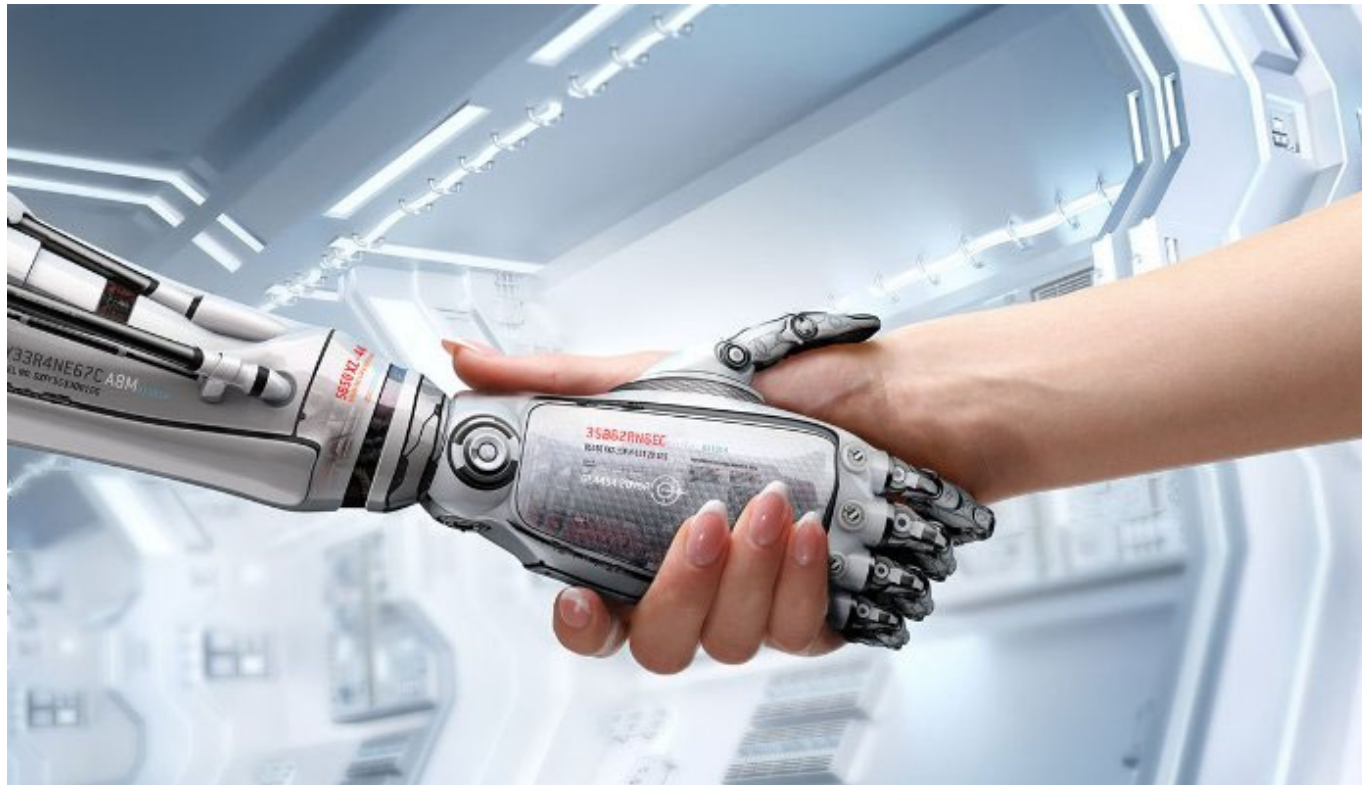


Trends and Threats and the Impact

Assoc.Prof.Dr.Somjai Phagaphasvivat

From digital era to the 4th revolution



Geopolitical transformation : new world order



The end of cold war: new world order in the making

- Political dimension
- Economic dimension
- Social dimension



Globalization

- Political
- Economic
- Social and cultural



Emerging economies : the breaking up of old order



Liberalization

- Goods
- Service
- Capital
- Labor



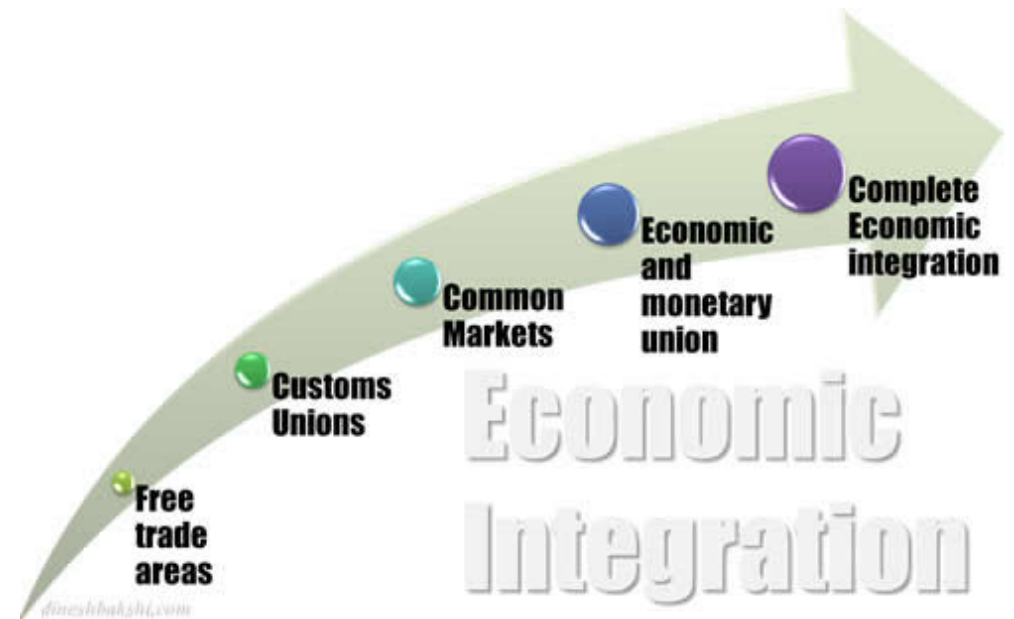
Cooperation and integration

- Interregional
- Regional
- Subregional



Economic integration

- Free trade area
- Customs union
- Common market
- Economic union
- Total economic union



Global paradox: anti-globalization

- Terrorism
- Good governance
- Human right
- Sustainable development
- East meets West
- From global to local and from local to global



The 4th revolution: convergence of digital, biotech and physical

- Internet of everything
- Robotics
- Autonomous vehicle
- Energy coverage
- Material science
- 3D printing



From digital to 4th industrial revolution: financial transformation

- E-commerce
- E-Banking
- Fintech
- Blockchain



Trend and Threats and the impact on the Central Bank

- Sustainable growth
- Competitiveness
- Stabilization
- Connectivity
- Holistic management
- Paradigm shift



