

# THE ASEAN ECONOMIC COMMUNITY (AEC) 2015

— A GUIDE TO THE —  
PRACTICAL BENEFITS



# What is the **AEC 2015?**

The ASEAN Economic Community (or AEC) 2015 is the realisation of regional economic integration among the 10 ASEAN Member States (AMS), which includes the free flow of trade and investment in the region, making it easier to do business here. This was a vision adopted by ASEAN Leaders on ASEAN's 30<sup>th</sup> Anniversary in 1997. The vision was concretised in 2003 through an action plan with specific commitments, captured in an AEC 2015 Blueprint that ASEAN Leaders signed in Singapore in 2007. Originally part of an ASEAN Vision 2020, the timeline for AMS to implement these commitments was brought forward to 2015.

## The AEC 2015 comprises four pillars:

- **A Single Market and Production Base**

A region where:

  - » Barriers to trade in goods and services are removed or reduced
  - » Flows of investment, capital, and skilled labour are facilitated
- **A Highly Competitive Economic Region**

A region where there is:

  - » A culture of fair competition
  - » Institutions and laws that allow businesses to compete on an even playing field
- **A Region of Equitable Economic Development**

A region where focus is given to:

  - » SME development
  - » Narrowing the development gap among AMS
- **A Region Fully Integrated into the Global Economy**

An ASEAN that is well integrated into the global economy through:

  - » Economic cooperation initiatives with trading partners
  - » ASEAN Free Trade Agreements (FTAs) with six FTA partners, i.e. China, Japan, Republic of Korea, India, Australia, and New Zealand.

# Why is ASEAN important?

ASEAN is a vibrant, sizeable and growing force on the global trading platform, set to achieve greater prosperity and stability in the region.

## ASEAN:

- » Is a market with over 600 million consumers and a combined GDP of nearly US\$3 trillion<sup>1</sup>, providing huge potential for business.
- » Attracts global traders and investors. Overall Foreign Direct Investment (FDI) into ASEAN has been growing, reaching US\$136.2 billion in 2013. Singapore is the largest contributor to intra-ASEAN FDI.
- » Is expected to enjoy rapid and sustained growth, with annual growth projected to average 5.4% from 2014 to 2018<sup>2</sup>.
- » Is Singapore's largest trading partner. In 2014, ASEAN accounted for 26.2% of Singapore's total trade with the world<sup>3</sup>.

## Singapore's Trade with ASEAN: % Share > 26%



## Intra-ASEAN FDI Inflows (%)



<sup>1</sup> Source: ASEAN (2014) "Thinking Globally, Prospering Regionally: ASEAN Economic Community 2015"  
<sup>2</sup> Source: OECD Development Centre (2014) "Economic Outlook for Southeast Asia, China and India"  
<sup>3</sup> Source: Department of Statistics (DOS) / IE Singapore

## The AEC is not intended to be:



A customs union  
(no common external tariff)



An economic union  
(no single economic policy)



A monetary union  
(no single currency)



Full economic integration  
(no single monetary, fiscal, and social policy; no supranational body)

# What does the AEC 2015 mean for the people and companies in Singapore?

The commitments that AMS have undertaken to realise the AEC 2015 are wide-ranging. They build on ASEAN's potential, and increase opportunities for the people and companies in Singapore.

- » Manufacturers will benefit from more affordable materials, as tariffs in ASEAN come down, allowing materials to pass through borders at lower costs.
- » Traders will benefit from easier exporting processes and from being able to export at lower costs with tariffs reduced, Rules of Origin (ROO) made more flexible, and customs procedures simplified.
- » Service providers will benefit from gaining access into ASEAN, as discriminatory barriers to AMS's services markets are removed.
- » Investors will benefit from being able to set up investments in ASEAN more easily as regulations become more transparent, foreign ownership restrictions are eased, and investments are guaranteed protection.
- » Skilled workers will benefit from having more opportunities to find jobs in the ASEAN countries.
- » Consumers will benefit from a wider choice of goods and services at more affordable prices, and from greater access to the Internet and broadband connectivity in the region.

# LIBERALISING TRADE IN GOODS

The ASEAN Trade in Goods Agreement (ATIGA), which entered into force in 2010, provides:

- » A legally-binding guarantee of removed or reduced tariffs on ASEAN-originating goods traded in ASEAN
- » Liberal and flexible ROO for products to qualify as ASEAN-originating goods

The ATIGA contains the tariffs each AMS accords each product and clearly specifies the ROO and cumulation rules.

Singapore can export the following, among other products, tariff-free into key ASEAN markets:

 Electrical Machinery and Electrical Equipment	 Organic Chemicals
 Mineral Fuel, Oils and Waxes	 Processed Foods
 Pharmaceuticals	 Plastics and Plastic Products
 Rubber and Rubber Products	 Paper and Paperboard
 Books, Newspapers	 Gems, Precious Metals, Coins

GEL = products that are permanently excluded from tariff reduction for reasons of national security, protection of public morals, protection of human, animal, and plant life and health, and the protection of articles of artistic, historic, and archaeological value. Examples are arms and narcotics.

**What This Means for Exporters**  
Singapore's exports benefit from low or no customs duties entering ASEAN markets. Singapore's exports may enter AMS's markets easily with liberal and flexible ROO, which allow the cumulation of materials from other AMS to be counted towards the originating status of a Singapore export.

## Steps to determine if an exporter can benefit from ATIGA tariff concessions



To qualify as originating, goods must be:

Wholly obtained or produced in the exporting AMS, in accordance with the definitions in the ATIGA ROO text

**Or**

Processed in the exporting AMS in accordance with the following rules:

- » Change in Tariff Classification (CTC) Rule
  - The final product must have a different tariff classification (at the four-digit level, or six-digit level for selected products) from that of the imported or non-originating raw materials used in its manufacture
- » Value-Add Rule
  - The local or ASEAN content of the final product must be at least 40%
- » Process Rule
  - The manufacturing process which characterises the product must have occurred in the exporting AMS

The full rules and criteria are found in the ATIGA ROO legal text.

