

**AEC AS A DRIVER FOR  
REGIONAL INTEGRATION:  
CHALLENGES AND  
OPPORTUNITIES**

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# A PLATFORM FOR INTEGRATION



## GDP (US\$ billion)



Thailand  
**345**



5 Times

Asean  
**1,851**



40 Times

Asean+3  
**13,973**



48 Times

Asean+6 (RCEP)  
**16,761**



## Population (million)



**64**

9  
Times

**598**

33  
Times

**2,116**

52  
Times

**3,358**

**FICTION :** In 2015, ASEAN will change significantly as a result of the AEC coming into full force.

**FACTS:** No significant changes for most ASEAN countries in 2015.

- Under AFTA, original ASEAN members have reduced their tariff rates since 1993 and the planned tariff reduction is almost finished.
- There will be little progress in eliminating non-tariff barriers and liberalizing trade in services and investment by 2015.
- Only 8 professional services are subject to 'mutual recognition arrangements' (MRAs), the implementation of which remains extremely slow.
- The only major change is that CLMV will have to cut their tariff for other ASEAN members.
- Problems arise not only from the slow speed of implementation but also from the lack of strong commitments among ASEAN countries.

# FICTIONS AND FACTS

**FICTION :** All labors will be able to move freely.

**FACT:** Only 8 professional services are under mutual recognition arrangements (MRAs)



Medical doctor



Dentist



Nurse



Engineer



Architect



Accountant



Surveyor



Tourism professionals

Professional	Thailand's current regulations
nurse, dentist, medical doctor	Foreign professionals must pass written exams in Thai.
engineer	Foreign professionals are allowed to jointly work with Thai professionals. To conduct an independent practice, they must pass the assessment to prove that they fully understand the codes of practice and laws written in Thai language.
architect	
accountant	Foreign accountants must prepare reports in Thai language and understand Thai accounting and tax codes. Auditors must be able to audit accounts prepared in Thai language.

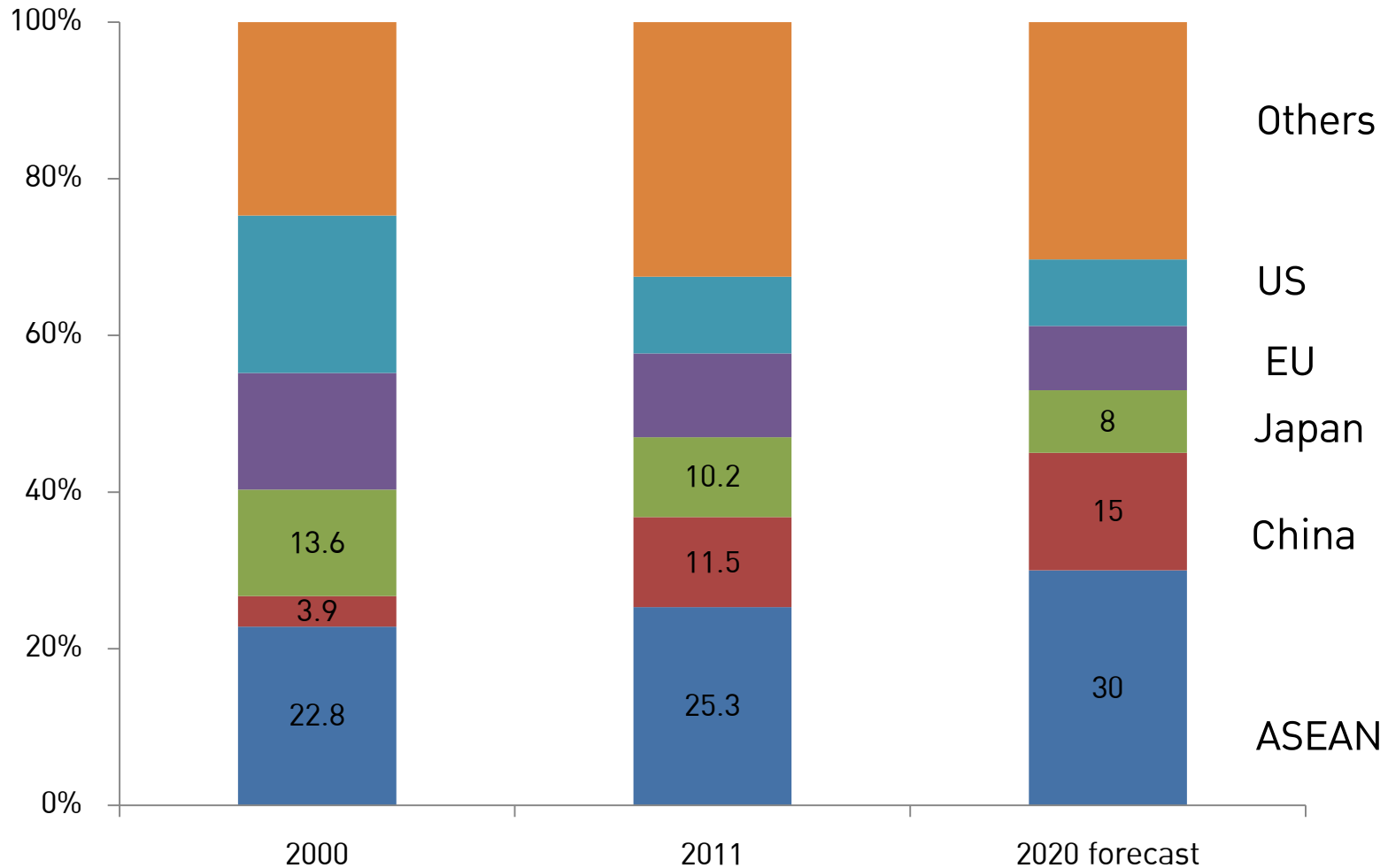
- Conditions for professional operation are completely subject to domestic regulations.
- Negligible impact is expected after 2015.

