



ASEAN Economic Community (AEC)

- **Where are we now?**

1. Formal Establishment of AEC by end of December 2015 (Kuala Lumpur Declaration)
2. However, only 79.5% of total **AEC 2015 Blueprint** measures implemented as at end of October 2015
3. Good progress made in trade in goods liberalisation but not so much in other areas e.g. trade in services, investment, movement of skilled labour etc.
4. **AEC 2025 Blueprint** released with new goals and objectives, including:
 - Immediate priority to complete unfinished measures by end of 2016
 - New emphasis on micro, small and medium enterprises (MSMEs)
 - Negotiating new ASEAN Trade in Services Agreement (ATISA)
 - Expand and deepen commitments under ASEAN Agreement on Movement of Natural Persons (MNP) (beyond MRAs e.g. standardize documentation requirements)
 - Enhanced focus on certain sectors, including ICT, E-Commerce, tourism, healthcare, energy, transport, food, agriculture, science and technology etc.
 - Integrating in global economy through RCEP / ASEAN-Hong Kong FTA etc
5. Detailed Action plan and deadlines to be released and ASEAN Economic Community Council (AECC) to monitor AEC 2025 Blueprint implementation
6. Biggest risk/threat.... Lose of momentum..

AEC Blueprint 2025 elements

Highly Integrated and Cohesive Economy

- Simplifying rules and promote trade facilitation
- Further broaden and deepen services integration
- Enhance attractiveness as an investment destination
- Financial Integration including wide payment and settlement systems
- Facilitating movement of skilled labour and business visitors
- Enhance participation in global value chains

Competitive, Innovative and Dynamic ASEAN

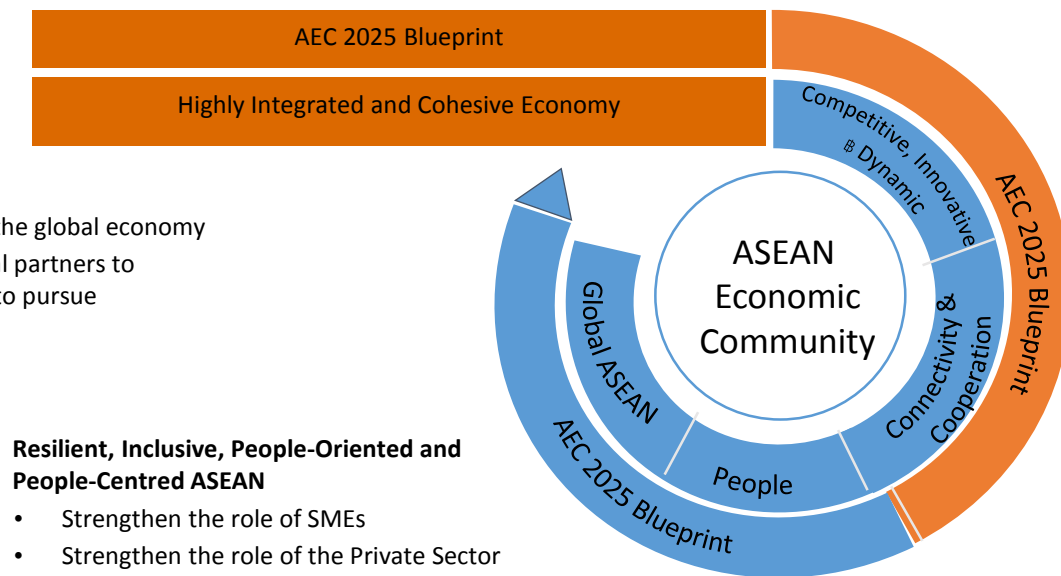
- Establish effective competition policy
- Establish a common ASEAN consumer protection framework
- Strengthen intellectual property rights cooperation
- Promote productivity-driven growth, innovation, research and development, and technology commercialisation
- Upgrade taxation cooperation
- Promote good governance
- Ensure effective, efficient, coherent and responsive regulations, and good regulatory practice
- Promote sustainable economic development
- Be responsive to global megatrends and emerging trade-related issues

