



# Ministry of Commerce Trade Training and Research Institute



## Workshop on ASEAN Economic Community (AEC) AEC Blueprint 2025: Implementation Progress and Results

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# Characteristics and Elements of AEC 2025

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## A. A Highly Integrated and Cohesive Economy

- ▶ Trade in Goods
- ▶ Trade in Services
- ▶ Investment Environment
- ▶ Financial integration, Financial inclusion, and Financial Stability
- ▶ Facilitating movement of Skilled labour and business Visitors
- ▶ Enhancing participation in Global Value chains

## B. A competitive, innovative and Dynamic ASEAN

- ▶ Effective competition policy
- ▶ Consumer protection
- ▶ Strengthening intellectual property rights cooperation
- ▶ productivity-Driven Growth, innovation, research and Development, and technology commercialization
- ▶ taxation cooperation
- ▶ Good Governance
- ▶ Effective, Efficient, Coherent and Responsive Regulations, and Good regulatory practice
- ▶ Sustainable Economic Development
- ▶ Global megatrends and Emerging trade-related issues



# Trade in Goods

- ▶ Tariff elimination in ATIGA
- ▶ Trade facilitation contribute to free flow of goods
- ▶ Simplify and Strengthen of Rules of Origin
- ▶ FTA+1; FTA+3; RCEP (under negotiation)

# Trade in Goods: Implementation Progress and Result

- ▶ EIF
- ▶ NTM and TBT
- ▶ Single Window
- ▶ National and ASEAN Trade Repositories
- ▶ Drafting food safety
- ▶ Automation: CO online and Business Registration
- ▶ GDP growth
- ▶ MSMEs link to regional network
- ▶ Industrial Growth 8.7%: Garment 5.5%, electricity and clean water 7.2%, and construction 17.7% (2015, MEF)

## Cambodia's TOTAL TRADE WITH ASEAN

US Dollar Thousand

	2009	2010	2011	2012	2013
<b>ASEAN</b>	<b>2,100,044</b>	<b>2,387,383</b>	<b>3,071,554</b>	<b>3,512,332</b>	<b>4,125,738</b>
<b>Thailand</b>	<b>486,968</b>	<b>840,810</b>	<b>916,947</b>	<b>1,004,580</b>	<b>1,331,258</b>
<b>Singapore</b>	<b>691,474</b>	<b>585,686</b>	<b>679,935</b>	<b>943,099</b>	<b>1,142,093</b>
<b>Viet Nam</b>	<b>609,259</b>	<b>583,437</b>	<b>1,031,746</b>	<b>1,053,309</b>	<b>1,095,613</b>
<b>Malaysia</b>	<b>146,224</b>	<b>184,976</b>	<b>509,892</b>	<b>265,260</b>	<b>269,997</b>
<b>Indonesia</b>	<b>149,889</b>	<b>179,471</b>	<b>175,595</b>	<b>223,774</b>	<b>258,319</b>
<b>Philippines</b>	<b>14,255</b>	<b>10,010</b>	<b>9,565</b>	<b>15,755</b>	<b>21,373</b>
<b>Laos</b>	<b>886</b>	<b>2382</b>	<b>2,159</b>	<b>6,330</b>	<b>5,950</b>
<b>Myanmar</b>	<b>100</b>	<b>54</b>	<b>211</b>	<b>197</b>	<b>938</b>
<b>Brunei</b>	<b>989</b>	<b>557</b>	<b>450</b>	<b>28</b>	<b>197</b>

Source: ITC

## cambodia's export to ASEAN

US Dollar Thousand

	2009	2010	2011	2012	2013	2014
<b>Total Export</b>	<b>645,435</b>	<b>703,368</b>	<b>835,434</b>	<b>1,005,797</b>	<b>1,293,453</b>	<b>2,037,936</b>
<b>Singapore</b>	<b>482,445</b>	<b>429,981</b>	<b>441,877</b>	<b>684,669</b>	<b>793,575</b>	
<b>Thailand</b>	<b>21,735</b>	<b>150,087</b>	<b>190,470</b>	<b>102,322</b>	<b>235,725</b>	
<b>Malaysia</b>	<b>14,010</b>	<b>19,428</b>	<b>45,223</b>	<b>89,844</b>	<b>129,332</b>	
<b>Viet Nam</b>	<b>115,447</b>	<b>96,146</b>	<b>148,825</b>	<b>116,296</b>	<b>108,058</b>	
<b>Philippines</b>	<b>7,206</b>	<b>2,646</b>	<b>1,408</b>	<b>2,395</b>	<b>13,984</b>	
<b>Indonesia</b>	<b>4,162</b>	<b>4,168</b>	<b>6,312</b>	<b>8,101</b>	<b>11,325</b>	
<b>Laos</b>	<b>361</b>	<b>884</b>	<b>1,233</b>	<b>2,068</b>	<b>582</b>	
<b>Myanmar</b>	<b>39</b>	<b>2</b>	<b>79</b>	<b>83</b>	<b>675</b>	
<b>Brunei</b>	<b>30</b>	<b>26</b>	<b>7</b>	<b>19</b>	<b>197</b>	