<http://investasean.asean.org/index.php/page/view/asean-free-trade-area-agreements/view/757/newsid/872/asean-trade-in-goods-agreement.html>

<sup>4</sup> Source: ASEAN (2014) "Thinking Globally, Prospering Regionally: ASEAN Economic Community 2015"

## Customs Integration

To complement tariff measures, ASEAN's Customs administrations have been simplifying customs procedures. Key initiatives are:



### ASEAN Self-Certification

There are two pilot projects on self-certification for Certificates of Origin. These allow certified exporters to self-certify that their goods meet the ATIGA requirements and enjoy ATIGA preferential treatment. This reduces a company's upfront administrative burden of applying for the Certificate of Origin Form D. The first pilot project was implemented in Nov 2010 and involves Brunei, Cambodia, Malaysia, Myanmar, Singapore, and Thailand. The second was implemented in Jan 2014 and involves Indonesia, Lao PDR, the Philippines, Thailand, and Vietnam. ASEAN is working towards one ASEAN-wide self-certification scheme.



### ASEAN Harmonised Tariff Nomenclature (AHTN)

Implemented in 2003, the AHTN is a transparent and uniform goods classification system at the 8-digit level, based on the World Customs Organisation's (WCO) Harmonised Commodity Description and Coding System. ASEAN traders benefit from a unified and consistent way of classifying goods. The AHTN 2012 is the latest version implemented by all AMS. The AHTN is reviewed every five years, with the AHTN 2017 as the next version.



### ASEAN Customs Transit System (ACTS)

The ACTS is a fully computerised system for traders to lodge electronic transit declarations with AMS's Customs administrations and for Customs administrations to exchange transit movement data. Traders need only make a single, standard, electronic declaration for each transit movement of goods to be covered by a single guarantee, valid in all the AMS involved in the transit.



### ASEAN Single Window (ASW)

The ASW is an environment where the 10 AMS's National Single Windows (NSWs) will operate and integrate. Singapore's NSW is TradeNet®. Each NSW will have: a single submission, synchronised processing of data and information, and a single decision-making system for cargo clearance. The ASW aims to expedite customs clearance, reduce transaction time and costs, and make trade seamless through the cross-border electronic exchange of information among AMS. For a start, the ASW will enable the electronic exchange of the ATIGA Certificate of Origin Form D among AMS so that preferential tariffs can be claimed faster.

## Standards & Conformance

ASEAN's measures to harmonise national standards, technical regulations, and conformity assessment procedures to international standards help achieve connectivity among similar regulatory institutions in the region.

### What This Means for Businesses

Measures	Benefits
<b>Harmonisation of standards and technical regulations</b>	In sectors where standards and technical regulations have been harmonised, companies stand to benefit on two levels: <ul style="list-style-type: none"> <li>(i) <b>Increased market opportunities in ASEAN</b> Products tested to comply with requirements in Singapore will comply with requirements in other AMS.</li> <li>(ii) <b>Increased market opportunities in international markets</b> As standards and technical regulations are harmonised with international standards, where applicable, products tested to comply with requirements in Singapore will comply with requirements in other countries which adopt the same international standards.</li> </ul>
<b>Development and implementation of Mutual Recognition Arrangements (MRA) on Conformity Assessment</b>	MRAs reduce business costs and improve time-to-market by eliminating the need for duplicative re-testing for eligible products traded within ASEAN. SMEs would be able to price their products more competitively in export markets.

ASEAN's harmonisation of standards and technical regulations and MRAs are focused on nine priority sectors.



Electrical and Electronic Equipment



Medical Devices



Pharmaceutical Products



Cosmetics



Automotives



Prepared Foodstuff



Traditional Medicines and Health Supplements



Rubber-based Products



Building and Construction Materials

# LIBERALISING TRADE IN SERVICES

The ASEAN Framework Agreement on Services (AFAS) provides:

- » A legally-binding guarantee of preferential services market access in ASEAN markets
- » The elimination of discriminatory barriers in AMS's services markets

AMS have eased restrictions to cross-border trade in at least 80 services subsectors and now allow for majority foreign ownership in many of these areas.

## Restrictions Reduced or Removed

AMS are obliged to reduce or remove restrictions on the:



number of service suppliers



value of service transactions or assets



number of service operations or limits on the quantity of output



number of persons that may be employed



specific type of legal entities permitted



foreign shareholding/equity limits

## What This Means for a Service Provider

It will be easier for service providers to participate in services sectors that were previously closed in AMS. Such sectors include those of interest to companies based in Singapore, for example:



Professional services



Construction services



Air transport services



Computer services



Telecommunication services



Maritime transport services



E-commerce



Logistics services



Tourism

## Opportunities Related to the Flow of Skilled Labour

The availability of skilled labour is a key component in facilitating the free flow of services. ASEAN Leaders signed a "Movement of Natural Persons (MNP) Agreement" in 2012 to provide the legal framework to regulate the temporary movement of skilled workers across borders, subject to AMS's domestic regulations.

Singapore companies that face difficulties expanding overseas due to a lack of skilled labour can now enjoy more freedom to move skilled professionals from one AMS to another. This reduces the cost of doing business in skilled-labour scarce markets.

ASEAN has concluded MRAs in the following eight professions to facilitate the movement of ASEAN professionals through recognition of their qualifications.



Engineering



Nursing



Surveying



Architecture



Dentistry



Medicine



Accountancy



Tourism

Singaporean professionals in these areas can work more easily in the region. For example, under the Engineering Professionals MRA, Singapore engineers can register with the ASEAN Chartered Professional Engineers for work in the various AMS. Four Singaporean engineering professionals have so far been recognised by Malaysia's bodies as Registered Foreign Professional Engineers (RFPEs), and can practice in Malaysia.

