

## ASEAN ECONOMIC COMMUNITY BLUEPRINT 2025

### I. INTRODUCTION

1. The implementation of the ASEAN Economic Community Blueprint 2015 has been substantively achieved in, among others, eliminating tariffs and facilitating trade; advancing the services trade liberalisation agenda; liberalising and facilitating investment; streamlining and harmonising capital market regulatory frameworks and platforms; facilitating skilled labour mobility; promoting the development of regional frameworks in competition policy, consumer protection and IPR; promoting connectivity; narrowing the development gap; and strengthening ASEAN's relationship with its external partners.

2. ASEAN recognises that regional economic integration is a dynamic, on-going process as economies as well as domestic and external environments are constantly evolving. In this context, ASEAN has initiated two studies for the ASEAN Economic Community 2025 (AEC 2025) Vision. The AEC 2025 Vision has been developed taking into account the recommendations of two studies, namely, by the Economic Research Institute for ASEAN and East Asia (ERIA), and the S. Rajaratnam School of International Studies (RSIS) and the Institute of Southeast Asian Studies (ISEAS), as well as inputs from other stakeholders. The measures taken have to lead in creating a networked, competitive, innovative, and highly integrated and contestable ASEAN.

3. The overall vision articulated in the AEC Blueprint 2015 remains relevant. The AEC 2025 will build on the existing AEC Blueprint consisting of five interrelated and mutually reinforcing characteristics, namely: (i) A Highly Integrated and Cohesive Economy; (ii) A Competitive, Innovative, and Dynamic ASEAN; (iii) An Enhanced Connectivity and Sectoral Cooperation; (iv) A Resilient, Inclusive, People-Oriented, and People-Centred ASEAN; and (v) A Global ASEAN.

4. The immediate priority is to complete the implementation of measures unfinished under the AEC Blueprint 2015 by end-2016. The continuing commitments of Cambodia, Lao People's Democratic Republic, Myanmar and Viet Nam (CLMV) under the AEC Blueprint 2015 up to 2018 are also incorporated under AEC 2025.

5. In the next decade, ASEAN will also provide a new emphasis on the development and promotion of micro, small and medium enterprises (MSMEs) in its economic integration efforts. At the same time, ASEAN will likewise embrace the evolving digital technology as leverage to enhance trade and investments, provide an e-based business platform, promote good governance, and facilitate the use of green technology.

6. The AEC 2025 is envisioned to:

- (i) Create a deeply integrated and highly cohesive ASEAN economy that would support sustained high economic growth and resilience even in the face of global economic shocks and volatilities;

- (ii) Engender a more equitable and inclusive economic growth in ASEAN that narrows the development gap, eliminates if not reduces poverty significantly, sustains high growth rates of per capita income, and maintains a rising middle class;
- (iii) Foster robust productivity growth through innovation, technology and human resource development, and intensified regional research and development that is designed for commercial application that increases ASEAN's competitive edge to move the region up the global value chain into higher technology and knowledge intensive manufacturing and services industries;
- (iv) Promote the principles of good governance, transparency, and responsive regulatory regimes through active engagement with the private sector, community-based organisations, and other stakeholders of ASEAN;
- (v) Widen ASEAN people-to-people, institutional, and infrastructure connectivity through ASEAN and sub-regional cooperation projects that facilitate movement of capital as well as skilled labour and talents;
- (vi) Create a more dynamic and resilient ASEAN capable of responding and adjusting to emerging challenges through robust national and regional mechanisms that address food and energy security issues, natural disasters, economic shocks and other emerging trade-related issues and global mega trends;
- (vii) Incorporate a sustainable growth agenda that promotes a science-based use and support for green technology and energy;
- (viii) Promote the use of the ASEAN Protocol on Enhanced Dispute Settlement Mechanism and develop other approaches to speed up economic dispute resolution;
- (ix) Reinforce ASEAN centrality in the emerging regional economic architecture by maintaining ASEAN's role as the centre and facilitator of economic integration in the East Asian region; and
- (x) Work towards a common position and enhance ASEAN's role and voice in global economic fora.

## **II. CHARACTERISTICS AND ELEMENTS OF AEC 2025**

### **A. A Highly Integrated and Cohesive Economy**

7. The main objective of this characteristic is to facilitate the seamless movement of goods, services, investment, capital, and skilled labour within ASEAN in order to enhance ASEAN's trade and production networks, as well as to establish a more unified market for its firms and consumers.

8. The key elements of a highly integrated and cohesive ASEAN economy include:

**A1. Trade in Goods**

9. The implementation of AEC Blueprint measures relating to tariff elimination in accordance with the ASEAN Trade in Goods Agreement (ATIGA) and trade facilitation have contributed to greater free flow of goods. In AEC 2025, ASEAN will continue to reduce or eliminate border and behind-the-border regulatory barriers that impede trade, so as to achieve competitive, efficient, and seamless movement of goods within the region.

10. Strategic measures include the following:

(i) Strengthen ATIGA further

In view of the on-going review of the ASEAN+1 free trade agreements (FTAs) and the Regional Comprehensive Economic Partnership (RCEP) negotiations, commitments in the ATIGA will be reviewed and refined to, among others, enhance provisions to entrench ASEAN centrality, strengthen the ATIGA's notification process, and bring down further the remaining tariff barriers in ASEAN towards the free flow of goods in the region.

(ii) Simplify and Strengthen the Implementation of the Rules of Origin (ROO)

ROO implemented by ASEAN Member States (AMS) should be simplified, business-friendly and trade-facilitative, to benefit the region's trade, in particular the participation of micro, small and medium enterprises (MSMEs) to encourage them to expand, upgrade, and deepen their linkages within the region. Towards this end, priority sectors for Product Specific Rules (PSRs) can be negotiated, and processes for the determination of origin criteria streamlined.

(iii) Accelerate and Deepen the Implementation of Trade Facilitation Measures

ASEAN played a leading role in the conclusion of the World Trade Organization (WTO) Agreement on Trade Facilitation (ATF) in 2013. Beyond ensuring the smooth implementation of the ATF in ASEAN Member States, ASEAN aims towards convergence in trade facilitation regimes among AMS and move much closer to the global best practice. The ASEAN Trade Facilitation-Joint Consultative Committee (ATF-JCC) comprising representatives from the public and private sectors has been established to accelerate work on trade facilitation and ensure expeditious movement of goods within the region.

Among the key measures are the following:

(a) Complete measures initiated under the AEC Blueprint 2008-2015;

- (b) Fully roll-out the National Single Windows in all of the AMS, and widen the scope of the ASEAN Single Window project to include more documents and stakeholders in all AMS;
- (c) Cooperate on the effective operationalisation of the National and ASEAN Trade Repositories for enhanced regulatory transparency and certainty for the private sector in the region;
- (d) Streamline and simplify administrative regulatory regimes, documentary requirements, as well as import and export procedures, including customs procedures;
- (e) Deepen regional implementation of trade-facilitative ASEAN initiatives such as Authorised Economic Operators (AEO) program, self-certification program, etc.;
- (f) Strengthen public-private sector cooperation, collaboration, and partnership in improving the process, institutional and infrastructural foundations of efficient and effective trade facilitation within the region;
- (g) Minimise trade protection and compliance costs in dealing with Non-Tariff Measures (NTMs);

Most NTMs address regulatory objectives such as environmental, health and safety, security or cultural considerations, but they can also significantly impede trade inadvertently or by design. Addressing NTMs involves the following: (i) accelerating work towards full elimination of non-tariff barriers; (ii) standards and conformance measures, e.g. equivalence in technical regulations, standards harmonisation, alignment with international standards, mutual recognition arrangements (MRAs); and (iii) streamlining procedures and reducing requirements for certificates, permits and licenses to import or export.

Measures that give rise to a trade facilitative regime in ASEAN include the following:

1. Explore imposing stringent criteria and sunset clause on trade-protective NTMs like quotas and other quantity restrictions in imports and exports;
2. Embed good regulatory practice in implementing domestic regulations and practices and thereby minimise compliance cost of meeting NTM requirements;

3. Strengthen coordination with private sector in determining, prioritising and minimising the unnecessary regulatory burden of NTMs on the private sector; and
4. Explore alternative approaches to addressing NTMs like sectoral or value chain approaches to addressing NTMs.

(h) Work towards facilitative standards and conformance.