Source: ITC

## Cambodia's Import from asean

US Dollar Thousand

	2009	2010	2011	2012	2013	2014
<b>Total Import</b>	<b>1,454,609</b>	<b>1,684,015</b>	<b>2,236,120</b>	<b>2,506,535</b>	<b>2,832,285</b>	<b>5,577,602</b>
<b>Thailand</b>	<b>465,233</b>	<b>690,723</b>	<b>726,477</b>	<b>902,258</b>	<b>1,095,533</b>	
<b>Viet Nam</b>	<b>493,812</b>	<b>487,291</b>	<b>882,921</b>	<b>937,013</b>	<b>987,555</b>	
<b>Singapore</b>	<b>209,029</b>	<b>155,705</b>	<b>238,058</b>	<b>258,430</b>	<b>348,518</b>	
<b>Indonesia</b>	<b>145,727</b>	<b>175,303</b>	<b>169,283</b>	<b>215,673</b>	<b>246,994</b>	
<b>Malaysia</b>	<b>132,214</b>	<b>165,548</b>	<b>209,723</b>	<b>175,416</b>	<b>140,665</b>	
<b>Philippines</b>	<b>7,049</b>	<b>7,364</b>	<b>8,157</b>	<b>13,360</b>	<b>7,389</b>	
<b>Laos</b>	<b>525</b>	<b>1,498</b>	<b>926</b>	<b>4,262</b>	<b>5,368</b>	
<b>Myanmar</b>	<b>61</b>	<b>52</b>	<b>132</b>	<b>114</b>	<b>263</b>	
<b>Brunei</b>	<b>959</b>	<b>531</b>	<b>443</b>	<b>9</b>	<b>0</b>	

Source: ITC



cambodia's TOTAL TRADE  
WITH ASEAN+1 fTA

US Dollar Thousand

	2009	2010	2011	2012	2013
<b>ASEAN+1 FTA</b>	<b>3,537,017</b>	<b>3,808,018</b>	<b>4,460,135</b>	<b>5,604,198</b>	<b>6,707,721</b>
<b>China</b>	<b>898,845</b>	<b>1,251,289</b>	<b>1,893,530</b>	<b>2,345,101</b>	<b>3,284,836</b>
<b>Hong Kong</b>	<b>2,134,039</b>	<b>1,939,750</b>	<b>1,678,373</b>	<b>2,178,079</b>	<b>2,256,753</b>
<b>Japan</b>	<b>198,798</b>	<b>246,214</b>	<b>401,802</b>	<b>422,155</b>	<b>509,919</b>
<b>South Korea</b>	<b>218,721</b>	<b>272,616</b>	<b>347,446</b>	<b>482,599</b>	<b>469,585</b>
<b>Australia</b>	<b>46,284</b>	<b>37,602</b>	<b>48,200</b>	<b>61,186</b>	<b>80,255</b>
<b>India</b>	<b>40,330</b>	<b>60,547</b>	<b>86,249</b>	<b>112,113</b>	<b>100,678</b>
<b>New Zealand</b>	<b>0</b>	<b>0</b>	<b>4,535</b>	<b>2,965</b>	<b>5,695</b>

