



# A.G.R.E.E

To Make ASEAN Economic Community a Reality

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July 2015

# Increasing importance of ASEAN to the world economy

- ASEAN's population is to grow to 690 million by 2020, with the number of people living in urban area to grow 27% to 368 million
- Urbanisation can be a strong growth driver. We estimate that ASEAN's GDP per capita may more than double to USD 8,500 in 2030 from USD 3,900 in 2013, based on recent urbanisation trends
- In 2013, ASEAN overtook China as the single largest recipient of FDI
- ASEAN is set to further benefit from favorable demographic trends, given Japan's shrinking working-age population and China's diminishing wage competitiveness
- We believe that ASEAN stands to gain from further FDI from Japan and China, given its lower costs and abundant supply of labour over the next 20 years

With driving forces from FDI, it should potentially enable the ASEAN Economic Community (AEC) to become a reality

# A.G.R.E.E to make the AEC a reality

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A = Awareness

G = Greater Good

R = Rules and Regulations

E = Entry Barriers

E = End Point

To realise the potential of the AEC promise, everyone has to AGREE to make it work

# Awareness

- We need to raise awareness, amongst those who do not know what the AEC means and its benefits
- Larger companies are well set to engage. The more important challenge is to bring SMEs, which contribute between 30%-50% of the local market's GDP to buy into the idea of the AEC
- A survey from the Asian Development Bank and Institute of Southeast Asia studies revealed that less than one fifth of ASEAN businesses are prepared for the new trading environment under the AEC

# Greater Goods

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- For ASEAN, *the whole* is greater than the sum of the parts
- Hence, integration should generate employment, attract investment, grow wealth and improve the lives of citizens
- As ASEAN's population becomes urbanised, it will drive demand for housing, cars, information and communications technology, education, healthcare, consumer durables and financial services

# Rules and Regulations

- ASEAN presents a diverse historical, cultural, political and economic landscape
- Hence, there is much help needed for businesses venturing cross-border to make sense of the extremely differing administrative policies, and diverse legal and regulatory standards across ASEAN countries
- That said, ASEAN is not a one-size-fit-all market.
- Hence, we need to eliminate the speed bumps by next focusing on a more consistent set of regulations and rules of operating across the markets in ASEAN

# Entry Barriers

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- The AEC is all about improving the flow and movement of goods, services, capital and people across borders in ASEAN
- While the tariff elimination have been reduced, the reduction of non-tariff barriers to trade and investment in the form of standards, regulations, and compliance measures is proving to be a more elusive goal

# End Points

- The AEC integration is a journey rather than an end goal
- However, if we keep telling ourselves that it is a journey, it may take much longer than it should
- As a result, we should make it clear about the end point that we have in mind for the AEC
- Success begets success. The day will come when the man in the street is aware of the ASEAN story and the promise of a collective ASEAN power

So, let's work on agreeing to make ASEAN Economic Community a reality,  
sooner than later

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