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More than two years since the outbreak of the COVID-19 pandemic, the global economy remains volatile. This 11th edition of ASEAN Economic Integration Brief (AEIB) highlights that, although the world starts to recover, inflationary pressure, food and energy insecurity due to the Russia-Ukraine war, compounded by the climate crisis and a changing geostrategic landscape, have put enormous strains on global economy and undermine the economic prospects. The recent downward revision of global growth projection signals a prolonged period of uncertainty, which, if left unaddressed, could pose a significant risk to the global economy, ASEAN included. Notwithstanding these risks, ASEAN economic integration continues as reflected in our updates on the implementation of the ASEAN Economic Community (AEC) Blueprint 2025.

In addition to the analysis of regional economic outlook and latest updates on the AEC, this edition presents two featured articles on the latest initiatives to further strengthen ASEAN economic integration and existing efforts to chart AEC post-2025 agenda.

In the first article, the Deputy Secretary-General of ASEAN for the AEC, H.E. Satvinder Singh and Brasukra G. Sudjana of Market Integration Directorate articulate ASEAN's ongoing work to upgrade its Trade in Goods Agreement, or ATIGA, which would elevate ASEAN's position in the global supply chains, lower trade costs, reduce regulatory barriers, unlock logistics bottlenecks, and place ASEAN on a more sustainable and inclusive economic growth path.

Meanwhile, the second featured article, written by Anna Robeniol, Advisor to the Secretary General of ASEAN and the Deputy Secretary General of ASEAN for the AEC, and Alexander C. Chandra of ASEAN Integration Monitoring Directorate, discusses the future prospects and potentials for the AEC post-2025. In charting the vision for AEC post-2025, they argue for an inclusive, ambitious, yet pragmatic and forward-looking AEC agenda and priorities, but one that is grounded on practical realities and takes into account the continuously changing global and regional political-economic environment the region will face.

Similar with the previous AEIB, the present issue also presents the latest key economic indicators relevant to the region.

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ATIGA 2.0: Towards an Upgraded and Forward Looking ASEAN Trade in Goods Agreement

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The historical parallel is unfortunate but appropriate. In 2009, against the worst global economic crisis since the Great Depression, ASEAN signed the ASEAN Trade in Goods Agreement (ATIGA) furthering its commitment to an open and integrated regional trade. On 16 March 2022, against the unprecedented COVID-19 pandemic and rising geopolitical crises, ASEAN Economic Ministers strategically launched the negotiations to upgrade the ATIGA.

The more recent circumstance presents an opportunity for ASEAN to strengthen its integration amidst new global challenges. But the global economy is not just reeling from another crisis – it is evolving structurally. This warrants the enhancement of the ATIGA, ASEAN's flagship trade agreement, that will put the Association in a stronger economic position to respond to forthcoming global structural shifts brought about by circular and technological transitions and would yield significant benefits and deepened ASEAN competitiveness and relevance in global trade and investments. There is a desire to negotiate an upgraded ATIGA that is materially more beneficial and impactful than our existing regional or ASEAN plus agreements.

ATIGA, a marker of ASEAN's economic integration

The ATIGA evolved from ASEAN's earlier trade agreements. The Common Effective Preferential Tariff Scheme (CEPT), the primary mechanism for achieving the goals of the ASEAN Free Trade Area that was signed in 1992, was the direct predecessor of the ATIGA. Following amendments to the CEPT in 1995 and 2003, ASEAN agreed on a new agreement, which became the ATIGA.

The ATIGA built on the CEPT's objectives to establish ASEAN as a single market and production base characterised by the free flow of goods, services, investment, skilled labour, and capital. The Agreement provided comprehensive trade measures – such as tariff liberalisation, rules of origin, non-tariff measures, trade facilitation, and customs procedures that helped ease the movement of goods in the region.

ATIGA's success to date

ATIGA's most significant outcome is the reduction of intra-ASEAN trade tariff to zero for almost all types of goods. To date, 99 percent of all tariff lines have zero rates.

