ASEAN Economic Community (AEC)

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‘Driving Transformation, Powering Growth’
“the coming into being of the ASEAN Community does not mean that we have arrived at the end of the region – building process” — Prime Minister Dato’ Sri Najib Tun Razak, 22 November 2015
ASEAN Vision

“A concert of Southeast Asian nations, outward looking, living in peace, stability and prosperity, bonded together in partnership in dynamic development and in a community of caring societies.”
# Why AEC is Important?

## ASEAN doing Business Index

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Source: Doing Business 2016 Report (World Bank)

AEC will lead to streamlining of processes, rules and regulations in the region.
ASEAN Economic Community (AEC)

The journey towards AEC Building:

- Contribution to well-being of the people
- Strengthen the economic development
- Enhance the extra- and intra-ASEAN trade and investment

AEC Timeline

- **AEC 2025**
- **2015** - Formal Establishment of the AEC
- **2013**
- **2010** - ASEAN Trade in Goods Agreement (ATIGA) entry into force
- **2008** - ASEAN Charter adopted
- **2007** - AEC Blueprint adopted
- **2003** - Bali Concord III (ASEAN Community) signed
- **1997**
- **1995** - ASEAN Framework Agreement on Services (AFAS) signed
- **1993**
- **1967** - Birth of ASEAN

- ASEAN Vision 2020 adopted
- ASEAN Comprehensive Investment Agreement (ACIA) entry into force
- ASEAN Free Trade Area (AFTA) entry into force
Benefits of Integration

• The objectives of integration:
  o enlarging the market;
  o pooling resources essential for economic growth; and
  o reducing unnecessary burdensome rules and regulation to promote economic development.

• The economic integration is not based on static benefits but also opens up new economic opportunities to closer cooperation.

• Economic integration will stimulate research and development including innovation and technical change for a faster economic growth.

• Increases the interdependence between the members which increases the need for cooperation to be intensified.
ASEAN Economic Community (AEC)

Integrated Market and Production Base

AEC is leading to deeper economic integration of the 10 economies in ASEAN

Offers new opportunities for businesses and investors within and outside the region – mergers & acquisitions

AEC changing the economic landscape and the approach / strategy to doing business in the region
In 2016, MATRADE has planned 35 Promotional programmes in ASEAN:

- Trade Fairs (8);
- Trade and Investment Missions (4);
- Specialised Marketing Missions (10);
- International Sourcing Programmes (8); and
Meeting with Singapore Chambers of Commerce,
16 March 2016
Growth Prospects

• Global growth currently estimated at 3.4% for 2016 and 3.6% in 2017. GDP growth forecast for ASEAN is 4.4% in 2016 and 4.9% in 2017.

• In advanced economies, a modest and uneven recovery is expected to continue with a gradual further narrowing of output gaps.

• The slowdown and rebalancing of the Chinese economy, lower commodity prices and strains in some large emerging market economies will continue to weigh on growth prospects in 2016 - 2017.
Our Agenda in ASEAN

ASEAN must stay the course and move forward with the deepening of economic integration:

- **Removal of barriers**, including NTBs, red tapes and unnecessary regulations and other restrictive behind-the-border rules and regulations.
- **Harmonization or alignment of standards** in line with international norms.
- **Restrictions on professional requirements** which impede the movement of skilled workers and professionals around the region.
- **Further liberalization** in trade in services to attract more investments from outside and inside the region.
- **Access to finance, technology and human capital.**
The focus of AEC Blueprint 2025 is to ensure:

- a well integrated and connected within the global economic system;
- a business-friendly, trade-facilitative, market driven and predictable environment;
- a region with a key role in global value chains and increasing participation in high value added and knowledge-based activities;
- a competitive and dynamic region that inspires innovation and where businesses of all sizes thrive, and where consumers’ rights are protected; and
- a connected region where improvements in transport linkages and infrastructure help peoples and businesses move efficiently and work more productively across borders, expand market reach and strategically source goods and services.
Regional Comprehensive Economic Partnership (RCEP)

**Global Scale**

- 30% of Global GDP.
- More than 3.3 billion people (almost 50% of world population).
- Biggest set of producers and consumers.
- Growing economies in Asia & Oceania.
- Connected through ASEAN +1 FTAs.
- Top economies in the world (China-2, Japan-3, India-10, Australia-13, South Korea-15, Indonesia-16, Thailand-30, Malaysia-36).
- Collective ASEAN is the 7th largest economy in the world.

