



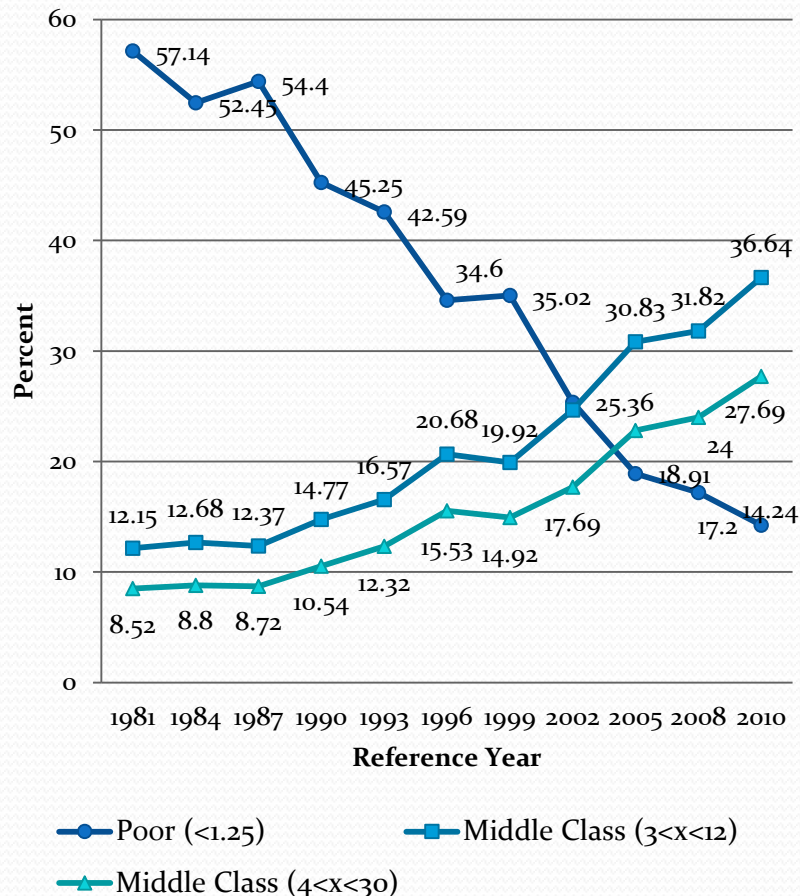
# **ASEAN RISING and the Importance of Government-Private Sector Partnership**

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**ASEAN Business and Investment Summit, Nay Pyi Taw,  
13 November 2014**



# ASEAN Progress (1)



## SIZE OF MIDDLE CLASS IN East Asia

- METI: 880 million (2008) incl. NIEs
- Estimate A: \$3-12 per capita per day PPP (similar to D & B ) and McKinsey and China)
  - ASEAN 7 : 194 million
  - China : 657 million
  - India : 143 million
- Estimate B: \$4 – 30 per capita per day PPP (similar to METI)
  - ASEAN 7 : 144 million
  - China : 550 million
  - India : 75 million
- NOTE: Estimates A and B are around 2010



## ASEAN Progress (2)

### ASEAN: Growing Investment Hotspot:

- **ASEAN:**  
USD 50 b (2008)  
USD 126 b (2013)
- **China:**  
USD 108 b (2008)  
USD 124 b (2013)
- **India:**  
USD 47 b (2008)  
USD 28 b (2013)