Services is key to ASEAN's economy. Economic activities under the services sector accounted for the bulk of FDI inflows to ASEAN, with an average share of nearly **70%** in the last four years.

In terms of GDP output, services account for **50.2%** while the manufacturing industry<sup>5</sup> and agriculture sectors account for **38.2%** and **11.7%** respectively.



MRAs do not mean completely free and unchecked movement of skilled labour. Domestic laws apply. ASEAN professionals seeking to enter Singapore will have to fulfil our Ministry of Manpower regulations.

## Examples of AMS's Liberalised Services Sectors and Opportunities for Businesses

<b>e-ASEAN</b>		Service providers in this sector can benefit from increased consumer protection, internationally recognised e-commerce laws, reduced barriers for Singapore-based companies expanding into ASEAN markets, and resilient telecommunications networks. Firms now have the option of setting up a strong local online presence even before physical entry into the market, overcoming geographical and time limitations.
<b>Logistics</b>		AMS's customs procedures and regulations are to be simplified. This reduces business costs and accelerates the movement of goods across borders. AMS are committed to improve connectivity – with approximately US\$ 4 billion <sup>6</sup> lending commitment through the ASEAN Infrastructure Fund until 2020. Singapore-based companies can export their expertise in supply chain management and build strong networks to support other businesses including food services, retail, and e-commerce.
<b>Air Transport</b>		ASEAN has signed and implemented agreements to liberalise air services for both cargo and passenger services. This enhanced air connectivity increases opportunities to attract business investment and human capital. Southeast Asia's airline industry has enjoyed robust growth over the past 10 years. The AEC aims to create a single aviation market characterised by open market access and a more flexible operating environment for the air transport industry.
<b>Tourism</b>		Singapore-based hospitality and real estate companies can participate more actively in the development and operations of attractions in ASEAN and in AMS's refurbishment of historical monuments. AMS are to establish common good-quality standards for tourism professionals. This increases service standards across ASEAN and allows local communities to partner foreign service providers.

<sup>5</sup> The industry sector includes manufacturing, utilities and construction, mining, and quarrying.  
<sup>6</sup> Source: Asian Development Bank (2012) "Facts and Data about Southeast Asian Infrastructure"

## Examples of Sectors and Markets where Singapore-Based Companies can have 100% Ownership

	Cambodia	Specialised medical services, specialised dental services, hospital services, ambulance services, nursing services.
	Indonesia	Engineering design services (industrial processes & production), advisory & consultative services in engineering.
	Lao PDR	Architectural services, engineering services, postal services.
	Malaysia	Accounting, auditing, book-keeping, taxation services.
	Myanmar	Engineering services, integrated engineering services, construction services.
	Vietnam	Construction services, dental services, medical services, urban planning, urban landscape, architectural services.

## Growing Importance of the Services Sector in ASEAN

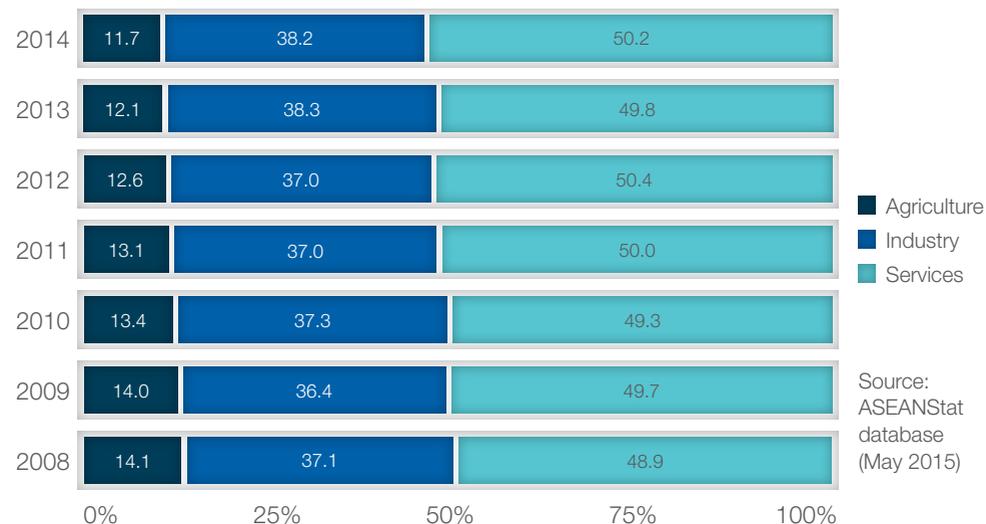


Figure: Average share in Real GDP for each economic sector in ASEAN (%)

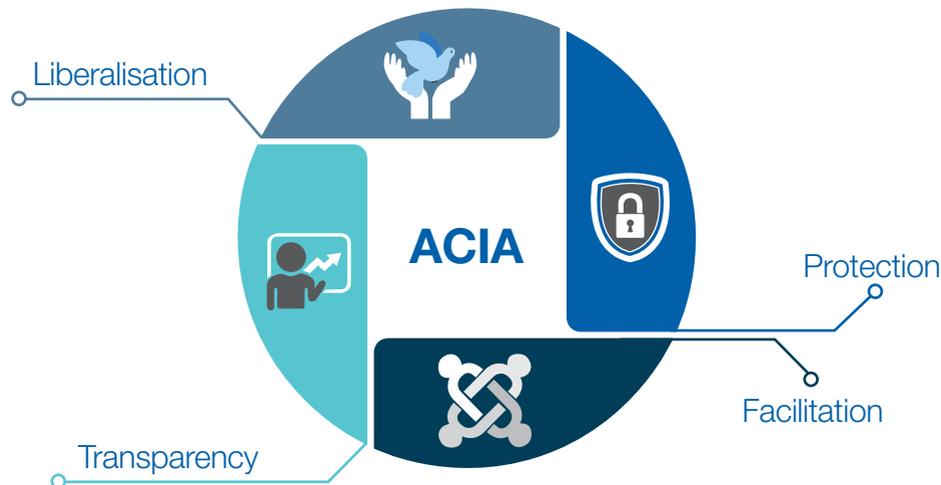
# LIBERALISING AND PROTECTING INVESTMENTS

