

Original Research Article

ASEAN Economic Community (AEC): An Empirical Impact Analysis

ABSTRACT

Regional Economic Integration is considered the most powerful method of ensuring productivity and attaining economic prosperity. ASEAN Economic Community established to achieve one vision, one identity, and one community is one of Asia's most promising regional economic integration. It aims to emerge as a leading integrated economy in the world. To establish this community, ASEAN adopted Blueprint-2015 in 2007; after implementing the community, it enhanced this blueprint and adopted Blueprint-2025 in 2015. The Blueprint-2025 mentioned five characteristics as the target for ASEAN Economic Community to be undertaken for 2016-2025. Besides, the blueprint also mentioned some significant elements associated with the characteristics. This study focused on the empirical analysis of these characteristics of Blueprint-2025. Therefore, this work used the data of the ten ASEAN countries from 2010 to 2019 by selecting some indicators representing the elements of these characteristics. The finding of this analysis suggested that a large number of the indicators have experienced a decent level of progress, whereas only a few failed to achieve the expected trend.

JEL Classification Codes: F15, F02, R10, R11, R58 and O47

Keywords: Regional Economic Integration; Global ASEAN; ASEAN Economic Community; ASEAN Blueprint-2025; Cohesive Economy; Competitive, Innovative and Dynamic ASEAN

1.0 INTRODUCTION

The dream of integrating Southeast Asian nations became a reality in 1967 with the establishment of one of the most promising integrated regions in Asia, the "Association of Southeast Asian Nations (ASEAN)". This integrated region was launched with the aim of one vision, one identity, and one community. During its inception, this region was volatile due to political instability. This led to the initial focus of ASEAN as preaching peace in this region.

Later with time, the necessity of economic integration arose. After 25 years of its establishment, ASEAN made its first attempt of creating economic cooperation with the formation of the ASEAN Free Trade Area (AFTA) in 1992. Later, in 2002 in the ASEAN summit, a proposal was given to form a regional economic integration by 2020. Afterwards, this proposal was legalised by forming ASEAN Blueprint-2015 in 2007 that targeted to implementation ASEAN Economic Community (AEC) in 2015. This blueprint also specified a set of four goals for the transition period.

ASEAN conceded that the regionally integrated economy is an everchanging continuous procedure since economies and the concerning factors of the economies are evolving. In 2015, ASEAN Blueprint-2025 was implemented, enhancing the ideas of the first blueprint. Besides, it aimed to address the constraints on the way of achieving the targets of AEC. The Blueprint-2025 was later again updated in 2018 and is known as the Consolidated Strategic Plan. The Blueprint-2025 referred to five characteristics to address the targets of AEC. The characteristics include a competitive, innovative and dynamic ASEAN, a highly integrated and cohesive economy, a resilient, inclusive, people-oriented and people-centred ASEAN, enhanced connectivity and sectoral cooperation, and a global ASEAN. In addition, this plan also mentioned a set of critical elements for each characteristic. This study concentrated on analysing the impact of the ASEAN Economic Community empirically. Hence, this study utilised the data of the ten ASEAN countries from 2010 to 2019, selecting some indicators for measuring the elements mentioned in the blueprint. The analysis indicated that most of the criteria showed satisfactory improvement, whereas a few failed to meet the expectation level.

This study is designed with only one comprehensive objective. This objective is to analyse how ASEAN Economic Community has influenced its target factors after its implementation in 2015. There has been a significant number of studies on ASEAN and the ASEAN Free Trade Area. There were only a few works on ASEAN Economic Community. Even if some were done, those did not analyse the impact of all the five characteristics of the Blueprint-2025.

The scope of this work is limited to analysing the impacts of the ASEAN Economic Community. It did not provide any evidence of to what extent the improvements or failures have resulted from

AEC. Moreover, this study considered only four years after the implementation of AEC. This is a tiny time frame to visualise the impact of different macroeconomic variables.

2.0 LITERATURE REVIEW

There have been many studies on the economy of different regional integrations and how regional economic integration (REI) can contribute to the development of the integrated economies. These studies include discussions on the European Union (EU), South Asian Association for Regional Cooperation (SAARC), Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), African Union (AU), and Association of Southeast Asian Nations (ASEAN). Besides, a good number of studies are done on the elements mentioned in the ASEAN Blueprint-2025

Trade diversion and trade creation was the main concerning area of many earlier studies on REI (Viner, 2014). Te Velde (2011) examined how the process of regional integration guides to convergence and development in developing countries. He used panel data of 100 countries from 1990-2004. He suggested that regional integration has a positive influence on growth trends since it encourages Foreign Direct Investment and trade and these two factors lead to growth. However, this study could not establish the strong growth impact of regional integration. Libman and Vinokurov (2012) investigated regional integration and economic amalgamation fluctuation during 1999-2008. This paper discussed several indicators reflecting different aspects, including labour migration, trade, integration in markets, and convergence in post-Soviet countries. They suggested, 'Integration of factor flows can outperform integration of markets for goods and services' (Libman and Vinokurov 2012, P. 02). Shah (2021) investigated the role of regional economic integration on growth from the perspective of South Asia and found that economic integration caused significant economic growth in the studied region. He established causality of economic integration with democracy, human capital, and labour. Simionescu (2018) investigated the impacts of European Economic Integration on Foreign Direct Investment. In the analysis of the impacts, he used the data of Romania from 2005-16 and showed that more FDI was attracted by Romania because of the EU membership in this period. Pangestu and Armstrong (2018) worked on the progress of the Asian countries and found that trade was the major reason behind the progress. They mentioned economic integration as the key driver of this development. Klier & Rubenstein (2017) analysed how Mexico became one of the leading motor vehicle

producers and exporters. They mentioned that with the implementation of NAFTA (North American Free Trade Area), Mexico opened up its market, leading to the stimulation of investment resulting to extensive growth in that sector.

As the primary target of ASEAN was political, the discussions about ASEAN's economic integration was not of much importance. There have been a few studies on ASEAN Free Trade Area (AFTA) and ASEAN Economic Community (AEC). These studies attempted to frame some opportunities and challenges of these economic integrations. A study by Cappannelli (2014) mentioned AEC as a breakthrough step to promote ASEAN Economic Integration. Nevertheless, this step alone is not enough for this region to achieve success in the world. This study suggested that ASEAN must implement a more feasible strategy beyond AEC to achieve its target in economic development. Chia (2014) suggested that ASEAN needs to ensure the governmental willingness and the capacity of coordination to fulfil all the targets of the ASEAN Blueprint. She also mentioned that 'ASEAN has to.. embark on further liberalisation, rationalisation, and integration to seize the opportunities and successfully meet the economic challenges of the 21st century' (Chia 2014, P. 02) . Haw and Ling (2020) examined the relationship between economic growth and corruption of the ASEAN countries. Their findings implied that the countries were vulnerable to variations as it took a long time to adjust to long-run equilibriums, especially on inflation, trade openness, and economic growth. Petri et al. (2011) attempted to estimate the impacts of AEC comprehensively. They incorporated a few benefit opportunities, including trade facilitation, investment climate development, and elimination of tariffs and non-tariff measures. They found that AEC will imply remarkable adjustment structurally in various ASEAN countries. Lee and Plummer (2011) scrutinised the outcomes of AEC using a dynamic computable general equilibrium. This study suggested that in expanding the benefits of AEC, well-organised customs policies, depletion of administrative and political barriers are significant. Kawai et al. (2015) explored the long-run constraints for FDI and Trade of the ASEAN states. Their econometric analysis suggested a mutual reinforcement between FDI and trade, indicating the stimulation of inward FDI by the rise in trade flow and vice versa. Gorbachevskaya (2018) studied the importance of electronic commerce in an innovative economy. He studied the case of Russia and suggested that the development of e-commerce will increase competitiveness and reduce budgets, both financially and time-wise. Biswas (2016) investigated the impact of the

public-private partnership (PPP) on the economy. He used the context of India and referred that 'A couple of PPP based projects in varied sectors has enormously acted as a modern mechanism for faster economic growth in India' (Biswas, 2016, P. 18). Ruger et al. (2011) analysed the correlation of health and economy and identified two ways in which health, healthcare system and economy are interrelated. They mentioned the first category as the association between health and the rate of growth and income distribution. Besides, the second category was the interdependence among health finance strategies, healthcare delivery organisations and outcomes of the economy.