Towards AEC 2025 and RCEP

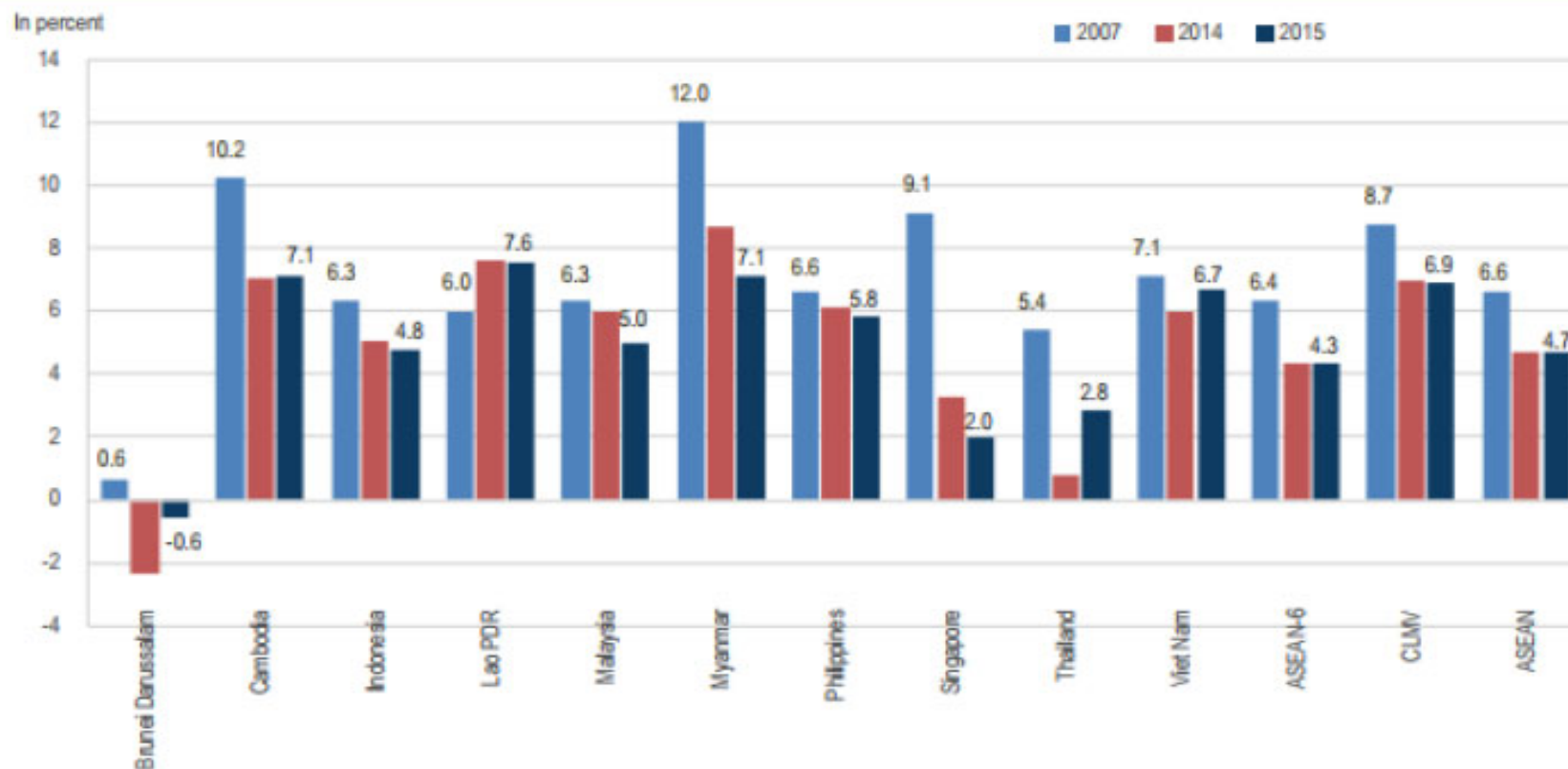


Countries	Government	Leader (s)	Capital City	Official Language	Area	Population	Religion	Currency	GDP Annual Growth	GDP per Capita (US \$)
Brunei	Unitary Islamic Absolute Monarchy	-Hassanal Bolkiah	Bandar Seri Begawan	Malay, English, Chinese	5,765 km ²	415,717	Sunni Islam	Brunei Dollar	-0.5 % (2015)	36,607.9 (2015)
Cambodia	Unitary Parliamentary Constitutional Monarch	-Head of State: Norodom Sihamoni -Prime Minister Hun Sein	Phnom Penh	Khmer	181,035 km ²	15,458,333	Theravada Buddhism	Riel	7.0% (2015)	1,158.7 (2015)
Indonesia	Unitary Presidential Constitutional Republic	-President Joko Widodo	Jakarta	Indonesian	1,904,569 km ²	255,461,700	Islam, Protestantism, Catholicism, Hinduism, Buddhism, Confucianism	Indonesian Rupiah	4.8% (2015)	3,346.5 (2015)
Laos	Marxist-Leninist one-party state	-President Bounnhang Vorachith -Prime Minister Thongloun Sisoulith	Vientiane	Lao, French	236,800 km ²	6,803,699	Buddhism	Kip	7.0% (2015)	1,812.3 (2015)
Malaysia	Federal Parliamentary constitutional monarchy	-Head of State Yang di-Pertuan Agong -Prime Minister Najib Razak	Kuala Lumpur	Bahasa Malaysia	329,847 km ²	30,887,000	Sunni Islam	Ringgit	5.0% (2015)	9,766.2 (2015)
Myanmar	Unitary Parliamentary Republic	-President Htin Kyaw -State Counselor: Aung San Suu Kyi	Naypyidaw	Burmese	676,578 km ²	51,486,253	Theravada Buddhism	Kyat	7.0% (2015)	1,203.5 (2015)
Philippines	Unitary Presidential Constitutional Republic	- President Rodrigo Duterte	Manilla	Filipino, English	300,000 km ²	102,677,200	Christianity, Islam, Philippine Religion, Buddhism	Peso	5.8% (2015)	2,899.2 (2015)
Singapore	Unitary Parliamentary Constitutional republic	- President Tony Tan - Prime minister Lee Hsien Loong	Singapore City (City-State)	English, Malay, Mandarin, Tamil	719.1 km ²	5,535,000	Freedom of Religion	Singapore Dollar	2.0% (2015)	52,888.7 (2015)
Thailand	Unitary parliamentary constitutional Monarchy under military junta	- Head of State: Maha Vajiralongkorn - Prime Minister: Pol Maj. Prayut Chan-o-Cha	Bangkok	Thai	513,120 km ²	67,959,000	Freedom of Religion	Baht	2.8% (2015)	5,816.4 (2015)
Vietnam	Socialist one-party state	- President Trần Đại Quang - Prime minister Nguyễn Xuân Phúc	Hanoi	Vietnamese	332,698 km ²	91,700,000	Freedom of Religion	Brunei Dollar	6.7% (2015)	2,111.1 (2015)
Total					4,481,131 km ²	628,383,902				

GDP comparison

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Average	2017
Brunei Darussalem	2.8	2.7	3.9	2.9	0.5	0.4	4.4	0.2	-1.9	-1.8	2.6	3.4	0.9	-1.8	5.3	-0.5	1.0	1.5	1.1
Cambodia	8.8	8.0	6.7	8.5	10.3	13.3	10.8	10.2	6.7	0.1	6.0	7.1	7.3	7.4	7.0	7.0	7.0	7.8	6.9
Indonesia	4.9	3.6	4.5	4.8	5.0	5.7	5.5	6.3	6.0	4.6	6.2	6.2	6.0	5.6	5.0	4.8	5.2	5.3	5.2
Lao PDR	5.8	5.8	5.9	6.1	6.4	7.1	8.6	7.6	7.8	7.5	8.5	8.0	8.0	8.5	7.5	7.0	6.8	7.3	6.8
Malaysia	8.9	0.5	5.4	5.8	6.8	5.3	5.6	6.3	4.8	-1.5	7.4	5.2	5.6	4.7	6.0	5.0	4.2	5.1	4.9
Myanmar	13.7	11.3	12.0	13.8	13.6	13.5	13.1	11.9	3.6	3.6	5.3	5.9	7.3	8.2	8.5	7.0	8.4	9.5	7.4
Philippines	4.4	2.9	3.6	5.0	6.7	4.8	5.2	6.6	4.2	1.1	7.6	3.7	6.8	7.2	6.1	5.8	6.0	5.1	6.4
Singapore	8.9	-1.0	4.2	4.4	9.5	7.5	8.9	9.1	1.8	-0.6	15.2	6.2	3.4	4.4	2.9	2.0	2.0	5.4	2.3
Thailand	4.8	2.2	5.3	7.1	6.3	4.6	5.1	5.0	2.5	-2.3	7.8	0.1	6.5	2.9	0.7	2.8	3.0	3.8	3.6
Vietnam	6.8	6.2	6.3	6.9	7.5	7.5	7.0	7.1	5.7	5.4	6.4	6.2	5.2	5.4	6.0	6.7	6.7	6.4	6.2
ASEAN	5.9	3.3	5.2	5.8	6.5	5.8	6.1	6.5	5.0	2.3	7.4	4.9	6.1	5.2	4.6	4.7	4.8	5.3	4.9

2.1 Annual GDP Growth



Note: ASEAN-6 = Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore, Thailand; CLMV = Cambodia, Lao PDR, Myanmar, Viet Nam.

Source: ASEAN Secretariat.

The region's GDP grew at 4.7% in 2015, lower by 2.1 percentage points from 2007. GDP growth in CLMV remained higher than in ASEAN-6 during the same period.

ASEAN Economic Cooperation

- **AFTA : Signed 1992, 1993 Effective**
- **ATIGA : Asean trade in goods, February 2009 : CEPT (Common Effective Preferential Tariffs) + AFTA**
- **ASEAN Framework Agreement on Service (AFAS) : 1995**
- **ASEAN Investment Area (AIA): 1998**



ASEAN

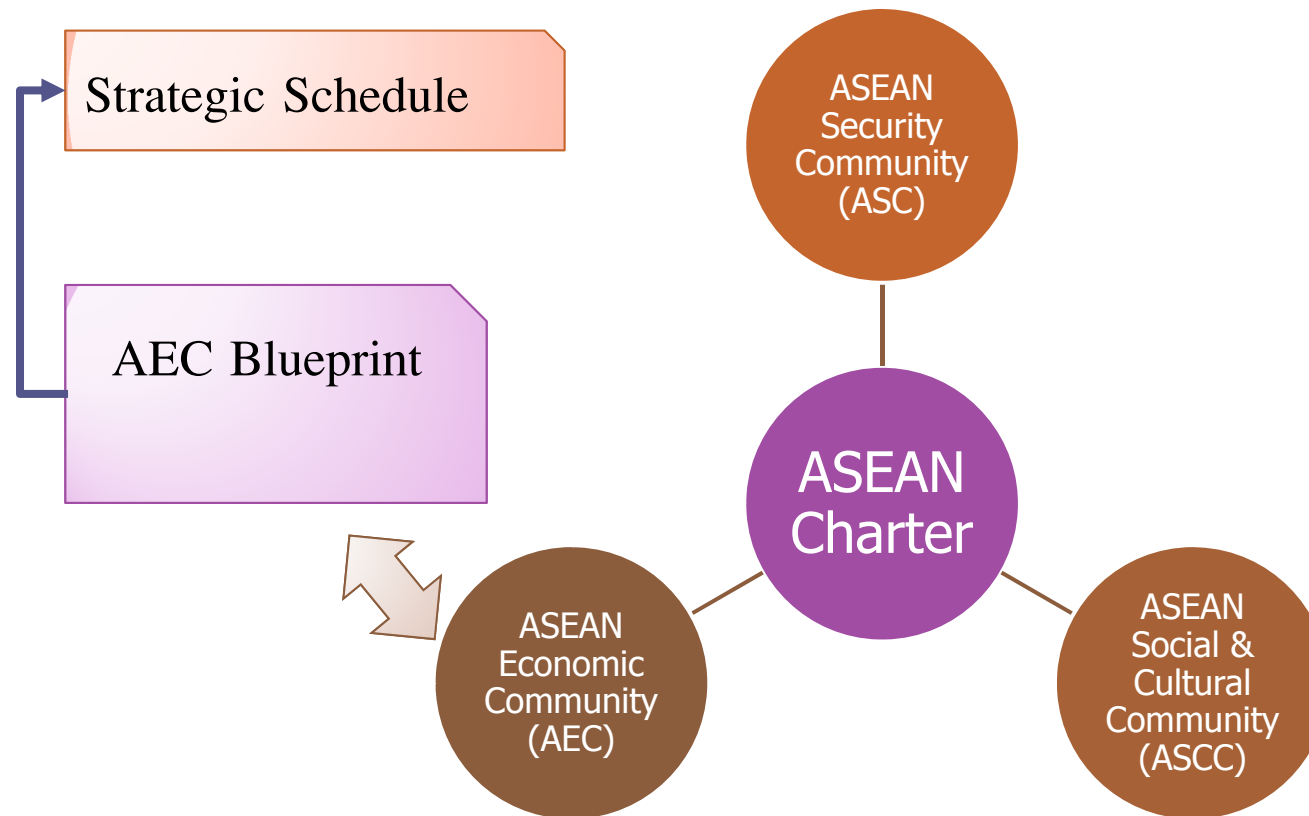
**One Vision,
One Identity,
One
Community**

ASEAN

- 2003 Bali Concord setting up Asean Community with 2020 as timeline.
- Cebu Agreement shorten the timeline for 2015.



