

ASEAN economic community: awareness and acceptance of selected member countries

Sharina Farihah Hasan*, Khairuddin Abd. Rashid, Azila Ahmad Sharkawi, Srazali Aripin, Puteri Nur Farah Naadia Mohd Fauzi

Kulliyah of Architecture and Environmental Design (KAED), IIUM, Malaysia

Abstract: ASEAN wishes to achieve regional economic integration by 2025. Consequently, a host of policies aimed at facilitating achieving economic integration was initiated and implemented commencing 2015. However, published empirical study is scarce especially one that concerns the policies, the awareness, understanding and acceptance by the people of the ASEAN member countries. This paper attempts to patch the presence of such a gap in the literature. Specifically, this paper reports on a study to identify key policies related to the ASEAN Economic Community 2015 and assesses the ASEAN peoples' awareness and acceptance of the identified policies. The study combined desk research with a questionnaire survey, the latter comprised of respondents carefully drawn from selected member countries of ASEAN. The results from the desk study identified the key policies that would drive ASEAN 2015 while the results from the survey suggest that on the whole the respondents are aware of ASEAN 2015, its policies and implementation. In addition, the results suggest that the ASEAN people accept the implementation of ASEAN 2015 and its corresponding policies thus, implying that they are ready and willing to call themselves citizens of a larger and regional economic community otherwise known as the ASEAN Community.

Key words: ASEAN; Community; Economy; Policy; Regional

1. Introduction

ASEAN has set 2015 as the target for the creation of a single regional economic market known as the ASEAN Economic Community (AEC) where the goal is to transform ASEAN into a single market and production base. This paper aims to reports on a study to identify key policies related to the ASEAN Economic Community 2015 and assesses the ASEAN peoples' awareness and acceptance of the identified policies. The study reported herein was conducted through extensive literature search and questionnaire survey of selected member countries, i.e. Malaysia, Indonesia, Philippines, Viet Nam and Cambodia.

The paper is presented in 7 parts. Part 1 introduces the paper. Part 2 and Part 3 provide an overview on ASEAN and AEC policies, respectively, while Part 4 presents the methodology and continues with results from the study in Part 5. This is followed by discussion in Part 6 and finally Part 7 concludes the paper.

2. ASEAN: An overview

The Association of South East Asian Nation (ASEAN) was formed on 8 August 1967 in Bangkok, Thailand, with the signing of the ASEAN Declaration (Bangkok Declaration) by the leaders of five (5) ASEAN countries, namely Indonesia, Malaysia, Philippines, Singapore and Thailand. Since then, the

membership has expanded to include Brunei Darussalam which joined on 7 January 1984, Viet Nam on 28 July 1995, Lao PDR and Myanmar on 23 July 1997, and Cambodia on 30 April 1999 thus making up to ten (10) member states of ASEAN as today (ASEAN, 2016). As set out in the ASEAN Declaration, its aims and purposes include the acceleration of economic growth, social progress, cultural development among its members, the protection of regional peace and stability, the promotion of active collaboration and mutual assistance in common interest fields, collaboration for greater utilization of the agriculture and industries and the expansion of the trade and maintaining close and beneficial cooperation with the existing international and regional organization (ASEAN, 2016). Table 1 shows the key economic data of ASEAN member countries.

3. ASEAN economic community (AEC)

ASEAN was originally formed for "geopolitical reasons" (Chia, 2011). It is only later after the formation of ASEAN that the member countries worked towards economic cooperation (Chia, 2011). In November 2002, the ASEAN Heads of Government meeting in Phnom Penh proposed that the region should consider the possibility of creating an ASEAN Economic Community (AEC) by 2020. During the Bali ASEAN Summit in October 2003, the ASEAN leaders then only agreed to create a region in which goods; services, capital and skilled labour would flow freely. However, at the ASEAN Summit held in Cebu,

* Corresponding Author.