3.0 METHODOLOGY

This work is outlined to evaluate the impacts of the ASEAN Economic Community. For this reason, this work critically observed the characteristics and their key elements mentioned in the Blueprint-2025. Therefore, this study selected a few indicators to measure some of the key elements. Taking data of the selected indicators from 2010 to 2019 of the ASEAN countries, this work completed the impact analysis.

The first characteristic of the blueprint was a highly integrated and cohesive economy. This study used the data of total trade in goods by the ASEAN countries to measure the element 'Trade in Goods'. This analysis used total trade in services by the ASEAN countries and intra-ASEAN trade in services to measure 'Trade in services'. This work took the data of intra-ASEAN FDI inflows and total FDI inflows to ASEAN countries to analyse one vital element of the first characteristic: 'investment'. The second characteristic of the blueprint was 'A Competitive, Innovative and Dynamic ASEAN'. To analyse the impact of this criterion, two essential elements, 'Good Governance' and 'Effective, Efficient, Coherent and Responsive Regulations, and Good regulatory practice', were selected. This study used five indices scores measuring good governance index. The scores indicating good governance were Voice and Accountability Index Score, Political Stability and Absence of Violence Score, Government Effectiveness Score, Rule of Law Score, and Control of Corruption Score. On the other hand, Regulatory Quality Score measured the other element.

The third characteristic of the Blueprint was Enhanced Connectivity and Sectoral Cooperation. This study used four indicators representing E-Commerce, Food, Agriculture, and Forestry, Tourism and Healthcare. UNCTAD B2C E-Commerce Index Score, Agriculture, forestry, and

fishing, Value Addition in ASEAN Countries, Total Tourism Receipts of ASEAN Countries, and Health Care Expenditure by ASEAN Countries measured the elements respectively. The last characteristic was 'A Global ASEAN' which was analysed empirically.

4.0 DATA

This study conducted the analysis using the data of ten ASEAN countries from 2010 to 2019. The countries are Brunei Darussalam, Cambodia, Laos, Indonesia, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam.

The following table mentions the data sources of the indicators used in this paper.

Table 01: Data source of the variables

Indicators	Data Source
Trade in goods	World Development Indicator
Trade in services	World Development Indicator
FDI Inflow	ASEAN Resources
Good Governance Index	World Bank
B2C E-Commerce Index Score	World Development Indicator
Agriculture, forestry, and fishing, Value Addition in ASEAN Countries	World Development Indicator
Total Tourism Receipts	World Development Indicator

5.0 EMPIRICAL ANALYSIS

The AEC Blueprint-2025 mainly focuses on five interlinked and collaboratively strengthening characteristics to create an extraordinarily integrated and highly connected ASEAN economy through innovation and equitable growth. These characteristics can be explained and measured through different indicators mentioned as the key elements in the blueprint. This paper used the data from 2010 to 2019 to analyse how these indicators have behaved over the studied period in line with the characteristic objectives of the Blueprint-2025.

5.1 A highly integrated and cohesive economy

This characteristic targets to expand the production link and trade of ASEAN countries and create a united market for the people in this region. To make this objective successful, AEC wants to ensure the movement of goods and services, capital, skilled labour, and investment within the ASEAN countries to be smooth and trouble-free. This study analysed the trends in intra-ASEAN FDI inflows, total FDI inflows to ASEAN countries, total trade of goods by ASEAN countries, intra-ASEAN trade in services, and total trade in services by ASEAN countries to scrutinise how ASEAN countries have performed in

this criterion.

5.1.1 Trade in goods

The ASEAN Economic Community has undertaken some strategic measures to promote growth following the success in the free flow of goods in Blueprint-2015. This study used data from 2011-2019 to investigate if there have been any significant growth in the total trade in goods by the ASEAN countries.

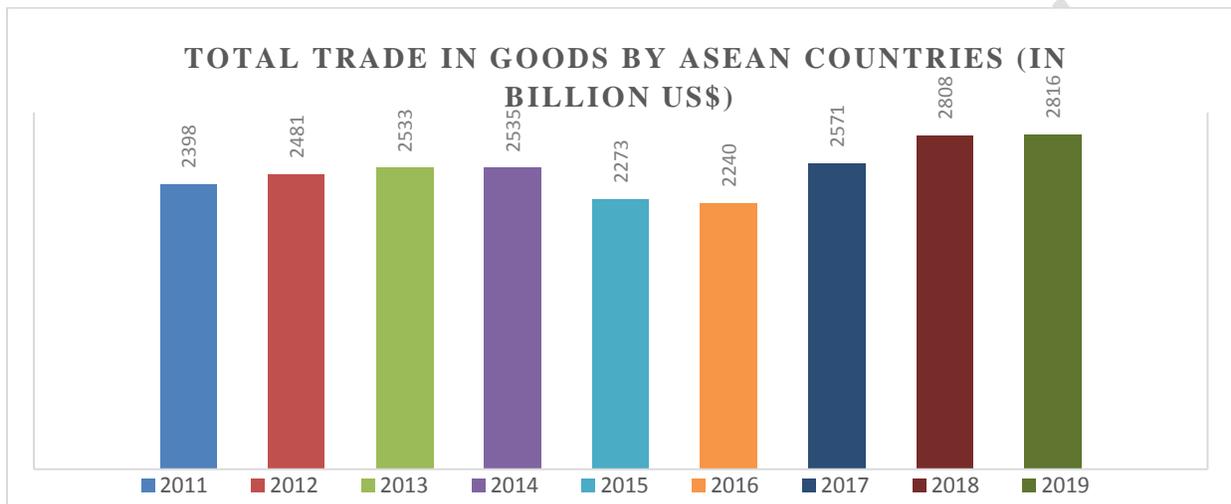


Figure 01: Total trade in goods by ASEAN countries.

Figure 01 shows that up to 2011 to 2014, the countries experienced slight growth in total trade in goods, which reduced sharply in 2015 and 2016. Since then, the trend of growth has increased significantly in 2017 and 2018. Again, the growth rate became a bit slower in 2019. It can be seen that the trend of growth is higher in the later period, comparing the period 2011-2015 with the period 2016- 2019. This finding suggests that the strategies undertaken by AEC countries to facilitate trade by the ASEAN countries may have influenced the total trade in goods.

5.1.2 Trade in services

AEC targets to enhance the member countries' competitiveness in services and merge into the global supply chain. This integrated region focused on trading of services both within-ASEAN and with the rest of the world. This study explored how the ASEAN countries performed in trading services both amongst themselves and with the world.

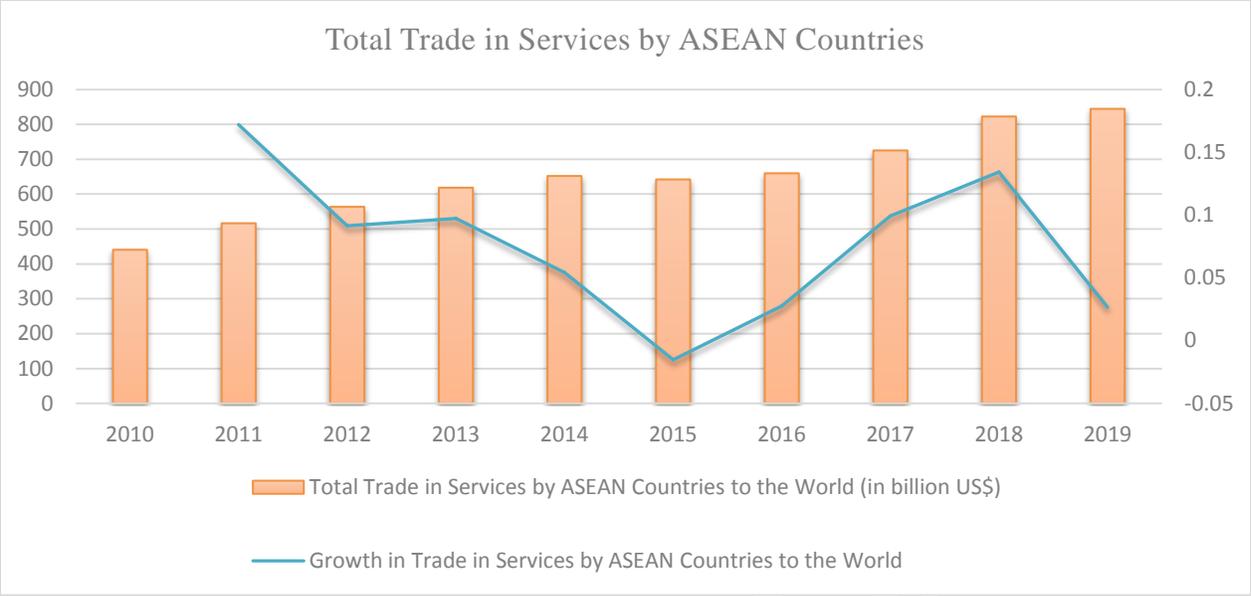


Figure 02: Total trade in services by ASEAN countries.