More importantly, the ATIGA instituted a host of measures to help businesses navigate trade rules. The ASEAN Single Window, for example, enables seamless electronic exchange of trade documents, such as Certificates of Origin and Customs declarations, for all ten ASEAN Member States' Customs. Another example is the ASEAN Trade Repository that serves as a single information source on tariffs, regulations, and administrative procedures.

These measures contributed to ASEAN trade growth. For example, intra-ASEAN trade increased from USD 502.9 billion in 2010 to USD 712.0 billion in 2021, making up about 21.3 percent of its total trade. ASEAN's share of world trade steadily grew from around 6.5 percent in 2010 to 7.5 percent in 2021, faster than other regions and illustrates the outward-looking nature of ASEAN integration. At the same time, ASEAN remains one of the most prolific recipients of foreign direct investment (FDI), only behind United States and China.

A changing global landscape

A decade since the ATIGA was first implemented in 2010, we are observing structural changes in global trade patterns and regional integration. Firstly, global supply chain networks, especially in Asia, are shifting, partly triggered by trade tensions between the US and China. The tensions have caused many multi-national companies, including Chinese conglomerates, to diversify their supply chain away from complete concentration in China. Most companies are looking at China-plus one strategies in global supply chain, where ASEAN is a formidable alternative location to China. Combined with shocks caused by natural disasters, the COVID-19 pandemic, supply chain disruptions, and the ongoing military crisis in Europe, the global supply chains are more vulnerable than ever. An upgraded ATIGA needs to counter these challenges and strengthen ASEAN for global businesses.

Secondly, rapid technological advancement and growing concerns over climate change are accelerating new trade patterns and leading to new categories of goods and services. To meet these challenges, ASEAN continues to advance its transformative economic agenda. Building upon its vast digitalisation works, ASEAN, in 2021, adopted the Bandar Seri Begawan Roadmap for digital transformation, which includes a plan for a digital economy framework agreement. In the same year, ASEAN adopted a circular economy framework. This year, ASEAN will further pursue the environmental agenda through a carbon neutrality strategic plan.

Another emerging type of trade centres on climate solutions – not only focusing on cross border carbon taxes, carbon credits and offsets - but also the need for FTA agreements to accommodate circularity, for which an upgraded ATIGA hopefully embraces and prepares the region.

Thirdly, ASEAN expanded the scale and scope of its integration to comprise the Indo-Pacific, especially with the entry-into-force of the Regional Comprehensive Economic Partnership (RCEP) Agreement earlier this year. The RCEP binds ASEAN with Australia, China, Japan, South Korea, and New Zealand, and introduced new economic cooperation areas, including electronic commerce, competition, intellectual property, small and medium enterprises, and government procurement. Its success in negotiating the RCEP motivated ASEAN to review and upgrade its own ATIGA and some of its ASEAN plus one Agreements to ensure their continued relevance to businesses and other stakeholders in the region.

An upgraded and forward-looking ATIGA

The upgrade of the ATIGA is, indeed, timely. An upgraded ATIGA will further simplify the rules of origin for goods, expand the adoption of trade technologies and paperless documents, and harmonise technical regulations and standards. It will also facilitate trade for micro, small, and medium enterprises, address sustainability and circularity concerns, and promote digital trade.

An upgraded and forward-looking ATIGA will have significant impacts on businesses and other stakeholders. It will elevate ASEAN's position in the global supply chains, lower trade costs, reduce regulatory barriers, unlock logistics bottlenecks and place ASEAN on a more sustainable and inclusive economic growth path. Consequently, businesses could leverage ASEAN's position as a single market and regional production base to enhance the region's overall competitiveness.

ECONOMIC OUTLOOK

Robust consumption and trade shaped ASEAN's recovery path in 2021, which saw the economy grow by 3.0 percent, from a 3.2 percent contraction in 2020. The region is expected to grow by 4.9 percent in 2022 and 5.2 percent in 2023. The effective roll-out of vaccination programs across the region enabled Member States to re-open, which accelerated economic activities and supported recovery in the job market. Unemployment rates, which spiked during the pandemic, started to wind down in 2021. ASEAN continues to work towards fully re-opening the region for tourism and travel.