The ASEAN Comprehensive Investment Agreement (ACIA) comprises:

- » Commitments to facilitate, promote, protect, and liberalise cross-border investment in ASEAN
- » International best practices for the treatment of investments and investors, streamlined business procedures, and enhanced investment protection

## Facilitation, Liberalisation, Protection, and Promotion of Investments

ASEAN is committed to developing an integrated investment network that promotes intra-ASEAN investments and the flow of external FDI into ASEAN. The ACIA commits AMS to create a liberal, facilitative, transparent, and competitive investment environment in ASEAN, conducive for investors and their investments. The ACIA adopts international best practices in granting protection to investors in any AMS, eases restrictive investment regimes, and promotes transparency in investment rules and policy changes, for a more stable and predictable environment for investors.



## What This Means for Investors

Singapore-based companies and investors venturing into the region can do so with lower risks and costs. They also have the opportunity to invest in liberalised sectors and expand the markets for their products and services into all AMS. They can be assured of fair and equitable treatment and protection against unlawful expropriation. In the event of any conflict with host governments, Singapore-based investors are given the option of resolving disputes by using alternative dispute settlement mechanisms, referring the dispute to domestic courts, or resolving the dispute through international arbitration.

From a macro-perspective, the investment initiatives under the AEC will enhance the attractiveness of ASEAN as a region. Singapore, with our solid infrastructure, educated workforce, and wide availability of financing and arbitration options, can attract global MNCs and regional conglomerates to locate offices or ink contracts here. This means more opportunities for our Singapore-based legal, accountancy, and human resource firms, which can serve as partners for regional or global companies looking to establish a pan-Southeast Asian footprint.

## Feedback from a Singapore company

“

As the Singapore market is small, we are glad to know that we will now be able to invest in the growing manufacturing sectors in Myanmar, Vietnam, Laos, and Cambodia. This would not have been possible a few years ago. These countries offer great potential for us and we want to be able to take advantage of these opportunities.

”

# FINANCIAL INTEGRATION AND TAXATION MEASURES

The AEC will include a smoothly functioning regional financial system, supporting greater trade and investment flows, with more liberalised capital account regimes and interlinked capital markets. Strong regional banks, competitive insurance markets, and deep and liquid capital markets, supported by efficient payment and settlement systems, will facilitate economic growth in the region. The development of ASEAN's financial and capital markets will strengthen ASEAN's resilience to external shocks and help channel funding to where it is most needed. This will be achieved through:

<b>Financial services liberalisation</b>	Progressive removal of restrictions to the provision of financial services by ASEAN financial service suppliers to ASEAN domestic markets
<b>Capital account liberalisation</b>	Freer flow of capital across the region
<b>Capital market development</b>	Building capacity and infrastructure for the development of ASEAN capital markets
<b>Harmonisation of payments and settlements systems</b>	Harmonising domestic laws and regulations, and linkages of systems
<b>Supporting initiatives</b>	Capacity building, regional financing arrangements, and regional surveillance and policy dialogues

## Taxation

ASEAN is also working towards the establishment of an effective network of bilateral agreements on the avoidance of double taxation among AMS to reduce business costs.

An Avoidance of Double Taxation Agreement (DTA) provides certainty to individuals and businesses regarding when and how tax is to be imposed in the jurisdiction where the income-producing activity is conducted or payment is made. In a DTA, the taxing rights of each jurisdiction are defined and there are provisions for one of the jurisdictions to give tax credit or exemption to eliminate double taxation. DTAs also provide for reduced rates of withholding taxes on cross-border payments. Completing the network of DTAs among all AMS will encourage greater cross-border trade and investment in the region.

Singapore has concluded DTAs with all AMS except Cambodia. The list of jurisdictions which Singapore has concluded DTAs with can be found here: <https://www.iras.gov.sg/irashome/Quick-Links/International-Tax>

## What This Means for Consumers and Businesses



### Greater Access to Financing

The ASEAN Banking Integration Framework (ABIF) provides a platform for two or more AMS to agree on specific areas for liberalisation based on ASEAN banks' commercial interests. The banks that meet AMS's admission criteria and prudential requirements can enjoy greater market access and operational flexibility. This facilitates the expansion of our local banks in ASEAN, placing them in a stronger position to support the regional expansion plans of Singapore businesses.

Deeper and more liquid capital markets in the region, underpinned by efficient payment and settlement systems and freer capital flows, will benefit issuers raising funds in the region. AMS have harmonised disclosure standards to facilitate multi-jurisdictional offering of equity and debt. This provides significant efficiencies to issuers as they need only adopt a single set of disclosure standards for prospectuses in an offering across multiple ASEAN jurisdictions. Malaysia, Thailand and Singapore are signatories to the scheme.



### Lower Business Costs

Competitive insurance markets will lower the cost of insuring business risks, which will stimulate economic growth and spur intra-ASEAN trade. AMS have agreed to prioritise the liberalisation of cross-border supply of Marine, Aviation, and Goods in International Transit insurance.



### Better Quality of Financial Services and Improved Investment Opportunities

As AMS integrate financially, the quality of financial services provided to ASEAN consumers will improve and reach a wider community that is currently under-served.

Deeper capital market integration will provide investors new investment opportunities in ASEAN markets. The ASEAN Trading Link electronically connects exchanges in Malaysia, Singapore and Thailand. Through the electronic trading link, investors will have easier and more seamless access into ASEAN markets from one single access point.

