Towards an ASEAN Economic Community: Vision or Reality?

(Revised Version)

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1. Introduction
At the 2003 ASEAN Summit in Bali on 7 October 2003, ASEAN leaders agreed to establish an ASEAN Economic Community (AEC) by 2020. The idea of an AEC was first proposed by Singapore Prime Minister Goh Chok Tong in the previous year’s ASEAN Summit in Phnom Penh, Cambodia. The AEC is one of three pillars (the other two being the ASEAN Security Community and the ASEAN Socio-cultural Community) that make up the ASEAN Community as declared by ASEAN leaders in the Bali Concord II.

Out of these three pillars, it is the AEC that has the greatest chance of being realized by 2020. This is because ASEAN has already put in place the building blocks towards realizing an economically integrated ASEAN. As noted in the Bali Concord II, ASEAN’s strategy would therefore involve achieving a higher level of regional integration and enhancing economic competitiveness. In line with the ASEAN Vision 2020, it is envisaged that the AEC will be a single market and production base with free flow of goods, services, investments, capital and skilled labour. To kick-start the AEC project, ASEAN will implement the policy recommendations of the High Level Task Force (HLTF) on ASEAN Economic Integration which were unveiled in the Bali Summit.

As ASEAN moves towards a new phase of regional cooperation, the AEC needs to be clearly conceptualized. The concept and modalities of an AEC are currently being explored by the Institute of Southeast Asian Studies (ISEAS), ASEAN Institutes of Strategic and International Studies (ASEAN-ISIS) as well as other research institutions and think tanks in the region. Drawing upon ongoing research work done at ISEAS, this paper aims to flesh out the idea of an AEC and identify key policies to realize this end-goal by 2020. Section 2 examines the concept and rationale for establishing an AEC. In Section 3, the HLTF’s action plan on the AEC are assessed. Section 4 examines the key issues relating to ASEAN economic integration. Section 5 highlights key issues in the ISEAS study on the AEC including policy recommendations. Concluding remarks are provided in Section 6.