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FACT SHEET: U.S.-ASEAN Connect

Strategic Partners for Sustainable and Innovative Economic Growth

Connect Represents the Next Chapter in the U.S. -ASEAN Economic Relationship

U.S.-ASEAN Connect (“Connect”) is the U.S. Government’s strategic framework for economic engagement with the Association of Southeast Asian Nations (ASEAN) and the ASEAN Member States. Connect was announced by President Obama on February 15, 2016, at the historic U.S.-ASEAN special Leaders’ Summit in Sunnylands, California. Organized around four pillars – Business Connect, Energy Connect, Innovation Connect, and Policy Connect – the initiative provides strategic focus to ongoing and future U.S. economic activities in the region. U.S.-ASEAN Connect brings together all the resources and expertise of the U.S. government and private sector to create a whole-of-U.S. approach to economic engagement in the region. It reflects both the U.S. government and U.S. private sector’s desire to support ASEAN’s continued integration, including the success of the ASEAN Economic Community, and increased U.S.-ASEAN trade and investment.

Strong economic ties have been at the core of the United States and ASEAN’s relationship for the past four decades. ASEAN countries are collectively the United States’ fourth-largest goods trading partner. Two-way trade in goods and services has tripled since the 1990s and now supports hundreds of thousands of jobs in the United States and ASEAN. U.S. businesses have more than doubled their foreign direct investment (FDI) in ASEAN, where they have been one of the largest cumulative sources of FDI. U.S. investment in the region not only supports jobs and economic growth – it transfers cutting-edge technology, builds local communities, and strengthens the skill sets of local workers.

Through U.S.-ASEAN Connect, the U.S. Government and private sector will strengthen our partnership with ASEAN, supporting ASEAN’s goal of building a dynamic, innovative, sustainable, resilient and rules-based economic community that benefits citizens in all of our countries.

Delivering New High-Impact Programs and Events under Four Pillars

Connect is delivering on the promise of providing a strategic focus to U.S. economic engagement in ASEAN under four pillars: Business Connect, Energy Connect, Innovation Connect, and Policy Connect. New activities under Connect include the following:

Business Connect supports increased commercial engagement between the United States and ASEAN. The United States is establishing an **agribusiness credit** enhancement program, in partnership with regional financial institutions, to increase access to finance and improve business processes and technologies for small and medium-sized agribusinesses and entrepreneurs in the region. Through a new **Memorandum of Understanding** between the U.S. Department of Commerce and the Singapore Ministry of Trade, U.S. and Singaporean firms will work to deliver e-commerce, financial technology, infrastructure, and smart city solutions throughout ASEAN.

Energy Connect helps develop ASEAN's power sector using sustainable, efficient, and innovative technologies. To help deliver on this goal and increase the supply of grid-connected renewable energy, USAID will support a new multi-million dollar, multi-year effort in ASEAN member states through its **Clean Power Asia** program.

Innovation Connect supports innovation-focused ecosystems that spur invention, create new businesses, promote sustainable growth and assist ASEAN in developing the region's future innovators, entrepreneurs and business leaders. The United States, in partnership with Australia, is providing a guarantee to support the **Women's Livelihood Bond**, which will leverage just over \$15 million in private capital for microfinance institutions that lend to women and social enterprises to create sustainable livelihoods for women. A new **Digital Economy Series** is being organized around the key issues ASEAN must tackle to build a successful and vibrant regional digital economy. This cross-cutting initiative will feature a series of public-private policy engagements, capacity-building activities, and people-to-people exchanges on e-commerce, digital entrepreneurship, mobile payments, and broadband connectivity, among other topics. The initiative will support ASEAN in developing an open and integrated digital economy that can drive innovation and inclusive economic growth.

Policy Connect works with ASEAN countries to improve the policy and regulatory environment for growth, trade, innovation and investment supporting ASEAN Member States' regional integration objectives under the ASEAN Economic Community. The **U.S.-ASEAN Trade Workshops**, under the U.S.-ASEAN Trade and Investment Framework Arrangement, will help ASEAN Member State officials familiarize themselves with the elements that go into high-standard trade agreements, helping to improve the environment for trade and investment.