Philippines in January 2007, the timeline to realize the AEC was brought forward by five years to 2015 (Denis, 2007).

Table 1: Key economic data of ASEAN member countries

Country	Total population ⁱ ('000)	Gross domestic product at current prices ⁱⁱ (USD Million)	Labour Force ⁱⁱⁱ ('000)	Unemployment Rate ^{iv} (%)
1. Brunei Darussalam	413.00	17,108.28	203.60	2.7
2. Cambodia	15,184.12	16,771.44	8,250.00	n.a
3. Indonesia	252,164.80	983,570.79	121,872.93	5.8
4. Lao PDR	6,809.00	11,777.22	n.a	n.a
5. Malaysia	30,261.70	326,345.59	13,931.60	2.9
6. Myanmar	51,486.00	65,785.26	32.98	4.0
7. Philippines	101,174.90	284,910.07	41,379.00	6.3
8. Singapore	5,469.70	307,871.91	3,530.80	2.0
9. Thailand	68,657.00	373,225.10	38,576.23	0.8
10. Viet Nam	90,630.00	186,223.61	53.70	2.5
^{i,ii} As of 2014 (Source: ASEAN, http://www.asean.org/?static_post=selected-key-indicators-2) (ASEAN, 2016a) ⁱⁱⁱ As of 2014 (Source: ADB, http://www.adb.org/data/statistics) (Asian Development Bank, 2016) ^{iv} As of 2015 (Source: Malaysian Economic Report 2015/2016) (Ministry of Finance Malaysia, 2016)				

The AEC aims to transform ASEAN into a single market and production base. It endeavors to make ASEAN more dynamic and competitive with new mechanisms and measures to strengthen the implementation of its existing economic initiatives; accelerating regional integration in the priority sectors; facilitating movement of business persons, skilled labour and talents; and strengthening the institutional mechanism of ASEAN (ASEAN, 2008). The reasons for closer economic cooperation lay outside the Association, where the main drivers were integration in Europe and the North American Free Trade Agreement (NAFTA) (Szcudlik-Tatar, 2013). Nevertheless, according to Sanchita (Sanchita, 2015), the AEC was not developed on the basis of the European Union (EU) model, though there are some learning experiences to be gleaned from this process. She (Sanchita, 2015) added that for ASEAN, a more acceptable definition of community is a region where the leadership class and an increasing number of businesses and ordinary people feel that they share a common identity, personal and national interests are likely to be advanced along with the growing political and economic cohesion that eventually helps the region to progress.

The AEC Blueprint was published by the ASEAN Secretariat in 2008. It defines the characteristics and elements of AEC (ASEAN, 2008). There are four pillars under the AEC. Table 2 presents the 4 main pillars and its 16 policies.

Upon the substantial achievement of AEC Blueprint 2015, during the 27th ASEAN Summit 2015 in Kuala Lumpur, Malaysia, ASEAN Leaders adopted the AEC Blueprint 2025 to provide broad directions through strategic measures for the AEC from 2016 to 2025. It succeeded the AEC Blueprint (2008-2015), adopted in 2007 (ASEAN, 2016b; ASEAN, 2015). The overall vision articulated in the AEC Blueprint 2015 is however remains relevant

(ASEAN, 2015). The newly published blueprint 2025 will build on the blueprint 2015[†].

The above policies will not be able to be achieved without the awareness and acceptance of the ASEAN people. Sanchita (Sanchita, 2015) claimed that awareness among both policy makers and final users are just beginning. Meanwhile, based on the ASEAN Business Advisory Council's survey of SMEs in the region, it was found that 41 per cent of respondents had limited or no knowledge of ASEAN policy initiatives (Rynhart and Jae-Hee, 2014). In addition, a set of focused interviews conducted for ILO in 2013 in key enterprises from across the region indicated that four out of five global enterprises exhibited little knowledge of the AEC and its implications (Rynhart and Jae-Hee, 2014). Furthermore, a survey conducted by the Indonesian Institute of Sciences (LIPI) ASEAN team has revealed that there is low awareness of the AEC among Indonesian people (Ayomi Amindoni, 2015).