Source: ITC

cambodia's export  
to ASEAN+1 FTA

US Dollar Thousand

	2009	2010	2011	2012	2013
<b>Total Export</b>	<b>1,777,196</b>	<b>1,595,362</b>	<b>1,600,144</b>	<b>2,190,278</b>	<b>2,371,957</b>
<b>Hong Kong</b>	<b>1,649,384</b>	<b>1,386,447</b>	<b>1,198,995</b>	<b>1,682,659</b>	<b>1,587,785</b>
<b>China</b>	<b>16,383</b>	<b>65,008</b>	<b>154,598</b>	<b>182,896</b>	<b>280,545</b>
<b>Japan</b>	<b>79,855</b>	<b>89,557</b>	<b>153,379</b>	<b>199,168</b>	<b>334,407</b>
<b>South Korea</b>	<b>9,359</b>	<b>24,486</b>	<b>46,390</b>	<b>78,162</b>	<b>98,299</b>
<b>Australia</b>	<b>17,387</b>	<b>21,831</b>	<b>32,272</b>	<b>36,858</b>	<b>60,080</b>
<b>India</b>	<b>4,828</b>	<b>8,033</b>	<b>12,221</b>	<b>8,907</b>	<b>7,389</b>
<b>New Zealand</b>	<b>0</b>	<b>0</b>	<b>2,289</b>	<b>1,628</b>	<b>3,452</b>

Source: ITC

# Trade in Service: Implementation and Result

- ▶ ASEAN Framework Agreement on Services (AFAS):
  - ▶ Expand the coverage of other service
  - ▶ Reduce the limitation on market access and national treatment.
- ▶ The end result is the maximization of potential contribution of the services sector to economic development and growth.
- ▶ Tourist increased
- ▶ Strong Financial Institution
- ▶ Service Growth 9.0%: Hotel and restaurant 5.9%, finance 11.7%, and real estate and business 18.9% (2015, MEF)

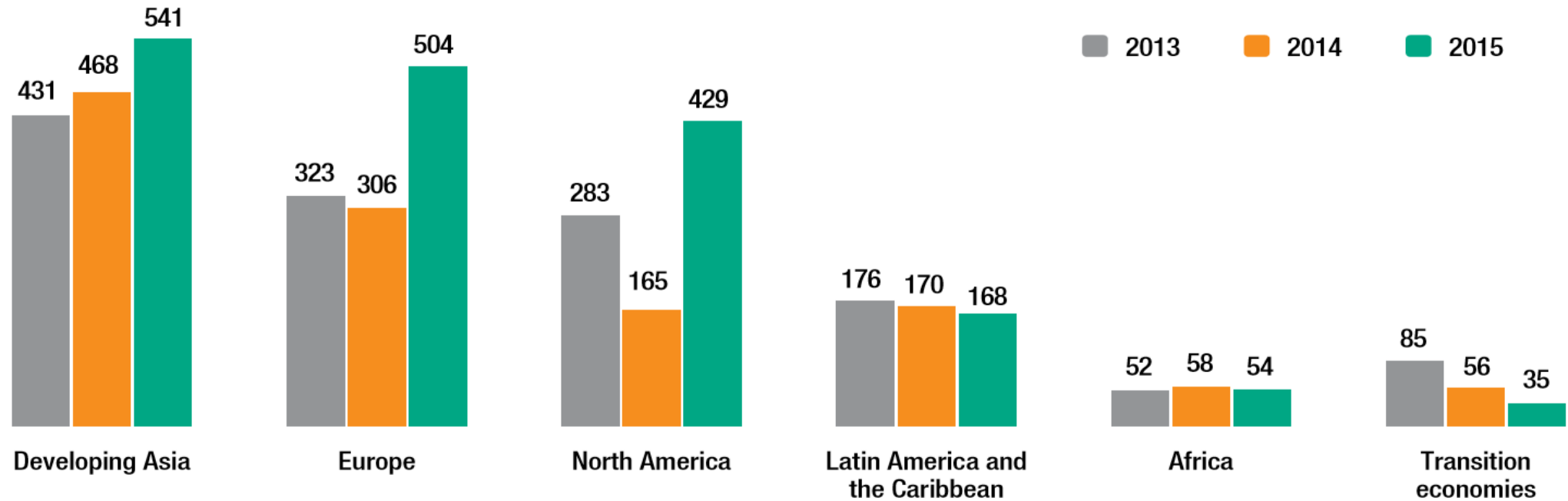
Exporters	Exported value in 2011	Exported value in 2012	Exported value in 2013	Exported value in 2014	Exported value in 2015
Association of South-East Asian Nations (ASEAN) Aggregation	253337620	277190995	305494297	317388741	301,686,975
Singapore	118925000	127764000	140257000	150750000	139611000
Thailand	41572600	49643000	58642300	55346900	60643248
Malaysia	38842700	40581100	42100100	41948200	34843752
Philippines	18878200	20439200	23335200	25498100	28167400
Indonesia	21888200	23660200	22944100	23530900	21890863
Viet Nam	8691000	9620000	10710000	10970000	11200370
<b>Cambodia</b>	<b>2730120</b>	<b>3192110</b>	<b>3486020</b>	<b>3810890</b>	<b>3943048</b>
Lao People's Democratic Republic	549643	577219	781187	765270	810416
Brunei Darussalam	501693	482856	492590	556811	576878
Myanmar	758464	1231310	2745800	4211670	

