

Interview: ASEAN Economic Community to strengthen, optimize regional growth: Malaysian banker

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KUALA LUMPUR, Aug. 22 (Xinhua) -- The establishment of the ASEAN Economic Community (AEC) by year-end will effectively promote intra-ASEAN trade in the near future, helping the region strengthen and optimize its economic growth, a Malaysian banker told Xinhua in a recent interview.

John Chong, chief executive officer of Maybank Investment Bank, said that the establishment of AEC is expected to lift intra-ASEAN trade beyond the current long-standing level of around 25 percent of ASEAN total trade to at least one-third within the next three to five years.

"This would help to cushion external shocks and overcome domestic challenges as well as cyclical and structural issues facing ASEAN growth such as slower world trade growth and weak commodity prices," he added.

ASEAN 6 (Singapore, Malaysia, Indonesia, Thailand, the Philippines, Vietnam) growth is expected to edge up this year to 4.8 percent from 4.5 percent last year, and the momentum is expected to pick up further to 5.1 percent next year, while the rest of ASEAN economies are expected to see growth momentum well in excess of 6 percent. "Key driver and critical factor to this outlook is the AEC," Chong said.

Working in Malaysia's largest bank, Chong said that the AEC Blueprint, which will transform ASEAN into a single market and production base, a highly competitive economic region, a region of equitable economic development, and a region fully integrated into the global economy, could not be achieved without the regional financial integration.

He said that the financial integration in the AEC can be attained through the liberalization of financial services and capital accounts, harmonization of financial and monetary policies and regulations, development of market infrastructure, and enabling environment to promote effective intermediation of cross-border financial flows.

"At the moment, there is still much work to be done to deepen the financial integration of the ASEAN countries before the AEC comes into force in 2016," he added.

On the outlook of China-ASEAN trade, Chong said that there are many areas with great potential, such as direct investment flows; business flows like financial services; logistic sector like ports, transport and storage; and business services like accounting, legal and communication services.

"Over the medium to longer term, improved income and living standards arising from the China-ASEAN trade and investment growth and the spillovers to the business activities mentioned will boost overall demand for consumption goods and services," he added.

Chong also said that the benefits of AEC can be bolstered by China-proposed Belt and Road initiative in terms of trade and investment growth as well as increase in financial and business flows via strategic partnerships between China and ASEAN.

"A couple of areas are already in motion," he said, referring to the link-up between the Yunnan Province of China and the Greater Mekong Sub-Region of ASEAN, and the establishment of the Asian Infrastructure Investment Bank (AIIB) where ASEAN countries are founding members.

Chong said that these two specific initiatives can facilitate the improvement and expansion in the connectivity between China and ASEAN, for example, via potentially a railway infrastructure backbone that is well-linked to roads, highways, ports and airports across ASEAN since transport and logistics will be one of the key enablers for the growth and efficient working of an integrated ASEAN single market and production base.