

FACT SHEET

ASEAN ECONOMIC COMMUNITY (AEC)



one vision
one identity
one community

Adopted in 2015, the AEC Blueprint 2025 guides ASEAN economic integration from 2016 to 2025. The Blueprint sets higher ambition through the deepening of existing integration areas, and incorporation of new focus areas such as good regulatory practice, sustainable development, and global megatrends.

Despite global uncertainties, ASEAN economic performance remained robust. The region's combined gross domestic product (GDP) grew by 5.2% in 2018, reaching US\$ 3.0 trillion, as trade in goods, trade in services, and foreign direct investment (FDI) inflows also recorded positive growth.

To achieve its vision of a highly integrated and cohesive economy, ASEAN has eliminated close to 99% of intra-ASEAN tariffs. Various trade facilitation initiatives have been rolled out, enhanced or are being implemented, such as the ASEAN Single Window (ASW) and the ASEAN Customs Transit System (ACTS) pilot project. Work is underway to improve transparency and address the trade-distortive effects of Non-Tariff Measures (NTMs) in the region. Moreover, new sectors on building and construction and digital trade have been added to ASEAN's work on standards and conformance.

On services and investment, new milestones have been achieved namely, the finalisation of the ASEAN Trade in Services Agreement (ATISA) and the Fourth Protocol to Amend the ASEAN Comprehensive Investment Agreement (ACIA).

The pursuit of ASEAN financial integration also continues. The signing of the Protocol to Implement the Eighth Package of Commitments on Financial Services will pave the way for further liberalisation of financial services sector as well as the establishment of Qualified ASEAN Banks (QABs). ASEAN has also developed the Guideline on ASEAN Local Currency Settlement

AEC 2025 Characteristics

- 1 A Highly Integrated and Cohesive Economy;
- 2 A Competitive, Innovative, and Dynamic ASEAN;
- 3 Enhanced Connectivity and Sectoral Cooperation;
- 4 A Resilient, Inclusive and People-Oriented, People-Centred ASEAN; and
- 5 A Global ASEAN

Cooperation Framework to further promote the use of local currencies for trade and investment in the region. The endorsed Roadmap for ASEAN Sustainable Capital Markets will contribute to the development of sustainable finance in the region. Two new facilities have been launched under the ASEAN Infrastructure Fund, namely the Inclusive Finance Facility and the ASEAN Catalytic Green Finance Facility. Moreover, the ASEAN disaster risk Financing and insurance (ADRFI) is embarking on a 3-year Plan of Action under its Phase 2 programme, to further strengthen the region's resilience to natural disasters.

Regional cooperation on competition and consumer protection is enhanced with the development of the Peer Review Guidance Document to facilitate the review of competition regimes in the region, the completion of the Study on Commonalities and Differences in Competition Legislations in ASEAN, and the development of Framework of Cross-Border Cooperation. To strengthen Intellectual Property in a fast evolving technological sector, ASEAN has adopted the prioritised approach for ASEAN Patent Examination Cooperation Acceleration for Industry 4.0 Infrastructure and Manufacturing



(ASPEC-AIM). In the area of good regulatory practices (GRP), ASEAN has completed the conduct of a Baseline Study on Regulatory Management Systems (RMS) in ASEAN.

The 'ASEAN Declaration on Industry Transformation to Industry 4.0' was issued by Leaders at the 35th ASEAN Summit, which reaffirms the region's commitment to develop a consolidated strategy on the fourth industrial revolution. In addition, the ASEAN Digital Integration Framework Action Plan (DIFAP) 2019-2025 has been endorsed, and is expected to advance digital transformation and innovation in ASEAN.

On enhancing regional connectivity and sectoral cooperation, the Implementation Framework of the ASEAN Framework Agreement on Multimodal Transport (AFAMT) and its Action Plan have been adopted. Two air transport agreements have also been concluded, i.e. the Protocol to Implement the Eleventh Package of Commitments on Air Transport Services under the ASEAN Framework Agreement on Services (AFAS), and Protocol 3 on Expansion of Fifth Freedom Traffic Rights between Contracting Parties of the ASEAN-China Air Transport Agreement.

Recognising the role of the ICT sector as a key enabler of digital transformation in other sectors, the ICT Ministers agreed to rename the ASEAN Telecommunications and Information Technology Ministers' Meeting (TELMIN) as ASEAN Digital Ministers Meeting (ADGMIN). The establishment of an ASEAN Coordinating Committee on Cybersecurity comprising representatives from relevant sectoral bodies to strengthen cross-sectoral coordination on cybersecurity was also endorsed.