# Investment:

- ▶ ASEAN Comprehensive Investment Agreement (ACIA), which
  - ▶ (i) provides for progressive liberalisation of existing investment restrictions in manufacturing, agriculture, fishery, forestry and mining and the services incidental to these sectors;
  - ▶ (ii) significantly strengthens investment protection; and
  - ▶ (iii) ensures transparency of investment laws, regulations and administrative guidelines.

# Global Investment Trend

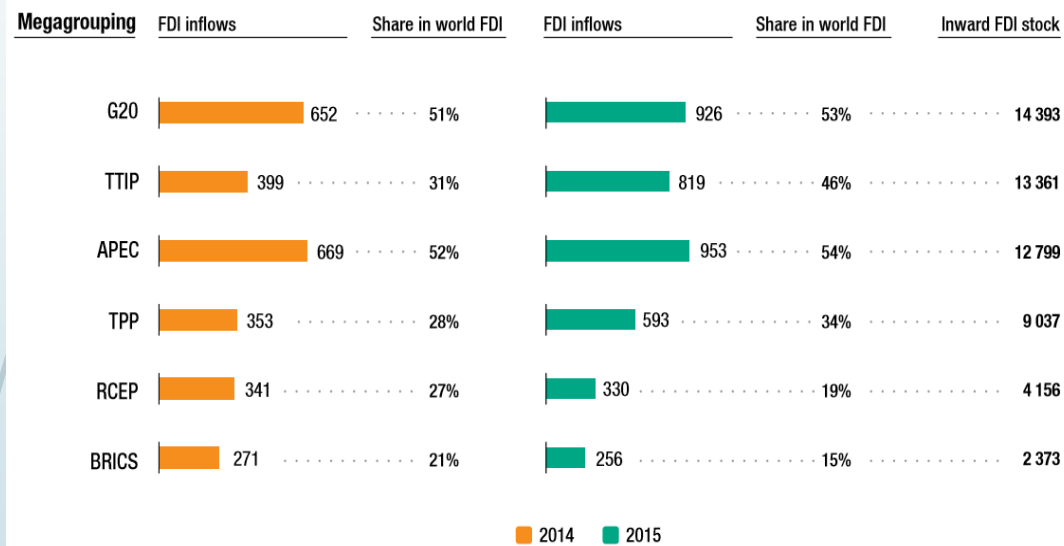
**Figure I.3. FDI inflows, by region, 2013–2015** (Billions of dollars)



Source: ©UNCTAD, FDI/MNE database ([www.unctad.org/fdistatistics](http://www.unctad.org/fdistatistics)).