ASEAN Charter



AEC Blueprint

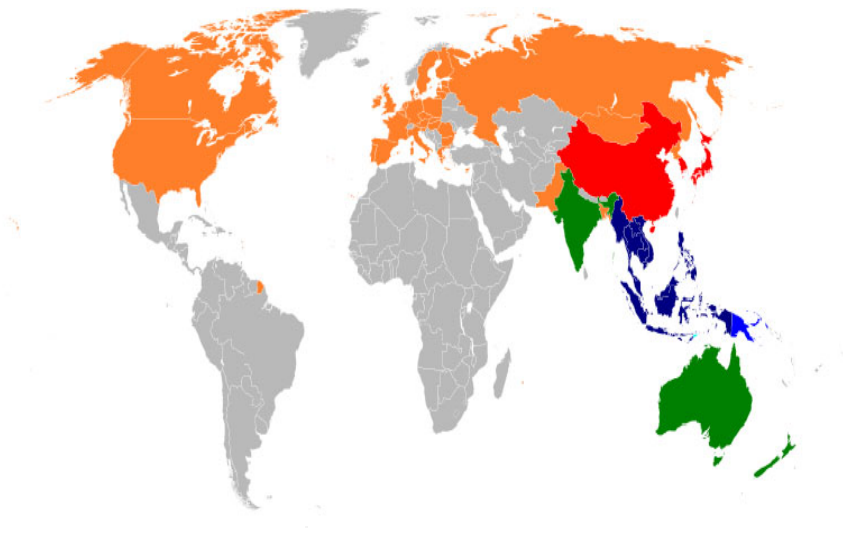
AEC Objectives

1. **Common Market and Production Base**
2. **Competitiveness Enhancement**
3. **Equitable Development**
4. **Global Integration**



1. Common Market & Production Base

- **Free flow of goods**
- **Free flow of services**
- **Free flow of investment**
- **Free flow of skilled labor**
- **Free flow of capital**



Free Flow of Goods

- **CEPT (AFTA)**
- **Sensitive List**
 - Coffee Potato Flower Coconut
- **Highly Sensitive List**
 - Rice : Malaysia Philippines
 - Rice & Sugar : Indonesia

	2010	2015
ASEAN 6	0%	
CLMV		0%

CEPT : Common Effective Preferential Tariff

NTBs

NTBs

- ASEAN (2010-2015)
- Philippines (2012)
- CLMV (2015)

NTBs : Non-Tariff Barriers

Free Flow of Services

PIS	2006	2008	2010	2013	2015
IT / Health care / Tourism / Aviation	49%	51%	70%		
Logistics				70%	
Others	30%	49%	51%		70%

- Forthcoming Liberalization: Telecom, Construction, Business Service and Professional Consultancy

PIS: Priority Integration Sectors

Free Flow of Investment

- **AIA Agreement 1998**
- **Asean Investment guarantee Agreement Asean IGA 1987**
- **National Treatment**
 - **ACIA** (ASEAN Comprehensive Investment Agreement)
 - **Liberalization**
 - **Protection**
 - **Promotion**
 - **Facilitation**

Free Flow of Investment

- Manufacture Agriculture Fishery Forestry and Mining including related services incidental not including Portfolio investment



Free flow of Labor

- Initially free flow of skilled labor: Medical Doctor, Dentist, Nurse, Architect, Engineer, Surveyor, Accountant and Tourism.
- MRA: Mutual Recognition Arrangement



Financial Liberalization

1. Progressive Financial Service Liberalization
2. Capital Account Liberalization : Current account and capital account (Direct investment and portfolio)
3. Capital market development : Implementation plan for an Integrated capital market.
4. East Asian Financial Integration and stability:
 - Chiang Mai Initiative Multilateralization (CMIM) 2010
 - Asian Bond Market Initiative 2005
 - Credit Guarantee and Investment Facility (CGIF) to promote corporation bond among Asean+3
5. Macroeconomics and Finance Surveillance 1999

Chiang Mai Initiative :

- Asean swap Arrangement (ASA)
- Bilateral swap Arrangement (BSA) (Asean+3)
- Later becoming CMI Multilateralization
- Self-managed reserve pooling (Asean+3) 1.2 Billion Dollar

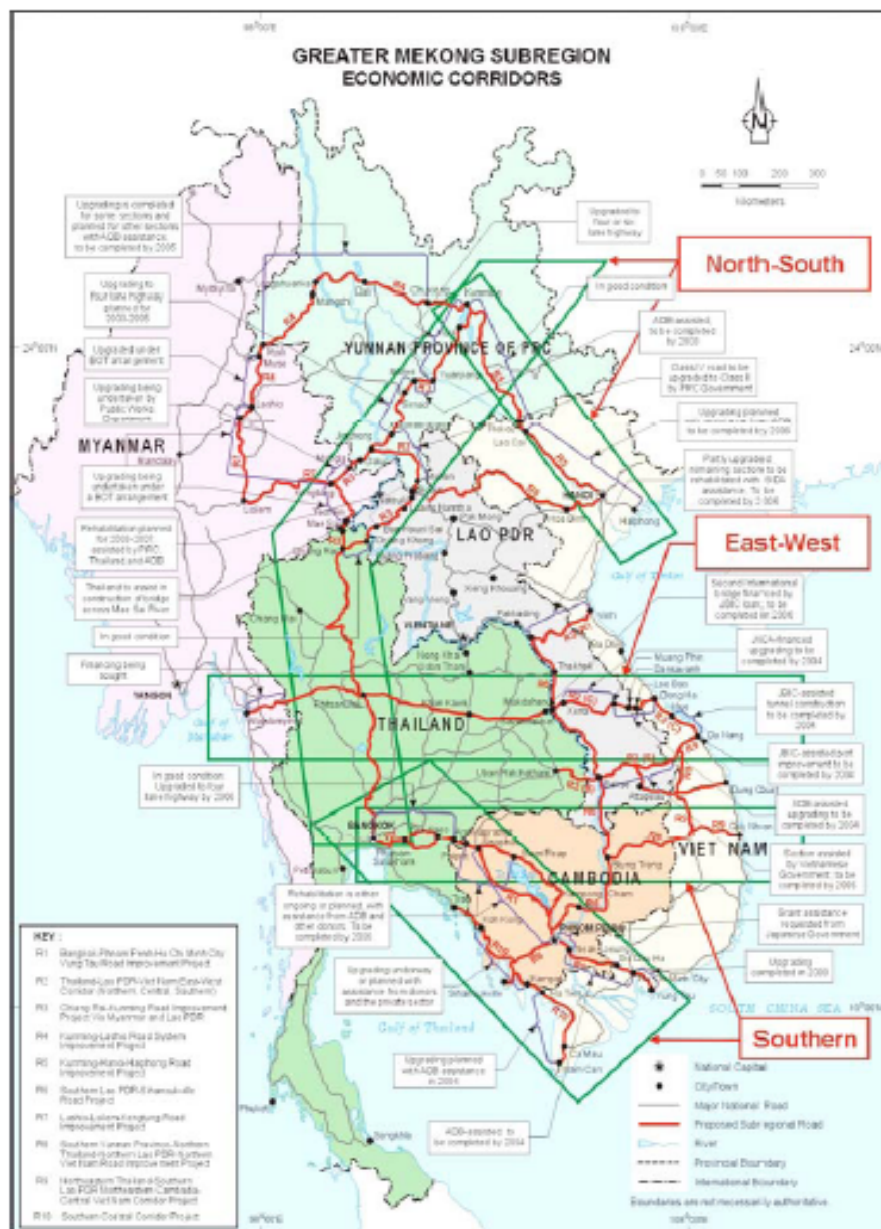
2. Competitiveness Enhancement

- **Cooperation**

- **e-ASEAN**
- **Competition Policy**
- **Infrastructure**
- **Tax**
- **Intellectual Property**
- **Consumers' Protection**

