



**Statement by Mr. S Pushpanathan, Deputy Secretary-General of ASEAN at the APEC Ministers  
Responsible for Trade Meeting  
Singapore, 21-22 July 2009**

***“ASEAN: Accelerating Economic Integration, Connecting to the Global Economy,  
Focusing on Economic Recovery”***

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It is a great honour and privilege for me to participate, on behalf of the ASEAN Secretariat, in this important gathering of trade ministers of economies in the Asia-Pacific region that account for nearly half of world's trade flows. The environment in which this gathering is being held makes this meeting even more significant. The current global financial and economic crisis necessitates the region to take more coordinated and collective measures to ensure economic recovery, and to sustain growth and development. While there are indications of “green shoots” in recent months, more needs to be done by APEC and ASEAN member economies to contribute to this recovery.

In the light of these developments, I am pleased to share with this meeting the efforts of ASEAN in responding to the challenges posed by the crisis and the ongoing integration of ASEAN. The three buzz phrases in ASEAN now are “economic integration”, “open regionalism” and “economic recovery” and these are very much aligned to the objectives of this year's APEC theme of “Sustaining Growth, Connecting the Region”.

***Addressing the Global Financial and Economic Crisis***

Compared to the Asian Financial Crisis of 1997-98, ASEAN economies are better positioned to face the current global financial crisis. Our economies are much stronger and more resilient to weather the negative impact of the crisis. The lessons learned during the last crisis and measures subsequently taken since then, like the strengthening of our financial systems and institutions, have enabled our economies to mitigate the adverse effects of the crisis so far.

Yet similar to the last crisis, ASEAN has once again responded to the current global financial crisis with greater resolve. Since the crisis intensified in September last year, we have strengthened our community-building efforts. We have introduced economic stimulus packages collectively amounting to billions of dollars to spur economic activities. We have also enhanced cooperation with our East Asian neighbours under the ASEAN Plus Three Process and the East Asia Summit (EAS) for more coordinated responses and collective actions.

Two recent developments in the finance sector are the substantive conclusion of the Chiang Mai Initiative Multilateralisation (CMIM) and the launching of the Credit Guarantee and Investment Mechanism (CGIM). The CMIM, which is a reserve pooling arrangement worth US\$ 120 billion, will help address any short-term balance of payments difficulties among ASEAN and its Plus Three partners of China, Japan and South Korea. This facility, which complements the IMF arrangement, is expected to be operationalised by the end of the year. The CGIM, launched to strengthen domestic bond markets under the Asian Bond Markets Initiative, will promote local currency denominated bonds to reduce the reliance on foreign currencies and improve the quality of corporate bond issuance. It will commence with an initial commitment of US\$ 500 million.

On trade, the ASEAN Leaders and the ASEAN Economic Ministers have strongly advocated against the imposition of protectionist measures and emphasised that greater openness and deeper integration are still the best responses to the current economic meltdown. Consistent with this, ASEAN is now looking at strengthening

its notification system for trade measures that Member States institute and possibly a trade policy review and dialogue.

Trade financing is another area that ASEAN is looking into. Following the pledge of the G20 to ensure the availability of at least US\$ 250 billion over the next two years to support trade finance, the ASEAN Economic Ministers have commenced discussion on the current trade financing situation in the ASEAN region with a view of identifying possible ways to address the trade financing problems in ASEAN Member States, particularly through the exchange and sharing of information capacity-building, and possible Initiatives to reduce exporters' risks.

### ***Supporting the Multilateral Trading System***

ASEAN Member States continue to support efforts to finalise the Doha Development Round of multilateral trade negotiations as this is critical to the credibility of the multilateral trading system. In the light of the proliferation of regional arrangements, a stronger and more credible multilateral trading system becomes even more important in safeguarding the interests of developing and less-developed countries.