Figure 02 shows both the total trade in services by ASEAN countries and its direction of growth. From 2013 to 2015, the growth is reducing and becomes negative in 2015. Then again, from 2015, the growth in total trade in services experiences an increase until 2018 and then again faces a reduction of growth. In brief, comparing the later period with the former one, this graph suggests that after implementing AEC in 2015, growth in total trade in services by ASEAN countries has experienced an increase in the average rate of growth direction.



Figure 03: Intra-ASEAN trade in services

Intra-ASEAN trade in services also shows a similar pattern as the total trade in services broadly. The growth trend of trade in services experienced a fall in the former period of AEC that is from 2011 to 2015. Nevertheless, the growth experienced a positive trend from 2015 to 2018. The trade-in services in terms

of total trade by ASEAN countries and intra-ASEAN countries have experienced notable growth. This assessment suggests that the steps like negotiations in ASEAN Framework Agreement on Services (AFAS), ASEAN Trade in Services Agreement (ATISA), and some others may have impacted the trade in services in this region.

5.1.2 Investment

Both ASEAN Blueprint-2015 and Blueprint-2025 targeted to ensure an increase in ASEAN's competitiveness to bring foreign investment and increase intra-ASEAN investment. To fulfil this target, ASEAN has implemented ASEAN Comprehensive Investment Agreement (ACIA), and strengthened the Coordinating Committee on Investment (CCI). This study studied the growth trend of total FDI inflow to ASEAN countries and intra-ASEAN FDI inflows to examine how much they have improved in this criterion.

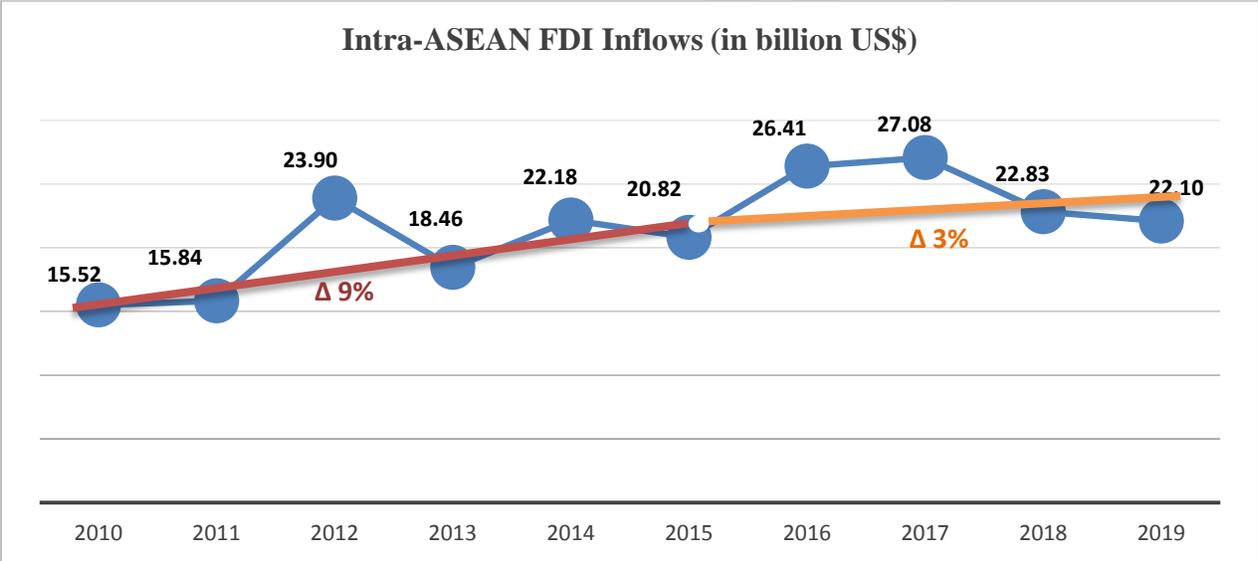


Figure 04: Intra-ASEAN FDI inflows.

The average growth rate of intra-ASEAN FDI inflows experiences a reduction in growth in the period 2016-2019. In the former period, ASEAN countries experienced an average growth rate of per cent, which reduced by three times in the later period and became only 3 per cent. This finding suggests that the target of AEC to expand intra-ASEAN FDI inflow did not face any improvement; instead, the rate was reduced.

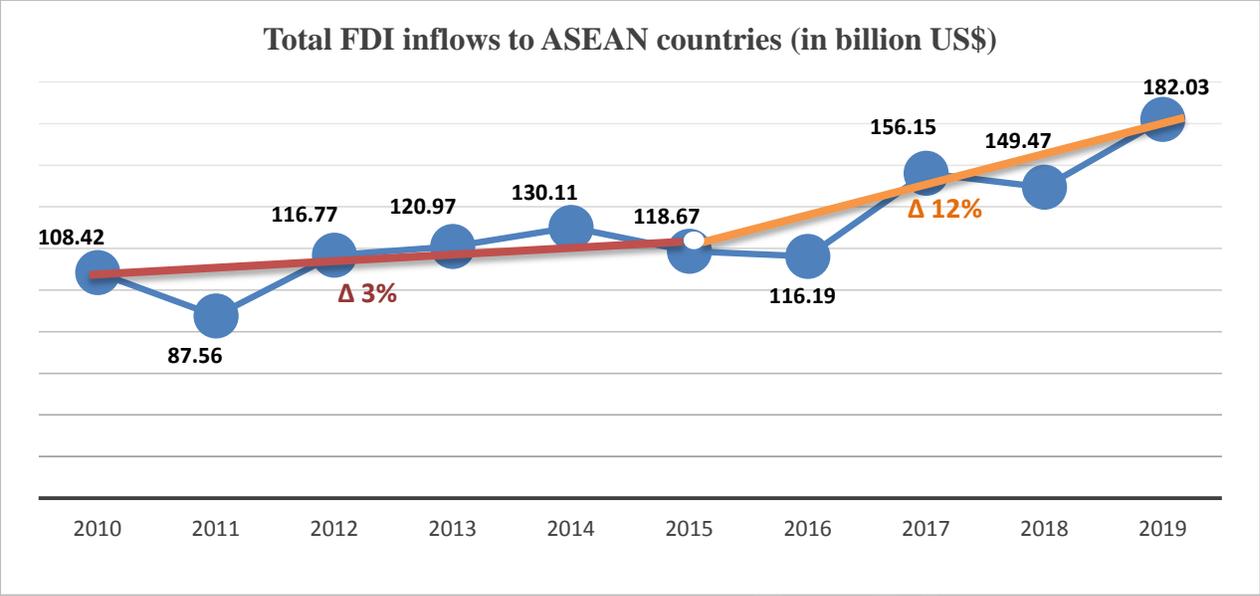


Figure 05: Total FDI inflows to ASEAN countries

While analysing the total FDI inflow to ASEAN countries, the result obtained is quite the opposite of intra-ASEAN FDI inflow. Figure 05 shows that the average growth rate of total FDI inflow to ASEAN countries has experienced a significant increase between 2016-2019. In this period, the average growth rate became four times the average growth rate in 2011-2015, which was only 3 per cent. The findings of the analysis of intra-ASEAN FDI inflow and total FDI inflow to ASEAN countries convey the message that, though the strategies by AEC may influence the total FDI inflow to ASEAN countries, it failed to make any improvement in case of intra-ASEAN FDI inflow.

5.2 A Competitive, Innovative and Dynamic ASEAN

To fulfil the target of a competitive, innovative, and dynamic integrated region, ASEAN aims to improve its productivity and competitiveness. For this purpose, it has focused on ensuring effective competition policy, generating and safeguarding knowledge, strengthening its involvement in the global value chain, and maintaining related regulatory structures. This study used the Good Governance Index, Political Stability and Absence of Violence Score, including Voice and Accountability Score, Regulatory Quality Score, Government Effectiveness Score, and Rule of Law Score, to explore the conditions of the ASEAN countries.