This involves accelerated implementation of harmonisation of standards and technical regulations, improvement of quality and capability of conformity assessment, enhanced information exchange on laws, rules, and regulatory regimes on standards and conformity assessment procedures. This also involves regional cooperation and agreement on measures to facilitate MSMEs upgrading towards regionally and/or internationally agreed standards to facilitate exports.

Relevant measures include the following:

1. Complete and deepen initiatives begun under the AEC Blueprint 2015 measures;
2. Undertake concerted regional and national programs to upgrade the technical capacity and physical infrastructure for effective and efficient conformity assessment regime in the region;
3. Establish effective measures for transparency and communication on country-specific requirements;
4. Expand coverage of sectors under standards and conformance beyond the priority integration sectors;
5. Embed good regulatory practice (GRP) in the preparation, adoption, and implementation of standards and conformance rules, regulations, and procedures;
6. Strengthen public private partnership and enhance contribution of the private sector in designing, monitoring, reviewing, and updating of standards and conformance regime in the region; and
7. Strengthen cooperation with Dialogue Partners in the implementation of technical barriers to trade (TBT) Chapters of ASEAN+1 FTAs, and future economic partnership and free trade agreements.

## **A2. Trade in Services**

11. The objective is to further broaden and deepen services integration within ASEAN, ASEAN's integration into the global supply chains in both goods and services, and enhance AMS competitiveness in services. A strong services sector facilitates industrial development, innovation, and efficiency. The end result is the maximisation of the potential contribution of the services sector to economic development and growth.

12. Through the subsequent rounds of negotiations under the ASEAN Framework Agreement on Services (AFAS), ASEAN has continued to broaden the coverage and reduce the limitations on market access and national treatment across services sectors, which go beyond similar efforts at the WTO. The next agenda is to facilitate the negotiations and implementation of the ASEAN Trade in Services Agreement (ATISA) as the legal instrument for further integration of services sectors in the region.

13. The services sector will be further integrated through the implementation of the ATISA and continuing efforts to:

- (i) Review existing flexibilities, limitations, thresholds and carve-outs, as appropriate;
- (ii) Enhance mechanisms to attract foreign direct investment (FDI) in the services sectors, including but not limited to foreign equity participation to support global value chain activities;
- (iii) Explore alternative approaches for further liberalisation of services;
- (iv) Establish possible disciplines on domestic regulations to ensure competitiveness of the services sector taking into consideration other non-economic or development or regulatory objectives;
- (v) Consider the development of sectoral annexes; and
- (vi) Enhance technical cooperation in the services sector for human resource development (HRD), joint promotion activities to attract FDI in the services sector, and the exchange of best practices.

## **A3. Investment Environment**

14. ASEAN aims to enhance further its attractiveness as an investment destination globally through the establishment of an open, transparent and predictable investment regime in the region. The improvement in the investment environment in ASEAN is being achieved through the implementation of the 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.

15. Strategic measures include the following:

- (i) Complete the built-in agenda of the ACIA, including the effective implementation of the modality on the elimination or improvement of investment restrictions and impediments;
- (ii) Identify appropriate approaches or mechanisms to the phasing out and/or reduction of the ACIA Reservation Lists;
- (iii) Continue to undertake and, where necessary, enhance the Coordinating Committee on Investment (CCI) Peer Review Mechanism; and
- (iv) Continue to undertake joint promotion of ACIA as well as of ASEAN as an investment destination.

#### **A4. Financial Integration, Financial Inclusion, and Financial Stability**

16. Ensuring that the financial sector is inclusive and stable remains a key goal of regional economic integration. The financial sector integration vision for 2025 encompasses three strategic objectives, namely financial integration, financial inclusion, and financial stability, and three cross-cutting areas (Capital Account Liberalisation, Payment and Settlement Systems and Capacity Building).

17. Strategic measures include the following:

- (i) Strengthen 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. These will be supported by robust financial market infrastructure that is safe, cost-efficient and more connected. Financial liberalisation will be undertaken with greater regulatory cohesiveness to keep requirements for regulatory compliance to a minimum to reduce costs, while remaining prudent. The key measures are as follows:
  - (a) Further commit to liberalise financial services sector through the ATISA, which will serve as a platform to link financial markets within the region and with ASEAN Dialogue Partners;
  - (b) Provide greater market access and operational flexibility for Qualified ASEAN Banks (QABs) through the ASEAN Banking Integration Framework (ABIF), based on each country's readiness and on a reciprocal basis, thereby reducing gaps in market access and operational flexibility across ASEAN;

- (c) Promote deeper penetration in insurance markets through the ASEAN Insurance Integration Framework, with greater risk diversification, deeper underwriting capacity, improved and strengthened insurance sector supervision and regulatory frameworks;
  - (d) Further deepen and interlink capital markets by progressing towards more connectivity in clearing settlement and custody linkages to facilitate investment in the region, and allow investors and issuers to tap cross-border ASEAN capital markets efficiently in line with the objective of ASEAN Capital Market Infrastructure Blueprint. This will ensure that the benefits of such connectivity are shared by all ASEAN countries; and
  - (e) Promote the development of sovereign bond markets as well as corporate issuances that will diversify risks from the banking system and provide savers with greater opportunities to invest
- (ii) Promote financial inclusion to deliver financial products and services to a wider community that is under-served, including micro, small and medium enterprises (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. Key measures are as follows:
- (a) Enhance the financing ecosystem in the region to benefit MSMEs, including through cross-collaboration among various working groups in ASEAN. Initiatives to be explored may include the establishment of credit bureaus to facilitate the MSMEs in establishing credit standing to improve access to financing, credit guarantee institutions to provide credit enhancement to MSMEs that do not have collateral, other appropriate facilities or mechanisms that will provide financial access for MSMEs, as well as debt resolution agencies to assist distressed but viable MSMEs;
  - (b) Expand the scope of financial access and literacy, as well as intermediary and distribution facilities, such as digital payment services to promote cost-reducing technologies and the development of financial services for smaller firms and lower-income groups. Enhance discussion channels in ASEAN to develop best practices and exchange information as well as strengthen cooperation;



- (c) Intensify the implementation of financial education programmes and consumer protection mechanisms to bolster financial management capacity and encourage take up of financial services. These include raising awareness of personal safeguard measures against deceptive practices as well as enhancing technical countermeasures against threats of digital fraud; and
  - (d) Promote the expansion of distribution channels which improve access to and reduce cost of financial services, including mobile technology and microinsurance.
- (iii) Ensure financial stability through the continuous strengthening of regional infrastructure, particularly in times of regional stress. Key measures are as follows:
- (a) Intensify the existing process of macroeconomic and financial surveillance through identifying financial system risks and vulnerabilities and intensifying exchange of key macroeconomic information among monetary and fiscal authorities. Discussions may complement ongoing efforts by the Financial Stability Board at the global level;
  - (b) Further enhance cross-border cooperative arrangements in relation to the implementation of the ABIF with the emergence of regionally active banks during both crisis and in the normal course of business. In the near term, existing regional and bilateral cooperation platforms for macro-surveillance and supervision will continue to perform an integral role. Furthermore, closer dialogues between authorities may be achieved through regional supervisory colleges; and
  - (c) Make prudential regulations more cohesive, aimed at achieving greater consistency with international best practices and regulatory standards.
18. The measures under the three key cross-cutting areas are as follows:
- (i) Enhance capital account liberalisation to encourage greater flows of capital among AMS to facilitate cross-border investment and lending in the region, following these guiding principles:
    - (a) Ensure an orderly capital account liberalisation consistent with member countries' national agenda and the readiness of their economies;
    - (b) Allow adequate safeguards measures against potential macroeconomic instability and systemic risks that may arise from the liberalisation process, including the right to adopt necessary measures to ensure macroeconomic and financial stability; and

- (c) Ensure the benefits of liberalisation are shared by all AMS. ASEAN will continue to monitor the progress of capital account liberalisation among AMS by utilising the ASEAN Capital Account Liberalisation Heatmap and Individual Milestones Blueprint.
- (ii) Payment and Settlement Systems will be further enhanced in several areas such as promoting standardisation and developing settlement infrastructure for cross-border trade, remittance, retail payment systems and capital markets. This will provide an enabling environment to promote regional linkages and payment systems that are safe, efficient and competitive. This will also require a certain level of harmonisation of standards and market practices based on international best practices (such as ISO20022) to foster stability and efficiency within as well as outside the region.
- (iii) Capacity Building will help to narrow the financial development gap of the region. This can be achieved through the conduct of learning programmes and exchanges of knowledge and experiences, and best practices in areas relevant to financial integration and development, such as financial regulation and supervision, financial inclusion, and payment and settlement systems.