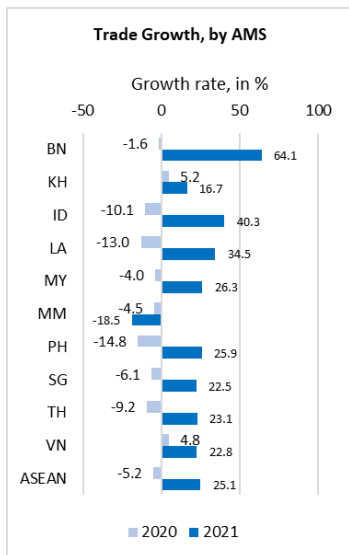
As of May 2022, full dose vaccination rate in ASEAN has reached 65.9 percent, while 25.2 percent of the population has received booster shots. All Member States are expected to fully re-open by the second half of the year.

Trade expanded by 25.1 percent to USD 3,340.6 billion in 2021, surpassing pre-pandemic levels. This was led by Singapore, Viet Nam, Indonesia, and Malaysia. Growth in machinery and electricals, minerals, metals, and chemicals were particularly strong, as demand for consumer electronics surged with the remote work and learning arrangements.

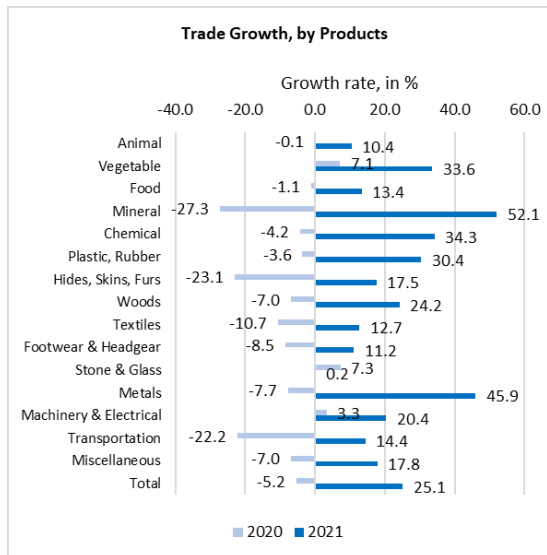
Selected Indicators on ASEAN Member States Economies

| Economy | Real GDP Growth, in % | | | | | Unemployment Rate, in % | | |
|-------------------|-----------------------|------|-------|-------|-------|-------------------------|------|------|
| | 2019 | 2020 | 2021 | 2022f | 2023f | 2019 | 2020 | 2021 |
| ASEAN | 4.7 | -3.2 | 3.0 | 4.9 | 5.2 | - | - | - |
| Brunei Darussalam | 3.9 | 1.1 | -1.6 | 4.2 | 3.6 | 6.8 | 8.4 | - |
| Cambodia | 7.1 | -3.1 | 1.9 | 5.3 | 6.5 | 2.4 | 0.3 | - |
| Indonesia | 5.0 | -2.1 | 3.7 | 5.0 | 5.2 | 5.1 | 6.2 | 6.3 |
| Lao PDR | 5.5 | 3.3 | -2.4 | 3.4 | 3.7 | 0.6 | 1.0 | - |
| Malaysia | 4.4 | -5.5 | 3.1 | 6.0 | 5.4 | 0.7 | 1.8* | - |
| Myanmar | 6.2 | 3.2 | -17.9 | -0.3 | 2.6 | 3.3 | 4.6 | 4.4 |
| Philippines | 6.1 | -9.6 | 5.6 | 6.0 | 6.3 | 5.1 | 10.4 | 7.7 |
| Singapore | 1.1 | -4.1 | 7.6 | 4.3 | 3.2 | 2.3 | 3.0 | 2.7 |
| Thailand | 2.2 | -6.2 | 1.5 | 3.0 | 4.5 | 1.0 | 1.7 | 1.9 |
| Viet Nam | 7.0 | 2.9 | 2.6 | 6.5 | 6.7 | 2.2 | 2.4 | 3.5 |

Source: ASEAN Secretariat (June 2022), International Monetary Fund (April 2022), Asian Development Bank (April 2022).
 Note: Unemployment rates are average of quarterly rates; *Myanmar 2020 figure is for first half only.