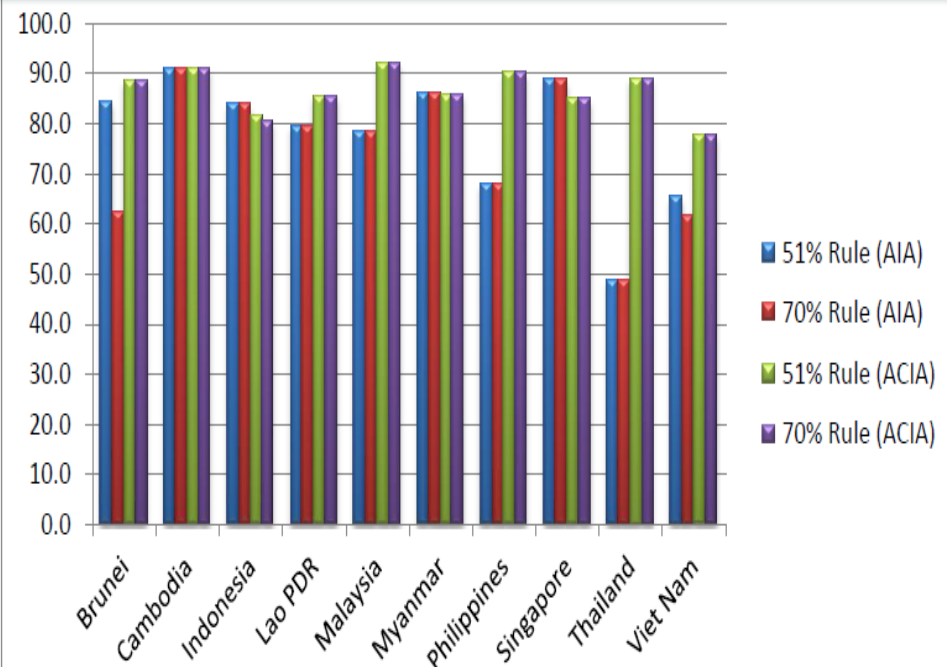


## ASEAN Progress (3): Substantive Achievements in AEC Measures

### Major Examples

- CEPT rates very low to nearly zero
- NSW operational in 5 AMSs
- ATIGA ROOs business friendly
- ASEAN + 1 FTAs/RCEP
- Chiang Mai Initiative
- RIATS in force under ASEAN - X

### Liberal Investment Regime in many AMSs (based on ACIA)





# Challenges

Still large number of poor & marginally non-poor in most AMSs

Mixed record on income inequality

Need to improve competitiveness of ASEAN

Building a fully functioning ASEAN economic community remains unfinished

*What matters most with respect to AEC is not AEC 2015 per se, but ambition and momentum (US Ambassador to ASEAN)*





Economic Research Institute for ASEAN and East Asia



# ASEAN RISING: ASEAN and AEC Beyond 2015

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Phoumin Han, Philippa Dee, Dionisius Narjoko, Sothea Oum*



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Phoumin Han, Philippa Dee, Dionisius Narjoko, Sothea Oum





## **Vision POST 2015 (ie, 2030):** ***The 1997 ASEAN Vision 2020 Rephrased***

**ASEAN as concert of robustly growing middle income and high income AMSs**

**Economic Community of Dynamic Development**

**Inclusive, Resilient, Sustainable and People-Centered ASEAN Community**

**A Strong, Outward-Looking, and Globally Engaged ASEAN**



# Indicative Outcomes: Aim High ASEAN!

## Outcomes

- **“ASEAN Miracle”** eliminating dire poverty and making the region predominantly middle class by 2030.
- **Significantly higher ASEAN share** to total trade, GDP and FDI inflows of all developing countries and of the world.
- **Markedly more resilient ASEAN realized** especially in terms of disaster risk reduction and management, food security, energy security, and social protection



# **“ASEAN Miracle”: Sustained High and Equitable Growth**

*Integrated  
and highly  
contestable  
ASEAN*

*Competitive  
and  
Dynamic  
ASEAN*

*Inclusive  
and  
Resilient  
ASEAN*

*Global  
ASEAN*

**Responsive ASEAN**

**One Strong Foundation and 4 Pillars**

# Framework of ASEAN Economic Community Post 2015

## Integrated & Highly Contestable ASEAN

- ◆ Deeply Integrated Production Area
- ◆ One Huge Unified Market

- Non-Protective NTM
- More efficient and seamless trade facilitation
- Highly contestable services and investment; Effective competition policy
- Facilitative standards and conformance
- Greater connectivity and transport facilitation
- Greater mobility of skilled labor

## Competitive & Dynamic ASEAN

- ◆ Deepening & Expanding Production Network
- ◆ Robust productivity growth & More innovative ASEAN

- Industrial upgrading and clustering
- Investment in R&D
- Enhancement of technology transfer in software and hardware
- Strengthening “visible & invisible colleges” for skills formation, human capital and entrepreneurship
- Strengthening IPR facilitation & protection

## Inclusive & Resilient ASEAN

- ◆ Sub-regional and Growth Center- Periphery Synergy
- ◆ Improving Policy Environment for SMEs
- ◆ Ensuring Resiliency

- Linking peripheries to growth centers
- Raising agricultural productivity & improving AMS's food security robustness
- Improving policy regime for SME development
- Energy policy towards resilient & green ASEAN
- Promoting disaster risk reduction & social safety nets

## Global ASEAN

- ◆ Driving Further Regional Integration in East Asia
- ◆ Raising ASEAN Voice Internationally

- ASEAN benefits more from East Asia integration
- RCEP needs to be more ambitious than ASEAN + 1 FTAs
- ASEAN centrality
- ASEAN institutional strengthening
- Growing ASEAN voice in global arena

