Our Vision: A leading global city of talent, enterprise and innovation.

Our Mission: To promote economic growth and create jobs, so as to achieve higher standards of living for all.

ASEAN Economic Community 2015

2 July 2015

Outlook for Building & Construction in Southeast Asia
ASEAN is Singapore’s largest trading partner

Singapore's Total Trade with the World
(2014 figures)

- ASEAN 26.2%
- Japan 4.7%
- Korea, Rep of 5%
- China 12.4%
- U.S. 7.8%
- GCC 6.5%
- EU 9.8%
- Others 27.8%
- Others 27.8%
ASEAN is Singapore’s top investment destination

In 2012, ASEAN formed 27% (S$100.7bn) of Singapore’s direct investment abroad, surpassing China (S$90.6 bn).
Background to the AEC 2015

- ASEAN Leaders in 1997 (30th anniversary of ASEAN) decided to embark on a path towards AEC 2015

- AEC is one of three pillars making up the ASEAN Community

- Objective: to transform the region into a competitive market with free flow of goods, services, investments, skilled labour and freer flow of capital

- Not intended to be a customs union, economic union, or monetary union
Background to the AEC 2015

Singapore businesses will have increased access to ASEAN markets, and tap on the potentially higher consumer demand and cross-border opportunities.
A “Blueprint” was developed in 2007 to implement the AEC by 2015 to transform ASEAN into a single market and production base, a highly competitive economic region, a region of equitable economic development, and a region fully integrated into the global economy.

Four pillars:

1. **Single Market & Production Base**
   - Free flow of goods, services, and investment
   - Freer flow of capital
   - Free flow of skilled labour
   - Priority Integration Sectors
   - Food, Agriculture, Forestry

2. **Competitive Economic Region**
   - Competition policy
   - Consumer protection
   - Intellectual property
   - Infrastructure development
   - Taxation
   - e-Commerce

3. **Equitable Economic Devt**
   - Technical and developmental cooperation
   - Assistance for SMEs

4. **External Engagements**
   - ASEAN+1 FTAs
   - RCEP
ASEAN Trade in Goods Agreement (ATIGA)
- Useful for exporters of building and construction materials/products

ASEAN Framework Agreement in Services (AFAS)
- Benefits companies providing services in the ASEAN region

ASEAN Comprehensive Investment Agreement (ACIA)
- Protects existing investments and prospective investors in ASEAN Countries
What the AEC means for us - Goods

- ASEAN Trade in Goods Agreement (ATIGA)
  - Tariff Reduction
  - Most Favoured Nation Treatment (MFN)
  - National Treatment (NT)
What the AEC means for us - Goods

- Singapore traders and manufacturers are able to export originating products to ASEAN without having to incur tariffs for virtually all goods
  - With freer flow of goods within ASEAN, traders and manufacturers can source from the region. Production costs are expected to be reduced due to lower costs for regionally-sourced raw materials or inputs
  - Improves our companies’ access to the rapidly growing demand in ASEAN

- No Building & Construction goods/products are in any ASEAN Member States’ General Exclusion List

- All Building and Construction goods/products are tariff-free for Brunei, Indonesia, Malaysia, Thailand, the Philippines since 2010, and will be tariff-free for Cambodia, Lao PDR, Myanmar and Vietnam by 2018
**What the AEC means for us - Goods**

- Example of Tariff Reduction Schedule – Vietnam’s Cement

<table>
<thead>
<tr>
<th>AHTN2012</th>
<th>Description</th>
<th>ATIGA Tariff (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2015</td>
</tr>
<tr>
<td>25.23</td>
<td>Portland cement, aluminous cement, slag cement, supersulphate cement and similar hydraulic cements, whether or not coloured or in the form of clinkers.</td>
<td></td>
</tr>
<tr>
<td>2523.10</td>
<td>- Cement clinkers:</td>
<td>0</td>
</tr>
<tr>
<td>2523.10.10</td>
<td>- Of a kind used in the manufacture of white cement</td>
<td>0</td>
</tr>
<tr>
<td>2523.10.90</td>
<td>- Other</td>
<td>0</td>
</tr>
<tr>
<td>2523.21.00</td>
<td>-- White cement, whether or not artificially coloured</td>
<td>5</td>
</tr>
<tr>
<td>2523.29.10</td>
<td>- - Coloured cement</td>
<td>5</td>
</tr>
<tr>
<td>2523.29.90</td>
<td>- - Other</td>
<td>5</td>
</tr>
<tr>
<td>2523.30.00</td>
<td>- Aluminous cement</td>
<td>5</td>
</tr>
<tr>
<td>2523.90.00</td>
<td>- Other hydraulic cements</td>
<td>5</td>
</tr>
</tbody>
</table>

Every ASEAN Member States’ Tariff Reduction Schedule can be found at: [http://www.asean.org/news/item/annex-2-tariff-schedules](http://www.asean.org/news/item/annex-2-tariff-schedules)
What the AEC means for us - Goods

- Most Favoured Nation Treatment (MFN):
  - If any ASEAN Member State gives a non-Member State commitments that are more favourable, ASEAN has the right to request to incorporate the commitment into the ATIGA