On sustainable energy, ASEAN achieved 24.4% reduction in energy intensity from its 2005 level, exceeding its 2020 target of 20%. Efforts are also underway to reach the aspirational target of 23% renewables in ASEAN's energy mix by 2025. Another key deliverable in the energy sector is the conclusion of the Memorandum of Understanding (MOU) on bioenergy between the ASEAN Centre for Energy and the National Science and Technology Development Agency of Thailand. The region also continues effort to enhance multilateral power trade and integrate higher shares of renewable energy into the grid.

In the food, agriculture, and forestry (FAF) sector, the MOU on ASEAN Cooperation in Agriculture and Forest Products Promotion Scheme (2019-2024) was signed to strengthen ASEAN bargaining

position in international markets as well as expand its international markets. To promote sustainable fisheries, a feasibility study on an ASEAN General Fisheries Policy has commenced and the concept proposal on the Establishment of an ASEAN Network for Combating IUU Fishing (AN-IUU) was endorsed.



On tourism, ASEAN welcomed over 135 million visitors in 2018, up by 7.6% year-on-year. The ASEAN Tourism Ministers has adopted the ASEAN Mutual Recognition Arrangement on Tourism Professionals (MRATP) Work Plan 2019-2023, and are also expected to adopt the ASEAN Gastronomy Tourism Master Plan within 2019 to serve as a guide to address sustainable food systems and enhance the livelihoods of local communities through gastronomy tourism. On science and technology, the ASEAN Innovation Roadmap 2019-2025 will be adopted by the ASEAN Ministers on Science, Technology and Innovation within 2019.

To support the development of micro, small, and medium enterprises (MSME), the ASEAN SME Policy Index 2018 (ASPI) has been completed while the Guideline on Skilled Labour/Professional Services Development in Response to the Fourth Industrial Revolution (4IR) and the Policy Guideline on Digitalisation of ASEAN Micro Enterprises were adopted at the 51st ASEAN Economic Ministers Meeting. ASEAN has also enhanced its engagement with private sector entities with a greater scope and depth through increase in formal engagements between ASEAN bodies and private sector representatives and introduction of new initiatives such as the AEC dialogue and the bi-monthly *ASEAN for Business* bulletin.



Through the Initiative for ASEAN Integration (IAI), technical assistance and capacity building were extended to CLMV countries to help meet their commitments in the AEC Blueprint 2025. Since the launch of the IAI Work Plan 3 in September 2016, 103 projects valued at US\$26.6 million have been approved.

On external economic relations, the ASEAN-Hong Kong, China Free Trade Agreement and Investment Agreement have entered into force in June 2019 and Parties are working towards full ratification by end of this year. Other efforts to upgrade existing ASEAN FTAs include ongoing work towards the full implementation of the ASEAN-China Free Trade Area Upgrading Protocol and the recent agreement by to initiate the review of the ASEAN-India Trade in Goods

Agreement. On the Regional Comprehensive Economic Partnership (RCEP), at the recent 3rd RCEP Summit Leaders announced that text-based negotiations for the RCEP Agreement have been concluded for 15 RCEP Participating Countries. Officials will now work on preparing the RCEP Agreement for signing by 2020. Once signed, RCEP will form the world's largest free trade area and offer an open, transparent, and rules-based regional trade and investment framework. Last but not least, the ASEAN-Canada Exploratory Discussions for a Possible ASEAN-Canada FTA was fully completed in September 2019, while discussions are under way on the follow-ups on development of a framework setting out the parameters for a future ASEAN-EU FTA.

Implementation of the AEC Blueprint 2025 continues to be monitored through the operationalisation of the AEC 2025 Monitoring and Evaluation (M&E) Framework, and ASEAN is embarking on the Mid Term Review of the AEC Blueprint 2025. The ASEAN Integration Report 2019, which provides key updates on the first four years of implementation of the AEC Blueprint 2025, has been released in November 2019. The ASEAN Community Statistical System (ACSS) continues to strengthen regional statistical cooperation to provide timely, comparable and reliable statistics that contributes to integration monitoring efforts.



The Association of Southeast Asian Nations (ASEAN) was established on 8 August 1967. The Member States of the Association are Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam. The ASEAN Secretariat is based in Jakarta, Indonesia.

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