Investors will benefit from the ASEAN Collective Investment Schemes Framework, which allows fund managers operating in a member jurisdiction to offer collective investment schemes constituted and authorised in that jurisdiction to retail investors in other member jurisdictions under a streamlined authorisation process.

# ENERGY COOPERATION

energy auditors scheme, capacity building to promote EE standards and labelling, and solar PV capacity building programmes, ASEAN has improved the region's energy intensity and raised the share of RE in its power generation mix.

## What This Means for Businesses

- » Good progress has been made in optimising the region's energy resources to achieve greater energy security by implementing the ASEAN Power Grid and Trans ASEAN Gas Pipeline projects. These projects provide business opportunities for private sector investment, including in the areas of financing and technology transfer.
- » With the focus on sustainable energy to ensure secure, reliable, and accessible energy to meet ASEAN's growing demand, private sector involvement and collaboration is critical. Services such as project implementation, capacity building, innovative technologies and solutions will be needed to achieve ASEAN's energy goals for the next five years.

Energy cooperation in ASEAN is guided by the ASEAN Plan of Action on Energy Cooperation (APAEC), which serves as the blueprint for initiatives to enhance energy security, accessibility, and sustainability for the region. ASEAN has successfully collaborated to implement flagship projects, namely the ASEAN Power Grid and Trans ASEAN Gas Pipeline Interconnection projects. Despite the scope and complexity of these projects, a total of six power interconnection projects and 12 bilateral gas pipelines have been implemented. ASEAN has also collaborated on energy efficiency (EE), renewable energy (RE), and clean coal initiatives. Through efforts such as the ASEAN Energy Awards, accredited

### Potential areas for businesses



**Clean Coal Technologies:** Coal continues to play a major role in ASEAN's power generation mix. Private sector collaboration in capacity building and innovative solutions for the use of clean coal technologies will be important to meet ASEAN's power demand. Innovative financing schemes from banking institutions to facilitate investments in coal power plants will also be useful.



**New and Innovative EE Technologies:** Innovation and best practices from the private sector will help ASEAN improve its energy intensity. The demand for capacity building in energy management services, professional energy auditors, and EE financing is expected to increase in the region.



**Solar Leasing, Distributed Generation for Rural Electrification, and Biofuels:** These are potential areas for private sector collaboration in the RE sector over the next few years. Greater innovative and creative RE solutions will be needed for the power, industry, and transport sectors to enhance the uptake of RE in ASEAN. This would help to further increase the RE share in the region's energy mix.

# COMPETITION POLICY

AMS are promoting competitive markets by endeavouring to introduce national competition policy and law. To date, eight out of 10 AMS have competition laws in place. Where markets are competitive, new ideas are constantly generated and new businesses set up. Businesses are motivated to be more efficient, innovative, productive, and responsive, and both businesses and consumers stand to benefit.

## What This Means for Consumers and Businesses



Competition policy benefits consumers by creating a greater variety of goods and services, empowering consumers to exercise their individual choice. It also ensures that businesses remain dynamic and responsive to the needs of a changing world.



Competition policy promotes efficiency and productivity. Businesses are motivated to source for the best way to produce their goods and services. Firms that are efficient and have the highest productivity will thrive. Across the economy, efficiency is enhanced and productivity rises.



Competition policy can foster greater innovation. Businesses constantly develop new ideas, services, and products, and are motivated to be more dynamic and innovative, and become stronger over time.



Competition policy makes it easier for new businesses to enter an open market. It prevents anti-competitive behaviour that makes it difficult for new market entrants to operate, and opens up new business opportunities, both locally and overseas.

Competition policy covers:

- a) Policies that promote competition in local and national markets, such as introducing an enhanced trade policy, eliminating restrictive trade practices, favouring market entry and exit, reducing unnecessary governmental interventions, and placing greater reliance on market forces.
- b) Competition law which comprises legislation and regulations aimed at proscribing anti-competitive agreements, abuse of dominance, and anti-competitive mergers.

Competition policy helps to promote and protect the competitive process and provides a level-playing field for all market players. Fair and effective competition contributes to improvements in economic efficiency, economic growth and development, and consumer welfare. Competition policy complements other government policies such as trade policy, industrial policy, and regulatory reform / economic restructuring, and accommodates other economic and social objectives such as the promotion of entrepreneurship and innovation, promotion of industrial diversification, and job creation.

## INTELLECTUAL PROPERTY RIGHTS

### Greater Interoperability and Harmonisation

Intellectual Property (IP) protection is sought in today's global economy to realise the full business potential of business innovation. The ASEAN Working Group on IP Cooperation (AWGIPC) was established in 1996 to enhance IP infrastructure and regimes in the region.

#### What This Means for Businesses

- » Significant time and cost savings for businesses seeking patents protection.
- » Accelerated and greater familiarity of business registration of trademarks in the region.
- » Free access to a one-stop portal on IP info and e-services.
- » Online access to accelerated patent registration in the region.
- » Easier access to seek IP protection in multiple countries in the region.
- » More services to look out for as AWGIPC embarks on its ASEAN IP Rights Strategic Action Plan (AIPSAP) 2016 – 2025.

#### AWGIPC's new initiatives and services

### 1 ASEAN Patent Examination Co-operation (ASPEC)

Established on 15 June 2009, ASPEC is the first regional patent work-sharing platform among participating AMS. ASPEC allows participating countries to share search and examination results to improve workflow and expedite patent application processes. Filed in English, ASPEC imposes no additional charges to the national IP filing process.

### 2 ASEAN IP Portal

The ASEAN IP Portal is a one-stop platform for information and services on IP in the region. The Portal includes tools such as ASEAN TMview, and a database of more than 2.5 million trademarks, with plans to add more IP tools. The Portal provides ASEAN IP statistics, regional business case studies of successful IP utilisation, and an ASEAN Case Law Database.