In several statements made on the WTO, ASEAN has called for the early conclusion of the Doha Development Round underscoring that a successful Doha Round will not only spur economic growth and offer a tangible means to reduce poverty globally and in the ASEAN region but also provide a unique opportunity to boost the drive towards development and prosperity in ASEAN. In creating an Economic Community, ASEAN counts on a credible and open multilateral trading system to guide and see the region through this vision.

### ***Accelerating Regional Economic Integration***

The entry into force of the ASEAN Charter on 15 December 2008 marked a new beginning for a rules-based ASEAN. The Charter provides the legal and institutional framework for ASEAN integration and cooperation, and accords legal personality to ASEAN. With the Charter, ASEAN has undergone institutional restructuring, including the establishment of new organs, such as the Community Councils, and the Committee on Permanent Representatives to ASEAN to support community-building efforts. All ASEAN's key partners and several other friendly countries have appointed their Ambassadors to ASEAN to closely work with ASEAN in common and mutually beneficial endeavours. The ASEAN Secretariat has also been reorganised to make it stronger to support the new structure and organs under the ASEAN Charter.

ASEAN's community-building process is based on the three pillars of ASEAN Political and Security Community, the ASEAN Economic Community (AEC) and the ASEAN Socio-Cultural Community. For each of the Community, a Blueprint has been adopted to serve as a guide and to ensure that the ASEAN Community will be established by 2015. At the 14<sup>th</sup> ASEAN Summit in Thailand in February 2009, the ASEAN Leaders adopted another key document in ASEAN's community-building process – the Cha-am Hua Hin Declaration on the Roadmap for the ASEAN Community (2009-2015) which sets the pathway to establishing an integrated and inter-locking ASEAN Community comprising the three pillars by 2015.

Specifically, the AEC Blueprint comes with a strategic schedule for implementing targeted measures identified for each of the element in the AEC Blueprint from now till 2015. The core of the AEC is the creation of a single market and production base where there is free flow of goods and services, free flow of investment, freer flow of capital and the free flow of skilled labour. The other two pillars – competitive economic region and equitable economic development – are meant to support the single market and production base. The fourth pillar of the AEC defines the outward looking orientation of the AEC, which is to integrate ASEAN into the mainstream of the global economy.

Ensuring that ASEAN Member States fully implement the 316 measures and close to 1,000 sub-measures outlined in the AEC Blueprint is one of the key challenges confronting ASEAN. With this objective in mind ASEAN agreed to work on an AEC Scorecard to effectively track Member States' implementation and compliance to the measures in the AEC Blueprint. The AEC Scorecard will be reported to the Leaders and communicated to business community as well as the general public. ASEAN and the ASEAN Secretariat are continuously working on improvements to the AEC scorecard system to ensure that this, as accurately as possible, reflects the actual progress in the implementation of the AEC Blueprint.

ASEAN has also individual communications plan for each of the Community to engage the people in the integration and community-building initiatives. A detailed Comprehensive Plan for the AEC is being implemented, in particular to engage the business community in the implementation of the AEC Blueprint. Several success stories of companies which have benefitted from the ASEAN economic initiatives have been publicised and more will be done in the future.

Realising the AEC by 2015 becomes an even bigger challenge for ASEAN at this time of the global economic crisis. ASEAN Member States, however, continue to exert serious efforts to bring the region closer to its 2015 goal. Earlier this year, our Economic Ministers signed the ASEAN Trade in Goods Agreement (ATIGA), which puts into one comprehensive agreement the various initiatives related to trade in goods, including those in the areas of tariff liberalisation, customs procedures, standards and conformance and trade facilitation, among others. This Agreement is part of the free flow of trade in goods aspect of the ASEAN's single market and production base under the AEC. ASEAN is also working towards dismantling non-tariff barriers to trade as well as logistics integration.

Services liberalisation continues to be undertaken progressively under the ASEAN Framework Agreement on Services. We are now completing our seventh package of services liberalisation and by 2015 ASEAN will be a region with unimpeded flow of services.

