

**KEY OUTCOMES OF THE
10th AEC COUNCIL MEETING**

**45th ASEAN ECONOMIC MINISTERS' MEETING AND RELATED MEETINGS
18-21 AUGUST 2013, BANDAR SERI BEGAWAN, BRUNEI DARUSSALAM**

I. INTRODUCTION

1. The 45th AEM and Related Meetings include the AEM, ASEAN Investment Area (AIA) Council, ASEAN Free Trade Area (AFTA) Council, CLMV Economic Ministers, the ASEAN-Mekong Basin Development Cooperation (AMBDC), RCEP Participating Countries' Ministers, and consultations with ASEAN's Dialogue Partners (Australia, Canada, China, India, Japan, New Zealand, Russia, South Korea and United States). In addition, the 10th ASEAN Economic Community Council (AECC) Meeting was also held to discuss AEC related issues.

II. PROGRESS OF THE ASEAN ECONOMIC COMMUNITY

2. The 45th AEM discussed the progress of regional economic integration since the 44th meeting in Siem Reap. The status of implementation of various initiatives under the AEC was discussed including those with external partners.

3. Under the AEC, ASEAN has implemented 79.7 percent of measures under the AEC Blueprint as of 15 August 2013. This is an improvement from the 72 percent implementation rate reported at the 44th AEM in Siem Reap last year. The higher implementation rate reflects additional measures being implemented under Phase I (2008-09) and Phase II (2010-11) of the Blueprint, and represents gains made across the four pillars of the AEC. Key achievements noted/endorsed during the 45th AEM are as follows:

- (a) Pillar I (single market and production base):** endorsement of the National level and Regional level Work Programme on non-tariff measures (NTMs); entry into force of the MOU among the Governments of the Participating Member States of ASEAN on the 2nd Pilot Project for the Implementation of a Regional Self-certification System; endorsed the revised ATIGA Operational Certification Procedures (OCP) text; implementation of ASEAN Harmonized Tariff Nomenclature (AHTN) 2012; signing of the Protocol to Amend Certain ASEAN Economic Agreements Related to Trade in Goods; the successful connectivity testing conducted by seven (7) participating Member States under the scaled-down version of the ASEAN Single Window (ASW) Pilot Project; promotion of the ASEAN Comprehensive Investment Agreement (ACIA);

launch of the new ASEAN Investment Website to serve as the platform and gateway of information about ASEAN as an investment destination; endorsement of steps to enhance the ASEAN Framework Agreement of Services (AFAS);

- (b) **Pillar II (competitive economic region):** launch of publications on competition policy and law in ASEAN; launch of website to facilitate the flow of information on the region's IP systems, comparative IP-related data and web links to ASEAN IP offices;
- (c) **Pillar III (equitable economic development):** endorsement of the revised ASEAN Strategic Action Plan for SME Development (2012-2015); launch of publication on the progress in narrowing the development gap in ASEAN; development of concept note on the effective implementation of the ASEAN Framework on Equitable Economic Development (AFEED); and
- (d) **Pillar IV (integration into global economy):** further enhanced its external engagement with dialogue partners through bilateral and multilateral FTAs.

4. The 45th AEM noted/endorsed the progress of activities with the following dialogue partners:

- (a) **ASEAN Plus ASEAN FTA Partners:** Concluded first round of negotiations under the Regional Comprehensive Economic Partnership (RCEP) on 9-13 May 2013, which included the establishment of three working groups on trade in goods, trade in services and investment. A work programme has also been developed to ensure the timely conclusion of negotiations;
- (b) **ASEAN-Canada:** Undertook several activities under the *2012-2015 Work Plan to Implement the ASEAN-Canada Joint Declaration on Trade and Investment*; acknowledged Canada's recent announcement to provide further funding support to ASEAN for capacity building activities; conducted a dialogue with the Canada-ASEAN Business Council (CABC) to discuss various CABC initiatives; agreed to hold an AEM Roadshow to Canada in 2014;
- (c) **ASEAN-CER (Australia and New Zealand):** Endorsed the following: (i) Ad referendum signing of the First Protocol to Amend the Agreement Establishing the AANZFTA no later than early December 2013 once the legal scrubbing and necessary domestic processes are completed; (ii)

Establishment of the AANZFTA Committee on Competition; and (iii) Extension of the AANZFTA Economic Cooperation Support Programme (AECSP) to 31 December 2015;

- (d) ASEAN-China:** Ongoing efforts by the ASEAN China FTA (ACFTA) Joint Committee to upgrade the ACFTA agreements to ensure that the ACFTA remains dynamic and commercially relevant, including improving the ACFTA through the ongoing review of the Sensitive Track and Rules of Origin and China's proposal to improve the liberalisation level and expand the scope and coverage of the agreement; entry into force of the Protocol to Incorporate Technical Barriers to Trade and Sanitary and Phytosanitary Measures into the ASEAN-China TIG Agreement (Protocol on TBT/SPS) on 1 January 2013 for Brunei Darussalam, China, Malaysia, Myanmar, Singapore, Thailand and Viet Nam; progress in finalising the draft Chapter text for Customs Procedures and Trade Facilitation (CPTF), which would subsequently be incorporated into the ASEAN-China Trade in Goods (TIG) Agreement; AEM Roadshow to China scheduled on 23-25 October 2013;
- (e) ASEAN-EAS:** Formalised the EAS Economic Ministers Meeting; in cooperation with EAS Foreign Ministers' Meeting, agreed to take stock of current regional business connectivity programs and activities, and consider what unique contributions EAS countries might be able to provide in advancing connectivity including in line with the 2011 EAS Declaration on Connectivity; expressed support for a strong, rules-based multilateral trading system, and reaffirmed commitment to a successful outcome at the 9th WTO Ministerial Conference in Bali that would be a stepping stone towards seeking to successfully conclude the Doha Development Agenda (DDA) Round; agreed to identify areas for prioritized cooperation with focus towards 2015 and beyond, and wider regional economic integration, by both ASEAN and EAS partners;
- (f) ASEAN-India:** Finalized the legal texts of trade in services and investment agreements and the signing will be done as soon as all Parties complete their respective domestic procedures; establishment of the ASEAN-India Trade and Investment Centre in India, which will further facilitate ASEAN-India business relations;
- (g) ASEAN-Japan:** Undertook economic cooperation activities listed in the ASEAN-Japan 10-Year Strategic Economic Cooperation Roadmap, including expanding cooperation in the areas of Intellectual Property Rights (IPRs), developing a website to increase the utilisation of AJCEP, improving information technology and cyber security environment in

