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How ASEAN's Transformation Can Play Out Well for Europe

Damian Wnukowski

The transformation of ASEAN into an economic community is a significant step in the organisation's integration process. The project, formally launched at the beginning of 2016, aims at creation of a single market of more than 620 million people, loosens the flow of goods, services and investment, which should underpin regional economic growth and catch the attention of foreign businesses. However, obstacles to economic cooperation remain, such as limitations on the movement of labour or capital, which shows that the integration process is not yet complete. The EU, which can benefit from a well-functioning market in this region, should share its own experience to support the ASEAN integration process.

ASEAN was established in 1967 by five countries (Thailand, the Philippines, Indonesia, Malaysia and Singapore). Its main aims were to provide peace and stability in South East Asia regardless of Cold War rivalry, and support the economic development of its members. Over the years, more and more emphasis has been placed on social issues, cultural cooperation and people-to-people contacts. At the same time, membership expanded to 10 countries. Brunei joined in 1984, Vietnam in 1995, Laos and Myanmar in 1997, and Cambodia in 1999.

Towards Community

After the end of Cold War, and with the onset of rapidly evolving globalisation, ASEAN turned its spotlight on economic integration as the key to the development of its members in new political and economic circumstances. The goal was to increase the region's competitiveness in the face of growing emerging markets, such as China, and attract foreign investment to revive local economies. Moreover, the adoption of poorer countries, namely Cambodia, Myanmar, Laos and Vietnam (CMLV) has made bridging the development gap between ASEAN members a crucial challenge.

The first major step in ASEAN's economic integration process after the Cold War was signing the Framework Agreement on Enhancing ASEAN Economic Cooperation in 1992.¹ This underlines the benefits of closer cooperation in a broad scope of areas, including trade, industry, finance, agriculture and transport. Moreover, in 1993 the ASEAN Free Trade Area (AFTA) came into effect. This was followed in 1997 by the decision to adopt the "ASEAN Vision 2020," the goal of which was to transform South East Asia into a

¹ Before 1990, only the ASEAN Preferential Trade Agreement had been signed (1977).

prosperous, stable, competitive region characterised by equitable economic development. On that basis, at the ninth ASEAN summit in 2003, political leaders declared the formation of the ASEAN Community, which embraces three elements: the ASEAN Economic Community (AEC), the Political-Security Community, and the Socio-Cultural Community. The details of the gradual formation of the AEC were presented in the *AEC Blueprint* adopted in 2007. It stipulated that the AEC would be based on four major pillars: a single market and production base, a competitive economic region (through the adoption of common standards and the development of transport connections), equitable economic development of all members and their integration into the global economy (for example, enhanced participation in global value chains).²

These pillars should be intertwined and underpin the development of economic links between ASEAN members, as only a quarter of ASEAN's trade is currently between its own states.³ Thus, social goals, including poverty reduction and improved life conditions, should be achieved. The implementation of the AEC was set for the end of 2020, but was brought forward to the end of 2015 in order to deliver an economic boost for the region sooner, and in response to growing global competition, especially from China and India.⁴

Freer movement of goods, services and investment in ASEAN can create an integrated single market with more than 620 million consumers, bigger than that of the EU or NAFTA, and the third biggest in Asia (behind only China and India).⁵ Taken together, ASEAN members represent the third biggest economy in Asia (after China and Japan), and the seventh in the world, with the potential to advance to fourth place by 2050 (in terms of official exchange rate). Between 2007 and 2014, ASEAN's GDP nearly doubled from \$1.33 trillion to \$2.57 trillion, with average annual GDP growth of more than 5%. As a result, GDP per capita has increased by 76%, from \$2,343 in 2007 to \$4,135 in 2014.⁶ Along with predicted average GDP growth of around 5% for 2015 to 2020,⁷ the middle class in ASEAN will grow from 190 million in 2012 to around 400 million by 2020.⁸ Furthermore, according to the Asian Development Bank, ASEAN can triple its per capita income by 2030, and raise citizens' quality of life to levels enjoyed today by OECD societies.⁹ Because of this, ASEAN is an attractive place for business activity which will be supported by the introduction of the AEC.