5.2.1 Good Governance

AEC has the objective to strengthen governance with the help of a transparent public sector and increased involvement with the private sector. This study used different indices of Good Governance Indicators to securitise the scenario of the ASEAN countries.

5.2.1.1 Voice and Accountability Score

This score measures the extent to which citizen of a state takes part in the selection of government. This score also indicates how much the people have freedom of expression, association, and free media. This study compares this index score of three years, 2011, 2015, and 2019 to see the condition of the ASEAN countries. Besides, this work focuses on seeing how much fluctuation these countries have faced over the years in this indicator.

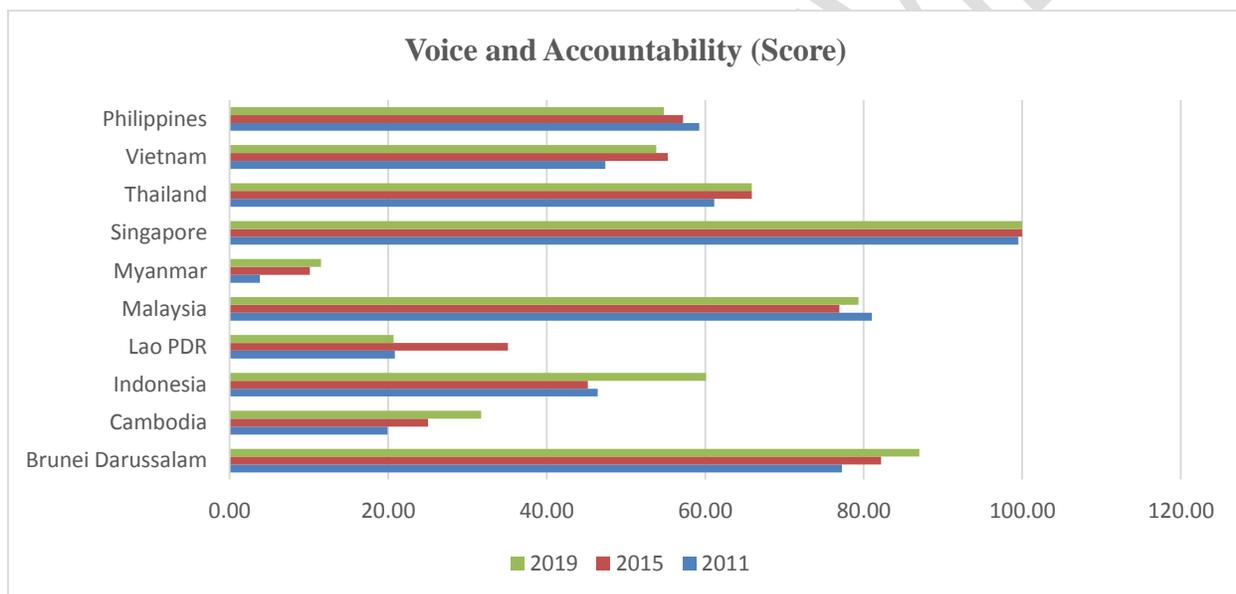


Figure 06: Voice and Accountability Score of ASEAN Countries

Figure 06 shows that countries like Brunei Darussalam, Cambodia, Myanmar, and Thailand have faced a continuous decent development over the years. The Philippines showed the exact opposite scenario with continuous demotion. While Indonesia faced a massive improvement in 2019 compared to the previous two years, Laos faced imbalanced fluctuation with a huge improvement in 2015. Vietnam experienced a slight reduction in score in 2019 after a significant development in 2015. Thailand showed a static score in 2015 and 2019 after significant improvement from 2011. Finally, with a perfect score, Singapore continues to be top of the list. This score suggests that though many ASEAN countries showed improvement in this criterion after 2015, the overall situation is still unsatisfactory.

5.2.1.2 Political Stability and Absence of Violence/Terrorism Score

This score computes the perceptions of the probability of political uncertainty and politically induced violent activities like terrorism. Hence, AEC targets to ensure good governance, the ASEAN countries should concentrate on improving this score. This study analyses the score of 2011, 2015, and 2019 to investigate the situation that the ASEAN countries are experiencing.

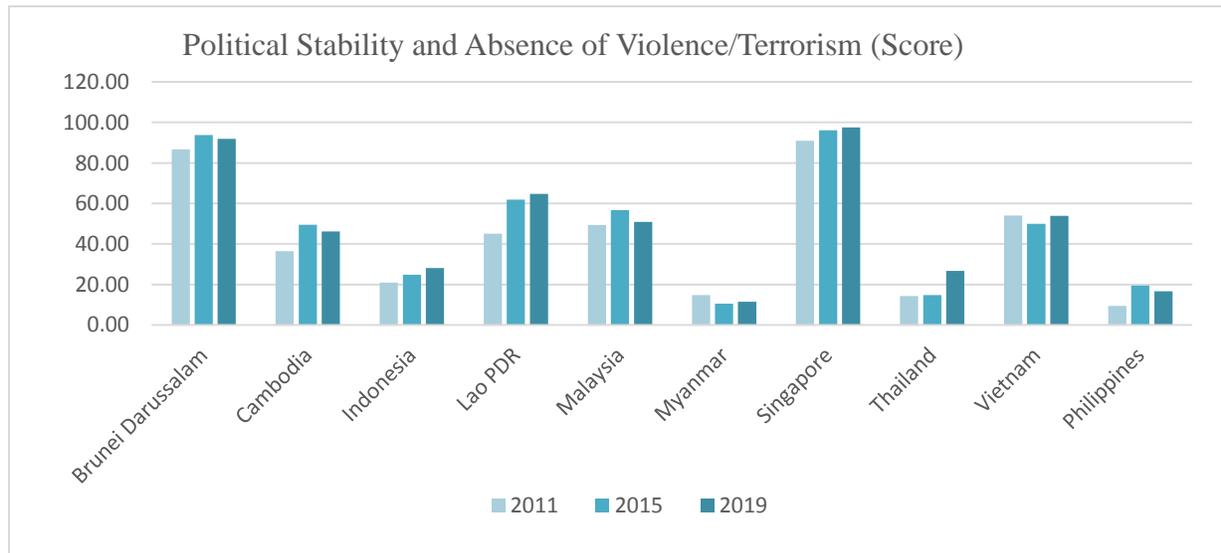


Figure 07: Political Stability and Absence of Violence/Terrorism Score

This analysis suggests that Myanmar and the Philippines have shown abysmal performance. Moreover, the performance of Indonesia and Thailand are also not satisfactory. Nevertheless, Thailand has shown moderate improvement in 2019. On the other hand, besides Singapore, Brunei Darussalam has shown a very satisfactory score with a slight demotion in 2019. The finding suggests that the ASEAN countries have not experienced any mentionable growth after 2015; the growth has been very slow and static in some cases.

5.2.1.3 Government Effectiveness Score

AEC needs to concentrate on developing the governments' effectiveness to ensure its targets of maintaining consumers' protection, establishing effective competition policy, and ensuring good governance. This score calculates the condition of public services, civil services, and the strength of its freeness from political influence. Besides, policy preparation and execution quality also contribute to this scoring system. This study compared this score of the years 2011, 2015, and 2019 to observe how much growth the ASEAN countries have experienced over the years to ensure their governments' effectiveness.