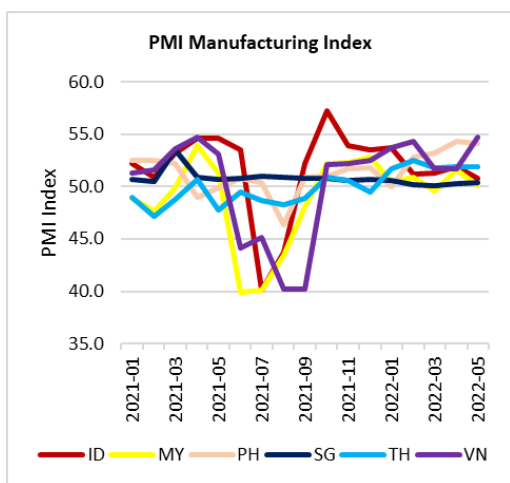


Source: ASEAN Secretariat, June 2022

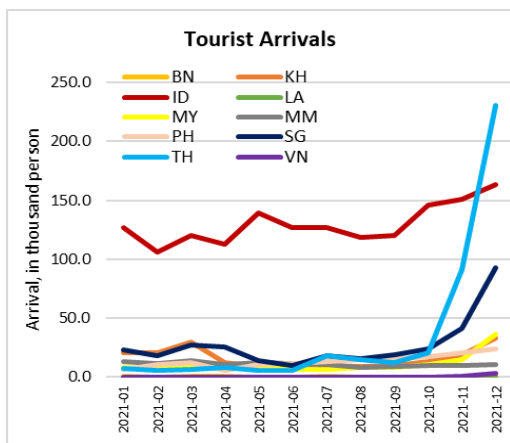


Investments was also robust, recording a 42.3 percent growth to USD 174.1 billion in 2021 mainly in manufacturing, financial and insurance services, and information and communication.

Optimism continues into 2022, with a strong rebound in manufacturing. The Purchasing Managers Index for manufacturing shows expansionary modes across Member States, despite risks of COVID variants and spikes in commodity prices in the first half of 2022.



Source: Trading Economics, June 2022



Source: ASEAN Secretariat, May 2022

Also seen to contribute to growth are the tourism and transport sectors, which are expected to strengthen as the region further reopens. Tourist arrivals have accelerated since the last quarter of 2021, particularly in Thailand and Singapore.

Notwithstanding, the conflict in Eastern Europe is a setback to economic recovery, globally and in the region. Disruptions in global value chains has led to price volatilities in global markets, especially of energy and food commodities. The persistent inflation pressures could erode consumers' purchasing ability and also affect industrial production. This adds to the risks arising from policy normalisation in major economies as they gradually exit from accommodative policies during the pandemic. Tighter policy rates in major countries, especially the US, could trigger capital outflows in emerging economies and exacerbate external vulnerabilities.

Most ASEAN Member States (AMS) saw their exchange rates depreciated against US dollar, markedly since the Federal Reserve took progressive raise of interest rates since March 2022. While most economic and financial conditions in the AMS have remained manageable for the first half of the year, few members have started to tighten policies, such as Lao PDR, Malaysia and Philippines. Central banks in the region need to stay alert and cooperate to enhance resilience toward future shocks, including financial vulnerability from both within and outside the region.

At the onset of the pandemic, ASEAN has affirmed commitment to work together to overcome the crisis. The region has continued to implement its economic integration agenda and maintain its role as a stalwart of multilateralism amidst rising geopolitics tensions. Taking advantage of the disruption presented by the pandemic, ASEAN has ramped up efforts on sustainability and digitalisation. The transition towards circular economy, carbon neutrality, and digital economy will drive the region's development in the years to come.

The ASEAN Economic Community beyond 2025: Options and Prospects

Anna Maria Rosario D. Robeniol
Alexander C. Chandra

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As ASEAN inches closer to attain its 2025 goals, work has started for the Association to lay the ground for its post-2025 priorities and agenda. The Ha Noi Declaration on the ASEAN Community Post-2025 Vision, which was adopted at the 37th ASEAN Summit in November 2020, has set the foundation for the development of ASEAN Post-2025 Vision.