Investors Warmly Welcomed

The creation of the AEC offers new business opportunities, mostly for foreign investors. An integrated production base, using diversified competitive advantages of particular countries in terms of labour and natural resources, can be cost effective and thus contribute to the growing competitiveness of products.¹⁰ Improvement of the investment environment based on the ASEAN Comprehensive Investment Agreement (ACIA) should also attract foreign investors. The AEC launch offers easier access to all 10 member states,

² *A Blueprint for Growth. ASEAN Economic Community 2015: Progress and Key Achievements*, The ASEAN Secretariat, Jakarta, November 2015, p. 1. Data are based on the ASEAN Statistics and the International Monetary Fund.

³ In the case of the European Customs Union, intra-union trade accounted for 37% at the start (in 1958) and grew to 50% in a short time. See: S. T. Mocker, *Establishment of the ASEAN Economic Community: A Stepping Stone rather than a Milestone*, *EU-Asia Centre*, p. 3, www.eu-asiacentre.eu/documents/uploads/event_146_mockers_-_establishment_of_the_aec_a_stepping_stone_rather_than_a_milestone_with_logo.pdf.

⁴ At the 12th ASEAN Summit in January 2007, the ASEAN leaders signed the Cebu Declaration on the Acceleration of the Establishment of an ASEAN Community by 2015. See: "About ASEAN. Overview," www.asean.org/asean/about-asean/overview.

⁵ Importantly this is a very young population with more than half being under than 30 years old.

⁶ *A Blueprint for Growth. ASEAN Economic Community 2015: Progress and Key Achievements*, The ASEAN Secretariat, Jakarta, November 2015, p. 1. Data are based on the ASEAN Statistics and the International Monetary Fund.

⁷ "Economic Insight South East Asia. Quarterly briefing Q2 2015," *Cebr*, Q2 2015, www.icaew.com/~media/corporate/files/about%20icaew/where%20we%20are/south%20east%20asia/sea%20q2%202015_web.ashx.

⁸ "ASEAN 2015. Seeing around the corner in a new Asian landscape," *Nielsen*, 2014, www.nielsen.com/content/dam/nielsen/global/apac/docs/reports/2014/Nielsen-ASEAN2015.pdf.

⁹ "ASEAN 2030. Toward a Borderless Economic Community," Asian Development Bank Institute, p. xxi, www.adb.org/sites/default/files/publication/159312/adbi-asean-2030-borderless-economic-community.pdf.

¹⁰ According to the rules of origin adopted in the AEC, if a product's content is 40% local it is treated as made in ASEAN and thus does not fall under the customs regime dedicated to goods from outside ASEAN.

which should encourage new entrepreneurs to start businesses in ASEAN countries or enhance the existing production base and retail sales. One can identify numerous prospective sectors for EU business within ASEAN, for example in the automotive, chemical, pharmaceutical, medical technology, environmental technology and ICT sectors. Moreover, because of existing free trade agreements (FTAs) between ASEAN and several big economies, such as China, India, Japan and Australia, with which the EU does not have trade agreements, entering those third markets with products made on AEC territory will be facilitated.

The elimination or significant reduction of trade duties¹¹ and technical barriers in selected sectors, such as electrical equipment and electronics, cosmetics and medicinal products, between ASEAN members make trade within South East Asia more beneficial and less cumbersome. Newly implemented pilot mechanisms, such as the ASEAN Single Window, which enables expedited customs clearance, should facilitate intra-ASEAN exchange and attract business.¹² Moreover, as the introduction of AFTA in early 1990 allowed, to a great extent, the free flow of goods, the biggest space for liberalisation emerged in services and investment. Currently, the EU invests highly in the ASEAN service sector, especially in financial and insurance services, and that process can intensify after the AEC provision comes in force. However, exports from third countries, which do not have an FTA with ASEAN, will still be subject to duty and administrative barriers. Avoiding them could be another incentive to create production facilities in one of the ASEAN countries.