#### **A5. Facilitating Movement of Skilled Labour and Business Visitors**

19. The objective is to facilitate the movement of skilled labour in ASEAN began with MRAs that will allow practitioners in eight professions to practice in other AMS through mutual recognition of their qualifications and where appropriate, through the implementation of the ASEAN Qualifications Reference Framework (AQRf), for which referencing by the AMS is voluntary, to support lifelong learning and enhance recognition and the ASEAN Agreement on Movement of Natural Persons (MNP). These arrangements aim to facilitate the temporary cross-border movement of natural persons and business visitors engaged in the conduct of trade in goods, trade in services, and investment.

20. Strategic Measures include the following:

- (i) Expand and deepen commitments under the ASEAN Agreement on MNP where appropriate; and
- (ii) Reduce, if not standardise, documentation requirements.

21. If necessary, ASEAN will consider further improvements to existing MRAs and consider the feasibility of additional new MRAs to facilitate the mobility of professionals and skilled labour in the region.

#### **A6. Enhancing Participation in Global Value Chains**

22. The broader objective of becoming a highly integrated and cohesive economy is to enhance the region's participation in global value chains (GVCs). The benefits entailed from deep regional integration include better realisation of economies of scale, collective efficiency and the organic formation of regional innovation systems.

23. Regional value chains are not mutually exclusive from global value chains. However, the development and strengthening of regional value chains, as facilitated by the formation of a highly integrated and cohesive economy, is a key way to enhance ASEAN's GVC participation but is not an alternative. For newer AMS, participation in regional value chains can also act as a stepping-stone to their integration to GVCs. For more developed AMS, becoming leaders in regional value chains is a stepping-stone towards leading at the global level.

24. The other elements in characteristics 1 and 2 could contribute to enhancing AMS' GVC participation either through the removal of formal restrictions (market access and discriminatory measures) or better trade facilitation and regulatory coherence. A more strategic approach to GVCs can also be pursued through specific initiatives such as:

- (i) Regional branding, roadshows and other joint marketing strategy;
- (ii) Trade facilitation initiatives focusing on both imports and exports;
- (iii) Harmonisation to international standards and support for standards compliance capacity building;
- (iv) Better information sharing; and
- (v) Greater focus on connectivity, lessening the trade restrictive effects and costs of NTMs and domestic regulatory reform.

#### **B. A Competitive, Innovative, and Dynamic ASEAN**

25. The objective of this characteristic is to focus on elements that contribute to increasing the region's competitiveness and productivity by (i) engendering a level playing for all firms through effective competition policy; (ii) fostering the creation and protection of knowledge, and (iii) deepening ASEAN participation in GVCs; and (iv) strengthening related regulatory frameworks and overall regulatory practice and coherence at the regional level. The key elements of a competitive, innovative and dynamic ASEAN include:

## **B1. Effective Competition Policy**

26. For ASEAN to be a competitive region with well-functioning markets, rules on competition will need to be operational and effective. The fundamental goal of competition policy and law is to provide a level playing field for all firms, regardless of ownership. Enforceable competition rules that proscribe anti-competitive activities are an important way to facilitate liberalisation and a unified market and production base, as well as to support the formation of a more competitive and innovative region.

27. Strategic measures include the following:

- (i) Establish effective competition regimes by putting in place competition laws for all remaining AMS that do not have them and effectively implement national competition laws in all AMS based on international best practices and agreed-upon ASEAN guidelines;
- (ii) Strengthen capacities of competition-related agencies in AMS by establishing and implementing institutional mechanisms necessary for effective enforcement of national competition laws, including comprehensive technical assistance and capacity building;
- (iii) Foster a “competition-aware” region that supports fair competition, by establishing platforms for regular exchange and engagement, encouraging competition compliance and enhanced access to information for businesses, reaching out to relevant stakeholders through an enhanced regional web portal for competition policy and law, outreach and advocacy to businesses and government bodies, and sector-studies on industry structures and practices that affect competition;
- (iv) Establish Regional Cooperation Arrangements on competition policy and law by establishing competition enforcement cooperation agreements to effectively deal with cross-border commercial transactions;
- (v) Achieve greater harmonisation of competition policy and law in ASEAN by developing a regional strategy on convergence;
- (vi) Ensure alignment of competition policy chapters that are negotiated by ASEAN under the various FTAs with Dialogue Partners and other trading nations with competition policy and law in ASEAN to maintain consistency on the approach to competition policy and law in the region; and
- (vii) Continue to enhance competition policy and law in ASEAN taking into consideration international best practices.

## **B2. Consumer Protection**

28. Consumer protection is an integral part of a modern, efficient, effective and fair market place. Consumers will demand the right of access to: adequate information to enable them to make informed choices; effective redress; and products and services that meet standard and safety requirements. Increased cross border trade, use of e-commerce and other new trading methods resulting from globalisation and technological advancement require governments to find innovative ways of protecting and promoting the interests of consumers. This will require comprehensive and well-functioning national and regional consumer protection systems enforced through effective legislation, redress mechanisms and public awareness.

29. Strategic measures include the following:

- (i) Establish a common ASEAN consumer protection framework through higher levels of consumer protection legislation, improve enforcement and monitoring of consumer protection legislation, and make available redress mechanisms, including alternative dispute resolution mechanisms;
- (ii) Promote a higher level of consumer empowerment and knowledge by addressing consumer concerns and enhancing consumer knowledge and advocacy;
- (iii) Build higher consumer confidence and cross-border commercial transactions by strengthening product safety enforcement, stronger participation of consumer representatives and promotion of sustainable consumption;
- (iv) Encourage consumer-related matters in ASEAN policies through impact assessment of consumer protection policies and development of knowledge-based policies; and
- (v) Promote consumer protection measures in products and services sectors such as finance, e-commerce, air transport, energy, and telecommunications.

### **B3. Strengthening Intellectual Property Rights Cooperation**

30. Intellectual Property (IP) has an important role in contributing to the achievement of national and regional socio-economic development goals. Protecting intellectual property rights (IPR) is critical for AMS to move higher up in the technology ladder, in encouraging transfer of technology, and in stimulating innovation and creativity. The approach in the next ten years will be based on the need to support the economic development in the region through effective use of IP and creativity. National IP regimes should achieve full technical and procedural convergence, and IP Offices have adopted modern business models and practices that enable provision of efficient and effective “world class” services to clients at the national and regional levels. The future landscape will be more competitive and productive as IP is one of the contributory factors towards enhancing the volume and value of exports, flows of domestic and foreign direct investment and improved global competitiveness rankings.

31. Strategic measures include the following:

- (i) Strengthen IP offices and build IP Infrastructure, in order to ensure the development of a more robust ASEAN IP system, through the following key measures:
  - (a) Improve IP services, particularly in the areas of patents, trademarks and industrial designs;
  - (b) Expand work-sharing activities among AMS to reduce workload of IP Offices and reduce duplication of activities;
  - (c) Promote improvement of IP services in term of timeliness and quality of output;
  - (d) Complete accession to the Patent Cooperation Treaty (PCT), Madrid Protocol, Hague Agreement and endeavour to undertake accession to the Singapore Treaty on the Law on Trademarks (STLT) and other World Intellectual Property Organization (WIPO)-administered international treaties; and
  - (e) Develop competency-based training programmes for trademarks, patents and industrial designs through the virtual ASEAN IP Academy, with focus on Cambodia, Lao PDR, and Myanmar (CLM).
- (ii) Develop regional IP platforms and infrastructure, through the following key measures:

- (a) Develop new networks of integrated IP services for the region, including technology transfer offices and innovation technology support offices (patent libraries) focusing on commercialisation and linking existing or new virtual IP marketplaces of AMS;
  - (b) Improve service delivery of AMS through connected online services, including patent, trademark, and design search systems, and online filing systems;
  - (c) Improve and centralise the management of the ASEAN IP Portal by ensuring that IP information, including statistical data, is accurate and regularly updated (e.g. no. of filings, registrations, grants, pendency periods); and
  - (d) Adopt information technology (IT) modernisation to improve quality of services, including the development of an automated translation system for sharing of patent information, and regional patent and trademark databases.
- (iii) Expand the ASEAN IP Ecosystem, through the following key measures:
- (a) Establish an ASEAN network of offices (IP, judiciary, customs and other enforcement agencies) to enhance effective cooperation on the regional IPR enforcement and to promote building respect for IP;
  - (b) Enhance engagement with private sector, IP associations, and other stakeholders within the region and external partners; and
  - (c) Increase the capacity of ASEAN IP practitioners through a study on a regional accreditation system.
- (iv) Enhance regional mechanisms to promote asset creation and commercialisation, including the development of supporting schemes for MSMEs and creative sectors through the following key measures:
- (a) Improve awareness and respect of IP to promote its protection and utilisation, including incentive schemes for MSMEs and creative sectors.
  - (b) Develop IP valuation services to create awareness of the value of IP as a financial asset
  - (c) Promote the commercialisation of geographical indication (GI) products in ASEAN by improving the capacity of the productive sector in the development of protection and branding strategies; and

- (d) Promote a protection mechanism for GIs and genetic resources, traditional knowledge, and traditional cultural expressions (GRTKTCE) and assist in their protection in ASEAN and in foreign markets.