# Global Investment Trend

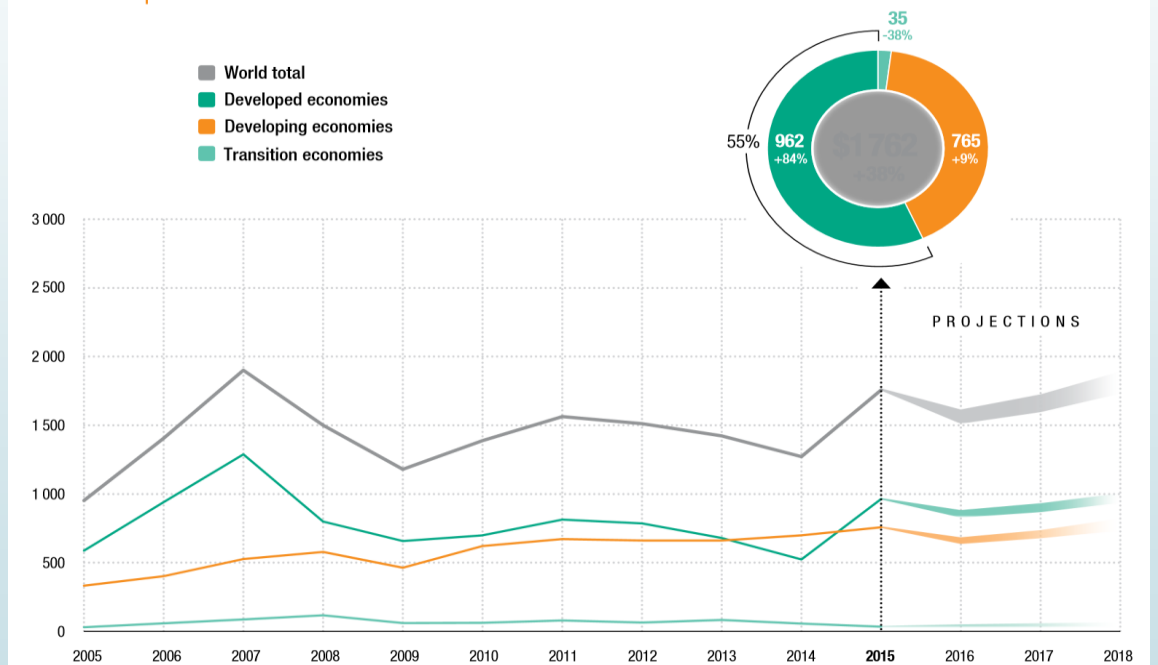
**Figure I.8. FDI inflows in selected megagroupings, 2014 and 2015** (Billions of dollars and per cent)



Source: ©UNCTAD, FDI/MNE database ([www.unctad.org/fdistatistics](http://www.unctad.org/fdistatistics)).

Note: In descending order of 2015 inward FDI stock. G20 = includes only the 19 member countries (excludes the European Union); TTIP = Transatlantic Trade and Investment Partnership (under negotiation); APEC = Asia-Pacific Economic Cooperation; TPP = Trans-Pacific Partnership; RCEP = Regional Comprehensive Economic Partnership (under negotiation); BRICS = Brazil, Russian Federation, India, China and South Africa.

**Figure I.1. Global FDI inflows by group of economies, 2005–2015, and projections, 2016–2018** (Billions of dollars and per cent)



Source: ©UNCTAD, FDI/MNE database ([www.unctad.org/fdistatistics](http://www.unctad.org/fdistatistics)).

(Source: UNCTAD)

# 5 years Investment Trend In cambodia

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Year	2011		2012		2013		2014		2015		Jan-June 2016	
Total	\$5.7 Billion		\$2.9 Billion		\$4.9 Billion		\$3.9 Billion		\$4.6 Billion		\$2.1 Billion	
Rank	Country	%	Country	%	Country	%	Country	%	Country	%	Country	%
1	Cambodia	41.24	Cambodia	42.08	Cambodia	66.80	Cambodia	64.00	Cambodia	69.28	China	38.07
2	China	30.55	China	20.69	China	15.68	China	24.44	China	18.62	Cambodia	36.86
3	Vietnam	11.99	Korea	9.89	Vietnam	6.10	Malaysia	2.18	UK	3.0	Japan	14.00
4	U.K	4.30	Japan	9.15	Thailand	4.37	Japan	1.72	Singapore	2.18	Thailand	6.16
5	Malaysia	4.20	Malaysia	6.04	Korea	1.76	Korea	1.66	Vietnam	1.92	UK	2.01
6	Korea	2.91	Thailand	4.53	Japan	1.59	Vietnam	1.26	Malaysia	1.61	Korea	0.99
7	U.S.A	2.47	Vietnam	2.89	Malaysia	1.04	UK	1.13	Japan	1.28	U.S.A	0.51
8	Japan	1.15	Singapore	2.59	Singapore	1.03	Singapore	0.89	Thailand	1.18	Brunei	0.45
9	Australia	0.43	U.K	0.51	UK	0.43	Thailand	0.88	Korea	0.21	Samao	0.29
10	Singapore	0.28	U.S.A	0.42	France	0.27	Australia	0.51	Canada	0.19	Seychelles	0.28
11	Others	0.48	Others	1.21	Others	0.94	Others	1.36	Others	0.52	Mongolia	0.24