### 3 Accession to WIPO- administered Treaties

ASEAN looks towards greater assimilation with global treaties administered by the World Intellectual Property Organisation (WIPO). Eight AMS are members of the WIPO treaty for patents (Patent Cooperation Treaty), and four are members of the trademark treaty (Madrid Protocol) with five more slated to join. On industrial designs, two AMS are members of the Hague agreement. These treaties allow stakeholders to file their IP in these AMS from their home countries, where home countries are also members to the treaties.

### 4 Dedicated Taskforces

ASEAN has dedicated taskforces to look into ASPEC (patent), Trademarks and Enforcement matters, for greater cooperation in enhancing these areas, for more timely and quality services.

## CONSUMER PROTECTION

Consumer protection regulations ensure that businesses observe fair trading practices in dealing with consumers, and provide clarity for consumers seeking assistance or recourse if they encounter unfair practices in their transactions with businesses.

ASEAN's Committee on Consumer Protection (ACCP) strengthens and fosters sound consumer protection practices in the region. ASEAN's initiatives include facilitating information sharing and strengthening cross-border consumer redress mechanisms. These benefit both consumers and businesses.

#### What this means for Consumers and Businesses

Consumers will have convenient access to consumer protection information in each AMS through the ACCP website, a one-stop platform with AMS's consumer protection agencies' contact details, and information on recalled and banned products in each jurisdiction. Singapore consumers who travel to other AMS and encounter unfair practices can provide feedback and/or seek redress more easily. Businesses, both brick-and-mortar and e-commerce, would benefit from greater clarity on good business-to-consumer practices, and increased consumer spending thanks to greater confidence in the consumer protection regimes in Singapore and ASEAN.

## FOOD, AGRICULTURE AND FORESTRY

ASEAN's cooperation in Food, Agriculture and Forestry (FAF) formulates and implements regional cooperation activities to enhance the international competitiveness of ASEAN's FAF products, and to strengthen the food security arrangement in the region.

Cooperation includes the exchange of information, crop production, post-harvest and handling, training and extension, research and development, and trade promotion in the areas of crops, livestock, fisheries, and forestry. Harmonisation of quality and standards, assurance of food safety, and standardisation of trade certification are among ASEAN's priorities.

#### What This Means for Businesses

With reduced tariffs and non-tariff barriers to trade, agri-businesses can benefit from goods moving easily across borders.

# SME DEVELOPMENT

SMEs are an important part of Singapore's and ASEAN's economy. In ASEAN they account for more than 96% of all enterprises and 50% to 85% of employment. SMEs' contribution to Singapore's GDP is between 30% and 53%. SMEs' contribution to Singapore's exports is between 19% and 31%. SMEs are important for income and employment generation, gender and youth empowerment through business participation, and their widespread presence in non-urban and less developed domestic regions.

The ASEAN SMEWG will work on the following five key areas as part of its Strategic Action Plan for ASEAN SME Development, 2016-2025:



Promoting Productivity, Technology, and Innovation



Increasing Access to Finance



Increasing Market Opportunities and Internationalisation



Enhancing the Policy and Regulatory Environment



Promoting Entrepreneurship and Human Capital Development

## ASEAN SME Working Group (SMEWG)

The ASEAN SMEWG aims to create a good policy environment for SME development in the region. It does this through formulating policies, programmes, and initiatives to build SMEs' capabilities and capacity. Some examples of projects conducted by the ASEAN SMEWG are:

### » Directory of Innovative SMEs:

Profiles SMEs at the ASEAN level and showcases their innovative products and services regionally.

### » ASEAN Business Incubator Network:

Enables local incubators to link local start-ups with overseas incubators for opportunities to enter new markets overseas.

### » ASEAN SME Showcase and Conference:

SMEs can use tradeshows to showcase their products, services, and technologies for networking and business matching opportunities.

### » ASEAN SME Service Center:

A web-based portal ([www.aseansme.org](http://www.aseansme.org)) that aims to be a one-stop service center for SMEs. It integrates SME services from various AMS. Information available on the website includes SME-related news from across the region, ASEAN FTAs, and linkages to SME service providers.

## What This Means for SMEs

SMEs can avail themselves of all the benefits the AEC brings to businesses. ASEAN's focus on SMEs means particular efforts at ensuring that these benefits will be more easily understood and accessible to SMEs. SMEs can refer to a specially designed SME Handbook for more information tailored to meet SMEs' needs and interests ([http://www.asean.org/images/2013/resources/publication/ASEAN%20SME%202015%20-%202018.11.13%20\(CD\).pdf](http://www.asean.org/images/2013/resources/publication/ASEAN%20SME%202015%20-%202018.11.13%20(CD).pdf)).

## Examples of Benefits to SMEs

# 1

### Simpler customs procedures

Smoother procedures with simpler and uniform documentation to move goods among the 10 AMS. This will ease current difficulties such as time lags in passing goods through customs and uncertainty over how long it will take. The ASEAN Customs Transit System, an automated system that monitors the movement of goods in transit through AMS, will help. With simplified customs procedures, SMEs can:

- » Boost bottom-line with faster customs clearance of goods
- » Enjoy better connectivity in the trade of goods
- » Establish a more stable and secure supply chain
- » Reduce costs through shorter and more reliable journey times

# 2

### Self-certification of product origin

When the ASEAN-wide self-certification scheme is implemented in the future, certified SMEs can self-certify that their goods meet the ATIGA requirements for ATIGA preferential treatment. SMEs, especially those with regional expansion plans, can enjoy:

- » Smoother clearance of goods in ASEAN
- » Increased ease of developing new markets efficiently
- » Reduced administrative efforts

# 3

### Harmonisation of standards

ASEAN is striving for the alignment of standards for unity across the region to make exporting goods easier. The export of some products such as food is often hindered by the variations in each AMS's national standards. With harmonised and transparent standards across the region, SMEs will find it easier to navigate:

- » Rules and regulations on standards, especially for SMEs that lack resources or prior knowledge of procedures and networks
- » Technical regulations to contribute to helping SMEs regionalise
- » New markets in ASEAN, giving SMEs more opportunities to enter AMS that they had not ventured into before

# 4

### More conducive investment environment

ASEAN's Comprehensive Investment Agreement commits AMS to facilitate, liberalise, promote, and protect cross-border investment in ASEAN. SMEs venturing into other AMS can be assured of:

- » Lower business costs
- » Lower business risks
- » Fair and equitable treatment and protection against unlawful expropriation

# 5

### Lower business and financing costs

ASEAN's efforts to achieve financial integration in the region will strengthen ASEAN's business environment and lower business and financing costs. SMEs can look forward to:

- » Lower costs of insuring business risks
- » Greater access to financing from strong regional banks

# INFRASTRUCTURE DEVELOPMENT

ASEAN has established an ASEAN Single Aviation Market (ASAM), an ASEAN Single Shipping Market (ASSM), and will be implementing several transport agreements in the coming years.



## Aviation

### The ASAM provides:

- » Greater market access for ASEAN airlines to operate passenger and cargo services between their home country and another AMS. ASEAN airlines can access another AMS through a third AMS on the same route.
- » Greater market access for ASEAN companies to provide air transport ancillary services, such as the repair and maintenance of aircraft, within ASEAN.
- » Enhancement of aviation safety standards and establishment of a well-integrated air traffic management system within ASEAN, to cope with increased air travel in the region.
- » Conclusion of an air services agreement with China for greater market access for ASEAN carriers; and ongoing engagement with other Dialogue Partners, such as Japan, to conclude similar agreements.

### Benefits:

- » Enhanced air connectivity, giving greater and easier inter-linkages across borders for businesses and individuals, with wider choices of fares and destinations.
- » Reduced restrictions faced by ASEAN companies in providing air transport ancillary services across AMS's national borders.

The number of intra-ASEAN international seats available and intra-ASEAN air travel increased at a compounded annual growth rate of 9% and 10% respectively between 2009 and 2014. This has facilitated greater flows of trade, investments, and tourism in ASEAN, and a diversity of airlines connecting Singapore with the region, providing consumers with greater choices of fares and destinations.



## Maritime

### The ASSM aims:

- » To create a free flow of intra-ASEAN shipping services with no substantial restriction to these services, and no substantial restriction to ASEAN shipping services suppliers providing such services and establishing companies across AMS's borders, subject to domestic regulation.

### Benefits:

- » When fully implemented, the ASSM is expected to strengthen maritime transport connectivity and regional economic integration in ASEAN. The ASSM will improve port performance and facilitate the smooth and efficient shipping of goods. Businesses benefit and AMS enjoy enhanced welfare and economic growth.



## Land Transport

- » ASEAN will be implementing a number of transport agreements in the coming years to facilitate the movement of goods and passengers within ASEAN. This is to promote tourism, investment, and trade among AMS.

### Benefits:

- » In the future, passenger and freight vehicles from Singapore can expect fewer administrative challenges when crossing borders between ASEAN countries.

Information and Communication Technology (ICT) cooperation in ASEAN is guided by the ASEAN ICT Masterplan (AIM2015), which aims to make ICT a key enabler for ASEAN's economic and social integration. By developing next generation ICT infrastructure, building skilled human capital, and establishing an enabling policy and regulatory environment, ICT can help transform ASEAN into an inclusive and vibrant ICT hub, thereby making ASEAN an ideal region for economic activities. Since the implementation of AIM2015, Internet penetration in ASEAN grew from 8% to 44% between 2000 and 2014, above the Asia-Pacific average of 36%. In the same period, mobile penetration grew from 14% to 122%. ICT goods and services exports have increased by 50% and 8% respectively between 2010 and 2013.

# INFORMATION AND COMMUNICATION TECHNOLOGY COOPERATION

Strategic Thrusts	Key Cooperation
 <b>Economic Transformation</b>	To create a conducive business environment in ASEAN that helps to attract and promote trade, investments, and entrepreneurship in the ICT sector. Includes strengthening laws and policies on telecommunications and technology developments in ASEAN, and the harmonisation and coordination of ICT regulations and standards.
 <b>People Engagement and Empowerment</b>	To enhance the quality of life for ASEAN citizens by providing accessible and affordable ICT, especially in under-served areas. Includes providing public services through electronic means (i.e. electronic government), promoting secure transactions through the Intra-ASEAN Secure Electronic Transactions Framework, and lowering international mobile roaming charges.
 <b>Innovation</b>	To develop a creative and innovative ICT sector in ASEAN by recognising excellence in ICT through the annual ASEAN ICT Awards, and facilitating exchanges and networks through the annual ASEAN CIO (Chief Information Officer) Forum and ASEAN Digital Content Exchange.
 <b>Infrastructure Development</b>	To put in place enabling policies and legislation to facilitate the development of ICT infrastructure, provide ICT services to all communities in ASEAN, and attract businesses and investments to the region. Includes developing recommendations under the ASEAN Broadband Corridor initiative to enhance universal access, broadband penetration, and broadband affordability; and developing mechanisms for network and information security such as the ASEAN Network Security Action Council and annual ASEAN Cyber Incident Drill.
 <b>Human Capital Development</b>	To help ASEAN citizens build the necessary skills to fully benefit from ICT and develop a competent ICT workforce. Activities include developing an ASEAN ICT Scholarship and the ASEAN ICT Skills Standards and Upgrading Frameworks.
 <b>Bridging the Digital Divide</b>	To focus on closing the ICT development gap within ASEAN, given the different levels of ICT development among AMS, through a range of initiatives including enhancing Universal Service Obligation and the annual ASEAN Cyberkids Camp.

