Contents

| Illustrations | | 13. |
|---------------|--|-------------|
| For | eword | xiii |
| Exe | ecutive Summary | xv |
| | Economic Benefits | XVI |
| | Stakeholder Benefits | xvii |
| Acl | knowledgements | xix |
| Ab | out the Contributors | xxi |
| 1. | Introduction | 1 |
| | Michael G. Plummer and Chia Siow Yue | 1 |
| | ASEAN Economic Growth and Performance | ئے د |
| | Structural Change and Trade Patterns | 2 3 7 |
| | Changes in Commercial Policy | |
| | Trade in Services | 11 14 |
| | Ease of Doing Business | |
| | Foreign Direct Investment | 14 18 |
| | Conclusion | 10 |
| 2. | Regional Market for Goods, Services, and Skilled Labor Zakariah Rashid, Fan Zhai, Peter A. Petri, Michael G. Plummer, and Chia Siow Yue | 20 |
| | Zakariah Rashid, Fan Zhai, Peter A. Petri, Michael G. Finning, and | 20 |
| | Free Flows of Goods: A Survey of the Issues | 32 |
| | A CGE Approach to Estimating the Effects of the AEC | 37 |
| | Free Flow of Services | 50 |
| | Free Flow of Skilled Workers | 53 |
| | Summary of Results | |

| vi | Contents |
|----|----------|
|----|----------|

| 3. | Competition Policy, Infrastructure, and Intellectual Property Rights Wisarn Pupphavesa, Santi Chaisrisawatsuk, Sasatra Sudsawasd, and Sumet Ongkittikul | 58 |
|----|---|-----|
| | Competition Policy and the AEC | 59 |
| | Intellectual Property Rights | 62 |
| | Infrastructure Development | 68 |
| | Consumer Protection | 73 |
| | Quantitative Estimates of AEC Benefits and Costs | 73 |
| | Summary and Conclusions | 80 |
| 4. | The AEC and Investment and Capital Flows | 83 |
| | Rafaelita M. Aldaba, Josef T. Yap, and Peter A. Petri | |
| | Investment Flows and Capital Flows in ASEAN | 83 |
| | Impact of Free Investment Flows and Freer Capital Flows in the AEC | 98 |
| | Conclusion and Recommendations | 112 |
| 5. | Narrowing the Development Gap in ASEAN | 116 |
| | Dionisius Narjoko, Pratiwi Kartika, and Teguh Wicaksono | |
| | Impact of Economic Integration in ASEAN: Literature Review | 118 |
| | Poverty and Income Inequality in ASEAN | 121 |
| | SMEs and International Production Networks in ASEAN | 131 |
| | ASEAN Initiatives to Narrow the Development Gap | 137 |
| | Summary | 139 |
| 6. | Competitiveness and Leverage | 142 |
| | Peter A. Petri | 142 |
| | Challenge: ASEAN's New Competitive Environment | 150 |
| | Strategy: Regional Integration as Competitive Advantage | 153 |
| | Benefits of Competitiveness and Leverage: ASEAN as FTA Hub | 158 |
| | Implementation | 1)0 |
| 7. | Benefits of the AEC | 164 |
| | Michael G. Plummer and Chia Siow Yue | |
| | Analytical Approach | 165 |
| | Benefits for Stakeholders | 166 |
| | Empirical Estimates of AEC Economic Impacts | 171 |
| Re | ferences | 175 |
| Ар | pendix A. AEC Components | 187 |
| Ap | Appendix B. The CGE Model | |
| - | Production and Trade | 193 |
| | Income Distribution, Demand and Factor Markets | 194 |
| | Macro Closure | 194 |

| Appendix C. Developments in Logistics and Aviation | 195 |
|---|-----|
| Logistics Sector Development in ASEAN | 195 |
| Aviation Sector | 196 |
| Appendix D. AEC Blueprint Excerpt | 207 |
| D. Integration into the Global Economy | 207 |
| D1. Coherent Approach towards External Economic Relations | 207 |
| D2. Enhanced Participation in Global Supply Networks | 207 |
| Appendix E. ASEAN Free Trade Agreements | 208 |
| Appendix F. ASEAN Member States' Free Trade Agreements | 210 |
| Appendix G. ASEAN Imports and Exports, 2000 and 2006 | 212 |
| Index | 215 |