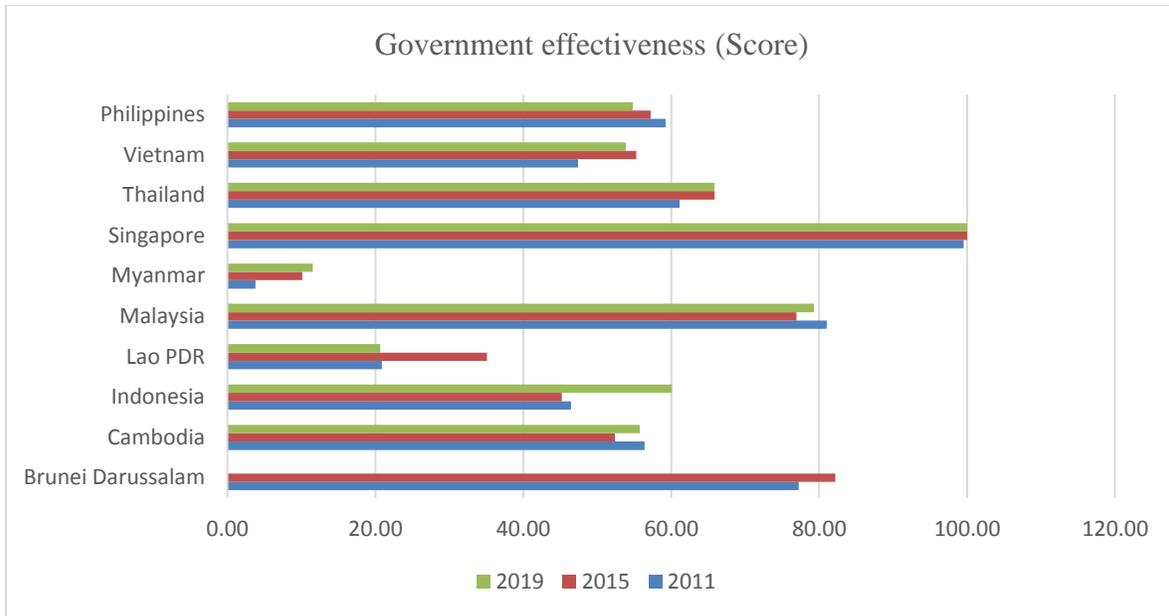


Figure 08: Government Effectiveness Score of ASEAN Countries

In this scoring, only Indonesia achieved significant development in 2019, and Singapore persisted in its top position with a perfect score. Other countries did not show any notable growth. This finding advocates that most ASEAN countries failed to achieve notable progress in developing their governments' effectiveness after 2015.

5.2.1.4 Rule of Law Score

This score is one of the best ways to see how well the country's governance ensures the maintenance of the rule of law. It considers elements like limitations of government power, open and accessible government, unavailability of corruption, order and security, fundamental rights, and some others.

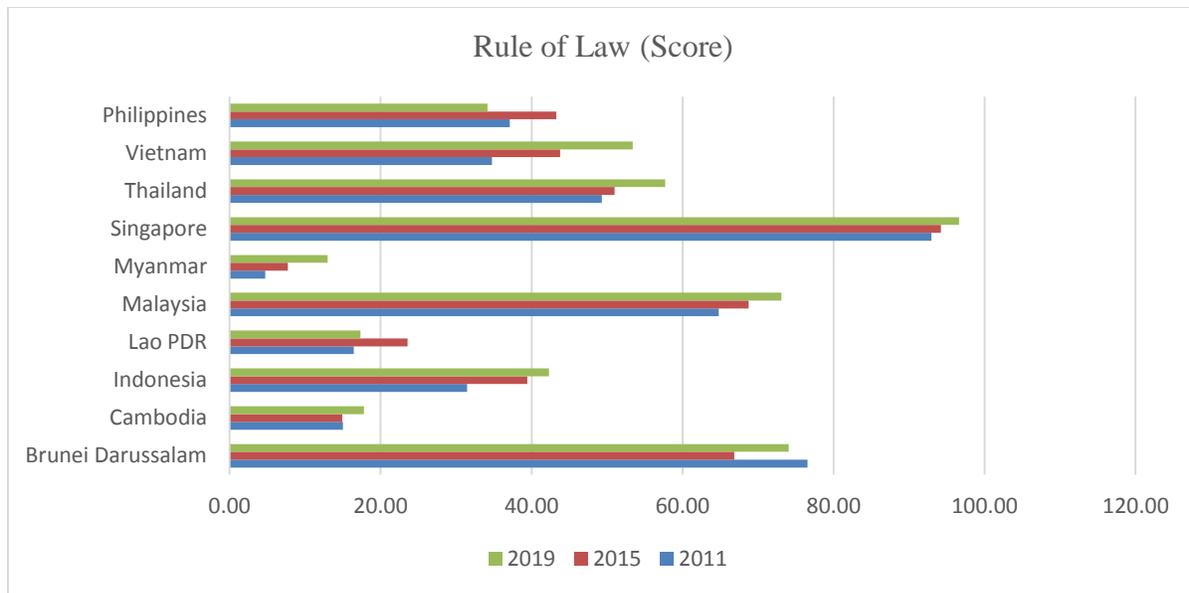


Figure 09: Rule of Law Score

This analysis shows that most of the ASEAN countries have experienced consistent growth in this score compared to other good governance criteria. Laos and the Philippines have experienced an imbalanced growth over the years. This finding suggests that a good number of countries have experienced satisfactory growth after 2015.

5.2.1.5 Control of Corruption Score

This is one of the dimensions of good governance. This study used the data of 2011, 2015, and 2019 to see how much the ASEAN countries were successful in controlling corruption over the years.

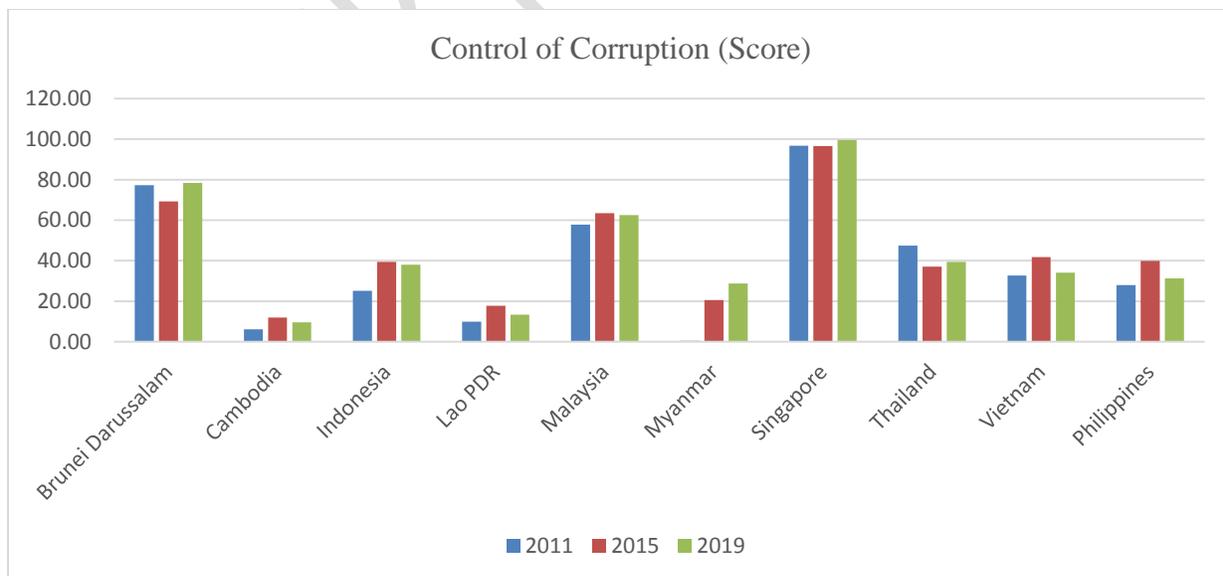


Figure 10: Control of Corruption Score

Figure 10 indicates that most of the countries have not shown any mentionable progress in

controlling corruption over the years. Countries like Cambodia, Laos, and Myanmar have low scores, meaning high corruption in those countries. In contrast, Singapore is again leading the chart with an almost perfect score. This analysis shows that the level of corruption in these countries is unequal, with Singapore performing extraordinarily and Laos, Cambodia, and Myanmar performing very poorly. Besides, progress after 2015 was not notable in most cases.

5.2.2 Effective, Efficient, Coherent and Responsive Regulations, and Good regulatory practice

The regulatory quality has a significant influence on the functioning of different organisations. A non-biased, efficient, integrated, transparent, and responsive regulatory practice can ensure ASEAN's target of achieving competitive, robust, and innovative economic growth. This study used the Regulatory Quality Index Score of the years 2011, 2015, and 2019 to examine the growth of ASEAN countries in this regard.

