

**WELCOME REMARKS BY  
MINISTER FOR TRADE AND INDUSTRY  
MR LIM HNG KIANG AT THE ASEAN FINANCE MINISTERS'  
INVESTORS SEMINAR, 29 SEPTEMBER, 2004, NEW YORK**

**“THE PROMISE OF ASEAN”**

Your Excellencies, Distinguished Guests, Ladies and Gentlemen

1 Welcome to the ASEAN Finance Ministers' Investors Seminar. It is good to know that the ASEAN brand continues to draw such a strong turnout of political leaders and corporate captains who have taken time off from their busy schedules to join us today. Today's seminar is a celebration of how much ASEAN has achieved in the past few decades, as well as our shared vision of how far we are able to go.

2 Many of you gathered here today have observed first-hand how ASEAN economies have evolved over the past decade, maybe longer. Others may only have followed on a few specific South-East Asian economies, perhaps for only a short time. Many will have met with senior officials from different South East Asian countries as some of us have embarked on individual roadshows to New York and other major financial centres. But I doubt if any of you would have seen a collective gathering like this.

3 This group of Finance Ministers met in Singapore back in April this year. At that time, we were struck by how ASEAN seemed to be entering

into an exciting new era of high growth. We also observed how strong economic fundamentals, diverse economic strengths, strong infrastructure support and pro-business policies have strengthened ASEAN's global competitiveness. At the same time, regional integration was picking up pace, which would allow ASEAN to increasingly function as an integrated market, offering business opportunities not often found in other emerging markets. In short, we realized we had a compelling story to tell, and here we are today.

### **New Opportunities**

4 Politically, ASEAN has become more integrated. ASEAN today is committed to greater regional security and constitutes a unique cluster of forward-looking and dynamic societies. Its governments also show growing determination to make their voices heard in key international fora.

5 Economically too, Southeast Asia's credentials are compelling: it has about a tenth of the world's population (550m), of which 60% is less than 30 years old, and per-capita income is growing by 5% per annum. Its combined GDP is the third largest in Asia, after China and Japan, and is likely to be boosted by long-term urbanization trends.

6 Within this environment of unity, cooperation, and growth, new political and economic opportunities have emerged for ASEAN to engage the world. Increasingly, countries and regions are courting ASEAN to engage in strategic partnerships.

## **New Opportunities**

7 For example, since 2003, our relationship with the EU has taken on a new dimension with the launch of a regional trade action plan, the Trans-Regional EU-ASEAN Trade Initiative (TREATI), which seeks closer cooperation between both regions on a wide range of trade, investments and regulatory issues. Senior officials from ASEAN and the EU have set up a road-map with the objective of implementing TREATI by the end of this year. TREATI will enable a closer economic relationship between both trading regions, and thereby permit serious consideration to be given to a potential Free Trade Agreement.

8 Closer to our home, Australia and New Zealand have been working with ASEAN since 2002 to strengthen regional trade links and pursue common trade goals through the ASEAN Free Trade Area (AFTA) - Closer Economic Relations (CER) - Closer Economic Partnership (CEP). In April this year, we agreed that it would be beneficial to both regions to upgrade our economic relations to the next level. To that end, FTA negotiations between ASEAN, Australia and New Zealand are scheduled to begin in early 2005, and to conclude within two years. An agreement is likely to be implemented by 2017.

### *ASEAN and Asia*

9 Within Asia, new opportunities for trade and economic cooperation have also emerged. China approached ASEAN to negotiate a Free Trade Agreement (FTA) in 2001. By 2010, we should have an FTA between

China and ASEAN-6, with the rest of ASEAN to be included by 2015. Determined not to lose out, Japan, India and Korea have also proposed various forms of economic partnerships with ASEAN. Together with the bilateral FTAs that several ASEAN members already have with the major Asian countries, these processes point to a near future in which ASEAN would function as an economic hub linking Asia to the rest of the world.

### *ASEAN and the US*

10 The move towards greater Asian economic integration will benefit the American companies. The ASEAN+3 process links ASEAN's 550 million citizens with 1.3 billion Chinese. Adding Japan and Korea will create a market of well over 2 billion people and an economy whose value would approach \$US 5 trillion. Foreign investors will certainly play a large role to provide the capital, technology and talent to fuel future growth. ASEAN's markets, stock exchanges, and productive resources should be a great draw for American investors and firms.

11 Enhanced US-ASEAN relations will also pave the way for greater engagement by US investors and firms. In 2002, for example President Bush announced the "Enterprise for ASEAN Initiative" (EAI). The aim of this was to expand the market for ASEAN-produced goods, to get cheaper sources of capital and intermediate products, and to strengthen inter-regional investment links. ASEAN shares this vision, as we see extensive benefits in US engagement in the region and the presence of US companies.

12 At the same time, we, like the US, also recognize the need to maintain a security environment in the region that supports the global war on

terrorism without impeding trade and investment flows. Security and trade are mutually reinforcing objectives and both are requisites for economic growth. The recent bombing at the Australian Embassy in Jakarta has strengthened our resolve not to tolerate or shrink back, but to band together as we have in the past, to weed out the threat of terrorism.

### **Reasons for Optimism**

13 This blend of market potential, enhanced intra and inter-regional trade and investment linkages, backed by a strong commitment to regional security and stability will put ASEAN in a strong position to chart its future path, both as individual economies, and collectively as a group. Looking forward, the future of ASEAN will also be underpinned by positive demographic trends which point to a growing proportion of young, economically productive population. The number of middle-class Southeast Asians could reach 100 million by the end of the decade. The rising affluence of a young workforce has enormous implications for demand for life-style consumer and financial products. We will also see a strong increase in the demand for consumer banking, wealth management and investment advisory services in the coming years.

14 We therefore bring with us a strong sense of optimism about ASEAN's future. Investors that are not already in Southeast Asia need to see the successes and potential in the region, rather than focus on the old news of the Asian crisis. Today, ASEAN does not merely exist as a name - it thrives as an active and inter-dependent network of forward-looking nations. Recent experiences may have bruised us, but we are far from being

knocked out. In fact, ASEAN stands ready to seize the many new and exciting opportunities that lie ahead.

### **Conclusion**

15 In this short 10-minute time slot that I have been allocated, I would not have done justice to the ASEAN story. But I promise you that much more colour and detail will emerge as my fellow ASEAN colleagues take you through the panel discussions this morning. I will now leave you in their capable hands.

16 Thank you.