

DOING BUSINESS IN ASEAN

ASEAN ECONOMIC COMMUNITY

2ND EDITION

Indonesia | Thailand | Malaysia | Singapore | Philippines | Vietnam | Myanmar | Brunei | Cambodia | Laos



RAJAH & TANN ASIA

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DISCLAIMER

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Every effort has been made to make this guide as accurate as possible and it should serve only as a general guide or supporting material, not as the ultimate source of subject information.

This guide contains information that might be dated and is intended only to be informative for publication purpose at the time of print. The authors shall bear no liability or responsibility to any person(s) or entity regarding any loss or damage incurred, or alleged to have been incurred, directly or indirectly, by the reliance on information contained in this guide, and shall not be responsible for any errors, inaccuracies or omissions.

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UNITED OVERSEAS BANK LIMITED

Southeast Asia's growth story has propelled forward in recent years.

There are huge investment opportunities in Southeast Asia – from manufacturing to infrastructure to energy and services. When the economic bloc of 10 nations is taken as a whole, ASEAN ranks as the seventh largest global economy with a collective gross domestic product of US\$2.6 trillion.

It is therefore no surprise that robust regional growth forecasts suggest that the combined economies of Southeast Asia will be a crucial, long-term driver of the global economy.

However, realising the region's full potential is likely to be challenging. The key challenge lies in trade liberalisation, integration of capital markets and standardisation of legal and regulatory frameworks which will make it much easier to do business across the region.

In spite of this, foreign direct investment ("FDI") inflows into Southeast Asia have surged over the last four years, growing from US\$47.8 billion in 2009 to US\$133 billion in 2014. This trend is expected to gather even more momentum in the coming years as the region works towards economic integration.

UOB understands that companies need to adopt a regional strategy to take advantage of the shifting investment landscape. The Bank also has dedicated FDI Advisory teams in China, Hong Kong SAR, India, Indonesia, Malaysia, Myanmar, Singapore, Thailand and Vietnam to address the diverse needs of companies expanding within the region.

In light of this, we are pleased to partner RSM and Rajah & Tann Asia to produce the second edition of this guide as part of our effort to help international and regional companies navigate their investments in the region.

Eric Tham

Managing Director and Group Head of Commercial Banking
United Overseas Bank



RSM

Anyone who wishes to do business in ASEAN must first embrace its diversity and dynamism. As a regional network of 10 member nations governed by different political systems, it has a population of more than 600 million people who practise a multitude of religions and speak over 70 languages and dialects.

What are the risks to ASEAN? Can we continue forging ahead amid uncertainty over global demand? The development gaps within and between the countries, such as disparities in income, law, tax systems, financial systems, capital and exchange controls, will continue to be the key challenges as ASEAN forges ahead towards ASEAN Community Vision 2025 adopted at the 27th ASEAN Summit in Kuala Lumpur in November 2015.



ASEAN needs to foster deeper integration as a matter of priority. I am glad that the AEC 2025 Blueprint, which is a component of ASEAN Community Vision 2025, has developed a comprehensive blueprint to make ASEAN a dynamic, cohesive and inclusive community that is responsive to global trends and connected to the global economy. Specifically, the AEC 2025 Blueprint recognises the importance for ASEAN to (a) remain open and cohesive for free trade and investment flows, (b) enhance participation and integration in global value chains, (c) deploy information and communications technology to narrow the development gap and (d) strengthen the role of micro, small and medium enterprises so that they remain resilient, innovative and productive.

Together with our network firms in ASEAN, we are well-positioned to help our clients ride the wave of opportunities under the AEC 2025 Blueprint. With that, we are pleased to bring to you the second edition of the guidebook on “Doing Business in ASEAN” in collaboration with our partners UOB and Rajah & Tann.

Chio Kian Huat

Chief Executive Officer

RSM Chio Lim LLP

May 2016

RAJAH & TANN ASIA

With close to 9% of the world's population, a growing middle class, a young workforce, and a low-based upward trending gross domestic product of US\$2.6 trillion, trade and investment prospects for ASEAN remain promisingly robust at a time when many of the world's largest economic engines are facing headwinds. Regional integration within an Emerging Asia has also picked up speed. A number of frameworks for greater integration, including the ASEAN+3 (ASEAN, Japan, China and Korea) and ASEAN+6 (ASEAN+3, India, Australia and New Zealand) initiatives, act as significant building blocks as the ASEAN Economic Community established at the end of 2015 starts to become a reality.



However, challenges in key policy areas remain and require detailed addressing — trade in goods and services, investment and capital market liberalisation, competition and consumer protection, intellectual property, infrastructure, tourism, the development of the private sector SME economy in a fast changing cross-border environment and improved regulatory coordination. The need for relevant and practical legal advice could not be more timely.

Rajah & Tann Asia was established in August 2014 with the vision to provide an ASEAN “home team” of lawyers. With 600 lawyers working across 11 offices in 9 countries across Asia and rooted in the know-how and diverse cultures of the region, our clients have come to trust the unparalleled experience and on-the-ground insights that we bring to transactions in the region and beyond.

We trust that this publication will serve as a useful resource and tool for those seeking to learn more about ASEAN and its member states, as well as about the regional initiatives, both implemented and planned.

Lee Eng Beng SC

Chairman

Rajah & Tann Asia

INTRODUCTION TO ASEAN

The Association of Southeast Asian Nations, or ASEAN, was established on 8 August 1967 in Bangkok, Thailand, with the signing of the ASEAN Declaration (Bangkok Declaration) by the Founding Fathers of ASEAN, namely Indonesia, Malaysia, the Philippines, Singapore and Thailand. Subsequently, Brunei Darussalam joined on 7 January 1984, Vietnam on 28 July 1995, Laos and Myanmar on 23 July 1997, and Cambodia on 30 April 1999. These comprise the 10 member states of ASEAN today.



Such a commitment was of great importance for building trust in a region divided by stark ethnic differences and a scant history of inter-state cooperation during the period of colonisation.

The 1967 Bangkok Declaration was an initiative to ensure peace and stability in the region, through a commitment to work together and deal peacefully with mutual differences. Member states hoped to forge an independent bloc in Southeast Asia that would not be dominated or exploited by external powers.

Today, the notions of sovereignty, equality, territorial integrity and non-interference among member states remain central tenets of ASEAN unity and cooperation.

AIMS AND PURPOSES

Against a backdrop of the Cold War and the tumultuous transition to independence in many Southeast Asian states, ASEAN's objective at its establishment was "to accelerate the economic growth, social progress and cultural development in the region through joint endeavours in the spirit of equality and partnership in order to strengthen the foundation for a prosperous and peaceful community of South-East Asian Nations".

As set out in the ASEAN Declaration, the other aims and purposes of ASEAN are:

- To promote regional peace and stability through abiding respect for justice and the rule of law in the relationships among countries of the region and adherence to the principles of the United Nations (UN) Charter;
- To promote active collaboration and mutual assistance on matters of common interest in the economic, social, cultural, technical, scientific and administrative fields;
- To provide assistance to each other in the form of training and research facilities in the educational, professional, technical and administrative spheres;
- To collaborate more effectively for the greater utilisation of agriculture and other industries, the expansion of trade (including the study of problems of international commodity trade), the improvement of transportation and communications facilities, and raising the living standards of their peoples;
- To promote Southeast Asian studies; and
- To maintain close and beneficial cooperation with existing international and regional organisations with similar aims and purposes, and explore all avenues for even closer cooperation among themselves.

FUNDAMENTAL PRINCIPLES

In their relations with one another, the ASEAN member states have adopted the following fundamental principles, as contained in the Treaty of Amity and Cooperation in Southeast Asia (TAC) of 1976:

- Mutual respect for the independence, sovereignty, equality, territorial integrity, and national identity of all nations;
- The right of every State to lead its national existence free from external interference, subversion or coercion;
- Non-interference in the internal affairs of one another;
- Settlement of differences or disputes by peaceful means;
- Renunciation of the threat or use of force; and
- Effective cooperation among member states.

ASEAN COMMUNITY 2015

The ASEAN Community 2015 is based on the vision of One Vision, One Identity, One Community. The ASEAN leaders agreed on a shared vision of ASEAN as a concert of Southeast Asian nations that is outward looking, and living in peace, stability and prosperity as development partners within a community of caring societies.

At the 9th ASEAN Summit in 2003, ASEAN leaders resolved that an ASEAN Community shall be established. At the 12th ASEAN Summit in 2007, the leaders subsequently affirmed their strong commitment to accelerate the establishment of an ASEAN Community by 2015 and signed the Cebu Declaration on the Acceleration of the Establishment of an ASEAN Community by 2015.

The ASEAN Community 2015 comprises three pillars, namely, the ASEAN Political-Security Community

(APSC), ASEAN Economic Community (AEC) and ASEAN Socio-Cultural Community (ASCC).

Each pillar has its own blueprint, and together with the Initiative for ASEAN Integration (IAI) Strategic Framework and IAI Work Plan Phase II (2009-2015), forms the Roadmap for an ASEAN Community 2009-2015.

ASEAN Political-Security Community (APSC) Blueprint 2015

The ASEAN Political-Security Community has its origins in over four decades of close cooperation and solidarity.

At the 13th ASEAN Summit in Singapore, ASEAN heads of states / governments signed the ASEAN Charter, which marked ASEAN member states' commitment towards intensifying community building through enhanced regional cooperation and integration. In line with this, they tasked their ministers and officials to draft the APSC Blueprint, which would be adopted at the 14th ASEAN Summit.

The APSC 2015 Blueprint is guided by the ASEAN Charter and the principles and purposes contained therein. The APSC Blueprint builds on the ASEAN Security Community Plan of Action, the Vientiane Action Programme (VAP), as well as relevant decisions by various ASEAN sectoral bodies.

The ASEAN Security Community Plan of Action is a principled document that sets out the activities needed to realise the objectives of the ASEAN Political-Security Community, while the VAP sets out the measures necessary for 2004-2010. These two documents are important references in continued political and security cooperation.

The APSC 2015 Blueprint provides a roadmap and timetable to establish the APSC by 2015. This Blueprint would also have the flexibility to continue programmes and activities beyond 2015 in order to retain its significance and have an enduring quality.

ASEAN Economic Community Blueprint 2015 (AEC Blueprint 2015)

The AEC Blueprint 2015 envisages the following key characteristics:

- 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.

The AEC Blueprint 2015 areas of cooperation include human resources development and capacity building, recognition of professional qualifications, closer consultation on macroeconomic and financial policies, trade financing measures, enhanced infrastructure and communications connectivity, development of electronic transactions through e-ASEAN, integrating industries across the region to promote regional sourcing, and enhancing private sector involvement for developing the AEC.

Enabling economic development throughout ASEAN is also an important objective of the AEC Blueprint 2015. The enlarged membership of ASEAN came with a new set of challenges. The last four members to join – Cambodia, Laos, Myanmar and Vietnam – had significant development gaps with the six founding members.

Narrowing this “development gap” thus became an additional priority of ASEAN. Projects under the Initiative for ASEAN Integration are designed to enable new ASEAN members to accelerate the pace of economic growth, and enable them to participate on a similar level with the first six members.

In short, the AEC Blueprint 2015 will transform ASEAN into a region with free movement of goods, services, investment, and skilled labour, as well as freer flow of capital.

ASEAN Socio-Cultural Community (ASCC) Blueprint 2015

The ASCC Blueprint 2015 contributes to the realisation of an ASEAN Community that is “people-centred and socially responsible with a view to achieving enduring solidarity and unity among the nations and peoples of ASEAN by forging a common identity and building a caring and sharing society which is inclusive and harmonious where the well-being, livelihood, and welfare of the peoples are enhanced.”

Areas of cooperation in this community include culture, arts and information, disaster management, education, environment, health, labour, rural development and poverty eradication, social welfare and development, youth and civil service cooperation.

Embedded in the ASEAN Vision 2020, Declaration of ASEAN Concord I (1976), Declaration of ASEAN Concord II (2003) and the Hanoi Plan of Action (HPA) is ASEAN’s goal of a community of cohesive, equitable and harmonious societies, bound together in solidarity for deeper understanding and cooperation. Its key features are:

- Equitable access to opportunities will be universal, rising above the barriers of religion, race, language, gender and social and cultural background;
- Human potentials are nurtured to the fullest so that all individuals can participate meaningfully in a competitive world in a manner that gives paramount importance to their welfare and dignity;
- Norms of social and distributive justice are upheld by addressing issues of poverty and equity, and special care is given to vulnerable groups – children, youth, women, the elderly, and persons with disabilities – who could be the subject of abuse, neglect and discrimination;

INTRODUCTION TO ASEAN

- The environment and natural resources are protected and managed to sustain development and as a legacy for future generations;
- Civil society is engaged in providing inputs for policy choices;
- People are healthy in mind and body and living in harmony in safe environments; and
- ASEAN citizens interact in a community conscious of its historical ties, aware of its cultural heritage and bound by a common regional identity.

ASEAN COMMUNITY 2025

In November 2015, the Head of States/ Government representing the ten ASEAN countries meet in Kuala Lumpur for the 27th ASEAN Summit to celebrate the substantive implementation of the AEC 2015 Blueprint by standardising economic regulations including those on trade, capital market regulatory frameworks and platforms, labour mobility and protection of the intellectual property rights. The leaders also acknowledge the establishment of the ASEAN Community is still a work in progress and the collective leadership to strengthen the ASEAN identity is critical and necessary. A strong political will to strengthen ASEAN unity is needed and the Kuala Lumpur Declaration on ASEAN 2025 by the ASEAN leaders made plain the leaders' continued commitment towards deeper regional integration. The Asean Community Vision 2025 envision:

- (a) a peaceful, stable and resilient Community with enhanced capacity to respond effectively to challenges, and ASEAN as an outward-looking region with a global community of nations, while maintaining ASEAN centrality;
- (b) a vibrant, sustainable and highly integrated economies, enhanced ASEAN Connectivity as well as strengthened efforts in narrowing the development gap;
- (c) a Community empowered with capabilities, to seize opportunities and address challenges in the coming decade; and
- (d) underline the complementarity of the United Nations 2030 Agenda for Sustainable Development with ASEAN community building efforts to uplift the standards of living of our people.

The ASEAN Community 2025 charts out the Blueprints for (a) Asean Political-Security Community 2025, (b) ASEAN Economic Community 2025 and (c) ASEAN Socio-Cultural Community 2025. The details of each of these key pillars are provided below

ASEAN Political-Security Community Blueprint 2025 (APSC Blueprint 2025)

The APSC Blueprint 2025 envision ASEAN to be a united, inclusive and resilient community. ASEAN people shall live in a safe, harmonious and secure environment, embrace the values of tolerance and moderation as well as uphold ASEAN fundamental principles, shared values and norms. It envision ASEAN to remain cohesive, responsive and relevant in addressing challenges to regional peace and security as well as play a central role in shaping the evolving regional architecture, while deepening our engagement with external parties and contributing collectively to global peace, security and stability. It sets out the following nine key principles:-

1. A rules-based community that fully adheres to ASEAN fundamental principles, shared values and norms as well as principles of international law governing the peaceful conduct of relations among states;
2. An inclusive and responsive community that ensures our peoples enjoy human rights and fundamental freedoms as well as thrive in a just, democratic, harmonious and gender sensitive environment in accordance with the principles of democracy, good governance and the rule of law;

3. A community that embraces tolerance and moderation, fully respects the different religions, cultures and languages of our peoples, upholds common values in the spirit of unity in diversity as well as addresses the threat of violent extremism in all its forms and manifestations;
4. A community that adopts a comprehensive approach to security which enhances our capacity to address effectively and in a timely manner existing and emerging challenges, including non-traditional security issues, particularly transnational crimes and transboundary challenges;
5. A region that resolves differences and disputes by peaceful means, including refraining from the threat or use of force and adopting peaceful dispute settlement mechanisms while strengthening confidence-building measures, promoting preventive diplomacy activities and conflict resolution initiatives;
6. A region that remains free of nuclear weapons and other weapons of mass destruction, as well as contributes to global efforts on disarmament, non-proliferation and peaceful uses of nuclear energy;
7. A community that enhances maritime security and maritime cooperation for peace and stability in the region and beyond, through ASEAN and ASEAN-led mechanisms and adopts internationally-accepted maritime conventions and principles;
8. A community that strengthens our unity, cohesiveness and ASEAN centrality as well as remains the primary driving force in shaping the evolving regional architecture that is built upon ASEAN-led mechanisms; and
9. A community, in the interest of developing friendly and mutually beneficial relations, that deepens cooperation with Dialogue Partners, strengthens engagement with other external parties, reaches out to potential partners, as well as responds collectively and constructively to global developments and issues of common concern.

ASEAN Economic Community Blueprint 2025 (AEC Blueprint 2025)

The AEC Blueprint 2025 envision a highly integrated and cohesive; competitive, innovative and dynamic, with enhanced connectivity and sectoral cooperation; and a more resilient, inclusive, and people-oriented, people-centred community, integrated with the global economy. It sets out the following visions:-

1. A highly integrated and cohesive regional economy that supports sustained high economic growth by increasing trade, investment, and job creation; improving regional capacity to respond to global challenges and mega trends; advancing a single market agenda through enhanced commitments in trade in goods, and through an effective resolution of non-tariff barriers; deeper integration in trade in services; and a more seamless movement of investment, skilled labour, business persons, and capital;
2. A competitive, innovative and dynamic community which fosters robust productivity growth including through the creation and practical application of knowledge, supportive policies towards innovation, science-based approach to green technology and development, and by embracing the evolving digital technology; promotion of good governance, transparency and responsive regulations; effective dispute resolution; and a view towards enhanced participation in global value chains;
3. Enhanced connectivity and sectoral cooperation with improvements in regional frameworks, including strategic sectoral policies vital to the effective operationalisation of the economic community;
4. A resilient, inclusive, people-oriented and people-centred community that engenders equitable development and inclusive growth; a community with enhanced micro, small and medium enterprise development policies and cooperation to narrow the development gaps; and a community with effective business and stakeholder engagement, subregional

development cooperation and projects, and greater economic opportunities that support poverty eradication; and

5. A global ASEAN that fosters a more systematic and coherent approach towards its external economic relations; a central and foremost facilitator and driver of regional economic integration in East Asia; and a united ASEAN with an enhanced role and voice in global economic fora in addressing international economic issues.

We address the AEC Blueprint 2025 in greater detail on page 36.

ASEAN Socio-Cultural Community Blueprint 2025 (ASCC Blueprint 2025)

The ASCC Blueprint 2025 shall be one that engages and benefits the people of ASEAN, and is inclusive, sustainable, resilient and dynamic and it sets out to realise the following vision:-

1. A committed, participative and socially-responsible community through an accountable and inclusive mechanism for the benefit of ASEAN people, upheld by the principles of good governance;
2. An inclusive community that promotes high quality of life, equitable access to opportunities for all and promotes and protects human rights of women children, youth, the elderly, persons with disabilities, migrant workers and vulnerable and marginalised groups;
3. A sustainable community that promotes social development and environmental protection through effective mechanisms to meet the current and future needs of ASEAN people;
4. A resilient community with enhanced capacity and capability to adapt and respond to social and economic vulnerabilities, disasters, climate change as well as emerging threats and challenges; and
5. A dynamic and harmonious community that is aware and proud of its identity, culture, and heritage with the strengthened ability to innovate and proactively contribute to the global community.

ASEAN CHARTER

The ASEAN Charter serves as a firm foundation in achieving the ASEAN Community by providing a legal status and an institutional framework for ASEAN. It also codifies ASEAN norms, rules and values, sets clear targets for ASEAN, and promotes accountability and compliance.

The ASEAN Charter entered into force on 15 December 2008. A gathering of ASEAN foreign ministers was held at the ASEAN Secretariat in Jakarta to mark this historic occasion.

With the entry into force of the ASEAN Charter, ASEAN effectively operates under a new legal framework and has established a number of new organs to boost its community-building process.

In effect, the ASEAN Charter has become a legally binding agreement among the 10 ASEAN member states.

ASEAN AT A GLANCE

REGION PROFILE: ASEAN

Introduction

ASEAN was formed on 8 August 1967 in Bangkok, Thailand, through the signing of the ASEAN Declaration (Bangkok Declaration) by Indonesia, Malaysia, the Philippines, Singapore and Thailand. Brunei Darussalam subsequently joined on 7 January 1984, Vietnam on 28 July 1995, Laos and Myanmar on 23 July 1997, and Cambodia on 30 April 1999.

Map



Population

622.25 million (2014 estimate)

Population between 20 and 54 years of age

50.8% (2013 estimate)

Total Land Area

4.44 million square kilometres

GDP (Current Price) in 2014

US\$2.57 trillion

GDP per capital (Current Price) in 2014

US\$4,136

GDP per capital (PPP) in 2014

US\$10,700

Flag



Motto

"One Vision, One Identity, One Community"

ASEAN Day

8th August

Total Trade in 2014

US\$2.53 trillion

Intra-ASEAN Trade in 2014

US\$608.20 billion

Top 5 Trade Partners in 2014

China – US\$366.50 billion

Japan – US\$229.00 billion

EU – US\$209.40 billion

USA – US\$212.4 billion

South Korea – US\$131.40 billion

COUNTRY PROFILE: BRUNEI DARUSSALAM

Introduction

The Sultanate of Brunei's influence peaked between the 15th and 17th centuries when its control extended over coastal areas of northwest Borneo and the southern Philippines. Brunei's ruling family provided much needed stability over the 18th and 19th centuries as geopolitical strife from European colonial expansion and global piracy threatened the Sultanate. In 1888, Brunei became a British protectorate and independence was achieved in 1984. Today Brunei benefits from extensive petroleum and natural gas fields, and has one of the highest per capita GDPs in Asia.

Population

0.413 million (2014 estimate)

Urbanisation

77% (2014 estimate)

Economy

Brunei has a small well-to-do economy that depends on revenue from natural resource extraction, and encompasses a mixture of foreign and domestic entrepreneurship, government regulation, welfare measures, and village tradition. Crude oil and natural gas production account for 60% of GDP and more than 90% of exports. Brunei's GDP per capita is among the highest in Asia, with substantial income from overseas investment supplementing its income from domestic production. The government provides Bruneian citizens with free medical services and education through the university level. The government of Brunei has been emphasizing through policies and resource investments its strong desire to diversify the economy into new sectors.

Central Bank and Currency

Brunei Currency and Monetary Board, Brunei Dollar (BND)

GDP per capital (Current Price)

US\$41,424 (2014 estimate)

GDP per capita (PPP)

US\$82,850 (2014 estimate)

Unemployment Rate

3.8% (2014 estimate)

Inflation Rate

-0.2% (2014 estimate)

Flag



Map



Capital

Bandar Seri Begawan

Ethnic Groups (2011 estimate)

Malay 65.7%, Chinese 10.3%, Other Indigenous 3.4%, Others 20.6%

Languages

Malay (official), English, Chinese

Religions (2011 estimate)

Muslim (official) 78.8%, Christian 8.7%, Buddhist 7.8%, Others (includes indigenous beliefs) 4.7%

Life Expectancy

77 years

Literacy

95.4%

COUNTRY PROFILE: CAMBODIA

Introduction

Most Cambodians consider themselves as Khmers, descendants of the Angkor Empire that extended over much of Southeast Asia and reached its zenith between the 10th and 13th centuries. Today, Cambodia is recovering from decades of civil unrest during the Khmer Rouge regime and subsequent foreign occupation. This recovery has been aided by Cambodia's entry into ASEAN in 1999, foreign aid, as well as a boom in tourism.

Population

15.2 million (2014 estimate)

Urbanisation

21% (2014 estimate)

Economy

Since 2004, Cambodia's growth has been driven by industries in garments, construction, agriculture and tourism. Its GDP climbed more than 7% a year between 2010 and 2013. The Cambodian government has been working with bilateral and multilateral donors such as the Asian Development Bank (ADB), the World Bank (WB) and the International Monetary Fund (IMF), to address the country's most pressing needs. A substantial part of the government budget comes from donor assistance, and an economic challenge for Cambodia over the next decade will be fashioning an economic environment in which the private sector can create enough jobs to handle Cambodia's demographic imbalance.

Central Bank and Currency

National Bank of Cambodia, Cambodian Riel (KHR)

GDP per capital (Current Price)

US\$1,105 (2014 estimate)

GDP per capita (PPP)

US\$3,334 (2014 estimate)

Unemployment Rate

0.4% (2014 estimate)

Inflation Rate

3.9% (2014 estimate)

Flag



Map



Capital

Phnom Penh

Ethnic Groups

Khmer 90%, Vietnamese 5%, Chinese 1%, Others 4%

Languages (2008 estimate)

Khmer (official) 96.3%, Others 3.7%

Religions (2008 estimate)

Buddhist (official) 96.9%, Muslim 1.9%, Christian 0.4%, Others 0.8%

Life Expectancy

64 years

Literacy

74.0%

COUNTRY PROFILE: INDONESIA

Introduction

Following centuries of colonial rule followed by military strongmen dictatorships, Indonesia has emerged strongly as a modern Muslim nation in the 21st century despite some teething problems. Today, Indonesia under President Joko Widodo is amongst the world's most populous democracies, the world's largest archipelagic state, and the world's largest Muslim-majority nation. The country is an embodiment of unity in diversity and there remains a strong national consensus on delivering economic growth accompanied by free elections.

Population

252.2 million (2014 estimate)

Urbanisation

53.0%(2014 estimate)

Economy

Indonesia has had strong growth since 2010. During the 2008 global financial crisis, Indonesia outperformed its regional neighbours and joined China and India as the only G20 members that posted growth. Fiscally conservative policies have resulted in a debt-to-GDP ratio of less than 25% and historically low rates of inflation. Indonesia is accelerating policies aimed at dealing with poverty, unemployment, inadequate infrastructure, corruption, a complex regulatory environment, unequal resource distribution among regions, labour unrest and the thorny subject of fuel subsidies.

Central Bank and Currency

Bank Indonesia, Indonesian Rupiah (IDR)

GDP per capital (Current Price)

US\$3,901 (2014 estimate)

GDP per capita (PPP)

US\$11,498 (2014 estimate)

Unemployment Rate

6.2% (2014 estimate)

Inflation Rate

6.4% (2014 estimate)

Flag



Map



Capital

Jakarta

Ethnic Groups

Javanese 40.1%, Sundanese 15.5%, Malay 3.7%, Batak 3.6%, Madurese 3%, Betawi 2.9%, Minangkabau 2.7%, Buginese 2.7%, Bantenese 2%, Banjarese 1.7%, Balinese 1.7%, Acehnese 1.4%, Dayak 1.4%, Sasak 1.3%, Chinese 1.2%, Others 15%

Languages

Bahasa Indonesia, English, Dutch, over 700 local dialects

Religions (2010 estimate)

Muslim 87.2%, Christian 7%, Roman Catholic 2.9%, Hindu 1.7%, Other 0.9% (includes Buddhist and Confucianist), Unspecified 0.4%

Life Expectancy

72 years

Literacy

93.0%

COUNTRY PROFILE: LAOS

Introduction

Modern-day Laos has its roots in the ancient Lao kingdom of Lan Xang, established in the 14th century under King Fa Ngum. For 300 years, Lan Xang's influence extended to present-day Cambodia and Thailand, as well as over all of what is now Laos. After centuries of gradual decline, Laos came under the domination of Siam (Thailand) from late 18th century to late 19th century, when it became part of French Indochina. The Franco-Siamese Treaty of 1907 defined Lao's current border with Thailand. In 1975, the communist Pathet Lao took control of the government, ending a six-century-old monarchy and instituting a strict socialist regime that was closely aligned with that of Vietnam. From 1988, Laos saw a liberalisation of its foreign investment laws and a gradual, limited return to private enterprise. Laos became a member of ASEAN in 1997 and the World Trade Organisation (WTO) in 2013.

Population

6.81 million (2014 estimate)

Urbanisation

38% (2014 estimate)

Economy

The government of Laos, one of the few remaining one-party communist states, began decentralising control and encouraging private enterprise in 1986. The results were striking – growth averaged 6% a year from 1988 to 2008 except during the short-lived drop caused by the Asian financial crisis that began in 1997.

