



## ASEAN ECONOMIC COMMUNITY (AEC)



one vision  
one identity  
one community

# ASEAN Economic Community (AEC)

The first ASEAN Economic Community (AEC) Blueprint, signed in November 2007, has served as a comprehensive master plan to chart the region's journey towards the formal establishment of the AEC on 31 December 2015. Under this Blueprint, the AEC is built on four interrelated and mutually-reinforcing characteristics: (a) a single market and production base, (b) a highly competitive economic region, (c) a region of equitable economic development, and (d) a region fully integrated into the global economy.

The first AEC characteristic seeks to create a single market and production base through free flow of goods, services, investment, skilled labour and freer flow of capital. The second characteristic helps to create a business-friendly and innovation-supporting regional environment through the adoption of common frameworks, standards and mutual co-operation across many areas, such as in agriculture and financial services, and in competition policy, intellectual property rights, and consumer protection. It also supports improvements in transport connectivity and other infrastructure networks. The third characteristic seeks to achieve equitable economic development through creative initiatives that encourage small and medium enterprises to participate in regional and global value chains and focused efforts to build the capacity of newer ASEAN Member States to ensure their effective integration into the economic community. The fourth characteristic envisages ASEAN's full integration into the global economy pursued through a coherent approach towards external economic relations, and with enhanced participation in global supply networks.



The establishment of AEC brings about opportunities in the form of a huge market worth over US\$ 2.5 trillion. Collectively, the region is the 7<sup>th</sup> largest economy in the world and, with a population of over 622 million people, represents the 3<sup>rd</sup> largest market base in the world, behind only China and India.

### **AEC 2015: Key Achievements**

Key achievements under the AEC 2015 include the following:

- (i) *More liberalised market:* Intra-ASEAN import tariffs have been virtually eliminated and formal restrictions in services sector gradually removed, providing its peoples with greater opportunities in trading and doing business within the region.
- (ii) *Reduced trade costs:* Cross-border trading processes have been simplified, including in customs procedures and rules of origin, harmonisation of technical regulations and mutual recognition arrangements.
- (iii) *Improved investment regimes:* ASEAN has become a more attractive investment destination for international and domestic investors alike.
- (iv) *Enhanced mobility of skilled people:* Cross-border movement of skilled people and professionals has been facilitated.
- (v) *Free trade and comprehensive economic partnership agreements:* ASEAN businesses are provided with more opportunities to expand their reach in the external markets, and strengthen their role in regional and global value chains.
- (vi) *A business-friendly and innovation-supportive environment:* This is achieved through the adoption of common frameworks, standards and mutual cooperation in various areas, such as in agriculture and financial services, and in competition policy, intellectual property rights, consumer protection as well as SME development.
- (vii) *Physical improvements in transportation and other infrastructure networks:* These improvements have facilitated cross-border transportation and contributed to the reduction of overall costs of doing business, providing ASEAN peoples and business the opportunity to work together more productively.
- (viii) *Narrowing the development gap:* Along with the process of regional integration, initiatives that help narrow the development gap among and within ASEAN Member States have also been put in place.

### **AEC 2025: The Way Forward**

The formal establishment of the AEC in 2015 is not a static end goal, but a dynamic process that requires continuous reinvention of the region to maintain its relevance in an evolving global economy. The AEC Blueprint 2025 has therefore been adopted to guide ASEAN economic integration from 2016 to 2025.

Under the new Blueprint, a stronger AEC is envisaged by 2025 with the following characteristics:

- (a) A Highly Integrated and Cohesive Economy;
- (b) A Competitive, Innovative, and Dynamic ASEAN;
- (c) Enhanced Connectivity and Sectoral Cooperation;
- (d) A Resilient, Inclusive and People-Oriented, People-Centred ASEAN; and
- (e) A Global ASEAN

Looking at the decade ahead, ASEAN will strive to build on the early gains from the AEC 2015 as well as be forward looking in anticipating new opportunities and challenges. The post-2015 agenda would thus include a clear strategy to address any unfinished agenda from AEC 2015 which are deemed critical in deepening regional economic integration. Furthermore, efficient institutions, adequate resources as well as effective planning and monitoring are imperative to ensure successful outcomes of the community building process beyond the establishment of the AEC 2015.

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ASEAN Economic Community 2025				
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		

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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Catalogue-in-Publication Data

Fact Sheet – ASEAN Economic Community  
Jakarta: ASEAN Secretariat, December 2015

337.0959

1. Trade – Investment – Finance  
2. ASEAN – Economic Community

ISBN 978-602-0980-65-2

ASEAN: A Community of Opportunities

Photo credits: ASEAN Secretariat.

General information on ASEAN appears online at the ASEAN Website: [www.asean.org](http://www.asean.org)

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