



TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY

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## LABOR MARKET INTELLIGENCE REPORT

# MOVING TOWARDS ONE VISION ONE IDENTITY ONE COMMUNITY

## ASEAN VISION 2015

*(An excerpt from the ASEAN Economic Blueprint)*

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# **ASEAN Vision 2015**

## **I. ASEAN Economic Community**

The ASEAN Economic Community (AEC) shall be the goal of regional economic integration by 2015. AEC envisages the following key characteristics: (a) a single market and production base, (b) a highly competitive economic region, (c) a region of equitable economic development, and (d) a region fully integrated into the global economy.

The AEC areas of cooperation include:

- a. human resources development and capacity building;
- b. recognition of professional qualifications;
- c. closer consultation on macroeconomic and financial policies;
- d. trade financing measures; enhanced infrastructure and communications connectivity;
- e. development of electronic transactions through e-ASEAN;
- f. integrating industries across the region to promote regional sourcing;
- g. enhancing private sector involvement for the building of the AEC.

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

## **II. Declaration on the ASEAN Economic Blueprint**

The ASEAN Leaders adopted the ASEAN Economic Blueprint at the 13th ASEAN Summit on 20 November 2007 in Singapore to serve as a coherent master plan guiding the establishment of the ASEAN Economic Community 2015. Each ASEAN Member Country shall abide by and implement the AEC by 2015. The Declaration on the ASEAN Economic Blueprint was signed by the Heads of the ASEAN Member Countries.

The ten (10) ASEAN member countries is composed of the following:

- a. Brunei Darussalam
- b. Cambodia
- c. Indonesia
- d. Lao PDR
- e. Malaysia
- f. Myanmar
- g. Philippines
- h. Singapore
- i. Thailand
- j. Vietnam

## **III. Introduction of the ASEAN Economic Blueprint**

The development of the AEC Blueprint was initiated by the ASEAN Leaders at their Summit in Kuala Lumpur, Malaysia in 1997 wherein they decided to transform ASEAN into a stable, prosperous, and highly competitive region with equitable economic development, and reduced poverty and socio-economic disparities (ASEAN 2020).

At the Bali Summit in October 2003, the ASEAN Leaders declared that the AEC shall be the goal of regional economic integration (Bali Accord II) by 2020. In addition to the AEC, the ASEAN Security Community and the ASEAN Socio-Cultural Community are the other two integral pillars of the envisaged ASEAN Community. All the three (3) pillars are expected to work in tandem in establishing the ASEAN Community in 2020.

Subsequently, the ASEAN Economic Ministers Meeting (AEM) held in August 2006 in Kuala Lumpur, Malaysia, agreed to develop, “a single and coherent blueprint for advancing the AEC by identifying the characteristics and elements of the AEC 2015 consistent with the Bali Accord II.

At the 12<sup>th</sup> ASEAN Summit in January 2007, Leaders 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. In particular, the Leaders agreed to hasten the establishment of the AEC by 2015 and to transform ASEAN into a region with free movement of goods, services, investment, skilled labor, and freer flow of capital.

#### **IV. Characteristics and Elements of AEC**

The AEC is the realization of the end goal of economic integration as espoused in its Vision, which is based on a convergence of interests of ASEAN Member Countries to deepen and broaden economic integration through existing and new initiatives with clear timelines. In establishing the AEC, ASEAN shall act in accordance to the principles of an open, outward-looking, inclusive, and market-driven economy consistent with multilateral rules as well as adherence to rules-based systems for effective compliance and implementation of economic commitments.

The AEC will establish ASEAN as a single market and production base making 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 mechanisms of ASEAN.

At the same time, the AEC will address the development divide and accelerate integration of Cambodia, Lao PDR, Myanmar and Viet Nam (CLMV) through the Initiative for ASEAN Integration 6 and other regional initiatives.