Furthermore, foreign investors should be encouraged by ASEAN member' plans to develop transport links in order to streamline trade and access to information. Connectivity, based on the creation of high quality infrastructure such as railways, highways, sea ports, river ports, and airports, is crucial for the functioning of a single market, and for ASEAN's growing participation in global value chains (GVCs). Moreover, growing demand on infrastructure can offer opportunities to European construction and engineering companies, as they can also take part in public procurement projects.

The Ongoing Project

Although the creation of the AEC marks a significant stage of ASEAN integration, it is an unfinished undertaking and improvements are needed in many areas. For instance, there are limitations regarding the free movement of capital and skilled labour, for political reasons mainly focused on the protection of local labour markets.¹³ This limits the trade in services, especially regarding professionals. Moreover, non-tariff barriers (NTBs) remain in many areas, such as mutual recognition of standards in the automotive, food, hygiene, and building and construction sectors. As technical and phytosanitary norms remain diverse in order to protect local producers, including those in agriculture, there is also a lack of any single certification regime, the implementation of which could be a very useful practical measure for exporters.

In total, by the end of October 2015 79.5% of the AEC provisions (486 out of 611) had been implemented.¹⁴ Although this is quite high, the real litmus test will be how these measures work in practice. They will be tough to enforce, as there is no supranational body in ASEAN which has such prerogatives. This situation is based on the very strict perception of the sovereignty of each state, and on seeking intergovernmental solutions, known as the "ASEAN Way." From this point of view, the AEC is a pragmatic project that enables the realisation of projects beneficial for the economies of ASEAN members (such as transport connections and freer flow of products), without the requirement for far-reaching commitments in political integration.

¹¹ In the case of ASEAN-6 (Thailand, the Philippines, Indonesia, Malaysia, Singapore and Brunei), around 99% of tariff lines have been fully liberalised, while regarding poorer members (Cambodia, Laos, Myanmar and Vietnam) it is 91%.

¹² However, currently only five member states take part in the project, namely Indonesia, Malaysia, Myanmar, the Philippines and Thailand.

¹³ People, who want to work in another ASEAN country need to have a visa and work permit.

¹⁴ *A Blueprint for Growth ...*, *op. cit.*

Moreover, ASEAN is internally highly diversified in terms of socio-economic development, political systems¹⁵ and culture, which can present problems in the effective implementation of the AEC in individual countries. There are also political issues between states, such as cross-border disputes (for example, between Thailand and Cambodia) and problems related to the situation in the South China Sea (where Vietnam, Malaysia, the Philippines and Brunei have claims). What is more, impediments to wider business engagement within ASEAN, such as corruption, underdeveloped infrastructure or cumbersome internal laws and regulations, have not disappeared along with the creation of the AEC. Therefore the business environment in particular countries is very diversified. According to the World Bank's *Doing Business 2016* report, Singapore is a world leader in this area, while such countries as Myanmar (167 position), Laos (134) and Cambodia (127) are lagging far behind. Cultural differences, i.a. in terms of religion, and geographical distance could also discourage European companies from doing business in the region. Furthermore, terrorist attacks in Jakarta in January, and activities of Islamic groups in South East Asia, pose a threat to the stability of the region and undermine its reputation as an attractive investment destination.

It is worth mentioning that anticipated profits of the AEC will not be distributed equally. According to estimates, by 2025 Cambodia and Laos will have gained most (27.4% and 18.6% of GDP, respectively), and Indonesia the least (only 3.8% of GDP).¹⁶ In that case, individual state interests (for example, using NTBs in trade, or protection of the local labour market), could still play the leading role. Decision makers in ASEAN countries also realise that the AEC is still a work in progress, which is reflected in the adoption of "ASEAN Vision 2025," which anticipates further deepening and widening of the regional integration process. However, the real pace of change, for example in regard to immigration policies and capital flows, is vague.

