

# ASEAN Economic Community

The AEC comprises 11 countries in South East Asia including –  
Brunei/Cambodia/Indonesia/Laos/Malaysia/Myanmar/Philippines/  
Singapore/Thailand/Timor Leste/Vietnam



# ASEAN Economic Community

Opportunities through Economic Integration in AEC



# Dextrans Worldwide

## An overview of ASEAN

- Population of 650 million with 60% under 35 years old
- Asia's 3<sup>rd</sup> largest growth engine after Japan and China
- 2015: Total Combined GDP of USD\$ 3 trillion
- 2015: Attracted US\$132b of FDIs (China: US\$117.6b)
- Projected Growth on average at 6.7% annually from 2016 to 2019
- Huge intra-ASEAN trade potential
- Investors increasingly looking forward to set up operations in ASEAN due to lower cost of operations
- Very rich in natural resources eg. Oil & Gas/Minerals
- Huge low cost manufacturing base with young population and large domestic market

# Dextrans Worldwide ASEAN Economic Community

- AEC Objectives:
- To increase Competitiveness and Productivity of ASEAN as a single economic region
- To make ASEAN more attractive to global and pan-ASEAN Investors

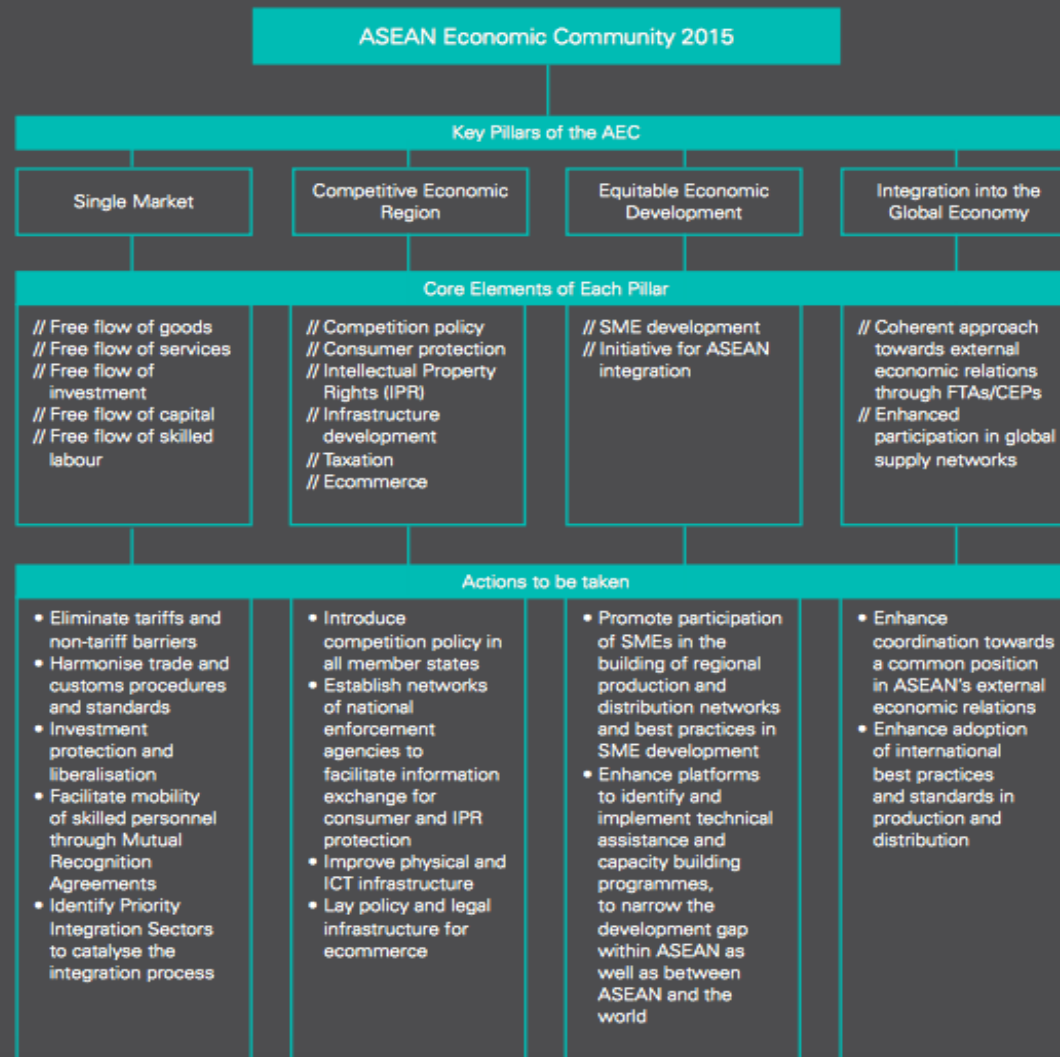


# Dextrans Worldwide ASEAN Economic Community

- ASEAN Economic Community Blueprint signed in 2007 at the Singapore Summit
  
- Built upon 4 key pillars:
  - i. A Single Market and Production Base
  - ii. Creation of a Competitive Economic Region
  - iii. Equitable Economic Development
  - iv. Integration into the global economy

# Dextrans Worldwide ASEAN Economic Community

Figure 2: Four Key Pillars of the AEC Blueprint



Source: AEC Factbook

# Dextrans Worldwide

## First Pillar – Single Market and Production base

- Barriers to trade in goods and services will be kept to a minimum
- ASEAN Trade in Goods Agreement (ATIGA)
- ASEAN Framework Agreement on Services (AFAS)
- ASEAN Comprehensive Investment Agreement (ACIA)

# Dextrans Worldwide Goods - ATIGA

- Gradual elimination of Tariffs and Non-Tariff Barriers

Figure 3: Tariff Reduction or Elimination Schedule under ATIGA

Product categorisation in each ASEAN member state	Tariff reduction/ elimination schedule under ATIGA	
