

THE ASEAN "MARKET"

Overarching Principles

- Independent Financial and Political Markets
- Non-uniform Financial Requirements
 - Currency
 - Origen/Nature/Terms of Financial Instruments
- Inconsistent Import and Enforcement Standards

Ten Stand-Alone Markets

Philippines	Thailand
Indonesia	Singapore
Malaysia	Vietnam
Cambodia	Brunei
Myanmar	Laos

Geographic Perspective



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Significant Distinctions Among Member Countries

- Financial Markets – Some sophisticated (Financial Institutions, Stock Exchanges)
- Independent Standards & Requirements
- Local Content Requirements - Vary by country and industry
 - ✓ Politically driven (Top Down)
 - ✓ Sometimes industry specific (i.e. Automotive)
 - ✓ Prone to change without notice
 - ✓ Often unpublished

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Examples of Modernization

- Stock Exchanges – Indonesia, Thailand, Singapore, and Philippines;
- Market Member Customs Agencies Meet Periodically to Discuss Policies, Standards and Practices (not to harmonize);
- Ethical Standards Selectively Adopted and Enforced (not published for international access).

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Local Content Requirements Generally

- Volatile
 - ✓ Politically driven
 - ✓ Often require contemporaneous FTA with non-ASEAN buyer country
 - ✓ Sometimes motivated by industry (i.e. automotive)
 - ✓ Prone to fluctuation (susceptible to independent political influence)
 - ✓ Sometimes require local investment in the local manufacturer as a condition of eligibility

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Specific Local Content Requirements

- **Thailand** - 40 percent local content requirement - single country and cumulative ASEAN content. Thailand applies specific preferential rates of duty for select imports from select FTA nations only (select ASEAN origins and select EU goods). Thailand has no FTA with the US.
- **Indonesia** – No published percentage; Oil and gas companies are required to prioritize Indonesian goods and services and they are given price requirements (“preferences”).

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Specific Local Content Requirements

- **Singapore** – Requires at least 25 percent local content based on ex-factory product price.
- **Philippines** – Class 1 local supplier - 50%; Class 2 local suppliers – 20% Import licenses apply to protected industries and products. Automotive has separate local content requirements.

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Specific Local Content Requirements

- **Vietnam** - Requires minimum local investment by the foreign purchaser as condition qualify for local content discount.
- **Cambodia** - None
- **Malaysia** – Local Seller must be at lease 70% locally owned and Local Content must be 70%+
- **Myanmar** – 100% with exceptions tightly controlled.
- **Brunai** – 25% minimum based on ex-factory finished product price.
- **Laos** – Local content requirements are not published.

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Discussion