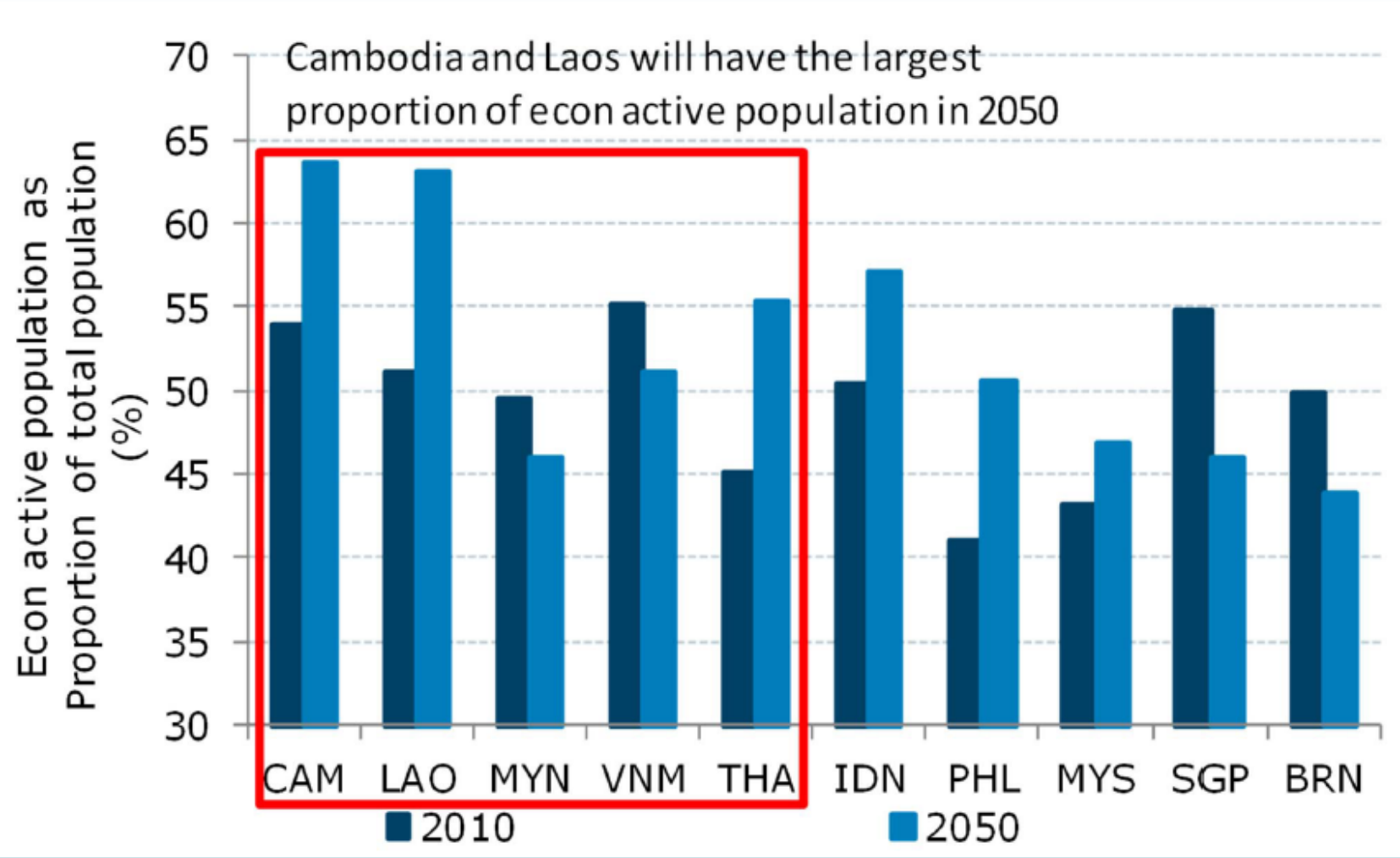
# Generalize System of Preferences

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Countries	Countries granted GSP					
	Europ	US	Canada	Korea	Japan	Australia
Cambodia	O	O	O	O	O	O
Lao P.D.R	O	X	O	O	O	O
Myanmar	O	X	X	O	O	O
Vietnam	X	X	X	X	X	X

Source: WTO

# Young Labor Force



Source: "ASEAN: The Next Horizon – Mekong Implications," ANZ Bank (2015)

# Capital Market and Financial Sector

- ▶ Financial Integration to facilitate intra-ASEAN trade and investment by increasing the role of ASEAN indigenous banks, having more integrated insurance markets, and having more connected capital markets.
- ▶ Financial Inclusion to deliver financial products and services to a wider community that is under-served, including MSMEs. This would also include initiatives to address the uneven digital gap in the region and reflect changes in the demographic structure, as some countries become aging societies.
- ▶ Ensure financial stability through the continuous strengthening of regional infrastructure, particularly in times of regional stress. Key measures are as follows:



# Capital Market and Financial Sector: Implementation and Result

- ▶ Deregulation of law and regulation
- ▶ Booming of Financial Institution, about 36 Commercial Banks, 15 Micro Finance
- ▶ Stabilize of macro economic and financial stability
- ▶ Inflation less than 4 percent
- ▶ GDP growth



# Industrialization, Innovation and Competitiveness of SME

- Agriculture, garment and Footwear
- Industry cluster: SEZ
- Move light manufacturing
- Research and Development
- Competitiveness of SME
  - SME policy
  - transfer technology

# AEC 2025 Blueprint: ASEAN Competition Law

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## Targets under the AEC 2015 Blueprint

### ► AEC Blueprint 2015

- As at 2007 when the AEC Blueprint 2015 was ratified, only four member states including Singapore, Indonesia, Thailand, and Vietnam had domestic competition laws and regulatory bodies.
- The 2015 Blueprint therefore called for four goals:
  1. Member states were to introduce competition policies domestically by 2015.
  2. Domestic authorities on competition policy were to be established in each ASEAN state, which would in turn discuss and coordinate CPL efforts.
  3. Following the two initial goals, capacity building initiatives were to be undertaken to grow the depth of CPL amongst member states. (Capacity building, put simply indicates a nation dedicating resources towards passing laws and strengthening its regulatory bodies in the areas of CPL)
  4. A regional guideline was also an explicit goal the original blueprint set out to achieve.

## ▶ ASEAN Experts Group on Competition (AEGC)

- ▶ The ASEAN Economic Ministers (AEM) endorsed the establishment of the AEGC in 2007 with the express purpose of having the body be a forum for CPL discussion and cooperation. This resulted in the adoption of several best practices and policy guidelines enumerated on the right.
- ▶ Three main areas of focus in each of the CPL documents were:
  - ▶ Institutional Building
  - ▶ Enforcement
  - ▶ Advocacy
- ▶ The policy guides and plans were emphasized further in a set of region wide socialization workshops targeted at government officials and select private sector groups in order to raise awareness and advocate the adoption of CPL

## ► ASEAN Competition Action Plan (ACAP)

- The ACAP was finalised in 2014 by the ASEAN Secretariat as a CPL action plan for the 2016 - 2025 period (ASEAN Secretariat, 2016)
- The ACAP enumerates 7 main focuses:
  1. Establish CPL for all remaining member states.
  2. Strengthen CPL related agencies through comprehensive technical assistance, capacity building, and the implementation of institutional mechanisms.
  3. Foster CPL awareness through platforms for regular exchange and engagement on CPL matters.
  4. Establish Regional Cooperation Arrangements for CPL.
  5. Harmonise CPL policies.
  6. Ensure alignment of CPL amongst intra-ASEAN FTAs and ASEAN+1 FTAs.
  7. Consider international best practices for enhancement of CPL guidelines.



## Significant Achievements To Date

- ▶ It has been observed that ASEAN exports have a high reliance on imported parts and components. (AIS, 2015)
- ▶ This balance in forwards and backwards linkages establish ASEAN as a highly integrated regional bloc in the GVC; this reflects a healthy balance of not only commodity but value added production which is sourced from the region.
- ▶ As demonstrated in the table below, six overarching FTAs and CEPs currently apply to ASEAN member states, five of which apply to ASEAN+1 members. These pacts feature the following key characteristics:
  - ▶ A single undertaking or sequential approach to negotiations; the former requires for all parties to a negotiation to reach a consensus on all topics before a resolution is passed, whilst the latter allows for a partial resolution to be passed with selective, flexible commitments from each party. (WTO, 2016)
  - ▶ Duty Phase Out dates which specify when all measures adopted would need to be implemented.
  - ▶ Defined ROOs which specify how much of a good needs to have been sourced from a nation in order for it to be qualified as originating from said nation.

## 2. ASEAN Agreement on The Movement of Natural persons (MNP)

- Signed in 2012, the MNP Agreement hopes to capitalize on MRAs by providing a legal framework to facilitate the temporary cross-border movement of people engaged in the trade of goods, services, and investment.
- The MNP Agreement details streamlined procedures for the migration of business visitors, intra-corporate transferees, and contractual service suppliers.

