

In Pursuit of the ASEAN Economic Community

Closing the Development Gap between
CLMV and ASEAN-6 Through the
Initiatives for ASEAN Integration

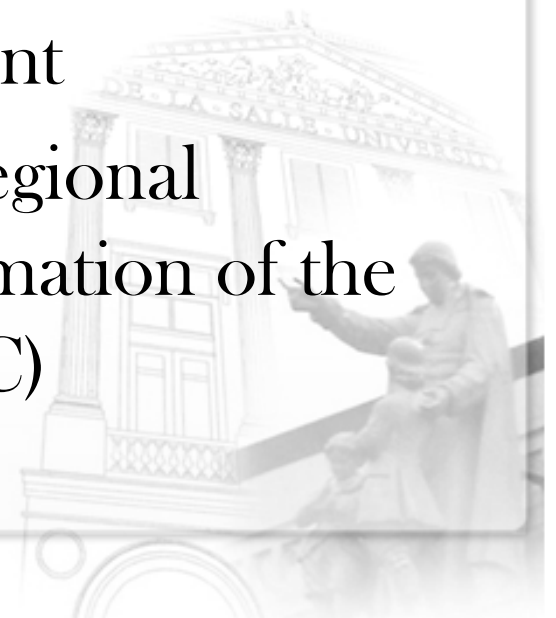
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Introduction

- ASEAN has experienced much progress in the context of regional integration.
 - ASEAN Free Trade Area (AFTA)
 - ASEAN Framework on Services (AFS)
 - ASEAN Investment Area (AIA)
 - ASEAN Trade in Goods Agreement
- Today, the ASEAN seeks to calcify regional cooperation through the eventual formation of the ASEAN Economic Community (AEC)



ASEAN Economic Community

- Single market and production base
- Highly competitive economic region
- Equitable economic development
- Full-integration into the global economy (outward-looking as opposed to inward-looking)

