

**“Progress in ASEAN Economic Integration since the Adoption
of the ASEAN Charter”
By Dr Surin Pitsuwan, Secretary-General of ASEAN,
At the Business Dialogue with the Federation of Japanese Chambers of Commerce and Industry
in ASEAN
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Your Excellency Mr Yoshinori Katori, Ambassador for ASEAN

Mr. Kimihisa Imada, Chairman of the Jakarta Japan Club Foundation

Mr. Yasuo Hayashi, Chairman of Japan External Trade Organization (JETRO)

Distinguished Chairpersons of Japanese Chambers of Commerce and Industry as well as equivalent entities in ASEAN Member States,

Ladies and gentlemen,

1. Good afternoon. First of all, allow me to extend my warm welcome to all of you to the ASEAN Secretariat for this important Business Dialogue with the Federation of Japanese Chambers of Commerce and Industry in ASEAN. I would like to thank JETRO and the Federation for this initiative.
2. It is a pleasure for me to speak to you today on the progress in ASEAN economic integration since the adoption of the ASEAN Charter. Indeed, the role of JETRO and the Federation in promoting and strengthening trade relations and business linkages between ASEAN and Japan has provided support to the community building process in ASEAN.
3. The entry into force of the ASEAN Charter on 15 December 2008 marked a significant milestone in the history of ASEAN. It signifies the coming of age of ASEAN as a regional inter-governmental body which is rules-based and has a legal personality of its own.
4. The ASEAN Charter is also an important catalyst to bring ASEAN to its next level of integration, which is the building of an ASEAN Community by 2015, comprising the ASEAN Political-Security Community (APSC), ASEAN Economic Community (AEC) and ASEAN Social-Cultural Community (ASCC). This is because for an ASEAN Community to become a reality, ASEAN requires a higher level of political will and collective commitment, more systematic and concerted efforts, clear-cut strategic schedules, certainty of implementation, efficient monitoring and reporting on compliance, and effective dispute settlement systems. In this regard, the ASEAN Charter and the Roadmap for an ASEAN Community (2009-2015) consisting of the three Community Blueprints and the Initiative for ASEAN Integration Work Plan 2 capture these requirements for community building.
5. The onus is now on us to implement these and to make the ASEAN Community a reality. While this is an ambitious undertaking, the past four decades of ASEAN cooperation has laid a solid groundwork for us to build on the Community. Here, I would like to share with you some of the key progress that we have achieved since the adoption of the ASEAN Charter.

Progress of Community Building

The ASEAN Charter

6. With the entry into force of the ASEAN Charter last year, ASEAN now operates under a legal framework and has established a number of new organs. It exemplifies the commitment of Member States to catalogue their legal obligations and rights supported by new mechanisms and a strengthened ASEAN Secretariat for a more systematic and rules-based building of the ASEAN Community. In line with the goal of making ASEAN into a more rules-based organisation, a High

Level Legal Experts' Group (HLEG) has been formed to address issues relating to the legal personality of ASEAN and dispute settlement mechanisms.

7. To strengthen the institutional structure and capacity of ASEAN, new bodies have been established and these include the ASEAN Coordinating Council, the ASEAN Community Councils which comprises the three Community Councils, and the Committee of Permanent Representatives to ASEAN.
8. An ASEAN human rights body will also be set up as inscribed in the Charter to promote and protect human rights and fundamental freedoms. A High Level Panel (HLP) was formed to draft the terms of reference for the ASEAN human rights body which is expected to be established by the 15th ASEAN Summit which Thailand will host at the end of this year.
9. In addition, one of the two new Deputy Secretaries-General has been openly recruited. The ASEAN Secretariat has also been re-structured to align itself to the requirements of the Charter and to assist Member States in implementing the Community Blueprints.
10. These are just some of the overarching changes that have taken place. Besides these, progress has been made in each of the three Communities.