ASEAN, and developing industrial human resources in ASEAN with all ASEAN Member States' participation in the Asia Professional Education Network (APEN), and enhancing medical collaboration between ASEAN and Japan; 6th Dialogue between the Secretary-General of ASEAN and the Federation of Japanese Chambers of Commerce and Industry in ASEAN (FJCCIA) held on 12 July 2013 in Hanoi, Viet Nam; progress of AEM-METI Economic and Industrial Cooperation Committee (AMEICC) working group activities especially on SMEs; and convening of the ASEAN-Japan Commemorative Summit, scheduled in Tokyo, Japan on 13-15 December 2013.

- (h) ASEAN-South Korea:** On-going efforts to upgrade the ASEAN-Korea Trade in Goods Agreement through further liberalisation of products in the Sensitive Track, addressing the problems of the reciprocal arrangement, removing non-tariff barriers and introducing trade facilitating measures; finalisation of the amendments to the Operational Certification Procedures for the Rules of Origin, which would be implemented starting 1 January 2014 and the continued work to simplify the Product Specific Rules; endorsed the re-activation of the Working Group on Investment to develop the Work Programme under the ASEAN-Korea Investment Agreement;
- (i) ASEAN-Russia:** Endorsed the ASEAN-Russia Trade and Investment Cooperation Work Programme to support the ASEAN-Russia Trade and Investment Cooperation Roadmap that was endorsed in 2012; to coordinate and monitor the implementation of both the Roadmap and the Work Programme, will look into the possibility of expanding the scope of the ASEAN-Russia Joint Experts Group or to establish an Implementing Committee; and
- (j) ASEAN-US:** On-going work to implement the ASEAN-US Trade and Investment Framework Arrangement (TIFA) and Expanded Economic Engagement (E3) included: (i) Continued cooperation on ethical business practices among small and medium-sized enterprises (SMEs), where an "ASEAN SME Business Ethics Workshop" was held on 27 June 2013 in Vientiane, Lao PDR; (ii) Progress on the non-binding draft ASEAN-US Statement on Shared Principles for International Investment and ASEAN-US Trade Principles for Information and Communication Technology Services; and (iii) Continued commitment to standards cooperation and good regulatory practices cooperation; expressed support for a strong, rules-based multilateral trading system, and reaffirmed commitment to a successful outcome at the 9th WTO Ministerial Conference in Bali that

would be a stepping stone towards seeking to successfully conclude the Doha Development Agenda (DDA) Round.

III. Key Issues and Challenges to AEC

5. The 45th AEM/10th AECC discussed key issues and challenges affecting the AEC and exchanged views on how to address these challenges.

6. Although financial risks have abated and the global economy is beginning to recover, the Ministers noted that global growth projections have recently been adjusted downward for 2013 because of slower growth in several key emerging market economies, and a still weak Euro area. To sustain ASEAN's growth momentum, the 45th AEM/10th AECC agreed to maintain macroeconomic and financial stability, address capacity and supply-side constraints, and continue basic structural reforms such as streamlining regulations, trade and foreign investment liberalisation and facilitation, and investment in infrastructure and human capital.

7. The 45th AEM/10th AECC also reaffirmed the importance of deeper and broader ASEAN economic integration in further boosting the region's growth prospects. They reaffirmed their commitment to enhanced implementation of in-country measures in order to realise regional measures and ensure the timely realisation of AEC by 2015. In particular, a list of prioritised key deliverables for 2013 and 2015 identified by the different AEC sectoral bodies has been endorsed. This is in line with the Phnom Penh Agenda for ASEAN Community Building issued by the Leaders in April 2012, which called for the identification of priority activities and concrete key measures to address the challenges and obstacles in realising AEC.

8. Another challenge is to effectively communicate the AEC to ASEAN businesses and the general public. Thus, the 45th AEM/10th AECC recognised that more effort is needed to clearly communicate how the AEC works in order to reassure ASEAN citizens and secure greater buy-in from them. In particular, it is important to address the concerns and misconceptions of ASEAN citizens by clearing up misunderstandings on some AEC initiatives, explaining and highlighting the benefits that AEC 2015 has brought to the region, preparing them for the changes and challenges that come with any significant policy reforms, acknowledging the continuing issues that ASEAN Member States still need to address beyond 2015, and continue to promote public and private sector partnerships in support of AEC.

9. Finally, as the recent global crises have shown, the growing inter-linkages between ASEAN and other countries in Asia and the world have made economic integration in ASEAN more complex and challenging. Thus, the 45th AEM/10th AECC recognised that more coordinated actions by policy makers across the region are needed to address common problems brought about by such global uncertainties. In particular, stronger macroeconomic policy coordination has an important role to play in mitigating the risks of spill overs and negative externalities that could hinder trade and investment.