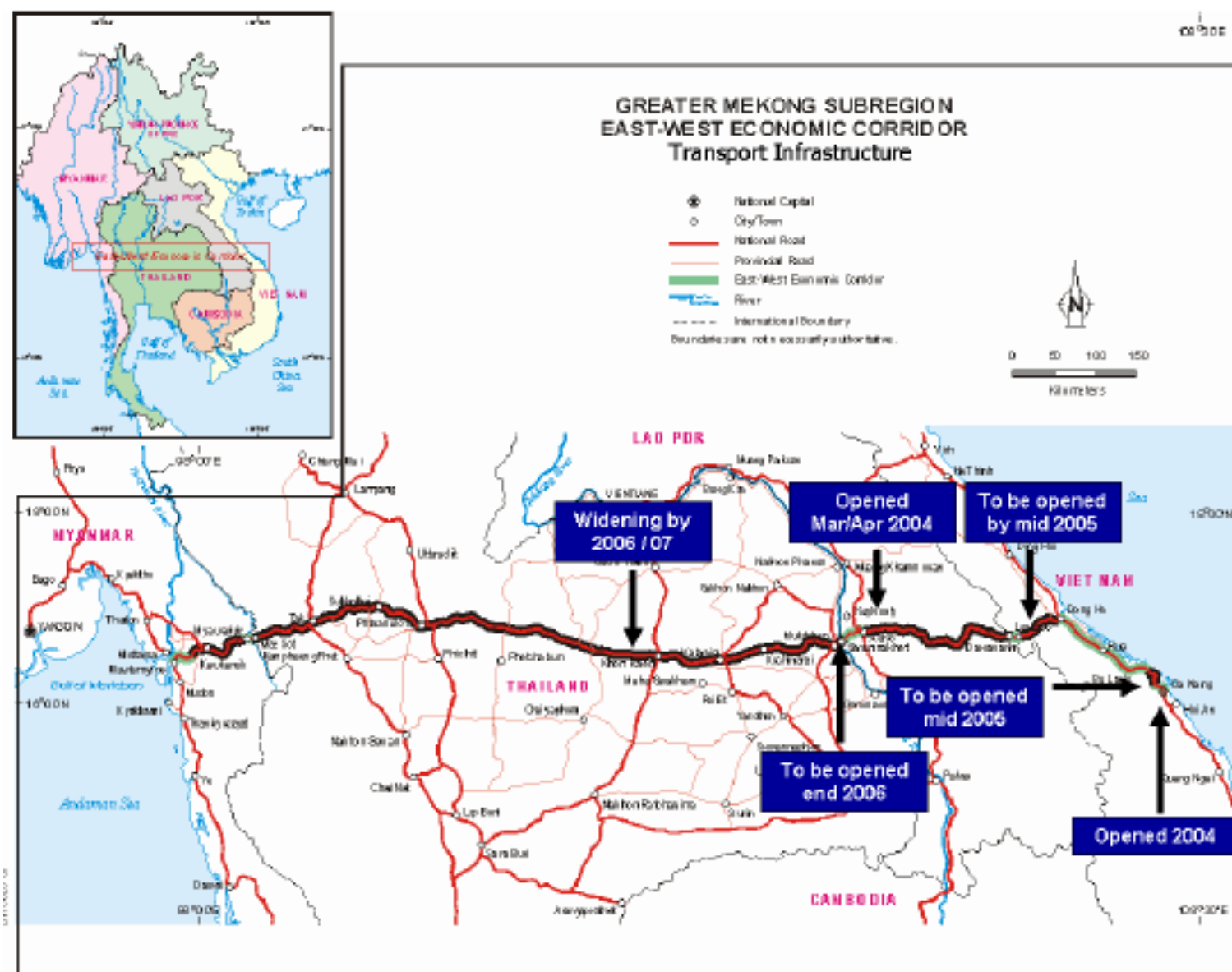
Economic Corridor

- ปัจจุบัน แนวพื้นที่เศรษฐกิจ (Economic Corridor) ใน GMS แบ่งออกเป็น 3 แนว ได้แก่
 1. แนวพื้นที่เศรษฐกิจตะวันออก - ตะวันตก (East West Economic Corridor: EWEC)
 2. แนวพื้นที่เศรษฐกิจเหนือ - ใต้ (North South Economic Corridor: NSEC)
 3. แนวพื้นที่เศรษฐกิจตอนใต้ (Southern Economic Corridor)



1. แนวพื้นที่เศรษฐกิจตะวันออก-ตะวันตก (East West Economic Corridor: EWEC)

- 1. แนวพื้นที่เศรษฐกิจตะวันออก-ตะวันตก (East West Economic Corridor: EWEC)
- เชื่อมโยงเวียดนาม-ลาว-ไทย-พม่า
- แนวพื้นที่เศรษฐกิจตะวันออก-ตะวันตก (East West Economic Corridor: EWEC) เป็นการเชื่อมโยงพื้นที่ด้านตะวันออกจากเวียดนาม ผ่านสปป.ลาว บนเส้นทาง R 9 ข้ามสะพานแม่น้ำโขง แห่งที่ 2 เข้าสู่ไทย และไปสู่สหภาพพม่า หรืออาจเรียกได้ว่าเป็นเส้นทางเชื่อมโยงระหว่างทะเลจีนใต้กับทะเลอันดามัน โดยมีระยะทางรวมประมาณ 1,450 กิโลเมตร
- เส้นทาง R9 มีจุดเชื่อมโยงเมืองสำคัญต่างๆ ดังนี้
 เมะละແມ່ງ - เมียวดี (พม่า) – แม่สอด – พิชณุโลก – ขอนแก่น – กาฬสินธุ์ - มุกดาหาร (ไทย) – สะหวันนะเขต - แคนสะหวัน (ลาว)- ลาวบาว – เว้ – ดองฮา - ดานัง (เวียดนาม)



2. แนวพื้นที่เศรษฐกิจเหนือ-ใต้ (North South Economic Corridor: NSEC)

- 2. แนวพื้นที่เศรษฐกิจเหนือ-ใต้ (North South Economic Corridor: NSEC)
- เชื่อมโยงไทย-พม่า/ลาว-จีน
- NSEC ประกอบด้วยเส้นทางหลัก 3 เส้นทาง ได้แก่

(1) เส้นทาง R3E : คุณหมิง – ยูซี – หยวนเจียง – โมเฮย – ซิมา – เฉียวเมิงหยาง – บ่อหาน (จีน) - บ่อเต็น – ห้วยทราย (ลาว) – เชียงของ – เชียงราย – ตาก – กรุงเทพฯ (ไทย)

(i) จุดข้ามแดน: บ่อหาน (จีน) – บ่อเต็น (ลาว)

(ii) จุดข้ามแดน: ห้วยทราย (ลาว) – เชียงของ (ไทย)

เส้นทาง R3W : เชียงตุง – ท่าจีเหล็ก (พม่า) – แม่สาย – เชียงราย – ตาก – กรุงเทพฯ (ไทย)

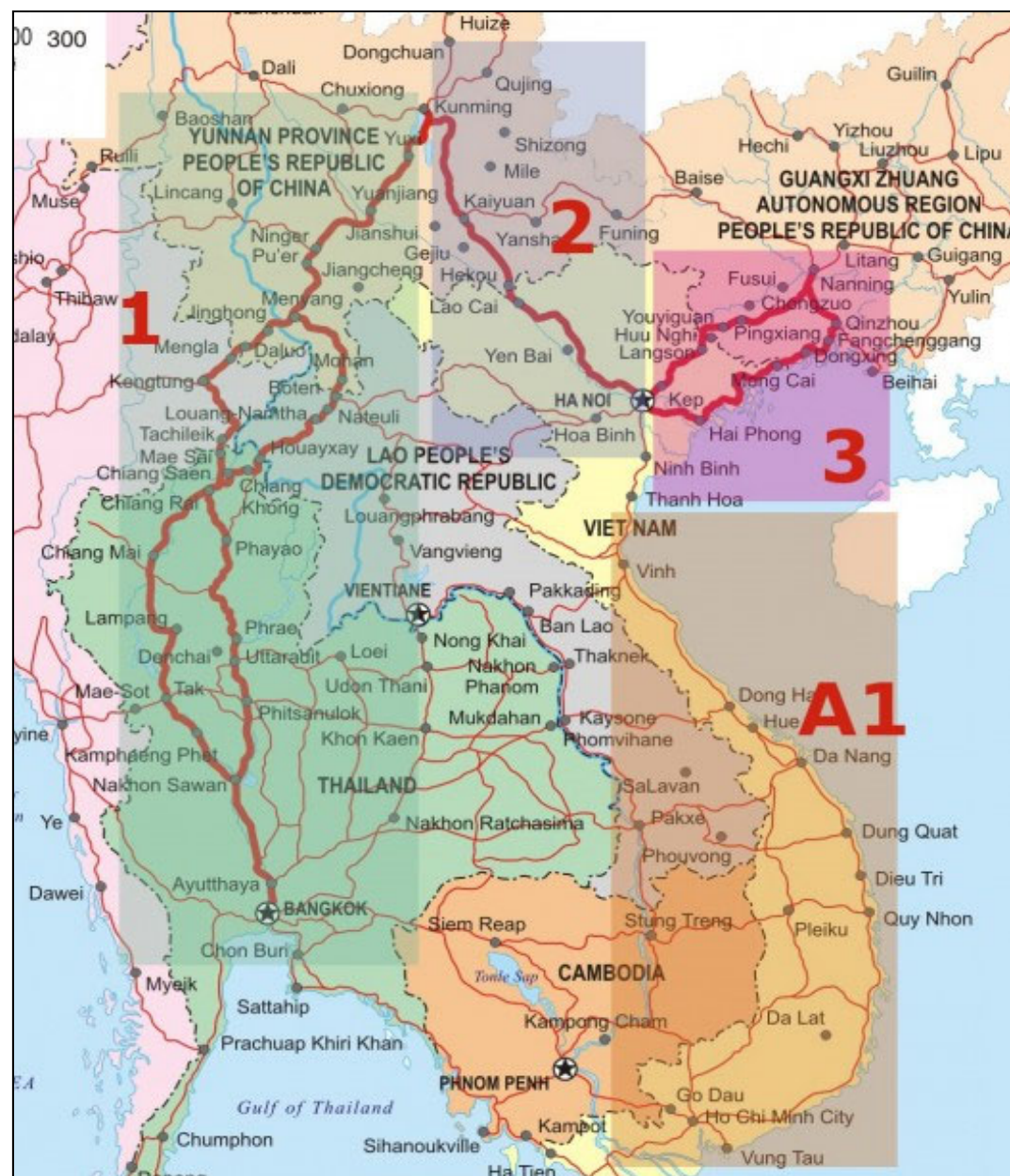
(i) จุดข้ามแดน: ท่าจีเหล็ก (พม่า) – แม่สาย (ไทย)

(2) เส้นทาง R5 : คุณหมิง – หมี่เหลอ – หยินซ่อ – ไคหยวน – เม่งซือ – เสียวโก่ว (จีน) – ลาวไค – ซานออย – ไฮฟอง (เวียดนาม)

(i) จุดข้ามแดน: เสียวโก่ว (จีน) – ลาวไค (เวียดนาม)

(3) เส้นทางสายตะวันออก (Eastern Subcorridor)

เริ่มจากเมืองหนานหนิง ในมณฑลกว่างซี (Guangxi) ของประเทศจีนมายังเมืองซานออย



3. แนวพื้นที่เศรษฐกิจตอนใต้ (Southern Economic Corridor: SEC)