Making a Tangible Commitment

The U.S. government is establishing a U.S.-ASEAN Connect Center led by a new resident Director and new dedicated staff housed within the U.S. Mission to ASEAN in Jakarta. The Center will work closely with strategic Connect locations and with regionally focused staff in Bangkok and Singapore to carry forward the Connect vision. The Connect personnel in these three locations will coordinate closely with the ten bilateral U.S. embassies in the ASEAN member state capitals that will remain the

primary points of contact for country-specific issues. The U.S. government is also launching a U.S.-ASEAN Connect web site (www.usaseanconnect.gov) to facilitate access to the wide variety of expertise and resources the United States has to offer.

Taking a “Whole-of-Government” Approach to Partnership under U.S.-ASEAN Connect

Effective economic engagement requires coordination to utilize the wide variety of expertise and resources the United States has to offer. The U.S. government is collaborating across the wide range of departments and agencies and is deepening cooperation with the U.S. private sector to deliver programming, events, and assistance to promote inclusive economic growth and encourage improvements in the rule of law and the business climate. Examples of the comprehensive support the United States has been providing in the region include:

U.S. Agency for International Development (USAID)

Since February 2016, USAID has supported programs under each Connect pillar. Highlights include:

- Under Business Connect, and in collaboration with ASEAN and the U.S.-ASEAN Business Council, launching the ASEAN SME Online Academy (<http://www.asean-sme-academy.org/>). This one-stop resource links small and medium-sized enterprises (SMEs) to regional and global supply chains and allows users to take courses on topics ranging from finance to technology. Facebook, Google, HP, Microsoft and MasterCard have contributed to the development of the academy’s coursework. A resources section links users to more than 300 business associations, corporate initiatives, financial services and government services.
- Under Business Connect, establishing an agribusiness credit enhancement program, in partnership with regional financial institutions, to increase access to finance and improve business processes and technologies for small and medium-sized agribusinesses and entrepreneurs in the region.
- Under Innovation Connect, and in partnership with the Australian government, providing a guarantee to support the Women’s Livelihood Bond, which will leverage just over \$15 million in private capital for microfinance institutions that lend to women and social enterprises to create sustainable livelihoods for women.
- Under Innovation Connect, supporting the annual Sankalp Southeast Asia Summit, one of the largest events in the ASEAN region, which promotes the growth of social enterprises and catalyzes impact investments in developing markets.
- The new USAID Clean Power Asia program will support Energy Connect by helping ASEAN member states to strengthen their power sector planning, improve policy and regulatory frameworks and facilitate mobilization of investment in grid-connected renewable energy.
- Under Policy Connect, supporting the launch of the ASEAN Single Window (ASW), which integrates customs procedures across all 10 member countries to expedite cargo clearance and

reduce transaction costs and time, effectively lowering the cost of doing business across the region and facilitating ASEAN's participation in global supply chains.

U.S. Department of State

Since the announcement of U.S.-ASEAN Connect, the U.S. Department of State has contributed to each pillar of U.S.-ASEAN Connect. Highlights include:

- Developing the U.S.-ASEAN Connect: Digital Economy Series in support of ASEAN's goal of a digitally enabled, integrated, and innovative society. The series consists of a wide breadth of activities including a USAID sponsored assessment paper of the important digital economy issues that the region faces, a series of joint public-private policy conversations around key issues, and capacity-building assistance in these areas. This initiative aims to bring together U.S. government and private sector experts with ASEAN counterparts to dive deep into the policies and regulatory frameworks required to foster the development of the digital economy. The initiative also provides an opportunity to address key U.S. and ASEAN priorities such as the development of e-commerce, enabling small and medium-sized enterprises to take advantage of the Internet, the use of mobile and electronic payments, and expanding broadband connectivity, in line with the U.S.-led Global Connect Initiative.
- In partnership with USAID, supporting the YSEALI Innovation Challenge to promote innovative technology solutions to some of the region's most complex problems. This year's Challenge is focused on agriculture, aquaculture and fisheries and partners with innovative businesses like Cisco and Intel.
- Launching the Innovation Roadshow series to bring together executives from leading U.S. companies and senior officials from the ASEAN Member States to discuss the ecosystem for innovation and entrepreneurship. Thus far, the roadshow has traveled to Indonesia, the Philippines, Vietnam, and Myanmar.
- Conducting a Creative Economy Roundtable with IT sector firms and government officials in Cambodia in June.
- Organizing an Energy Access Workshop during Singapore International Energy Week in October 2016.