#### **B4. Productivity-Driven Growth, Innovation, Research and Development and Technology Commercialisation**

32. ASEAN's long-term competitiveness rests on significantly improving AMS' labour productivity and total factor productivity performance if ASEAN is going to move up the global value chain. Labour productivity and total factor productivity, in turn, are determined by the efficiency in the use of inputs, and advancement of knowledge, innovation and technological progress.

33. Given the critical role of technology adaptation and diffusion as well as innovation in ASEAN's productivity growth and long-term competitiveness, AMS need to take a concerted effort to improve their innovation and technological capability. The challenge towards a more innovative ASEAN is in terms of investment in research and development and human capital development, and the strengthening of the policy and institutional environment (e.g. IPR regime) for quality assurance, technology diffusion and innovation. Efforts to address the following strategic measures could contribute to enhancing ASEAN's competitiveness:

- (i) Promote strategic partnerships among the academia, research institutions and the private sector towards developing capabilities and creating an effective channel for technology transfer and commercialization;
- (ii) Strengthen the competitiveness of the MSMEs sector in ASEAN through the application of science and technology (S&T) tools and methodologies; and
- (iii) Enhance the support system and enabling environment to nurture a highly mobile, intelligent and creative human resource that thrives on knowledge creation and application.

34. To promote innovation, more attention needs to be given to the development of national and cross-border mechanisms that promote the following strategic measures:

- (i) Information sharing and networking to stimulate ideas and creativity at the universities and business-level;
- (ii) Place greater focus on entrepreneurship, and development of business incubator programmes for commercialisation;
- (iii) Foster a hospitable intra-ASEAN policy environment for technology transfer, adaptation and innovation, including increased level of as well as supportive fiscal and non-fiscal policies for research and development (R&D) in both local and foreign owned firms in the region;



- (iv) Focus support on the development of research and technology parks, joint corporate, government and/or university research laboratories, R&D centres, and similar science and technology institutions and centres;
- (v) Develop and strengthen ASEAN linkage in global and regional research and development networks;
- (vi) Promote strong IPR protection in the region; and
- (vii) Promote programs that enhance ASEAN participation in global and regional value chains and production networks, including programs and joint promotions that attract leading technology firms to set up shop in region, develop industrial clusters and support industries, and improved physical and institutional connectivity within the region and with the rest of the world.

#### **B5. Taxation Cooperation**

35. Tax cooperation serves as one of the key elements to support regional competitiveness in ASEAN by addressing the issue of fiscal barriers. Several on-going and future measures have been committed to be undertaken, including:

- (i) Concerted efforts to support the completion and improvement of network of bilateral tax agreements to address the issues of double taxation, and work towards the enhancement of withholding tax structure, where possible, to promote the broadening of investor base in ASEAN debt issuance;
- (ii) Improve the implementation of exchange of information in accordance with international standards;
- (iii) Discuss measures to address the issue of base erosion and profit shifting to ensure fiscal health;
- (iv) Explore the possibility of global taxpayers' identification number to improve tax collection and enhance monitoring of transactions; and
- (v) Explore the possibility of collaboration in excise taxation and information sharing among members on common excisable products.

#### **B6. Good Governance**

36. ASEAN recognises the need to continue engaging the various stakeholders to build a more dynamic AEC 2025. Strategic measures include the following:

- (i) Promote a more responsive ASEAN by strengthening governance through greater transparency in the public sector and in engaging with the private sector; and

- (ii) Enhance engagement with the private sector as well as other stakeholders to improve the transparency and synergies of government policies and business actions across industries and sectors in the ASEAN region.

**B7. Effective, Efficient, Coherent and Responsive Regulations and Good Regulatory Practice**

37. The regulatory environment has substantial impact on the behaviour and performance of companies. The drive towards a competitive, dynamic, innovative and robustly growing ASEAN entails that the regulations are non-discriminatory, pro-competitive, effective, coherent and enabling of entrepreneurship, and the regulatory regime responsive and accountable whereby GRPs are embedded. As regulations are essential for the proper functioning of society and economy, the challenge for AMS is to ensure that they effectively address the identified problem while minimising the cost of compliance to, as well as preventing unwarranted distortions and inconsistency arising from, the regulations.

38. Regional economic integration necessitates policy and regulatory changes and refinements in most, if not all, AMS, taking into consideration their different levels of development. Indeed, in many ways, the AEC is a concerted regulatory and institutional improvement process for AMS. In view of global competition and of social, economic and technological changes and imperatives, AMS need to ensure that the regulatory regime is relevant, robust, effective, coherent, transparent, accountable, and forward looking in terms of regulatory structures and design as well as implementation processes. In addition, ASEAN recognises the need to continue engaging the various stakeholders to build a more dynamic AEC 2025, in particular, the need to promote a more responsive ASEAN by strengthening governance through greater transparency in the public sector and in engaging with the private sector.

39. Strategic measures include the following:

- (i) Ensure that regulations are pro-competitive, commensurate with objectives, and non-discriminatory;
- (ii) Undertake regular concerted regional programs of review of existing regulatory implementation processes and procedures for further streamlining and, where necessary, recommendations for amendments and other appropriate measures, which may include termination;

- (iii) Institutionalise GRP consultations and informed regulatory conversations with various stakeholders in order to identify problems, come up with technical solutions, and help build consensus for reform. Enhancing engagement with the private sector as well as other stakeholders contributes to regulatory coherence, increased transparency and greater synergies of government policies and business actions across industries and sectors in the ASEAN region;
- (iv) The regulatory agenda may include the setting of both targets and milestones in order to facilitate a regular assessment of the regulatory landscape, and periodic review of progress and impacts in the region; and
- (v) Undertake targeted capacity building programmes with knowledge partners such as the Organisation for Economic Co-operation and Development (OECD) and ERIA to assist AMS in the regulatory reform initiatives, which takes into account the different development levels, development needs and regulatory policy space of each AMS.

#### **B8. Sustainable Economic Development**

40. ASEAN recognises the importance of sustainable economic development as an integral part of the region's growth strategy. Protection of the environment and natural resources supports economic growth and vice versa. ASEAN would actively promote green development by developing a sustainable growth agenda that promotes the use of clean energy and related technologies, including renewable energy through green technology, as well as enhances sustainable consumption and production, and including it in national development plans.

41. Strategic measures include the following:

- (i) Foster policies supportive of renewable energy and set collective targets accordingly;
- (ii) Develop a framework to support the deployment and utilisation of efficient and low carbon technologies, and call for international support to ensure ASEAN access to mechanisms that foster low carbon technologies more affordably;
- (iii) Promote the use of biofuels for transportation. This includes ensuring free trade in biofuels within the region and investment in R&D on third-generation biofuels;
- (iv) Enhance connectivity within ASEAN, including through multilateral electricity trade under the framework of the ASEAN Power Grid and greater liquefied natural gas (LNG) cooperation under the Trans-ASEAN Gas Pipeline;

- (v) Identify infrastructure investment requirements to increase production and reduce post-production losses to meet projected future demand and ensure food security, review existing investment programs and address investment needs in the food and agricultural sectors;
- (vi) Develop new and appropriate technologies, best practices and management systems to ensure food safety and address health/disease and environmental issues, particularly in the fast growing aquaculture, livestock and horticulture sub-sectors;
- (vii) Promote good agriculture practices to minimise the negative effects on natural resources such as soil, forest, and water, and reduce the greenhouse gas emission; and
- (viii) Promote forest management involving the community living within and surrounding the forest for the sustainability of the forest and prosperity of the people.