- 3. แนวพื้นที่เศรษฐกิจตอนใต้ (Southern Economic Corridor: SEC)
- เชื่อมโยงไทย-กัมพูชา-เวียดนาม
- แนวพื้นที่เศรษฐกิจตอนใต้ (Southern Economic Corridor: SEC) เป็นการพัฒนาแนวเส้นทางเชื่อมระหว่างไทย-กัมพูชา-เวียดนาม มีเส้นทางทั้งหมด 4 เส้นทาง

1. เส้นทาง R1 มีจุดเชื่อมโยงเมืองสำคัญต่างๆ ดังนี้

กรุงเทพฯ – กบินทร์บุรี – สระแก้ว - อนุรักษ์ประเทศ หรือ กรุงเทพฯ – แหลมฉบัง – พนมสารคาม – กบินทร์บุรี – สระแก้ว – อนุรักษ์ประเทศ (ไทย) - ปอยเปต – ศรีโสภณ – เปอสาต - พนมเปญ – นาคหลวง – บาเวด (กัมพูชา) – มอคไบ - โฮจิมินห์ซิตี้ – วังเตา (เวียดนาม)

(i) จุดข้ามแดน : อนุรักษ์ประเทศ (ไทย) – ปอยเปต (กัมพูชา)

(ii) จุดข้ามแดน : บาเวด (กัมพูชา) – มอคไบ (เวียดนาม)

2. เส้นทาง R10 มีจุดเชื่อมโยงเมืองสำคัญต่างๆ ดังนี้

กรุงเทพฯ - ตราด – หาดเล็ก (ไทย) – แชมแยม - เกาะกง – สะเรอัมเปิล – กำพต – ลอก (กัมพูชา) – ฮาเตียน – คาเมา – นามคาน (เวียดนาม)

(i) จุดข้ามแดน : หาดเล็ก (ไทย) – แชมแยม (กัมพูชา)

3. เส้นทางสายเหนือ (Northern Subcorridor) เริ่มจากกรุงเทพ ไปยังรัฐประเทศ (ส่วนนี้จะเส้นทางเดียวกับเส้นทางสายกลาง) แต่เมื่อเข้าเขตกัมพูชาแล้วจะแยกขึ้นเหนือ ผ่านเสียมเรียบ และไปสุดที่เมือง Quy Nhon ทางตอนกลางของเวียดนาม
4. เส้นทางเชื่อมภายในทวีป (Intercorridor Link) เป็นเส้นทางแนวตั้งผ่านกัมพูชาและลาว โดยจะเชื่อมเส้นทาง 3 เส้นก่อนหน้า (และเส้นทางหลักสาย East-West) ในแนวตั้ง



R1 : กรุงเทพฯ – พนมเปญ – โฮจิมินต์ – วังเตา



R10 : ถนนเลียบชายฝั่งทะเล ไทย - กัมพูชา - เวียดนาม



3. Equitable Development

- **Narrowing gap between old and new members**
- **Supporting SMEs**



4. Global Integration

- Economic Cooperation
- Logistics
- FTA

▣ ASEAN +3

- ASEAN – China
- ASEAN – Korea
- ASEAN- Japan

▣ ASEAN +6

- ASEAN- India
- ASEAN - Australia/New Zealand

▣ ASEAN- EU

▣ ASEAN- US (TIFA)



FTA & Dialogues Partners

- ASEAN-China (FTA)
- AJFTA (Japan)
- AKFTA (Korea)
- AIFTA (India)
- AANZFTA (Australia New Zealand)

FTA : ASEAN & EAST ASIA

- EAFTA (East Asia FTA) (ASEAN +3)
 - China
 - Japan
 - Korea
- CEPEA (Comprehensive Economic Partnership in East Asia) (ASEAN +6)
 - India
 - Australia
 - New Zealand

FTA : ASEAN & OTHERS

- European Union (EU)
- Gulf Cooperation Councils (GCC)
- Mercado Comun del Sur (MERCOSUR)
- Russia

Asean + 3

- Free trade area: Asean + China (Asean+1), Asean + Japan (Asean+1), Asean + South Korea (Asean+1)



Asean + 6

- Free trade area: Asean + 3, Asean + Australia (Asean+1), Asean + New Zealand (Asean+1), Asean + India (Asean+1)



RCEP

(Regional Comprehensive Economic Partnership)

- More than Asean+3, Asean+6
- Liberalization: Service and Capital



APEC

APEC has 21 members.

Australia

Brunei Darussalam

Canada

Chile

People's Republic of China

Hong Kong, China

Indonesia

Japan

Republic of Korea

Malaysia

Mexico

New Zealand

Papua New Guinea

Peru

The Philippines

Russia

Singapore

Chinese Taipei

Thailand

The United States

Viet Nam



TPP

TPP has 12 members.

Brunei

Chile

New Zealand

Singapore

United States

Australia

Peru

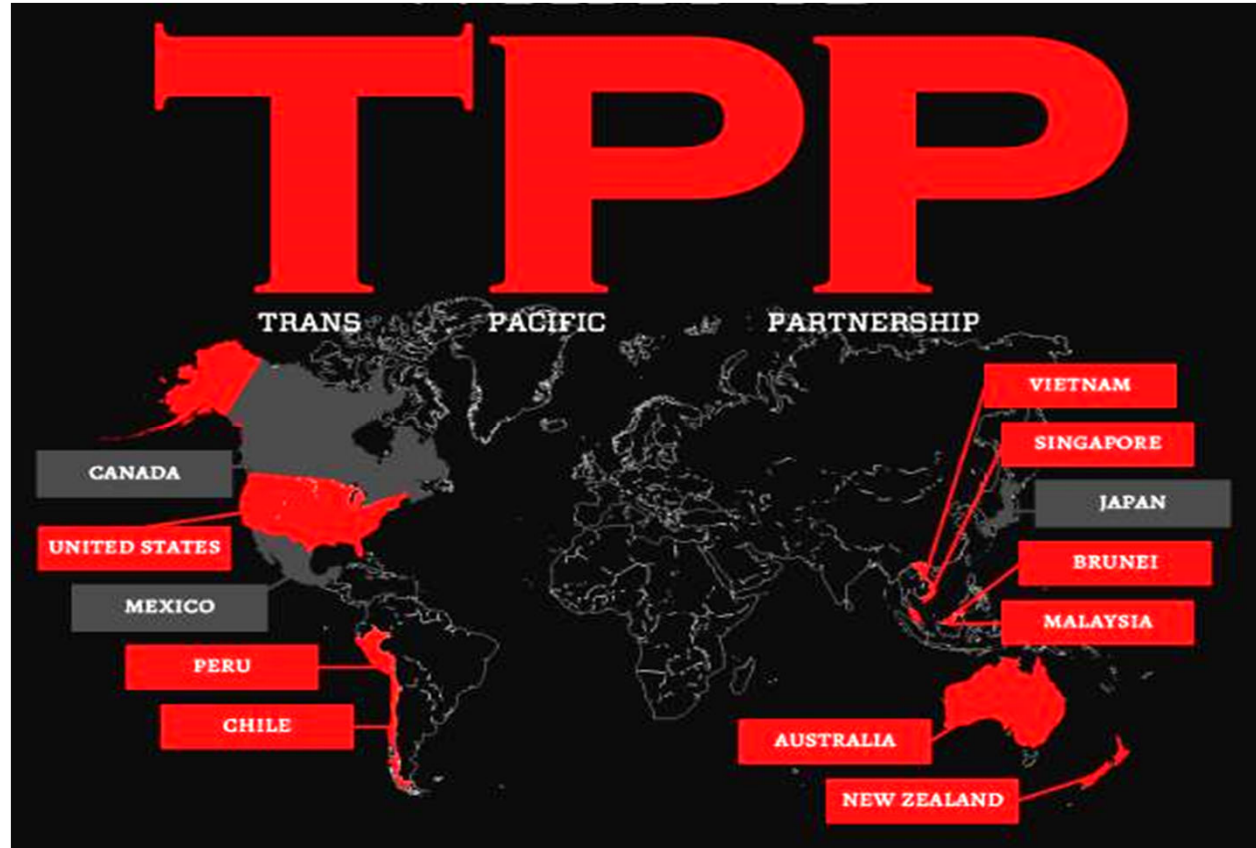
Vietnam

Malaysia

Mexico

Canada

Japan



Impact on Business

- Zero tariff and quota for goods with Asean rule of origin (40% on single and cumulative regime) and later to cover Asean plus 3 and 6
- Financial liberalization: Dismantling financial control in a progressive way-trade, current account and capital account
- Liberalization of investment: 5 priority areas and 5 services and expanding further

Impact on Business

- Liberalization of labor: initially 8 skilled labors and later on expanding further
- Capital market integration both equity and debt instruments
- Progressive harmonization of standard: agriculture (food safety network), fishery (maximum residue limit)
 - Agreement on Asean Harmonized Cosmetic Regulatory Scheme) 2000
 - Agreement on Asean Harmonized Equipment and Electronic Equipment Regulatory Scheme)

Impact on Business

- Consumers increase from 550 million to over 3300 million with Asean + 3 and 6
- Increasing trade and investment volume along with booming mergers and take-over

ASEAN

Economic Community

at a Glance

ASEAN Economy

A Highly Competitive Economic Region

With a combined GDP of **US\$2.6 trillion** in 2014, ASEAN economy was the **7th largest in the world** and the **3rd largest in Asia**

ASEAN Population

A Region Fully Integrated Community

In 2014, ASEAN was the **3rd largest market in the world** with **622 million people** behind only China and India

ASEAN Trade

A More Integrated Market

Total trade increased by nearly **US\$1 trillion** between 2007 and 2014, with **intra-ASEAN** trade comprising **the largest share** of ASEAN's total trade by partner.