Community Blueprints

11. Before a house can be built, we need a blueprint. Similarly, to build an ASEAN Community, ASEAN is guided by blueprints which specify the actions that should be taken to construct it. This afternoon, I would focus on the ASEAN Economic Community. Despite the ongoing financial crisis, I am pleased to note that substantive progress has been achieved in this pillar.
12. A key characteristic of an ASEAN Economic Community is **a single market and production base** with free flow of goods, services and investment. Much headway has been made in this area. Tariff liberalisation is very close to the full realisation of establishing ASEAN Free Trade Area. Average tariff is down to 1.95% in 2008, from 4.43% in 2000. Emphasis is now placed on removing non-tariff barriers to trade and enhancing trade facilitation such as customs, standards and conformance, to further boost intra- and extra-ASEAN trade.
13. Two key agreements that are relevant to today's regional business practices were also concluded early this year - the ASEAN Trade in Goods Agreement and the ASEAN Comprehensive Investment Agreement. These agreements allow for a streamlined, consolidated, predictable and transparent set of rules for us to achieve our goals of a single market and production base by 2015. Services liberalisation is also on track with the signing of the Protocol to Implement the 7th Package of Services Commitments at the 14th ASEAN Summit in February 2009. This is the most ambitious of the commitments made to date in liberalising the services sectors in ASEAN.
14. Substantive progress has also been made in the area of finance, particularly the Chiang Mai Initiative Multilateralisation. ASEAN and the Plus Three countries of China, Japan and South Korea have agreed on the main components of the multilateralised swap arrangements including the individual country's contribution in an effort to strengthen financial cooperation in the region. The arrangement is expected to be implemented by the end of this year.
15. Building a **highly competitive economic region** is another prominent feature in an ASEAN Economic Community. To promote fair competition and business practices, efforts are underway to support ASEAN Member States to put in place competition policies and laws. Recognising that a robust infrastructure is vital to a region's competitiveness, three key agreements relating to air freight services, air services and inter-state transport were signed in 2008.
16. Narrowing the development gap in ASEAN and the development of Small and Medium Enterprises (SMEs) are key to achieving **equitable economic development** in the region. The second work plan for the Initiative for ASEAN Integration was developed to drive efforts in narrowing the development gap by 2015. Strategies are also being developed to facilitate the emergence of a SME sector which is characteristically entrepreneurial, growth oriented, outward-looking, modern and innovative.

17. Recognising the interdependency with world economies and the importance of an outward-looking posture, ASEAN continues to pursue **full integration into the global economy**. ASEAN recently signed a comprehensive economic agreement with Australia and New Zealand collectively, and an investment agreement with Korea. A trade in goods agreement with India and an investment agreement with China are expected to be signed in the next few months.
18. In addition, ASEAN endeavours to **maintain ASEAN centrality** by strengthening its commitment towards the 2015 target. It is imperative that ASEAN delivers on its promises. This is currently being facilitated by the AEC Scorecard mechanism which tracks the implementation of measures contained in the AEC Blueprint. The participation of key stakeholders, particularly businesses, in the process is also crucial, and this is where the AEC communications plan plays a part – to inform and engage them in community building.

ASEAN-Japan Relations and ASEAN Community Building

19. Community building in ASEAN has clearly put us in the spotlight. To the international community, it proves our resilience as a regional grouping; that we have come this far, are prepared to go further, want to accomplish even more for our peoples, and a desire to be taken as a serious player in the evolving regional architecture.
20. And the international community has responded. ASEAN now has 24 accredited non-ASEAN Ambassadors to ASEAN. More are expected to be appointed. ASEAN also has the support of our ten Dialogue Partners who have appointed their ambassadors to work closely with ASEAN and developed cooperation programmes to support our integration goals.
21. Japan, an ardent Dialogue Partner of ASEAN since 1973, is among the first few to appoint an ambassador to ASEAN, H.E. Yoshinori Katori, who is here with us today. Just a few months ago, Japan topped up a contribution of about US\$90 million to the Japan-ASEAN Integration Fund to implement cooperation activities in “Disaster Management and Emergency Response in the ASEAN Region”, “Emergency Assistance Related to Financial Crisis in the ASEAN Region”, and “Japanese Language Training Courses for Nurses and Certified Care-workers”.
22. Japan is also the first developed trading partner of ASEAN to establish a comprehensive free trade agreement with us which has since entered into force. Later today, ASEAN’s trade and business linkages with Japan will move up another notch with the signing of a Memorandum of Understanding between the ASEAN Secretariat and JETRO. We welcome and are thankful for this initiative.
23. There is a Japanese saying that goes, “A single arrow is easily broken, but not ten in a bundle.” Coincidentally, ASEAN is made up of ten countries. Though diverse, we are united by a common aspiration to build an ASEAN Community where our peoples can enjoy peace, economic prosperity and good quality of lives. The financial crisis has not thrown ASEAN off track in our economic integration goals. Instead, ASEAN is even more determined to stay on track with the belief that economic integration and regional cooperation are key to recovery. This unity will be made even stronger with the support from our partners and friends. Thank you for being part of building this Community of ours.