ASEAN in the EU Strategy

Although the European Community has had official relations with ASEAN since 1980, the growing importance of the organisation in world economy and politics was underlined when the EU named it as a priority region in the 2006 Global Europe Communication.¹⁷ Since then the EU has been developing ties with the region more actively, mainly economic, but also political and social. In April 2012, at the 19th ASEAN-EU Ministerial Meeting, the EU and ASEAN adopted the Bandar Seri Begawan Plan of Action to Strengthen the ASEAN-EU Enhanced Partnership between 2013 and 2017. It envisages further deepening of the relationship, including in the fields of security and institutional support.¹⁸ In May 2015, the EU expressed "a strategic interest in strengthening its relationship with the Association of South East Asian Nations."¹⁹ In terms of the ASEAN integration process, in mid-2015 the Council of the European Union stressed "the EU's commitment to supporting ASEAN regional integration and further deepening relations."²⁰ Moreover, as a sign of upgrading bilateral relations, the EU appointed a special ambassador to the ASEAN in 2014.²¹

The main area of EU-ASEAN relations is trade. ASEAN is the third biggest trade partner for the EU (behind the U.S. and China), and the EU is also the third major partner for ASEAN (after China and Japan). In 2014 bilateral trade amounted to €179.7 billion, representing €78.6 billion in EU exports to ASEAN and €101.1

¹⁵ It is enough to say that within ASEAN there are young democracies (Indonesia, Philippines), communist regimes (Vietnam, Laos) and military juntas (in Thailand and in Myanmar, until 2011 in the latter, although the military still plays a crucial role in the political landscape).

¹⁶ This could be a result of Indonesia's attachment to a more protectionist policy, e.g., in the services sector. M. Plummer, "ASEAN Forum 2015 Keynote," Sydney Southeast Asia Centre, The University of Sydney, 2 October 2015, <http://sydney.edu.au/southeast-asia-centre/documents/pdf/asean-forum-2015-keynote.pdf>.

¹⁷ "Global Europe. Competing in the world," European Commission, 2006, http://trade.ec.europa.eu/doclib/docs/2006/october/tradoc_130376.pdf.

¹⁸ "EU-ASEAN: natural Partners," European External Action Service, June 2013, www.eeas.europa.eu/asean/docs/eu_asean_natural_partners_en.pdf.

¹⁹ "The EU and ASEAN: a partnership with a strategic purpose," *Joint Communication to the European Parliament and the Council*, European Commission, 18 May 2015, <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=JOIN:2015:22:FIN&from=EN>.

²⁰ "Council conclusions on EU-ASEAN relations," *Council of the European Union Press Release*, 22 June 2015, www.consilium.europa.eu/en/press/press-releases/2015/06/22-fac-asean-conclusions.

²¹ "Appointment of first EU envoy to ASEAN will boost ties," *EurActiv*, 6 October 2014, www.euractiv.com/sections/global-europe/appointment-first-eu-envoy-asean-will-boost-ties-308946.

