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THUY DUNG

# ASEAN Needs To Deepen Integration In The Face Of Trade Protectionism

At the 7<sup>th</sup> ERIA Editors' Roundtable "ASEAN and Indo-pacific: challenges ahead" which took place in Singapore recently, the *Saigon Times* spoke with Dr. Aladdin D. Rillo, Deputy Secretary-General of ASEAN for ASEAN Economic Community. Excerpts:

In the face of rising trade tensions and increasing protectionism, ASEAN should work together to deepen the market integration to make sure that the ASEAN Economic Community agenda is being implemented. Expanding trade relations with countries outside ASEAN, specifically signing FTAs, is also crucial. Different countries and regions are now looking at ASEAN as an important partner in this increasing trade and investment link in the world. For example, Canada is now in the process of trying to develop an FTA with ASEAN.

**Aladdin D. Rillo**  
Deputy Secretary-General  
of ASEAN for ASEAN  
Economic Community

**Q: The AEC (ASEAN Economic Community) has been in place since 2015. However, a lot of people, especially business circles, said they have not seen any progress so far. What is your comment?**

A: I think the most important challenge about the AEC is how to understand the market integration. There seems to be a lot of criticisms about the ASEAN Economic Community. I think this is mainly because not all information about the AEC is available, which leads to a lot of misunderstanding about what the ASEAN economic integration is all about.

The first thing to emphasize is that the AEC is different from the EU (European Union). It is a different model of economic integration. Unlike the EU, ASEAN is not trying to create a single currency. Instead it aims to achieve a single market by removing the different barriers to market integration. This is a less ambitious model of economic integration.

The problem is that most people, when they heard about the AEC, always try to see the AEC as similar to the EU in terms of what the EU has achieved. The AEC is about creating a single market, with free flow of goods, services, investment and capital.

**What initiatives have ASEAN members done to achieve that?**

In the area of goods, all the tariffs are almost eliminated under the

ASEAN tariff preferential scheme. Services trade integration has been deepened. There are already around 10 packages of commitments across services sub-sectors in ASEAN. These packages refer to commitments made by ASEAN countries to open up the services sub-sectors in terms of market access and national treatment. A more comprehensive agreement called ATISA (the ASEAN Trade in Services Agreement) is now being negotiated and is expected to be signed at the ASEAN Leaders Summit in November this year.

The ASEAN investment regime has become more open over the years. The ASEAN Comprehensive Investment Agreement (ACIA) has been implemented since 2012, and is now in the process of being amended to make sure that this agreement remains supportive to the needs and the requirements of the market. Through ACIA, investment barriers have been gradually eliminated over time.

To further strengthen trade and investment flows in ASEAN, financial conditions have become supportive through the implementation of various initiatives such as banking integration and deepening of capital markets. In addition, efforts have been intensified in other sectors under the AEC such as agriculture, infrastructure, energy, science and technology, telecommunications, and SMEs (small and medium enterprises).

So overall, what we are trying to

do in the region is to develop the right conditions to allow the market to become more open, transparent, and integrated. That process of market integration will continue. These developments clearly show that the AEC is working and is successful in producing concrete results for the region.

**But do you think relevant stakeholders, especially enterprises, are aware of these achievements?**

I think one issue to address is how to strengthen the implementation of the AEC. This can be addressed at two levels. At the country level, there is a need to ensure that agencies in charge of integration are able to coordinate their efforts and ensure that activities on the ground are effectively implemented. It is also important that public outreach is being pursued to inform the public of what market integration under the AEC is all about. I think increasing

the public awareness of the AEC and strengthening a sense of ownership by countries is crucial for the success of our market integration.

At the regional level, since 2015 the region has put in place a monitoring and evaluation framework to ensure that all measures under the AEC are effectively implemented. But more is needed. For example, the country review mechanism needs to be strengthened to identify problems that affect the implementation of AEC measures and to explore ways to address them.

I think ASEAN should really focus on these issues to move forward.

**In a changing world with the tension between the United States and China running high, what should ASEAN do to cope with challenges ahead?**

In the face of rising trade tensions and increasing protectionism, ASEAN should work together to deepen the market integration to make sure

that the ASEAN Economic Community agenda is being implemented. Expanding trade relations with countries outside ASEAN, specifically signing FTAs, is also crucial.

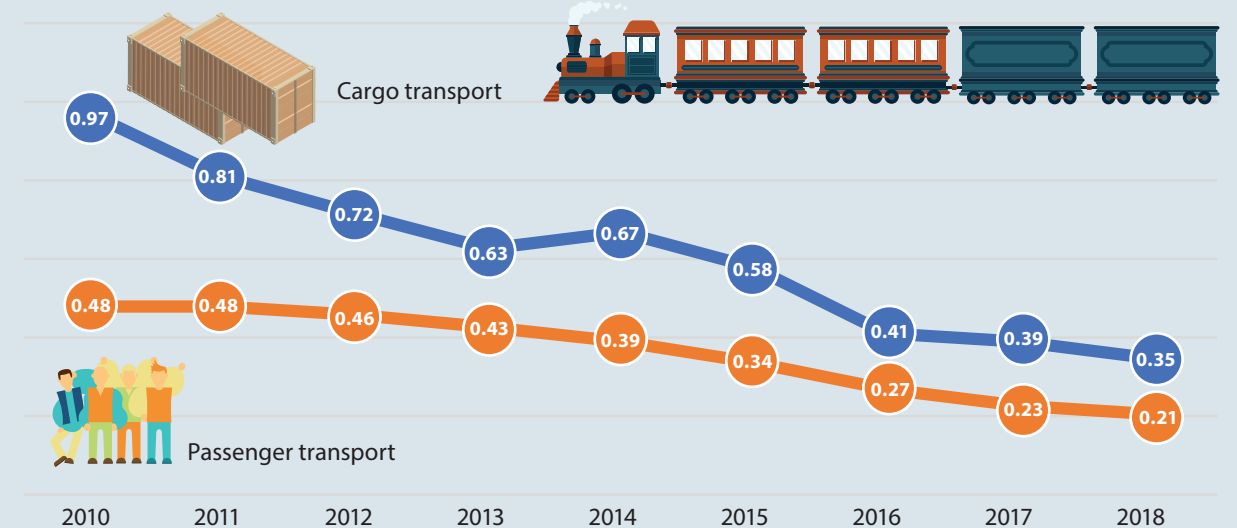
Different countries and regions are now looking at ASEAN as an important partner in this increasing trade and investment link in the world. For example, Canada is now in the process of trying to develop an FTA with ASEAN.

I think the conditions in the region have become more supportive. One reason for that is our ability to harness the benefits of our market integration. Integration has not only increased the efficiency of consumption and production but more than that, I think, it increases the contestability of our markets. Integration gives ASEAN a distinct comparative advantage that makes the region attractive, and thus further contributes to the region's inherent dynamism.

Reported by Thuy Dung

## VITAL STAT

### RAILWAY'S MARKET SHARE (Unit : %)



The efficiency of railway infrastructure is said to have yet to live up with what the State has invested in it. The competitiveness of railway transport is still limited, making its market share decline in recent years.

Source: Dau Tu/Ministry of Transport