## 3. ASEAN Qualifications Reference Framework (AQRF)

- Finalized in 2014, the AQRF unifies education frameworks across ASEAN member states to enable the mobility of students and professionals in the region.
- Although not a legal framework, the AQRF is designed to develop transparency amongst national qualifications in education, facilitating easier access to schools, colleges, and universities; ultimately, the AQRF is aimed at helping workers practice their professions across ASEAN.

# AEC Blueprint: Liberalization in the Movement of Skilled Labour and Business Visitors

## Past Plan

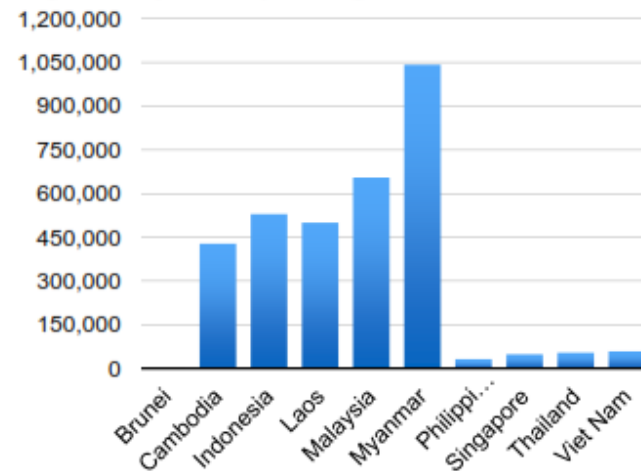
- ▶ Another characteristic of ASEAN's single market and production base is the free flow of skilled labor within ASEAN. ASEAN has taken a two pronged approach to open the door towards the movement of skilled labor:
  1. Allow managed mobility or facilitated entry for the movement of natural persons engaged in trade in goods, services, and investments, according to the prevailing regulations of the receiving country;
  2. To facilitate the free flow of services (by 2015) by harmonization and standardization

# Past Achievement

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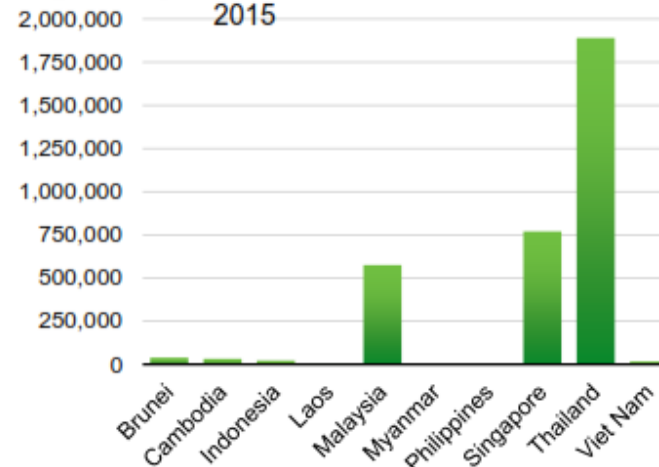
## 1. Unskilled Labour

Figure #1: Number of Intra-ASEAN Migrants, by Country of Origin, 2015



Source: UN Department of Economic and Social Affairs (2016)

Figure #2: Number of Intra-ASEAN Migrants, by Country of Destination, 2015



Source: UN Department of Economic and Social Affairs

- ▶ As illustrated by Figures #1 and #2, the intra-ASEAN flow of labor is largely focused on several main corridors with concentrated destinations in Thailand, Singapore, and Malaysia.
- ▶ The top corridor flowing from Myanmar to Thailand currently represents 28.8% of all intra-ASEAN movement.
- ▶ More than 87% of intra-ASEAN migrants are unskilled workers.

# Present Challenges

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- ▶ ASEAN's focus on ensuring the freedom of mobility of service professionals does not address the majority of actual labor movement in the region, as highlighted by the large proportion of unskilled migrant workers and the low coverage of MRAs.
- ▶ Labor mobility is still highly limited in comparison to other regional unions such as the European Union and the Australia/New Zealand Closer Economic Relation Agreement. While these latter unions allow for the general movement of people, ASEAN member states are still constrained by immigration regulations, which act as further barriers even where MRAs have been implemented.
- ▶ With national legislation taking precedence over MRAs, the possibility of policy progress backsliding has not been addressed.





Thank you very much