As in the case with other pillars of ASEAN cooperation, the ASEAN Economic Community (AEC) will need to determine its post-2025 economic integration priorities and agenda. Building upon past achievements and lessons learned, the AEC's post-2025 vision, whilst need to be grounded on practical realities, will have to be inclusive, ambitious yet pragmatic, and forward-looking, taking into account the continuously changing global and regional political-economic environment the region will face.

ASEAN economic integration has been a work in progress for several decades now. Notwithstanding progress and achievements made, much needs to be done to ensure that the ASEAN economic community building process is progressing in a timely and effective manner and that its outcomes benefit the region's economy and society at large.

The recently concluded Mid-Term Review (MTR) of the AEC Blueprint 2025, which provides a comprehensive picture in terms of where ASEAN stands with regard to its economic community building process, offers recommendations that can help inform ASEAN's economic integration priorities towards 2025 and beyond.

More specifically, the MTR underscores four key points relevant to AEC's post-2025 Visions: (1) for the AEC to focus on quality and high-impact initiatives, especially those that can deliver practical and real benefits for its people; (2) the necessity for the AEC to better respond to cross-cutting issues, including through the strengthening of existing institutions, such as the ASEAN Secretariat, and more effective utilisation of existing cross-sectoral/pillars mechanisms; (3) for the AEC to embark on broader and

more meaningful engagement with stakeholders and partners; and (4) the importance for ASEAN to take into account emerging trends and issues facing the region, such as digitalisation, inclusivity, and sustainability, to name a few.

Whilst the MTR provides clues on key AEC priorities moving forward, it falls short in identifying the potential next stage in which ASEAN economic integration could evolve into.

Given the progress of the AEC so far, several possible options are available to ASEAN – either for it to focus on further widening and modernising its existing economic integration initiatives (i.e., horizontal economic integration), or to consider adopting the next stage of traditional economic integration approach through the formation of a customs union or a common market (i.e., vertical economic integration).

Horizontal economic integration option would put ASEAN's focus to go beyond tariff reduction, which would have been fully addressed by the time the region celebrates ASEAN's 58th anniversary in 2025. Indeed, by that time, ASEAN should be able to undertake deeper and more concrete commitments in areas that would strongly support market integration, e.g., competition, intellectual property, and government procurement, address recurring issues, such as the removal of non-tariff barriers and the deepening of regulatory cooperation, to name a view, and gain more confidence to go beyond its comfort zone by addressing non-conventional issues affecting the region's economy, such as sustainability, gender, labour, etc. Often raised by existing and potential ASEAN's Free Trade Agreement (FTA) partners, these emerging issues have been extensively discussed at the ASEAN level. Whilst challenging, ASEAN's serious commitment on these emerging issues may, in the long run, impact positively on the region's competitiveness and relevance in the global trading environment.

Vertical economic integration, on the other hand, entails the deepening of ASEAN's economic integration processes, such as through the establishment of a customs union or a common market. Discourses towards this end are not new. The proposal to set up a common market was already part of the 1972 Kansu Report, which became the major backbone for ASEAN's initial industrial cooperation in the late 1970s and 1980s, whilst discussions to establish a customs union emerged in the mid-1980s. Conversations on these two possible options resurfaced ahead of the ASEAN Leaders' agreement to establish the AEC in 2003.

Given that ASEAN economic integration process has been progressing considerably, the creation of an ASEAN Customs Union is not an unrealistic proposition. ASEAN is already an FTA where 99 percent of all goods originating from within region can move around amongst ASEAN Member States (AMS) duty-free. ASEAN already has existing initiatives that could help pave the way for the region to move towards a customs union; for instance, the ASEAN Harmonised Tariff Nomenclature and the ASEAN Single Window. Given the divergent tariff structure of the AMS, the major challenge would be on setting a common external tariff, which means all ten AMS have to agree on a

single, uniform, tariff rates applied on imports from outside the region. The process towards a customs union could, however, be less of a challenge for AMS as a gradual process similar to the Common Effective Preferential Tariff (CEPT Scheme), i.e., immediate inclusion, temporary exclusion (to be progressively included based on tranches), sensitive/highly sensitive (may or may not be included) could in fact be a possible option moving forward.