ASEAN FDI

A World Class Investment Destination

ASEAN attracted **US\$136 billion** in FDI in 2014, accounting for **11%** of global FDI inflows, up from only **5%** in 2007

ASEAN Connectivity

A More Connected Community

Annual tourist arrivals were up from **62 million** in 2007 to **105 million** in 2014, **almost half** of which were **intra-ASEAN**

The rate of Internet subscription **more than doubled** from **11.8 per 100 inhabitants** in 2007 to **28.6** in 2014



one vision
one identity
one community

ASEAN Economic Community 2025

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A Highly Integrated and Cohesive Economy	A Competitive, Innovative, and Dynamic ASEAN	Enhanced Connectivity and Sectoral Cooperation	A Resilient, Inclusive and People-Oriented, People-Centred ASEAN	A Global ASEAN
• Trade in Goods	• Effective Competition Policy	• Transport	• Strengthening the Role of Micro, Small, and Medium Enterprises	• More strategic and coherent approach towards external economic relations
• Trade in Services	• Consumer Protection	• Information and Communications Technology	• Strengthening the Role of the Private Sector	• Review existing FTAs
• Investment Environment	• Strengthening Intellectual Property Rights Cooperation	• E-commerce	• Public-Private Partnership	• Enhance economic partnerships with non-FTA Dialogue Partners by upgrading and strengthening trade and investment work programmes/plans
• Financial Integration, Financial Inclusion, and Financial Stability	• Productivity-Driven Growth, Innovation, Research and Development, and Technology Commercialisation	• Energy	• Narrowing the Development Gap	• Engage with regional and global partners
• Facilitating Movement of Skilled Labour and Business Visitors	• Taxation Cooperation	• Food, Agriculture, and Forestry	• Contribution of Stakeholders on Regional Integration Efforts	• Continue strongly supporting the multilateral trading system and actively participating in regional fora
• Enhancing Participation in Global Value Chains	• Good Governance	• Tourism		• Continue to promote engagement with global and regional institutions
	• Effective, Efficient, Coherent and Responsive Regulations, and Good Regulatory Practice	• Healthcare		
	• Sustainable Economic Development	• Minerals		
	• Global Megatrends and Emerging Trade-related Issues	• Science and Technology		



Our People, Our Community, Our Vision
MALAYSIA 2015

- The 27th ASEAN Summit was held at Kuala Lumpur, Malaysia from 18 to 22 November 2015. It was attended by leaders from 18 Asia-Pacific countries, including the United States and Russia.



- At the 27th ASEAN Summit, the ten members of the Association of Southeast Asian Nations (ASEAN) inked the **2015 Kuala Lumpur Declaration on the Establishment of the ASEAN Community** which will see a community formed on 31 December 2015
- It is a step towards realizing the idea of a three-pillared community to deepen regional integration first proposed in 2003 comprising an ASEAN Political and Security Community; an ASEAN Economic Community; and an ASEAN Socio-Cultural Community.



The *ASEAN 2025: Forging Ahead Together* comprise five (5) documents namely:

1. Kuala Lumpur Declaration on *ASEAN 2025: Forging Ahead Together*
2. ASEAN Community Vision 2025
3. ASEAN Political-Security Community (APSC) Blueprint 2025
4. ASEAN Economic Community (AEC) Blueprint 2025
5. ASEAN Socio-Cultural Community (ASCC) Blueprint 2025.

Vision 2025 is designed to sustain the momentum of the integration in the region and further boost the efforts in building the ASEAN Community.





What is new about *2025 Forging Ahead Together*?

- The *ASEAN 2025: Forging Ahead Together* reflects a considerable degree of progression in terms of agreed action lines/strategic measures, building upon the best practices and lessons learnt from the implementation of the Roadmap for an ASEAN for an ASEAN Community. There are significant numbers of new elements or action lines/strategic measures being introduced to ensure that *ASEAN 2025* is relevant, contemporary and responsive to the challenges of the time. For instance, it is envisaged that the peoples of ASEAN will not only benefit from but also participate in ASEAN growth and development. At the same time, existing action lines/measures that are still applicable have been maintained

APSC Blueprint 2025

The APSC Blueprint 2025 comprises four key characteristics as follow:

1. A rules-based, people-oriented, people-centred community bound by fundamental principles, shared values and norms, in which our peoples enjoy human rights, fundamental freedoms and social justice, embrace the values of tolerance and moderation, and share a strong sense of togetherness, common identity and destiny;
2. A resilient community in a peaceful, secure and stable region, with enhanced capacity to respond effectively and in a timely manner to challenges for the common good of ASEAN, in accordance with the principle of comprehensive security;
3. An outward looking community that deepens cooperation with external partners, upholds and strengthens ASEAN centrality in the evolving regional architecture, and plays a responsible and constructive role globally based on an ASEAN common platform on international issues; and
4. A community with strengthened institutional capacity through improved ASEAN work processes and coordination, increased effectiveness and efficiency in the work of all ASEAN Organs and a strengthened ASEAN Secretariat, as well as increased ASEAN institutional presence at the national, regional and international levels.



What are the focus of the APSC Blueprint 2025?

1. Greater focus is given towards realizing a rules-based, people-oriented, people-centred ASEAN. These, among others, include action lines concerning effective implementation of the ASEAN Charter and all ASEAN agreements signed/ratified, strengthening good governance and the rule of law as well as the promotion and protection of human rights.
2. Emphasis is also given towards strengthening ASEAN ability to deal with existing and emerging challenges confronting the region. These challenges include the traditional and non-traditional security issues, as well as those arising from the rapidly evolving geopolitical landscape. In this regard, a substantial number of action line to strengthen the bodies and mechanisms under ASEAN, and all other ASEAN-led mechanisms such as the EAS, APT, ARF as well as ADMM-Plus have been introduced.
3. Given the urgent need to address to issue of violent extremism, action lines promoting tolerance and moderation have also been included in the APSC Blueprint 2025.
4. Importance is also given towards ensuring that ASEAN maintains its centrality and leadership in the evolving regional architecture. Action lines, in this regard, are designed to ensure that ASEAN can effectively respond to changing geopolitical landscape, and ultimately shape a regional architecture that is open, transparent, inclusive and rules-based. In addition, as an outward-looking Community, there are also action lines to ensure that ASEAN continues to deepen its engagement with its external partners, as well as enhance its capacity to contribute to key global issues of common interest and concern.



What are the focus of the APSC Blueprint 2025? (continue)

5. The APSC Blueprint 2025 places great emphasis towards strengthening ASEAN institutional capacity and effectiveness. This is also in tandem with the ongoing exercise that ASEAN has undertaken, particularly through the implementation of the Report and Recommendations of the High Level Task Force on Strengthening the ASEAN Secretariat and Reviewing the ASEAN Organs given that ASEAN resources and capacities are finite.
6. Emphasis is also given towards promoting ASEAN presence and awareness at the national, regional and international levels. Action lines in promoting the establishment of a dedicated ASEAN unit/division in line ministries/agencies as well as ASEAN Centres/Institutions in each ASEAN Member States are some of the examples of how such effort shall be pursued.
7. The APSC Blueprint 2025 contains more rigorous implementation, as well as monitoring and review mechanisms. There has been a greater clarity on the responsibility of relevant Sectoral Bodies/ASEAN Organs and targeted timeframe for each action line. The timeframe of implementation is divided into four categories i.e ongoing, immediate term (2 years), medium term (more than 2 years) and long term (more than 5 years). The APSC Blueprint also will be reviewed and evaluated biennially (2017, 2019, 2021 and 2023) as well as at mid-term (2020) and end of term (2025).

ASEAN Economic Community (AEC)

- The most significant development during the 27th ASEAN Summit was the signing of 'The 2015 Kuala Lumpur Declaration' on the Establishment of the ASEAN Community, by all 10 ASEAN leaders at the Kuala Lumpur Convention Centre. The Community, known by its acronym AEC, was initially envisaged in 2002.
- The ASEAN members have already taken several steps, such as the removal of tariff barriers and visa restrictions, to make it a reality. The move is also expected to boost political and diplomatic cooperation between members of the grouping.
- The key characteristic of AEC will be single market and production base and a competitive economic region, which would be fully integrated into the global economy.
- Hence, ASEAN region will allow free movement of goods, services, investment, skilled labour, and freer flow of capital.
- The AEC is also likely to give India a greater access to a market with a combined GDP of \$2.57 trillion. This grouping is also viewed as a huge middle-class market that Indian industries and services can take advantage of.
- At the conclusion of the ongoing Summit, a document charting the way forward for ASEAN Community over the next 10 years, until 2025 was also released

AEC Blueprint 2025

The AEC Blueprint 2025 comprises five interrelated and mutually reinforcing characteristics as follow:

1. A highly integrated and cohesive economy facilitating the seamless movement of goods, services, investment, capital, and skilled labour within ASEAN in order to enhance ASEAN's trade and production networks, as well as to establish a more unified market for its firms and consumers;
2. Competitive, innovative and dynamic ASEAN focusing on elements that contribute to increasing the region's competitiveness and productivity by: (i) engendering a level playing for all firms through effective competition policy; (ii) fostering the creation and protection of knowledge; (iii) deepening ASEAN participation in GVCs; and (iv) strengthening related regulatory frameworks and overall regulatory practice and coherence at the regional level;
3. Enhanced economic connectivity and sectoral integration through enhanced economic connectivity involving various sectors, namely, transport, telecommunication and energy, in line with and in support of the vision and goals of the Master Plan on ASEAN Connectivity (MPAC) and its successor document, as well as to further integrate and cooperate in key sectors that complement existing efforts towards creating an integrated and sustainable economic region, with the aim to maximise their contribution in improving the overall competitiveness of ASEAN and strengthening soft and hard networks in the region;

AEC Blueprint 2025 (continue)

4. Resilient, inclusive and people-oriented, people-centred ASEAN through enhancing “Equitable Economic Development” by: (i) strengthening the role of Micro, Small and Medium Enterprises, (ii) strengthening the Role of the Private Sector, (iii) promoting Public-Private Partnership, (iv) narrowing the Development Gap and (v) enhancing contribution of stakeholders on regional integration efforts; and
5. Global ASEAN through continuing the work towards integrating the AEC into the global economy by: (i) Developing a more strategic and coherent approach towards external economic relations; (ii) continue to review and improve ASEAN FTAs and CEPs; (iii) enhancing economic partnerships with non-FTA Dialogue Partners; (iv) engaging with regional and global partners to explore strategic engagement to pursue economic partnerships with emerging economies and/or regional groupings; (v) continue strongly supporting the multilateral trading system and actively participating in regional for a; (v) continue to promote engagement with global and regional institutions.

