

**Speech by
H.E. Le Luong Minh
Secretary-General of ASEAN
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“ASEAN in the Next 20 Years”

Excellencies,

Ladies and Gentlemen,

While we are discussing here today the future of Asia in the next 20 years, ASEAN itself, one and half years from the deadline for the launching of a three-pillared Community by 2015, is also being engaged in the process of developing its Post-2015 Vision. I thank Nikkei for the opportunity to share with you my thoughts on ASEAN in the next 20 years. Future talk can hardly be an exact science. Neither will it always be entirely a shot in the dark. Not so when it comes to ASEAN. Established 47 years ago comprising of only five members and for practical political reasons, ASEAN has had an extraordinary journey to become today an organization with 10 Member States and the last South East Asian country - Timor Leste- to join, a population of 609 millions and a combined GDP of nearly 2.5 trillions US dollars, whose political ties and friendship among the Member States are important factors ensuring peace and stability for the region and whose unity is the foundation of all our efforts in realizing a politically cohesive, economically integrated, socially responsible Community.

Five years down the road since the adoption of the Roadmap for building that Community, ASEAN has implemented approximately 80% of the measures due under the ASEAN Community Blueprints. The result of this implementation has changed fundamentally the landscape of ASEAN in each of the Community

pillars. The impacts of ASEAN integration and cooperation find their expressions across the region with enhanced political cohesion, economic integration and social responsibility, narrowed development gaps within and amongst its Member States and greater physical, institutional and people-to-people connectivity.

Globally, ASEAN has been increasingly speaking with one voice on regional and global issues as well as on emerging challenges.

With approximately 20% of the measures remaining for implementation, ASEAN is basically on track in its Community building process.

The positive impacts of changes within the three Community pillars have, to a great extent, strengthened ASEAN as a platform for dialogue and cooperation to enhance peace, stability and security and economic growth in the region, while maintaining its unity and centrality in the evolving regional architecture. The width and depth of its external relations have significantly been enhanced.

ASEAN's vitality and success are attributed to its willingness to embrace change and regional integration. It is ASEAN's Community building process focusing on political stability and cohesion, shared social responsibility, institution-building, and a people-oriented approach that has been contributing to the creation of an environment conducive to the effective implementation of economic integration measures, making ASEAN economies increasingly resilient in the face of global volatilities and able to maintain the region's growth rate of more than 5% by average even in the worst periods resulting from the impacts of the 2008 and EUROZONE crises.

ASEAN's legal framework for economic integration has been revamped with major agreements to achieve the Economic Community goals such as the ASEAN Trade in Goods Agreement, the ASEAN Comprehensive Agreement on Investment, and the ASEAN Trade in Services Agreement. Initiatives aimed at eliminating tariffs and putting in place trade facilitation measures in the area of rules of origin, harmonization of standards and customs integration have been undertaken resulting in 99.2% of tariff lines having been eliminated in the ASEAN 6 and 97.5% of tariff lines having been reduced to 0-5% in the newer Member States - Cambodia, Laos, Myanmar and Viet Nam. A region-wide self-certification system is being planned for full implementation by 2015 to allow self-certification of export documents towards reducing transaction costs and quicker turnaround of goods. The full-fledged ASEAN Single Window Pilot Project Component 2 is expected to be implemented in 2014 while the Protocol on the Legal Framework to Implement the ASEAN Single Window is being finalized towards the roll out of the live implementation of the ASEAN Single Window by 2015. An ASEAN Non-Tariff Measure database and an inter-agency body at the national level to address non-tariff measures in each Member State have been established to complement regional initiatives. On standards, useful work on harmonization of electrical and electronic products, cosmetics, pharmaceuticals and medical devices have been completed towards eventually “one standard, one test, accepted everywhere”. The liberalization of the services sector according to the Blueprint targets is making substantial progress. 8 packages of commitments have been completed and the 9th package is expected to be completed in 2014. In financial services, capital account liberalization has been proceeding well and Member States have developed individual capital account liberalization Heat Maps to assess the level of openness of the capital account regime. In financial cooperation, 25 out of the 27 parties to the Chiang Mai Initiative Multilateralisation have completed

the signing of the amended CMIM agreement. The Protocol to Implement the Eighth Package of Commitments on Air Transport Services has been completed. Progress is seen with total ASEAN available seat capacity for 2013 having significantly increased to 268 millions. On investment, with the completion of the ASEAN Comprehensive Investment Agreement, ASEAN is emerging as a single investment area. Substantial progress has been made towards ensuring an operational legal framework for competition, consumer protection and intellectual property rights with five ASEAN Member States having comprehensive competition law in place, nine with consumer protection legislation. On intellectual property rights, efforts are being undertaken to improve examination procedures and the IT systems to reduce the turnaround times for IPR approvals. ASEAN competitiveness is also being enhanced through better transport facilitation and the implementation of three transport facilitation agreements for goods in transit, inter-state transport and multimodal transport.

To further facilitate the establishment of a competitive ASEAN, the implementation of the Master Plan on ASEAN Connectivity aimed at connecting ASEAN Member States and ASEAN with the rest of the world in all three aspects - physical, institutional and people-to-people - remain high on the integration agenda with efforts focusing on mobilizing financial resources through Public-Private Partnerships.

The implementation of the initiatives for ASEAN integration and narrowing development gaps has contributed greatly to the substantial increase in the combined GDP of the CLMV from 6% of the combined GDP of ASEAN in 2009 to approximately 12% in 2013.