#### **B9. Global Megatrends and Emerging Trade-Related Issues**

42. To sustain and enhance the region's economic dynamism, and be a progressive region with a high quality of life, AEC 2025 Vision will include the formulation of appropriate strategies on emerging trade-related matters and global megatrends.

43. ASEAN would need to engender and maintain an industrial relations environment that facilitates, as smoothly as possible, investing in workers and firms as learning centres for industrial upgrading, and managing labour adjustments in the integrating ASEAN. This may involve deepening the social dialogue process of shared responsibility and enhanced synergy among firms, workers and the government to ensure greater competitiveness, dynamism and inclusiveness of AMS.

44. ASEAN can further maximise the benefits of regional integration and cooperation by capitalising on global mega trends such as the expanding interconnected global cross-border flows and accelerating technology-digital advancement that are increasingly defining international production, trade, services and investment. To enable ASEAN to seize the opportunities associated with these mega trends, all sectoral working groups will need to proactively consider the impact of these trends and integrate it with their future work programme. Consultations with relevant stakeholders in such undertakings would be imperative as they are often at the forefront of these trends.

## **C. An Enhanced Connectivity and Sectoral Cooperation**

45. The main objectives of this characteristic are to enhance economic connectivity involving various sectors, namely, transport, telecommunication, and energy, in line with and in support of the vision and goals of the Master Plan on ASEAN Connectivity and its successor document, as well as to further integrate and cooperate in key sectors that complement existing efforts towards creating an integrated and sustainable economic region, with the aim to maximise their contribution in improving the overall competitiveness of ASEAN and strengthening soft and hard networks in the region.

### **C1. Transport**

46. The AEC 2025 vision for transport cooperation will be towards greater connectivity, efficiency, integration, safety and sustainability of ASEAN transport to strengthen ASEAN's competitiveness and foster regional inclusive growth and development.

47. It is envisaged that ASEAN transport cooperation will have to remain focused in the areas of land transport, air transport, maritime transport, and transport facilitation, and to embrace sustainable transport as a new key sectoral focus as it has a vital role to play in the sustainable development of the ASEAN region.

48. Strategic measures include:

- (i) Land transport: Establish an efficient, safe and integrated regional land transport network within ASEAN and with the neighbouring countries to support the development of trade and tourism, through the following key measures:
  - (a) Achieve land transport infrastructure (road and railway) integration and inter-modal interconnectivity, with principal airports, ports, and inland waterway and ferry links; and
  - (b) Promote concerted and coordinated efforts at policy and operation level to develop ASEAN land transport trade corridors.
- (ii) Air transport: Strengthen the ASEAN single aviation market for a more competitive and resilient ASEAN, through the following key measures:
  - (a) Advance safer and more secure skies in ASEAN;
  - (b) Enhance air traffic management efficiency and capacity through a seamless ASEAN sky; and
  - (c) Foster greater connectivity, including the conclusion of aviation agreements with Dialogue Partners.

- (iii) Maritime transport: Establish an ASEAN Single Shipping Market (ASSM) and promote maritime safety, security and strategic economic corridors within ASEAN, through the following key measures:
  - (a) Continue to strengthen maritime connectivity within ASEAN through the establishment of ASSM regional maritime transport cooperation and effective implementation of the International Maritime Organization (IMO) conventions towards realising an integrated, efficient and competitive maritime transport, including fostering a culture of maritime safety within ASEAN; and
  - (b) Develop strategic maritime logistic corridors.
- (iv) Transport facilitation: Establish an integrated, efficient and globally competitive logistics and multimodal transportation system, for seamless movement of passengers by road vehicles and cargos within and beyond ASEAN, through the following key measures:
  - (a) Operationalise the ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT), Inter-State Transport and Multimodal Transport;
  - (b) Operationalise the ASEAN Framework Agreement on Facilitation of Cross-Border Transport Passengers by Road Vehicles (CBTP); and
  - (c) Enhance capacity and skills development to further progress regional transport facilitation cooperation as well as transport facilitation beyond ASEAN.
- (v) Sustainable transport: To formulate a regional policy framework to support sustainable transport which includes low carbon modes of transport, energy efficiency and user friendly transport initiatives, integration of transport, and land use planning.

49. The above measures will prove that by facilitating to expand economic opportunities and services, and providing people with access and mobility, transport contributes to inclusive growth of new business opportunities, including SMEs, and is a key enabler for the attainment of full potential of regional economic integration.

## **C2. Information and Communications Technology (ICT)**

50. Information Communications Technology (ICT) is recognised as a key driver in ASEAN's economic and social transformation. A strong ICT infrastructure with pervasive connectivity in ASEAN can facilitate the creation of a business environment that is conducive to attracting and promoting trade, investment and entrepreneurship. ASEAN will need to continue prioritising the bridging of the digital gap and ensure that all communities and businesses can benefit from ICT adoption.

51. The AEC 2025 vision will be built upon the successes of the past ASEAN ICT Masterplan. It will aspire to propel ASEAN towards a digitally-enabled economy that is secure, sustainable, and transformative, and to further leverage ICT to enable an innovative, inclusive and integrated ASEAN. Strategic measures include the following:

- (i) Economic Transformation: explore the further utilisation and coordination of ICT for economic development and promote digital trade in ASEAN;
- (ii) People Integration and Empowerment through ICT: strengthen digital inclusion efforts to empower individuals and to enable community development, and explore new ways to enhance Internet broadband penetration and affordability in ASEAN;
- (iii) Innovation: support ICT innovations and entrepreneurship as well as new technological developments such as Smart City and Big Data and Analytics;
- (iv) ICT Infrastructure Development: improve ICT infrastructure and connectivity especially in the rural areas, and develop measures to enhance the resilience of ICT infrastructure, including submarine cables;
- (v) Human Capital Development: strengthen the professional development of the ICT workforce in the region;
- (vi) ICT in the Single Market: promote the freer flow of ICT products, services and investment in the region as well as the lowering of international mobile roaming charges in ASEAN;
- (vii) New Media and Content Industry: encourage the growth and use of e-services and new media in the region; and
- (viii) Information Security and Assurance: build a trusted digital ecosystem including through further strengthening cooperation on cyber security and developing measures to protect personal data.

### **C3. E-Commerce<sup>1</sup>**

52. Global electronic commerce (e-Commerce) has become an increasingly vital element of the global economy as part of a retailer's multi-channel strategy. In a globalised world interconnected through ICT, e-Commerce plays a key role not only in cross-border trade, but also in facilitating foreign investment through the supply of intermediary services. E-Commerce has significantly lowered the barriers to entry and operating costs for businesses, and is particularly beneficial for SMEs.

53. In view of these potential contributions of e-Commerce to support regional economic integration in ASEAN, ASEAN shall intensify cooperation on e-Commerce building upon Article 5 of e-ASEAN Framework Agreement adopted by ASEAN Leaders in November 2000, with a view to develop ASEAN Agreement on e-Commerce to facilitate cross-border e-Commerce transactions in ASEAN. These could include, but are not limited to, strategic measures such as putting in place the following:

- (i) Harmonised consumer rights & protection laws;
- (ii) Harmonised legal framework for online dispute resolution, taking into account available international standards;
- (iii) Inter-operable, mutually recognised, secure, reliable and user-friendly e-identification and authorisation (electronic signature) schemes; and
- (iv) Coherent and comprehensive framework for personal data protection.

