

Welcoming Remark
by
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at
The 11th ASEAN Finance Ministers' Investor Seminar
ASEAN: Dynamic, Resilient, and Inclusive Region
15th November 2016, Jakarta, Indonesia

Excellencies

Honorable ASEAN Finance Ministers and Deputy Ministers

Distinguished Guests

Ladies and Gentlemen

Good Morning

On the outset, I would like to take this opportunity to thank Ministry of Finance of the Republic of Indonesia for taking the initiative to organise this important and timely seminar. As you know, this year is the inaugural year of the ASEAN Community, which was formally established on 31 December 2015. While there has been much excitement, there remains insufficient awareness and understanding about the ASEAN Economic Community, what it really means and what it has to offer, among businesses and other stakeholders. The Seminar therefore provides a platform for ASEAN to showcase to businesses the investment opportunities and potentials that it has to offer.

Distinguished Guests

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In today's world, we have observed a few worrying trends of late. Global economic outlook has remained subdued, while global trade continued to slow. In 2015, real global output grew by just 2.4% year-on-year, and merchandise trade volume at an equally modest 2.7%. At the same time, we have been perturbed by a growing protectionist sentiment.

Established almost half a century ago – in fact, we will be celebrating our 50th anniversary next year – ASEAN has experienced firsthand the collective opportunities and benefits from regional economic integration. We started a vision to build a prosperous and peaceful community of Southeast Asian nations through economic growth, social progress and cultural development. These joint endeavours in the spirit of equality and partnership has transformed ASEAN into one of the world's fastest growth centres. Indeed, with an average real growth rate of 5.2% between 2007 and 2015, ASEAN has consistently outperformed global growth. And with more than half of its population below thirty years old of age, and a rising middle class population, this growth momentum is set to continue into the future.

This economic dynamism has made ASEAN one of the world's preferred investment destinations. Foreign direct investment flows to the region stood at USD 120 billion in 2015, representing 7% of global total and positioning ASEAN as the 4th largest FDI recipient after the

US, Hong Kong and China. Collectively, ASEAN is also the world's 4th largest trader after China, USA and Germany, with total trade of USD 2.3 trillion in 2015.

ASEAN has emerged as a strong player in the global trade arena, leveraging on its strategic location, rich resource endowment, cost effectiveness, demographic dividends and relatively stable political and security environment. Given these fundamental strengths, the region will continue to provide businesses with sustainable market opportunities.

Significant progress continued to be made in regional economic integration through the pursuit of concrete initiatives including, the elimination of intra-regional tariff, continued reduction of business costs through streamlining of customs procedures, harmonisation of standards as well as business-friendly regulatory frameworks.

The region's accomplishments are increasingly recognised by businesses including the small and medium enterprises, most of which have already operated or are developing strategies to operate in ASEAN, as highlighted in recent survey. Such findings testify to the growing business from within the region and internationally have on the potential of and opportunities presented by ASEAN economic integration agenda.

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While ASEAN is embarking on its new phase of regional integration in an uncertain global economic and political environment, the longer term outlook remains robust and positive. The younger generations will learn, grow and live in the ASEAN century, and there is no turning back. Herein lie the responsibilities of ASEAN to live up to its potentials and as a sustainable, resilient and inclusive growth engine.

To this end, the new AEC Blueprint 2025 charts forward-looking, bolder and more ambitious directions for ASEAN economic integration over the next 10 years.

The new AEC blueprint underscores the importance of the transformative forces of global megatrends, which would irreversibly affect the surrounding. In keeping with these emerging trends, the new Blueprint go beyond the continuing areas of cooperations to also include new areas such as e-commerce, global value chains, sustainable development, good regulatory practice, as well as public private partnership.

As ASEAN moves away from a production-driven economy to a productivity-driven economy, the region will embrace research and development, and investment in innovation and commercialisation of technology as well as in human resource development. Given their crucial role as the backbone of the region's economy, ASEAN will also continue supporting the development of the micro, small and medium enterprises.

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In its economic integration agenda, ASEAN continues to embrace open regionalism and will strive to be an active global player. Moving forward, ASEAN will play a more proactive and strategic role in shaping the regional economic architecture and in other international and multilateral fora, while at the same time uphold its centrality.

ASEAN is currently involved in the negotiations of the Regional Comprehensive Economic Partnership (RCEP), and we remain steadfast to deliver our Leaders' mandate for a swift conclusion of a modern, comprehensive, high-quality and mutually beneficial economic partnership agreement. Successfully concluded, RCEP will create the world's largest trade bloc, covering almost half of the world's population and almost a third of global output and trade. We are therefore at an exciting time, and we look forward to welcome you to invest in and grow with our region.

Thank you.