ASEAN + 3

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PECC 20th General Meeting
“State of the Region”
The Madison Hotel, Washington D.C.
29 September, 2011
Asia regional cooperation schemes

AEC and ASEAN + 3 are not exclusive

AEC in 2015
- 2008: ASEAN Charter in effect
- 2003: Bali Concord Revive ASEAN 2020
- 2009: Toward AEC ATICA, AFAS & ACIA
- 2007: CEBU Concord (ASEAN Charter) ASEAN Community by 2015

APEC 2020
- ASEAN - EU Negotiations started May 07
- AANZFTA effective Jan 10
- AKFTA effective Jan 10
- AI FTA signed Aug 09 Trade in goods effective Jan 10
- AJ CEP effective Jun 09
- ACFTA effective Oct 03
- CMI - May 00
- ABMI - Aug 03

1997-98 - Asian Crisis
1997: ASEAN Vision 2020
1998: AI A
1996: AFAS
1993: AFTA
1997, PTA

1993-98 - Asian Crisis
2001 - 9/11
2002 - FTAs’ Proliferation in ASEAN

ASEAN-5
1967

ASEAN -10
1999

ASEAN +3 / ASEAN + 6
1999

EAS
2005

1993 --- APEC
1995 --- ASEM

AEC?
Progress (1)

- **East Asia Summit**
  - Established in 2005, 5 meetings have been held.
  - At the 5th EAS, 2010, decision was made to invite the leaders from the US and Russia. The leaders of those two countries will participate in the EAS starting from 2011.

- **ASEAN +3**
  - Nov 2004 -- Proposed East Asia Free Trade Area on Nov 2004. Under consultation/study at present
  - Nov 2007 -- Adopted ASEAN +3 Cooperation Work Plan (2007 - 2017) as a master plan to enhance ASEAN +3 relations and cooperation. The plan sets 5 major areas for cooperation and coordination
    1) Political and security;
2) Economic and financial;

3) Energy, environment, climate change and sustainable development;

4) Socio – cultural development; and

5) Institutional support and follow-up mechanism.
Source: Asia Regional Integration Center, ADB
Intra - subregional Trade : Percentage

- ASEAN
- ASEAN + 3
- Asia + Oceania (48 countries)

Source: Asia Regional Integration Center, ADB
Chiang Mai Initiative, established in 2000

- May 2009 --- Implemented the Chiang Mai Initiative Multilateralisation (CMIM) with the total size of US$ 120 billion (increased from US$ 80 Bn). CMIM has been realized since 24 March 2010.

- Main components of CMIM arrangement
  - 2 objectives --- (1) to address the short-term liquidity problems, (2) to supplement the existing international financial arrangements
  - Governed by a single contractual arrangement
  - The contribution proportion between ASEAN and the +3 countries is 20:80
Maximum amount each country can borrow is based on its contribution multiplied by its respective borrowing multiplier.

**Decision-making mechanism**

<table>
<thead>
<tr>
<th>Issues</th>
<th>Rule of decision - making</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fundamental</td>
<td>Consensus</td>
</tr>
<tr>
<td>Review, re-admission, membership, terms of lending, etc</td>
<td>Consensus</td>
</tr>
<tr>
<td>Lending</td>
<td>Majority</td>
</tr>
<tr>
<td>Lending, renewal, default</td>
<td>Majority</td>
</tr>
</tbody>
</table>

ASEAN +3 Macroeconomic Research Office (AMRO), a regional macroeconomic surveillance and crisis management unit based in Singapore, started operations on May 16, 2011.
### Progress (7)

<table>
<thead>
<tr>
<th>Country</th>
<th>Contribution (USD Bn)</th>
<th>Borrowing multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei</td>
<td>0.03</td>
<td>5</td>
</tr>
<tr>
<td>Cambodia</td>
<td>0.12</td>
<td>5</td>
</tr>
<tr>
<td>China</td>
<td>38.4</td>
<td>China 0.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>HK 2.5</td>
</tr>
<tr>
<td>Indonesia</td>
<td>4.77</td>
<td>2.5</td>
</tr>
<tr>
<td>Japan</td>
<td>38.4</td>
<td>0.5</td>
</tr>
<tr>
<td>Korea</td>
<td>19.2</td>
<td>1</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>0.03</td>
<td>5</td>
</tr>
<tr>
<td>Malaysia</td>
<td>4.77</td>
<td>2.5</td>
</tr>
<tr>
<td>Myanmar</td>
<td>0.06</td>
<td>5</td>
</tr>
<tr>
<td>Philippines</td>
<td>3.68</td>
<td>2.5</td>
</tr>
<tr>
<td>Singapore</td>
<td>4.77</td>
<td>2.5</td>
</tr>
<tr>
<td>Thailand</td>
<td>4.77</td>
<td>2.5</td>
</tr>
<tr>
<td>Vietnam</td>
<td>1.00</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: The Joint Media Statement of the 12th ASEAN Plus Three Finance Ministers’ Meeting, Bali, Indonesia, 3 May 2009, ASEAN Secretariat
Asian Bond Markets Initiative, established in 2002

- May 2008 --- Endorsed the ABMI Roadmap in order to develop a regional bond market to be more accessible for issuers and investors
  - Agreed to establish the Credit Guarantee and Investment Mechanism (CGIM) with an initial capital of USD 500 Mn to support the local currency-denominated corporate bond in the region, expected to be effective in 2010
  - Explored the possible measures to enable mutual access to securities market in the region

- September 2010 --- Established the ASEAN+3 Bond Market Forum (ABMF) as a common platform to foster standardization of market practices and harmonization of regulations relating to cross-border bond transaction in the region.
Note: Excluded Myanmar, Laos, Cambodia, Brunei

Source: Asian Bonds Online, ADB