### **C4. Energy**

54. With a strategic theme "Enhancing energy connectivity and market integration in ASEAN to achieve energy security, accessibility, affordability and sustainability for all," the ASEAN Plan of Action for Energy Cooperation (APAEC) 2016-2025 will be implemented in two phases, i.e. Phase I from 2016-2020 and Phase II from 2021-2025. Strategic measures include the following:

- (i) ASEAN Power Grid: Initiate multilateral electricity trade in at least one sub-region in ASEAN by 2018;
- (ii) Trans-ASEAN Gas Pipeline: Enhance connectivity within ASEAN for energy security and accessibility via pipelines and regasification terminals;

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<sup>1</sup> E-Commerce is "the sale or purchase of goods or services, conducted over computer networks by methods specifically designed for the purpose of receiving or placing of orders. The goods and services are ordered by those method, but the payment and ultimate delivery of the goods or services do not have to be conducted online," (OECD Guide to Measuring the Information Society, 2011 and WTO e-commerce in developing countries, 2013)



- (iii) Coal and Clean Coal Technology: Enhance the image of coal in ASEAN through promotion of clean coal technologies (CCT) as well as increase in the number of CCT projects by 2020;
- (iv) Energy Efficiency and Conservation: Reduce energy intensity in ASEAN by 20% as a medium-term target in 2020 and 30% as a long-term target in 2025 based on 2005 level;
- (v) Renewable Energy (RE): Increase the component of RE to a mutually agreed percentage number in the ASEAN Energy Mix (Total Primary Energy Supply) by 2020;
- (vi) Regional Policy and Planning: Better profile the ASEAN energy sector internationally through an annual publication on ASEAN Energy Cooperation; and
- (vii) Civilian Nuclear Energy: Build capabilities on nuclear energy, including nuclear regulatory systems, amongst officials in ASEAN countries.

#### **C5. Food, Agriculture and Forestry**

55. ASEAN cooperation on food, agriculture and forestry (FAF) plays a crucial role in the context of rising population, strong income growth and an expanding middle class.

56. Going beyond 2015, the vision for the FAF sector is proposed to be "Competitive, inclusive, resilient and sustainable FAF sector integrated with the global economy, based on a single market and production base, contributing to food and nutrition security, and prosperity in the ASEAN Community," with goals of ensuring food security, food safety and better nutrition, gaining from access to global market as well as increasing resilience to climate change.

57. The following interventions need to be considered to promote deeper integration of the FAF sector in the region and the world through, among others: (i) enhancing trade facilitation and economic integration; (ii) strengthening cooperation and capacity for sustainable production; (iii) enhancing agricultural productivity; (iv) increasing investment in agricultural science and technology; and (v) ensuring the involvement of the agricultural producers in the globalisation process. Strategic measures include the following:

- (i) Increase crop, livestock and fishery/aquaculture production;
- (ii) Enhance trade facilitation, and remove barriers to trade to foster competitiveness and economic integration;
- (iii) Enable sustainable production and equitable distribution;
- (iv) Increase the resilience to climate change, natural disasters and other shocks;

- (v) Improve productivity, technology and product quality to ensure product safety, quality and compliance with global market standards;
- (vi) Promote sustainable forest management;
- (vii) Further enhance cooperation in production and promotion of halal food and products; and
- (viii) Develop and promote ASEAN as an organic food production base, including striving to achieve international standards.

## **C6. Tourism**

58. The AEC 2025 vision for tourism is for ASEAN to be a quality tourism destination offering a unique, diverse ASEAN experience, and committed to responsible, sustainable and inclusive tourism development, so as to contribute significantly to the socio-economic well-being of ASEAN people. The proposed strategic directions and action programmes addresses the core challenges facing the sustainable development of quality tourism and its integration within the AMS: creating a better balance in the distribution of benefits of tourism between AMS, reducing concerns over safety and security, making cross-border formalities more convenient and less costly, and reducing transportation and destination infrastructure congestion.

59. To work towards achieving the ASEAN tourism vision, efforts will be focused on two strategic measures:

- (i) Enhance competitiveness of ASEAN as a single tourism destination through the following key measures:
  - (a) Intensify the promotion and marketing ASEAN through its Southeast Asia campaign as a Single Destination;
  - (b) Diversify ASEAN tourism products;
  - (c) Attract tourism investments;
  - (d) Raise capacity and capability of tourism human capital;
  - (e) Implement and expand standards for facilities, services and destinations;
  - (f) Improve and expand connectivity and destination infrastructure; and
  - (g) Enhance travel facilitation.

- (ii) Achieve a more sustainable and inclusive pattern of ASEAN tourism through the following key measures:
  - (a) Mainstream local community and public-private sector participation in the tourism values chain at the destination level;
  - (b) Ensure safety and security, prioritising protection and maintenance of natural and cultural heritage; and
  - (c) Increase responsiveness to environmental protection and climate change.

## **C7. Healthcare**

60. ASEAN will continue to promote the development of a strong healthcare industry that will contribute to better healthcare facilities, products, and services to meet the growing demand for affordable and quality healthcare in the region. The development of the healthcare industry in the region will include traditional knowledge and medicine, taking into account the importance of effective protection of genetic resources, traditional knowledge, and traditional cultural expressions (GRTKTCE).

61. Strategic measures include the following:

- (i) Continue opening up of private healthcare market and Public Private Partnership (PPP) investments in provision of universal healthcare in the region;
- (ii) Further harmonisation of standards and conformance in healthcare products and services, such as common technical documents required for registration processes and nutrition labelling;
- (iii) Promote sectors with high growth potential such as health tourism and e-healthcare services, which will not have negative impact on the health care system of each AMS;
- (iv) Promote strong health insurance systems in the region;
- (v) Further facilitate the mobility of healthcare professionals in the region;
- (vi) Enhance further the development of ASEAN regulatory framework on traditional medicines and health supplements, through the setting of appropriate guidelines or frameworks; and
- (vii) Continue to develop and issue new healthcare product directives to further facilitate trade in healthcare products in the region.

## **C8. Minerals**

62. To support the AEC 2025 Vision, the new ASEAN Minerals Cooperation Action Plan (AMCAP) 2016-2025 will be implemented in two phases, i.e. Phase I from 2016 to 2020 and Phase II from 2021 to 2025, and would create a vibrant and competitive ASEAN mineral sector for the well-being of the ASEAN people through enhancing trade and investment and strengthening cooperation and capacity for sustainable mineral development in the region.

63. Strategic measures include the following:

- (i) Facilitate and enhance trade and investment in minerals;
- (ii) Promote environmentally and socially sustainable mineral development;
- (iii) Strengthen institutional and human capacities in the ASEAN minerals sector; and
- (iv) Maintain an efficient and up-to-date ASEAN Minerals Database, including its infrastructure towards achieving deeper integration in the mineral sector.

64. Cooperation in ASEAN minerals sector shall continue to involve partnership in policy development and in programme implementation in key measures such as:

- (a) Exchange information and develop the ASEAN Mineral Database;
- (b) Promote and facilitate intra and inter-ASEAN trade and investment;
- (c) Promote environmentally and socially responsible mineral resources management and development;
- (d) Intensify private sector participation and public-private sector collaboration in ASEAN mineral cooperation programmes and activities;
- (e) Foster cooperation with ASEAN Dialogue Partners and relevant international and regional organisations in the promotion of scientific and technological research and development in mineral resources development and geosciences, as well as cooperative programmes on technology transfer;
- (f) Coordinate and harmonise development policies and programmes on mineral resources;
- (g) Exchange technical information, experience and good practices; and
- (h) Strengthen cooperation and joint approaches in addressing international and regional issues and concerns of common interest.

## **C9. Science and Technology**

65. Realising ASEAN's intent to sustain its economic growth and to remain globally competitive would be supported by appropriate science, technology and innovation (STI) applications. The ASEAN Plan of Action on Science Technology and Innovation (APASTI 2016-2025) and its implementation plan will serve as important reference in identifying, planning and implementing initiatives that will contribute to making ASEAN innovative, competitive, vibrant, sustainable and economically integrated.

66. The vision and various goals of the APASTI would require concerted efforts and pooling of resources to address the following strategic measures:

- (i) Strengthen existing networks of S&T centres of excellence to promote cooperation, sharing of research facilities and manpower towards joint research and technology development, technology transfer and commercialization;
- (ii) Enhance mobility of scientists and researchers from both public S&T institutions and private sector through exchange programmes and other appropriate arrangements according to the respective laws, rules, regulation, and national policies;
- (iii) Establish systems and mechanisms that will increase the engagement of women and youth in STI to promote entrepreneurship;
- (iv) Raise public awareness of the various achievements derived from ASEAN cooperation in STI;
- (v) Establish innovative support systems to promote and manage regional STI enterprise arising from spin-offs and joint ventures; and
- (vi) Establish new strategies for partnership with dialogue partners & other relevant organizations on mutually beneficial projects.

## **D. A Resilient, Inclusive, People-Oriented and People-Centred ASEAN**

67. The AEC 2025 Vision seeks to significantly enhance the AEC Blueprint 2015's third Pillar on "Equitable Economic Development" by deepening existing elements and incorporating other key elements.