Central Bank and Currency

Bank of the Lao PDR, Lao Kip (LAK)

GDP per capital (Current Price)

US\$1,730 (2014 estimate)

GDP per capita (PPP)

US\$5,096 (2014 estimate)

Unemployment Rate

1.3% (2014 estimate)

Inflation Rate

4.1% (2014 estimate)

Flag



Map



Capital

Vientiane

Ethnic Groups (2005 estimate)

Lao 55%, Khmou 11%, Hmong 8%, Others (over 100 minor ethnic groups) 26%

Languages

Lao (official), French, English, various ethnic languages

Religions (2005 estimate)

Buddhist 67%, Christian 1.5%, Others and Unspecified 31.5%

Life Expectancy

63.5 years

Literacy

73.0%

COUNTRY PROFILE: MALAYSIA

Introduction

During the late 18th and 19th centuries, Great Britain established colonies and protectorates in Malaysia's current area; these were occupied by the Japanese from 1942 to 1945. In 1948, the British-ruled territories on the Malay Peninsula, except Singapore, formed the Federation of Malaya, which gained independence in 1957. During the 22-year term of Prime Minister Mahathir bin Mohamad (1981-2003), Malaysia successfully diversified its economy, from dependence on exports of raw materials to the development of manufacturing, services and tourism. Prime Minister Mohamed Najib bin Abdul Razak has continued these pro-business policies and introduced some civil reforms.

Population

30.26 million (2014 estimate)

Urbanisation

74.0% (2014 estimate)

Economy

Malaysia has since the 1970s, transformed itself from a producer of raw materials into an emerging multi-sector economy. As an exporter of oil and gas, Malaysia has profited from higher world energy prices. Its central bank, Bank Negara Malaysia (BNM), maintains healthy foreign exchange reserves, and a well-developed regulatory regime has limited Malaysia's exposure to riskier financial instruments and the global financial crisis.

Central Bank and Currency

BNM, Malaysian Ringgit (MYR)

GDP per capital (Current Price)

US\$10,784 (2014 estimate)

GDP per capita (PPP)

US\$24,607 (2014 estimate)

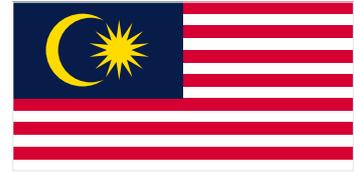
Unemployment Rate

3.2% (2014 estimate)

Inflation Rate

3.1% (2014 estimate)

Flag



Map



Capital

Kuala Lumpur

Ethnic Groups (2010 estimate)

Malay 50.1%, Chinese 22.6%,
Indigenous 11.8%, Indian 6.7%,
Others 0.7%, Non-citizens 8.2%

Languages

Bahasa Malaysia (official), English,
Chinese (Cantonese, Mandarin,
Hokkien, Hakka, Hainan, Foochow),
Tamil, Telugu, Malayalam, Panjabi,
Thai

Religions (2010 estimate)

Muslim (official) 61.3%, Buddhist
19.8%, Christian 9.2%, Hindu 6.3%,
Others 3.5%

Life Expectancy

75 years

Literacy

93.1%

COUNTRY PROFILE: MYANMAR

Introduction

Various ethnic Burmese and ethnic minority city-states or kingdoms occupied the present borders through the 19th century. Over a period of 62 years (1824-1886), Britain colonised Myanmar and administered the country as part of its Indian Empire until Myanmar attained independence in 1948. After a period of junta rule, the country began a series of political and economic reforms in the last decade. Myanmar is beginning to reap the economic dividends of its policies with the increase in FDI and trade flows. In April 2016, the National League for Democracy led by Aung San Suu Kyi, who won the November 2015 election, formed the new government, ending decades of military rule.

Population

51.49 million (2014 estimate)

Urbanisation

34.0% (2014 estimate)

Economy

Since Myanmar's transition to a civilian government in 2011, it has begun an economic overhaul targeted at attracting foreign investment and integration into the global economy. Reforms include the modernisation and opening up of the financial sector, an increase in budget allocations for social services, and an acceleration of agricultural and land reforms.

Central Bank and Currency

Central Bank of Myanmar, Burmese Kyat (MMK)

GDP per capital (Current Price)

US\$1,278 (2014 estimate)

GDP per capita (PPP)

US\$4,923 (2014 estimate)

Unemployment Rate

3.3% (2014 estimate)

Inflation Rate

5.5% (2014 estimate)

Flag



Map



Capital

Naypyidaw

Ethnic Groups

Burman 68%, Shan 9%, Karen 7%, Rakhine 4%, Chinese 3%, Indian 2%, Mon 2%, Others 5%

Languages

Burmese (official)

Religions

Buddhist 89%, Christian 4%, Muslim 4%, Others 3%

Life Expectancy

66 years

Literacy

93.0%

COUNTRY PROFILE: PHILIPPINES

Introduction

The Philippine islands became a Spanish colony during the 16th century; they were ceded to the US in 1898 following the Spanish-American War. After World War II, the Republic of the Philippines gained independence in 1946. A 20-year rule by Ferdinand Marcos ended in 1986 when Corazon Aquino was elected president. The previous president, Benigno Aquino III, was elected to a six-year term in May 2010. On 9 May 2016, the Philippines elected a new President, Rodrigo Duterte, to succeed Benigno Aquino III. The new President vows to clean up corruption and crimes in the Philippines.

Population

101.17 million (2014 estimate)

Urbanisation

44.0% (2014 estimate)

Economy

The Philippine economy has weathered global economic and financial downturns well due to lower dependence on exports, relatively resilient domestic consumption, large remittances from overseas Philippine workers, and a rapidly expanding business process outsourcing industry. Efforts to improve tax administration and expenditure management have helped to ease the Philippines' tight fiscal situation and reduce high debt levels. Under the new administration of Rodrigo Duterte, early indications suggest that the administration will continue to encourage investments and support pro-business policies.

Central Bank and Currency

Bangko Sentral ng Pilipinas, Philippine Peso (PHP)

GDP per capital (Current Price)

US\$2,816 (2014 estimate)

GDP per capita (PPP)

US\$6,846 (2014 estimate)

Unemployment Rate

7.1% (2014 estimate)

Inflation Rate

4.1% (2014 estimate)

Flag



Map



Capital

Manila

Ethnic Groups (2000 estimate)

Tagalog 28.1%, Cebuano 13.1%, Ilocano 9%, Bisaya/Binisaya 7.6%, Hiligaynon Ilonggo 7.5%, Bikol 6%, Waray 3.4%, Others 25.3%

Languages

Tagalog (official) and English (official)

Religions

Catholic 82.9%, Muslim 5%, Others 12.1%

Life Expectancy

72 years

Literacy

95.4%

COUNTRY PROFILE: SINGAPORE

Introduction

Singapore was founded as a British trading colony in 1819. It joined the Malaysian Federation in 1963 but separated two years later and gained independence. Singapore went on to become one of the world's most prosperous countries with strong international trading links (its port is one of the world's busiest in terms of tonnage handled) and has a GDP per capita comparable with those of leading Western European nations.

Population

5.47 million (2014 estimate)

Urbanisation

100% (2011 estimate)

Economy

Singapore has a highly developed and successful free-market economy. It has a remarkably open and corruption-free environment, stable prices, and a high GDP per capita. The economy depends heavily on exports, particularly in consumer electronics, information technology products, pharmaceuticals, and on a growing financial services sector. In the long term, the government hopes to establish a new growth path that focuses on raising productivity. Singapore has attracted major investments in pharmaceuticals and medical technology production, and has kept up with efforts to establish the country as Southeast Asia's financial and high-tech hub.

Central Bank and Currency

Monetary Authority of Singapore, Singapore Dollar (SGD)

GDP per capital (Current Price)

US\$56,287 (2014 estimate)

GDP per capita (PPP)

US\$82,714 (2014 estimate)

Unemployment Rate

2.0% (2014 estimate)

Inflation Rate

1.0% (2014 estimate)

Flag



Map



Capital

Singapore (city state)

Ethnic Groups (2013 estimate)

Chinese 74.2%, Malay 13.3%, Indian 9.2%, Others 3.3%

Languages (2010 estimate)

Mandarin (official) 36.3%, English (official) 29.8%, Malay (official) 11.9%, Tamil (official) 4.4%, Hokkien 8.1%, Cantonese 4.1%, Teochew 3.2%, Others 3.4%

Religions (2010 estimate)

Buddhist 33.9%, Muslim 14.3%, Taoist 11.3%, Catholic 7.1%, Hindu 5.2%, Christian 11%, Others 0.7%, None 16.4%

Life Expectancy

84 years

Literacy

95.9%

COUNTRY PROFILE: THAILAND

Introduction

A unified Thai kingdom was established in the mid-14th century. Known as Siam until 1939, Thailand is the only Southeast Asian country that has never been controlled by a European power. In 1932, a bloodless revolution occurred leading to the development of a constitutional monarchy. An ally of Japan during World War II, Thailand became a US treaty ally in 1954 after sending its troops to Korea. Thailand later fought alongside the US in the Vietnam war.

Population

68.66 million (2014 estimate)

Urbanisation

49.0% (2014 estimate)

Economy

With a well-developed infrastructure, a free-enterprise economy, generally pro-investment policies, and strong export industries, Thailand has achieved steady growth due largely to industrial and agricultural exports – mostly electronics, agricultural commodities, automobiles and parts, and processed foods. Unemployment, at less than 1% of the labour force, is one of the lowest in the world, which puts upward pressure on wages in some industries.

Central Bank and Currency

Bank of Thailand, Thai Baht (THB)

GDP per capital (Current Price)

US\$5,436 (2014 estimate)

GDP per capita (PPP)

US\$14,333 (2014 estimate)

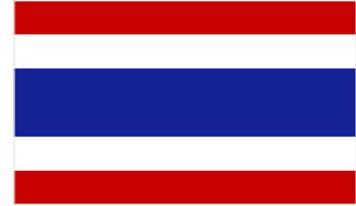
Unemployment Rate

0.9% (2014 estimate)

Inflation Rate

1.9% (2014 estimate)

Flag



Map



Capital

Bangkok

Ethnic Groups (2010 estimate)

Thai 95.9%, Burmese 2%, Others 1.3%, Unspecified 0.9%

Languages (2010 estimate)

Thai (official) 90.7%, Burmese 1.3%, Others 8%

Religions (2010 estimate)

Buddhist 93.6%, Muslim 4.9%, Others 1.5%

Life Expectancy

74 years

Literacy

93.5%

COUNTRY PROFILE: VIETNAM

Introduction

Vietnam declared independence from France after World War II in 1954 and was divided into the communist North and anti-communist South under the Geneva Accords. US economic and military aid to South Vietnam grew through the 1960s in an attempt to bolster the government, but US armed forces were withdrawn following a ceasefire agreement in 1973. Two years later, North Vietnamese forces overran the South, unifying the country under communist rule. Since 1986, Vietnamese authorities have committed to increase economic liberalisation and introduced structural reforms necessary to modernise the economy and produce more competitive, export-driven industries.

Population

90.63 million (2014 estimate)

Urbanisation

33.0% (2014 estimate)

Economy

Vietnam is a densely populated developing country that has been transitioning from the rigidities of a centrally planned economy since 1986. In recent years, Vietnamese authorities have reaffirmed their commitment to economic modernisation. In January 2007, Vietnam joined the WTO and became an official negotiating partner in the Trans-Pacific Partnership trade agreement in 2010. Poverty has declined significantly, and Vietnam is working to create jobs to meet a growing labour force that is expanding by more than a million people every year.

Central Bank and Currency

State Bank of Vietnam, Vietnamese Dong

GDP per capital (Current Price)

US\$2,055 (2014 estimate)

GDP per capita (PPP)

US\$5,644 (2014 estimate)

Unemployment Rate

2.3% (2014 estimate)

Inflation Rate

4.1% (2014 estimate)

Flag



Map



Capital

Hanoi

Ethnic Groups (1999 estimate)

Kinh (Viet) 85.7%, Tay 1.9%, Thai 1.8%, Muong 1.5%, Khmer 1.5%, Mong 1.2%, Nung 1.1%, Others 5.3%

Languages

Vietnamese (official), English, French, Chinese, and Khmer

Religions (1999 estimate)

Buddhist 9.3%, Catholic 6.7%, None 80.8%, Others 3.2%

Life Expectancy

73 years

Literacy

93.4%

ASEAN TODAY: SOCIO-POLITICAL

DID YOU KNOW: AMAZING
FACTS ABOUT ASEAN

LOOKING BEYOND
ASEAN

E-COMMERCE IN
ASEAN

GROWING WITH ASEAN: AEC BLUEPRINT
2025 – FORGING AHEAD TOGETHER

ASEAN TODAY: KEY ACHIEVEMENTS UNDER AEC
BLUEPRINT 2015 AND RECENT DEVELOPMENTS

ASEAN TODAY:
SOCIO-POLITICAL

ASEAN AT A
GLANCE

INTRODUCTION TO
ASEAN

ASEAN TODAY: SOCIO-POLITICAL

Anyone who wishes to do business in ASEAN would do well to first understand just what a diverse region ASEAN is – a network of 10 member nations, numbering more than 600 million, ruled by a plethora of different governmental styles, practising a multitude of religions and speaking over 70 languages and dialects.

In addition to such entrenched differences, the population of ASEAN of 633 million people in 2015 is a relatively young one – 50.8% of the population are between 20 and 54 years of age.

Despite the diversity of political styles and the relative youth of its peoples, ASEAN has remained remarkably resilient and comparatively stable in the political arena, weathering the global crises of 1997, 2001 and 2008, and finding itself largely on track for continued economic success in 2015 and beyond.

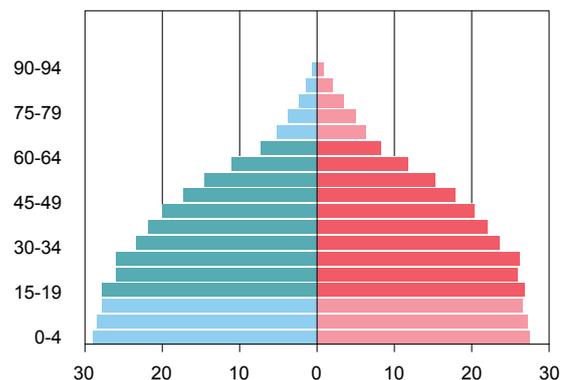
Before embarking on any business ventures in ASEAN, it would therefore make good sense to understand the socio-political forces that shape this region: its peoples, governments, cultures and the nature of societies formed therein.

UNDERSTANDING ASEAN DEMOGRAPHICS: IS THERE A DIVIDEND?

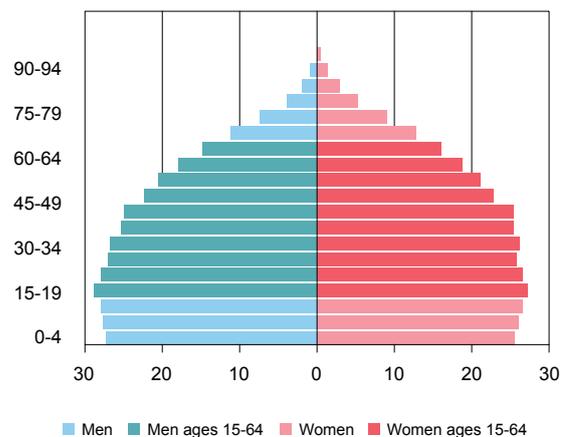
Since 1980, ASEAN's population has almost doubled from 355 million in 1980 to 633 million in 2015 and is expected to reach 694 million by 2025. The ASEAN Statistical Yearbook 2014 recorded that 50.8% of its population are between the ages 20-54 and 36.1% are below age 20. ASEAN's relatively young demographic continues to attract investors to invest heavily in the region, while governments follow through on infrastructure improvements to support increasing urbanisation. Between 1950 and 2011, the proportion of people living in urban areas rose from 10% to 44.7% and by 2050, it is expected to reach 58.3%. With ASEAN's urban share set to grow, consumer spending power is likely to grow and these bring opportunities for the demand for consumer goods.

A study by ADB and ILO "ASEAN Community 2015: Managing integration for better jobs and shared prosperity" in 2014 (herein known as ADB-ILO 2014 Report) shows that ASEAN as a whole will experience lower birth rates and a rising share of the working-age population, with 68 million new entrants to the labour force until 2025, suggesting a potential demographic dividend. However, the situation will vary by country. In Indonesia and Vietnam, for example, if appropriate social and economic policies are in place, lower birth rates and decreasing dependency ratios could facilitate accelerated growth and increase in per capita income. Conversely, in rapidly ageing societies such as Thailand, this window of opportunity will slowly narrow.

ASEAN, 2010



ASEAN, 2025



Source UN: World Population Prospects: The 2012 Revision Database.

The ADB ILO 2014 Report also found that ASEAN is experiencing significant demographic change – at both ends of the age spectrum – with declining proportions of young people aged 15 to 24 and increasing proportions of elderly people aged 65 and above as shown in the diagram on the previous page. However, the profile differs from country to country. In Indonesia, Laos and the Philippines in 2025, youth will account for more than 17% of the population, while in Singapore and Thailand, their share will be less than 11.5%. Between 2010 and 2025, the Philippines will see its working age population expand by 35%. In Myanmar and Vietnam, over the same period, the working-age population will increase by only 14% and 12.4% respectively, while in Thailand, it will contract by 1.1%. During this period, the proportion of the elderly in Thailand’s population will have risen from 8.9% to 16.1%, and in Singapore, from 9% to 17.3%. These varied ageing trends will affect the labour supply and social protection expenditure, as well as labour migration.

While some ASEAN countries, such as Indonesia, have already begun to experience and capitalise on their demographic dividends, others, such as Vietnam and the Philippines, are just beginning to experience their own demographic transitions. Indonesia exemplifies an ASEAN country that has capitalised on its demographic transition through rigorous institutional development and a shift to an export-oriented manufacturing sector. Reforming its economy in the 1970s (pre-empting its population dividend), Indonesia has experienced GDP growth from 6% to 8% almost every year over the past two decades since enacting its market reforms. Despite this success, Indonesia can do more to build on its investments in education and healthcare: two possible avenues for creating a more highly skilled, healthy workforce to attract FDI.

Along with Indonesia, three other ASEAN countries – Vietnam, Malaysia and the Philippines – are expected to experience double-digit labour force growth through 2020 and beyond. In Vietnam, market liberalisation and government reforms initiated in 2011 will be among the first steps

towards capitalising on the nation’s growing demographic dividend and falling dependency ratio. Attracting record FDI in the past eight years, Vietnam appears set to reap significant GDP growth from its demographic transition as it continues to liberalise trade and invest more in education and healthcare. Similarly, Malaysia’s fertility rate of 2% will present it with a demographic dividend and real GDP growth if the country is able to follow through with infrastructure improvements and more transparent trade policies needed to attract FDI. In the Philippines, its 3.1 fertility rate – the second highest in ASEAN after Laos PDR, will face the largest challenge and opportunity relating to its demographic dividend. The Philippines has the opportunity to expand its GDP by about 7% a year if it can successfully reform its trade policies and social services to attract a 30% increase in investment. Conversely, if the appropriate policy environment is not in place, health, educational and social welfare systems will undergo a significant strain, and unemployment and instability may result.

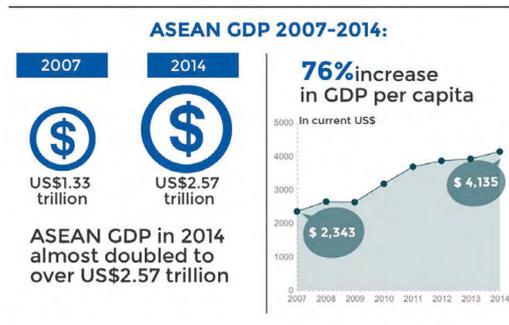
Latin America’s notoriously wasted demographic dividend of the 1970s and 1980s – during which weak governance and a lack of openness to trade stalled growth – should be kept in mind as ASEAN looks to the future, and ASEAN governments continue to contemplate how to best attract foreign investments and grow their economies.

**ASEAN TODAY: KEY ACHIEVEMENTS
UNDER AEC BLUEPRINT 2015 AND
RECENT DEVELOPMENTS**

ASEAN ECONOMIC COMMUNITY BLUEPRINT 2015 – KEY ACHIEVEMENTS

ASEAN has made extraordinary progress since it was founded in 1967. It has been transformed into an increasingly well regulated, dynamic and creative platform across what many regard as the world's fastest-developing economic region. The year 2015 is a key milestone in the ASEAN integration agenda following the substantive implementation of the ASEAN Economic Community Blueprint 2015 (AEC Blueprint 2015) that was adopted in 2007. ASEAN's combined GDP nearly doubled from US\$1.33 trillion in 2007 to over US\$2.5 trillion in 2014, while average GDP per capita grew by almost 80% from US\$2,343 in 2007 to US\$4,135 in 2014. Over the same period, ASEAN has also become more influential, with widening markets regionally and globally. By 2014, it was Asia's 3rd largest, the world's 7th largest, and among the most advanced integrated markets. With a combined population of over 622 million, ASEAN has a vast consumer base, behind only China and India globally. Over 50% of ASEAN's population is under the age of 30, making up a large portion of both the current and future workforce.

ASEAN ECONOMY

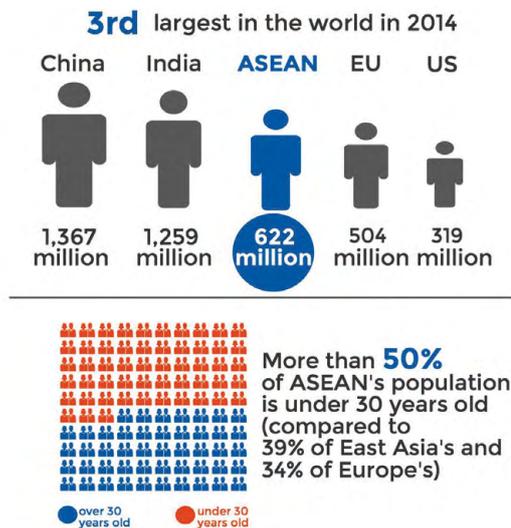


In 2014, ASEAN economy was:
3rd largest in Asia
7th largest in the world



Source: ASEAN Statistics and International Monetary Fund

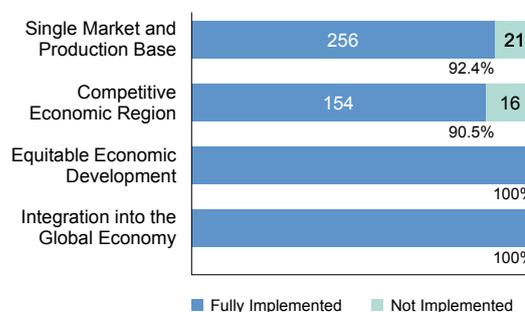
ASEAN POPULATION



Source: ASEAN Statistics and UN, World Population Prospects

Collectively, the intra-ASEAN market was the largest for ASEAN trade at 24.1% in 2014. Likewise, the region has become one of the world's fastest growing investment destinations, accounting for 11% of total global foreign direct investment (FDI) inflows in 2014 compared with just 5% in 2007. At 17.9%, ASEAN's intra-regional FDI inflows is second largest by partner, lagging behind only the EU-28.

AEC Scorecard Measures, Fully Implemented ASEAN-wide and high-priority measures, by AEC Pillar, 2008-2015 Number of Measures (as at 31 October 2015)



■ Fully Implemented ■ Not Implemented

ASEAN TODAY: KEY ACHIEVEMENTS UNDER AEC BLUEPRINT 2015 AND RECENT DEVELOPMENTS

A review undertaken by the ASEAN Secretariat showed ASEAN has substantively implemented the high-priority measures under the AEC Blueprint 2015; notably, it achieved 100% implementation for the Equitable Economic Development and Integration into the Global Economy goals. It has made significant progress in removing tariff barriers and achieved a 92.5% implementation rate under the AEC Blueprint 2015 Single Market and Production Base goal. It scored an implementation rate of 90.5% under the AEC Blueprint 2015 Competitive Economic Region goal.

MYANMAR – AN UNPRECEDENTED YEAR

Aung San Suu Kyi and her government have taken office since April 2016. This scores as the first democratically elected government after many years of military rule. The Myanmar people have high hopes for this government who will have to manage and deliver on some of the expectations during its five-year term of governance.

The National League for Democracy's (NLD) pre-election economic goals were sketchy. Economists close to the NLD have said the agriculture sector will be a major priority. Sound macroeconomic policies, especially 'fiscal discipline', will be another. This means avoiding unsustainable budget deficits and inflation.

There are key challenges looming over the economic policy landscape that the NLD needs to handle immediately: the peace process and state capacity. Without meeting these challenges with some degree of success, Suu Kyi's government will have an arduous task of reforming the economy and fulfilling the expectations and goals of the Myanmar people.

The peace process is primarily a political issue, but it also has key economic ramifications. In the borderlands of Myanmar inhabited by ethnic minorities, the extraction of natural resources funds the armed groups still engaged in an almost 60-year fight to preserve their ethnic identities. This battle

waged by the Myanmar armed forces is no longer purely about stopping a takeover of the government by communists and other forces. Instead the army seeks control of the same resources. It is a state of civil war fuelled by the 'resource curse'.

Another economic dimension of the peace process is the irreconcilable views on economic development projects in the ethnic states. Ethnic minority populations are justifiably concerned that investments in infrastructure, special economic zones and other such projects in their homelands will become beachheads for expanding the domination of the Bamar ethnic majority.

State capacity may turn out to be the Achilles heel of the incoming NLD-led government. It is easy for foreigners to fly into Myanmar, have a pleasant conversation in English with a government minister and leave believing that what was agreed will be done. However, this didn't work in the previous government for the past five years. The new government led by Suu Kyi will have to implement a slew of integrated pro-business, infrastructure and manpower development policies that can convince the long-term investors of the new government's resolve to build an investor-friendly and pro-business environment in Myanmar.

In Myanmar, the answers to the following several pressing questions will determine the success of the NLD in implementing its economic goals. Will Suu Kyi's government be able to find and empower a strong team of technocrats to manage the economy? Will Myanmar's newly elected members of parliament act in the national interest instead of their own and those of their wealthy supporters? And will the foreign community give Myanmar's ministers and director generals the time and encouragement to address these tough issues?

The unity of the Myanmar people including its key institutional stakeholders (including the military and the wealthy families) is key to laying a solid foundation for economic progress. NLD has focused on national reconciliation as its priority and is certainly making steps in the right direction to bring economic prosperity and harmony for Myanmar.

THAILAND ECONOMIC OUTLOOK

Thailand is currently ruled by the National Council for Peace and Order (NCPO) which is effectively a military regime that will remain in power for the foreseeable future.

While many Western observers are critical of this, the military junta government appears to enjoy a strong populist appeal at the grass roots and continues to maintain popular support as it prioritises stability and pragmatic economic development.

As long as the military remains united it should continue to maintain a firm grip on power until the Constitutional Reform that will pave way for the election of a civilian government is completed.

In the meantime, it does appear it is business as usual in Thailand as its focus is on stability and economic development.

INDONESIAN ECONOMIC OUTLOOK

Indonesia stands at an economic cross-road today as it balances the management of a state-sponsored infrastructure boom against a labor market beset by inertia and the pressing need for broad-based structural reforms. To that end the Indonesian Army (Tentara Nasional Indonesia or TNI) has become an increasingly important player in helping the government realise its economic goals by allowing the latter to leverage on the breadth and depth of the TNI's organisational reach to implement government policies and development plans.

Amid an unfavourable investment climate, weakened consumer sentiment and low prices for key export commodities, such as coal, metal minerals, rubber and crude palm oil, the government has become more dependent on government spending to drive economic growth.

Aside from rising infrastructure spending, the 2016 budget stipulates a vast increase in public expenditure on health, making this a particular focus of state spending and another intriguing sector for investment. For the first time in 2016, the government plans to break through the mandated health-spending threshold of 5% of GDP, compared to just 3.7% in the revised 2015 budget.

The Jokowi administration has made progress in its economic reform by focusing on boosting infrastructure spending and bravely identifying what needs to be done in the labour market to improve labour productivity and mobility. It is crucial that the government uses this momentum and a cooperative military-industrial complex to follow up on subsequent promised measures and continue boosting investor confidence in its economic reforms.

Since September 2015, the Indonesian Government has announced multiple Economic Deregulation Packages (“EDP”) with the aim of streamlining laws and regulations, improving business infrastructure, facilitating international trade and attracting greater foreign investments.

In order to stimulate foreign direct investments, the 10th EDP aims to increase maximum foreign shareholding in various sectors as well as opening up of sectors previously closed to foreign investors (e.g. healthcare support services, movie and film distribution and online marketplace organizer). This signals a shift in Indonesia's economic policy and may offer numerous new business opportunities for investors around the region.