The AEC envisages the following key characteristics are inter-related and mutually reinforcing:

**A. A Single Market and Production Base** – This shall comprise five core elements:

- (i) *Free Flow of Goods*. This could be achieved through removal of tariffs or through removal of non-tariff barriers in some cases. Also, efforts on the following, i.e., trade facilitation; custom integration; ASEAN single window; and standards and technical barriers to trade would facilitate the realization of establishing a single market and production.
- (ii) *Free Flow of Services*. This is one key element in AEC, where there will be no substantial restriction to ASEAN services suppliers in providing

services and in establishing companies across national borders within the ASEAN, subject to domestic regulations.

In facilitating the free flow of services by 2015, ASEAN is also working towards recognition of professional qualifications with the view of facilitating movement within the regions.

(iii) *Free Flow of Investment*. This is the key to enhance ASEAN's competitiveness in attracting foreign direct investments (FDI) as well as intra-ASEAN investment. Sustained inflows of new investments and reinvestments will promote and ensure dynamic development of ASEAN economies.

ASEAN investment cooperation is being implemented through the Framework Agreement on the ASEAN Investment Area (AIA)

(iv) *Freer Flow of Capital*. This is to strengthen ASEAN capital market development and integration and to allow greater capital mobility.

(v) *Free Flow of Skilled Labour*. In allowing managed mobility or facilitated entry for the movement of natural person (MNP) engaged in goods, services and investments, in accordance to the prevailing domestic regulation, the ASEAN is working on the following:

a. Facilitating the issuance of visas and employment passes for ASEAN professionals and skilled labor who are engaged in cross-border trade and investment related activities; and

b. Facilitating towards harmonization and standardization.

(vi) *Priority Integration Sectors*. Twelve (12) priority sectors were identified for accelerated economic integration. *These are agro-based goods, air transport, automotive products, eASEAN (including ICT equipment), electronics goods, fisheries, health care products, rubber-based goods, textiles and clothing, tourism, logistics, and wood-based products.*

(vii) *Food, Agriculture and Forestry*. This is to enhance intra-and extra-ASEAN trade and long-term competitiveness of ASEAN's food, agriculture and forestry products/commodities.

**B. A Highly Competitive Economic Region**. This is one of the key characteristics of AEC. Areas that the ASEAN are looking into are the following:

(i) *Competition Policy*. The main objective of the competition policy is to foster a culture of fair competition. Institutions and laws related to competition policy have recently been established in some ASEAN Member Countries.

(ii) *Consumer Protection*. The building of an integrated economic region is mindful that consumers cannot be precluded in all measures taken to achieve the ASEAN integration. Consumer protection measures are already being developed in tandem with the proposed economic measures.

(iii) *Intellectual Property Rights (IPR)*. IPR can serve as a powerful stimulus to (a) cultural, intellectual and artistic creativity and other commercialization; (b) efficient adoption and adaptation of more advanced technology; and continuous learning to meet the ever-rising threshold of performance expectation. This will also help incubate the culture of creativity and invention.

(iv) *Infrastructure Development*. This covers vast areas for development and cooperation. Among them are::

a. *Transport Cooperation*. Efficient, secure and an integrated transport network is vital in realizing the full potential of the ASEAN Free Trade Area. ASEAN transport is critical in linking ASEAN with the neighboring Northeast and South Asian countries.

Transport cooperation includes, land transport, maritime and air transport.

b. *Information Infrastructure*. Efforts have been made to facilitate interconnectivity and technical interoperability among ICT systems, leveraging an existing national networks and evolving these into a regional information infrastructure. Equal emphasis has been given in improving trust and confidence in the use of the internet and security of electronic transactions, payment and settlements.

c. *Energy Cooperation*. Secure and reliable supply of energy including bio-fuel is crucial to support and sustain economic and industrial activities. Regional collaboration in the Trans-ASEAN Gas Pipeline (TAGP) and the ASEAN Power Grid (APG) provide opportunities. The APG involves 14 electricity interconnection projects and the TAGP, seven gas interconnection projects.

d. *Mining Cooperation*. This is aimed at enhancing trade and investment, and strengthening cooperation and capacity in geological and mineral sector for sustainable mineral development in the ASEAN region.

e. *Financing of Infrastructure Projects*. Putting in place innovative financing schemes to attract greater private sector involvement in infrastructure projects is important.