	ASEAN-6 (Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand)	CLMV (Cambodia, Lao PDR, Myanmar and Vietnam)
Unprocessed agricultural products (e.g. sugar, rice, pineapples, etc.)	Import duties were reduced to 0% – 5% in 2010.	Vietnam: Import duties were reduced to 0% – 5% in 2013.
		Lao PDR and Myanmar: Import duties will be reduced to 0% – 5% by 2015.
		Cambodia: Import duties will be reduced to 0% – 5% by 2017.
All other products	Import duties were eliminated in 2010.	Import duties will be eliminated by 2015, with flexibility of up to 2018.
General exceptions	Import duties are not subject to reduction or elimination.	

- Creation of ASEAN Self-Certification System and ASEAN Single Window (ASW) to reduce Customs Administrative Burden

- ASEAN Trade Repository: A one-stop Website containing all Trade related information for all ASEAN Member States



# Dextrans Worldwide Services - AFAS

- Liberalize trade in services
- Eliminate substantial barriers to trade in services
- Enhance Cooperation in Services
- Providing Mutual Recognition of qualifications and experience

**Figure 4: Liberalisation Timeline under the AFAS**

## ASEAN Framework Agreement on Services (AFAS)

Priority Integration Sectors (5)  
Air transport, e-ASEAN, healthcare, hospitality and  
tourism and logistics services

Other Sectors (7)  
Business services, construction and engineering, education,  
finance, environmental services, culture and others

By 9th Package (2014)  
70% equity participation in priority integration sectors

By 10th Package (2015)  
70% equity participation in all sectors

# Dextrans Worldwide Services – AFAS (Some Key Facts)

## ■ Logistics

- i. ASEAN officials are committed to improving connectivity (\$4bn lending commitment through ASEAN Infrastructure Fund till 2020)
- ii. Creation of a Single Aviation Market
- iii. Airlines will be able to travel to more locations and explore different transit combinations
- iv. Reduction of operating cost for airlines and air freight operators
- v. Reduction of tariff barriers will lead to easier and free flow of cargo movements and re-distribution of production sites and location.