## Connecting ASEAN power grids



- ASEAN has undergone *de facto* economic integration well before 2015.
- Intra-regional trade and direct investment in ASEAN continues to increase.
- ASEAN is becoming physically connected and a single production base.
- Millions of ASEAN people are working in other ASEAN countries.

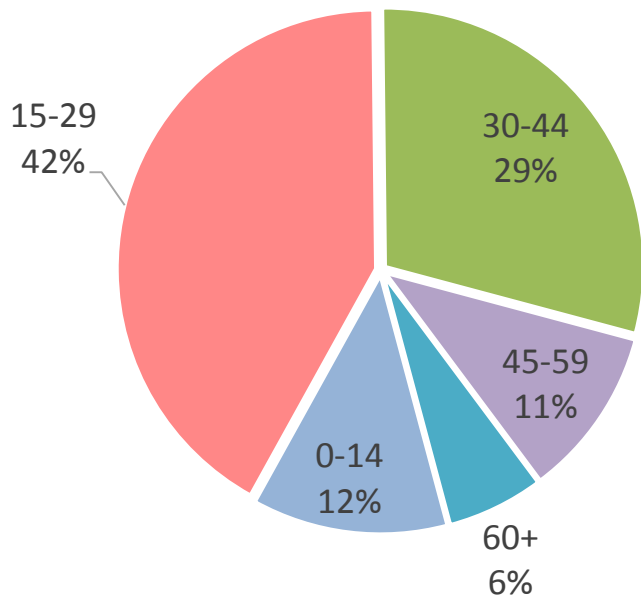
Destination of export from ASEAN (%)



- There are currently approximately 3 million registered migrant workers in Thailand, 95% of which are low skilled.

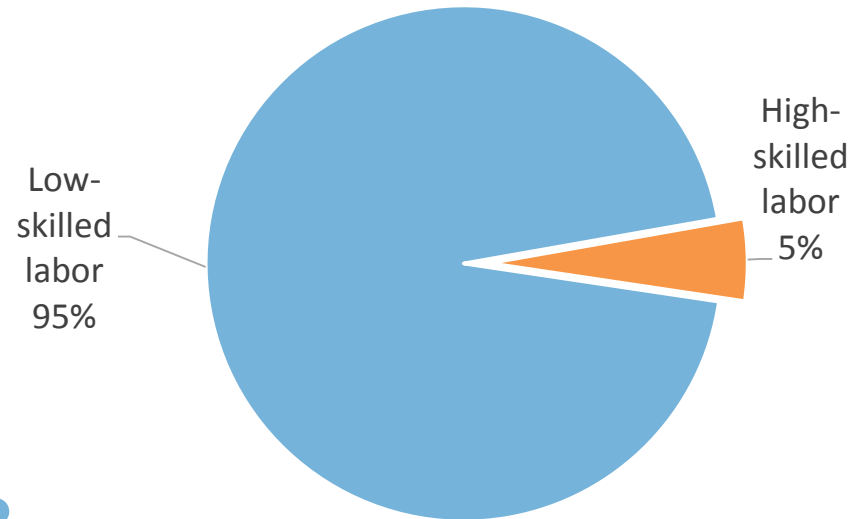
**Age structure of migrants as of 2015**