Naturally, these are not the only viable options for ASEAN. As usually the case, ASEAN can take the best out of existing options and models - one that fits the requirements of its Member States and their developmental pace. Again, whatever ASEAN's decision will be, the shape and format of the AEC post-2025, as well as its priorities and agenda, will need to take into account the lessons learned from the COVID-19 global pandemic and reflect the changing realities of a post-2025 environment.

UPDATES ON THE ASEAN ECONOMIC COMMUNITY



A *SEAN continues to make significant progress in the implementation the AEC Blueprint 2025, riding on the recovery wave that the region is currently experiencing.*

Priority Economic Deliverables under Cambodia's. Under the theme "ASEAN A.C.T.: Addressing Challenges Together", Cambodia's Chairmanship in 2022 has identified 19 Priority Economic Deliverables (PEDs) across four strategic thrusts: (1) Enhance Digital Connectivity, Science and Technology, (2) Narrowing the Development Gap for ASEAN's Competitiveness, (3) Promoting a More Integrated, Inclusive, Resilient and Competitive ASEAN, and (4) Strengthening Global ASEAN for Growth and Development.

One (1) PED has been completed, namely, "Launching of the ASEAN Trade in Goods Agreement (ATIGA) Upgrade Negotiation (Strategic Thrust 3)," that was launched at the 28th ASEAN Economic Ministers (AEM) Retreat on 16 March 2022. The upgraded ATIGA aims to increase the efficient utilisation of benefits resulting from regional economic integration and make the Agreement modern, forward-looking and more responsive to regional and global developments for the benefit of the private sector.

In addition, one (1) PED, "the Expansion of ACDD Exchange through ASEAN Single Window (Strategic Thrust 3)" has been partially completed. To date, eight (8) AMS have already joined the ACDD live operations. The remaining two AMS (Lao PDR and Viet Nam) are scheduled to join in July 2022.

The rest of PEDs are currently being implemented by various sectors, from trade in goods, financial integration, competition, IPR, transport, ICT, food and agriculture,

tourism, science and technology, MSMEs, and sustainable economic development.

Beyond the implementation of PEDs, ASEAN continues to make significant progress in the implementation of the second phase of the AEC Blueprint 2025 through the accomplishment of 2022 Annual Priorities (APs). This year, the APs include a significant number of activities spread across different sectors, including supporting the ASEAN digital transformation agenda (across ICT, e-commerce, competition, consumer protection, standards and conformance, and trade facilitation) and to promote sustainable development (across economic, finance, energy, minerals, agriculture, science and technology, transport, and tourism). On the other hand, these initiatives also highlight the increasingly cross-sectoral/pillar nature of the works in ASEAN. As such, there is an urgent need to enhance Cross-Sectoral/Pillar Coordination to ensure more effective implementation of these initiatives. Undertaking reforms in ASEAN's processes and mechanisms to improve sectoral coordination to achieve more synchronised and integrated policy responses/actions should therefore remain a priority.

On the **Fourth Industrial Revolution/Digital Transformation**, several activities across different sectors are ongoing.

Under the **competition** cooperation, the ASEAN Investigation Manual on Competition Policy and Law (CPL) for the Digital Economy is being developed. The Manual will guide AMS on how to investigate markets of the digital economy and highlight competition characteristics and practices typical for businesses offering such services and their effects on competition.

On **consumer protection**, ASEAN is currently preparing the Guidelines on Consumer Protection in E-commerce. The Guideline is intended to provide practical and technical guidance in establishing legal frameworks and institutional mechanisms to help monitor and keep in check abusive or unfair online business practices. In addition, the ASEAN Consumer Impact Assessment (CIA) Guidelines is being developed by the ASEAN Committee on Consumer Protection (ACCP). The Guideline aims to mainstream Consumer Protection across different policy areas through a framework that will enable AMS to systematically screen policies, laws and regulations on their likely impact on consumers and their interests.