in imports. Therefore, the EU recorded a negative balance of €22.5 billion. Close trade ties have been built, despite the lack of a region-to-region FTA. Although negotiations on the trade deal were launched in 2007, they were suspended after two years and seven negotiation rounds.²² Therefore, in recent years the EU has decided to pursue bilateral talks on the FTA with particular ASEAN members, finalising negotiations with Singapore in 2012 and Vietnam in 2015.²³ However, the ultimate goal is a region-to-region agreement, which will be more possible with the AEC's further internal integration of duties and trade rules within ASEAN. Moreover, the EU is the biggest investor in the region, with €156.4 billion FDI in 2014. It is important to note that ASEAN has become one of the major global destinations for FDI, attracting investments worth \$136 billion in 2014 (this represented 11% of global FDI inflows).²⁴ To better coordinate bilateral cooperation and stipulate the common goals regarding trade and investment, there are high-level discussions within the EU-ASEAN dialogue. These include the biennial EU-ASEAN ministerial meetings and annual ASEAN Economic Ministers and EU Trade Commissioner Consultations Meeting (AEM-EU).²⁵ A more integrated ASEAN could become a significant political partner for the EU, as there are several areas of common interest, such as sustainable development goals (SDGs), tackling climate change, maritime security, migration and fighting terrorism. The EU and ASEAN have already conducted dialogue on international forums, such as the ASEAN Regional Forum and ASEM.²⁶ However, internal discrepancies in ASEAN (but also within the EU) can pose a hurdle for efficient cooperation on some of those topics (for instance, climate change adjustments).

The EU—a Partner, Not a Template

Nevertheless, given the strictly economic character of the newly established AEC, trade and investment cooperation will remain at the forefront of EU-ASEAN cooperation. Integration within ASEAN seems important for the European companies active there. According to an EU-ASEAN Business Council survey published in August 2015, 70% of the respondents foresee an increase in profits in ASEAN and 58% claim that further economic integration in the region is important for them to succeed.²⁷ The AEC, characterised by stable economic growth and an absorbent market, can be an attractive destination for EU exports and, mostly, investment. It can offer an alternative to other recently volatile emerging markets, such as Brazil and China. In particular, the AEC creates an attractive environment for EU investors to take advantage of the regional production base and single market. However, one has to keep in mind the remaining NTBs within the AEC, the lack of any common certification scheme, intellectual property rights (IPR) and consumer law provisions as well as restraints on the movement of workers and capital, all of which could hamper the activity of foreign firms in ASEAN. Meanwhile, EU exporters will still face obstacles in entering the AEC, including various tariffs in individual states, as the AEC does not create a customs union. Nevertheless, the process should foster possibilities for EU companies to sell their products within ASEAN.

The new ASEAN integration stage is an incentive to return to the idea of region-to-region FTAs, which could significantly facilitate access to the AEC single market for European exporters. The EU is currently considering rejuvenating negotiations with ASEAN,²⁸ but this would be a long process that should embrace the EU trade deals already concluded with Singapore and Vietnam (which are yet to be formally ratified by the EU). However, their implementation will not automatically mean free access to the other ASEAN

²² One of the main reasons that talks stalled was the violation of human rights in Myanmar. Currently, under the Lisbon Treaty, the human rights situation in particular countries also has to be taken into account during trade negotiations. See: X. Ji, "Time to Revisit an ASEAN-EU FTA?," *The Diplomat*, 3 June 2015, <http://thediplomat.com/2015/06/time-to-revisit-an-asean-eu-fta>.

²³ There are also ongoing negotiations on the trade agreement with Malaysia and Thailand.

²⁴ In 2007 it was \$85 billion, which accounted for only 5% of global FDI inflows. See: *A Blueprint for Growth...*, *op. cit.*

²⁵ There is also, among others, an EU-ASEAN Joint Cooperation Committee as a part of the annual review mechanism of bilateral relations, as well as several annual EU-ASEAN dialogues, addressing, for example, human rights, ICT, aviation, climate change, energy, science and technology and the high level dialogue on maritime cooperation.

²⁶ Full EU membership of the ASEAN-led East Asia Summit is still an ongoing process as there is no consensus on this issue, including among ASEAN states.

²⁷ "Press Release: EU-ASEAN Business Council Launches Business Sentiment Survey 2015," 23 August 2015, <http://eu-asean.eu/wp-content/uploads/2015/08/PRESS-RELEASE-EU-ASEAN-BUSINESS-COUNCIL-LAUNCHES-BUSINESS-SENTIMENT-SURVEY.pdf>.