10 ASEAN Member States
- China
- Japan
- Korea
- India
- Australia
- New Zealand
Changing Regional Economic Landscape

STRATEGIC PARTNERS OF ASEAN

- ASEAN-China
- ASEAN-Hong Kong SAR
- RCEP
- ASEAN-Korea
- ASEAN-Japan
- ASEAN-India
- ASEAN-Australia & New Zealand
Malaysia in AEC

- Total Trade: RM3.7 billion
  Investment: RM22.1 million

- Total Trade: RM86.1 billion
  Investment: RM674 Million

- Total Trade: RM190 billion
  Investment: RM8.4 billion

- Total Trade: RM60.0 billion
  Investment: RM910 million

- Total Trade: RM1.5 billion
  Investment: RM566 Million

- Total Trade: RM36.3 billion
  Investment: RM874 Million

- Total Trade: RM19.7 billion
  Investment: RM252 million

- Total Trade: RM69 million
  Investment: RM1 billion
  (cumulative)

- Total Trade: RM3.2 billion
  Investment: RM303 million
  (cumulative)
List of Malaysian Networks

- **Malaysia-Myanmar Business Council**  
  < 300 companies

- **Malaysia-Thai Chamber of Commerce**  
  < 1,000 companies

- **Malaysia-Singapore Business Council**  
  < 1,000 companies

- **Malaysia-Indonesia Business Council**  
  < 1,000 companies

- **Malaysia Business Council Cambodia**  
  < 300 companies

- **Malaysia Business Chamber Viet Nam**  
  < 700 companies

- **Malaysia-Philippines Business Council**  
  < 200 companies
Voices of Private Sector in AEC

ASEAN-BAC

USABC

ASEAN Industry & Business Associations

AIBC

ERIA, CIMB CARI

AKBC

EABEC

FJCCIA

CABC
Role of ASEAN-BAC

- APEX business body in ASEAN. Represented by 3 corporate leaders from each ASEAN Member States.

- Coordinate inputs from the private sector for consideration of ASEAN Leaders / Ministers.

- Regular dialogues with Senior Officials, Ministers and Leaders and ASEAN Foreign Business Councils
The MITI Family

Promote investments into manufacturing and services sectors in Malaysia.

Promote productivity and competitiveness in the country.

Monitoring the development of national iron and steel industry.

Monitoring development of national automotive industry.

Promotes development of halal industry in Malaysia.

Promote Malaysia’s exports to the world.

Provide financial services to SMEs.

Promote and coordinating development of SMEs and micro-enterprises in the country.
Agencies’ Offices Abroad

AMERICAS
- MIDA (6)
- MATRADE (8)

EUROPE
- MIDA (6)
- MATRADE (10)

ASIA
- MIDA (11)
- MATRADE (24)

AFRICA
- MATRADE (3)

AUSTRALIA
- MIDA (1)
- MATRADE (1)
Munchy Food Industries Sdn. Bhd.

Established in 1991

A Malaysian-based (halal-certified) snack food manufacturer with presence in over 60 countries around the world.

1,300 fulltime employees

exporting to ASEAN countries such as Brunei, Indonesia, Thailand and Singapore, as well as outside the region such as South Korea, South Africa, Nepal, Yemen, Taiwan and Bangladesh.
Success Stories

Benithem® Sdn Bhd

Established in 1981

Quality hand-craftmanship with modern technology to create contemporary office chairs and seating solutions for corporate and home offices.

Exporting to 40 countries around the world such as Turkey, Hong Kong, Saudi Arabia, UAE, Netherlands and ASEAN countries such as Singapore, Vietnam, and Indonesia.

Among the many achievements:
- MITI-Brand Excellence Award, 2012;
- Industry Excellence Award (AKI), 2014.
SMT Technologies Sdn. Bhd.

Established in 1993, based in Kedah.

One of the market leading Electronic Manufacturing Services (EMS) providers in South East Asia that offer a whole range of manufacturing services ranging from product design and complete box build assembly to full turnkey solutions.

In 2006, SMT Industries was set up in Prachinburi, Thailand.

Major export destinations are the Philippines, Singapore and Thailand.
Today Siemens has a widespread ASEAN Network of establishments

![Map of ASEAN countries with Siemens establishments](map.png)

**Resources and Employees**

- 5,638 employees
- 6 regional head offices
- 7 branch / sales / rep offices
- 6 manufacturing sites
- R&D activities in Singapore
- >1000 indirect channel partners

**Workforce Composition**

- 39% 35-44 yrs
- 40% < 35 yrs
- 18% 45-54 yrs
- 04% > 54 yrs
- 66% Male
- 34% Female

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*CoC for Power Services Field Services; Power & Gas Instruments & Electrical; and Steam Turbine Packaging APAC*
A global company – with a local footprint in ASEAN

- **1973**: Siemens Inc starts in Manila, Philippines
- **1992**: The founding of Siemens Inc in Thailand
- **1995**: Founding of PT Siemens Indonesia
- **2002**: Siemens Ltd. established in Ho Chi Minh City, Vietnam
- **2006**: Siemens opens offices in Penang and Johor, Malaysia
- **2008**: Siemens celebrates her 100th Anniversary in Singapore
Thank you

allasean@miti.gov.my