4. Methodology

The study's objectives are to identify key policies related to the ASEAN Economic Community 2015 and to assess the ASEAN peoples' awareness and acceptance of the identified policies. It involved extensive review of literature and a questionnaire survey. Results on the identification of key policies have been presented in Part 3 of this paper. Respondents for the survey were identified through contact addresses of 5 ASEAN countries and the questionnaires were emailed to them. Table 3 provides the breakdown of the targeted respondents.

A questionnaire survey was conducted to determine level of awareness and acceptance of ASEAN people about the AEC 2015 and its policies. The questionnaire was broken down to three (3) sections; Section A seeks basic background of the

[†] For details, refer ASEAN Economic Community Blueprint 2025 [ASEAN, 2015].

respondents. Section B and C solicits respondents' level of awareness and acceptance of the said policies, respectively.

Table 2: Policies of ASEAN economic community (ASEAN, 2008)

NO	PILLARS	POLICIES
I	Single Market & Production Base	i. Free movement of goods ii. Free movement of services iii. Free movement of investment iv. Free movement of capital v. Free movement of skilled labour vi. Sectors that are recognized to fasten the economic integration would be prioritized vii. Food, agriculture and forestry
II	Competitive Economic Region	i. The culture of fair competition shall be empowered through competition policy ii. The free market shall preserve the consumer's rights iii. Intellectual property rights shall be a motivation for ever-rising performance expectation iv. AEC 2015 aims to strengthen the shipping markets and services between ASEAN members through supporting the infrastructure developments v. AEC 2015 aims to complete the network of mutual agreements on the avoidance of double taxation vi. To set out policies and legal infrastructure for electronic and permit online trading goods
III	Equitable Economic Development	i. Initiatives are taken to accelerate the SME's development, competitiveness, dynamism and overall economic growth ii. AEC 2015 aims to narrow the economic gap between member countries through initiated integration
IV	Integration into the Global Economy	i. Coherent approach towards external economic relations & enhanced participation in global supply networks

Data from the study is analysed using descriptive statistics. In assessing the respondents' level of awareness and acceptance of the AEC policies, measure of central tendency (mode) is used.

5. Results

5.1. Feedback from survey

From an estimate of 500 sets of questionnaires distributed, only a total of 49 sets of questionnaires were returned. The returned questionnaire was

found to be completed and sufficient for analysis and to be used as input for the study. Detail distribution of respondents according to countries is as shown in Table 3. Due to the scarcity of data secured from some of the countries responding to the survey, those countries with very low respondents were combined to represent as 'others'. Majority of the respondents (36 or 73.5%) are professionals related to the construction industry followed by 5 (10.2%) academia and 8 (16.3%) others.

Table 3: Feedback from the survey

Country	Frequency		Total
	Google Drive (Online)	Manually Distributed	
1. Malaysia	14	1	15
2. Indonesia	2	18	20
3. Philippines	-	6	6
4. Viet Nam	7	-	7
5. Cambodia	-	1	1
Total	23	26	49

Table 4 and 5 present the results on level of awareness and acceptance of respondents, respectively (Appendix 1). The results indicates that in general, the level of awareness and acceptance of ASEAN people on the 16 AEC policies identified under 4 main pillars, are both at medium level.

6. Discussion

6.1. Awareness

Although in general the level of awareness for ASEAN is medium, the level of respondents'

awareness for every policy varies. In contrast to all policies listed which are rated at medium level, policy A6, A7 and C2 are viewed differently. The result shows that majority of respondents' level of awareness of the policies is low. This could be due to lack of exposure or understanding of respondents of the said policies.

Results of awareness for each country shows that Malaysia is at medium level, Indonesia at high level and others (Philippines, Viet Nam and Cambodia) is at low level. It implies that level of awareness for each country varies.