## Responsive ASEAN

- ◆ Ensuring Conductive and Attractive Business and Investment Environment

- Responsive to and address concerns of business in region
- Responsive regulatory regime
- Regulatory improvement & informed regulatory conversations

### Pillar 1

#### Single Market & Production Base

- Free flow of goods
- Free flow of service
- Free flow of investment
- Free flow of skilled labor
- Priority Integration sector
- 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 network



## ***Responsive ASEAN***

**ASEAN and AMSs responsive to and address concerns of business in the region**

- **Private sector is the key motor of the sustained high and equitable growth in ASEAN**
- **Create conducive and attractive business and investment environments for business**

### **Hallmarks of Responsive ASEAN**

- **Strong private sector engagement and stakeholder-centric regulatory review, monitoring, and redesign in an integrating region**
- **Effective inter-agency and inter-government coordination for greater regulatory coherence.**



## The Need for Responsive ASEAN: Example: Key take- aways from the country level interview results (1)

### Customs clearance

- ***Disputes on classification and valuation*** a major source of delay and key concern for stakeholders in at least 3 AMSs.
- ***Problems of coordination with other government agencies*** an often occurrence in at least 3 AMSs.
- NSW is perceived to have reduced customs clearance time and corruption.
- In ***border posts, congestion in terminal and on access road, lack of border crossing coordination*** with regional neighbors a serious concern in at least 3 AMSs.



## The Need for Responsive ASEAN: Example: Key take- aways from the country level interview results (2)

### Transparency

- ***Access to and quality of information*** on regulations, licenses, standards and certification, etc. a serious concern in at least 3 AMSs.
- ***Inconsistent interpretation of rules*** a serious- to- critical issue for 4 AMSs.
- ***Irregular enforcement*** and allowance for discretionary behavior a serious concern in at least 4 AMSs.
- Problems of ***informal payment, excessive fees, and/or corruption*** a serious- to - critical concern in at least 4 AMSs.





# AEC Post 2015 Possible Action Agenda and Responsive ASEAN

## Deepen AEC beyond 2015 closer towards a Integrated and Contestable Market

- E.g., Seamless ASEAN Single Window; Non-protective Non-Tariff Measures; Effective standards and conformance assessment regime; Freer flow of people; “Single” maritime and aviation markets; Regional competition and IPR policies

The measures above show that the AEC Blueprint is much more than liberalization

*Most of the reforms toward AEC involve changes in practices and procedures, domestic regulatory improvements/changes, strong inter-agency coordination and collaboration, strengthened institutions, and greater policy and regulatory coherence.*

Implement good regulatory practices and effective regulatory management systems



## Needed: PEMUDAH-type and MPC-type Institutions in most AMSs

**Importance of transparency, efficiency, and a decision process that engenders predictability.**

**PEMUDAH Task Force and Working Groups on Modernizing Business Regulations**

- Robust partnership between government and private sector

**MPC (Malaysia Productivity Corporation)-type institution:**

- *Credible, technically competent and relatively unbiased and independent*, that will provide the factual basis and analysis to support decisions on specific regulatory issues.

**Marked improvement in business processes and reduction in transactions costs**

**The PEMUDAH –type task force is indicative of Responsive ASEAN.**



# Moving ASEAN Forward Beyond 2015: Deepening AEC Blueprint and Strengthening AEC-ASCC Linkages

**Plug ASEAN firmly into the innovation, green and networked economy world future**

- E.g., Expand industrial and service clusters, regional networks and connectivity in ASEAN; Strengthen IPR, human capital, R & D and creativity as competitiveness tools for ASEAN

**Accelerate community building and engender greater resiliency and harmonious relations in the ASEAN**

- E.g., Deepen regional cooperation initiatives on crises, disasters, food and energy security; Build ASEAN identity and preserve cultural heritage; Expand people to people connectivity initiatives

**Private Sector is critical in ASEAN community building as much as in building an innovative, green and globally networked ASEAN**



# AEC and ASEAN Community Building

**ASEAN RISING and the “ASEAN Miracle” framework shows the interdependence of AEC and ASCC community building. E.g.:**

- Equitable growth demands not only robust SMEs, agriculture and connectivity but also better education and health of peoples
- Full liberalization in AEC is facilitated by greater sense of ASEAN identity among ASEAN peoples

**Successful AEC rests in part on successful ASCC (and a peaceful ASEAN under APSC)**

***ASEAN needs to give great importance to ASCC Blueprint as in AEC Blueprint***



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