## Benefits of ICT Cooperation

- » Having ICT laws and policies in ASEAN that support businesses and investments in the areas of market access, regulatory certainty, and transparency
- » Greater access to Internet and broadband connectivity to support a vibrant Internet economy in ASEAN
- » Easier and greater access to public services domestically as ASEAN governments continue to enhance the delivery of public services electronically
- » Regional recognition of ICT innovation and excellence
- » Stronger efforts to strengthen the development of ASEAN's ICT professionals and workforce
- » Safe and secure cyber environment through increased awareness of cyber security and stronger coordination among AMS to counter cyber threats

## Further Information and Contact Points

### Overall AEC Matters

For queries, you may contact:  
 The Ministry of Trade and Industry, Singapore  
 Email: [MTI\\_SEOM\\_Singapore@mti.gov.sg](mailto:MTI_SEOM_Singapore@mti.gov.sg)

### Trade in Goods

For more information on the ATIGA:  
<http://www.asean.org/communities/asean-economic-community/category/asean-trade-in-goods-agreement>  
 For queries, you may contact:  
 The Ministry of Trade and Industry, Singapore  
 Email: [MTI\\_SEOM\\_Singapore@mti.gov.sg](mailto:MTI_SEOM_Singapore@mti.gov.sg)

### Customs Integration

For more information:  
<http://www.asean.org/communities/asean-economic-community/category/overview-9>  
 For queries, you may contact: Singapore Customs  
 Email: [customs\\_international@customs.gov.sg](mailto:customs_international@customs.gov.sg)

### Standards & Conformance

For more information:  
<http://www.asean.org/communities/asean-economic-community/category/overview-23>  
 For queries, you may contact: SPRING Enterprise One  
 Email: [enterpriseone@spring.gov.sg](mailto:enterpriseone@spring.gov.sg)  
 Tel: +65-6898-1800

### Trade in Services

For more information on the AFAS: <http://www.asean.org/news/item/member-countries-horizontal-commitments-schedules-of-specific-commitments-and-the-list-of-most-favoured-nation-exemptions>  
 For queries, you may contact:  
 The Ministry of Trade and Industry, Singapore  
 Email: [MTI\\_SEOM\\_Singapore@mti.gov.sg](mailto:MTI_SEOM_Singapore@mti.gov.sg)

### Investments

For more information on the ACIA:  
<http://www.asean.org/communities/asean-economic-community/category/agreements-declarations-7>  
 For queries, you may contact:  
 The Ministry of Trade and Industry, Singapore  
 Email: [MTI\\_SEOM\\_Singapore@mti.gov.sg](mailto:MTI_SEOM_Singapore@mti.gov.sg)

### Financial Integration and Taxation

For queries, you may contact:  
 The Ministry of Finance, Singapore  
 Email: [mof\\_qsm@mof.gov.sg](mailto:mof_qsm@mof.gov.sg)  
 The Inland Revenue Authority of Singapore  
 Website: <https://www.iras.gov.sg/irashome/Contact-Us/>  
 The Monetary Authority of Singapore  
 Email: [webmaster@mas.gov.sg](mailto:webmaster@mas.gov.sg)

### Energy Cooperation

For more information: <http://www.aseanenergy.org>  
 For queries, you may contact:  
 The Energy Market Authority, Singapore  
 Email: [EMA\\_Enquiry@ema.gov.sg](mailto:EMA_Enquiry@ema.gov.sg)

### Competition Policy

For more information:  
<http://www.asean.org/communities/asean-economic-community/category/competition-policy>  
 For queries, you may contact:  
 The Competition Commission of Singapore  
 Email: [ccs\\_feedback@ccs.gov.sg](mailto:ccs_feedback@ccs.gov.sg)

### Intellectual Property Rights

For more information: <https://www.aseanip.org/>  
 For queries, you may contact:  
 The Intellectual Property Office of Singapore  
 Add: IPOS one stop service centre (IP 101), 51 Bras Basah Road, #01-01 Manulife Centre, Singapore 189554  
 Tel: +65-6339-8616

### Consumer Protection

For more information on the ACCP:  
<http://www.aseanconsumer.org>  
 For queries, you may contact:  
 The Ministry of Trade and Industry, Singapore  
 Email: [mti\\_email@mti.gov.sg](mailto:mti_email@mti.gov.sg), Tel: +65-6225-9911  
 To file a complaint or seek assistance on consumer protection, you may contact:  
 The Consumers Association of Singapore (CASE)  
 Website: [www.case.org.sg/enquiryform.aspx](http://www.case.org.sg/enquiryform.aspx)  
 Tel: +65-6100-0315

### Food, Agriculture And Forestry

For more information and queries, you may contact:  
 The Agri-Food & Veterinary Authority, Singapore  
 Website: <http://www.ava.gov.sg/explore-by-sections/food>

### SME Development:

For more information: <http://www.spring.gov.sg>  
 For queries, you may contact:  
 SPRING Enterprise One, Singapore  
 Email: [enterpriseone@spring.gov.sg](mailto:enterpriseone@spring.gov.sg)  
 Tel: +65-6898-1800

### Infrastructure Development

For more information:  
<http://www.asean.org/communities/asean-economic-community/category/agreements-and-declarations>  
 For queries, you may contact:  
 The Ministry of Transport, Singapore (for aviation & maritime)  
 Email: [mot@mot.gov.sg](mailto:mot@mot.gov.sg)  
 The Land Transport Authority, Singapore (for land transport)  
 Email: [feedback@lta.gov.sg](mailto:feedback@lta.gov.sg)

### Information and Communication Technology

For more information: <http://www.asean.org/communities/asean-economic-community/category/overview-18>  
 For queries, you may contact:  
 The Info-communications Development Authority of Singapore  
 Email: [info@ida.gov.sg](mailto:info@ida.gov.sg)

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