²⁸ Propositions in this regard appeared already in mid-2015. See: "EU and ASEAN to jumpstart trade agreement talks," *EurActiv*, 27 April 2015, www.euractiv.com/sections/trade-society/eu-and-asean-kick-start-free-trade-agreement-talks-314100.

countries via Singapore and Vietnam, as the free flow of goods within the AEC is reserved for products which have at least 40% content from ASEAN countries.²⁹ Thus, a region-to-region FTA is needed in order to provide easier trade in goods from the EU. In this context, the deals with Singapore and Vietnam could be the basis of a comprehensive EU-ASEAN FTA, but the question is whether their provisions would be accepted by other ASEAN members, for example Indonesia, which espouses stronger market protection. Therefore, discrepancies on the level of protectionism among ASEAN members can be a serious obstacle to achieving an agreement with the EU.³⁰ Nevertheless, such an agreement would be beneficial for the EU as new trade pacts, such as the Trans-Pacific Partnership (TPP) and the Regional Comprehensive Economic Partnership (RCEP), could involve ASEAN members in even closer cooperation with partners from the Asia-Pacific region.

SMEs that want to take advantage of changes within ASEAN should make better use of existing EU financed instruments, such as the Support for European Business in South East Asian Markets (SEBSEAM) programme, the aim of which is to enhance and diversify exports and investments of EU businesses to ASEAN.³¹ Moreover, it would be valuable for European businesses to use the services of the EU Chambers of Commerce active in ASEAN countries, such as the EU-Indonesia Business Network (EIBN) and the European Association for Business and Commerce (EABC) in Thailand. The abovementioned practical measures can make entering the AEC easier, and allow companies to take full advantage of the business opportunities emerging in the AEC. Moreover, the EU can contribute financially to help fulfil the idea of connectivity between ASEAN members and underpin sustainable development, for example, through funds from the European Investment Bank. Moreover, as all ASEAN states are members of the newly created Asian Infrastructure Investment Bank (AIIB), they can be also beneficiaries of the projects funded by this institution. EU companies taking part in such projects could not only gain economic profits, but could also help to fulfil the idea of “connectivity” within the AEC. However, the remaining restrictions to access to public procurements in ASEAN members can present serious obstacles.

Regarding integration models, European experiences cannot be seen as an accurate template for ASEAN, given the different conditions such as the stronger trade links between European Economic Community countries at the initial stage or their greater cohesion in terms of socio-political systems. The colonial past of the South East Asian nations, and their attachment to sovereignty, also make the integration process more challenging. Nevertheless, some elements of the EU integration model, such as the elimination of NTBs and experience in solving border control or trade disputes, can be valuable for development of the AEC. At the same time, the lack of a comprehensive source of real implementation of the AEC provisions³² means the EU and European companies can be helpful in identifying existing barriers for trade and business activity in ASEAN (such information could be collated by the ASEAN Secretariat). The EU also supports the integration process in South East Asia financially, as the biggest donor to the ASEAN Secretariat (€70 million from 2007 to 2013).³³ There are also several EU support programmes dedicated to specific areas of the socio-political environment in ASEAN, such as ASEAN Regional Integration Support by the EU (ARISE),³⁴ the ASEAN Air Transport Integration Project (AATIP), and EU Support to Higher Education in

²⁹ Nevertheless, products or raw materials from the EU can be processed in ASEAN countries and then sold in the AEC as long as they fulfill the rules of origin requirements.

³⁰ Violations of human rights in Myanmar, which were the main reason that EU-ASEAN trade talks stalled in 2009, are no longer perceived as a hurdle as economic and political reforms have been carried out in the country since 2011.

³¹ The programme is operated through several EU-ASEAN business networks, namely: the EU-Indonesia Business Network (EIBN), the EU-Philippines Business Network (EPBN), the EU-Vietnam Business Network (EVBN), the EU-Malaysia Chamber of Commerce and Industry (EU-Mcci), the European Association for Business and Commerce (EABC) for Thailand, the European Chamber of Commerce and Industry in Laos (ECCIL), EuroCham Myanmar, and EuroCham Cambodia.