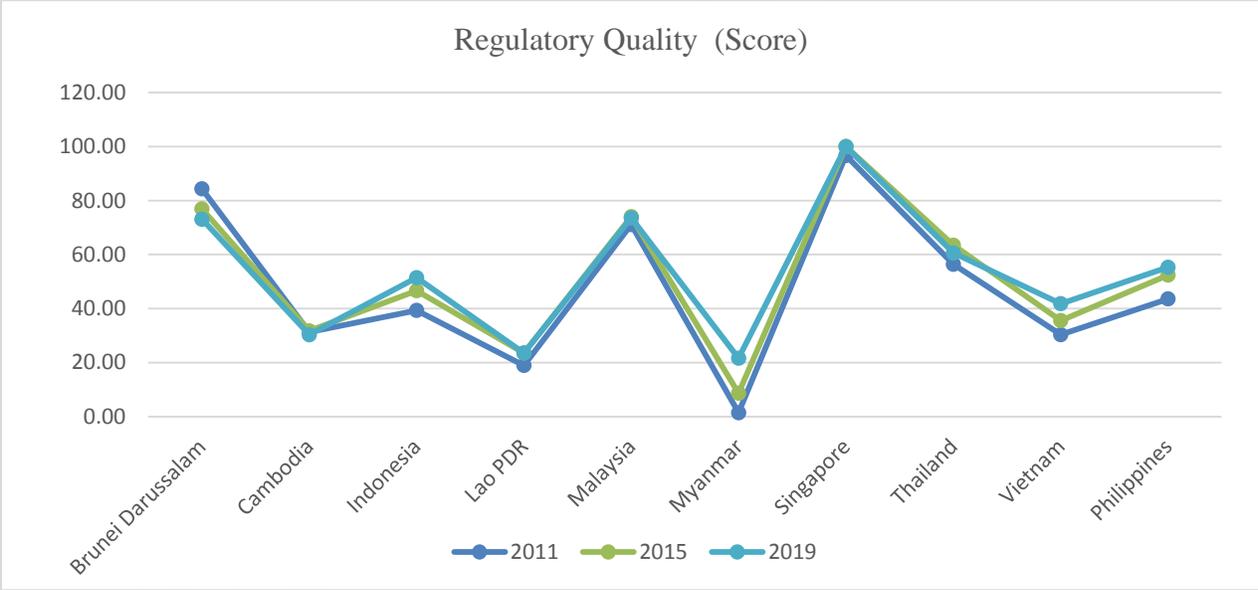


Figure 11: Regulatory Quality Score

This analysis shows that the growth of regulatory quality scores has been very slow in most of the ASEAN countries. Like most of the other scores in this segment, Myanmar and Laos lack behind. However, Myanmar faced significant progress over the years. This analysis indicates that the inequality in this respect is also very high among ASEAN countries, and development after 2015 is not remarkable.

5.3 Enhanced Connectivity and Sectoral Cooperation

This characteristic of AEC Blueprint-2025 aims to increase economic connectivity in the telecommunication, transport, and energy sectors. With this target in action, ASEAN has undertaken the Master Plan on ASEAN Connectivity (MPAC). This study investigated some elements of this characteristic: E-commerce, Food, Agriculture and Forestry, Healthcare, and Tourism.

5.3.1 E-Commerce

Electronic Commerce has become the most significant element of the global economy. This has outstandingly contributed to the reduction of barriers to entry and business operating costs using ICT. E-commerce has contributed to promoting border-free trade and enhancing foreign investments through speedy services. This study used the B2C (Business to Consumer) e-commerce index score of 2015 and 2019 to scrutinise how ASEAN countries have contributed to developing e-commerce.

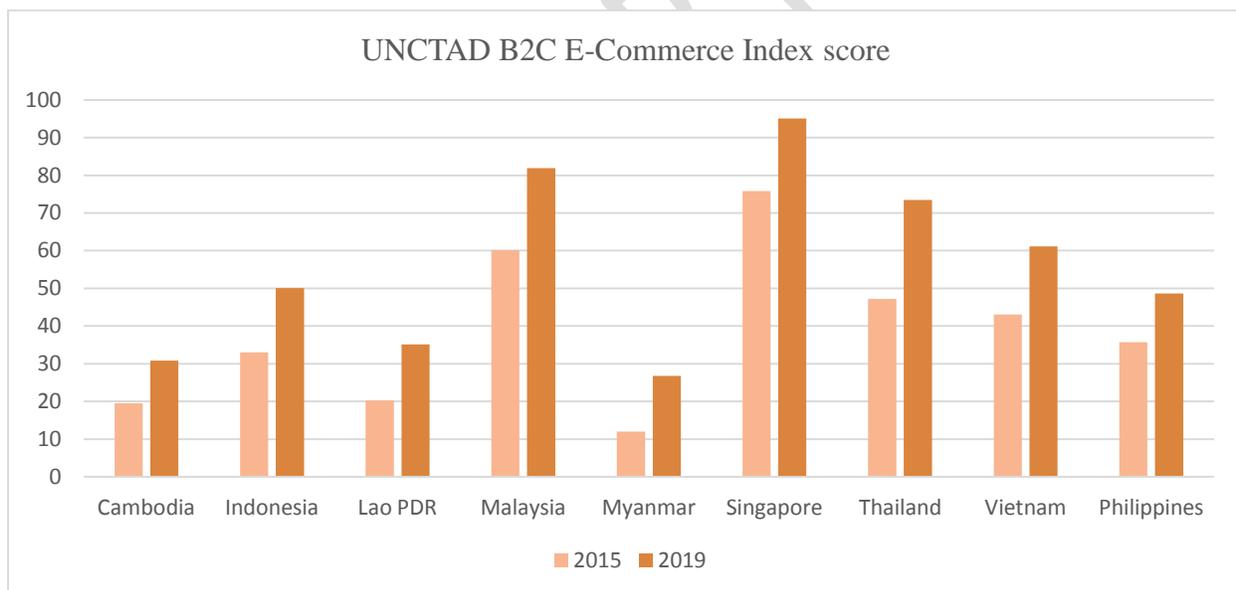


Figure 12: UNCTAD B2C E-Commerce Index Score

Figure 12 clearly shows that all of the countries have experienced a significant improvement in E-Commerce over the years. Different activities undertaken by ASEAN to develop its e-commerce may have contributed to this remarkable development after 2015.

5.3.2 Food, Agriculture, and Forestry

Concerning increasing population, fast income growth, and an increasing middle class, the ASEAN Cooperation of food, agriculture, and forestry (FAF) plays a significant role in the ASEAN countries. FAF has planned and implemented different activities to fulfil AEC's dream to make a single market and production base, as mentioned in the Blueprint-2015. This study investigated the data on agriculture, forestry, and fishing, value addition in the ASEAN countries from 2010 to 2019.

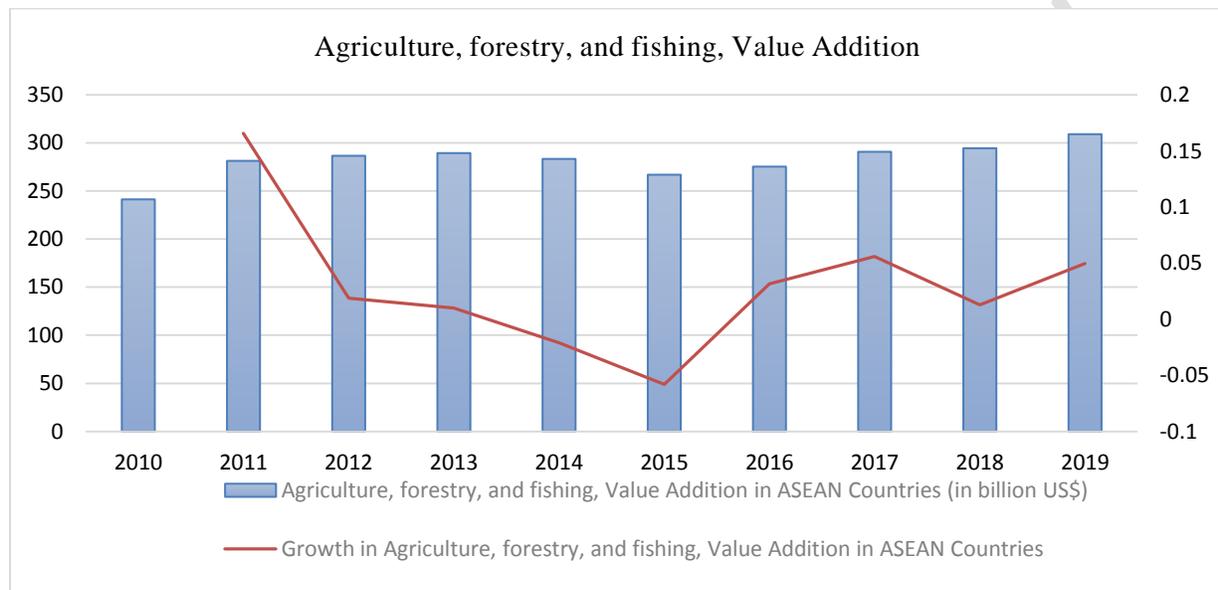


Figure 13: Agriculture, forestry, and fishing, Value Addition in ASEAN Countries

The analysis shows that the average growth rate in this sector has been inconsistent over the studied periods. The rate of growth faced a reduction from 2011 to 2014 and became negative in 2015. After 2015, the growth rate experienced a slow positive trend. However, the average growth rate is higher in the later period 2016-2019 compared to 2011-2015. This indicates that the planning of this integrated region could not show much-impacted outcomes in agriculture, food, and forestry.