(v) *Taxation*. Complete the network of bilateral agreements on the avoidance of double taxation among all member countries by 2010, to the extent possible.

(vi) *E-Commerce*. To lay policy and legal infrastructure for electronic commerce and enable on-line trade in goods with ASEAN through the implementation of the e-ASEAN Framework Agreement based on common reference frameworks.

### **C. A Region of Equitable Economic Development**

(i) *SME development*. The ASEAN Policy Blueprint for SME Development (APBSD) 2004-2014 outlines the framework in the ASEAN region. Its objectives are:

- a. to accelerate the pace of SME development, optimizing the diversities of ASEAN member countries;
  - b. enhance the competitiveness and dynamism of ASEAN SMEs by facilitating access to information, market, human resource development and skills, finance and technology;
  - c. strengthen the resilience of ASEAN SMEs to better withstand adverse macroeconomic and financial difficulties; and
  - d. increase the contribution of SMEs to the overall economic growth and development of ASEAN as a region.
- (ii) *Initiative for ASEAN integration (IAI)*. To allow ASEAN member countries to move in a unified manner, it is important that the deepening and broadening of the integration of ASEAN is accompanied by technical and development cooperation. This is to address the divide and accelerate the economic integration of the less developed ASEAN member countries so that the benefits of ASEAN integration are shared and enjoyed by all members.

The IAI was launched in November 2000 and is aimed at giving direction and sharpening the focus of collective efforts to narrow the development gap within ASEAN. The IAI currently covers the following priority areas: infrastructure, human resource development, ICT, capacity building for regional economic integration, energy, investment climate, tourism, poverty reduction and improvement in the quality of life.

Meeting the AEC challenge will require the CLMV countries to develop policy to enhance economic growth, strengthen economic competitiveness, increase domestic and foreign direct investments, expand private sector enterprises with meeting its public goals.

#### **D. A Region Integrated into the Global Economy**

To enable ASEAN businesses to compete internationally, make it more dynamic and stronger segment of the global supply chain and to ensure that the international market remains attractive for foreign investment, it is crucial for ASEAN to look beyond the borders of AEC. External rules and regulations must increasingly be taken into account when developing policies related to AEC.

- (i) *Coherent Approach Towards External Economic Relations*. All ASEAN shall work towards maintaining “ASEAN Centrality” in its external economic relations, including but not limited to its negotiations for free trade (FTAs) and comprehensive economic partnerships (CEPs) agreements. This shall be done through:
- (a) Review of FTAs/CEPs commitments vis-à-vis ASEAN internal integration; and
  - (b) Establishment of a system for enhanced coordination, and possibly arriving at common approaches and/or positions in

ASEAN external economic relations and in regional and multilateral fora.

- (ii) *Enhanced Participation in Global Supply Networks*. This shall be done by:
  - (i) Continuing the adoption of international best practices and standards in production and distribution, where possible; and
  - (ii) Developing a comprehensive package of technical assistance for the less developed ASEAN member countries to develop their industrial capability and production to enhance their participation in regional and global integration initiatives.

## V. Implementation of AEC Blueprint

Relevant ASEAN sectoral bodies will coordinate the implementation of programs and measures while government agencies will be responsible for overseeing the implementation and preparation of more detailed action plans at the national level. Partnership arrangements with the private sector, industry associations and the wider community at the regional and national levels will be sought. This is to ensure participation of all stakeholders in the integration process. The necessary institutions or mechanisms, resources, capacity and political-environment will be accorded in the Community building process.