While the proposed changes appear both extensive and comprehensive, they have been met with cautious and guarded optimism. While experts generally agree that the reforms can provide the Indonesian economy with the needed stimulus, the true test is in the implementation of the changes. As the many changes affect a multitude of ministries, the decentralized government is faced with the challenge of working together to pass the reforms at both the regional and national level in a coherent manner.

While it is still too early to predict the effects of the reforms, businesses in the ASEAN region are presented with new possibilities as the Negative Investment List is revised. With a slew of accompanying changes to lower the barrier of entry to foreign workers and investments, entering the Indonesian market may be easier and more attractive than it has been for the past decade.

VIETNAM ECONOMIC OUTLOOK

It has been a good 2015 for Vietnam. The country's Q4 GDP rose by 7.0% - the highest in 5 years - which is well above the official government target of 6.2% and the highest in ASEAN.

This growth has largely come from a strong and diversified exports base (aided by a measured currency depreciation policy), a growing attractiveness as an investment destination for FDI, credit robustness and a canny government that has proved itself highly versatile and pragmatic in its participation in the various trade agreements that have put ASEAN in the spotlight over the past few years.

While the market consensus shows that the Vietnam growth story still has legs, the current administration appears to be wisely managing expectations by signalling through fiscal and monetary policies that it would be comfortable if the economy maintains its current trajectory in 2016.

GROWING WITH ASEAN: AEC BLUEPRINT 2025 – FORGING AHEAD TOGETHER

The implementation of the ASEAN Economic Community (AEC) Blueprint 2015 has been substantively achieved in, among others, eliminating tariffs and facilitating trade, advancing the services trade liberalisation agenda, liberalising and facilitating investment, streamlining and harmonising capital market regulatory frameworks and platforms, facilitating skilled labour mobility, promoting the development of regional frameworks in competition policy, consumer protection and intellectual property rights, promoting connectivity, narrowing the development gap, and strengthening ASEAN's relationship with its external parties.

ASEAN recognises that regional economic integration is a dynamic, ongoing process as economies as well as domestic and external environments are constantly evolving. In this context, ASEAN has initiated two studies for the AEC Blueprint 2025. The AEC Blueprint 2025 has been developed, taking into account the recommendations of the two studies, namely, by the Economic Research Institute for ASEAN and East Asia (ERIA), the S. Rajaratnam School of International Studies (RSIS) and the Institute of Southeast Asian Studies (ISEAS), as well as inputs from other stakeholders. The measures taken have to lead in creating a networked, competitive, innovative, and highly integrated and competitive ASEAN.

The overall vision articulated in the AEC Blueprint 2015 remains relevant. The AEC Blueprint 2025 will build on the AEC Blueprint 2015 consisting of five interrelated and mutually reinforcing characteristics, namely: (i) A Highly Integrated and Cohesive Economy; (ii) A Competitive, Innovative, and Dynamic ASEAN; (iii) Enhanced Connectivity and Sectoral Cooperation; (iv) A Resilient, Inclusive, People-oriented, and People-centred ASEAN; and (v) A Global ASEAN.

The immediate priority is to complete the implementation of measures unfinished under the AEC Blueprint 2015 by end-2016. The continuing commitments of Cambodia, Lao People's Democratic Republic, Myanmar and Vietnam (CLMV) under the AEC Blueprint 2015 up to 2018 are also incorporated under the AEC Blueprint 2025.

In the next decade, ASEAN will also provide a new emphasis on the development and promotion of micro, small and medium enterprises (MSMEs) in its economic integration efforts. At the same time, ASEAN will likewise embrace the evolving digital technology as leverage to enhance trade and investments, provide an e-based business platform, promote good governance, and facilitate the use of 'green' technology.

The AEC 2025 is envisioned to:

- i. Create a deeply integrated and highly cohesive ASEAN economy that would support sustained high economic growth and resilience even in the face of global economic shocks and volatilities;
- ii. Engender more equitable and inclusive economic growth in ASEAN that narrows the development gap, eliminates, if not reduces, poverty significantly, sustains high growth rates of per capita income, and maintains a rising middle class;
- iii. Foster robust productivity growth through innovation, technology and human resource development, and intensified regional research and development that is designed for commercial application to increase ASEAN's competitive edge in moving the region up the global value chains (GVCs) into higher technology and knowledge-intensive manufacturing and services industries;
- iv. Promote the principles of good governance, transparency, and responsive regulatory regimes through active engagement with the private sector, community-based organisations, and other stakeholders of ASEAN;
- v. Widen ASEAN people-to-people, institutional, and infrastructure connectivity through ASEAN and sub-regional cooperation projects that facilitate movement of capital as well as skilled labour and talents;
- vi. Create a more dynamic and resilient ASEAN, capable of responding and adjusting to emerging challenges through robust national and regional mechanisms that address food and energy security issues, natural disasters, economic shocks, and other emerging trade-related issues as well as global mega trends;

GROWING WITH ASEAN: AEC BLUEPRINT 2025 – FORGING AHEAD TOGETHER

- vii. Incorporate a sustainable growth agenda that promotes a science-based use of, and support for, ‘green’ technology and energy;
- viii. Promote the use of the ASEAN Protocol on Enhanced Dispute Settlement Mechanism (EDSM) and develop other approaches to speed up economic dispute resolution;
- ix. Reinforce ASEAN centrality in the emerging regional economic architecture by maintaining ASEAN’s role as the centre and facilitator of economic integration in the East Asian region; and
- x. Work towards a common position and enhance ASEAN’s role and voice in global economic fora.

The key characteristics and elements of the AEC 2025 and 2015 Blueprints are summarised in the table below. The 2025 Blueprint demonstrates the continued commitment of the ASEAN countries to work together towards an AEC 2025 that is highly integrated and cohesive, competitive, innovative and dynamic, with enhanced connectivity and sectoral cooperation and a more resilient, inclusive and people-oriented, people-centred community, integrated with the global economy.

Characteristics and Elements of AEC 2025 and 2015 Blueprints

AEC 2025	AEC 2015
<p>A Highly Integrated and Cohesive Economy</p> <ul style="list-style-type: none"> • Trade in Goods • Trade in Services • Investment Environment • Financial Integration, Financial Inclusion, and Financial Stability • Facilitating Movement of Skilled Labour and Business Visitors • Enhancing Participation in Global Value Chains 	<p>Single Market and Production Base</p> <ul style="list-style-type: none"> • Free flow of Goods • Free flow of Services • Free flow of Investment • Freer flow of Capital • Free flow of skilled labour • Priority Integration Sectors • Food, Agriculture and Forestry <p><i>(Financial sector integration was dealt with separately)</i></p>
<p>A Competitive, Innovative, and Dynamic ASEAN</p> <ul style="list-style-type: none"> • Effective Competition Policy • Consumer Protection • Strengthening Intellectual Property Rights Cooperation • Productivity-Driven Growth, Innovation, Research and Development, and Technology Commercialisation • Taxation Cooperation • Good Governance • Effective, Efficient, Coherent and Responsive Regulations, and Good Regulatory Practice • Sustainable Economic Development • Global Megatrends and Emerging Trade-Related Issues 	<p>Competitive Economic Region</p> <ul style="list-style-type: none"> • Competition Policy • Consumer Protection • Intellectual Property Rights • Infrastructure Development • Taxation • E-Commerce
<p>Enhanced Connectivity and Sectoral Cooperation</p> <ul style="list-style-type: none"> • Transport • Information and Communications Technology • E-Commerce • Energy • Food, Agriculture and Forestry • Tourism • Healthcare • Minerals • Science and Technology 	<p>Equitable Economic Development</p> <ul style="list-style-type: none"> • SME Development • Initiative for ASEAN Integration
<p>A Resilient, Inclusive, People-Oriented, and People-Centred ASEAN</p> <ul style="list-style-type: none"> • Strengthening the Role of Micro, Small, and Medium Enterprises • Strengthening the Role of the Private Sector • Public-Private Partnership • Narrowing the Development Gap • Contribution of Stakeholders on Regional Integration Efforts 	<p>Integration into the Global Economy</p> <ul style="list-style-type: none"> • Coherent approach towards external economic relations • Enhanced participation in global supply networks

GROWING WITH ASEAN: AEC BLUEPRINT 2025 – FORGING AHEAD TOGETHER

AEC 2025	AEC 2015
<p>A Global ASEAN</p> <ul style="list-style-type: none"> • Talks about ASEAN's efforts in integrating itself with the global community. • Develop a strategic and coherent approach when dealing with external parties. 	---

The table came from Sanchita Basu Das, who is a Fellow and Lead Researcher (Economic Affairs) at the ASEAN Studies Centre and Coordinator of the Singapore APEC Study Centre, both at the ISEAS-Yusof Ishak Institute

Continuing from the work on tariff elimination, AEC 2025 will have a stronger focus on trade facilitation by effectively following through on existing regional commitments, as well as more robust institutions and mechanisms. Full implementation of key initiatives, such as the ASEAN Single Window, ASEAN-wide Self-Certification and the ASEAN Trade Repository, would be at the top of the priority list. In addition to these, a fully operational and sustained mechanism for addressing non-tariff barriers and the barrier effects of non-tariff measures will contribute to a more transparent and enabling business environment that will further help businesses, large and small, to cultivate the opportunities presented by AEC 2025.

To be a competitive participant in global value chains, ASEAN will embrace and foster the potential of its services sector, riding on the fact that services have played an increasingly significant role in the region's growth and investment. No longer simply ancillary to goods value chains, a competitive services sector is now imperative for effective participation in global value chains. This requires a more holistic approach to services integration beyond liberalisation commitments.

As ASEAN becomes more familiar with its collective identity as the world's top investment destination, the region needs to respond to increasing interest by firms to expand their regional presence and adopt an 'ASEAN strategy'. Continued improvement in the region's investment policy environment and regimes, complemented by a competitive market and effective trade facilitation, will contribute crucially to this effort.

ASEAN's potential as a region will be even further heightened by a stable, strong and effectively functioning financial market. Given the critical role that financial integration plays towards achieving AEC goals, ASEAN should intensify dialogues among Member States, and carry out capacity building and technical assistance so as to implement necessary measures to harmonise the region's regulatory framework.

Good governance, transparency, and a responsive regulatory regime will all be enhanced through better engagement and consultation with the private sector and other ASEAN stakeholders. Efforts to minimise regulatory costs will be stepped up, while ensuring that legitimate regulatory objectives continue to be met.

In the coming decade, the benefits of the economic community should be enjoyed more broadly, not only by large corporations but also by other economic players, including micro-, small- and medium-sized enterprises, start-ups, employees, entrepreneurs and professionals. Efforts to narrow the development gap will be strengthened, to ensure that AEC 2025 delivers real benefits of job creation and stability, welfare improvement, better sustainability and future development.

The regional market will not only serve as a 'stepping stone' for participation in the global market but also as a true source of comparative advantage to achieve global competitiveness. AEC 2025 will see the region ascend the global value chains into more sustainable production activities, higher technology-intensive manufacturing industries and knowledge-intensive services.

AEC Blueprint 2025 will provide ASEAN with a new master plan for economic integration for the coming 10 years. Charting the region's trajectory over the next decade, institutions will be strengthened, commitments followed through with implementation, and monitoring and evaluation enhanced. Unique, dynamic and brimming with potential, ASEAN will assume its aspiring role as a key driver for regional as well as international growth.

E-COMMERCE IN ASEAN

Today, internet and mobile penetration rates have risen to unprecedented heights across many countries, and Southeast Asia is no exception. This rise in internet and smartphone usage has helped propel growth in the E-Commerce and FinTech industries, whose future promises to be an exciting one.

Given the ever-increasing number of internet users and a growing middle class in many of the ASEAN countries, the E-Commerce markets in the ASEAN region offer attractive business opportunities. This growth of electronic and online transactions has also led to the rise of FinTech, which uses computer programs and other technology to support and enable banking and financial services.

A wide range of laws and regulations could apply to the E-Commerce and FinTech industries, depending on the nature of the FinTech products and services intended to be offered. Businesses, particularly financial institutions, should consult the relevant authorities or legal counsels to ensure that they comply with all such regulations and laws before commencing their operations in the market.

BRUNEI DARUSSALAM

Overview

E-Commerce

Although Brunei has high levels of internet penetration, its E-Commerce industry currently has not yet realised its full potential.

This situation looks set to change as Brunei has adopted a focused economic strategy targeting specific sectors, which have been identified as value-added activities, have a high potential for exports and that are likely to create jobs in the country, as candidates for investments. The information and communication technology (“ICT”) sector has been identified as such a sector.

To this end, the government of Brunei has established a clear set of national long-term plans

to enhance and develop the country’s economy. Such plans include the:

- Wawasan Brunei 2035 or Brunei Vision 2035 – which outlines Brunei’s long-term economic vision (for example, to achieve annual real GDP growth rates of 5-6%); and
- Outline of Strategies and Policies for Development – consisting of eight main strategies and supported by 50 Policy Directions focusing on education, economics, security, institutional development, local business development, infrastructure development, social security and the environment.

FinTech

Brunei’s financial system is made of two components, the Islamic and conventional financial sectors, which function concurrently. To realise its aspirations of establishing itself as a global financial hub in both these sectors, the government of Brunei has taken steps to implement policies and initiatives that are intended to create a regulatory regime and an ecosystem encouraging the development of a skilled labour force to provide financial services that meet international and Islamic financial standards.

The oversight of such initiatives is largely held by the Autoriti Monetari Brunei Darussalam (“AMBD”), which is the central bank of Brunei and the governing authority regulating the financial sector. One such initiative implemented by the AMBD is the National Payment and Settlement Systems Project, which was undertaken to modernise Brunei’s national payment and settlement system to align it with global standards and enhance stability in the financial sector.

Relevant Legislative Framework — E-Commerce

E-Commerce

Brunei does not have overarching legislation governing E-Commerce activities. Instead, a range of laws potentially apply to E-Commerce operations, depending on the specific industry

and nature of the business that is intended to be conducted. Legal advice should be obtained in order to identify the specific laws that may apply to a particular business activity and ensure compliance with the same. Other laws that may generally apply to E-Commerce activities mainly deal with issues relating to the validity of electronic transactions and contract, consumer protection and cyber-security. These laws include but are not limited to:

- Computer Misuse Act, Chapter 194
- Consumer Protection (Fair Trading) Order, 2011
- Electronic Transactions Act, Chapter 196
- Sale of Goods Act, Chapter 170

FinTech

While there is no overarching law governing the provision of FinTech products or services, a wide range of laws regulating the provision of financial services may apply depending on the nature of the FinTech products or services that are intended to be offered. Businesses, particularly financial institutions, should consult the relevant authorities or legal counsels to ensure that they comply with all such regulations and laws before commencing their operations in the market. These laws that are likely to be relevant to FinTech companies include but are not limited to:

- Banking Order, 2006
- Islamic Banking Order, 2008
- International Banking Order, 2000
- International Business Companies Order, 2000
- Insurance Order, 2006
- Finance Companies Act, Chapter 89
- Hire Purchase Order, 2006

- Money-Changing and Remittance Businesses Act, Chapter 174
- Moneylenders Act, Chapter 62
- Pawnbrokers Order, 2002
- Securities Market Order, 2013
- Takaful Order, 2008

Government Incentives for the E-Commerce and FinTech Industry

The government of Brunei has budgeted 1% of its GDP (B\$200 million) to encourage R&D and innovation with the aim of diversifying its economy through the production of more innovative and value-added services and products. To this end, the Brunei Economic Development Board has identified the ICT industry and specific activities therein as having a large potential to fulfil this purpose and therefore to focus on. Such activities include, but are not limited to:

- Information Technology ("IT")
- Digital Media
- Internet of Things ("IoT")
- Data Centres
- Innovative Technology

In light of the above, the Brunei government recently established various grant schemes to support start-ups and innovation. These grant schemes include, but are not limited to:

- the AITI grant, which provides up to B\$250,000 to encourage and enhance ICT product development, improvement, certification, and packaging/marketing by local businesses. This grant was established by the Authority for Info-communications Technology Industry ("AITI")

to cultivate Brunei's ICT and digital media industries and encourage local companies to innovate and develop ICT and digital products that are "home-grown";

- the Local Enterprise Application and Product grant, which offsets the costs of up to B\$150,000 for R&D projects of local small and medium enterprises ("SMEs") and researchers (whether students or faculty) from institutes of higher learning aiming to develop and create innovative products and services with commercial and export potential in the ICT cluster (particularly in the activities mentioned above); and
- the Start-Up Brunei grant, which seeks to draw entrepreneurs and innovative businesses, both local and foreign, to establish or relocate their start-ups to Brunei by offering a monetary incentive of B\$50,000. The grant is available to both local and foreign businesses. Foreign businesses can also avail themselves of an additional relocation grant of up to B\$30,000.

CAMBODIA

Overview

E-Commerce

Unlike many other countries in the ASEAN region, E-Commerce and online retail businesses have yet to fully take off in Cambodia, which remains primarily a cash-based society. This is also hampered in part by the lack of a proper legislative framework governing electronic transactions, and the relatively low internet penetration (standing at approximately 32%)¹ and low use of smartphones (standing at approximately 40%)² in the country. However, this is expected to change as the use of the internet and smartphones by Cambodia's population increases with time. In fact, 2014 and 2015 saw the emergence of a number of E-Commerce platforms thriving in a market that

was previously thought to be inhospitable to such activities, with more expected to follow.

FinTech

The state of the FinTech industry in Cambodia is similar to that of the E-Commerce industry, in that there is a relatively low rate of adoption of FinTech services and products in the country. This is also largely attributed to the cash-based society of the country, with a relatively low proportion of the population utilising the banking system compared with other ASEAN countries. However, as with the situation with E-Commerce, this is expected to change as Cambodia's population becomes more tech-savvy and the banking sector grows along with the country's rising middle class.

Relevant Legislative Framework

E-Commerce

There is presently no legislative framework for E-Commerce in Cambodia, which also does not have any laws governing electronic transactions. However, a draft E-Commerce law is in the pipeline and widely expected to be issued within the year, given the establishment of the ASEAN Economic Community and the increasing pressure on Cambodia to enact and harmonise its laws on electronic transactions.

FinTech

As with E-Commerce in Cambodia, there is no existing legislative framework governing FinTech in the country.

Recent Developments

As stated above, a new E-Commerce law is widely expected to be issued within the year. It is understood that this new E-Commerce law is intended to be consistent and aligned with the United Nations Commission on International Trade Law ("UNCITRAL") Model Law on E-Commerce.

¹ *Internet World Stats, Cambodia (2016)*, Retrieved 14 April 2016 from <http://www.internetworldstats.com/asia.htm>

² *Sola., J., and Phong., K., (2015) "Mobile Phones and Internet in Cambodia 2015"*, The Asia Foundation. Accessible at: <https://asiafoundation.org/resources/pdfs/MobilePhonesinCB2015.pdf>

Based on the existing draft legislation, it appears that the E-Commerce law will deal with certain issues relevant to both E-Commerce and FinTech, such as consumer protection, transfers of electronic funds, the regulation of intermediaries and E-Commerce service providers and data confidentiality.

INDONESIA

Overview

E-Commerce

An ever-increasing number of internet users and a growing middle class make Indonesia one of the most attractive E-Commerce markets in the ASEAN region. However, despite Indonesia's rapid growth, the current regulatory framework surrounding the country's E-Commerce sector remains sparse and scattered across a number of laws and regulations.

FinTech

Indonesia is still developing a comprehensive regulatory framework for financial technology in the country. The key regulators, i.e. the Indonesian financial services authority (*Otoritas Jasa Keuangan* or "OJK") and the Indonesian central bank (Bank Indonesia or "BI"), have given their commitment to cooperate with financial technology associations, such as FinTech Indonesia and the Indonesian Payment System Association, to jointly develop and establish a relevant regulatory framework that could address evolving technologies in financial services, and advance a technology-centric financial services ecosystem in Indonesia.

Relevant Legislative Framework

E-Commerce

The Indonesian government has yet to issue an umbrella regulation to govern E-Commerce business in Indonesia. Nevertheless, the following laws and regulations are relevant and would need to be taken into consideration by businesses intending to operate an E-Commerce business in Indonesia:

- Indonesian Civil Code;
- Law No. 8 of 1999 on Consumer Protection ("Consumers Law");
- Law No. 11 of 2008 on Electronic Information and Transactions ("EIT Law");
- Law No. 7 of 2014 on Trade ("Trade Law");
- Government Regulation No. 82 of 2012 on the Implementation of Electronic Information and Transactions ("EIT Regulation"), as the implementing regulation of the EIT Law; and
- Presidential Regulation No. 39 of 2014 on Negative Investment List ("Negative List").

Starting up an E-Commerce business is generally the same as incorporating any other business and there are no specific registration or licensing requirements that one must fulfil or obtain to engage in the E-Commerce sector, so long as all the other regulatory and licensing requirements of the specific business activity are complied with.

When carrying out their business operation in Indonesia, E-Commerce players must adhere to the foregoing list of laws and regulations which are relevant to E-Commerce business. In particular, the Trade Law deals with all general aspects related to commercial trade. Article 4 of the Trade Law recognises E-Commerce as one of the trade activities regulated under such law, but it still leaves uncertain some of the core issues facing the e-commerce sector. The law does, however, stipulate that E-Commerce will be further regulated by regulations that will address the gaps in the sector and provide guidelines for E-Commerce activities (further discussion on this topic below).

Besides the above, an additional requirement is applicable to an E-Commerce seller that owns a website. Under the EIT Law and the Minister of Communications and Information Regulation No. 23 of 2013 on Domain Name Management, any E-Commerce website must obtain a reliability

certificate from the Minister. This certification is required to provide consumers protection from fraud.

It should be noted that there are presently no restrictions for offshore E-Commerce players (i.e. no legal presence in Indonesia) to make available their services to customers located in Indonesia. However, they are still bound to comply with some of the foregoing list of laws and regulations, such as the EIT Law and the Consumers Law. Furthermore, certain businesses as established in the Negative List have restrictions imposed on foreign investments. Such restrictions do pose a certain number of obstacles to encouraging the establishment of E-Commerce businesses by foreign companies in Indonesia.

FinTech

The current regulatory framework on financial technology regulates how companies utilising technologies for financial services should manage the implementation of such technologies as well as the necessary licensing requirements from the authorised government institution(s) for the provision of specific financial services. The framework currently covers, among others: (i) card-based payment instrument, (ii) electronic money, and (iii) electronic banking.

In particular, banks implementing FinTech services which fall within the scope of electronic banking (services which enable bank customers to obtain information, and communicate and conduct banking transactions electronically) are required to comply with a certain level of risk management requirements. For instance, Bank Indonesia Regulation No. 9/15/PBI/2007 on the Implementation of Risk Management in the Use of Technology by Commercial Banks requires that the bank's data centre and/or disaster recovery centre be placed in Indonesia. Any data centre and/or disaster recovery centre placed outside of Indonesia must obtain approval from the OJK. It is also worth noting that service providers providing electronic banking support to commercial banks must also comply with the requirements set out under this regulation.

Recent Developments

E-Commerce

Indonesia is currently implementing regulation in the E-Commerce sector as mandated by the Trade Law. The Ministry of Trade, in collaboration with the Ministry of Information and Technology, the Ministry of Industry and other ministries and governmental bodies, are currently preparing the draft implementing regulation for E-Commerce activities in the form of a Government Regulation (*Peraturan Pemerintah*).

The latest draft of the e-commerce regulation contains several additional requirements that will be introduced for E-Commerce activities, such as the requirement for a seller to obtain a business license on an E-Commerce activity, provide a helpline for customer complaints, and complying with the technical requirements stipulated therein. In addition, the draft also adds that an E-Commerce seller will have to be properly registered and obtain a certificate on reliability for its electronic system. Other than additional requirements, the draft further sets out specific guidelines on tax, shipping/logistic, exchange & refund, and the new dispute settlement mechanism in the form of online dispute resolution.

Concurrently, the Indonesian government is also in the process of preparing an 'E-Commerce Road Map', which covers seven strategic issues, namely logistics, funding, consumer protection, communications infrastructure, taxes, education and human resources, and cyber security.

On top of the draft implementing regulation on E-Commerce activities, the Indonesian government also intends to introduce a new regulation on foreign direct investment in the E-Commerce sector.

FinTech

Based on media reports, Bank Indonesia is currently working on establishing an integrated national payment gateway for electronic payments. The national payment gateway scheme will focus on building interoperability between principal and switching companies in Indonesia to enhance

the security of electronic payments, and create a comprehensive and reliable electronic payment ecosystem in Indonesia.

LAOS

Overview

E-Commerce

E-Commerce has yet to realise its full potential in Laos, mainly due to the low levels of internet accessibility in the country, as well as the lack of both physical and legal infrastructures that are conducive for E-Commerce activities. Nonetheless, it should be noted the Laos Government is eager to promote and enable E-Commerce activities in Laos and to that end, has established an E-Policy and E-Government national plan to facilitate the same.

FinTech

Although the country is undergoing modernization, the adoption of FinTech services and products remain relatively low in the Laotian financial sector. Nonetheless, some efforts have been undertaken by financial institutions to modernise their banking system. It is also worth noting that the Laotian government has adopted a policy, the Financial Institution Development Strategy, with the primary goal of diversifying and modernising, through the adoption of technological means, the products and services offered by the financial sector, and to allow available funds to be utilised and apportioned efficiently for the development of the country's economy.

Relevant Legislative Framework

E-Commerce

There is no overarching law that regulates e-commerce activities in Laos. Nonetheless, Laos does have a baseline legislation governing electronic transactions (the Law on Electronic Transaction No.20/NA).

FinTech

There is no overarching law that regulates the

adoption or provision of FinTech services and products in Laos. However, the basic licensing requirements as well as informal performance obligations for the provision of financial services may be applicable in some cases, depending on the nature of the FinTech services or products offered.

Recent Developments

Although there are no specific developments in the E-Commerce and FinTech sectors in Laos, this area still remains worth watching given that, as with other developing countries, the situation is likely to improve with time given better infrastructure, increasing modernisation and the growing economy of the country.

MALAYSIA

Overview

E-Commerce

The E-Commerce industry continues to thrive in the Malaysian market. The proliferation of the internet, the wider broadband penetration, the growing prevalence of smartphones as well as the convenience of online shopping are among the driving forces behind the growth of E-Commerce. While online shopping has yet to take over brick-and-mortar retail businesses, it remains a fast-growing industry in Malaysia with enormous upside. Moreover, with each succeeding generation becoming more connected to the online world via their numerous devices, it is increasingly likely that they will use the online medium to help make decisions on what to buy, and more frequently, to make online purchases as well.

The growth of E-Commerce in Malaysia has had many drivers including the establishment of internet banking in the late 90s, followed by the first few E-Commerce sites such as lelong.my, a home-grown online auction and shopping store. This was followed by the launch of AirAsia's flight booking website in 2001, which served to make Malaysian consumers more comfortable with the idea of using

their credit cards to purchase goods and services over the internet.

The next major milestone came almost 10 years later via the influx of group buying deal sites such as Groupon, Mydeal, LivingSocial and specialty online stores such as Rocket Internet's Lazada and Zalora and Japan's Rakuten (Rakuten closed its marketplaces in Malaysia since February 2016, as part of its corporate overhaul exercise). Many conventional retailers and companies have also set up their E-Commerce arm as an alternative sales channel.

Despite the economic downturn, 2015 marked an interesting year for the E-Commerce industry in Malaysia, which witnessed the launch of new E-Commerce sites backed by heavyweight players, namely, 11street by Celcom Axiata and South Korea's SK Planet, GoShop by Astro Malaysia and South Korea's GS Home Shopping, Gemfive by Hong Leong Group and Shoppu by AEON.

Mobile E-Commerce sites have also enjoyed a boom in popularity due to the growing usage of smartphones and higher broadband penetration rates. Mobile-centric E-Commerce players such as Shopee, Snapsell, Carousell and Duriana also entered the Malaysian market in 2015. The entry of so many players is not surprising, given that online retail spend constitutes only 5% of the total retail spend in Malaysia and there are still plenty of opportunities for E-Commerce players to grow and expand their business in Malaysia.

Separately, big data and analytics is now beginning to play a greater role in E-Commerce and likely to be the next big thing notwithstanding privacy concerns of consumers.

FinTech

FinTech has had the positive effect of driving the financial sector to participate in the FinTech revolution and offer access to market-based financing through the application of technology solutions.

Some notable categories of FinTech include global payments (e.g. forex, remittance and wire transfer services), personal finance management (e.g. financial advisory, portfolio management and brokerage), marketplace lending (e.g. peer-to-peer lending and equity crowdfunding) and digital currencies (e.g. Bitcoin and block-chain technology).