5.3.3. Tourism

The AEC Blueprint -2025 aims to create an accountable, enduring, and inclusive tourism development to establish ASEAN countries as excellent tourism destinations. AEC has identified the challenges in developing tourism and has undertaken different activities to solve those constraints. This study used total tourism receipts by ASEAN Countries to explore the performance of ASEAN countries from 2010 to 2019 in this criterion.

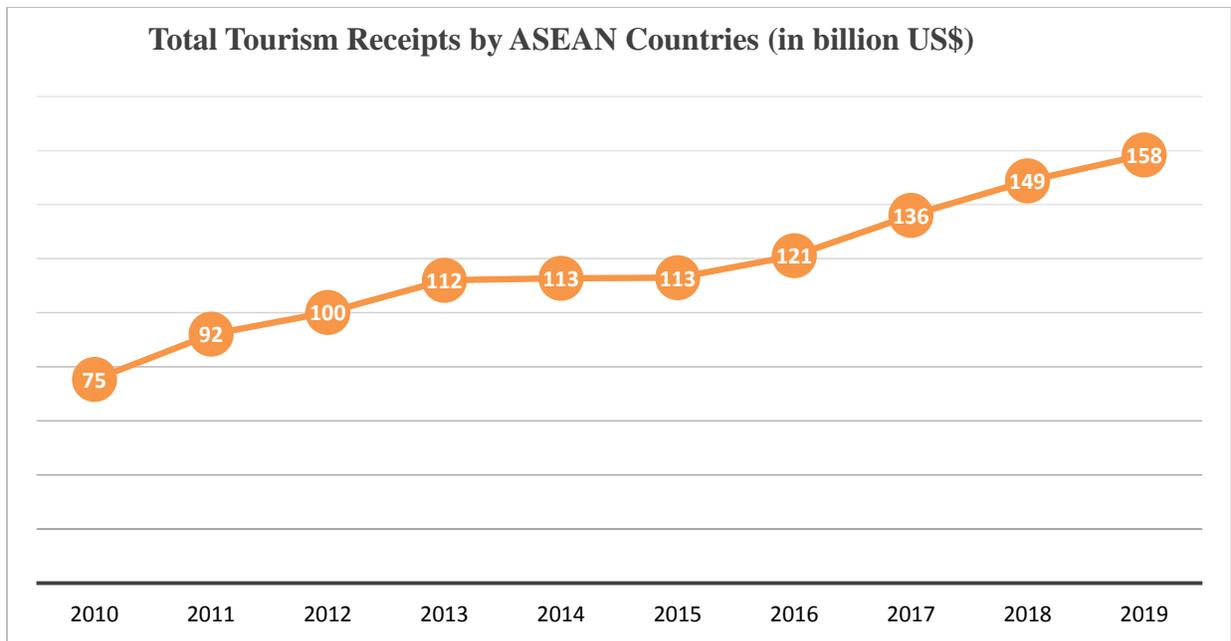


Figure 14: Total Tourism Receipts of ASEAN Countries

Figure 14 shows that total tourism receipts have shown a significant increase over the years. The growth reduced in 2012-2015 but again faced an increase in growth after 2015. This finding suggests that the ASEAN countries have been able to increase their target of creating this region as a centre of quality destination for tourism with an increasing average growth rate after 2015.

5.3.4 Healthcare

ASEAN targets to develop a well-built healthcare industry to fulfil the demand for discounted and quality healthcare services in the member countries. 'The development of healthcare industry in this region will include The development of the healthcare industry in the region will include traditional knowledge and medicine, taking into account the importance of adequate protection of genetic resources, traditional knowledge, and traditional cultural expressions (GRTKTCE)' as mentioned in article no. 60 under section C.7 in AEC Blueprint-2025. This study utilised the data of health expenditure by ASEAN countries from 2010 to 2019.

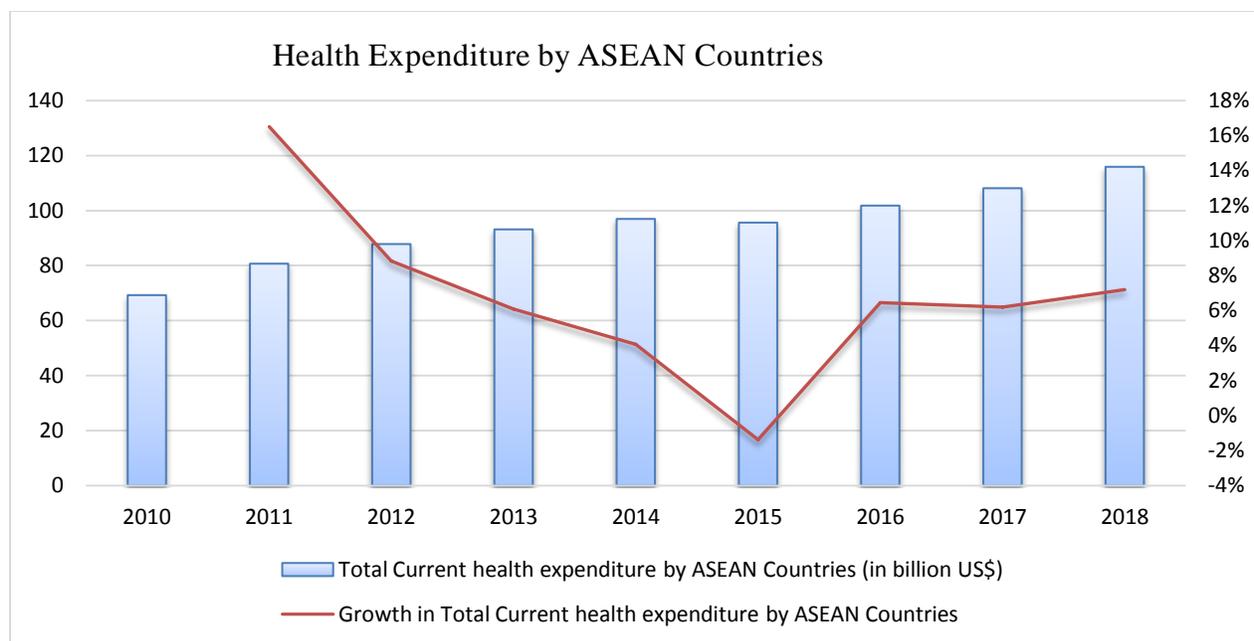


Figure 15: Health Care Expenditure by ASEAN Countries

This examination shows that the growth rate of health care expenditure by the ASEAN countries has experienced a reduction over 2012-2015, with a slight increment in 2014. Later after 2015, the growth rate increased to around 7 per cent in 2016 and then increased steadily in 2017 and 2018. The finding from this investigation suggests that there has been an increase in the average growth rate in the health care expenditure in ASEAN countries after 2015. As there is no alternative to increasing healthcare expenditure to ensure a quality healthcare system, this is a field AEC should concentrate on more.

5.4 A Resilient, Inclusive, People-oriented and People-centered ASEAN

The Blueprint-2015 had a vital goal of ensuring equitable economic development. To strengthen this particular goal, the Blueprint-2025 has identified this particular characteristic. This characteristic focuses on Small and Medium Enterprises, Public-Private partnerships, Private sector strengthening, and some others. This study focused on two critical elements of this characteristic: strengthening the private sector and public-private partnership.

5.4.1. Strengthening the Role of the Private Sector

The private sector is one of the most significant stakeholders in the development process. AEC identified that it is essential to have greater and structured participation of the private sector in

achieving ASEAN's goals. This study investigated the data of domestic credit to private sectors by banks in ASEAN countries from 2010 to 2019 to see how much the governments have contributed to the facilitation of the Private sector.

