

TALKING POINTS OF AMBASSADOR ONG KENG YONG

FUTURE OF ECONOMIC INTEGRATION IN ASIA-PACIFIC

- ASEAN Economic Community (AEC) is the first of several building blocks.
- AEC will be established by 2015. It may not be 100% of what is spelt out in the AEC Blueprint but the mould is cast and the necessity of remaining competitive in the global economy means a continuous push for AEC.
- AEC is not like the European Union (EU) and this is to be expected because ASEAN's approach to economic integration is different from that of the EU.
- AEC in 2015 will likely be something which has a lot of harmonisation of customs procedures, rules and standards, and in the manufacturing of goods, there will be production networks. As such, intra-ASEAN trade will be boosted by the production networks which rest on tariff-free regimes (AFTA-CEPT).
- ASEAN already has five FTAs with China, Japan, ROK, India, Australia and New Zealand. This will be the basis of CEPEA (Comprehensive Economic Partnership for East Asia).
- CEPEA will be like the "mother ship" for broader regional economic integration.
- CEPEA can be constructed in such a way so as to accommodate a subsequent entry by countries like USA and Russia.
- CEPEA is already being developed with the formation and meetings of relevant working groups comprising ASEAN member countries and ASEAN dialogue partners.
- TPP (Trans Pacific Partnership) is meant to be the economic vehicle to entrench USA in the region. It is a template for engaging the USA but there are problems with regard to agriculture and some sectoral industries. It has not been decided whether TPP would be a docking, merging or weaving modality.

- TPP's ultimate goal is the FTAAP (Free Trade Agreement of Asia-Pacific) in the long run.
- China is still in favour of having an EAFTA but its position is not stagnant and it could be persuaded to support CEPEA, especially if it sees that China can play key roles in CEPEA and in the EAS.
- The existing "ASEAN Plus" FTAs can facilitate expansion of trade in goods and there is a readiness to do something similar for trade in services.