As such, the governments and regulatory authorities in Malaysia, like many others around the world, have started recognising the growing importance of FinTech and the need to provide a policy and regulatory framework to grow and accelerate innovation in the FinTech industry.

For instance, the **Capital Markets and Services Act 2007** was amended by Parliament in 2015 to legally recognise and regulate equity crowdfunding ("ECF") and peer-to-peer ("P2P") platforms.

In this regard, the Governor of Bank Negara Malaysia, Datuk Muhammad Ibrahim, recognises the difficult balance that needs to be struck between regulation and innovation as reflected in his recent statement: *"The good about FinTech is that it injects competition into the traditional financial services providers, including service providers ... Technology is the way for us to be more competitive and innovative. What is important is for the regulator to set a framework so that FinTech will operate in a safe, efficient and transparent manner"*.

ECF Platforms

Malaysia is the first country in the ASEAN region to introduce a progressive ECF framework. In this regard, in February 2015, the Securities Commission of Malaysia ("SC") released Guidelines to facilitate ECF platforms and following the issuance of the Guidelines, the SC announced in June 2015 the approval of 6 registered ECF platform operators (Alix Global, Ata Plus, Crowdonomic, Eureca, pitchIN and Propellar Crowd+).

The SC describes the ECF platform as *"a new form of fundraising platform that allows start-ups or other small and medium-sized enterprises to obtain funding through small equity investments from a relatively large number of investors, using online portals to*

publicise and facilitate such offers to investors". Investors receive shares or stocks in return for their investments and can expect a return in the form of dividends if the company performs well.

A person who wishes to operate, provide or maintain an ECF platform must register the platform with the SC and exhibit to the SC that it will be able to operate an orderly, fair and transparent market. In this regard, the SC requires the operator to carry out a due diligence exercise on prospective issuers, to monitor the conduct of issuers, investment limits of investors and any possibility of money laundering and to carry out investor education programmes as well as protect personal data of individuals in accordance with the **Personal Data Protection Act 2010**.

A person who wishes to list his project on an ECF platform must first incorporate a local private company. An issuer can raise up to a maximum of RM3 million within a 12-month period. Anyone can become an investor subject to certain restrictions. There is no limit to the investment amount for a sophisticated investor (i.e. accredited investor, high-net worth entity or high-net worth individual). An angel investor (i.e. an investor accredited by the Malaysian Business Angels Network) can invest up to RM500,000 within a 12-month period, while a retail investor can invest up to RM5,000 per issuer with a total amount not exceeding RM50,000 within a 12-month period.

Investors are given a 6-day cooling off period, during which they may opt to withdraw the full amount of investments. Furthermore, any material adverse changes relating to the offer during the offer period must be communicated to the investors and they are given an option to withdraw their investments within 14 days after such notification. The operator may only release the funds to the issuer after the targeted amount sought to be raised has been met.

P2P Lending Platforms

As part of the SC's continued effort to nurture and facilitate market-based innovation in FinTech under the aFINity@SC initiative, the SC recently released

another set of guidelines to facilitate P2P lending.

P2P lending facilitates the raising of funds by businesses or companies from both retail and sophisticated investors through an online platform. Individuals are not allowed to seek personal financing via a P2P lending platform.

Investors may now use P2P lending platforms to buy securities in the form of an investment note or Islamic investment note, which are issued by businesses or companies. Once purchased, the issuer of the investment note or Islamic investment note will be obliged to pay the investors over a period of time, with interest or profits.

Unlike the framework for ECF, there is no limit imposed by the SC in relation to the amount of funds an issuer may raise on a P2P lending platform. There is also no investment limit imposed on sophisticated and angel investors. For retail investors, P2P lending operators have an obligation to advise retail investors to limit their investments to a maximum of RM50,000 so as to manage the risk exposure of retail investors.

Operators interested in operating a P2P platform may submit their application to the SC from 2 May 2016 to 1 July 2016 and meet the following requirements. All P2P lending operators must be locally incorporated and have a minimum paid-up capital of RM5 million. A P2P lending operator must carry out a due diligence and risk assessment exercise on the issuer and ensure that there is an efficient and transparent risk scoring system in place. A P2P lending operator must also monitor and ensure compliance with its rules and ensure that the issuer's disclosure document lodged with the P2P lending operator is verified for accuracy and made available to investors. Finally, the P2P lending operator must have processes in place to monitor anti-money laundering requirements, manage any default by issuers including using its best endeavours to recover amounts outstanding to investors as well as carry out investor education programmes. The rate of financing must not exceed 18% per annum.

An issuer is allowed to keep the funds raised provided that it must have at least raised 80% of its targeted amount. However, the issuer may not keep any amount that exceeds the targeted amount.

In addition, an issuer may list on a P2P lending platform and ECF platform concurrently provided that such information is disclosed to the platform operators.

In order to protect the investors, it is mandatory for P2P lending operators to ensure that the funds raised from investors are first placed into a trust account until such time as the minimum target of 80% is met. Any repayments by an issuer will also be placed into the trust account. Furthermore, P2P lending operators must provide investors with all relevant information to enable investors to make an informed investment decision and understand the risks of their investment.

Relevant Legislative Framework

In terms of legislative frameworks, there is no overarching law or regulation that governs E-Commerce or FinTech activities. Instead, various aspects of E-Commerce or FinTech activities are governed by multiple pieces of legislation.

For instance, contracts formed through electronic means (such as over the internet) are recognised as valid and enforceable contracts in Malaysia pursuant to the **Electronic Commerce Act 2006**. Contracts made online are also subject to the same laws as contracts made offline. Contracts that are unenforceable offline, for example, certain types of contracts with children below the age of 18, or contracts that are illegal, immoral or against public policy, will similarly be unenforceable online. Digital and electronic signatures are both recognised and accepted as valid signatures under the **Digital Signature Act 1997** and **Electronic Commerce Act 2006**.

The terms and conditions on which the parties are contracting must be agreed by both parties and incorporated into the contract. The **Consumer**

Protection Act 1999 protects consumers against a range of unfair practices and imposes minimum product standards. It was amended in 2007 to widen its scope to protect consumers' rights when carrying out E-Commerce transactions. In addition, the terms and conditions in a standard form of contract must not be procedurally or substantially unfair and the advertisement must not be false or misleading. Otherwise, the terms and conditions may be declared as unenforceable or void under the Consumer Protection Act 1999.

All online businesses have to comply with the requirements set out in the **Consumer Protection (Electronic Trade Transactions) Regulation 2012**. The Regulation requires online sellers and marketplace operators to disclose certain information about themselves and their goods or services. The objective of the said Regulation is to make it easier for buyers to track down the identity of the online sellers in the event of fraud. This will also serve to increase the confidence of consumers to shop and trade online, which will further spur the growth of E-Commerce in Malaysia.

Last but not least, a website operator/online seller will invariably collect personal data in the course of transactions. Such collection of personal data must be in line with the **Personal Data Protection Act 2010** and the various regulations and standards issued by the Privacy Commissioner. Obtaining the customer's consent, setting out a privacy notice, ensuring that the customer's personal data meets the standards set by the Commissioner on security, data integrity and retention, and making available information in relation to the personal data being stored, are some of the key measures that will need to be put into place by website operators/online sellers. It would also be prudent to include a choice of law and jurisdiction clause into the contract so as to give certainty as to the law that will apply in the event of a dispute.

Recent Developments

It is clear that there is ample scope for growth in the areas of FinTech and E-Commerce in Malaysia.

This potential has been recognised and supported by the Malaysian government by the passing of the required laws and regulations, for instance, in order to materialise the ECP and P2P lending platforms described above.

Although there are no specific highlights to mention, there is no doubt that there are more regulations in the works in order to prepare for the impact of FinTech (which is yet at a nascent stage), and to balance the rights of consumers vis-à-vis businesses when it comes to E-Commerce (which can be considered to be a relatively mature industry).

MYANMAR

Overview

E-Commerce

While still in the stage of infancy, E-Commerce has been growing at a steady rate in Myanmar. Such growth may be attributed to friendly government policies, reforms in political, social and economic aspects of the country, as well as rapid economic development in the country.

Since liberalising its economy, Myanmar's population has been embracing mobile and internet connectivity. According to the Ministry of Communication and Information Technology, the mobile penetration rate in Myanmar reached 54.6% by the end of March 2015. As for internet penetration in Myanmar, the International Telecommunication Union reported that the internet penetration rate increased exponentially, from 0.25% in 2010 to 12.6% in 2015.

Furthermore, the demographics of Myanmar's population are ideal for an E-Commerce market, with 28% of Myanmar's population comprising tech-savvy youths under the age of 24. This, coupled with the rising internet and mobile penetration rates in Myanmar, provides ideal conditions for the E-Commerce market to grow and thrive.

However, the biggest challenge to the development of E-Commerce is the prevailing attitudes of the Burmese towards electronic transactions. Myanmar remains very much a cash-based society. People generally prefer making physical purchases where they can be assured of the quality and nature of the products.

Furthermore, there is still a lack of infrastructure conducive for ICT development and E-Commerce activities in Myanmar. For instance, there remains a lack of secure, electronic payment systems in Myanmar (a key ingredient for E-Commerce success). Nevertheless, it should be noted that the country recently welcomed its first E-Commerce payment platform, jointly developed by 2C2P, a Singapore-based payment company, and Myanmar Payment Union ("MPU"), the country's national payment network, which is experiencing steadily increasing take-up rates and wider acceptance from the population. Furthermore, as discussed below, Myanmar is experiencing wider adoption of mobile payment systems, though the intermediary costs remain prohibitive.

FinTech

The adoption of FinTech products and services has met with mixed success in Myanmar, where relatively low accessibility to formal financial services (the Consultative Group to Assist the Poor revealed that less than 20% of the population had access to formal financial services in 2013) has resulted in an exponential growth in demand for mobile payment services, given that a higher proportion of Burmese have access to mobile phones compared with financial services.

This has resulted in a number of major mobile payment providers setting up operations in Myanmar. Such mobile payment providers act as conduits for people to transfer, deposit and withdraw funds from various banks in Myanmar. However, as Myanmar is still in the midst of developing its infrastructure to facilitate payment for goods and services by electronic means, the use of mobile payment systems, especially where multiple operators or banks are involved, often results in very high intermediary costs.

Given the current state of affairs, such as the liberalisation of Myanmar's economy, establishment of an independent central bank in 2013 and a pro-democracy government, the potential for FinTech growth is high in Myanmar, with many opportunities to be taken. Nonetheless, businesses should be mindful of the significant structural obstacles that remain.

Relevant Legislative Framework

E-Commerce

There is presently no overarching E-Commerce legislation in Myanmar. Instead, businesses that intend to conduct E-Commerce operations in the country would need to comply with various regulations and requirements that are generally relevant to the nature of an E-Commerce business. Such laws include:

- The Electronic Transactions Law No.5/2004 ("ETL");
- The Computer Science Development Law No.10/96 ("CSDL");
- The Myanmar Citizens Investment Law No.18/2013 or The Foreign Investment Law No.21/2012 (to be consolidated and replaced by The Investment Law, draft under review);
- The Consumer Protection Law No.10/2014;
- Wide Area Network Order (Notification No.3/2002); and
- The Telecommunications Law No.31/2013.

One particular point to note is that under Section 29 of the CSDL, a person who wishes to set up a computer network or to connect a link inside a computer network must obtain prior sanction from the Ministry of Communications, Posts and Telegraphs. Failure to comply with the said requirement is an offence punishable by imprisonment and a fine under Section 33 of the CSDL.

Apart from the above, businesses should take note of any regulations or requirements specific to the nature of their business, and ensure that any relevant licences, permits or sanctions are obtained prior to the commencement of business.

FinTech

While there is no single legislation regulating FinTech in Myanmar, businesses that wish to provide FinTech services in Myanmar may want to take into account the following legislation to ensure that they comply with all legal requirements before commencing operations:

- The Central Bank of Myanmar Law No.16/2013 ("CBML");
- Financial Institutions Law No.20/2016 ("FIL");
- Mobile Banking Directive;
- Mobile Financial Services Regulation No.3/2016 ("MFSR"); and
- The Consumer Protection Law No.10/2014.

The MFSR applies to mobile financial services providers, which is defined as "a mobile network operator or a non-bank financial institution that is granted Registration Certificate by the Central Bank under [the MFSR] to provide mobile financial services". Section 4 of the MFSR provides that only a company set up solely for the purposes of carrying out mobile financial services may apply to the Central Bank of Myanmar ("CBM") for a registration certificate to provide such services. Section 5 states the prerequisites for an application under the MFSR, which include having a minimum capital of three billion kyat and submitting certain documents to the CBM. The MFSR also sets out permitted mobile financial services transactions, transaction limits, as well as customer protection provisions. This is a key piece of legislation that businesses seeking to provide mobile financial services in Myanmar should pay attention to.

Financial institutions that use FinTech to provide financial services will need to get a licence from the CBM before they may commence operations in Myanmar. The FIL contains specific provisions that regulate the issuance of e-money and the provision of e-banking services by banks and financial institutions. In particular, a key focus appears to be the protection of consumers, with a number of provisions in the FIL providing for the same.

Recent Developments

E-Commerce

The Myanmar government recently developed and established an e-Governance Information and Communication Technologies (“ICT”) Master Plan 2015 (“ICT Master Plan”), and according to the Final Report produced by the Asian Development Bank, in coming up with initiatives under the ICT Master Plan, a study had been undertaken to derive learning points from e-Governance leaders around the world and to assess the current state of e-Governance in Myanmar. Some key recommendations on amendments to the ICT laws in Myanmar that provide a glimpse of the future direction that the Myanmar government intends to take, are as follows:

- To come up with a comprehensive ICT legislation addressing different aspects of e-Governance, with new institutions created to implement such legislation effectively;
- To establish an ICT Council, which will have departments overseeing the following areas: e-governance, cyber security and investigation, research and development, and national ICT capacity building;
- To encourage private sector participation in the ICT industry, the study recommends that structured consultations be held with the Myanmar Computer Federation and the ICT Council; and

- To amend the ICT laws to address, among others, the protection of intellectual property rights, cyber security of ICT infrastructure, cybercrime, legal and ethical ways of social media usage, E-Commerce including electronic payments, privacy and data protection and dispute resolution modes in a virtual world.

With the ICT Master Plan in place, it is likely that Myanmar will become a market with a clear and simple regulatory framework that promotes, and is conducive for, the establishment and growth of E-Commerce activities.

FinTech

As stated above, Myanmar recently welcomed its first E-Commerce payments platform, which was jointly developed by 2C2P, a Singapore-based payment company, and the MPU, which is part of the CBM. This is a significant development that will boost the E-Commerce industry because a growing number of Burmese citizens who hold MPU cards will be able to buy goods and services from other countries online, which was not possible in the past.

The Myanmar government also recently enacted a number of laws, such as the FIL and the MFSR, which provide regulations on certain FinTech activities that were previously not dealt with specifically in any legislation. This is demonstrative of a greater awareness and focus by the Myanmar government to establish a regulatory framework, in line with its ICT Master Plan, to encourage the adoption of FinTech products and services, while ensuring that consumers remain adequately protected.

PHILIPPINES

Overview

In recent years, E-Commerce and FinTech have been slowly gaining ground in the Philippines, which is now one of the world’s largest providers of business process outsourcing (“BPO”) services and consumers of social media. Given the right conditions, the potential exists for the Philippines to position itself as a leader in the global E-Commerce market.

E-Commerce

The Philippines has a young, vibrant and social media-savvy population and an ingrained shopping mall culture (the country is home to three of the world's biggest shopping malls). As such, there is a huge potential for E-Commerce activities such as online shopping and retail in the country, a trend that is evidenced by the growing number of E-Commerce sites, both international and homegrown, setting up shop in the Philippines.

That said, it should be noted that online retail sales in the Philippines account for only 1% of the total retail sales in the country (compared with about 10% in the US and Western Europe)³. It appears that a relatively low internet and credit card penetration (which currently stands at 43.5%⁴ and 7%⁵, respectively), coupled with fragmented geography and inadequate infrastructure in certain far-flung areas, poses the biggest obstacle to the growth of online retail and shopping in the Philippines.

FinTech

The Philippines has demonstrated great potential in the FinTech sector, particularly in the mobile payment, banking and financial sector. The Philippines ranked 13th (ahead of Hong Kong, Germany, France, and Malaysia) in MasterCard's Mobile Payments Readiness Index, which is a data driven survey of global readiness to accept mobile payments. In this regard, it is noted that the local traditional banks in the country have already created their respective mobile banking applications allowing users to execute certain transactions (e.g., bank transfers) online or through a smartphone, in apparent recognition of the need to adapt with the increasing reliance on technology for the provision of services of all types.

Crowdsourcing and crowdfunding are also gaining traction in the Philippines, with a growing number of new start-ups specifically formed for these purposes.

³ Jeandie O. Galolo, *Low credit card penetration, lack of trust constrain PH e-commerce*, THE SUN STAR available at <http://www.sunstar.com.ph/cebu/business/2015/10/16/low-credit-card-penetration-lack-trust-constrain-ph-e-commerce-436207>

⁴ See Internet Live Stats available at <http://www.internetlivestats.com/internet-users/philippines>

⁵ Jeandie O. Galolo, *Low credit card penetration, lack of trust constrain PH e-commerce*, THE SUN STAR available at <http://www.sunstar.com.ph/cebu/business/2015/10/16/low-credit-card-penetration-lack-trust-constrain-ph-e-commerce-436207>

BPO Services

A key and related industry that should be highlighted is the Philippines' provision of BPO services, which has grown exponentially in the past decade and resulted in the establishment of the Philippines as a global outsourcing hub. With almost a million employees in the sector, the BPO industry substantially contributes to the Philippine national economy.

The Philippine BPO industry's growth is expected to continue in the coming years. Notably, there appears to be a significant shift from the provision of low-end voice-based BPO services to more sophisticated knowledge process outsourcing ("KPO") services in fields such as web development, information technology, actuarial engineering, medical transcription, banking and finance, accounting and law. In recognition of this, the Philippine government has begun to take steps to enhance its technology infrastructure and build its capacity to accommodate growth in companies engaged in KPO.

Relevant Legislative Framework

The primary legislation relating to E-Commerce and FinTech-related activities is the Republic Act No. ("RA") 8792, or the E-Commerce Act, which was enacted on 14 June 2000. The E-Commerce Act is based on the UNCITRAL Model Law on Electronic Commerce.

The E-Commerce Act was passed in recognition of, inter alia, the vital role of information and communications technology in nation-building and the need to create an information-friendly environment that supports and ensures the availability, diversity and affordability of ICT products and services. In this regard, the provisions of the E-Commerce Act are intended to facilitate

electronic contracts and transactions, with the aim of ensuring a legal regime that is equipped to manage domestic and international dealings, transactions, and storage of information utilising ICT means.

Highlights of the E-Commerce Act include:

- Recognition of the authenticity and reliability of electronic data messages and electronic documents. Thus, electronic documents have the legal effect, validity or enforceability of any other document or legal writing.
- Subject to certain requirements, an electronic document shall be the functional equivalent of a written document for evidentiary purposes.
- Recognition that information that is merely incorporated by reference in an electronic message, document or communication should not be denied validity or enforceability solely on that fact.

To ensure a safe and secure infrastructure for E-Commerce and FinTech services to operate in, the Philippines has also enacted the RA 10175 or the Cybercrime Prevention Act, which seeks to protect and safeguard the integrity of computer and communication systems, networks, and databases, and the confidentiality, integrity, and availability of information and data stored therein by criminalizes all forms of conducts which involves the misuse, abuse, and illegal access of the same.

As a corollary to the above, the Philippines has also established the Office of Cybercrime (“OOC”) within the Department of Justice, which serves as the central authority in all matters related to cross-border cybercrimes, and the Cybercrime Investigation and Coordinating Centre, which is responsible for the formulation and enforcement of the country’s cybersecurity plan.

Government Incentives for the E-Commerce and FinTech Industry

To encourage growth in the E-Commerce and FinTech sector, certain ICT-related activities are given incentives in the Philippines. For example, businesses may apply to the Philippine Economic Zone Authority (the “PEZA”) for the “IT Enterprise” status (for companies that operate or offer IT-related services), which if obtained, will allow the business to benefit from certain incentives if the business is located in a PEZA-registered IT park, building or special economic zone. Such incentives include: (a) an income tax holiday, (b) special 5% tax on gross income earned in lieu of all national and local taxes, except real property taxes; and (c) additional deduction of 50% on training expenses.

Separately, the Philippine government’s 2014 Investment Priorities Plan has a number of incentive schemes that are targeted specifically at start-ups and small, newly incorporated local companies.

SINGAPORE

Overview

E-Commerce

E-Commerce has seen significant adoption in Singapore, as shown by the proliferation of E-Commerce start-ups and increasing monetary value of online transactions. This has resulted in a wide range of E-Commerce platforms available, from platforms for transactions from businesses to consumers (“B2C”) and between businesses (“B2B”) to even those that allow consumers to transact with each other (“C2C”).

In addition, government agencies, such as SPRING Singapore, have been actively encouraging local businesses to retool their business models through the adoption of technology and the expansion of their E-Commerce activities to help boost productivity and increase sales.

Analysts predicted that Singapore's online retail market would amount to S\$4.4 billion by the end of 2015⁷, quadruple that of what it was in 2010. It is also envisaged that this amount will continue to grow, given that presently, online expenditure in Singapore only amounts to 4% of the total retail revenue in Singapore.⁸ This sits behind the global average of 6%, and behind countries with more developed online retail markets such as China, the United Kingdom and the United States of America, where online expenditures amount to 10%, 13% and 6.5% of total retail sales respectively.⁹

With its clear and business-friendly regulatory framework, collaborative regulators and governing authorities, and an established E-Commerce market, Singapore continues to be in a prime position to lead the ASEAN region in E-Commerce.

FinTech

Singapore is home to a FinTech-friendly ecosystem, in which both the private and public sectors are encouraging and promoting innovation and the adoption of FinTech, with the view of creating a Smart Financial Centre in Singapore (as part of the country's aim of becoming a Smart Nation).

To this end, the Monetary Authority of Singapore ("MAS"), which is the central bank and primary regulator for all financial institutions in Singapore, is actively seeking to engage with FinTech-related companies, and recently initiated several developments relating to FinTech. In 2015, the MAS formed a new FinTech & Innovation Group ("FTIG"), and established the Financial Sector Technology & Innovation ("FSTI") funding scheme. In May 2016, the MAS and the National Research Foundation ("NRF") established a FinTech Office in conjunction with representatives from various government agencies.

In light of the above, Singapore is well poised to be a key driver of FinTech in the ASEAN region.

⁷ PayPal, (2011), *Online and mobile shopping in Singapore*. See summary at <http://www.mediabuzz.com.sg/asian-emarketing-latest-issue/1247-paypals-first-comprehensive-study-on-online-and-mobile-shopping-in-singapore>

⁸ A.T. Kearney and CIMB ASEAN research institute (2015), *Lifting the Barriers to e-Commerce in ASEAN*

⁹ eMarketer, (2014), *Information retrieved on 14 April 2016 from <http://www.emarketer.com/Article/Retail-Sales-Worldwide-Will-Top-22-Trillion-This-Year/1011765>*

Relevant Legislative Framework

E-Commerce

Although there is no overarching law that regulates E-Commerce activities in Singapore, a range of laws may apply to E-Commerce operators, depending on their industry and business activity, such as the nature of goods or services that they offer. Legal advice should be obtained in order to identify the specific laws that may apply to a particular business activity. The laws that may generally apply to E-Commerce activities generally govern consumer protection issues (including data protection) as well as the validity of electronic contracts and transactions. These laws include but are not limited to:

- Computer Misuse and Cybersecurity Act
- Consumer Protection (Fair Trading) Act (Cap. 52A) (which includes Lemon Law provisions)
- Electronic Transactions Act (Cap. 88)
- Personal Data Protection Act 2012 (Act 26 of 2012)
- Sale of Goods Act (Cap. 393)

FinTech

Similarly, most of the laws that apply to the FinTech industry deal primarily with the provision of the financial services, the legitimacy of electronic transactions and/or the protection of personal data as opposed to the technology itself. Such laws include but are not limited to:

- Banking Act (Cap. 19)
- Currency Act (Cap. 69)
- Electronic Transactions Act (Cap. 88)

- Financial Advisers Act (Cap. 110)
- Finance Companies Act (Cap. 108)
- Money-changing and Remittance Businesses Act (Cap. 187)
- Moneylenders Act (Cap. 188)
- Monetary Authority of Singapore Act (Cap. 186)
- Payment Systems (Oversight) Act (Cap. 222A)
- Personal Data Protection Act 2012 (Act 26 of 2012)
- Securities and Futures Act (Cap. 289)

Further, it should be noted that the MAS has issued notices and guidelines relating to the adoption and implementation of technology by financial institutions, such as the Notice on Technology Risk Management, and all financial institutions seeking to implement FinTech capabilities would need to comply with the same. While these notices and guidelines do not apply directly to providers of the technology itself (such as software service providers), they remain relevant as financial institutions are expected to pass through some of these obligations to their service providers.

Businesses, especially those providing financial services, should seek advice on whether any of the above laws and regulations would be applicable to them.

Recent Developments in Singapore

E-Commerce

In 2015, SPRING Singapore ("SPRING"), in conjunction with Singapore Post, developed and established "ezyCommerce", an online platform to help SMEs carry out E-Commerce activities (e.g. warehousing, managing inventories and order fulfilment online) across various online marketplaces. To further support SMEs, SPRING offers them a subsidised rate (up to 70 per cent funding) for the use of ezyCommerce.

More recently, it was announced that the Singapore government would be launching more initiatives to promote the innovation and commercialisation of new technologies in Singapore. Such initiatives include the creation of a new entity, SG-Innovate, which will serve to connect and match start-ups, researchers and innovators with potential investors and mentors and facilitate access to resources and new markets, with the hope of helping them transform their ideas into successful businesses, and establishment of the Jurong Innovation District, which will serve as a technology park and incubator for the development of innovative products and services.

FinTech

On 1 August 2015, the FTIG was established as part of the office of the MAS. Under its portfolio, the FTIG will manage regulatory policies and strategies to increase the efficiency and competitiveness of Singapore's financial sector through the development and adoption of FinTech, while ensuring that the corresponding risks related to the same are properly managed.

The MAS and NRF established a FinTech Office on 3 May 2016 to promote Singapore as a FinTech Hub. Businesses can consult the FinTech Office for all FinTech related matters, including on the various incentive and grant schemes offered by the government for the development and adoption of FinTech capabilities.

Separately, the MAS has also stated that it intends to introduce a regulatory sandbox approach to the provision of FinTech services and products, similar to that offered in the UK by the Financial Conduct Authority. Such a regulatory sandbox approach will serve as a test bed for financial institutions to test and introduce their innovative products or services within controlled boundaries and the established regulatory framework (although exceptions may be provided), while ensuring that the consequences of failure can be contained and managed and that consumers remain adequately protected. The MAS has also indicated that it will work closely together with the FIs during this testing phase to help facilitate the successful introduction of such FinTech services and products.

As a corollary to the above, the MAS announced that it would be holding its first FinTech festival in November 2016, in conjunction with the Association of Banks in Singapore. The festival is understood to comprise three segments — the Global FinTech Hackcelerator, in which interested parties in the FinTech industry will be invited to propose and develop solutions to problems faced by the financial industry, the MAS FinTech Awards and various other conferences and events.

Government Grants to Facilitate E-Commerce in Singapore

E-Commerce

The Singapore government has established various policies, incentives and grant schemes to encourage the adoption and usage of E-Commerce by businesses. Such incentives and grants, offered by various government agencies such as SPRING and International Enterprise Singapore (“IE Singapore”), provide support to start-ups and SMEs targeted at various aspects of an E-Commerce business, such as the purchase, acquisition and management of intellectual property (“IP”) (e.g. tax deductible allowances for the purchase of IP, the Innovation and Capability Voucher), the automation of business activities (e.g. the Automation Support Package and the Capability Development Grant) and specified activities relating to the international expansion of a business (e.g. Market Readiness Assistance Grant). Such grants can even be used to offset legal costs incurred in conducting the aforementioned activities.

Businesses are therefore encouraged to maximise their potential by making use of such incentives and grants that may be available to them.

FinTech

Many of the grants specified above are equally applicable to businesses seeking to adopt, develop or offer FinTech-related products and/or services.