0-14 15-29 30-44 45-59 60+



**Skill level of migrant workers**

High-skilled labor Low-skilled labor

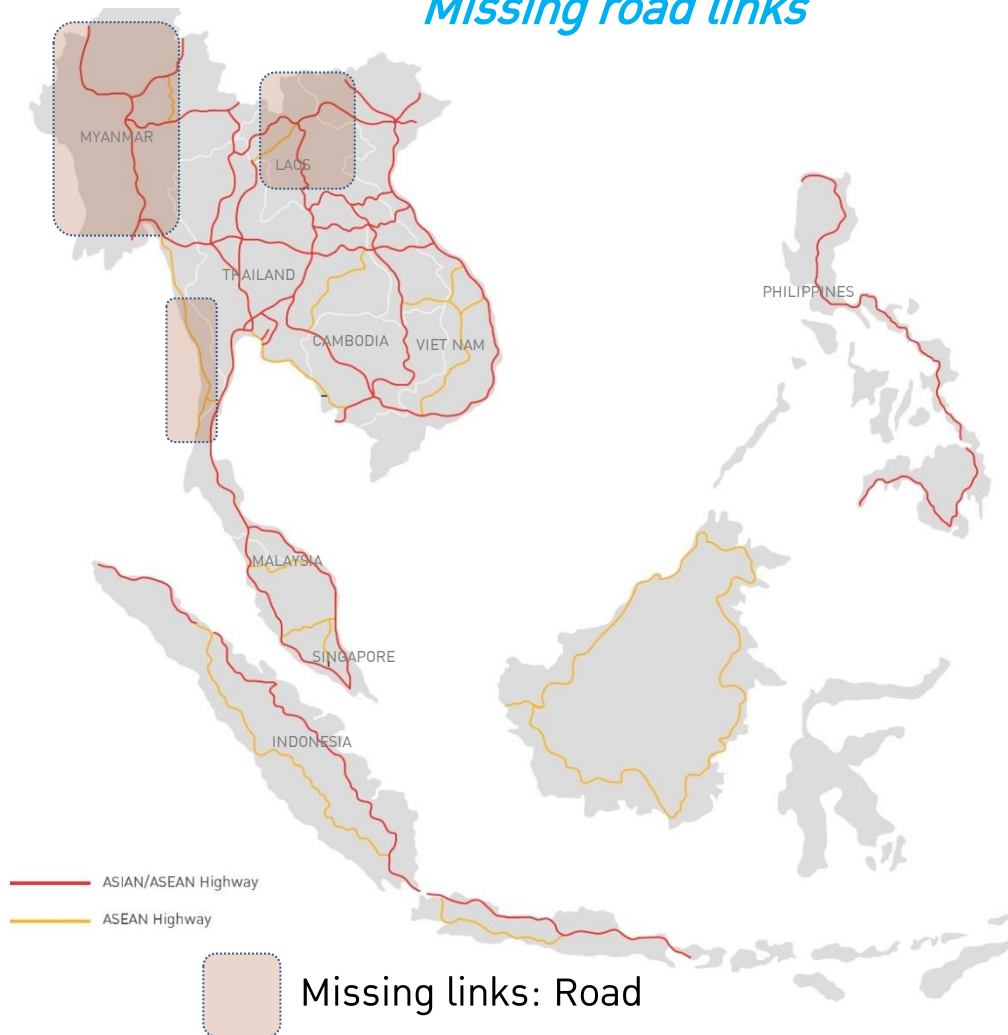


**2.98** million  
Total number of migrants:

Source: TDRI's estimation from Ministry of Interior's data

Source: TDRI's estimation from Ministry of Labor's data

## Missing road links



- Strengthening AEC integration
  - Reducing NTBs
  - Liberalizing service sectors, esp. business services
  - Bridging missing transportation links
  - Facilitating free flow of goods and high skilled workers
- Speeding RCEP negotiation