDULE OF THE AEC BLUEPRINT (2008-2015)

Pillar 1				
Sin	gle	Mar	ket	
& Pro	duc	tion	Base	

- Free flow of goods
- Free flow of services
- Free flow of investment
- Freer flow of capital
- Free flow of skilled labor
- Priority Integration Sectors
- Food, agriculture and forestry

Pillar 2 Competitive Economic Region

- Competition policy
- Consumer protection
- Intellectual property rights
- Infrastructure development
- Taxation
- E-Commerce

Pillar 3 Equitable Economic Development

- SME development
- Initiative for ASEAN Integration

#### Pillar 4 Integration into the Global Economy

- Coherent approach towards external economic relations
- Enhanced participation in global supply networks

#### HUMAN RESOURCE DEVELOPMENT

### RESEARCH AND DEVELOPMENT

### Vietnam's participation

- Since joining ASEAN in 1995, Viet Nam has actively committed to CEPT/AFTA terms and conditions – gradually removing tariffs and jointly signed multilateral FTAs between ASEAN and other countries (Japan, Australia – New Zealand, Korea, etc.)
- Viet Nam has committed to gradually remove tariffs on 10,455 tariff lines to 0% for almost all products in 2015 and to 7% in 2018 for the rest of the products

# Vietnam's participation

- AEC has various opportunities for Viet Nam including
- (1) regional stability support for Viet Nam's socio-economic development;
- (2) AEC helps promote Viet Nam's further integration into the global economy;

(3) AEC improves the **bargaining power** of Viet Nam with other major trade and investment partners.

# Summary

- •The Association of Southeast Asian Nations, or ASEAN, was established on 8 August 1967 in Bangkok, Thailand, with the signing of the <u>ASEAN</u> <u>Declaration (Bangkok Declaration) by the Founding</u> Fathers of <u>ASEAN</u>, namely Indonesia, Malaysia, Philippines, Singapore and Thailand.
- 10 members including Brunei
   Darussalam, Cambodia, Indonesia, Lao
   PDR, Malaysia, Myanmar, Philippines, Singapore, Thail and and Vietnam

# Summary

- ASEAN Community building: ASEAN Political-Security Community (APSC), ASEAN Economic Community (AEC) and (ASEAN Socio-Cultural Community (ASCC)
- ASEAN Free Trade Area
- Vietnam's Participation in AEC