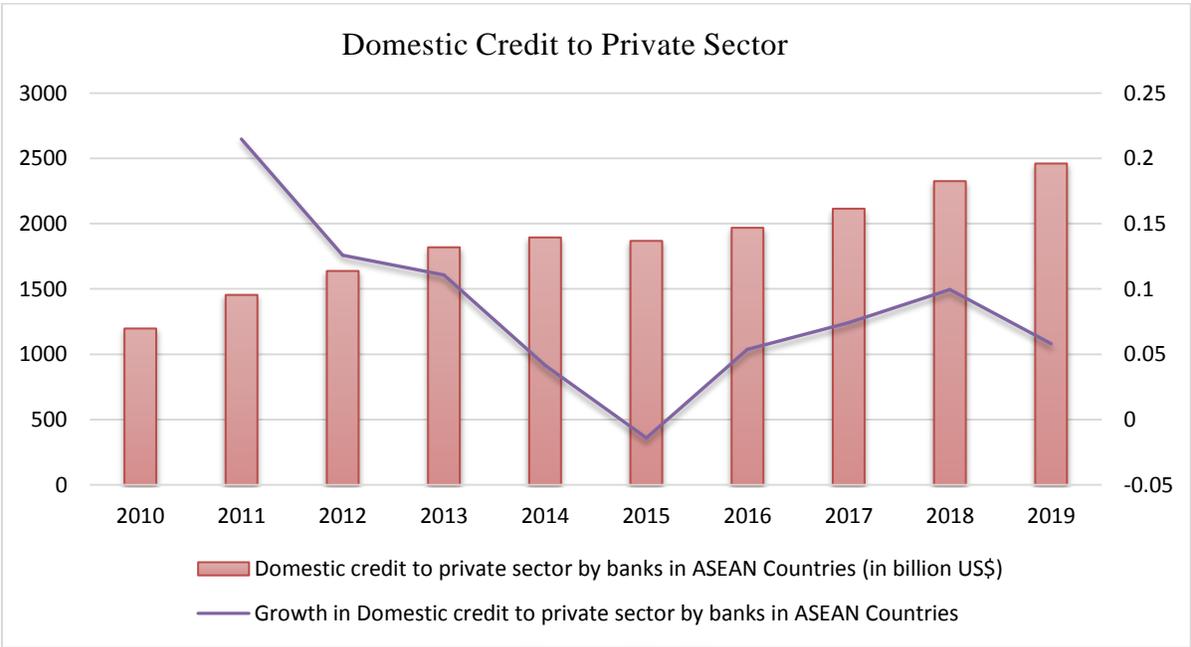


Figure 16: Domestic Credit to Private Sector in ASEAN Countries

The analysis shows that the amount of domestic credit to private sectors have increased consistently and steadily after 2015, indicating that the growth was decent from 2015 to 2018. Nevertheless, the growth again reduced in 2019. This analysis shows that the later period experienced higher growth, comparing the periods before and after 2015.

5.4.2 Public-Private partnership

This is a crucial element to ensure the socio-economic development of any region. ASEAN countries can successfully achieve their target of an inclusive and resilient ASEAN, using private sector specialisation, risk-sharing, and source of additional funding. This study explored the data of Public-private partnerships investment in one critical sector as identified by the third characteristic of Blueprint-2025: energy, to see how much importance the partnership got in this criterion.

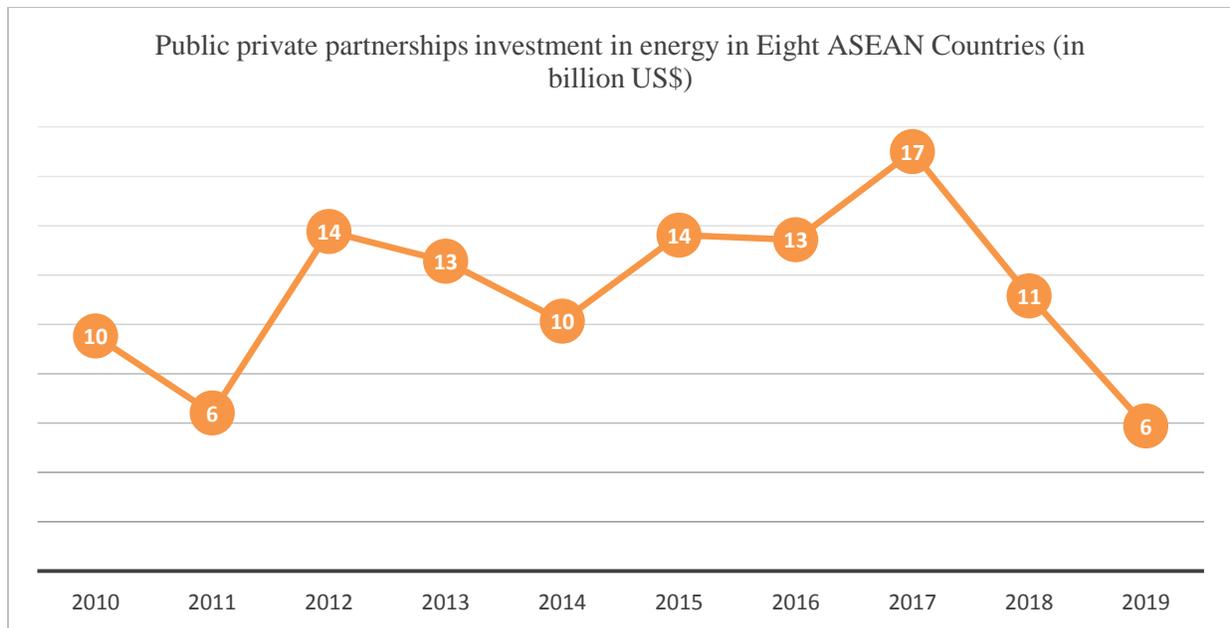


Figure 17: Public-private partnerships investment in energy in the ASEAN Countries

The investigation shows an inconsistent fluctuation in this sector over the years. While a significant focus was to increase public-private partnership after the implementation of AEC, the result shows that it reduced significantly after 2017 and became minimum in 2019 among the studied period of 2010-2019.

5.5 A Global ASEAN

This characteristic has the target to establish ASEAN as an open and inclusive economic zone. Besides, it aims to establish its specific position in regional and global involvements. ASEAN has undertaken diversified strategies to fulfil this target. For this reason, it desires to build a more strategic and well-reasoned approach towards outside economic associations to take on a common position in regional and global economic forums. It also targets evaluating and developing ASEAN Free Trade Area (AFTA) and Comprehensive Economic Partnership (CEP). Improving partnerships with non-FTA partners got significant importance in the agenda of ASEAN. The Blueprint-2025 also aims to enhance strategic involvement with regional groups like Asia Pacific Economic Cooperation (APEC), Eurasian Economic Union (EAEU), and some others. ASEAN established partnerships like the ASEAN-European Union Trade and Investment Program, Post 2015 ASEAN Russia Trade and Investment Program, ASEAN –Canada Joint Declaration on Trade and investment (JTDI), and ASEAN-US Trade and Investment Framework Agreement (TIFA) with the target implementation period of 2016-2025.

6.0 CONCLUSION

ASEAN Economic Community emerged as a leading regional economic integration in Asia and is working to establish it in a powerful position in the global supply chain. All of the four goals of Blueprint-2015 and five characteristics of Blueprint-2025 focused on creating an integrated, cohesive, dynamic, competitive, and global ASEAN. This study was designed to analyse the impact of AEC in achieving its targets. Some of the indicators in this regard showed extraordinary development, whereas a few did not. The objective characteristics of creating a highly integrated and cohesive economy and a competitive, innovative and dynamic ASEAN have shown significant development in most of the elements. The third characteristic of enhanced connectivity and sectoral cooperation also experienced good progress.

Nevertheless, the characteristic of a resilient, inclusive, and people-oriented ASEAN did not show much progress. The final objective of the blueprint to create a global ASEAN is a continuous process. The process is continuing, and the strategies undertaken gives the hope of a vastly impacted criterion. The way ASEAN is evolving its strategies and plannings to cope with the everyday evolving economies gives the optimism that it will achieve its goal of being the most significant integrated economic region in the world.

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