

Welcome Remarks
by
Lim Hong Hin
Deputy Secretary-General of ASEAN for the ASEAN Economic Community

8th OECD Southeast Asia Regional Forum
“Enhancing Regional Integration and Openness”
25 March 2015, Jakarta, Indonesia

H.E. Dr. Bambang BRODJONEGORO, Minister of Finance, Indonesia

H.E. Kentaro SONOURA, Vice-Minister for Foreign Affairs, Japan

H.E. Angel GURRÍA, Secretary-General, OECD

Distinguished Panelists, Discussants and Guests

Ladies and Gentlemen

Good Morning!

First, let me congratulate the OECD for organizing this Forum since 2007 which has become an important venue for policymakers and stakeholders in Southeast Asia and OECD countries to discuss key economic and regional integration issues.

The launching of OECD’s Southeast Asia Regional Programme in 2014 further affirmed the OECD’s commitment to support the region’s social and economic development as it aims to bring the region closer to global standards and practices by sharing its expertise and experiences of its members and partners.

It is my pleasure to be at this year’s Forum, which comes at the most opportune time as ASEAN is preparing to launch the ASEAN Community 2015 and its next 10-year vision and agenda later this year.

While we have made significant progress towards the establishment of the ASEAN Economic Community (or AEC in short), we recognise that more efforts are still needed both in the lead-up to end-2015 and the next ten years to ensure that our goal of an AEC its accompanying benefits are fully realised.

As we are all aware, global growth is weaker in the aftermath of the 2008 global financial crisis. Repeatedly, various growth forecasts had to be revised downwards due to the divergence of advanced economies’ performance, slower growth of key emerging market economies, and recurring and emerging

global economic and geopolitical risks. In the midst of all these, ASEAN's economic performance has been resilient, with regional output projected to rise by 4.9% in 2015 and 5.3% in 2016.

The resilience of ASEAN economies was re-echoed by international financial institutions like ADB, AMRO, IMF and World Bank when they presented the global and regional macroeconomic outlook during the recent inaugural joint meeting of the ASEAN Finance Ministers and Central Bank Governors held in Kuala Lumpur last week.

While ASEAN's prospects remain positive, we are fully aware that our outlook is not without risks. In this regards, ASEAN Finance Ministers and Central Bank Governors have vowed to implement appropriate monetary and fiscal policies, complemented by macroprudential policies that would sustain economic growth, while maintaining financial stability in the region. They also agreed that the macroeconomic policies should continue to address country-specific issues, while remaining vigilant of possible spillover effects across the region.

ASEAN's agenda of deeper economic integration, as embodied in the AEC Blueprint, has already contributed to the transformation of the region's economic landscape on several fronts.

Far from accidental, the structural transformation of ASEAN economies arose mainly from deliberate implementation of policy measures to diversify narrowly-based economies; seeking new growth drivers preferably anchored on high value-added activities. In particular, the pursuit of the objective of establishing a single market and production base provides a platform for output expansion, carving out business opportunities in new markets across borders.

The different dimensions of ASEAN's agenda on free flow of goods have kept trade buoyant; from the significant progress on tariff elimination, to work in progress in trade facilitation measures. Commitments on services subsectors under the ASEAN Framework Agreement on Services, have expanded significantly in recent negotiated packages of commitments, and services trade has also been picking up in recent years.

The enforcement of the ASEAN Comprehensive Investment Agreement provided impetus for cross-border mergers and acquisitions activities, with the share of ASEAN firms in total acquisitions in the region increasing since 2011.

The Roadmap for Monetary and Financial Integration of ASEAN, comprising of initiatives on financial services liberalisation, capital account liberalisation, and capital market development, has facilitated the progress of increased financial integration in the region.

ASEAN has also put in place legal structures on competition, consumer protection and intellectual property, contributing to an improved environment for business.

Last but not least, the Mutual Recognition Arrangements on the movement of professionals in the region have laid the foundation for greater movement of skilled labour in the region.

In order to fully establish the AEC, deepening our regional economic integration agenda in the next ten years is critical. ASEAN will need to build on the achievements under AEC 2015 and be forward looking. In realising the benefits of greater trade opportunities under the AEC, for example, market access commitments will need to be complemented with effective trade facilitation. Likewise, a more open regional economy will need to be supported by good governance as well as robust and responsive regulations, for sustainable and resilient growth to be achieved.

Work is currently underway as part of the envisioning of the post-2015 agenda for the ASEAN Community as a whole. The Nay Pyi Taw Declaration on the ASEAN Community's Post-2015 Vision was adopted by the Leaders at the 25th ASEAN Summit last November. Annexed to the Declaration were central elements that will serve as the basis for developing the ASEAN Community's Vision for the decade ahead, which will be launched by the Leaders this Summit November.

Good progress continues to be made in developing the ASEAN Community Vision 2025 by the designated High Level Task Force. This work is supported by the Working Groups responsible for developing the post-2015 agenda for their respective communities including political and security, economic and social cultural.

In 2025, ASEAN envisions an economic community that includes an integrated and highly cohesive economy, a competitive, innovative and dynamic ASEAN, a

resilient, inclusive and people-oriented, people-centred ASEAN, enhanced sectoral integration and cooperation, and a global ASEAN.

Under AEC 2015, this vision has begun to take solid root - among ASEAN's business sector, ordinary citizens, women and the youth, micro small and medium enterprises and other key stakeholders.

We are grateful to our development partners' for their support to our regional integration agenda, including the OECD, which covers a wide range of key integration areas including promoting good regulatory practices, investment policy and promotion, developing PPP framework for infrastructure development and SME development.

Thus, we look forward to the exchange of views during the Forum to help further inform our own deliberations in advancing regional integration process. All these will form part of our overall agenda to sustain our region's growth and development to improve the standards of living of the peoples of ASEAN.

Thank you.