6.2. Acceptance

Looking from the perspective of ASEAN in general, the level of acceptance appears to be at medium level. However, policies A7, B2, B3 and B5 seem to be more popular than the others whereby the results show that the level of acceptance for the policies is high.

In addition, results of acceptance for each country are similar, which is at medium level, indicating no resistance towards any policies listed.

7. Conclusion

On awareness, the overall results suggest that the propaganda by ASEAN to inform its people on the establishing of AEC has been effective. However, such propaganda should be enhanced to increase the level of awareness among the ASEAN people through various promotional efforts. This concurs with Sanchita (ASEAN, 2016b) that AEC is indeed a work in progress.

On acceptance, the result suggests that the ASEAN people have the desire to integrate within the larger community of ASEAN. It implies that the respondents share the desire of the leaders of ASEAN to have a fully integrated ASEAN community 2015 extended till 2025. In addition, acceptance by the ASEAN people implies that politically there would be potentially lesser resistance towards a fully integrated ASEAN by 2025.

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Appendix 1:

Table 4: Results on the level of awareness

POLICIES	MALAYSIA						INDONESIA						OTHERS‡						ASEAN'S VIEW						
	NO	LOW	MED	HIGH	N/A	TOTAL	NO	LOW	MED	HIGH	N/A	TOTAL	NO	LOW	MED	HIGH	N/A	TOTAL	NO	LOW	MED	HIGH	N/A	TOTAL	
PILLAR I																									
A 1	Free movement of goods	1	3	8	3	0	15	0	2	6	12	0	20	2	3	5	4	0	14	3	8	19	19	0	49
A 2	Free movement of services	1	3	7	4	0	15	0	2	8	10	0	20	4	1	6	3	0	14	5	6	21	17	0	49
A 3	Free movement of investment	1	2	10	2	0	15	0	2	7	11	0	20	2	4	6	2	0	14	3	8	23	15	0	49
A 4	Free movement of capital	2	3	7	3	0	15	0	1	9	10	0	20	2	5	4	3	0	14	4	9	20	16	0	49
A 5	Free movement of skilled labour	2	3	7	3	0	15	0	1	6	13	0	20	2	6	4	2	0	14	4	10	17	18	0	49
A 6	Sectors that are recognized to fasten the economic integration would be prioritized	1	8	4	2	0	15	0	4	9	7	0	20	3	6	4	0	1	14	4	18	17	9	1	49
A 7	Food, agriculture and forestry	3	5	5	2	0	15	0	7	3	9	1	20	2	9	2	1	0	14	5	21	10	12	1	49
PILLAR II																									
B 1	The culture of fair competition shall be empowered through competition policy	1	2	9	3	0	15	0	3	9	8	0	20	4	4	5	1	0	14	5	9	23	12	0	49
B 2	The free market shall preserve the consumer's rights	1	5	7	2	0	15	1	1	9	8	1	20	4	2	5	3	0	14	6	8	21	13	1	49
B 3	Intellectual property rights shall be a motivation for ever-rising performance expectation	1	6	7	1	0	15	0	1	9	10	0	20	4	2	6	2	0	14	5	9	22	13	0	49
B 4	AEC 2015 aims to strengthen the shipping markets	1	4	9	1	0	15	0	4	8	8	0	20	4	6	1	3	0	14	5	14	18	12	0	49

‡ The Philippines (6 respondents), Viet Nam (7 respondents) and Cambodia (1 respondent).