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## Current Status of AEC

Figure 5: Progress on ASEAN economic integration by sector

Progress (%) 0-24 25-49 50-74 75-99 100

		Tariffs		Non-tariff measures		Trade procedures			Services	Investment	Labor	Average	Lowest		
		Tariffed goods	Tariffed amount	Standards and regulations	Other non-tariff measures <sup>2</sup>	Single window status	Single window trade	Customs						Trade speed	Trade cost
Goods	Agriculture, fisheries	91	88	57	70	70	58	61	85	94		71	75	57	
	Rubber	93	98	98	96							71	82	58	
	Wood	94	99	96	75							68	80	58	
	Textiles	96	99	99	73							81	82	58	
	Auto	94	94	94	39							81	77	39	
	Electronics	98	99	57	62							81	76	57	
	Consumer	94	99	60	56							81	76	56	
	Resources <sup>3</sup>	84	93	79	89							61	78	58	
Services	Air travel										71	61	n/a <sup>5</sup>	66	61
	E-ASEAN <sup>4</sup>										60	47		54	47
	Health care										33	83	10	42	10
	Tourism										71	90	30	64	30
	Logistics										46	94		70	46
	Finance										59	64	n/a <sup>5</sup>	62	59
	Telecom										60	47		54	47
<b>Average</b>															

Source:  
McKinsey Global  
Institute integration  
database

- 1 Based on assessments of Indonesia, Malaysia, the Philippines, Thailand, and Vietnam. Brunei, Cambodia, Laos, and Myanmar excluded due to lack of comprehensive data; Singapore excluded to avoid bias toward developed economies.
- 2 Includes administrative charges, certificates of approval, import licensing, quantity control measures, internal taxes, and prohibition measures.
- 3 Includes mining, and oil and gas.
- 4 Digital readiness through connectivity, local content, e-commerce, common marketplace for ICT goods and services, skills development, and e-governance.
- 5 Sectors not covered in mutual recognition agreements.

# ASEAN Economic Community

How will Dextrans Group feature in the AEC

# ASEAN Economic Community

How Dextrans Group can support you in this AEC initiatives ?

1. Network - Dextrans local site operations in majority of AEC countries with local knowledge on customs & operational procedures
2. Brand - One Dextrans brand to represent and assist customers in every site
3. Trade & Customs - Procurement and product representation with value added logistics feature to allow factories to reap full benefit of free duties policies within the AEC
4. Fiscal Policy - Sales and procurement representation applying fiscal measures to customers advantage so that no legal entity needs to be set up.

# dextrans

Worldwide  
Integrating the Asian Frontier

10 countries, 25 locations in Asia  
[www.dextransgroup.com](http://www.dextransgroup.com)



# ASIA FOCUS



Since its inception in 2003, the evolution of the Dextrans brand and its foray into the Asia Pacific Region has been truly astounding. Its vision driven approach to anticipate growth opportunities and trailblazing ways to bring cutting edge solutions to an industry that is dynamic, evolving and constantly undergoing changes defies logic and defines its own destiny.

Today, Dextrans Group "integrates the Asian Frontier" through its strategically located site operating offices and supplier hubs with highly knowledgeable skilled individuals speaking no less than 12 different national languages and 38 local dialects. This allows us to integrate cross cultural complexities and localize our operations as much to the local needs as it operates within the global trading ecosystem.

Asia is our playing field. We breathe, we live and we understand Asia as we have our families here sharing the same values and culture.

As a one united Dextrans extended family, "Our Aims, Our Hopes, Our Strives - are ONE".

Dextrans Worldwide Group, understanding Asia - 350 people in 10 countries across 25 operating sites.



*Will you need look further ?*



Freight Management

Logistics Management

Projects Management

Marine Insurance

Technology & Infrastructure





## Freight Management

- ▶ Air Freight
- ▶ Sea Freight
- ▶ Marine Insurance
- ▶ Supplier and Purchase Order Management



## Logistics Management

- ▶ Procurement
- ▶ Inventory
- ▶ Distribution



## Projects Forwarding

- ▶ Oil & Gas
- ▶ Marine & Offshore
- ▶ Mining
- ▶ Power Generation



## Technology & Infrastructure

- ▶ dexOPS
- ▶ dexTRAK
- ▶ dexSETTLE

## Consult & Design

- ▶ Consolidation Hubs
- ▶ Turnkey Logistics
- ▶ Fiscal Representation
- ▶ Easi-Trade