Separately, on 29 June 2015, MAS announced that it would commit S\$225 million over the following five years under the Financial Sector Technology

& Innovation or “FSTI” scheme to provide support for the creation of a vibrant ecosystem for FinTech innovation. FSTI funds can be used for innovation centres, institution-level projects, and industry-wide projects.

THAILAND

Overview

E-Commerce

The E-Commerce market in Thailand is projected to grow significantly in the next few years and open up increasing opportunities for businesses to tap into a growing market. The market is estimated to triple from about US\$1.4 billion in 2015 to US\$4 billion in 2020. Central to such expectations is the high level of mobile penetration in Thailand (at over 130%), and the population’s increasing access to high speed internet connections (the government aims to make high speed internet available to 95% of its population by 2020 and has committed significant funding to do so).

The Thai government has also established the National Digital Economy Master Plan in which it will facilitate and promote E-Commerce activities.

FinTech

Although the FinTech industry is still in its infancy stage in Thailand, it is another area that the Thai government has shown a keen interest in developing, with policies introduced to support FinTech-related businesses and innovation.

For instance, the Bank of Thailand (“BOT”), Thailand’s Central Bank, recently introduced the Financial Sector Master Plan Phase III, for the period of 2016-2020. One key initiative of the Master Plan is to promote electronic financial and payment services (under the National E-Payment Master Plan) as well as enhance the financial system’s efficiency through technology.

Separately, the Securities and Exchange Commission (“SEC”) has also stated that it recognises the revolutionary impact of FinTech and is keen to engage with the industry in order to harness its potential.

Relevant Legislative Framework

E-Commerce

Thailand does not have an overarching law governing E-Commerce activities. Nonetheless, a range of laws may apply to E-Commerce operators, depending on the nature of the business involved in the E-Commerce activity. Legal advice should be obtained in order to identify the specific laws that may apply to a particular business activity. Other laws that may generally apply to E-Commerce activities include but are not limited to:

- Act on Commission of an Offence relating to Computer (known as “Computer Crime Act”)
- Civil and Commercial Code
- Consumer Protection Act
- Direct Sales and Direct Marketing Act
- Electronic Transactions Act
- Foreign Business Act

The Electronic Transactions Act has been complemented by Subordinated Laws (Royal Decrees) and other government notifications, including a regulation for e-payment service providers.

Separately, the Draft Personal Data Protection Bill has been under development for several years. Although Thailand does not currently have an overarching data protection law, the principles of privacy and data protection are fundamental to several other laws, including but not limited to The Constitution of Thailand and Telecommunications Business Act.

Finally, it should be noted that while Thailand’s Board of Investment (“BOI”) promotes foreign investment, and provides for incentives (such as tax incentives) in the E-Commerce sector (classified under section 5.8 of the List of Activities eligible for promotion), it has set policies relating to and restricting foreign ownership of E-Commerce businesses.

FinTech

Thailand does not have an umbrella legislation governing the provision or adoption of FinTech products and services. Instead, the laws relating to the provision of financial services and products will generally apply if the FinTech services and products fall within the activities regulated by such laws. These laws that may generally apply to FinTech companies include but are not limited to:

- Bank of Thailand Act
- Currency Act
- Deposit Protection Agency Act
- Electronic Transactions Act
- Exchange Control Act
- Financial Institutions Businesses Act
- Foreign Business Act
- Office of Insurance Commission Act
- Royal Decree Regulating Electronic Payment Services
- Securities and Exchange Act
- Trust for Transactions in Capital Market Act

Businesses are advised to ensure that the relevant legal advisors and industry experts are consulted prior to the adoption or provision of FinTech products and services in Thailand.

Recent Developments

E-Commerce

In February 2016, the National Digital Economy Committee approved in principle the National Digital Economy Master Plan sponsored by the Ministry of Information and Communications Technology. The Master Plan has the objectives of building a nationwide broadband network, promoting a technology-based economy and society, creating public e-services, developing skills and competency in technology, and enhancing public confidence in technology. The government has set a target of promoting the opening of at least 10,000 small and medium-sized online shops.

The government has identified several key strategies in order to develop the digital economy. Those strategies relating to E-Commerce are highlighted below:

- facilitating and promoting E-Commerce activities
- providing a regulatory framework of privacy, data protection and cybersecurity laws
- establishing e-payment and e-transaction standards
- applying e-logistics to facilitate trade and supply chain management
- providing SMEs with low cost enabler technology for E-Commerce

FinTech

Financial Sector Master Plan

Under the Financial Sector Master Plan, which outlines the plan for the financial sector up to 2020, the government aims to enhance the competitiveness, sustainability and inclusiveness of the financial sector. To this end, the BOT will support the government's initiatives to promote a national electronic payment system, through the National E-Payment Master Plan. The National E-Payment Committee has the objective of leveraging payment

technology, so as to reduce reliance on cash usage. It is envisioned that the first stage of development of the National E-Payment Master Plan will involve "Any ID" payment infrastructure, which could rely on the user's mobile phone number, bank account or other ID number.

Furthermore, the BOT will encourage and facilitate the digitisation of both the front-end and back-end operations of financial institutions, while focusing at the same time on ensuring that there is no compromise on consumer protection and security, and that systems remain compatible and interoperable.

In addition, the government has proposed a new Payment Systems Act that is anticipated to unify payment regulations, which are currently under different laws and enforced by various agencies.

SEC's FinTech Initiatives and Proposed Crowdfunding Regulations

The SEC recognises that FinTech can enhance the efficiency of financial services and transform the financial sector, allowing client-centric products and services to be offered based on innovative technologies. The SEC also appreciates how FinTech can allow underserved sectors of the economy and population to access financial services at affordable prices.

As such, the SEC has set about organising various forums and seminars that focus on educating and discussing various FinTech-related issues, allowing interested parties and stakeholders to consult with the SEC on an informal basis, while learning from international best practices.

Separately, the SEC issued a public consultation in January to seek feedback on additional proposed rules and guidelines for supervising crowdfunding portals. This follows on from the crowdfunding rules governing equity-based crowdfunding (where investors hold shares in return for their investments). The crowdfunding rules were introduced by the SEC in 2015 in connection with the joint promotion, by the SEC and the Department of Business Development of the Ministry of Commerce, of

crowdfunding as a fundraising channel for SMEs and start-ups.

VIETNAM

Overview

E-Commerce

E-Commerce has seen rapid expansion in Vietnam in recent years, which has spurred the development of a large number of domestic and foreign players in this field. A growing middle class, coupled with a young and technology-savvy population, has made Vietnam a popular choice for investors in this field.

FinTech

In Vietnam, FinTech is still a relatively new field, drawing a very limited number of participants. However, there is an optimistic outlook for growth in this industry.

The FinTech industry in Vietnam is primarily made up of domestic players. This may be attributed to the fact that foreign investors that wish to directly invest in the FinTech market face legislative challenges – either due to express restrictions or lack of clear guidelines or procedures.

Relevant Legislative Framework

E-Commerce

Vietnam currently has a legislative framework in place to govern the E-Commerce sector.

This is detailed under the government's Decree No. 52/2013/ND-CP on E-Commerce, which elaborates on the limited E-Commerce provisions in the Commercial Law (2005). Other guiding instruments set out detailed regulations on registration, management and operation of E-Commerce websites.

Other relevant laws, such as the Law on Consumer Rights Protection and Law on E-Transaction, aid in the development of the E-Commerce sector. These

laws have the effect of improving the confidence of Vietnamese consumers to engage in E-Commerce.

However, currently, the preferred method of payment for E-Commerce is cash on delivery and only a few users of E-Commerce platforms use credit cards, mobile payments or other cashless payment methods due to potential security/safety concerns by users.

Foreign Investment in E-Commerce

In contrast to setting up brick-and-mortar retail establishments, the conditions for foreign investors to access the E-Commerce market are less stringent. However, to date, the actual number of foreign E-Commerce companies with an active presence in Vietnam is limited, with the market primarily dominated by domestic players.

Decree No. 52/2013/ND-CP expressly stipulates that foreign individuals residing in Vietnam and foreign traders with a presence in Vietnam may engage in E-Commerce services. Under the WTO Commitments, for trading, 100% foreign ownership is permitted.

While additional layers of government approval may be required as E-Commerce is a regulated activity, the process through which foreign investors can set up an E-Commerce company is relatively straightforward. Foreign investors will be subject to the same sub-license requirements as domestic players.

FinTech

Uncertainty of Legal Treatment for Innovative Businesses

While Vietnamese law has recognised more “popular” FinTech models (e.g., payment intermediary services or “e-wallets”), there are some fields in which treatment is currently unclear.

One example is peer-to-peer online lending, which is a grey area – particularly as to whether it is to be treated as (i) an E-Commerce website or (ii) a website used for finance and credit. Foreign investors wishing to engage in a business that currently lacks

a clear legal framework will be subject to special permission from the relevant authorities.

Such authorities may include the State Bank of Vietnam, the Ministry of Finance, the Ministry of Industry and Trade, and/or the Ministry of Information and Communication.

Investors that wish to engage in such fields are generally advised to make an official request to the authorities, with a description of their intended business, to obtain guidance on how to proceed with such investments. However, this is a time-consuming process — often taking months.

Foreign Ownership Restrictions

For businesses that have a clear legal framework, foreign ownership restrictions generally apply. This is because the nature of FinTech often sees participation in telecommunications and data processing services, which are highly regulated in Vietnam.

According to Vietnam's WTO Commitments, such businesses have a foreign ownership cap of 65% (for non-facilities-based services) and 50% (for facilities-based services). Therefore, foreign direct investors may only carry out such businesses via a joint venture with a local party.

Notwithstanding such restrictions, the business line of software development is currently unrestricted and does not require any specific sublicense.

Licensing Requirements

Depending on the type of FinTech development, both local and foreign players are required to obtain sublicences to carry out their business. Currently, the requirements for certain licences may be considered prohibitive for smaller or new players that may not have significant funding.

For example, to provide payment intermediary services (such as a non-banking organisation or “e-wallets” defined in the law), organisations must obtain approval from the State Bank of Vietnam. Such approval will only be granted if the organisation, among other requirements, satisfies technical and

professional conditions for its infrastructure and facilities and has a paid-up charter capital of at least VND 50 billion (approx. USD 2,250,000). For foreign players, this is in addition to the foreign ownership caps to which they may be subject.

Traditional FinTech Forms – Software

For more “traditional” FinTech forms, such as software development, the government maintains a receptive approach towards investors engaged in or making an entrance in this area. This has remained unchanged over the past decade and today, foreign investors are eligible to enjoy tax incentives if engaged in the development of software, including financial software.

The government's investment promotion in this field has been successful and today, Vietnam is home to a large number of foreign software developers that have seen Vietnam as a “cost centre” due to relatively lower labour costs and competitive skill sets in this field.

Recent Developments

E-Commerce

The Vietnamese government has been very active in keeping up with E-Commerce trends in the country, by way of enacting key laws governing this field.

At the time Decree No. 52/2013/ND-CP was passed, E-Commerce primarily took the form of goods and services trading via websites, including trading floors. Limited recognition was given for other forms – most notably, mobile. In December 2015, the Ministry of Industry and Trade passed Circular No. 59/2015/TT-BCT stipulating regulations on E-Commerce via mobile apps in recognition of the rate that mobile commerce was growing.

Accordingly, there is now a legal regime in place for mandatory registration and operation of mobile apps carrying out E-Commerce functions.

FinTech

In terms of law reform, there have been limited developments in FinTech in Vietnam. However, over the past year, the government has become increasingly receptive of new technologies.

For example, from March 2015, the State Bank of Vietnam has opened itself towards granting licences for payment intermediary service providers outside of select companies in the pilot scheme.

For the model of crowdfunding, there have been recent policy discussions over the past year to develop a legal framework or legislation for such services. While not concluded, it is hoped that such a framework will be delivered in 2016.

In January 2015, the Prime Minister's Decision No. 66/2014QD-TTg came into force, which approved a list of high technologies that have been prioritised for investment development. With this list, it is foreshadowed that the Vietnamese government will continue to play an active role for the foreseeable future in promoting the use of FinTech in the financial services industry.

LOOKING BEYOND ASEAN

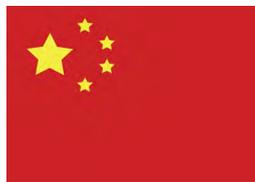
As the global economy continues to recover from the deep financial and economic crisis of 2008, ASEAN's regional integration agenda has become more important than ever. It is clear that as the world economy recovers, the high-income economies of North America and Western Europe will need to undergo significant fiscal and structural changes, including lowering consumption and import growth.

As a result, these traditional economic powerhouse regions will not be the same robust destination markets for manufacturing exports as they were in the past. Emerging and developing economies will have to rely more on China, Japan, South Korea, India and other Asia-Pacific partners for regional trade flows.

Beyond the need to sustain trade in goods, it is also clear that the richer ASEAN economies and other parts of the developing world will now need to focus more on boosting their productivity through diversification into high-end manufacturing and services.

In this part of the book, we discuss how ASEAN must look beyond its border to the global behemoths of China and India, as well as the East Asian "Tiger" economies of Japan and South Korea, to maximise its growth potential.

ASEAN AND CHINA



Historically, Chinese culture has played an important role in relations between China and Southeast Asian countries for more than 2,000 years. Confucianism was at the heart of the dynastic Chinese state and underpinned all of its strategic engagements and regional projections of power. Consequently, China and Southeast Asian countries shared a long period of peaceful relations under the

auspices of the "Middle Kingdom" and corresponding tributary systems. The peace, however, was enforced with the threat of punitive economic and/or military counter-measures should a tributary state step out of line. One could argue that even today, the historical perceptions of China remain a powerful force in shaping the modern policies of many ASEAN countries towards their giant neighbour.

Trade Relations in the Modern Era

In the decades after the fall of the Berlin Wall, China has stepped up its economic development and no longer intends to rely on its exports to drive economic growth and prosperity. Chinese policy now focuses on transforming the economy into one based on domestic consumption, services and innovation. Consequently China has become one of the biggest trade and investment destinations for ASEAN nations.

This means that Chinese-ASEAN trade flows are now two-way as both economic blocs become important exporters and importers of goods and services. Such growing trade relations open up a number of opportunities for ASEAN countries, such as Indonesia, the Philippines, Vietnam and Cambodia, that have large pools of labour and are competitive low-cost production locations for mainland Chinese companies.

Inter-bloc trade between ASEAN and China stood at US\$366.5 billion in 2014 while annual bilateral trade is projected to reach US\$1 trillion by 2020. Two-way investments are estimated at US\$150 billion within these eight years with Malaysia, Singapore and Thailand spearheading these trade flows.

China has historically sought to maintain a harmonious balance with its ASEAN trading partners. In Malaysia, for example, two-way trade with China reached an unprecedented US\$94.8 billion in 2013 and measures such as synergistic industrial parks have been taken to increase that by 60% to US\$160 billion by 2017.

The evolving drivers of Asia's economic growth are in line with this Chinese strategy of balanced trading. The estimated 1.75 billion middle-class consumers in Asia by 2020 are set to be a huge engine for Chinese growth. With accelerating urbanisation and more middle-class families, Chinese consumers will expect more imports of quality as well as luxury products and services – directly benefitting ASEAN.

In November 2001, ASEAN and China agreed to launch negotiations for an ASEAN-China Free Trade Area (ACFTA). In the following year, ASEAN and China signed the Framework Agreement on Comprehensive Economic Cooperation between both parties.

The objectives of this agreement are to:

- strengthen and enhance economic, trade and investment cooperation between the parties;
- progressively liberalise and promote trade in goods and services as well as create a transparent, liberal and facilitative investment regime;
- explore new areas and develop appropriate measures for closer economic cooperation between the parties; and
- facilitate more effective economic integration of newer ASEAN member states and bridge the development gap between the parties.

The Agreement on Trade in Goods was signed in 2004. It was implemented by the ASEAN countries and China on 1 July 2005 and 20 July 2005 respectively. Under this agreement, the six original ASEAN members and China had to eliminate tariffs on 90% of their products by 2010, while Cambodia, Laos, Myanmar and Vietnam have until 2015 to do so.

The Trade in Services Agreement entered into force in July 2007. Under this agreement, services and services suppliers / providers in the region will enjoy improved market access and national treatment

in sectors / subsectors where commitments have been made.

The Investment Agreement was implemented on 15 February 2010. This agreement will help to create a more transparent and facilitative environment, and give companies from ASEAN a competitive edge to tap on thriving opportunities in China.

ASEAN has overtaken Australia, the US and Russia to become the fourth-largest destination for China's outward investments and has become China's third-largest source of foreign direct investment.

In 2012 alone, China invested US\$4.42 billion in ASEAN economies. By the end of 2012, Singapore had become the top investment destination for Chinese companies, followed by Cambodia, Myanmar, Indonesia and Laos, according to the China-ASEAN Business Council.

The world expects Beijing to continue laying economic roots in ASEAN with a focus on direct investments and infrastructure. Planned railway lines between China, Laos, Vietnam, Cambodia, Myanmar, Thailand, Malaysia and Singapore are proof that China is committed to building a long-term and mutually beneficial relationship with ASEAN.

From a Chinese perspective, ASEAN offers a diverse mix of natural resources, agriculture, electronics, large consumer markets and rapidly developing infrastructure projects. The use of the Chinese renminbi as an alternative trading currency will help grease the wheels of commerce – evidence of this is seen today in the Indonesian, Malaysian, Philippines, Singaporean and Thailand currencies which track the renminbi more closely than the US dollar.

The China Connection for ASEAN

Trade is not a zero-sum game for China and ASEAN. The AEC will be crucial in facilitating the freer movement of goods and services for its 10-member countries, and thus enlarging the

trading sphere of ASEAN (and generating more intra-regional trade). However, one must not have the misconception that this implies a return to the old ages of mercantilism, where ASEAN is now deemed to be a single large cartel that aims to accumulate monetary reserves through a positive trade balance and the concept that trade is a zero-sum game is worshipped.

In fact, there are more worries that the AEC could potentially cannibalise trade/investment flows to another nearby, competing economy such as China. We suggest for such worries to be put aside. Since the time when the benefits of free trade were posited by Adam Smith and David Ricardo, economists have mostly come to accept that trade is not a zero-sum game, but can be a win-win situation. That is, since the stages of economic development and factor endowments are different between China and the 10 ASEAN countries, there are more reasons for the economies to increase trade/investment between one another.

Even before the AEC was mooted, China has been playing an active role in building trade and investment relations with ASEAN in the past decade, extending the historical relationship that dates back thousands of years.

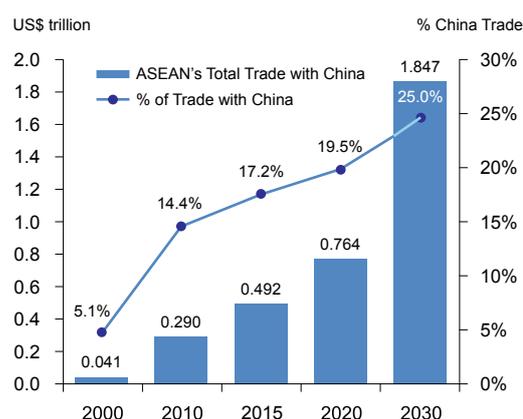
To illustrate the very close relationship and interdependence, China today is the largest trading partner for 7 out of 10 ASEAN members, while ASEAN as a region is China's 3rd largest trading partner. Since China's ascension into the WTO in 2001, ASEAN's total trade with China has increased tenfold. This has resulted in jobs creation, higher incomes and better living standards, benefiting millions of people in both regions.

In 2013, China's President Xi Jinping mooted the idea of the New Silk Road, or the Maritime Silk Road that starts from Fujian province and links all the littoral countries of the region. This Maritime Silk Road concept will further deepen China's connection with ASEAN, with the AEC serving as a major catalyst.

From China's perspective, reaching out to ASEAN and other regional countries is not a want, but a need. As China faces its domestic "growing pains" of rising labour costs, land costs, and slowing economic growth, it is increasingly seeking new production and market bases overseas. ASEAN is a natural destination given the geographic and historical ties. In fact, several new initiatives such as the upgrading of the ASEAN-China FTA, the setting up of the Asian Infrastructure Investment Bank (AIIB), and the mooted One-Belt, One-Road (OBOR) strategy will further promote cooperation between both regions.

Nothing could be more telling about the strong economic ties between China and ASEAN than a quick look at how trade between the two had grown over the years. Figure 1 shows that total trade between China and ASEAN has risen tenfold from US\$41 billion in 2000 to US\$492 billion in 2015 (estimated). China accounted for 5.1% of ASEAN's total trade with the world in 2000 and this more than tripled to 17.2% in 2015. Based on our projections, China's share of ASEAN's total trade could reach 25%, or US\$1.85 trillion, by 2030.

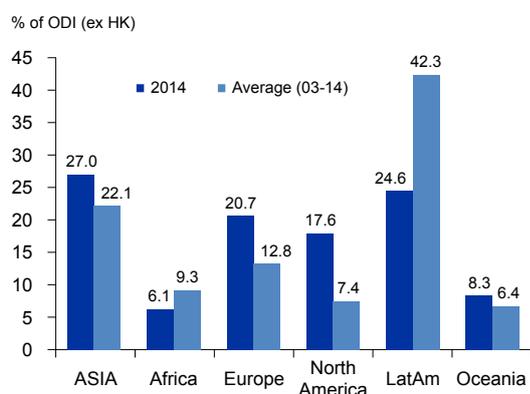
Figure 1: Rising Trade between China and ASEAN



On the investment front, China's push in recent years to investment overseas (in order to balance out investment inflows and also partly to reduce appreciation pressure on the RMB), has seen ASEAN as a main beneficiary. China's overseas direct

investment (ODI) to the world-ex Hong Kong grew very strongly at 37% p.a. from 2003 to 2014. During this period, Asia was the number two region for China’s overseas investment (ex-HK), averaging 22% of total ODI to the world. In 2014, the share of ODI to Asia (ex-HK) was 27%, at US\$14.1 billion (Figure 2).

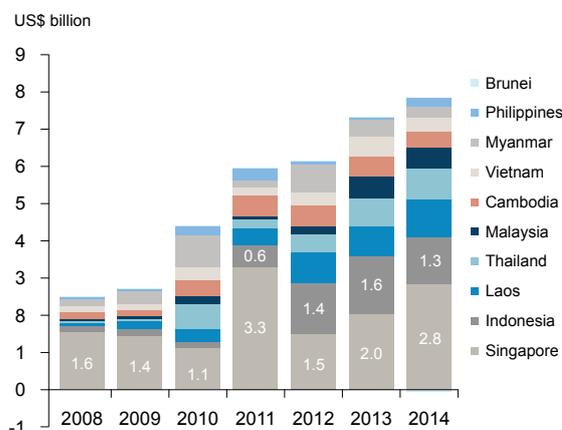
Figure 2: Share of China’s ODI (ex-HK) to the World



Of China’s US\$14.1 billion ODI into Asia (ex-HK) in 2014, 55% was directed into ASEAN economies, at US\$7.8 billion. In fact, over the 2003-14 period, ASEAN accounted for about 48% of ODI into Asia (ex-HK) on average, thereby highlighting the opportunities and importance of ASEAN to Chinese corporates and investors.

A breakdown of the ODI into ASEAN shows that the largest chunks traditionally came into Singapore (at 33% on average during 2003-2014), Indonesia (15%), Thailand (11%), and Laos (9%).

Figure 3: China’s ODI to ASEAN Economies



Even Closer ASEAN-China Economic Ties: Not A Want, But A Need

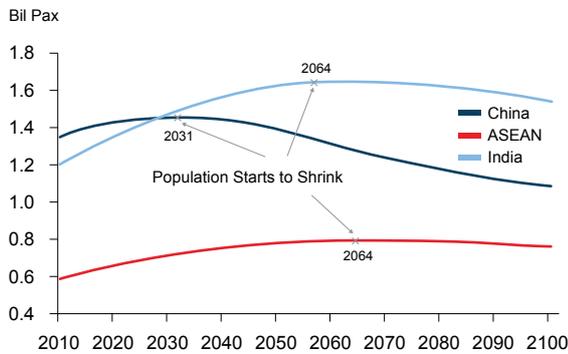
In the years ahead, we postulate that there will be an even greater degree of intra-ASEAN trade, as well as ASEAN-China trade.

The key reason is due to the structural shift in China’s demographic trend, which will result in a shift in the existing industry mix, where less efficient/productive operations will move out and be situated in selected ASEAN countries.

As of 2015, it is estimated that 9% of the Chinese population (132 million pax) is above the age of 65 years old (and thus assumed to be not economically active). By 2030, this is expected to reach 14% (235 million pax).

In fact, China’s population is estimated to start shrinking from 2031, while ASEAN’s population is estimated to reach a maximum of nearly 800 million pax before shrinking from 2064 onwards (Figure 4).

Figure 4: China's Population Starts Shrinking in 2031



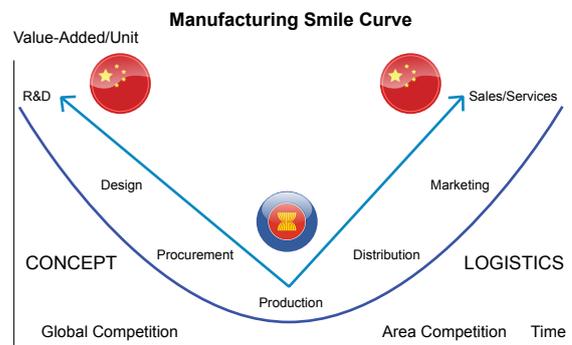
Source: World Population Prospects 2014, UOB Global Economics & Markets Research Estimate

With China's population greying rapidly, future economic growth strategies will be concentrated in capital-intensive, high labour-productivity manufacturing as well as services industries. Lower-value added manufacturing activities will move out of China as the higher labour costs no longer justify the production of such goods.

As such, trade flows in goods/services between China and ASEAN countries will only increase further as the former outsources the labour-intensive and lower-value added activities.

Even within the manufacturing sector, firms in China will move up the value chain towards having a higher ratio of manufacturing 'services' in their total output, as they try to shed off labour-intensive production (where value-added per unit produced is lowest). This is where emerging ASEAN economies can potentially enter to fill the manufacturing vacuum (Figure 5).

Figure 5: Emerging ASEAN Economies Can Fill The Manufacturing Vacuum



Source: Stan Shih, Former Chairman of Acer Group, 1992

In conclusion, the economic opportunities from the economic agglomeration of ASEAN nations will be immense. The rise of China, coupled with the establishment of the AEC from 2015 onwards, is expected to provide new catalysts for growth in ASEAN.

Even with the use of fairly conservative assumptions in our economic projections (i.e. in most of the forecasts in this report, we assumed just half of the compounded growth rates seen in the previous period), the future of ASEAN is indeed promising.

Domestic factors such as population growth, rural-urban migration and the rise in the middle income class in ASEAN will pave the way for the AEC's promise of an integrated production platform and an enlarged consumption base. The resultant trade, financial, and social integration will be beneficial to trade, tourism and investment in the region.

At the same time, the shift in domestic conditions in China is propelling an outward orientation mindset. Initiatives such as the AEC will be complementary to and further enhanced by other programmes such as the AIIB, Maritime Silk Road, and upgrading of the ASEAN-China FTA.

A Bright Future for ASEAN and China

The rise of China, coupled with the establishment AEC from 2015, is expected to provide new catalysts for growth in ASEAN. Even with the use of fairly conservative assumptions in our economic projections (i.e. in most of our forecasts in this report, we assumed just half of the compounded growth rates seen in the previous period), the future of ASEAN is indeed promising.

For instance, after 2020, ASEAN's economy would be larger than that of the UK, and would overtake that of Japan by 2025. Domestic factors such as population growth and the rise in the middle income class in ASEAN will pave the way for AEC's promise of an integrated production platform and market size, and to leverage on a region that is already outward oriented in its trade and investment. This will see ASEAN's share of global total trade to rise from 6.7% in 2013 to nearly 8% by 2030, which is no small feat given that other larger trading groups such as EU will be seeing a dwindling share of global trade.

At the same time, the shift in domestic conditions in China is propelling further outward orientation, which will result in closer integration and relations with ASEAN through trade and investment. These two channels could see ASEAN's total trade with China rising to US\$1.5 trillion and investment inflows from China rising to US\$185 billion, from US\$405 billion and US\$36 billion, respectively.

The Asian Infrastructure Investment Bank

The China-led Asian Infrastructure Investment Bank (AIIB) is expected to launch in late 2015 with an initial subscribed capital of US\$50 billion and focus on financing infrastructure projects across Asia – including energy, transport and telecommunications infrastructure, urban and rural development, and the environment.