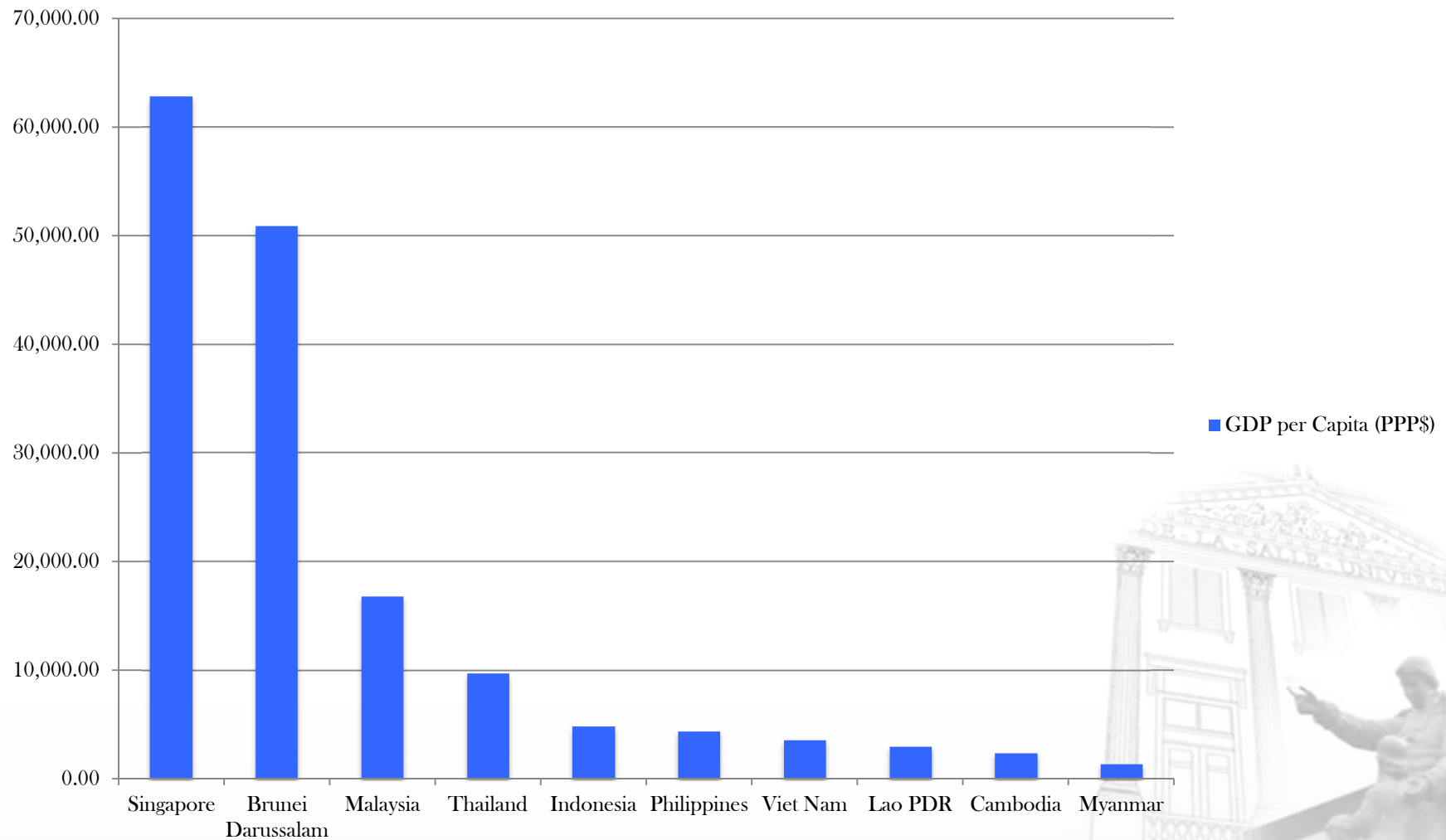


Roadblocks to AEC

- Large development gaps exist within the the ASEAN region. This is especially true with regards to the ASEAN-6 and the CLMV
- This is evidenced by wide disparities in per capita income (Lim, 2007).
- The exists severe deficiencies in income, infrastructure, integration, and institutional development (Thanh, 2008).



Figure 1. Per Capita Income of ASEAN Countries PPP (US\$), 2012



Source: World Development Indicators



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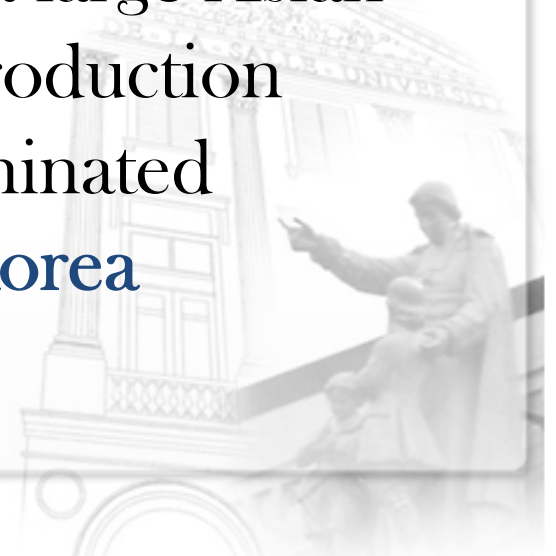
Implications

- Such development gaps pose various threats to the eventual formation of the AEC
 - Harmonization of customs regulations, trade policies, and fiscal and monetary measures
 - Low regional demand for traded goods
 - Limits level of intra-regional trade
 - Competitiveness in the field of **Global Production Networks (GPN)** amidst the emergence of China and India



ASEAN Competitiveness

- Rising wages and cost of production in the ASEAN-4
- Eventual upgrading of ASEAN-4 to high-technology goods
- ASEAN may be marginalized within a large Asian region dominated in size, cost, and production capacity by **China and India**, and dominated technologically by **Japan and South Korea** (Sussangkarn, 2006).



ASEAN's Response

for ASEAN Integration

Structure

Resource

Information and Communications Technology

Global Integration

https://www.yunbaogao.cn/report/index/report?reportId=5_5899

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