PERCENTAGE	8.33%	30.00%	46.25%	15.42%	0.00%		2.19%	16.56%	37.50%	43.13%	0.63%		24.55%	31.70%	27.68%	15.63%	0.45%		10.46%	25.00%	37.37%	26.79%	0.38%	
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Table 5: Results on the level of acceptance

POLICIES	MALAYSIA						INDONESIA						OTHERS ^s						ASEAN'S VIEW						
	NO	LOW	MED	HIGH	N/A	TOTAL	NO	LOW	MED	HIGH	N/A	TOTAL	NO	LOW	MED	HIGH	N/A	TOTAL	NO	LOW	MED	HIGH	N/A	TOTAL	
PILLAR I																									
A 1	Free movement of goods	1	1	7	6	0	15	2	2	10	6	0	20	2	3	4	4	1	14	5	6	21	16	1	49
A 2	Free movement of services	1	1	8	5	0	15	2	2	11	5	0	20	2	1	6	4	1	14	5	4	25	14	1	49
A 3	Free movement of investment	0	2	8	5	0	15	0	3	8	9	0	20	4	2	3	4	1	14	4	7	19	18	1	49
A 4	Free movement of capital	0	2	7	6	0	15	1	4	8	7	0	20	1	4	4	4	1	14	2	10	19	17	1	49
A 5	Free movement of skilled labour	0	5	7	3	0	15	0	2	8	9	1	20	1	4	3	5	1	14	1	11	18	17	2	49
A 6	Sectors that are recognized to fasten the economic integration would be prioritized	0	4	4	7	0	15	0	4	9	7	0	20	2	5	4	2	1	14	2	13	17	16	1	49
A 7	Food, agriculture and forestry	0	5	7	3	0	15	1	5	4	10	0	20	1	5	4	3	1	14	2	15	15	16	1	49
PILLAR II																									
B 1	The culture of fair competition shall be empowered through competition policy	1	0	8	6	0	15	0	5	10	5	0	20	2	3	6	2	1	14	3	8	24	13	1	49
B 2	The free market shall preserve the consumer's rights	1	3	4	7	0	15	1	2	7	10	0	20	2	4	4	3	1	14	4	9	15	20	1	49
B 3	Intellectual property rights shall be a motivation for ever-rising performance expectation	1	5	2	7	0	15	0	2	10	8	0	20	3	2	5	3	1	14	4	9	17	18	1	49

^s Ibid

B 4	AEC 2015 aims to strengthen the shipping markets and services between ASEAN members through supporting the infrastructure developments	1	3	6	5	0	15	0	3	10	7	0	20	3	2	5	3	1	14	4	8	21	15	1	49
B 5	AEC 2015 aims to complete the network of mutual agreements on the avoidance of double taxation	1	3	3	8	0	15	1	3	10	6	0	20	4	2	3	4	1	14	6	8	16	18	1	49
B 6	To set out policies and legal infrastructure for electronic and permit online trading goods	1	2	5	7	0	15	0	5	8	7	0	20	4	2	5	2	1	14	5	9	18	16	1	49
PILLAR III																									
C 1	Initiatives are taken to accelerate the SME's development, competitiveness, dynamism and overall economic growth	1	1	7	6	0	15	0	3	9	8	0	20	3	4	4	2	1	14	4	8	20	16	1	49
C 2	AEC 2015 aims to narrow the economic gap between member countries through initiated integration	0	4	6	5	0	15	0	5	7	8	0	20	4	3	4	2	1	14	4	12	17	15	1	49
PILLAR IV																									
D 1	Coherent approach towards external economic relations & enhanced participation in global supply networks	0	5	5	5	0	15	0	3	10	7	0	20	4	2	4	3	1	14	4	10	19	15	1	49
CUMULATIVE		9	4	9	9	0	24	8	5	13	11	1	32	4	4	6	5	1	22	5	14	30	26	1	78

		6	4	1		0		3	9	9		0	2	8	8	0	6	4	9	7	1	0	7	4
PERCENTAGE	3.75%	19.17%	39.17%	37.92%	0.00%		2.50%	16.56%	43.44%	37.19%	0.31%		18.75%	21.43%	30.36%	22.32%	7.14%		7.53%	18.75%	38.39%	33.16%	2.17%	