The AIIB recognises the need to complement the existing infrastructure financing provided by the WB and ADB. For Asia to improve the quality of life

of its people there is an urgent need to accelerate the infrastructure development of basic necessities such as clean water, hospitals and schools and to create mobility by having more roads, railways and other form of transportation modes.

The setting up of AIIB is a timely move to help accelerate the economic development of the poorer nations in Asia to foster greater economic integration and ensure lasting peaceful development for all nations in Asia.

ASEAN and China's One Belt One Road

China President Xi Jinping first mooted the "Belt and Road" initiative in Sep/Oct 2013. This ambitious strategy, based on the two ancient trade routes, aims to develop a land-based Silk Road Economic Belt through western China starting from Xian, and the 21st Century Maritime Silk Road, which begins from Fuzhou via the maritime route. In addition to historical context, this project should be seen as an extension of China's plans to develop the western, land-locked part of the country, which is lagging far behind the coastal provinces.

The "Belt and Road" project envisages a seamless connectivity between China and Asia, Africa, and Europe, via land-based or maritime routes, with increased integration and cooperation with the Asian, African and European continents. The plan fits with China's economic, security, military, and diplomatic strategy. The Silk Road Economic Belt focuses on bringing together China, Central Asia, Russia and Europe (the Baltic); linking China with the Persian Gulf and the Mediterranean Sea through Central Asia and West Asia; and connecting China with Southeast Asia, South Asia and the Indian Ocean. The 21st-Century Maritime Silk Road goes from China's coastal region to Europe through the South China Sea and the Indian Ocean in one route, and from China's coast through the South China Sea to the South Pacific in the other.

Specifically for the maritime segment, "Belt and Road" will focus on jointly building smooth, secure and efficient transport routes connecting major sea

ports along the route, and will involve the China-Pakistan Economic Corridor and the Bangladesh-China-India-Myanmar Economic Corridor.

Motivation For “Belt And Road”

Why would China commit the resources for such a bold project? We believe that there are three main considerations:

Long term strategic requirements: As the world’s top trading nation, China needs to ensure that it has timely, efficient, and secure access to markets and resources, and therefore facilitation of trade and investment is one key focus. In addition, it should not be surprising that securing conventional and renewal energy and resources is another focus for China. Once completed, “Belt and Road” will provide land-based and sea-based alternatives not just for China accessing to the continents, but also access for other countries to China. Transport link is a critical consideration for China, as it is vulnerable to choke points along its sea route. Such threats would be mitigated once land based alternatives including railroads, highways, and communication links are in place.

Near term economic reasons: More immediately, “Belt and Road” also provides new markets and business opportunities for the country to deal with its excess industrial capacity especially for its debt-laden state-owned companies. In addition, after three decades of breakneck economic development, Chinese companies are now more capable of competing for businesses with its overseas competitors, given the rise in technological sophistication and maturity. Note that countries in the “Belt and Road” initiative account for 63% of the world’s population and 29% of global GDP. Trade between these countries and China reached more than US\$1tn in 2014, or 26% of China’s total trade value.

Financial capability: China’s financial capability has also increased significantly to fund such a venture, given that its stock of foreign exchange reserves at USD3.73tn (~32% share of world’s total) is the largest in the world, and its four largest domestic Chinese banks (ICBC, CCB, ABC, and BOC) are also the world’s top four largest in 2015, according to a

Forbes review in Jun 2015 based on a composite score of revenues, profits, assets and market value.

Conclusion

China has embarked on an ambitious undertaking in a bid to integrate further with the global economy, and to secure access to markets and resources. This connectivity is reflective of its rising role as a political and economic power in the next decades.

Cooperation is needed, and not guaranteed, from countries along the “Belt and Road”, though investment in infrastructure is likely to bring benefits to those involved. Business opportunities are also likely to arise, as incomes and livelihoods improve. ASEAN economy and businesses should benefit directly, being part of the maritime silk road, which will accelerate the already close trade and investment linkages between the two sides.

The probability of success for this initiative looks to be high as long as China’s political support continues. Financing is falling in place with the establishment of Silk Road Fund and the AIIB which saw 16 of the world’s 20 largest economies as founding members, and backed by China’s foreign exchange reserves.

However the initiative will be subject to challenges along the way including domestic factors, opposition/resistance from countries along the routes, geopolitical developments, technological advancements, among others.

ASEAN AND JAPAN



In 2013, the administration of Abe Shinzo tried to make an impression with its pro-ASEAN policies. During the course of last year, Abe visited all ten ASEAN countries while Kishida Fumio, the Minister for Foreign Affairs, and other senior

government officials also made frequent visits to the countries in Southeast Asia.

In December 2013, the ASEAN-Japan Commemorative Summit Meeting was held to commemorate the 40th anniversary of ASEAN-Japan. In addition to the joint ASEAN-Japan statement entitled “Hand in hand, facing regional and global challenges,” the summit meeting adopted various documents including the Vision Statement on ASEAN-Japan Friendship and Cooperation, and the Implementation Plan for the Vision Statement to emphasise the importance of relations between Japan and ASEAN.

Japan’s pro-ASEAN policies have been continued under the Abe administration and increasingly positioned as the centrepiece of Japanese foreign policy toward Asia even as Japan continues to remain the chief banker in the Asian Development Bank.

Relations between Southeast and East Asia

One of the major changes in the global economic order has been the transformation of the whole of East Asia (including Japan) and ASEAN into inter-linked growth centres. Economic development in both China and ASEAN countries has contributed much to this change.

Since the Plaza Accord in the mid-1980s, the deepening of interdependence and economic development in East Asia (including the Asian NIEs) and parts of ASEAN have been remarkable with a World Bank report praising it as the East Asian miracle in 1993.

Even though some ridicule was directed at the miracle during the meltdown caused by the Asian

Financial Crisis in 1997, the rebound in ASEAN countries has been brilliant and the pace of the recovery beyond expectations. Although the region received an economic battering in the 2008 Global Financial Crisis, it quickly recovered and together with China demonstrated its resilience as a global growth centre.

ASEAN and Japan signed the ASEAN-Japan Comprehensive Economic Partnership (AJCEP) on 14 April 2008. The AJCEP Agreement is comprehensive in scope, covering trade in goods, trade in services, investment and economic cooperation.

ASEAN-Japan trade reached \$229 billion in 2014 or 9.1% total ASEAN trade. Japan was the association’s third-largest trading partner after China and the European Union (EU). Meanwhile Japanese investments in ASEAN reached \$22.9 billion US dollars in 2013, making it the second-largest source of FDI for ASEAN.

Today the relationship between Japan and ASEAN countries is no longer a matter of unilateral support from Japan to ASEAN countries as it was at the time of the Fukuda doctrine, but rather one where Japan and ASEAN have joined hands to foster political security and stable economic growth in a broader Southeast and East Asia region.

ASEAN AND SOUTH KOREA



ASEAN and the Republic of Korea (South Korea) recently celebrated the 25th anniversary of their partnership. The convening of the International Conference on the prospect of ASEAN-South Korea relations in Seoul in February 2014 marked the start of commemorative activities organised throughout 2014 in ASEAN and South Korea, ending with the Special Summit in South Korea at the end of 2014.

LOOKING BEYOND ASEAN

The ASEAN-Korea Dialogue Partnership has been expanded and deepened over the past 25 years since the conferment of sectoral partnership status in 1989 and the full Dialogue Partnership status in 1991. The partnership was further strengthened with the annual interaction at the leaders' level since 1997, the status of comprehensive partnership in November 2004 and strategic partnership in October 2010.

Interactions have also been enriched through all ASEAN initiated mechanisms, namely, the ASEAN Regional Forum, ASEAN Plus Three, East Asia Summit and the ASEAN Defense Ministerial Meeting Plus.

ASEAN-Korean Multilevel Cooperation

Political-security cooperation on the Korean peninsula is wide-ranging – covering transnational crime, terrorism, human rights, governance, rule of law and nuclear non-proliferation (and disarmament) with the ultimate goal of promoting peace and stability.

Economic cooperation is embodied in the full implementation of the ASEAN-Korea Free Trade Agreement covering the trade of goods, services and investment with South Korea's second-largest trading partner. South Korea is also part of the negotiation of the Regional Comprehensive Economic Partnership. ASEAN and Korea are on track to hit an estimated US\$150 billion in bilateral trade by 2015 given that bilateral trade was US\$131 billion in 2012.

South Korea was ASEAN's fifth-largest source of FDI in 2012 and this trend looks set to grow ahead of the AEC. Tourism between ASEAN and South Korea is growing fast with ASEAN becoming the second most popular destination for South Korean tourists.

Socio-cultural cooperation encompasses environmental protection, climate change, disaster management, sustainable forest management, energy and food security as well as education, health and culture. The South Korean initiative on

Low-Carbon Green Growth and the East Asia Climate Partnership are examples of such cooperation.

The ASEAN-Korea Centre in Seoul was opened in 2009 and continues to promote closer interactions with the appointment of the first resident Korean ambassador to ASEAN and the establishment of its diplomatic mission in Jakarta in 2012. Such appointments lay the groundwork for more meaningful interactions with strategic partnerships at a higher level.

ASEAN AND INDIA



The India-ASEAN relationship has entered into its third decade. India became a sectoral partner of ASEAN in 1992, a dialogue partner of ASEAN in 1996 and a summit level partner of ASEAN in Phnom Penh in 2002. In 2003, India and ASEAN signed the Instrument of Accession to the TAC in Southeast Asia at the Bali Summit, which outlines a framework on Comprehensive Economic Cooperation and contains a joint declaration for cooperation to combat international terrorism.

The Vientiane Summit of 2004 marked a significant milestone in India-ASEAN relations. The ASEAN-India Partnership for Peace, Progress and Shared Prosperity and the Plan of Action to implement it were concluded. The first plan of action was implemented from 2004 to 2010. The second plan of action for 2010 to 2015 has been adopted and is being implemented.

New Delhi hosted the India-ASEAN Commemorative Summit in December 2012 to mark 20 years of its association with ASEAN and 10 years of its summit level partnership. This Summit also marked two decades of India's 'Look East Policy' and its economic liberalisation process. At the 2012

Summit, the India-ASEAN relationship was elevated to a strategic partnership. The leaders also adopted a vision statement or a blueprint for India-ASEAN cooperation in the future.

The last two decades of India-ASEAN dialogue has resulted in a strengthening of cooperation across the three pillars of their relationship – politico-military, economic and socio-cultural. The India-ASEAN dialogue currently has 26 inter-governmental mechanisms that cover an extensive spectrum of areas.

India's 20-year old engagement of the ASEAN countries is in line with the words of India's first Prime Minister Jawaharlal Nehru in the Discovery of India in 1944. Nehru wrote: "The Pacific is likely to take the place of the Atlantic in the future as the nerve centre of the world. Though not directly a Pacific state, India will inevitably exercise an important influence there. India will also develop as the centre of economic and strategic importance in a part of the world which is going to develop in the future."

On 21 June 2013, the ASEAN-India Centre was inaugurated in New Delhi. It serves as a resource centre for the India-ASEAN strategic partnership. A separate ASEAN-India Trade and Investment Centre will also be set up by the External Affairs Ministry.

Another area of focus is improving land, sea and air connectivity. In June 2014, New Delhi started the annual ASEAN Connectivity Coordinating Committee. The India-Myanmar-Thailand trilateral highway is expected to be completed by 2016 and is expected to bolster growth in India's northeast region.

ASEAN-India Trade Relations

Formal negotiations for the ASEAN-India Free Trade Agreement (AIFTA) in Services and Investment were concluded under India's then ruling United Progressive Alliance government in 2012, and endorsed by ASEAN economic ministers in 2013. The agreement has faced considerable

opposition within ASEAN with Thailand, Indonesia and the Philippines yet to individually ratify the deal.

The sticking point with these countries was the stipulation that Indian companies be allowed to hold at least a 51% majority stake in multi-brand retail foreign direct investment projects involving ASEAN member nations. This number has since been reduced to 49% in hopes of re-engaging the holdout nations.

The ASEAN-India Services and Investment Agreement is built on the foundation of the AIFTA in Goods, which came into effect in 2010 and liberalised tariffs on over 90% of items. The services and investment agreement is envisioned as a means to bolster cross-border investments and facilitate the flow of professionals and highly skilled workers between India and ASEAN.

Post implementation of the AIFTA in Goods, total trade between the nations has increased by more than 35% to US\$79 billion in 2012, surpassing the initial trade target of US\$70 billion. India and the ASEAN nations have responded by adjusting their bilateral trade targets to US\$100 billion by 2015, and US\$200 billion by 2022.

ASEAN AND THE TRANS-PACIFIC PARTNERSHIP

The Trans-Pacific Partnership (TPP) is a proposed regional FTA amongst Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam.

Ongoing negotiations cover areas such as market access, trade barriers, sanitation, rules of origin, customs clearing, customs cooperation, investment, services, legal and institutional protocols, government procurement and laws surrounding competition and intellectual property amongst others. The objective is to achieve a body of legislation prescribing rules and disciplines on the above areas.

LOOKING BEYOND ASEAN

The TPP in its current draft will include only four ASEAN members, thus missing the largest ASEAN economy (Indonesia), the two U.S. treaty allies (Thailand and the Philippines), and three of the four newest ASEAN members (Cambodia, Laos and Myanmar). Together, these countries make up three-quarters of the region's population and two-thirds of its GDP. As a result of these considerations, it is likely that the TPP will continue to take some time before coming to fruition.

ASEAN AND THE EUROPEAN UNION



In 2012, Singapore became the first ASEAN country to conclude FTA negotiations with the EU. The FTA, which has yet to be ratified, will allow duty-free access on all EU imports into Singapore as well as gradually abolishes tariffs on all Singaporean products imported into the EU by 2017.

Growing trade relations over time has placed ASEAN as the EU's third largest trading partner while the EU is ASEAN's fifth largest. The EU is also ASEAN's largest foreign investor.

Negotiations are currently underway for proposed FTAs between the EU and Malaysia, Vietnam and Thailand and might form the basis of a rejuvenated ASEAN-EU FTA in the future especially since EU has lifted the last of its individual, trade and economic sanctions against Myanmar.

ASEAN, AUSTRALIA AND NEW ZEALAND



ASEAN is Australia's second largest trading partner after China. The AANZFTA has set multiple precedents – Australia's first multi-country FTA, the first joint FTA negotiations between Australia and New Zealand and the most comprehensive trade agreement that ASEAN has ever negotiated.

The First Protocol surrounding the AANZFTA was signed by Ministers on 26 August 2014. Member countries have agreed that this Protocol that will amend the Agreement Establishing the AANZFTA to make it more business-friendly, transparent and efficient by introducing new procedures to expedite administrative revisions, removing extraneous information requirements and streamlining the presentation of rules of origin.

DID YOU KNOW: AMAZING FACTS ABOUT ASEAN

DID YOU KNOW: AMAZING FACTS ABOUT ASEAN

Palm Oil Kings



Indonesia, Malaysia and Thailand are the world's top three palm oil producers. Indonesia and Malaysia alone account for 85% of palm oil in the world. More than 4.5 million people earn a living from palm oil production in these two countries.

City of Temples



Angkor Wat, or 'City of Temples', is one of the largest archaeological sites in operation in the world. Built at the beginning of the 12th century by Khmer king, Suryavarman II, it was originally meant for Hindu worship as the state temple. Now, it is a Buddhist temple complex and a major tourist destination.

Most Visited City



Bangkok, Thailand, was identified as the most visited city in the world by Forbes in 2013. Tourism directly contributed about 9.0% of Thailand's GDP in 2013.

Grandest Royal Residence



The Istana Nurul Iman is the official residence of the Sultan of Brunei. It is currently the world's largest palace according to the Guinness World Records and also the world's largest private residence. It cost approximately US\$1.4 billion to build in 1984.

Island Hop



According to a 2002 survey by the Indonesian National Institute of Aeronautics and Space (LAPAN), the country has 18,307 islands. If tidal islands (periodically submerged) are taken into account, this could be up to double the island figure (no precise figures).

Landlocked Country with Waterfalls



In contrast to Indonesia, Laos finds itself the odd one out as the only landlocked country in ASEAN. It is unsurprising that the country does not have a navy. However, Laos does have the Khone Papeng waterfall which is the largest waterfall in Southeast Asia.

DID YOU KNOW: AMAZING FACTS ABOUT ASEAN

Most Expensive Building



Built at a cost of S\$8 billion dollars in 2010, the Marina Bay Sands integrated resort in Singapore remains the world's most expensive standalone property as of March 2015.

Double Duty



The Philippines' flag is the only one in the world that can indicate whether the country is in a state of war. If the red colour is shown on top, it means that the country is at war. Similarly, if it is blue, then the country is in a state of peace.

Largest Cave Chamber



The largest cave chamber in the world by area is the Sarawak Chamber in Malaysia's Gunung Mulu National Park, which can easily accommodate forty Boeing 747 aircrafts.

Ruby Rich



Myanmar is rich in resources such as rubies, oil, and valuable timber.

GLOSSARY AND ACRONYMS

AANZFTA: ASEAN-Australia-New Zealand Free Trade Area

ACPMs: ASEAN Community Progress Monitoring System

ACWC: ASEAN Commission on the Promotion and Protection of the Rights of Women and Children

ADB: Asian Development Bank

AEC: ASEAN Economic Community

AEGC: ASEAN Experts Group on Competition

AFTA: ASEAN Free Trade Area

AIA: ASEAN Investment Area

AICHR: ASEAN Intergovernmental Commission on Human Rights

AIFTA: ASEAN-India Free Trade Agreement

AIIB: Asian Infrastructure Investment Bank

AIPP: Asia Indigenous Peoples Pact

AJCEP: ASEAN-Japan Comprehensive Economic Partnership

AMC: ASEAN Member Country

APSC: ASEAN Political-Security Community

ASCC: ASEAN Socio-Cultural Community

ASEAN: Association of Southeast Asian Nations

ASEAN6: Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand

ASEAN+3: ASEAN, PRC, Japan and the Republic of Korea

ASETUC: ASEAN Services Employees Trade Union Council

BKPM: Investment Coordinating Board

BNM: Bank Negara Malaysia

CEIC: CEIC Data, a Euromoney Institutional Investor Company

CEP: Comprehensive Economic Partnership

CLMV: Cambodia, Laos, Myanmar and Vietnam

CSO: Civil Service Organisation

DPIAP: Disabled Peoples' International Asia-Pacific

EU-28: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, United Kingdom

FDI: Foreign Direct Investments

FOI: Freedom of Information

FTA: Free Trade Agreement

GDP: Gross Domestic Product

GST: Goods and Services Tax

HLTF: High Level Task Force

IAI: Initiative for ASEAN Integration

ICT: Information and Communications Technology

IGA: Investment Guarantee Agreement

IMF: International Monetary Fund

IMF-WEO: IMF-World Economic Outlook

IP: Intellectual property

IPR: IP Rights

MDG: Millennium Development Goal

ODI: Overseas direct investment

PPP: Purchasing Power Parity

SL: Sensitive Lists

SME: Small-Medium Enterprise

TAC: Treaty of Amity and Cooperation in Southeast Asia

TEL: Temporary Exclusion Lists

TPP: Trans-Pacific Partnership

UN: United Nations

UNDRIP: UN Declaration on the Rights of Indigenous Peoples

VAP: Vientiane Action Programme

VAT: Value-added tax

WB: World Bank

WDI: World Development Indicators

WTO: World Trade Organisation

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ATTRIBUTION AND CREDITS

All of the information reflected in Table 1 of this guide has been collected from The World Bank website. The World Bank authorises the use of this material subject to the terms and conditions on its website: <http://www.worldbank.org/terms-of-use-datasets> and <http://www.worldbank.org/terms-of-use-okr>.

All flags and maps depicted in the Country Profiles section of this guide have been reproduced from the Central Intelligence Agency website (<http://www.cia.gov>), which is credited as the source of these images and graphics.

REPOSITORY OF POLICIES AND DATA

Please note that the following information on data and policies are not exhaustive and based on the current representation of each country's laws, practices and statistical releases. You should consult with your own professional advisors or lawyers who are familiar with your specific situation for advice before making any investment decisions.

Table 1: Paying Taxes in ASEAN (as at 31 December 2013)

Country	Paying taxes rank	Payments (number per year)	Time (hours per year)	Profit tax (%)	Labour tax and contributions (%)	Other taxes (%)	Total tax rate (% profit)
Brunei	30	27	93	7.9	7.9	0	15.8
Cambodia	90	40	173	19.5	0.5	1	21
Indonesia	160	65	253.5	16.7	11.3	3.4	31.4
Lao PDR	129	35	362	16.5	5.6	3.7	25.8
Malaysia	32	13	133	21.7	16.4	1.1	39.2
Myanmar	116	31	154.5	25.4	0	22.3	47.7
Philippines	127	36	193	20.5	8	14	42.5
Singapore	5	5	82	2.2	15.1	1.1	18.4
Thailand	62	22	264	19.9	4.3	2.7	26.9
Vietnam	173	32	872	17	23.7	0.1	40.8

Notes:

Payments (number per year): The total number of payments per year. The indicator reflects the total number of taxes and contributions paid, the method of payment, the frequency of payment, the frequency of filing and the number of agencies involved for the standardised case study company during the second year of operation.

Time (hours per year): The time it takes to prepare, file and pay (or withhold) the corporate income tax, value added or sales tax, and labour taxes, including payroll taxes and social contributions (in hours per year).

Profit tax (%): The amount of taxes on profits paid by the business as a percentage of commercial profit.

Labour tax and contributions (%): The amount of taxes and mandatory contributions on labour paid by the business as a percentage of commercial profits.

Other taxes (%): The amount of taxes and mandatory contributions paid by the business as a percentage of commercial profit that are not already included in the categories of profit or labour taxes.

Total tax rate (% profit): The total tax rate measures the amount of taxes and mandatory contributions payable by the business in the second year of operation, expressed as a share of commercial profits.

Source: The World Bank: Djankov and others. July 2010. *The Effect of Corporate Taxes on Investment and Entrepreneurship*, American Economic Journal: Macroeconomics. © World Bank, www.doingbusiness.org/data/exploretopics/paying-taxes License: Creative Commons Attribution licence (CC by 3.0 IGO) (<http://creativecommons.org/licenses/by/3.0/igo/>)

Table 2: Restrictions to Foreign Investment (as at 31 December 2014)

Country	Foreign ownership restrictions
Brunei	Generally no foreign ownership restrictions save for certain prescribed industries involving natural resources and national food security.
Cambodia	Generally no foreign ownership restrictions save for certain prescribed sectors such as cigarette manufacturing, movie production, gemstone mining and traditional media industries.
Indonesia	<ul style="list-style-type: none"> Foreign ownership restrictions in various sectors are governed by the Negative Investment List, the latest version of which has been enacted as Presidential Decree No. 39/2014. Unless a particular business sector is specifically subject to foreign ownership restrictions under the Negative Investment List, that business sector should not be subject to any foreign ownership restrictions. However, BKPM may nevertheless impose foreign ownership restrictions at their discretion.
Laos	Generally no foreign ownership restrictions save for certain prescribed industries in which are deemed by the Philippine government to be detrimental to national security, health or traditions, or have a negative impact on the natural environment.
Malaysia	Generally no foreign ownership restrictions save for certain regulated industries including the financial services, broadcasting, electricity, oil and gas, insurance, and maritime and logistics industries.
Myanmar	<ul style="list-style-type: none"> Certain prescribed industries are reserved for the government under the State-Owned Economic Enterprises Law and no foreign ownership is allowed. Exceptions are available for joint ventures with the government in these industries and sectors. Under the Foreign Investment Law, there are 3 further categories of restricted activities: <ol style="list-style-type: none"> wholly prohibited activities; restricted activities permitted only with joint venture with Myanmar nationals; and restricted activities permitted where specific conditions are satisfied. Generally, save for the above, there are no foreign ownership restrictions. However, foreign ownership restrictions may be administered as a matter of policy; for example, trading activities cannot be undertaken by foreign companies in Myanmar.
Philippines	Generally no foreign ownership restrictions save for certain prescribed industries where foreign ownership is prohibited such as mass media and private security, and other prescribed industries which have foreign ownership caps of 0% to 60% such as recruitment, advertising, education, and financing companies.
Singapore	Generally no foreign ownership restrictions save for the certain prescribed sectors such as the broadcasting industry.
Thailand	Generally no foreign ownership restrictions save for three prescribed categories of restricted activities under the Foreign Business Act B.E. 2542: <ul style="list-style-type: none"> wholly prohibited activities (no foreign ownership allowed); activities permitted with license from the Ministry of Commerce and at least 40% Thai-owned (may be reduced to 25%) and two-fifths of its directors must be Thai nationals; and activities permitted with license from the Ministry of Commerce (Director General) and approval from the Foreign Business Committee.
Vietnam	Generally no foreign investment restrictions save for certain prescribed industries such as banking, telecommunication, civil aviation, publishing and news media industries.

Table 3: Corporate Framework (as at 31 December 2014)

Country	Types of companies and other business entities	Relevant legislation	Time required to set up a company	Regulating body	Director requirements for companies	Share capital requirements for companies
Brunei	Companies <ul style="list-style-type: none"> Private company limited by shares Private company limited by guarantee Public company Other business entities <ul style="list-style-type: none"> Branch office Sole proprietorship Partnership Joint venture 	<ul style="list-style-type: none"> Companies Act (Cap. 39) Investment Incentive Order 2001 Income Tax (As Amended) Order 2001 	14-21 days	<ul style="list-style-type: none"> Registrar of Companies Economic Development Board Ministry of Industry and Primary Resources Ministry of Foreign Affairs and Trade 	<ul style="list-style-type: none"> At least two directors Where two directors at least one director must be a Brunei resident Where more than two directors at least two directors must be Brunei residents 	<ul style="list-style-type: none"> Minimum of two shareholders Minimum authorised and paid up capital is BND\$2.00 unless par value of share is less than BND\$1.00 each share
Cambodia	Companies <ul style="list-style-type: none"> Private limited company Public limited company Single member private limited company Other business entities <ul style="list-style-type: none"> Branch office Representative office Sole proprietorship Partnership 	<ul style="list-style-type: none"> Law on Commercial Enterprise Law on Commercial Registration Rules and Commercial Register 1995 (as amended in 1999) Law on Investment (as amended in 2003) Civil Code 	70 to 120 days	<ul style="list-style-type: none"> Ministry of Commerce General Department of Taxation Council for the Development of Cambodia 	<ul style="list-style-type: none"> At least one director No requirement as to nationality or residency 	<ul style="list-style-type: none"> Minimum share capital of KHR 4 million

Table 3: Corporate Framework (as at 31 December 2014)

Country	Types of companies and other business entities	Relevant legislation	Time required to set up a company	Regulating body	Director requirements for companies	Share capital requirements for companies
Indonesia	Companies <ul style="list-style-type: none"> Limited liability company Other business entities <ul style="list-style-type: none"> Foreign Company Representative office Foreign Trading Company Representative Office (companies owned by the government) 	<ul style="list-style-type: none"> Company Law No. 40/2007 Foreign Investment Law No. 25/2007 Presidential Decree No. 39/2014 BKPM Regulation No. 12/2013 Presidential Decree No. 90 Year 2000 on Representative Offices of Foreign Companies 	30 to 45 days (assuming no industry-specific licenses are required)	<ul style="list-style-type: none"> Ministry of Law and Human Rights Investment Coordinating Board (BKPM) 	<ul style="list-style-type: none"> At least one director and one commissioner No requirement as to nationality but must be natural persons At least one director must hold a tax identity number A higher number may be required for companies in certain sectors 	<ul style="list-style-type: none"> Issued and paid-up capital of no less than IDR3 billion and an investment plan to be submitted to BKPM for a quantum of no less than IDR11 billion
Laos	Companies <ul style="list-style-type: none"> Limited liability company Sole limited liability company Public company Other business entities <ul style="list-style-type: none"> Branch office Representative office Sole proprietorship Partnership 	<ul style="list-style-type: none"> Law No. 11/NA on Enterprises Law No. 02/NA on Investment Promotion 	92 days	<ul style="list-style-type: none"> Ministry of Industry and Commerce Ministry of Planning and Investment Secretariat to the Lao National Committee on Special Economic Zones 	At least one director unless company assets are greater than LAK 50 billion, then at least two directors are required at least two directors is required	<ul style="list-style-type: none"> Minimum registered capital of LAK 1 billion is required for a foreign investor

REPOSITORY OF POLICIES AND DATA

Table 3: Corporate Framework (as at 31 December 2014)

Country	Types of companies and other business entities	Relevant legislation	Time required to set up a company	Regulating body	Director requirements for companies	Share capital requirements for companies
Malaysia	<p>Companies</p> <ul style="list-style-type: none"> Company limited by shares Company limited by guarantee Unlimited company Public company <p>Other business entities</p> <ul style="list-style-type: none"> Branch of-fice Representative office Sole proprietorship Partnership Limited liability partnership 	<ul style="list-style-type: none"> Companies Act 1965 Promotion of Investments Act 1986 Limited Liability Partnerships Act 2012 Registration of Businesses Act 1956 Industrial Coordination Act 1975 	6 to 7 days after approval of company's proposed name. Approval of name can be obtained within 3 days from submission if no issue	<ul style="list-style-type: none"> Companies Commission of Malaysia Malaysian Investment Development Authority Economic Planning Unit 	At least two directors principally residing in Malaysia	<ul style="list-style-type: none"> There is no minimum share capital requirement but two subscribers are required for incorporation. However, minimum share capital requirements may apply to certain regulated sectors or industries.
Myanmar	<p>Companies</p> <ul style="list-style-type: none"> Public limited company Limited liability private company <p>Other business entities</p> <ul style="list-style-type: none"> Branch of-fice Representative office* Sole proprietorship Partnership <p><i>* Limited to financial institutions and insurance companies</i></p>	<ul style="list-style-type: none"> Companies Act 1914 Special Company Act 1950 State-Owned Economic Enterprises Law 1989 Foreign Investment Law 2012 Special Economic Zone 2014 	75 to 150 days	<ul style="list-style-type: none"> Company Registration Office Directorate of Investment and Company Administration Myanmar Investment Commission Special Economic Zone Management Committees 	<ul style="list-style-type: none"> At least three directors for public companies and subsidiaries of public companies No requirement as to nationality or residency 	<ul style="list-style-type: none"> Minimum share capital ranges from US\$50,000 to US\$500,000 depending on the type of activities the company undertakes

Table 3: Corporate Framework (as at 31 December 2014)

Country	Types of companies and other business entities	Relevant legislation	Time required to set up a company	Regulating body	Director requirements for companies	Share capital requirements for companies
Philippines	<p>Companies</p> <ul style="list-style-type: none"> • Domestic stock corporation which may have up to 100% foreign ownership <p>Other business entities</p> <ul style="list-style-type: none"> • Branch office • Representative office • Sole proprietorship • Partnership • Regional headquarters • Regional operating area headquarters 	<ul style="list-style-type: none"> • Corporation Code of the Philippines • Securities Regulation Code • Foreign Investments Act of 1991 • Omnibus Investments Code of 1987 • Special Economic Zone Act of 1995 	34 days	<ul style="list-style-type: none"> • Securities and Exchange Commission • Department of Trade and Industry (Board of Investments) • Philippine Economic Zone Authority 	At least 5 but not more than 15 members, a majority of whom must be Philippine residents	<ul style="list-style-type: none"> • Minimum paid-up share capital of a corporation is PHP 5,000 • A corporation with foreign equity in excess of 40% must have a paid up capital of at least US\$100,000 or US\$200,000 depending on certain conditions.