### **D1. Strengthening the Role of Micro, Small, and Medium Enterprises (MSMEs)**

68. MSMEs are the backbone of the ASEAN economies. However, globalisation, advances in technologies and communications, trade liberalisation and the evolution of the production processes pose challenges which need to be better addressed as ASEAN continues to deepen its economic integration. Work has focused mainly on enhancing networking, information flows and capacity building for government agencies working on issues and capabilities building in the following dimensions: access to finance, technology and innovation, markets, human resource development and enabling policy and regulatory environment.

69. A more structured and targeted MSME programme will be instituted to enhance MSME competitiveness, resilience and to enable greater benefits from ASEAN integration. Initiatives towards improved conducive policy environment for MSMEs and enhanced market-related measures are required to support these objectives and to drive -SME productivity and innovation as well as inclusive and equitable development/ gender opportunities for micro enterprises and SMEs. In meeting these aspirations for a globally competitive and innovative MSME sector that is seamlessly integrated into the ASEAN community and contributes to inclusive development the following strategic measures would be implemented:

- (i) Promote productivity, technology and innovation through measures to enhance MSME productivity by understanding key trends in productivity; build industry clusters through industrial linkages, and promote technology and building capabilities to foster industry clustering; as well as promote innovation as a key competitive advantage through technology usage and its application to business and business-academia linkages;
- (ii) Increase access to finance by developing and enhancing the institutional framework in respect of improving understanding and strengthening traditional financing infrastructure as well as the policy environment and measures that foster alternative and non-traditional financing; promote financial inclusion and literacy and the ability of MSMEs to be better engaged in the financial system; and enhance tax and other incentive schemes;

- (iii) Enhance market access and internationalisation by extending and developing support schemes for market access and integration into the global supply chain including promoting partnership with multinational corporations (MNCs) and large enterprises to increase market access and opportunities; promote the use of e-Commerce; and enhancing measures to promote exports through mechanisms such as export clinics, advisory services and ROO utilisation;
- (iv) Enhance MSME policy and regulatory environment that promotes intra and inter-governmental cooperation and coordination mechanisms, involvement of MSMEs in the decision-making process to enable better representation of MSME interests, provide support to micro-enterprises in the informal sector and their integration; and streamline processes involved in obtaining of permits and business registrations to enable less costly and faster business formation; and
- (v) Promote entrepreneurship and human capital development through creating a more conducive environment for entrepreneurship through the ASEAN On-line Academy; and enhancing human capital development for MSMEs, in particular youth and women.

## **D2. Strengthening the Role of the Private Sector**

70. The role of the private sector in ASEAN integration is important as a key stakeholder in the process. In the AEC 2025 environment, it is recognised that greater involvement of the private sector and more structured participation will be beneficial to the achievement of ASEAN goals. Private sector inputs and partnerships are essential not only in designing regional strategies and initiatives, but also in identifying impediments to realising deeper regional economic integration. Efforts must be made to engage the business sector and community-based organisations more effectively both to provide easier access to official information on implementation and to obtain timely feedback on policies.

71. Currently, there are the ASEAN Business Advisory Council (ASEAN-BAC) as the apex private sector body, nine ASEAN+1 business councils, and 66 business entities interacting with the various ASEAN sectoral groups. The ASEAN-BAC will take the lead in coordinating inputs from established business councils and entities in their interactions with various ASEAN sectoral groups. In harnessing the collective resources of the private sector to enable more effective participation in ASEAN activities and to assist ASEAN to achieve its goals, the strategic measures include the following:

- (i) Implement a more inclusive and consultative process involving the private sector:

- (a) Formulate a set of guidelines to maximise benefits from engagement with the private sector. The guidelines may include criteria for the involvement of private sector entities (e.g. demonstration of value-add to ASEAN, leveraging on core competencies, mechanism for involving SMEs).
  - (b) ASEAN Bodies – Relevant ASEAN bodies to institutionalise within each body a consultative process with lead private sector entities (business associations and business councils) as well as ASEAN-BAC representatives to support the implementation of initiatives under the sectoral work plans.
  - (c) Business Entities – Private sector groups to initiate cluster groups to engage in specific issues; hold partnership events on key issues like trade facilitation, services, investment, connectivity, food and SMEs to raise issues and provide key inputs on emerging trends and issues.
  - (d) On-line Networking Forum – With many different bodies and multiple issues, the private sector needs to develop its own platform for networking.
- (ii) Enhance ASEAN-BAC's role:
- (a) Composition: Membership to reflect strong linkages with business stakeholders.
  - (b) Engagement: Build-in a more structured engagement with business councils/business entities, establish own structure to monitor progress of key initiatives or priority integration sectors (PIS) of interest to the private sector so as to support the implementation and provide feedback.
  - (c) Coordination between ASEAN-BAC and the ASEAN Secretariat: Enhanced coordination with ASEAN-BAC by: providing regular updates of the AEC; providing minutes of consultations with the private sector; and ensuring ASEAN-BAC recommendations feed into the consultative process with sectoral bodies.

### **D3. Public Private Partnership**

72. Public Private Partnership (PPP) is an important tool for decision makers to strengthen economic and social development through the harnessing of private sector expertise, sharing of risks and provision of additional sources of funding. ASEAN has been seeking to drive the PPP agenda further, particularly for infrastructure initiatives under the AEC and under the Master Plan on ASEAN Connectivity and its successor document. The non-binding ASEAN Principles for PPP Framework's recommendations were adopted by the 46<sup>th</sup> AEM in August 2014 and presented to the 25<sup>th</sup> Summit in November 2014.



73. Strategic measures include the following:

- (i) Review and scope the national legal and institutional frameworks that support PPP at both the national and regional levels with a view towards strengthening the PPP legal and operating environment;
- (ii) Identify partners to provide technical assistance to AMS to support an enabling environment conducive to PPP, including the necessary policies, laws, regulations, institutions, and government capacity;
- (iii) Identify partners to provide PPP project development facilities and transaction advisory services;
- (iv) Establish an ASEAN network of PPP agencies and stakeholders (legal firms, companies, financial institutions) in AMS to share experiences and collaborate on joint projects;
- (v) Encourage the ASEAN Infrastructure Fund (AIF) to study ways to act as a catalyst in order to attract private sector funding for financing commercially viable PPP projects that will contribute towards poverty reduction, inclusive growth, environmental sustainability and regional integration; and
- (vi) Promote the use of PPP for infrastructure projects, where appropriate.

#### **D4. Narrowing the Development Gap**

74. The Initiative for ASEAN Integration (IAI) has been a key initiative to address narrowing the development gap (NDG) by providing support to CLMV to augment their capacity to implement regional agreements and accelerate the regional integration process as a whole. Recognising that pockets of underdevelopment and development gaps exist in all countries, ASEAN has also continued coordinating closely with other sub-regional cooperation frameworks in the region (e.g. Brunei, Indonesia, Malaysia, Philippines East ASEAN Growth Area (BIMP-EAGA); Indonesia, Malaysia, Thailand Growth Triangle (IMT-GT), Greater Mekong Subregion (GMS), Mekong Initiatives) as part of NDG. The second phase of the IAI Work Plan spanned 2009 to 2015, while the annual CLMV Senior Economic Officials' Meeting (SEOM) Action Plans have been implemented since 2011.

75. Having taken into consideration the recommendations in the Mid-Term Review of the IAI Work Plan II and the ASEAN Equitable Development Monitor 2014, the IAI and NDG implementation plan beyond 2015 will focus on the following strategic objectives:

- (i) Sustain the pace of economic growth among AMS;
- (ii) Strengthen the capacity-building in newer Member States to implement regional commitments towards ASEAN economic integration;

- (iii) Reduce the burden placed by business regulations on the creation and successful operation of formal enterprises;
- (iv) Building business opportunities for growth and employment, and increasing access to financial services;
- (v) Enhance productivity and competitiveness of rural economies, especially in the newer Member States;
- (vi) Emphasise on the development of MSMEs of AMS; and
- (vii) Identify development donors to provide technical and financial assistance for the MSMEs to focus on potential sectors, which allow them to effectively participate in regional and global value chain activities.

76. Effective engagement between ASEAN and sub-regional frameworks to translate cooperation into concrete and sustainable actions that harness each other's strengths and advantages will be continued.

#### **D5. Contribution of Stakeholders on Regional Integration Efforts**

77. Enhanced engagement could be undertaken to provide for better transparency of ASEAN activities and progress in ASEAN integration. The stakeholders, including civil society organisations (CSOs), can contribute to the integration efforts by communicating the initiatives undertaken by the governments on economic integration initiatives to the general public. These stakeholders could also contribute by providing feedback on the impact on people of the integration efforts.