APCC Blueprint 2025

The ASCC Blueprint 2025 comprises five key characteristics:

1. Engages and benefits the people by enhancing commitment, participation and social responsibility of ASEAN peoples through an accountable and engaging mechanism for the benefit of all, towards a community of engaged and empowered ASEAN peoples who are provided the platforms to participate in ASEAN processes as well as to enjoy the benefits from the various initiatives;
2. Inclusive by promoting equitable access to opportunities for ASEAN peoples, as well as promoting and protecting the human rights of women, children, youths, elderly/older persons, persons with disabilities, migrant workers, ethnic minority groups, and vulnerable and marginalised groups;
3. Sustainable by promoting and ensuring balanced social development and sustainable environment that meet the needs of the peoples at all times. The aim is to strive for an ASEAN Community with equitable access to sustainable environment that can support its social development and its capacity to work towards sustainable development;
4. Resilient by focusing on enhanced capacity to collectively respond and adapt to current challenges and emerging threats. Socio-cultural resilience has cross-pillar linkages within the ASEAN Community and is recognized as an effective force for moderation for the common good, and one that is prepared for natural and human-induced disasters, and socio-economic crises;
5. Dynamic by strengthening the ability to continuously innovate and be a proactive member of the global community. The aim is to provide an enabling environment with policies and institutions that engender people and firms to be more open and adaptive, creative, innovative, and entrepreneurial.



At the same time, the Leaders signed many documents, which are

- 1) 2015 Kuala Lumpur Declaration on the Establishment of the ASEAN Community
- 2) Kuala Lumpur Declaration on the ASEAN 2025: Forging Ahead Together
- 3) ASEAN Convention Against Trafficking in Persons, Especially Women and Children.
- 4) ASEAN Joint Statement on Climate Change 2015
- 5) Kuala Lumpur Declaration on Higher Education
- 6) Kuala Lumpur Declaration on Ageing: Empowering Older Persons in ASEAN)

In addition, they adopted eighteen outcome documents, which reflect their commitment in promoting further cooperation among ASEAN Member States and between ASEAN and its Dialogue Partners, as well as ASEAN's proactive role in the Asia-Pacific region.

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- The Leaders of ASEAN and China also witnessed the **Signing of the Protocol to Amend the Framework Agreement on Comprehensive Economic Co-operation and Certain Agreements thereunder** between ASEAN and the People's Republic of China by ASEAN and China Economic Ministers.
 - The Prime Minister also joined fifteen other countries participating in **the Regional Comprehensive Economic Partnership (RCEP)** to announce the extension of RCEP negotiation until the end of 2016.

RCEP members consist of

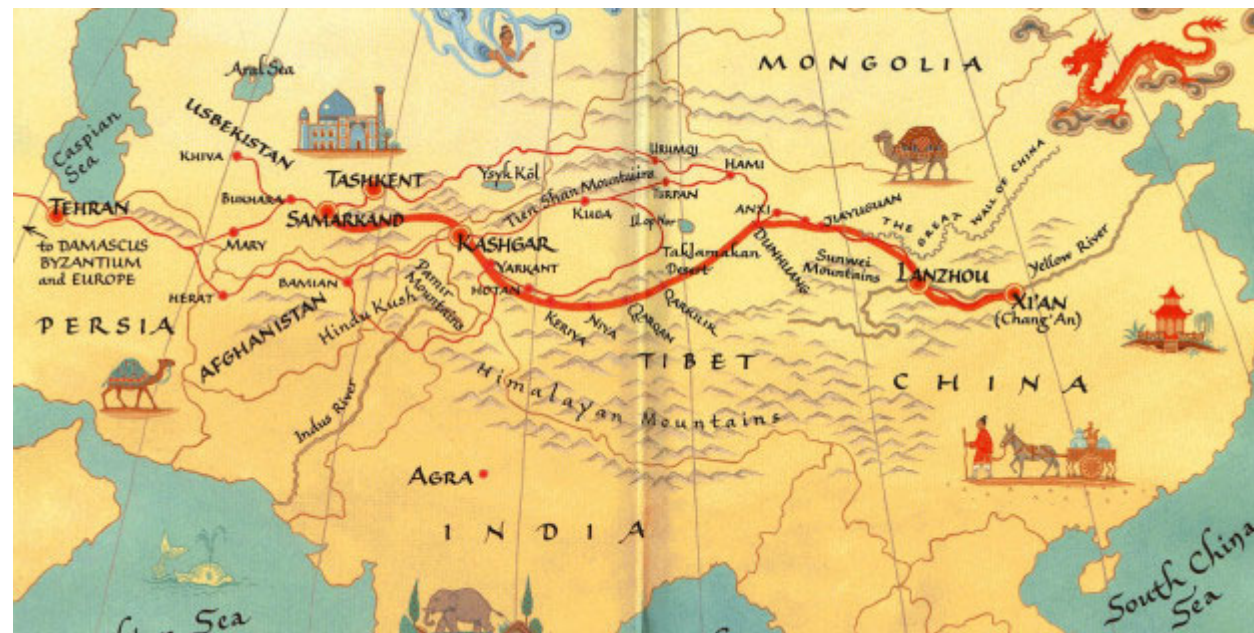
- 10 ASEAN Member States
- China
- Japan
- Republic of Korea
- Australia
- New Zealand
- India



One Belt One Road (OBOR)

History

- **More than 2,000 years ago**, China's imperial envoy Zhang Qian helped to establish the Silk Road, a network of trade routes that linked China to Central Asia and the Arab world. The name came from one of China's most important exports—silk. And the road itself influenced the development of the entire region for hundreds of years.





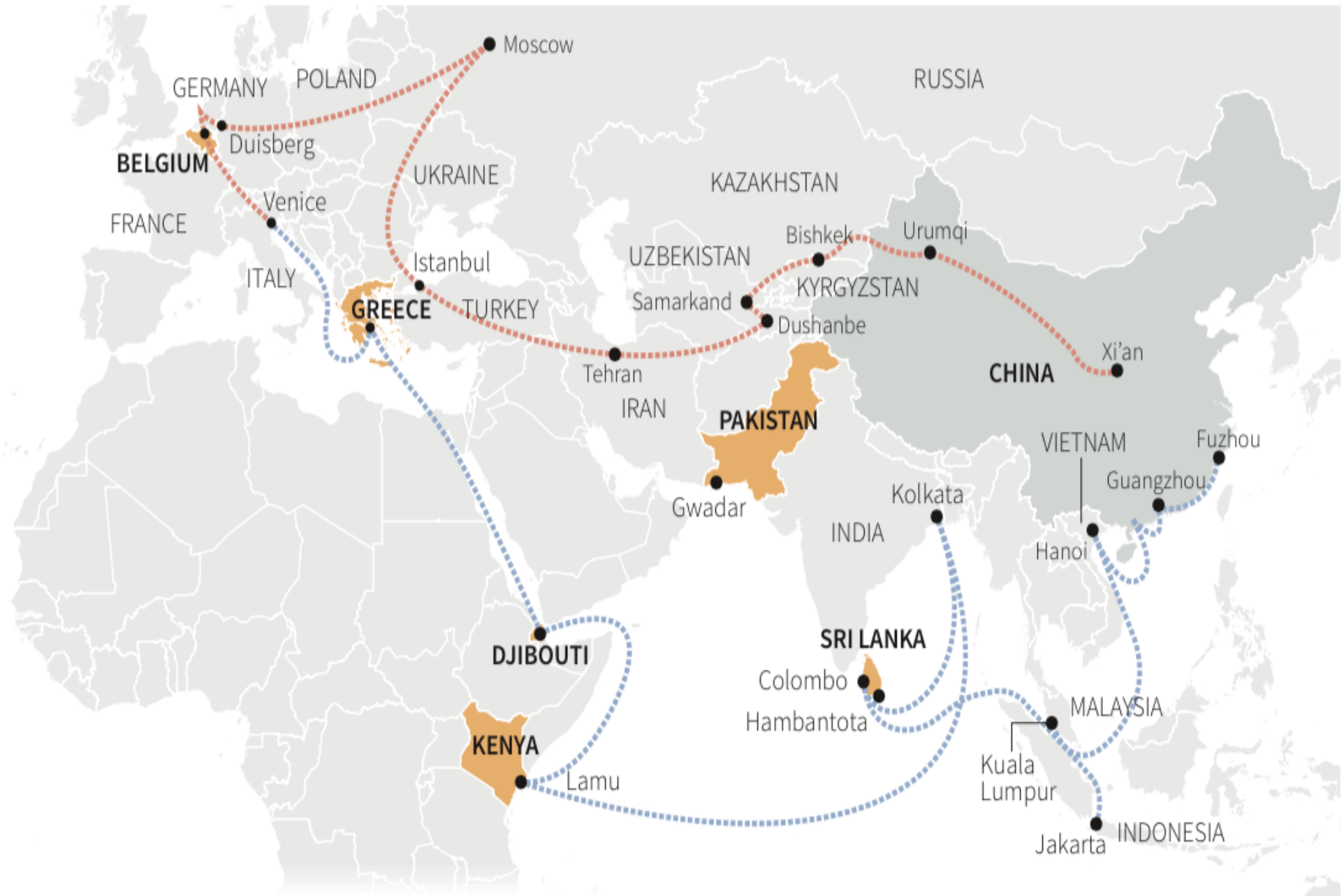
History (Continue)

- In 2013, China's president, Xi Jinping, proposed establishing a modern equivalent, creating a network of railways, roads, pipelines, and utility grids that would link China and Central Asia, West Asia, and parts of South Asia.
- This initiative, One Belt and One Road (OBOR), comprises more than physical connections. It aims to create the world's largest platform for economic cooperation, including policy coordination, trade and financing collaboration, and social and cultural cooperation. Through open discussion, OBOR can create benefits for everyone