- National Treatment on Internal Taxation and Regulation (NT):
  - An ASEAN Member State cannot treat imported goods any less favourably than its own domestically produced goods in terms of internal taxations or any regulatory measures
• ASEAN Framework Agreement in Services (AFAS)
  – National Treatment (NT)
  – Market Access
  – Recognition of Professions
What the AEC means for us - Services

- Businesses can enjoy progressive reduction of barriers to services trade
  - For example, Singaporean companies can now own 100% stake in these areas:
    - Indonesia: Engineering design services, engineering advisory and consultative services
    - Myanmar: Engineering services, integrated engineering services, construction services
    - Vietnam: Construction services, urban planning services, urban landscape architectural services
What the AEC means for us - Services

- Example of Services Schedule – Cambodia and Brunei’s Architectural Services

**For Cambodia:**

<table>
<thead>
<tr>
<th>Sector or Subsector</th>
<th>Limitation on Market Access</th>
<th>Limitation on National Treatment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architectural Services (CPC8671)</td>
<td>Cross-border Supply:  • None</td>
<td>Cross-border Supply:  • None</td>
</tr>
<tr>
<td></td>
<td>Commercial Presence:  • None</td>
<td>Commercial Presence:  • None</td>
</tr>
</tbody>
</table>

**For Brunei:**

<table>
<thead>
<tr>
<th>Sector or Subsector</th>
<th>Limitation on Market Access</th>
<th>Limitation on National Treatment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architectural Services (CPC8671)</td>
<td>Cross-border Supply:  • None, other than plans should be submitted through licensed practicing Architects in Brunei Darussalam</td>
<td>Cross-border Supply:  • None</td>
</tr>
<tr>
<td></td>
<td>Commercial Presence:  • Foreign Equity Participation should not exceed 51%</td>
<td>Commercial Presence:  • Must be a resident in Brunei Darussalam for at least 90 days  • One of the 2 directors, or where there are more than 2 directors, at least 2 of them shall be nationals of Brunei Darussalam</td>
</tr>
</tbody>
</table>

What the AEC means for us - Services

• MRAs in Engineering, Architectural and Land Surveying to facilitate movement of professionals while maintaining high accreditation standards
  
  – Singapore’s high standard of qualifications enables our professionals to enter neighbouring markets

  – Professionals entering Singapore must meet our standards and are subject to domestic regulations and immigration laws

  – Facilitates better knowledge-sharing, innovation-transfer and lowers cost of doing business in skilled-labour scarce markets

Links to each MRA:
  • Land Surveying Services – http://www.agreement.asean.org/media/download/20150119184022.pdf
What the AEC means for us - Investment

- ASEAN Comprehensive Investment Agreement (ACIA)
  - Higher levels of protection, promotion and facilitation of investments within and across ASEAN
  - Most Favoured Nation Treatment (MFN)
  - National Treatment (NT)
  - Investor-State Dispute Settlement (ISDS)
What the AEC means for us - Investment

• Most Favoured Nation Treatment (MFN)
  – Investors will receive the benefits of commitments that any ASEAN Member State makes in their future trade agreements

• National Treatment (NT)
  – An ASEAN Member State shall treat investors from any other Member State no less favourably than its own in admission, establishment, acquisition, expansion, management, conduct, operation and sale or other disposition of investments
What the AEC means for us - Investment

- Investor-State Dispute Settlement (ISDS) Mechanism
  - Gives investors the right to use dispute settlement proceedings against a government when unable to obtain compensation after unlawful direct/indirect expropriation

- Increased transparency in investment regulations
  - All ASEAN Member States must make publicly available all information on laws, regulations, administrative guidelines or policy changes relating to investments
What the AEC means for us – Other Areas

- ASEAN is working to eliminate and/or reduce non-tariff barriers for a more stable and predictable trading environment

- Improved business facilitation through improved customs processes: e.g. ASEAN Single Window and ASEAN Self-Certification System

- SME development and cooperation initiatives: e.g. ASEAN SME Policy Index, ASEAN SME Innovation Awards, SME Guidebook towards AEC 2015

- Developing rules-based regime in all ASEAN Member States, in areas such as Competition Laws and Intellectual Property Rights
Post-2015: A Highly Integrated & Cohesive Economy

ASEAN will broaden and deepen regional integration in its Post-AEC 2015 Roadmap

- Enhanced Trade Facilitation
- Remove & Liberalise Restrictions on Services Sectors
- Remove & Liberalise Investment Restrictions
- Responsive Regulations
- Productivity-Driven Growth
- Developing SMEs
- Financial Integration & Stability
- Participation in Global Value Chains
- Harmonising Standards & Conformance
- Public Private Sector Engagement
Upcoming Resources on the AEC

- Further details on the AEC and its opportunities, with a view to cater for sector-specific audiences will be made available through various channels
  - AEC Collateral
  - AEC Micro-site
  - AEC Video
  - Fairs and Events
- Expect these resources to be circulated by September 2015
Thank You

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