



FACT SHEET

ASEAN Economic Community (AEC)



one vision
one identity
one community

ASEAN Economic Community (AEC)

- Single Market and Production Base
- Competitive Economic Region
- Equitable Economic Development
- Integration into the Global Economy

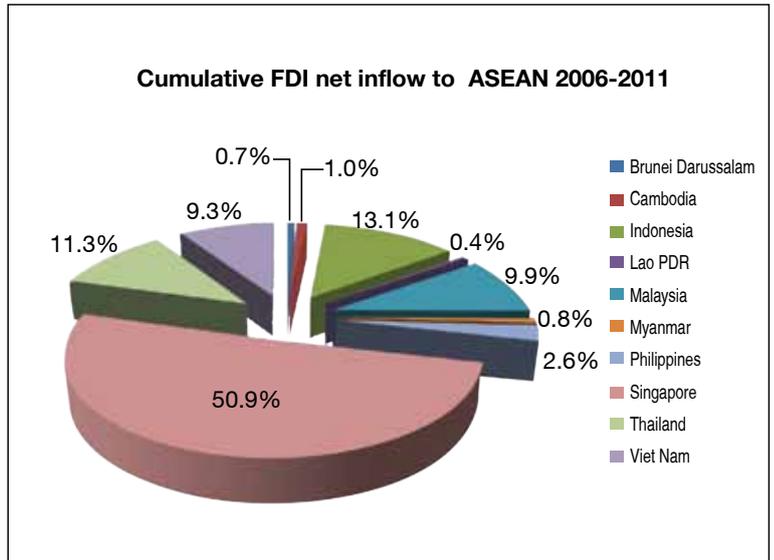
The ASEAN Economic Community (AEC) is the realisation of the end goal of regional economic integration by 2015 of the ten (10) economies of the ASEAN Member States, namely Brunei Darussalam, Cambodia, Lao PDR, Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam. The AEC will bring benefits to the peoples of ASEAN by creating a more conducive environment through transparency, predictability and consistency for businesses to flourish. This will in turn benefit consumers who will have access to a cheaper and wider range of goods and services and enjoy more extensive consumer protection. The newer ASEAN Member States of Cambodia, Lao PDR, Myanmar and Viet Nam stand to also gain through the many opportunities for production networks created by an AEC and the productivity enhancing effects of AEC's emphasis on best practices.

ASEAN aims to achieve the AEC by facilitating free flow of goods, services, investments and skilled labour, and free flow of capital; increasing physical, institutional and people-to-people connectivity to bring down the cost of doing business; narrowing the development gap both within and between ASEAN Member States by instituting targeted programmes; and finding synergy through engaging in bilateral FTAs and consolidating the Plus One FTAs into a Regional Comprehensive Economic Partnership (RCEP). Further, by tracking our progress and performance against set targets through the AEC Scorecard mechanism.

Despite the still uncertain global environment, ASEAN maintained its economic resilience with the economic growth of 5.6 percent in 2012 from 4.7 percent in 2011, underpinned by strong domestic demand. The need to stay resilient against global uncertainties has also pushed the region to pursue its integration agenda further. As a result, the AEC continued to make good progress. By end-March 2013, around 78 percent of measures due under the AEC Blueprint have been implemented, with significant gains across pillars including the following:

- Per capita income in the region had risen from US\$2,267 to US\$3,759 in 2012;
- Total trade of ASEAN grew by 16.8%, from US\$2.05 trillion in 2010 to US\$2.4 trillion in 2011; intra-ASEAN trade reached US\$598 billion from US\$520 billion, an increase of 15.1%, over the same period;
- ASEAN continued to attract foreign investments, generating a record US\$114 billion FDI inflow in 2011, a 23% increase from US\$92 billion in 2010;
- The ASEAN Comprehensive Investment Agreement (ACIA) is now enforced;
- The landmark ASEAN Agreement on Movement of Natural Persons (MNP) has been signed;
- The pilot implementation of the ASEAN Single Window, which is expected to contribute to improved trade facilitation in the region, is well underway; while in transport facilitation, renewed progress is made in the ratification of agreements;
- A work program was also developed to address non-tariff barriers (NTBs), including enhancement of non-tariff measures (NTMs) database and engagement of private sector to obtain feedback on NTB/NTM issues.

Host Country	Cumulative FDI net inflow to ASEAN, 2006-2011	
	nominal in million USD	share to total in %
Brunei Darussalam	3,229.3	0.7
Cambodia	4,379.0	1.0
Indonesia	59,049.5	13.1
Lao PDR	1,690.6	0.4
Malaysia	44,421.1	9.9
Myanmar	3,531.7	0.8
Philippines	11,904.0	2.6
Singapore	229,391.6	50.9
Thailand	51,072.4	11.3
Viet Nam	41,748.0	9.3
ASEAN	450,417.3	100.0



ASEAN TRADE 2011

Country	Value in million USD
Intra ASEAN	598,242.24
ANZ	67,711.14
Canada	10,771.15
China	280,405.55
EU-27	234,776.15
India	68,428.78
Japan	273,347.07
Korea, Republic of	124,470.90
Pakistan	6,767.45
Russia	13,967.90
USA	198,785.92
Others	510,918.05
Trade	2,388,592.28



Source:
 ASEANStats Database as of September 2012 for FDI.
 ASEANStats Database as of November 2012 for Trade.



The region's economic is growing rapidly.

Over the last year, the region's financial markets have been deepened, with greater focus on capital market development and banking and insurance market integration. This has led to a strong financial intermediation in the region to support trade integration. Efforts to implement the ASEAN Framework for Equitable Economic Development which is intended to narrow the development gaps in the region have gained momentum, with new initiatives being introduced like financial inclusion. Meanwhile, negotiations for the Regional Comprehensive Economic Partnership, which will further cement ASEAN's centrality when completed by 2015, have also started.

Despite this progress, realising the AEC is still a challenge, particularly with the uncertain global environment.

Nonetheless, the AEC is still the best strategic response by the region in preserving its competitive strength. Over the years, work has intensified at varying levels to implement the elements of the AEC. While there have been important and positive achievements, more efforts are still needed to achieve the integration targets. As the AEC draws near, and following the priorities set by the Leaders in the Phnom Penh Agenda during the 20th Summit in April 2012, it has become clear that countries need to redouble their efforts and take active steps to realise the AEC by 2015.

The Association of Southeast Asian Nations (ASEAN) was established on 8 August 1967. The Member States of the Association are Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam. The ASEAN Secretariat is based in Jakarta, Indonesia.

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