U.S. Department of Commerce

The Department of Commerce has continued to work alongside the U.S. private sector to strengthen the U.S.-ASEAN commercial relationship. Highlights include:

- Setting up the U.S. Pavilion at Singapore International Water Week trade show in July 2016 in collaboration with the U.S. Environmental Protection Agency and the American Waterworks Association to promote U.S.-ASEAN trade.

- Leading a water infrastructure trade mission to Singapore, Vietnam, and the Philippines in July 2016 to increase U.S. export opportunities to the ASEAN region.
- Signing a Memorandum of Understanding with the Government of Singapore to promote collaboration on infrastructure, financial technology (FinTech), e-commerce, and smart cities solutions in Southeast Asia and other third-party markets.
- Promoting U.S.-ASEAN cooperation on standards at a regional conference on corrosion held by the National Association of Corrosion Engineers (NACE) in Malaysia in August 2016.
- Organizing a smart cities conference, *Discover Global Markets: Building Smart Cities*, in Chicago in November 2016 to promote U.S. export opportunities related to smart cities goods and services. The conference will highlight Singapore as a featured country.
- Collaborating with the Singapore government on Singapore's inaugural FinTech Festival in November 2016 to highlight U.S. technology and expertise, increase U.S.-ASEAN trade and investment in financial technology, and promote financial inclusion. Commerce will lead a FinTech Trade Mission to the festival.

U.S. Trade and Development Agency (USTDA)

USTDA links U.S. businesses to priority development projects in emerging economies. USTDA has funded a number of activities aimed at connecting decision-makers from ASEAN Member States with U.S. companies providing advanced infrastructure solutions. Highlights include:

- In collaboration with the Asia-Pacific Economic Cooperation (APEC) Secretariat and the U.S. Federal Aviation Administration, hosting a workshop in Manila in March 2016 to facilitate the exchange of best practices for reducing aviation emissions and fuel consumption, as well as for improving the efficiency of airline operations. The workshop connected U.S. companies to key decision-makers from Indonesia, Malaysia, the Philippines, and Vietnam to discuss how advanced air traffic management and air traffic control solutions could support their efforts.
- The Asia-Pacific Flight Standards Reverse Trade Mission (RTM) provided an opportunity for delegates from across the region to learn about regulatory best practices to improve civil aviation safety and security oversight in their countries. The RTM, which was held in July 2016, supported the civil aviation authorities' goals of bringing flight standards into conformance with international guidelines and of achieving the highest-level aviation safety rating.
- In an effort to expand its clean energy portfolio in the ASEAN region, the Agency will bring on an advisor to help identify and evaluate specific clean energy, electricity transmission and distribution, and energy efficiency projects developed by public and

private sector entities in Southeast Asia to determine if such projects are ready for funding.

- Committing to assess the feasibility of a 20 MW solar project in Laos being developed by a private sector firm. If implemented, the project would be the first large-scale, non-hydro renewable energy project in Laos and would help meet the country's goals of integrating diverse renewable energy sources into its energy mix.

Office of the U.S. Trade Representative (USTR)

Since February 2016, USTR has contributed to the success of Policy, Business, and Innovation pillars through its ongoing work under the 2006 U.S.-ASEAN Trade and Investment Framework Arrangement. Highlights include:

- Hosting, in partnership with State and Commerce, the ASEAN Economic Ministers for a roadshow to San Francisco and Silicon Valley focused on innovation and entrepreneurship.
- Concluding negotiation of two texts: the ASEAN-U.S. Cooperation in Fostering Transparency and Good Regulatory Practices and the ASEAN-U.S. Cooperation in Fostering International Investment. The Ministers endorsed these texts, which serve as a shared understanding of best practices in these areas, at the ASEAN Economic Ministers meeting in August 2016. USTR is also working to conclude the ASEAN-U.S. Cooperation in Fostering Cooperation in Telecommunications and Information Technology Services.
- Delivering the first U.S.-ASEAN Trade Workshop on e-commerce issues in August 2016, through the U.S.-Singapore Third Country Training Program.