Our Ministers also signed the ASEAN Comprehensive Investment Agreement, which covers the protection, promotion and liberalisation aspects of investment in one single Instrument and makes ASEAN's investment agreement more in line with the investment provisions in ASEAN's bilateral free trade agreements. It also provides for equal treatment for ASEAN investors and ASEAN-based foreign investors.

Regional integration involving ASEAN Member States will not be complete without ASEAN's engagement with dialogue and major trading partners for free trade agreements (FTAs) as ASEAN Member States rely heavily on markets outside ASEAN for trade and investment. ASEAN's free trade arrangements with dialogue and major trading partners do not only ensure continued market access for ASEAN as these also ensure that ASEAN remains competitive vis-à-vis an FTA partner's other trading partners.

We have in place FTA arrangements with China, Japan, South Korea, Australia and New Zealand and soon India. We have a trade and investment framework arrangement with the US too. We are looking at other possible FTAs as we continue to build global linkages with our partners and other regions.

By 1 January 2010, the ASEAN-China Free Trade Area is expected to be realised as 90% of products traded between ASEAN-6 and China, with just a very few exemptions, would have zero tariffs. Like China, the ASEAN-Korea Free Trade Area will also be virtually realised by 1 January 2010. ASEAN is now consolidating the trade in services and investment provisions in Japan's bilateral economic partnership agreements with several ASEAN Member States to bring these into the ASEAN-Japan Comprehensive Economic Partnership (AJCEP) Agreement, which entered into force in December 2008. With the signing of the Agreement on the Establishment of the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) in February 2009, it is expected that the Agreement could enter into force on 1 January 2010. The Trade in Goods Agreement with India will be signed in August 2009 and is expected to enter into force on 1 January 2010. Soon after, ASEAN and India will focus efforts on finalising negotiations on trade in services and investment.

ASEAN is also in the midst of discussing a viable economic architecture for regional integration in East Asia. At the forthcoming ASEAN Economic Ministers meetings in Bangkok in August 2009, the Ministers are expected to discuss the way forward based on the findings of two major studies for an East Asia Free Trade Area (EAFTA) under the ASEAN Plus Three Process and a Comprehensive Economic Partnership Agreement in East Asia (CEPEA) under the EAS.

As ASEAN is pursuing regional integration from within the region and with its key dialogue partners in East Asia, the centrality of ASEAN in all these engagements becomes not only important but crucial as well. To ensure that ASEAN maintains its central role as hub and driver of regional economic integration initiatives, its own internal integration will be vital.

### ***Strengthening ASEAN and APEC Cooperation***

ASEAN and APEC share a common aspiration, that is, to facilitate economic cooperation and integration among economies in the region. In fact, efforts in ASEAN to liberalise and promote trade and investment, as well as the establishment of the AEC could be considered as ASEAN's contribution in advancing the objectives of APEC.

Consistent with its objective of developing linkages and strategic partnerships not only with major trading partners but regional and multilateral organisations as well, the ASEAN Secretariat has begun to be actively involved in APEC activities, where seven of the ten ASEAN Member States are member economies. The ASEAN Secretariat and the APEC Secretariat have started collaborating in a number of priority areas, exchanging information and sharing of best practices the benefits from which, hopefully, would redound not only to the Secretariats but also to their stakeholders. Among the priority areas identified include health, disaster management, trade facilitation, small and medium enterprises, and project management.

### ***Post-Crisis ASEAN***

ASEAN aims to come out of the current crisis much stronger, more integrated not only within its membership but with the global economy as well. There may be serious challenges in the pursuit of closer and deeper regional economic integration but together as a Community, ASEAN should overcome them and at the same time steer the evolving regional architecture and engage all its partners for the one singular goal of improving the livelihoods and quality of life of people in this part of the Asia- Pacific, especially during this difficult time.