- A. **Implementation Mechanism.** The ASEAN Economic Ministers (AEM), as the Ministers-in-Charge of Economic Integration in the Council of AEC, shall be accountable for the over-all implementation of the Blueprint.
- B. **Resources.** Research and capacity building support will be mobilized from various facilities. Actions to be taken identified as follows:
  - (i) The ASEAN Development Fund, with contributions from Member Countries will be a vehicle to draw resources from other ASEAN and non-ASEAN sources;
  - (ii) Identify and implement technical studies or training programs on issues, areas or topics where analytical as well as capacity building support are needed to facilitate the implementation of the AEC Blueprint;
  - (iii) Translate milestones and targets of the AEC Blueprint into national milestones and targets and incorporate them in their national development plans;
  - (iv) Promote the participation of the ADB, World Bank/IFC, dialogue or trading partners and the private sector in the development of regional infrastructure projects;
  - (v) Strengthen the research and planning capabilities of the ASEAN Secretariat in the areas relevant to AEC; and
  - (vi) Establish appropriate capacity building programs to assist newer member countries to enhance the development and regulatory frameworks of their financial markets.

- C. **Communications.** In addition to involving all stakeholders in the formulation of the Blueprint, a good communication program is required to create greater public awareness of the AEC in all ASEAN countries as well as to keep all stakeholders, including business communities and people of ASEAN, informed of the progress of this community building. Actions to be taken are the following:
- (i) Launch a comprehensive communications plan to explain to the government officials, key stakeholders and the general public the objectives, benefits and challenges of the AEC;
  - (ii) Develop a regional platform for open discussion and sharing information in implementing the AEC;
  - (iii) Member Countries shall set up a mechanism at the national level to regularly report the outcomes and issues of the integration process; and
  - (iv) Create an AEC communications website that would provide an additional channel to reach communities at large, where stakeholders can provide feedback and respond to ASEAN economic initiatives.
- D. **Review.** The AEC Blueprint shall be reviewed periodically while taking into account the dynamic regional and global development.

## VI. Implications to TESD

*The Free Flow of Services* as well as the *Free Flow of Skilled Labour* are among the characteristics in the realization of a single market and production base in ASEAN. In facilitating the free flow of services and free flow of skilled workers by 2015, ASEAN is also working towards the recognition of professional qualifications and harmonization and standardization with the end in view of facilitating movement within the regions.

TESDA as the government agency in-charge of TESD recognizes that freer movement of skilled workers is an essential element of ASEAN integration and is crucial for effective implementation of service liberalization and in promoting foreign direct investment.

TESDA fully supports the mutual recognition arrangement (MRA), competency standards development, information sharing and capability building initiatives of the ASEAN. TESDA is actively engaged in the preparations for the implementation for MRAS for Tourism. Together with the Department of Tourism (DOT) and the Tourism Industry Board Foundation, Inc. (TIBFI) and concerned associations, TESDA is working on the revision of all existing Training Regulations (TRs) and the development of new TRS as identified by the Tourism Industry to ensure that they are aligned with the Toolboxes for the Tourism Sector and the Registry requirements under the MRA on Tourism. The registry of workers for the Tourism Sector which will be shared with ASEAN could be one of the models of shared information on the status and availability of Filipino skilled workers.

Other than the Tourism Sector, the Philippines can also maximize the opportunities and face the challenges brought about by the ASEAN integration. TESDA will play its key role in the development of our skilled workers specifically on the identified twelve (12) priority integration sectors. TESDA has to review and

ensure that competency standards of these sectors are aligned, harmonized or comparable with the ASEAN member countries. This will require the review of our existing TRs and develop new TRs in accordance or which are comparable with the rest of the ASEAN member countries.

Other areas that TESDA has to consider in supporting and promoting TVET in the ASEAN:

- There is no commitment made yet by the Philippines on post-secondary education sector. This means that the Philippines remains closed on the entry of foreign TVET providers to operate and offer TVET programs for Filipino workforce. TESDA can provide a policy directive on the matter and allow foreign TVET providers to invest in the country on certain parameters and requirements i.e., sectors/qualifications that require development of skilled workers on high technology. This will provide an opportunity for technology transfer on high technology occupations/competencies for our skilled workers.
- TESDA can start studying merits on the use of Central Product Classifications (CPC) in our TVET classification of programs. The CPC is being used in all multilateral and bilateral undertakings. In 2002, the National Statistical Coordination Board (NSCB) developed the Philippine Central Product Classification (PCPC). The PCPC was patterned after the United Nations CPC. Its purpose is to obtain international comparability of data according to goods and services.