REPOSITORY OF POLICIES AND DATA

Table 3: Corporate Framework (as at 31 December 2014)

Country	Types of companies and other business entities	Relevant legislation	Time required to set up a company	Regulating body	Director requirements for companies	Share capital requirements for companies
Singapore	<p>Companies</p> <ul style="list-style-type: none"> Private company limited by shares Public company limited by shares Company limited by guarantee <p>Other business entities</p> <ul style="list-style-type: none"> Branch office Representative office Sole proprietorship Partnership Limited liability partnership Limited partnership 	Companies Act (Cap.50)	1 to 3 days (assuming no regulatory approvals are required)	<ul style="list-style-type: none"> Accounting and Corporate Regulatory Authority Economic Development Board 	At least 1 director ordinarily resident in Singapore	<ul style="list-style-type: none"> No minimum share capital At least one share must be issued

Table 3: Corporate Framework (as at 31 December 2014)

Country	Types of companies and other business entities	Relevant legislation	Time required to set up a company	Regulating body	Director requirements for companies	Share capital requirements for companies
Thailand	<p>Companies</p> <ul style="list-style-type: none"> Public limited company Private limited company <p>Other business entities</p> <ul style="list-style-type: none"> Branch office Representative office Distributorship Regional office Partnership Unregistered ordinary partnership Registered ordinary partnership Limited partnership Sole proprietorship Joint venture 	<ul style="list-style-type: none"> Civil and Commercial Code Public Limited Companies Act B.E. 2535 Foreign Business Act B.E. 2542 Investment Promotion Act B.E. 2520 Securities and Exchange Act B.E. 2535 	28 days	<ul style="list-style-type: none"> Ministry of Commerce Board of Investment Foreign Business Committee Securities and Exchange Commission 	<ul style="list-style-type: none"> At least 1 director for a private limited company with no requirement as to nationality or residency There are more stringent requirements for a public limited company. 	<ul style="list-style-type: none"> At least three shareholders holding one share each, with minimum par value of THB5 Any registration of initial capital exceeding THB5 million or increase of registered capital to an amount exceeding THB5 million will require additional compliance. Minimum capital requirement for a foreigner operating business in Thailand must not be less than THB2 million

Table 3: Corporate Framework (as at 31 December 2014)

Country	Types of companies and other business entities	Relevant legislation	Time required to set up a company	Regulating body	Director requirements for companies	Share capital requirements for companies
Vietnam	<p>Companies</p> <ul style="list-style-type: none"> • Single-member limited liability company • Limited liability company with two or more members • Joint stock company <p>Other business entities</p> <ul style="list-style-type: none"> • Branch office • Representative office • Private enterprise (like a sole proprietorship) • Partnership 	<ul style="list-style-type: none"> • Law on Enterprises No.60/2005/QH11 • Law on Investment No.59/2005/QH11 	45 working days	<ul style="list-style-type: none"> • Department of Planning and Investment • Management Board of Industrial Zones • Department of Industry and Trade 	<ul style="list-style-type: none"> • Legal representative resident in Vietnam (limited liability companies and joint stock companies) • Typically at least one director but a higher number may be required depending on the shareholding structure of the company 	<ul style="list-style-type: none"> • No minimum capital contributions except for certain sectors • At least three shareholders for joint stock companies

Table 4: Legal Systems and Dispute Resolution Environment (as at 31 December 2014)

Country	No. of lawyers in country	Population / Lawyers per 1,000 people	Foreign law firms?	Apex Court	Common Law / Civil Law Tradition	ADR Law	ADR Institution	New York Convention Signatory (Accession Date)
Brunei	Unknown, 33 law firms listed on Brunei Law Society website	422,675 / N.A.	No	Court of Appeal; Privy Council of the UK (only civil cases)	Common law and Shariah law	Arbitration Act (Chapter 173, Rev. 1999)	Arbitration Association of Brunei Darussalam	Yes (25 Jul 1996)
Cambodia	641 (cir. 2012)	15.46 million / 0.04	Restricted	Supreme Court of Cambodia	Civil law			Yes (5 Jan 1960)
Indonesia	34,000 (cir. 2014)	253.61 million / 0.13	No	Supreme Court of the Republic of Indonesia	Civil law	Arbitration and Dispute Resolution Act (Law No. 30 of 1999)	Indonesian National Board of Arbitration (BANI)	Yes (7 Oct 1981)
Laos	144 (cir. 2011)	6.8 million / 0.02	Yes	People's Supreme Court	Socialist legality	Law on Resolution of Economic Disputes (No. 06/NA, 17 December 2010)		Yes (17 Jun 1998)
Malaysia	15,763	30.07 million / 0.52	Restricted	Federal Court of Malaysia	Common law	Arbitration Act 2005 (No. 646)	Kuala Lumpur Regional Centre for Arbitration	Yes (5 Nov 1985)
Myanmar	49,000 (cir. 2014)	55.75 million / 0.87	Yes	Supreme Court of the Union	Common law			Yes (16 Apr 2013)
Philippines	50,000 (cir. 2012)	107.67 million / 0.46	No	Supreme Court of the Philippines	Blend – aspects of civil law (Roman), common law (Anglo-American), Muslim (Islamic) law and indigenous law	Alternative Dispute Resolution Act of 2004	Philippine Dispute Resolution Centre, Inc.	Yes (6 Jul 1967 – Ratification)

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Table 4: Legal Systems and Dispute Resolution Environment (as at 31 December 2014)

Country	No. of lawyers in country	Population / Lawyers per 1,000 people	Foreign law firms?	Apex Court	Common Law / Civil Law Tradition	ADR Law	ADR Institution	New York Convention Signatory (Accession Date)
Singapore	4,432 (cir. 2013)	5,312,400 / 0.83	Restricted	Court of Appeal	Common law	Arbitration Act (Chapter 10); International Arbitration Act (Chapter 143A)	Singapore International Arbitration Centre; Singapore Mediation Centre; Singapore International Mediation Centre	Yes (21 Aug 1986)
Thailand	54,000 (cir. 2008)	67.74 million / 0.9 (cir. 2008, based on population of 60 million)	Restricted	Supreme Court of Thailand	Civil law (with strong common law influences)	Arbitration Act B.E. 2545 (2002)	Thai Arbitration Institute (TAI)	Yes (21 Dec 1959)
Vietnam	9,000 (cir. 2014)	93.42 million / 0.10	Yes	Supreme People's Court of Vietnam	Socialist legality	Ordinance on Commercial Arbitration 2003	Vietnam International Arbitration Centre	Yes (12 Sep 1995)

Table 5: Competition (as at April 2016)

Mergers									
Country	Merger Provisions in Generic Competition Law	Dedicated Enforcement Agency(ies)	Transactions covered	Notification (Voluntary/ Compulsory)	Notification Thresholds	Standstill Period	Review Timelines	Availability To Offer Commitments	Directions / Sanctions / Penalties
Brunei	Yes	Not yet established	Mergers, amalgamations, acquisitions of shares/assets, or joint ventures	Voluntary (pre or post-merger)	NA	No	NA	Yes	<ul style="list-style-type: none"> Issue directions Impose financial penalties
Cambodia	NA	X	X	X	X	X	X	X	X
Indonesia	Yes	Yes (KPPU)	Mergers, amalgamations through acquisitions of shares	Voluntary pre-merger and compulsory post-merger	a) Combined value of Indonesian assets of the merged entity > IDR 2.5 trillion [IDR 20 trillion for banking and financial institutions]; or b) Combined sales value (turnover) in Indonesia of the merged entity > IDR 5 trillion	No	30 days for preliminary investigation and additional 60 days for further investigations	Yes	<ul style="list-style-type: none"> Impose financial penalties for failure to notify Open a formal investigation → financial penalties/ directions
Laos	Yes	Not yet established	Merger, acquisitions of shares/assets or joint ventures	Compulsory (pre-merger for large enterprises and post-merger for SMEs)	Company Size	Yes	Up to 30 days, may be extended for additional 30 days	NA	<ul style="list-style-type: none"> Impose financial penalties Others?
Malaysia	No	Yes (MyCC)	X	X	X	X	X	X	X

Table 5: Competition (as at April 2016)

Mergers									
Country	Merger Provisions in Generic Competition Law	Dedicated Enforcement Agency(ies)	Transactions covered	Notification (Voluntary/ Compulsory)	Notification Thresholds	Standstill Period	Review Timelines	Availability To Offer Commitments	Directions / Sanctions / Penalties
Myanmar	Yes (Entering into force 2017)	Not yet established	Mergers, amalgamations, acquisitions of shares/assets, joint ventures or mutual business co-operations	Not provided	Market Share	NA	NA	NA	<ul style="list-style-type: none"> Suspend or terminate business operations Impose financial penalties and/or imprisonment (up to 2 years)
Philippines	Yes	Yes (PCC)	Mergers, amalgamations or acquisitions of shares/assets	Compulsory (pre-merger)	Value of transaction exceeds PHP 1 billion and turnover or assets of at least 1 party in or into Philippines > PHP 1 billion	Yes	Up to 90 days	Yes	<ul style="list-style-type: none"> Impose financial penalties for failure to notify Issue directions / impose financial penalties
Singapore	Yes	Yes (CCS)	Mergers, amalgamations, acquisitions of all or parts of shares/assets, joint ventures	Voluntary	<ul style="list-style-type: none"> Market share of merged entity 40% or more; or Market share of merged entity 20% to 40% and CR3 is 70% or more 	No	Phase 1 – Up to 30 working days Phase 2 – Up to additional 120 working days	Yes	<ul style="list-style-type: none"> Issue directions to remedy competition concerns, including divestment Impose financial penalties

Table 5: Competition (as at April 2016)

Mergers									
Country	Merger Provisions in Generic Competition Law	Dedicated Enforcement Agency(ies)	Transactions covered	Notification (Voluntary / Compulsory)	Notification Thresholds	Standstill Period	Review Timelines	Availability To Offer Commitments	Directions / Sanctions / Penalties
Thailand	Yes	Yes (TCC)	Mergers, amalgamations or acquisitions of all or parts of shares/assets	Not stated	To be provided in guidelines	NA	90 days with extension of not more than 15 days	NA	<ul style="list-style-type: none"> Issue directions Impose financial penalties
Vietnam	Yes	Yes (VCA and VCC)	Mergers, consolidations, acquisitions, joint ventures	Compulsory (pre-merger)	Notification is required if the merger results in a combined market share of 30% to 50% in the relevant market. Mergers resulting in combined market share in the relevant market of 50% or more are prohibited unless exempted.	Yes	45 days from date of notification, with extension of up to two tranches of 30 days each	Yes	<ul style="list-style-type: none"> Impose financial penalties for failure to notify Issue directions to remedy competition concerns, including divestment

Table 5: Competition (as at April 2016)

Country	The Cartel Prohibition					Investigation Powers				Miscellaneous	
	Generic Competition Law	Dedicated Enforcement Agency(ies)	Max Sanctions On Undertakings / Enterprises For Their Participation In The Cartel	Sanctions On Individuals For Personal Involvement in the Cartel*	Request for Information, Documents, Interviews	Search & Seizure, Dawn Raids	Protection Of Legal Privilege	Leniency Policy	Private Actions		
Brunei	Yes	Not yet established	Up to 10% of the undertaking's relevant turnover in Brunei for each year of infringement, up to 3 years.	No	Yes	Yes	Yes, subject to specific conditions.	Yes	Yes		
Cambodia	No (Draft under review)	x	x	x	x	x	x	x	x		
Indonesia	Yes	Yes (KPPU)	<ul style="list-style-type: none"> Administrative sanction: Min IDR 1 billion, Max IDR 25 billion; Criminal fine: Min IDR 25 billion, Max IDR 100 billion, or imprisonment of 3 to 6 months. 	Yes, subject to conditions.	Yes	No	Yes, subject to specific conditions.	No	Yes		
Laos	Yes	Not yet established	Financial penalties to be specified in regulations; compensation for damages; and/or suspension or withdrawal of Enterprise Registration Certificate.	Yes	Yes	Yes	NA	Yes	Yes		
Malaysia	Yes	Yes (MyCC)	Up to 10% of the worldwide turnover of the enterprise over the period of infringement	No	Yes	Yes	Yes, subject to specific conditions.	Yes	Yes		
Myanmar	Yes (Entering into force 2017)	Not yet established	Imprisonment not exceeding 3 years or fine of not more than KHR 15 million or both.	Yes	Yes	No	NA	Yes	Yes		

*Note: In most countries, individuals face fines and/or imprisonment if they hamper the investigation, provide false information, misrepresent information or destroy information during an investigation

Table 5: Competition (as at April 2016)

Country	The Cartel Prohibition				Investigation Powers			Miscellaneous	
	Generic Competition Law	Dedicated Enforcement Agency(ies)	Max Sanctions On Undertakings / Enterprises For Their Participation In The Cartel	Sanctions On Individuals For Personal Involvement in the Cartel*	Request for Information, Documents, Interviews	Search & Seizure, Dawn Raids	Protection Of Legal Privilege	Leniency Policy	Private Actions
Philippines	Yes	Yes (PCC)	<ul style="list-style-type: none"> Administrative fines (i) Max PHP 100 million for first offence and (ii) between PHP 100 million and PHP 250 million for second offence; Criminal penalties: imprisonment 2 to 7 years and/or fine from PHP 50 million up to 250 million. 	Yes	Yes	Yes	NA	Yes	Yes
Singapore	Yes	Yes (CCS)	Up to 10% of the undertaking's relevant turnover in Singapore for each year of infringement, up to 3 years.	No	Yes	Yes	Yes, subject to specific conditions.	Yes	Yes
Thailand	Yes	Yes (TCC)	Up to THB 6 million and/or up to 3-year jail term. Penalty may be doubled for repeated commission.	Yes	Yes	Yes	No	No	Yes
Vietnam	Yes	Yes (VCA and VCC)	Up to 10% of the total turnover of the enterprise in the fiscal year preceding the year in which the breach was committed.	No	Yes	Yes	No	No	No

*Note: In most countries, individuals face fines and/or imprisonment if they hamper the investigation, provide false information, misrepresent information or destroy information during an investigation

Table 6: ASEAN: Population, Territory and Economy (2014)

Country	Total Land Area (sq km)	Total Population (thousand)	GDP	
			per capita	
			(US\$)	(PPP\$) ²
Brunei Darussalam	5,769	413.0	41,424	82,850
Cambodia	181,035	15,184.1	1,105	3,334
Indonesia	1,860,360	252,164.8	3,901	11,498
Lao PDR	236,800	6,809.0	1,730	5,096
Malaysia	330,290	30,261.7	10,784	24,607
Myanmar ¹	676,577	51,486.0	1,278	4,923
Philippines	300,000	101,174.9	2,816	6,846
Singapore	716	5,469.7	56,287	82,714
Thailand	513,120	68,657.0	5,436	14,333
Vietnam	330,951	90,630.0	2,055	5,644
ASEAN	4,435,618	622,250.2	4,136	10,700

¹ Myanmar: US\$-MMK exchange rate is based on the parallel rate used in International Monetary Fund-World Economic Outlook (IMF-WEO) April 2013.

² GDP per capita in PPP\$ is GDP converted to international dollars using purchasing power parity (PPP) rates. PPP dollar takes into account the differences in the purchasing power of the US dollar in the countries. PPP \$1 in a country, say Cambodia, has the same purchasing power as PPP \$1 in all other countries in the world.

Sources: ASEAN Macroeconomic Database and IMF-WEO April 2015

Table 7: ASEAN and Selected Trading Partners: Population, Economy (2014)

Country / Region	Population (mn)	GDP (at current prices)
		US\$ billion
ASEAN	622	2,574
China	1,368	10,357
Japan	127	4,602
Republic of Korea	50.4	1,410
India	1,276	2,051
Australia	23.5	1,455
New Zealand	4.5	199
USA	319	17,348
EU-28 ¹	508	18,510
Canada	35.5	1,785
Russia	146	1,861
Pakistan	186	244

Ratio of ASEAN to Trading Partners

ASEAN	1.00	1.00
China	0.45	0.25
Japan	4.90	0.56
Republic of Korea	12.34	1.83
India	0.49	1.25
Australia	26.47	1.77
New Zealand	138.22	12.93
USA	1.95	0.15
EU-28 ¹	1.22	0.14
Canada	17.52	1.44
Russia	4.26	1.38
Pakistan	3.34	10.55

¹ EU-28 includes: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, United Kingdom.

Sources: ASEAN Secretariat Database and IMF World Economic Outlook Database April 2015

Table 8: Trade with Selected Dialogue Partner Countries (in US\$ billion)

Countries	1993	2000	2005	2011	2012	2013	2014
Intra-ASEAN	82.4	166.8	304.8	598.4	602	608.6	608.2
Australia	9.1	17.6	31.2	59.7	69.5	68	70
Canada	3.5	4.8	6	10.8	12.3	13.5	13.2
China	8.9	32.3	113.3	280.1	319.5	350.5	366.5
EU-28	63.2	102.8	140.7	234.6	242.6	246.2	209.4
India	2.9	9.7	23	68.2	71.8	67.9	67.7
Japan	86.7	116.2	153.8	273.9	262.9	240.9	229.0
Republic of Korea	13.3	29.6	48	124.4	131	135	131.4
New Zealand	1.3	2.2	4.1	8.2	9.2	9.8	10.7
Pakistan	1	3.5	2.3	6.8	6.3	6.1	6.6
Russia	0.4	1.4	4.7	13.9	18.2	19.9	22.5
USA	75.7	122.2	153.9	198.8	200	206.9	212.4
Rest of the World	81.5	149.9	238.7	510.7	531	538.1	581
Total ASEAN	429.9	759.1	1,224.6	2,388.4	2,476.4	2,511.5	2,528.6
ASEAN + 3	191.2	345	620	1,276.8	1,315.4	1,335	1,332
ASEAN + 6	204.5	374.5	678.3	1,412.9	1,466	1,480.7	1,482.4

Source: ASEAN Trade Statistics Database, as of 24 July 2015

Table 9: ASEAN: Nominal Gross Domestic Product for periods indicated

Countries	2005	2009	2010	2011	2012	2013	2014
In US\$ mn							
ASEAN	915,801	1,526,846	1,884,068	2,184,845	2,311,315	2,395,253	2,459,381
CLMV	73,064	144,858	166,841	197,022	217,688	251,675	294,842
ASEAN6	842,736	1,381,988	1,717,227	1,987,823	2,093,626	2,143,578	2,317,714
In percent share to total (%)							
ASEAN	100.0	100.0	100.0	100.0	100.0	100.0	100.0
CLMV	8.0	9.5	8.9	9.0	9.4	10.5	11.9
ASEAN6	92.0	90.5	91.1	91.0	90.6	89.6	94.2
In annual growth rates (%)							
Brunei Darussalam	0.4	-1.8	2.6	3.4	1.0	-1.8	-6.2
Cambodia	13.6	0.1	6.0	7.1	7.0	7.0	7.9
Indonesia	5.7	4.5	6.3	6.5	6.2	5.8	-2.5
Lao PDR	7.3	7.5	8.1	8.0	7.9	8.2	8.8
Malaysia	5.3	-1.5	7.4	5.1	5.6	4.7	4.1
Myanmar	13.6	10.3	10.6	9.6	5.6	7.5	10.7
Philippines	4.8	1.1	7.6	3.6	6.8	7.2	4.7
Singapore	7.4	-0.8	14.8	5.2	1.3	3.9	1.9
Thailand	4.6	-2.3	7.8	0.1	6.5	2.9	-3.3
Vietnam	8.4	5.3	6.8	6.0	5.0	5.4	8.8
ASEAN	5.9	1.7	7.8	4.7	5.7	5.2	2.6
CLMV	9.8	6.0	7.5	6.8	5.4	6.0	17.2
ASEAN6	5.4	1.1	7.9	4.4	5.7	5.1	8.1

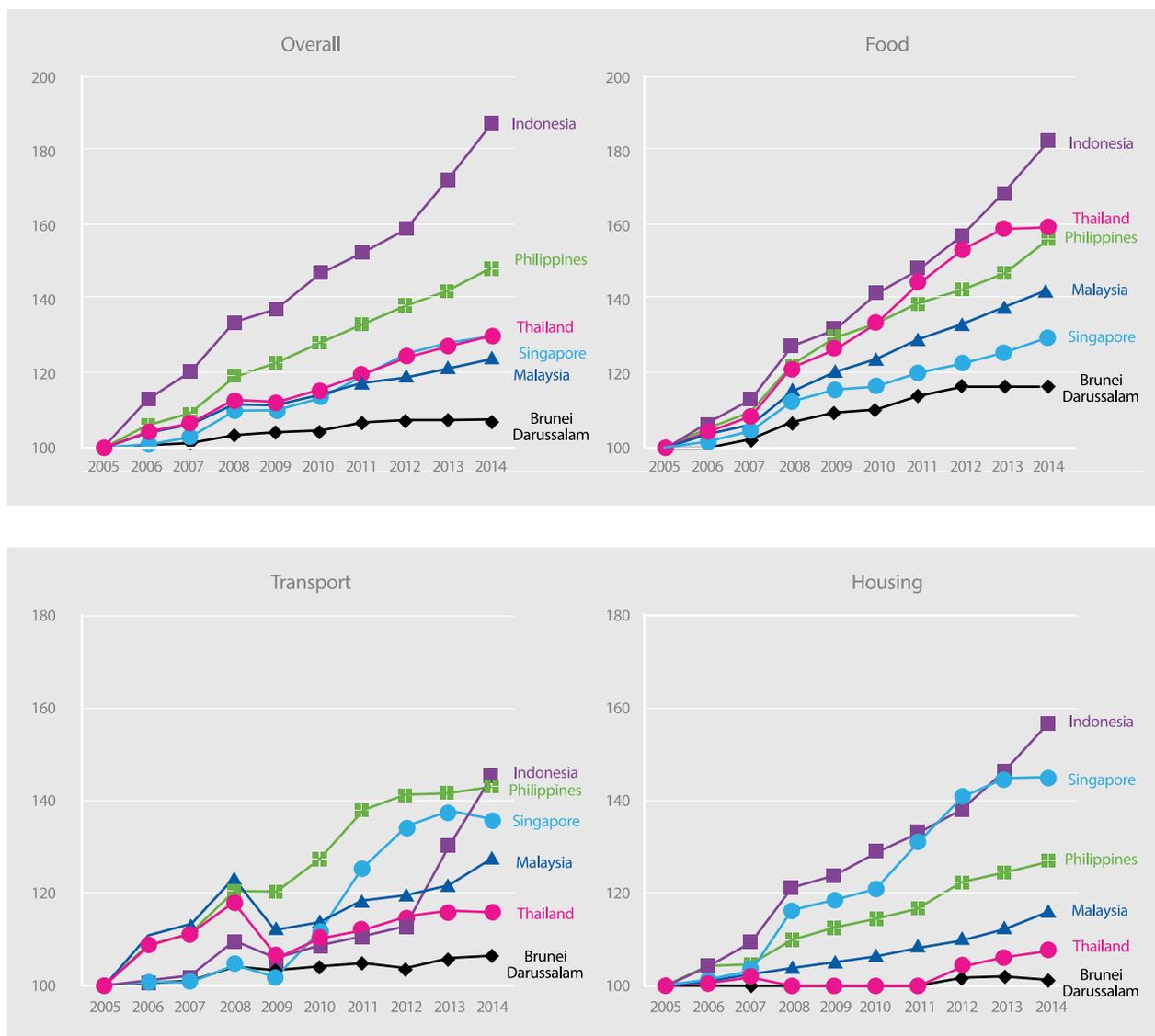
Notes:

a. Breakdown may not add up to total due to rounding.

b. GDP growth is calculated based on GDP at constant prices; ASEAN, ASEAN6 and CLMV figures are estimated using weighted average share of GDP (PPPS) to world total, as in the IMF-WEO Database of April 2013.