Connectivity and Sectorial Cooperation

- Promote and Integrate safety transport network
- Further utilisation and coordination of information technology
- Facilitate cross-border e-Commerce
- Enhance energy connectivity
- Promote deeper integration on foods, agriculture and forestry
- Integrate ASEAN as a single tourism destination
- Strengthen healthcare industry
- Facilitate investment in minerals with environmental responsibility
- Strengthen and upgrade science and technology network

Global ASEAN

- further integrate the AEC into the global economy
- Engage with regional and global partners to explore strategic engagement to pursue economic partnerships



Resilient, Inclusive, People-Oriented and People-Centred ASEAN

- Strengthen the role of SMEs
- Strengthen the role of the Private Sector
- Promote public-private partnership
- Narrowing the development gap among ASEAN

RCEP vs. TPP: a quick overview



	TPP	RCEP
Countries	<ul style="list-style-type: none"> - 12 Countries including US, Canada, Mexico, Vietnam, Malaysia, Brunei, Singapore, Peru, Chile, New Zealand, Japan and Australia 	<ul style="list-style-type: none"> - 16 Countries including China, India, Japan, Korea, Australia, New Zealand and ASEAN
Impact on Thailand in case of joining	<ul style="list-style-type: none"> - Liberalize service sectors, financial services, investment, movement of skilled labour beyond AEC commitments? - Eliminate reward and bribe schemes? - Modernize intellectual property laws and enforce penalties - Need significant internal reform 	<ul style="list-style-type: none"> - Not so much....? - More or less consolidation of existing ASEAN plus FTAs - ASEAN style based
Benefits/opportunities for businesses in Thailand in case of joining	<ul style="list-style-type: none"> - Market access to additional markets, particularly for exports to USA, Canada and Mexico (NAFTA) - 90% of all goods tariffs to be eliminated to 0% when entry into force - Cumulation possible amongst 12 members - Specific rules of origin for products/tariff lines (e.g. value based or CTC) - Self certification of Certificates of Origin - Service sectors liberalized including key services such as legal services, accounting, transportation, HR, warehousing etc. - Negative list approach for services i.e. all services liberalized unless.... 	<ul style="list-style-type: none"> - Integration of sourcing from current FTA partners - Cumulation possibilities amongst 16 members - Further reduction of tariff rates amongst members - Increased market access on services and investment

RCEP vs. TPP: a quick overview



	TPP	RCEP
Current status	Negotiations concluded early October 2015 and now pending members' internal domestic procedures	Negotiations expected to be finalized in 2016 and possibly entering into force by 2017 or 2018?
What if Thailand does not join?	<ul style="list-style-type: none">- Lose out to other ASEAN members that are currently TPP members (i.e. Vietnam, Malaysia, Brunei and Singapore) and potential TPP members (i.e. Philippines and Indonesia), particularly in the battle for foreign investments- Companies will move manufacturing operations elsewhere (e.g. Vietnam with EU and TPP FTAs)- No accelerator to modernize laws and regulations- Lose opportunity in market access in NAFTA countries, particular US when GSP will be phase out	<ul style="list-style-type: none">- Not really an option as Thailand is part of ASEAN



Export Control for Dual-USE Products

- Dual-use goods are goods, software and technology normally used for both civil purposes but which may have military applications or may contribute to the proliferation to the of Weapon of Mass Destruction (WMD).
- On 16 October 2015, the Ministry of Commerce (MoC) issued a new notification specifying dual-use items as goods requiring permission and subject to export measures
 - The new regulation introduces two control lists
 - a. List of Thailand's dual use items based on the EU's list (licensing required); and
 - b. List of 1,800 goods based on HS code at eight-digit level based (registration required)
 - The new regulation is scheduled to be implemented on 1 January 2018
- It is expected that the Department of Foreign Trade will issue further regulations next year
- Non-compliance with the export control regime could result in penalties of imprisonment of up to ten years and/or a fine equivalent to five times the value of goods (Maximum penalty).
- Reward and bribe also apply.

Export Control for Dual-USE Products

Which Thai business sectors could be impacted?

