



THE READINESS OF ASEAN SMALL AND MEDIUM ENTERPRISES (SMEs) IN FACING THE ASEAN ECONOMIC COMMUNITY (AEC) 2015

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The theoretical expectation is that the implementation of AEC by the end of 2015 will transform ASEAN into a single market and production base, like the European Union (EU), to enhance ASEAN's competitiveness. All existing tariffs on exports and imports will be eliminated and non-tariff barriers (NTBs) will be gradually phased out. ASEAN investors will be free to invest in all economic sectors throughout the region. Simple, harmonized and standardized trade and customs requirements are expected to reduce transaction costs. The AEC 2015 will then boost the development of production networks, foster the regional integration of priority sectors and allow for the free movement of business persons, professionals, skilled labour and talents (Tambunan, 2014)..

No doubt that liberalization of trade and investment such as in the case of AEC 2015 will create greater market and production opportunities for any local SMEs in all ASEAN member states. However, individual SMEs can make a good use of such opportunities, it depends to a larger extent on themselves, i.e. their readiness, and to a lesser extent, appropriate government supports. Thus, every individual SMEs certainly will face a great challenge, namely can they successfully compete in ASEAN market. If not, that means the implementation of the AEC 2015 will turn out to be a serious threat in the form of losing domestic market shares.