On **customs**, several activities to enhance digital trade are being implemented to support ASEAN Single Window (ASW). This includes the implementation of the Amended ATIGA e-Form D in all AMS and End-to-End Test of the Generic Customs Response which require close engagement with the Sub-Committee on ATIGA Rules of Origin (SCAROO). In addition, another two activities namely, Live Operation of e-Phyto Certificates and the development of the Workplan for the Exchange of e-Animal Health (e-AH) Certificates are implemented in close with the ASEAN SPS Contact Points (ASCP). Lastly, the development of Workplans for the Exchange of Electronic Documents between ASEAN with Dialogue Partners is being pursued in coordination with various committees, such as Sub-Committee on Rules of Origin for the ASEAN-Japan Comprehensive Economic Partnership (AJCEP-SCROO), the ASEAN-Korea Sub-Committee on Tariffs and Rules of Origin (AKSTROO), and the ASEAN-China Free Trade Agreement Working Group on Rules of Origin (ACFTA-WGROO).

Under **e-commerce**, the ASEAN E-Commerce Trustmark Framework is currently being developed to promote a trusted e-commerce environment and therefore further enhance cross-border transactions in the region by minimising information asymmetry between buyers and sellers.

ASEAN is also conducting a review of the Digital Integration Framework Action Plan (DIFAP) 2019–2025, in order to keep the pace of digital transformation in the region, as well as to synergise the implementation of the ASEAN Agreement on E-Commerce. ASEAN also adopted the Bandar Seri Begawan Roadmap on ASEAN Digital Transformation, which highlights key actions from existing initiatives that are crucial in supporting ASEAN's ongoing digital integration through a phased approach from this year until 2025. More importantly, the Roadmap underscores ASEAN's commitment to commence negotiations for an ASEAN Digital Economy Framework Agreement by 2025.

On **MSMEs**, at least two activities are being conducted to support the digital transformation in the region. First is the Policy Toolkit on Integrating Provisions Focused on Women Entrepreneurship in ASEAN which aims to assist policymakers in understanding the enabling entrepreneurship ecosystem, identifying gaps, and facilitating

action planning for fostering an enabling ecosystem. This activity will be implemented in coordination with ASEAN Committee on Women (ACW) and ASEAN Senior Labour Officials Meeting (SLOM), as well as with support from the private sectors.

Another important initiative is the Benchmarking Guidelines towards Establishing Unique Business Identification Numbers (UBINs) in AMS. The initiative aims to provide a unique digital identification number for enterprises so as to facilitate cross-border businesses and transactions. In close coordination with business registration agencies and the ASEAN Coordinating Committee on Investment (CCI), this initiative will involve a stocktaking exercise on the business registration and licensing process and the development of benchmarking guidelines for establishing UBIN.

Several initiatives have also been put in place to further the agenda of **Sustainable Development** in the region.

Following the adoption of the Framework for Circular Economy (CE) for the AEC in October 2021, ASEAN is currently developing the Implementation Plan to operationalise the Framework along with a monitoring mechanism to assess its effectiveness. This will then be supported by the Work Programme to Support Implementation of the Framework for CE, which will facilitate the exchange of information, to assess possible synergies across different sectors and stakeholders and to provide recommendations on policy implications.

A Concept Note for ASEAN's Carbon Neutrality Strategy is also under development to align AMS low-carbon ambition and enable AMS to plan its transition in a safe and inclusive way. It will include an agreed definition and parameters of carbon neutrality for the region, identification and establishment of complementary mechanism that will accelerate meeting carbon neutral goals.

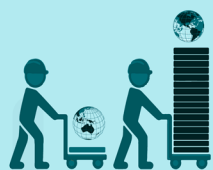
On **energy**, following the Bandar Seri Begawan Joint Declaration of the 39th ASEAN Ministers on Energy Meeting on Energy Security and Energy Transition, discussions are on-going to initiate the Studies on the Status and Potential of Energy Efficiency and Conservation (EE&C) for transport, industry, and power sector operations. This activity needs cooperation from the transport sector under the ASEAN Senior Transport Officials Meeting (STOM).