³² The AEC Scorecard mechanism, based on the EU Scorecard system and established in 2008, tracks only legal implementation.

³³ In 2014 to 2020, the EU will support ASEAN integration and the Secretariat with €170 million, more than double in comparison to the previous cycle. See: “The EU-ASEAN relationship in twenty facts and figures,” European External Action Service, December 2014, http://eeas.europa.eu/asean/docs/key_facts_figures_eu_asean_en.pdf.

³⁴ ARISE is worth €15 million between 2012 and 2016. AATIP is worth €5 million for 2012 to 2016. EU SHARE is worth €10 million between 2013 and 2017. These projects are conducted by the ASEAN Secretariat, but there are more initiatives dedicated to particular ASEAN members. See: “EU-ASEAN: natural Partners,” European External Action Service, June 2013, www.eeas.europa.eu/asean/docs/eu_asean_natural_partners_en.pdf.

ASEAN Region (EU SHARE). The efficient use of these and other instruments can significantly underpin the integration process in South East Asia, and build a positive image of the EU in the region.

The View from Poland

For Poland, ASEAN is still a marginal economic partner. In 2014, Polish companies sold to South East Asia goods worth €1.2 billion, accounting for only 0.7% of Polish exports. Poland regularly records a deficit in trade with ASEAN (in 2014, imports from ASEAN were worth €4 billion, so this deficit amounted to €2.8 billion). This negative balance will not be easily improved by the AEC, as customs barriers for foreign goods will remain. Moreover, ASEAN seems rather an unknown in Poland, and thus a difficult market for Polish companies, especially SMEs.

Nevertheless, the hype surrounding the establishment of the AEC can attract greater attention from Polish business, especially from investors who would like to locate production facilities in South East Asia and take advantage of enhancing trade links in the region. Currently, Polish investments in ASEAN are scarce and are concentrated mostly in Singapore, Indonesia and Vietnam. Those companies can have access not only to the AEC but also to other states that have FTAs with ASEAN (as mentioned earlier, for example, China, India and Japan). In that sense, the AEC can become an element of Polish trade and, most of all, investment diversification currently concentrated in the EU. Polish business can also take part in infrastructural projects in ASEAN, financed, for example, with AIIB funds.³⁵ Polish companies should seek opportunities in niche market, such as food processing or green technologies, focusing especially on fast-developing cities. Information on market realities (for example, the realisation of investment projects) and progress in the integration process (among other things, regarding the movement of labour and capital) is a crucial element in taking advantage of opportunities created by the AEC.

Therefore, an information campaign supported by the Polish government, about the prospects of doing business after the establishment of the AEC, would be welcome. Enhanced financial instruments for Polish investors interested in having a presence on the AEC market should also be promoted among Polish business. An example is the BGK Foreign Expansion Fund FIZAN, which supports investments in overseas entities backed by Polish capital. All of these activities would be in the line with the announcements made by Mateusz Morawiecki, the Polish deputy prime minister and minister of development who described development of cooperation with ASEAN members as one of the priorities for the new Polish government.³⁶ Also Witold Waszczykowski, Polish minister of foreign affairs, in his recent speech to the Sejm on priorities of Polish diplomacy named ASEAN as an important partner for Poland.³⁷

³⁵ Polish entities can take part in the projects as the country is a founding member of the AIIB.

³⁶ „Wicepremier Morawiecki o współpracy z krajami ASEAN,” Ministerstwo Rozwoju, 9 December 2015, www.mr.gov.pl/strony/aktualnosci/wicepremier-morawiecki-o-wspolpracy-z-krajami-asean.

³⁷ „Minister Witold Waszczykowski on priorities of Polish diplomacy,” Ministry of Foreign Affairs Republic of Poland, 29 January 2016, www.msz.gov.pl/en/news/minister_witold_waszczykowski_on_priorities_of_polish_diplomacy.