History (Continue)

- The State Council authorized an OBOR action plan in 2015 with two main components:
 1. **the Silk Road Economic Belt**
 2. **21st Century Maritime Silk Road (exhibit)**
 - The Silk Road Economic Belt is envisioned as three routes connecting China to Europe (via Central Asia), the Persian Gulf, the Mediterranean (through West Asia), and the Indian Ocean (via South Asia).
 - The 21st Century Maritime Silk Road is planned to create connections among regional waterways.
- More than 60 countries, with a combined GDP of \$21 trillion, have expressed interest in participating in the OBOR action plan

..... Maritime Silk Road initiative Silk Road Economic Belt



- World leaders gathered in Beijing over the past two days from 14 to 15 May 2017 to hear China's plan for global trade: the One Belt One Road (OBOR) initiative
- Nearly 70 countries and international organizations have signed up for the mega infrastructure project



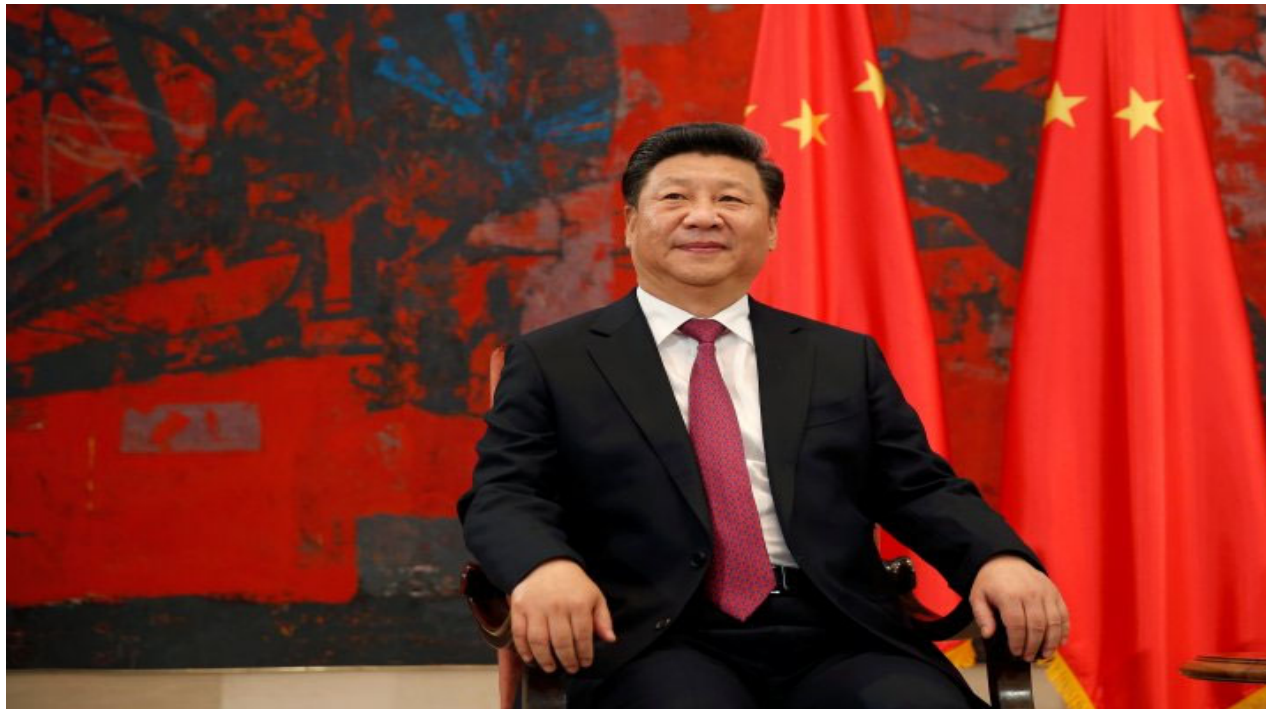


What is “One Belt One Road”

- It's about building massive infrastructures, mostly around transport and energy: roads, bridges, gas pipelines, ports, railways, and power plants
- the program is an estimated \$5 trillion infrastructure spending spree that spans 60-plus countries across Asia, the Middle East, Europe, and Africa.
- Hailed by Xi as a “project of the century,” the plan fits into his bigger narrative that China is setting an example of globalization, filling the void left by the US under Donald Trump's “America First” policy.



- Xi claimed he will pledge at least \$113 billion in extra funding for the initiative, and urged countries across the globe to join hands with him in pursuit of globalization.



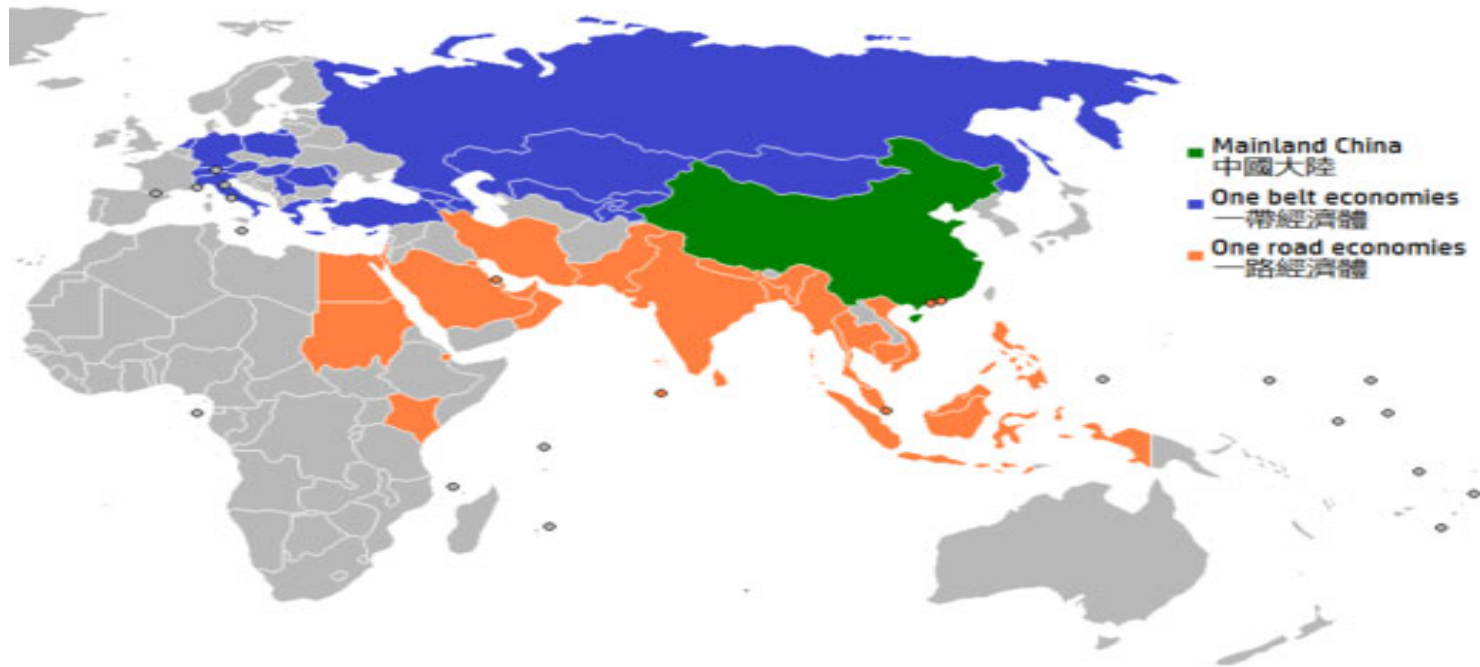
The Name

- The “One Belt” part of it refers to the Silk Road Economic Belt while the “One Road” refers to the 21st-century Maritime Silk Road. Jointly, they’re meant to be a revival of the ancient Silk Road trading routes.



Who are the partners

- China says the project is open to everyone, but it has also identified 65 countries along the Belt and Road that, since the early stages of the proposal, it has insisted will participate in the initiative—whether they've confirmed it themselves or not.
- Together, the 64 nations plus China account for 62% of the world's population and 30% of its economic output





Progress so far (1)

- China has never published any comprehensive list of all OBOR-related projects or deals. The initiative is vaguely conceived and described at the first place, perhaps to make it easier to bundle anything it wants into it.
- As leading players in the initiative, about 50 Chinese state-owned companies have invested in nearly 1,700 OBOR projects since 2013, said the Chinese government days ahead of the Beijing forum.

Progress so far (2)

- The flagship projects include the \$46 billion China-Pakistan corridor, a 3,000km high-speed railway connecting China and Singapore, and gas pipelines across central Asia. The Belt and Road initiative has also entered regions as far as New Zealand, Britain and even the Arctic



Where does the money come from ? (1)

- The \$113 billion in extra funding Xi promised will be disbursed through three different sources.
 - These include the state-owned Silk Road Fund, which was officially launched in 2015 with \$40 billion of initial capital, and two Chinese policy banks, the China Development Bank and the Export and Import Bank of China. Some analysts have warned (paywall) that some OBOR projects financed by these banks may lose money—maybe a lot of it.



Where does the money come from ? (2)

- Two multilateral institutions led by China, the Beijing-based Asian Infrastructure Investment Bank (AIIB)—with its registered capital of \$100 billion—and the Shanghai-based New Development Bank—with \$50 billion starting capital—are also major financiers of the initiative.
- In 2016, for example, the AIIB approved \$1.7 billion in loans to nine development projects along the Belt and Road.
- Chinese lenders are also powering the new Silk Road plan. Louis Kuijs, head of Asia research at Oxford Economics, estimates that the annual Chinese lending to other OBOR countries stands at around \$130 billion (paywall) in recent years—and the bulk of that is from commercial banks.
- Speaking at the Beijing forum, Zhou Xiaochuan, governor of the Chinese central bank, [has pledged](#) (link in Chinese) to help domestic banks fund more OBOR projects in the years to come. He added that China is also seeking financial cooperation with other OBOR nations, as its own resources are limited.
- China is also hoping that other countries and funds will pitch in.