On **minerals** cooperation, the ASEAN Principles of Sustainable Minerals Development are currently being developed with the objective of adopting a set of principles for sustainable minerals development across AMS towards the eventual development of an ASEAN Mining Vision.

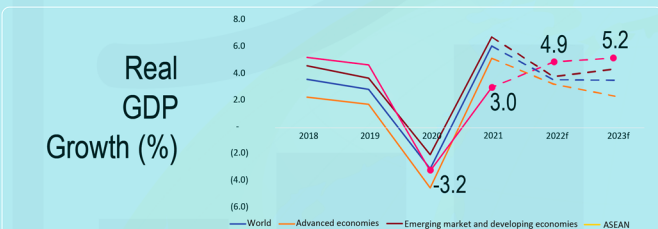
Finally, on **food and agriculture**, the development of the ASEAN-Italia Cooperation Project for the Competitive, Sustainable Development of the Aquaculture/Fishing Sector is ongoing. The project aims to address Abandoned, Lost, or otherwise discarded fishing gear (ALDFG) and marine debris affecting both the capture fisheries and aquaculture operations in the region.

PROGRESS OF AEC: SELECTED KEY INDICATORS

ASEAN GDP



In 2021, ASEAN GDP was **USD 3.4 trillion**, representing **3.5 percent** of total world GDP



Source: ASEAN Secretariat (June 2022), International Monetary Fund (April 2022), Asian Development Bank (April 2022)

ASEAN TRADE

ASEAN trade in 2021 grew by **25.1 percent** to reach **USD 3,340.6 billion**, exceeding its pre pandemic level.

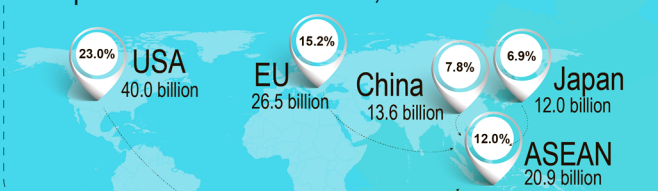
Top 5 Trading Partners in billion USD



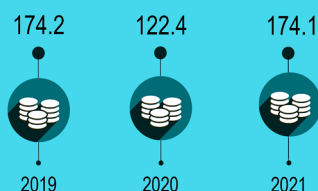
Source: ASEAN Secretariat (June 2022)

ASEAN INVESTMENT

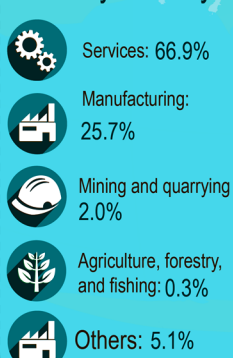
Top 5 FDI Source to ASEAN, 2021*



After recording a drop in 2020 due to COVID-19, FDI to ASEAN increased by **42.3 percent** to reach **USD 174.1 billion** in 2021.



FDI by Industry*



Source: ASEAN Secretariat (June 2022)

* Share to total ASEAN FDI inflows

ASEAN MANUFACTURING

Manufacturing activities expanded in some AMS as reflected by the Purchasing Managers' Index (PMI) for Manufacturing.

Manufacturing PMI, May 2022

| | May 2021 | Feb 2022 | May 2022 | | May 2021 | Feb 2022 | May 2022 |
|-------------|----------|----------|----------|-----------|----------|----------|----------|
| Indonesia | 54.6 | 51.2 | 50.8 | Singapore | 50.7 | 50.2 | 50.4 |
| Malaysia | 51.3 | 50.9 | 50.1 | Thailand | 47.8 | 52.5 | 51.9 |
| Philippines | 49.9 | 52.8 | 54.1 | Viet Nam | 53.1 | 54.3 | 54.7 |

Note: The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease.

Source: Trading Economics (June 2022)

www.asean.org

The Association of Southeast Asian Nation (ASEAN) was established on 8 August 1967. The Member States are Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam. The ASEAN Secretariat is based in Jakarta, Indonesia.

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