

The ASEAN Economic Community (AEC):

Opportunities in the
Aerospace and Life Sciences Sectors

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Asia Pacific's Leading Regional Economic Hub

- ASEAN Includes ten Southeast Asian Countries (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam) which if combined would have a GDP of \$2.4 Trillion and population of 626 million, and with an “average” GDP growth rate of 5% per year.
- In 2015, under the Chairmanship of Malaysia the ten nations will formally launch the ASEAN Economic Community (AEC) to further promote “freer” movement of goods, services, capital, investment, skilled labor, as a single production platform and consumption market.

ASEAN has Something for Everyone

- Higher Income and Developed Economies: Singapore (life sciences, energy, & finance), Malaysia(electronics, manufacturing, energy, & aerospace) and Thailand(autos, tourism).
- Middle Income and Emerging Economies: Indonesia(commodities, consumption), Philippines(BPO, talent), Vietnam(electronics, consumption).
- Frontier and Developing Economies: Brunei (energy), Cambodia(apparel), Laos(energy) and Myanmar(commodities).

Drivers of Economic Growth: Regional Connectivity

- Connecting people and places in launching the ASEAN Economic Community is led by a rapidly growing aerospace sector.
 - Rapid increase in demand to fly by ASEAN citizens and tourism growth fueling new spending in airport infrastructure in Singapore, Malaysia and Vietnam.
 - According to Frost & Sullivan, total passenger throughput from ASEAN airports is expected to reach to 233 million(2014), and grow to 318 million in 2017.
 - Boeing estimates: ASEAN airlines are poised for rapid expansion by 2032 as they take delivery of an estimated 3,000 new commercial aircraft, a market of about \$500 billion for aircraft manufacturers.

Drivers of Economic Growth: Regional Connectivity

- The fastest growing segment is in low cost carriers, led by Malaysia's AirAsia (one of ASEAN's 1st regional corporates), & Indonesia's LionAir, expected to need 2100 jets, a market of US\$210 billion for manufacturers.
- Vietnam Airlines gets its first Dreamliner in 2015.
- The formation of a regional open skies agreement (ASEAN Single Aviation Market) and freer mobility of aviation skilled professionals will be features of the ASEAN Economic Community.
- Malaysia, Singapore, Indonesia will be leading "Aviation Hubs" in MRO, manufacturing, & training (pilots, engineers, technicians).

Drivers of Economic Growth: Services

- Asia Pacific's healthcare markets to make up 1/3 of global market in 2015.
- ASEAN's position in Asia and its own young demographics, biodiversity, rising incomes, economic upgrading, good regulatory and IPR regimes and expansion of universal healthcare programs (Indonesia, Philippines, Thailand) are increasing opportunities across a range of products and services in the health & life sciences sector.
 - Biotech/Pharma: Singapore is leader in R&D, \$4 billion invested.
 - Private healthcare: Singapore is leader, Vietnam is fastest growing, Malaysia's SWF #1 private investor in hospitals around the world (outside of the US).

Drivers of Economic Growth: Services

- Medical device manufacturing: One of Malaysia's new growth industries, (<http://www.siteselection.com/issues/2013/sep/ip-malaysia.cfm>)
- Medical tourism: Thailand is the leader (\$2 billion), 2.5 million tourists per year.
- Healthcare financing: Philippines, key element of inclusive growth strategy.
- Healthcare professional training: Education and professional skill initiatives across the region. Opportunities for training services providers.

Why ASEAN?

- Its where the economic growth is.
- Supportive environment for SME's and startups: Example, Malaysia has an investment fund targeting US bio/green tech firms <http://www.mlscf.com/About-MLSCF.htm> ; Malaysia's \$40 billion SWF with office in San Francisco http://kperspectives.khazanah.com.my/Get_To_Know_Us-@-Khazanah_Americas_Incorporated.aspx , Malaysia's global entrepreneur center was launched with President Obama in April <http://www.mymagic.my/about/> ; and ASEAN regional start up fund linked to Silicon Valley's 500 Startups is managed by Malaysian entrepreneur <http://techcrunch.com/2013/05/29/500-startups-raises-10m-500-durians-micro-fund-hires-khailee-ng-as-venture-partner-to-invest-in-se-asia/> .
- US-ASEAN two way trade and investment flows are growing in both directions.
- FTA's with China, Japan, Korea, India, Australia, and New Zealand make ASEAN the world's regional gateway to Asia's markets.
- Malaysian (Maybank, CIMB) and Singapore(DBS) banks becoming ASEAN banks to support business growth.
- Google "Why ASEAN Matters for America" for a detailed breakdown on how America benefits from its economic relationship with ASEAN.
- Resources to help explore opportunities in ASEAN
 - TDA of Seattle
 - US-ASEAN Business Council: Boeing, Microsoft, Paccar and Starbucks are members.
 - Amcham's in ASEAN
 - US Chamber of Commerce
 - US Embassies in ASEAN
 - ASEAN economic entities with offices in the US like MIDA