On the external front, ASEAN has completed five Free Trade Agreements with its Dialogue Partners, namely Australia/New Zealand, China, India, Japan and Korea and has embarked on a bold and ambitious agenda by establishing an ASEAN-led process for negotiating an RCEP agreement with its six FTA Partners- Australia, China, Japan, South Korea, India New Zealand - towards creating a Regional Comprehensive Economic Partnership by 2015.

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One and half years before the 2015 deadline, challenges remain in ASEAN's bid to realize the ASEAN Community, not the least tensions rising from territorial disputes in the region, including and especially the South China Sea dispute and political strains in some of its Member States. ASEAN will be tested in its resolve to meet its commitments across all three pillars by the end of 2015. On the whole, ASEAN is moving in the right direction towards the 2015 Community that values democracy, good governance, rule of law and the promotion of economic and social development setting the stage for further and more comprehensive integration with concerted, balanced and sustained progress on all the three pillars of a people-centered Community beyond 2015.

How ASEAN positions itself in the next 20 years will depend on how it will be responding to the changing global realities, and the evolving regional and international landscape.

Fundamentally, ASEAN post-2015 will need to focus on the enhancement and consolidation of the ASEAN Community through a continued, but deeper and

more comprehensive process of integration for ASEAN Community building in all the three pillars with a view to ensuring their coherence and convergence, especially on cross-cutting issues.

Generally, such a vision for the ASEAN Economic Community shall comprise not only the enhancement of current ASEAN platform, but also the inclusion of new important priorities and objectives which are to further deepen the participation of ASEAN Member States in regional and production networks and supply chains in order to enhance economic integration and growth; to allow ASEAN Member States to move up the development ladder in an inclusive and sustainable manner; and to enhance ASEAN's centrality in regional and global architectures.

To achieve those objectives, the four pillars of the ASEAN Economic Community must be further strengthened.

First, it is necessary to eventually place ASEAN at the center of regional production networks and supply chains to create further economic growth and integration.

Second, an inclusive and people-centered ASEAN to ensure more broad-based growth and that everyone, especially those belonging to marginalized sectors would benefit from economic development. This will strengthen the Equitable Economic Development pillar which is aimed at promoting growth with opportunities for all. While peace and stability in ASEAN is the precondition for the region's growth, the Post-2015 Vision should envisage a greater and more urgent focus on improving the living conditions of the more than 600 million

ASEAN peoples. ASEAN's economic integration through the ASEAN Economic Community will not mean much to average ASEAN citizens if it does not bring about a better life for them, their families and communities. Efforts must be undertaken to search for new avenues for greater economic growth to ensure that integration will effectively narrow the development gaps. ASEAN will also need to keep poverty reduction in pace with economic growth. For this Post-2015 Vision, quality education and learning, health improvement, innovation and technological development must be promoted. For all these, wider stakeholder consultation and meaningful participation must be enhanced in all aspects of planning and implementing ASEAN initiatives.

Third, the pursuit of sustainable development should also be a priority. The emphasis of protection of environment and natural resources shall be brought on the table to support sustainable economic growth in the region. Greater convergence of economic and development agendas would show that a prosperous ASEAN is also a truly caring and sharing ASEAN Community.

Evolving realities would make a compelling case for ASEAN to intensify economic integration. ASEAN may need to re-look at its own integration approach from the current focus on trade and investment liberalization and facilitation to greater policy integration or coordination, addressing behind-the-border issues and more convergence of harmonization/convergence of regulations, standards and procedures. Deepening integration in the post-2015 period would also suggest the need for more enhanced capability in monitoring/surveillance of compliance to ensure that ASEAN integration and its benefits are realised.

The changing profile of ASEAN's population may also influence the pathway of ASEAN integration. Over the next 20 years, we expect the growing middle class and the younger population of ASEAN to be a strong force in dictating trends and consumption patterns. This will have an impact on future ASEAN interaction and initiatives, with further reinforcement of the single market and production base, and greater interface with socio-cultural integration with respect to employment opportunities, health, education, consumer and human rights.

Another area that may see change will be ASEAN's own institutional processes. While continuing the ASEAN Way, the existing pattern of integration, which is incremental, informal and consensual, which have served ASEAN well, as ASEAN will become more integrated and moving closer to a rules-based Community; we expect in due course a review of ASEAN's decision-making processes and its organs. This is to provide better decision-making and dispute settlement processes as well as the monitoring and surveillance of ASEAN integration. There could also be more regulatory harmonization of rules and regulations.

The growing strength and multi-polarity of the globalized world also suggests ASEAN's engagement should widen beyond its current engagement with its dialogue partners. This new environment may favor an expanded economic engagement with other regions of the world, besides a deepening and broadening of the current arrangements with China, India and other East Asian countries. This could imply that ASEAN may wish to engage in new or deepen its free trade and other cooperative engagements with these countries.

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Southeast Asia itself, ASEAN itself is one of the dynamic regions in the wider dynamic Asia-Pacific with great opportunities and also great challenges. Above all, the peace and stability it enjoyed has allowed progress and brought about such great opportunities for ASEAN in the next 20 years and beyond. Whether ASEAN will be able to seize those opportunities and overcome those challenges will also depend on its ability to maintain the peace and stability needed to allow continued Community building and further integration efforts in the face of complicated regional issues such as the issue of the South China Sea whose solutions, more than ASEAN's unity and its righteous Six Point Principles, requires also international support, demanding and ensuring respect for international law and fundamental principles in international relations such as the principles of non-use of force and peaceful solution of disputes.

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ASEAN in the next 20 years would see a reinforcement of the Community-building process. There will be focus on building peace and stability in the region, supporting higher-level economic and social integration and the strengthening of its institutions. With greater focus on implementation and compliance, we expect to see a more integrated and seamless ASEAN, an ASEAN Community that is embedded into the global community of nations.

Thank you!