Sources: ASEAN Macroeconomic Database and IMF-WEO April 2015

Table 10: ASEAN6: Consumer Price Index for Food, Housing, Transport (2005-2014)



Note: Base year: Brunei Darussalam: 2005 = 100; Indonesia: 2007 = 100; Malaysia: 2005 = 100; Philippines: 2000 = 100; Singapore: 2009 = 100; and Thailand: 2007 = 100

Source: ASEAN Economic Community Chartbook 2015

Table 11: ASEAN: Inflation Rate, end-of-period (in percent) for periods indicated

Country	2000	2005	2009	2010	2011	2012	2013
Brunei Darussalam	1.6	0.7	1.2	-2.1	1.8	0.4	0.2
Cambodia	0.3	6.7	5.3	3.1	4.9	2.5	4.6
Indonesia	9.3	17.1	2.8	7.0	3.8	4.3	8.4
Lao PDR	10.6	8.8	3.9	5.8	7.7	4.7	6.9
Malaysia	2.1	3.5	1.1	2.2	3.0	1.2	3.2
Myanmar	-	-	-	-	-	-	-
Philippines	6.5	6.7	4.5	3.6	4.2	3.0	4.1
Singapore	2.1	1.3	-0.6	4.6	5.5	4.3	1.5
Thailand	1.5	5.8	3.5	3.0	3.6	3.6	1.7
Vietnam	-0.6	8.9	6.9	7.9	18.1	6.8	6.0

Notes:

a. Base year : Brunei Darussalam, Malaysia and Vietnam (2005 = 100); Cambodia and Philippines (2000 = 100); Indonesia and Thailand (2007 = 100); Lao PDR and Myanmar (2006 = 100); Singapore (2009 = 100).

b. "-" no data available

Source: ASEAN Macroeconomic Database

Table 12: ASEAN Lending Rates (in percent) for periods indicated

Country	2000	2005	2009	2010	2011	2012	2013
Brunei Darussalam	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Cambodia	17.4	18.6	23.1	22.5	19.4	20.4	15.8
Indonesia	17.7	16.2	13.7	12.8	12.2	11.5	12.1
Lao PDR	15.5	21.5	14.4	14.5	12.3	13.3	12.9
Malaysia	7.2	6.2	5.5	6.3	6.5	6.5	6.5
Myanmar	15.0	15.0	17.0	17.0	15.0	13.0	10.0 - 13.0
Philippines	12.0	10.3	7.1	6.7	6.0	5.5	5.7
Singapore	5.8	5.3	5.4	5.4	5.4	5.4	5.4
Thailand	7.50 - 8.25	6.50 - 6.75	5.85 - 6.25	6.12 - 6.50	7.25 - 7.63	7.00 - 7.50	6.25 - 6.75
Vietnam	10.2	10.2	11.7	14.5	18.7	13.5	-

Note:

a. 2012 figures of Myanmar and Vietnam were from CEIC Data, a Euromoney Institutional Investor Company (CEIC).

b. "-" no data available

Sources: ASEAN Macroeconomic Database and CEIC

**Table 13: ASEAN: Exchange Rates, average-of-period (national currency / US\$)
for periods indicated**

Country	2000	2005	2009	2010	2011	2012	2013
Brunei Darussalam	1.7	1.7	1.5	1.4	1.3	1.2	1.3
Cambodia	3,894	4,119	4,159	4,190	4,076	4,038	3,995
Indonesia	8,422	9,733	10,370	9,086	8,775	9,384	10,586
Lao PDR	7,888	10,654	8,501	8,249	8,030	8,007	8,224
Malaysia	3.8	3.8	3.5	3.3	3.1	3.1	3.2
Myanmar ¹	287	1,025	918	803	767	820	938
Philippines	44.2	55.1	47.6	45.1	43.3	42.2	42.3
Singapore	1.7	1.7	1.5	1.4	1.3	1.2	1.25
Thailand	40.1	40.2	34.3	31.7	30.5	31.1	30.7
Vietnam	14,168	15,817	17,065	18,554	20,510	20,828	20,934

¹ Myanmar US\$-MMK exchange rate is based on the parallel rate used in IMF-WEO April 2014.

Source: ASEAN Macroeconomic Database

Table 14: ASEAN: Total Trade for periods indicated

Indicator	Unit/Scale	2000	2005	2009	2010	2011	2012	2013
Total Trade	Value (US\$ mn)	759,101	1,224,578	1,536,877	2,009,116	2,388,444	2,476,427	2,511,516
	Growth (%)	21.8	14.2	-19.0	30.7	18.9	3.7	1.42
Intra-ASEAN Trade	Value (US\$ mn)	166,846	304,825	376,213	511,020	598,377	602,048	608,558
	Growth (%)	25.8	16.8	-20.0	35.8	17.1	0.6	1.08
	Share to total trade (%)	22.0	24.9	24.5	25.4	25.1	24.3	24.2
Extra-ASEAN Trade	Value (US\$ mn)	592,255	919,753	1,160,664	1,498,096	1,790,067	1,874,379	1,902,958
	Growth (%)	20.7	13.4	-18.7	29.1	19.5	4.7	1.52
	Share to total trade (%)	78.0	75.1	75.5	74.6	74.9	75.7	75.8
Ratio to GDP	Share of trade to GDP (%)	125.2	133.7	100.7	106.6	109.3	107.1	97.6
	Exports to GDP (%)	67.6	70.8	53.1	55.8	56.9	54.3	49.4
	Imports to GDP (%)	57.5	63.0	47.6	50.8	52.5	52.9	48.2
Trade Balance	Value (US\$ mn)	61,180	71,362	84,068	94,112	95,954	32,734	30,740
	Share to exports (%)	14.9	11.0	10.4	8.9	7.7	2.6	2.4

Source: ASEAN Trade Statistics Database, as of 4 December 2014

Table 15: ASEAN Member States: Trade Balance for periods indicated

Country	2000	2005	2009	2010	2011	2012	2013
In US\$ mn							
Brunei Darussalam	1,102	4,866	4,701	6,232	9,902	9,508	7,834
Cambodia	-37	267	1,085	687	577	-3,794	-27.8
Indonesia	28,609	27,959	19,681	22,116	26,061	-1,658	-4,077
Lao PDR	-	-528	-488	356	-463	-848	-699
Malaysia	18,507	26,257	33,560	34,067	40,613	31,145	22,434
Myanmar	-1,026	1,491	2,492	3,401	1,313	127	-573
Philippines	3,587	-6,163	-7,199	-6,797	-15,667	-13,391	-11,152
Singapore	3,672	29,599	24,048	41,076	43,731	28,670	37,234
Thailand	6,766	-8,368	18,728	5,584	-1,263	-18,254	-20,787
Vietnam	-	-4,017	-12,540	-12,609	-8,851	1,228	554

Note: "-" means no data available.

Source: ASEAN Trade Statistics Database, as of 4 December 2014

Table 16: ASEAN Member States: Total Trade with ASEAN+3 (2014)

Country	Intra-ASEAN	China	Japan	Republic of Korea	Total ASEAN+3
In US\$ billion					
Brunei Darussalam	4.5	0.56	4.76	1.99	11.81
Cambodia	4.12	3.27	0.50	0.47	8.35
Indonesia	94.7	52.5	46.4	23.02	216.5
Lao PDR	3.73	0.87	0.12	0.09	4.82
Malaysia	119.0	64.4	43.0	18.0	244.5
Myanmar	9.9	6.72	2.4	1.7	20.7
Philippines	22.8	15.1	17.0	9.0	62.9
Singapore	206.7	92.0	38.0	40.7	377.4
Thailand	103.7	65.0	63.3	13.7	245.6
Vietnam	39.5	50.1	25.3	27.4	142.2
ASEAN	609.0	351.0	240.8	135.0	1335.8
In percent share to ASEAN total trade					
Brunei Darussalam	0.74	0.16	1.98	1.47	0.88
Cambodia	0.68	0.93	0.21	0.35	0.63
Indonesia	15.55	14.96	19.27	17.05	16.21
Lao PDR	0.61	0.25	0.05	0.07	0.36
Malaysia	19.54	18.35	17.86	13.33	18.30
Myanmar	1.63	1.91	1.00	1.26	1.55
Philippines	3.74	4.30	7.06	6.67	4.71
Singapore	33.94	26.21	15.78	30.15	28.25
Thailand	17.03	18.52	26.29	10.15	18.39
Vietnam	6.49	14.27	10.51	20.30	10.65
ASEAN	100.0	100.0	100.0	100.0	100.0

Source: ASEAN Trade Statistics Database, as of 4 December 2014

Table 17: ASEAN Member States: Total Trades with Selected Trade Partners (2014)

Country	Australia	Canada	EU-28	India	New Zealand	Pakistan	Russia	USA
In US\$ billion								
Brunei Darussalam	0.85	0.28	0.71	1.01	0.38	0.00	0.00	0.35
Cambodia	0.13	0.53	3.18	0.28	0.01	0.08	0.05	2.48
Indonesia	10.68	2.62	29.62	16.20	1.32	2.20	2.64	24.7
Lao PDR	0.11	0.01	0.28	0.01	0.00	0.01	0.00	0.04
Malaysia	16.28	1.73	44.01	13.84	2.50	1.45	2.80	35.69
Myanmar	0.10	0.01	0.56	1.50	0.01	0.03	0.04	0.53
Philippines	1.67	0.95	14.61	1.31	0.57	0.12	1.07	14.71
Singapore	20.18	2.16	75.69	19.40	3.12	1.36	8.49	60.50
Thailand	14.71	2.40	42.91	8.65	2.00	1.02	4.91	38.47
Vietnam	5.66	2.47	36.74	5.51	0.79	0.43	2.54	34.96
ASEAN	70.37	13.16	248.31	67.71	10.71	6.70	22.54	212.43
In percent share to ASEAN total trade								
Brunei Darussalam	1.208	2.128	0.286	1.492	3.548	0.000	0.000	0.165
Cambodia	0.185	4.027	1.281	0.414	0.093	1.194	0.222	1.167
Indonesia	15.177	19.909	11.929	23.926	12.325	32.836	11.713	11.627
Lao PDR	0.156	0.076	0.113	0.015	0.000	0.149	0.000	0.019
Malaysia	23.135	13.146	17.724	20.440	23.343	21.642	12.422	16.801
Myanmar	0.142	0.076	0.226	2.215	0.093	0.448	0.177	0.249
Philippines	2.373	7.219	5.884	1.935	5.322	1.791	4.747	6.925
Singapore	28.677	16.413	30.482	28.652	29.132	20.299	37.666	28.480
Thailand	20.904	18.237	17.281	12.775	18.674	15.224	21.783	18.109
Vietnam	8.043	18.769	14.796	8.138	7.376	6.418	11.269	16.457
ASEAN	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: ASEAN Trade Statistics Database, as of 4 December 2014

Table 18: ASEAN Member States: Percent Share of Total Trade with Selected Trade Partners (2014)

Country	ASEAN	China	Japan	Republic of Korea	Australia	Canada	EU-28
Brunei Darussalam	19.8	0.9	37.2	11.0	7.6	2.3	2.8
Cambodia	19.1	3.3	3.2	1.2	0.7	4.8	24.0
Indonesia	22.6	10.0	13.1	6.0	2.9	0.4	9.6
Lao PDR	55.0	26.9	2.0	0.3	3.9	0.5	8.8
Malaysia	27.9	12.0	10.8	3.6	4.3	0.3	9.5
Myanmar	39.5	36.5	4.7	3.3	0.1	0.00	2.5
Philippines	14.9	13.0	22.5	4.1	1.3	1.0	10.9
Singapore	31.2	12.6	4.1	4.1	3.8	0.2	7.8
Thailand	26.1	11.0	9.6	2.0	4.1	0.6	10.3
Vietnam	12.3	10.0	9.8	4.8	2.4	1.4	18.8
ASEAN	25.5	11.6	9.3	4.0	3.5	0.6	10.3

Country	India	New Zealand	Pakistan	Russia	USA	Rest of the World	Total
Brunei Darussalam	9.1	3.5	0.00	0.00	0.2	5.6	100.0
Cambodia	0.1	0.00	0.00	0.4	18.7	24.4	100.0
Indonesia	6.9	0.3	1.2	0.6	9.4	17.0	100.0
Lao PDR	0.1	0.00	0.00	0.00	1.0	1.5	100.0
Malaysia	4.2	0.7	0.5	0.3	8.4	17.4	100.0
Myanmar	7.6	0.00	0.2	0.2	0.4	4.9	100.0
Philippines	0.5	0.2	0.1	0.1	14.1	17.3	100.0
Singapore	2.7	0.5	0.3	0.1	5.6	27.0	100.0
Thailand	2.5	0.5	0.4	0.5	10.5	21.8	100.0
Vietnam	1.7	0.2	0.2	1.2	19.4	17.8	100.0
ASEAN	3.4	0.5	0.4	0.4	9.5	21.0	100.0

Source: ASEAN Trade Statistics Database, as of 4 December 2014

Table 19: ASEAN: Top 20 Export Commodities¹ (2014)

HS Codes	Commodities	Value (US\$ mn)	Share in export (%)
8542	Electronic integrated circuits	135,098	10.5
2710	Petroleum oils and oils obtained from bituminous minerals, other than crude, preparations not elsewhere specified or included, containing by weight 70% or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic	97,257	7.5
2711	Petroleum gases and other gaseous hydrocarbons	47,995	3.7
8517	Telephone sets, including telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data including apparatus for communication in a wired or wireless networks	39,787	3.1
8471	Automatic data processing machines & units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form & machines for processing such data, not elsewhere specified or included	37,930	2.9
2709	Crude oil from petroleum and bituminous minerals	31,807	2.5
1511	Palm oil & its fractions, whether or not refined, but not chemically modified	29,858	2.3
8541	Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices, including photovoltaic cells whether or not assembled in modules or made up into panels, light emitting diodes; mounted piezo-electric crystals	19,961	1.5
2701	Coal; briquettes, ovoids & similar solid fuels manufactured from coal	19,579	1.5
8443	Printing machinery; machines used for printing by means of plates, cylinders and other printing components of heading 84.42; other printers, copying machines and facsimile machines, whether or not combined, parts and accessories thereof	16,406	1.3
8473	Parts and accessories (other than covers, carrying cases and the like) suitable for use solely or principally with the machines of headings 84.69 to 84.72	15,389	1.2
4001	Natural rubber, balata, gutta-percha, guayule, chicle and similar natural gums, in primary forms or in plates, sheets or strip	14,200	1.1
8708	Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles	13,742	1.1
3901	Polymers of ethylene, in primary forms	11,467	0.9
7113	Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal (excl. articles > 100 years old)	11,443	0.9
8704	Motor vehicles for the transport of goods, incl. chassis with engine and cab	10,801	0.8
8703	Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars (excl. motor vehicles of heading 8702)	9,933	0.8
1006	Rice	9,050	0.7
8544	Insulated incl. enamelled or anodised wire, cable incl. coaxial cable and other insulated electric conductors, whether or not fitted with connectors; optical fibre cables	8,699	0.7

¹ Based on 4-digit code Harmonised System

Table 19: ASEAN: Top 20 Export Commodities¹ (2013)

HS Codes	Commodities	Value (US\$ mn)	Share in export (%)
4907	Unused postage, revenue or similar stamps of current or new issue in the country in which they have, or will have, a recognised face value; stamp-impressed paper; banknotes; cheque forms; stock	8,504	0.7
	Top 20 export commodities	588,905	45.6
	Others	703,495	54.4
	Total	1,292,400	100.0

¹ Based on 4-digit code Harmonised System

Source: ASEAN Trade Statistics Database, as of 19 May 2016

Table 20: ASEAN: Top 20 Import Commodities¹ (2014)

HS Codes	Commodities	Value (US\$ mn)	Share (%)
2710	Oil (not crude) from petrol & bituminous minerals etc.	144,667	11.7
8542	Electronic integrated circuits & microassemblies; parts thereof	116,682	9.4
2709	Petroleum oils and oils obtained from bituminous minerals, crude	95,211	7.7
8517	Electric apparatus for line telephony or telegraphy telephone sets, teleprinters, modems, facsimile machines	32,931	2.7
2711	Petroleum gases & other gaseous hydrocarbons propane, butane, ethylene	20,060	1.6
8471	Automatic data processing machines & units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form & machines for processing such data, including keyboard, printer, scanners, disk drives, power supply	16,244	1.3
8708	Parts & accessories of the motor vehicles of headings 8701 to 8705	14,254	1.2
8473	Parts and accessories (not covers, carrying cases) for office	12,980	1.0
7108	machines & typewriters of 8469 to 8472	12,336	1.0
8541	Gold (including gold plated with platinum), unwrought or	12,248	1.0
8802	semi-manufactured or powder	10,233	0.8
8411	Semiconductor devices; light-emitting diodes; mounted piezo-electric crystals; parts thereof diodes, transistors, photosensitive semiconductor devices, photovoltaic cells	9,887	0.8
8443	Aircraft, powered; spacecraft & launch vehicles, including helicopters, satellites	9,886	0.8
8703	Turbojets, turbopropellers and other gas turbines	9,689	0.8
8536	Printing machinery; machines for ancillary uses to printing; parts thereof	8,686	0.7
3901	Motor cars & vehicles for transporting persons (not 8702)	8,238	0.7
2304	Electrical apparatus for switching or protecting electrical circuit and electrical connection that are not over 1,000 volts, switches, relays, fuses, surge suppressors, plugs, junction boxes, lamp-holders	7,588	0.6
3004	Polymers of ethylene, in primary forms	7,578	0.6
8431	Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of soya-bean oil	7,337	0.6
8803	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses incl. those in the form of transdermal	7,207	0.6
	Parts for machinery of 8425 to 8430	563,942	45.6
	Parts of aircraft and spacecraft of heading 8801 or 8802, n.e.s.	672,275	54.4
	Total	1,236,216	100.0

¹ Based on 4-digit code Harmonised System

Source: ASEAN Trade Statistics Database, as of 19 May 2016

Table 21: FDI Inflows into ASEAN, by Source Country (US\$ million)

Source Country	2000	2009	2010	2011	2012	2013	2014
Intra-ASEAN	1,219	6,672	15,200	14,560	20,549	19,400	24,377
Australia	-325	994	4,001	5,076	3,219	3,489	5,703
Canada	-98	753	1,298	956	1,048	1,030	1,264
China	20	1,965	4,052	7,860	5,718	6,779	8,869
European Union	9,210	8,598	19,018	30,167	6,542	22,256	29,268
India	59	553	3,474	-1,732	4,299	1,331	820
Japan	968	3,919	11,171	8,790	21,206	21,766	13,381
New Zealand	24	-157	22	57	-142	388	320
Pakistan	1	15	30	12	1	-2	3
Republic of Korea	-191	1,799	4,299	1,557	1,577	3,652	4,469
Russia	-	140	60	68	184	542	-28
USA	6,913	5,215	12,285	9,375	14,396	4,913	13,042
Others	4,007	17,461	225,451	19,091	36,855	32,143	34,692
Total	21,809	47,927	100,360	95,838	115,453	117,687	136,181

Note: "-" means no data available.

Source: ASEAN Investment Statistics Database based on Member States' submission, as of 19 May 2016

Table 22: ASEAN: Trends in Tourist Arrivals, by host country for periods indicated

Host Country	2010	2011	2012	2013	2014
In thousands					
Brunei Darussalam	214	242	209	3,279	3,886
Cambodia	2,508	2,882	3,584	4,210	4,503
Indonesia	7,003	7,650	8,044	8,802	9,435
Lao PDR	2,513	2,724	3,330	3,780	4,159
Malaysia	24,577	24,714	25,033	25,716	27,437
Myanmar	792	816	1,059	2,044	3,081
Philippines	3,520	3,917	4,273	4,681	4,833
Singapore	11,639	13,171	14,491	15,568	15,095
Thailand	15,936	19,098	22,354	26,547	24,780
Vietnam	5,050	6,014	6,848	7,572	7,874
ASEAN	73,753	81,229	89,225	102,199	105,084
ASEAN6	62,890	68,793	74,404	84,593	85,467
CLMV	10,863	12,436	14,821	17,606	19,617
In percent share to total					
ASEAN	100.0	100.0	100.0	100.0	100.0
ASEAN6	85.3	84.7	83.4	82.8	81.3
CLMV	14.7	15.3	16.6	17.2	18.7

Notes:

a. CLMV includes Cambodia, Lao PDR, Myanmar and Vietnam

b. ASEAN6 consists of Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand

Source: ASEAN Tourism Statistics Database (compiled from AMS data submissions, publications/reports, and/or websites of national tourism organisations/agencies, and/or national statistical offices), as of 19 May 2016

Table 23: ASEAN: Internet Subscribers / Users, per 1,000 persons for periods indicated

Country	2007	2008	2009	2010	2011	2012	2013
Brunei Darussalam	55.0	63.0	84.9	125.9	128.0	131.3	130.0
Cambodia	0.8	1.5	20.7	22.4	31.0	49.4	-
Indonesia	57.9	79.2	87.0	109.2	122.8	153.6	162.9
Lao PDR	16.4	35.5	60.0	70.0	90.0	107.5	-
Malaysia	557.0	558.0	559.0	563.0	610.0	217.0	226.0
Myanmar	0.7	0.2	0.7	0.7	0.8	1.0	-
Philippines	28.2	33.2	39.0	46.0	54.1	63.7	-
Singapore	430.4	479.8	477.7	488.9	482.0	NA	-
Thailand	15.5	18.2	20.1	22.4	23.7	26.5	-
Vietnam	15.2	24.1	34.5	41.9	46.5	53.8	57.6
ASEAN	61.1	72.8	79.5	91.4	101.6	-	-

Note: '-' - not available at the time of publication

Sources: ASEAN Statistical Yearbook 2014, compiled based on AMSs' data submission; latest country websites; and other Database

Table 24: ASEAN: Distribution of Population, by age group (2013)

Country	Age Group, in percent					Total
	0-4	5-19	20-54	55-64	> 65	
Brunei Darussalam	7.9	25.3	56.5	6.5	3.8	100.0
Cambodia	10.6	30.9	48.4	5.7	4.4	100.0
Indonesia	9.6	27.0	51.3	6.9	5.2	100.0
Lao PDR	14.3	33.9	43.3	4.8	3.7	100.0
Malaysia	8.6	26.9	51.8	7.1	5.5	100.0
Myanmar	9.3	28.9	49.1	6.7	5.9	100.0
Philippines	11.3	30.7	47.2	6.1	4.7	100.0
Singapore ¹	4.8	17.9	53.8	13.1	10.5	100.0
Thailand	5.7	20.9	54.3	10.4	8.7	100.0
Vietnam	8.5	23.8	52.5	8.1	7.1	100.0
ASEAN ²	9.3	26.8	50.8	7.3	5.8	100.0

¹ Total Singapore residence only

² Total ASEAN excludes Singapore's non-residents population

Source: ASEAN Statistical Yearbook 2014, ASEAN Member States' data submission

Table 25: ASEAN Member States: Population Living under PPP \$1.25, in percent for periods indicated

Country	2005	2010 ¹
Brunei Darussalam	NA	NA
Cambodia	36	28
Indonesia	21	16
Lao PDR	39	31
Malaysia	-	-
Myanmar	-	-
Philippines	22	23
Singapore	NA	NA
Thailand	0	0
Vietnam	23	14

¹ 2010 figures were computed by ASEANstats for the few missing years of ASEAN member states' data. Brunei Darussalam and Singapore do not have a national poverty line. Meanwhile, Myanmar and Malaysia have no available data.

Notes:

a. "-" means no data available

b. NA – not applicable

Sources: PovcalNet: the online tool for poverty measurement developed by the Development Research Group of the WB, and ASEAN Statistical Report on the MDGs 2012

Table 26: ASEAN Member States: Gini Coefficient in ASEAN Member States, in percent for periods indicated

Country	2007	2008	2009	2010	2011	2012	2013
Brunei Darussalam	-	-	-	-	-	-	-
Cambodia	0.444	0.379	0.360	-	-	-	-
Indonesia	0.360	0.350	0.370	0.380	0.410	0.410	0.413
Lao PDR	-	0.367	-	-	-	-	-
Malaysia	0.441	-	0.462	-	-	-	-
Myanmar	-	-	-	-	-	-	-
Philippines	-	-	0.464	-	-	-	-
Singapore ¹	0.482	0.474	0.471	0.472	0.473	-	-
Thailand	0.397	0.401	0.396	0.394	-	-	-
Vietnam	-	0.434	-	0.433	-	-	-

¹ Measures the degree of inequality in monthly income from work per household member among employed households

Note: "-" means no data available

Sources: ASEAN Statistical Yearbook 2014, Country submission for yearbook and country websites; ASEAN in Figures 2003; ASEAN Community Progress Monitoring System (ACPMS) 2012 Data Submission; UNESCAP Yearbook 2008; ADB Key Indicators 2005-2014

Table 27: ASEAN Member States: Life Expectancy at Birth, in years for periods indicated

Country	Female			Male			Both Sexes		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
Brunei Darussalam	80.1	80.5	80.7	76.5	76.7	77.0	78.3	78.5	78.8
Cambodia	69.5	69.9	70.3	65.3	65.8	66.2	67.3	67.8	68.2
Indonesia	70.6	70.8	71.0	66.5	66.7	66.9	68.5	68.7	68.9
Lao PDR	66.6	67.1	67.5	63.9	64.4	64.8	65.2	65.7	66.1
Malaysia	76.8	77.0	77.1	72.2	72.3	72.4	74.4	74.6	74.7
Myanmar	67.5	67.8	68.0	63.4	63.7	63.9	65.4	65.7	65.9
Philippines	71.5	71.6	71.8	64.7	64.8	64.9	68.0	68.1	68.3
Singapore	84.3	84.5	84.9	79.8	80.1	80.5	82.0	82.2	82.6
Thailand	77.5	77.7	77.9	70.8	71.0	71.1	74.1	74.2	74.4
Vietnam	80.3	80.4	80.5	70.6	70.8	71.0	75.3	75.5	75.6

Notes:

Italic means data revised from previous publication

Source: <http://databank.worldbank.org/data/reports.aspx?source=health-nutrition-and-population-statistics#>

Table 28: ASEAN Member States: Government Health Expenditure as Percentage of GDP for periods indicated

Country	2010	2011	2012	2013	2014
Brunei Darussalam	2.7	2.2	2.3	2.6	2.6
Cambodia	6.0	5.6	6.2	5.9	5.7
Indonesia	2.7	2.7	2.9	2.9	2.8
Lao PDR	2.7	2.2	2.1	2.0	1.9
Malaysia	4.0	3.9	4.0	4.0	4.2
Myanmar	1.9	1.9	2.2	2.2	2.3
Philippines	4.4	4.3	4.5	4.6	4.7
Singapore	4.0	3.9	4.2	4.5	4.9
Thailand	5.4	5.9	6.2	6.2	6.5
Vietnam	6.4	6.2	7.0	7.2	7.1

Source: WB, WDI at <http://databank.worldbank.org/data/reports.aspx?source=health-nutrition-and-population-statistics#>

Table 29: ASEAN Member States: Adult Literacy Rate 15 Years Old and Above, in percent for periods indicated

Country	Female			Male			Total		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
Brunei Darussalam	95.2	95.8	96.3	97.6	97.8	98.1	96.4	96.8	97.2
Cambodia	72.6	73.2	74.4	87.8	86.9	87.7	79.9	79.7	80.7
Indonesia	90.6	90.6	91.4	95.7	95.9	96.5	93.0	93.3	94.1
Lao PDR	-	-	74.0	-	-	83.0	-	-	79.0
Malaysia	91.8	92.1	92.1	95.9	96.0	96.1	93.9	94.1	94.2
Myanmar	95.3	95.1	95.4	94.4	94.8	94.8	95.0	95.6	95.1
Philippines	-	-	-	-	-	-	-	-	-
Singapore ¹	94.1	94.4	94.6	98.4	98.5	98.5	96.2	96.4	96.5
Thailand	-	-	-	-	-	-	-	-	-
Vietnam	92.2	92.9	93.1	96.2	96.6	96.6	94.2	94.7	94.8

¹ Refers to residents' population, comprising Singapore Citizens and Permanent Residents

Notes:

a. "-" means no data available

b. *italic* means data revised from previous publication

Sources: ASEAN Statistical Yearbook 2014, Yearbook of AMSs (Brunei Darussalam, Cambodia, Indonesia, Malaysia, Myanmar, Philippines, Singapore, Thailand and VietNam) AMSs' data submission for ASEAN Statistical Yearbook, ASEAN Community Progress Monitoring System (ACPMS) and ASEAN Statistical Report on the MDGs ADB Key Indicators, 2001-2012

Table 30: ASEAN Member States: Unemployment Rate by Gender, in percent for periods indicated

Country	Female			Male			Both Sexes		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
Brunei Darussalam	4.0	4.1	4.0	3.6	3.6	3.6	3.8	3.8	3.8
Cambodia	0.2	0.3	0.4	0.2	0.3	0.4	0.2	0.3	0.4
Indonesia	7.2	7.3	7.2	5.4	5.6	5.6	6.1	6.3	6.2
Lao PDR	1.1	1.1	1.2	1.6	1.6	1.6	1.4	1.3	1.4
Malaysia	3.2	3.6	2.2	2.9	2.9	1.8	3.0	3.2	2.0
Myanmar	3.6	3.6	3.6	3.0	2.9	3.0	3.3	3.3	3.3
Philippines	6.9	7.1	7.0	7.0	7.1	7.1	7.0	7.1	7.1
Singapore	3.1	3.1	3.3	2.6	2.5	2.7	2.8	2.8	3.0
Thailand	0.7	0.7	0.9	0.7	0.7	0.9	0.7	0.7	0.9
Vietnam	2.0	2.5	2.5	1.6	1.9	2.0	1.8	2.2	2.3

Note: italic means data revised from previous publication

Source: <http://databank.worldbank.org/data/reports.aspx?source=health-nutrition-and-population-statistics#>

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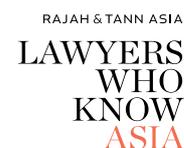
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