78. Strategic measures include the following:

- (i) Continue to enhance engagement with stakeholders on economic issues to promote better understanding of ASEAN economic integration initiatives;
- (ii) Work closely with stakeholders towards promoting corporate social responsibility (CSR) activities; and
- (iii) Enhance consultation with stakeholders on new initiatives.

## **E. A Global ASEAN**

79. ASEAN is continuing to make steady progress towards integrating the region into the global economy through FTAs and comprehensive economic partnership agreements (CEPs) with China, Japan, Republic of Korea, India, Australia and New Zealand. Negotiations to conclude the RCEP and the ASEAN-Hong Kong FTA (AHKFTA) are also on-going. These FTAs/CEPs have been strengthening ASEAN's position as an open and inclusive economic region, and lay the foundation for ASEAN to retain its centrality in global and regional engagements, where possible. AMS are also engaged in FTAs and CEPs with their strategic trade partners to complement the regional FTAs/CEPs.

80. Building on the gains from ASEAN's global engagement and its economic integration initiatives, ASEAN shall work towards further integrating the AEC into the global economy. Through these engagements, ASEAN can seek to promote complementarities and seek mutual benefits for ASEAN. Strategic measures include the following:

- (i) Develop a more strategic and coherent approach towards external economic relations with a view to adopting a common position in regional and global economic fora;
- (ii) Continue to review and improve ASEAN FTAs and CEPs to ensure that they remain modern, comprehensive, of high-quality and more responsive to the needs of businesses operating the production networks in ASEAN;
- (iii) Enhance economic partnerships with non-FTA Dialogue Partners by upgrading and strengthening trade and investment work programmes/plans;
- (iv) Engage with regional and global partners to explore strategic engagement to pursue economic partnerships with emerging economies and/or regional groupings that share the same values and principles on improving the lives of their people through economic integration;
- (v) Continue strongly supporting the multilateral trading system and actively participating in regional fora; and
- (vi) Continue to promote engagement with global and regional institutions.

## **III. IMPLEMENTATION AND REVIEW**

### **A. Implementation Mechanism**

81. The ASEAN Economic Community Council (AECC) shall be the principal body accountable for the overall implementation of the strategic measures agreed in the AEC Blueprint 2025.

82. To ensure effective implementation of the AEC Blueprint 2025, the following strategic measures will be undertaken:

- (i) AECC shall monitor and enforce compliance of all measures agreed in this document. The AECC shall also establish special task forces/committees to assist the Council in facilitating resolution of non-compliance related to implementation of measures agreed upon. The composition and terms of reference (TOR) of special task forces/committees will be determined by the Council, taking into consideration the usefulness of independent views in the monitoring and implementation of the resolution of non-compliance;
- (ii) An AEC 2025 strategic plan will be developed comprising of key action lines that will operationalise the strategic measures of the AEC Blueprint 2025. The strategic plan will take into account the relevant sectoral work plans, and will be reviewed periodically to account for developments in each sector;
- (iii) Relevant ASEAN sectoral bodies will coordinate the implementation of their work plans while relevant government agencies will be responsible for following up on, and overseeing the, implementation and preparation of more detailed action plans at the national level;
- (iv) AMS may also access other mechanisms such as the ASEAN Solutions for Investments, Services, and Trade (ASSIST). Notwithstanding the above, AMS retain the option to utilise the ASEAN Protocol on Enhanced Dispute Settlement Mechanism (EDSM) to promote a rules-based community;
- (v) AMS shall translate milestones and targets of the AEC Blueprint 2025 into national milestones and targets;
- (vi) The monitoring/tracking of the implementation and compliance of strategic measures/action lines agreed upon in the document will be conducted by the ASEAN Secretariat through an enhanced monitoring framework using appropriate approaches and robust methodology. The impact and outcomes of the AEC 2025 will be monitored, including with the support of the ASEAN Community Statistical System (ACSS);
- (vii) As may be appropriate, the implementation of AEC 2025 will allow for both a consensus and flexibility approach in the decision-making process by economic bodies in certain sensitive aspects. Where there is no consensus or when the need for expedited decisions arises, ASEAN will apply Article 21.2 of the ASEAN Charter;
- (viii) AEC 2025 will promote transparency and improve the operation of notification procedures under all ASEAN economic agreements through the Protocol on Notification Procedures;

- (ix) The ratification of ASEAN legal instruments after signing will be accelerated, with best endeavours, within 6 months, subject to domestic processes of AMS; and
- (x) Partnership arrangements with the private sector, industry associations, and the wider community at the regional and national levels will also be actively sought and fostered to ensure sustained participation of all stakeholders in the integration process.

83. The next phase of integration will require strong institutional support, further strengthening of ASEAN Secretariat and strategic collaboration with other institutions.

#### **A1. ASEAN Secretariat**

84. The timely and effective strengthening of the Secretariat will be imperative. Efforts to strengthen the Secretariat will be done by, among others, implementing the report and recommendations of the High Level Task Force (HLTF) on Strengthening the ASEAN Secretariat and Reviewing ASEAN organs, as adopted by the ASEAN Leaders at the 25th ASEAN Summit in Nay Pyi Taw. The Secretariat is also expected to continue to monitor as well as evaluate, for the AECC, the progress and impact of AEC 2025 measures, tapping on internal resources as well as external expertise or stakeholders, as appropriate.

85. The Secretariat will also continue to assume an active role in the dissemination of information to all stakeholders, and in the conduct of research or other initiatives that are relevant to and supportive of the AEC Blueprint 2025.

#### **A2. Other Institutions**

86. The support of and strategic collaboration with other institutions involved in the work on regional economic integration, such as, but not limited to, the ASEAN+3 Macroeconomic Research Office (AMRO), the World Bank, Asian Development Bank, ERIA, and OECD, will also be essential in achieving the goals of AEC 2025.

#### **B. Resources**

87. ASEAN will continue to facilitate the mobilisation of resources from AMS, ASEAN dialogue partners, and international institutions, in terms of, but not limited to, funding, expertise, and capacity-building support to implement the agreed measures.

88. In mobilising resources, in the form of funds, expertise, or knowledge assets, consideration shall be given to the sustainability of efforts, initiatives, or projects, and established mechanisms.

### C. Communications

89. Building upon the existing ASEAN Communications Master Plan (ACMP), ASEAN will step up its efforts to systematically disseminate information on the implementation of the various measures under AEC 2025 to the Community, within and outside of ASEAN. The overall objectives are to:

- (i) Bring about greater awareness of the importance of building an ASEAN Community, including the economic community that contributes to the overall economic development, sustainable and equitable growth, and well-being of the people in the region;
- (ii) Explain to stakeholders within and outside the region on the approach taken to promote regional economic integration and address any misconceptions on the economic integration model undertaken by ASEAN; and
- (iii) Through the communication networks, to obtain feedback from the various stakeholders on the outcomes and possible impact of economic integration on the community in the region.

90. The measures, among others, include the strategies outlined in the ACMP such as to:

- (i) Celebrate the establishment of AEC as well as AEC progress and achievements on a formal basis within ASEAN and outside the region with high impact events;
- (ii) Promote both ASEAN and non-ASEAN investors to be spokesperson/advocate to highlight ASEAN's integration initiatives and how businesses can benefit from these initiatives;
- (iii) Promote awareness through regular publication of updates on economic activities and opportunities using online communication, print and other media mechanisms, including social media;
- (iv) Undertake dedicated programmes, including highlighting success stories of MSMEs aimed at promoting awareness among youth, women and MSMEs to facilitate their participation and benefit from the economic integration in the region; and
- (v) Use AMS' embassies and high commissions outside the region to assume a more proactive role in promoting ASEAN as a strong and dynamic economic entity.

**D. Review**

91. The AEC Blueprint 2025 shall be reviewed periodically as decided by the AECC, but not more than every three years, unless otherwise agreed. Mid-term and end-of-term evaluations covering the periods 2016-2020 and 2021-2025 will be conducted to monitor progress and evaluate outcomes/impacts, including achievements and challenges from implementation of the AEC Blueprint 2025, with a view towards enhancing the level of economic integration in ASEAN. The mid-term and end-of-term evaluations may be complemented with more regular monitoring and reporting of implementation progress.

**END**

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