U.S. Department of Energy

Under U.S.-ASEAN Connect, the U.S. Department of Energy continues to fulfill the U.S.-ASEAN Energy Cooperation Workplan, and has also recently co-organized workshops with Brunei at ASEAN Renewable Energy Week 2016. Highlights include:

- Leading a two-day Solar Photovoltaic Grid Integration Roundtable, to disseminate to regional policymakers and local lending institutions the most current industry information, help build the requisite capacity, and promote the appropriate plans and policies to increase regional utility-scale solar deployment.
- Leading a full-day workshop on Climate Change Risk Management in Hydropower Planning, to aid regional policymakers in preparing a more resilient, "least-regrets" energy infrastructure that could endure severe and long-term changes in climate, resource availability, energy demand and distribution patterns.

The content of these workshops bridged the Energy, Policy, Business, and Innovation pillars of U.S.-ASEAN Connect.

U.S. Department of the Treasury

The U.S. Department of the Treasury has contributed to both the Policy Connect and Energy Connect pillars by engaging in bilateral and multilateral discussions with ASEAN partners on economic, financial and infrastructure development issues and by providing support from the Office of Technical Assistance (OTA). OTA's Government Debt and Infrastructure Finance advisors in the region contribute in the areas of policy development related to implementation of Infrastructure Public Private Partnerships for Transportation, Airports/Aviation, Rail and Energy/Renewable Energy. Highlights include:

- Joint development of technical assistance program for the Government of Indonesia (GOI) aimed at providing strategic and technical advice for the effective implementation of Public Private Partnerships (PPP) in the critical infrastructure sectors.
- Supporting the Government of the Philippines in developing local capital markets to create sustainable sources of financing to meet current infrastructure funding deficit. This includes deepening liquidity and enhancing the reliability of the domestic yield curve, as well as introducing new products, such as project finance bonds.
- Continuing OTA's support to GOI in Renewable Energy sector development by assisting in policy development aimed at strengthening the sustainability of financing for renewable energy projects, accelerating development of the local clean energy industry and attracting foreign capital. At the same time, OTA is ensuring sustainable and transparent fiscal controls over government subsidies to the sector.
- Promoting U.S. Government support and assistance programs and Energy Connect by organizing "Case Studies in Clean Energy Project Development: Lessons Learned in Southeast Asia," a USG panel formed for the Asia Clean Energy Forum in Manila in June 2016.
- Initiating bilateral engagement with the Government of Vietnam on Renewable Energy program design and implementation and application of Public Private Partnership in infrastructure project development.

Export-Import Bank of the United States (EXIM Bank)

EXIM will remain actively engaged on future opportunities to finance U.S. exports to Indonesia, Vietnam, and other nations of ASEAN particularly those exports that also support infrastructure development needs. EXIM Bank reaffirms its interest in supporting U.S. exports for civil nuclear power projects in Vietnam.

- Since 2009, authorizing over \$800 million in loans, guarantees and insurance to support U.S. exports – from businesses large and small – to Vietnam. These exports have supported U.S.-Vietnam economic engagement across multiple sectors including renewable energy, aviation, and

manufacturing. These U.S. exports not only support thousands of jobs in the United States, but also create jobs and boost infrastructure investment in Vietnam.

- Since 2014, authorizing over \$2 billion in loans and guarantees to support U.S. exports of transportation equipment to Indonesia. These exports include locomotives and aircraft.

Overseas Private Investment Corporation (OPIC)

OPIC is the U.S. Government's development finance institution focused on economic development in emerging markets through support for private sector investments which have U.S. private sector involvement. OPIC is active primarily in the Business Connect and Energy Connect pillars, as demonstrated by projects which have recently achieved major milestones. Highlights include:

- Making a \$250 million loan to support telecommunications infrastructure in Myanmar: Apollo Myanmar is building an expansive network of telecom towers across the country to enable access to voice and data to millions in the country for the first time.
- Making a \$120 million loan to support renewable energy in Indonesia: UPC Sidrap Bayu Energi will develop, construct and operate a 75 MW wind farm in Sulawesi. OPIC's support of the project – Indonesia's first utility scale wind farm – is accelerating Indonesia's renewable energy development and expected to catalyze further investment in the sector.
- Providing \$155 million of financing to support micro-, small and medium enterprises (MSMEs) in Cambodia: This financing – of which \$30 million will be dedicated to women-owned MSMEs – will help ACLEDA Bank expand its portfolio of MSME lending in Cambodia. MSMEs play a critical part in Cambodia's economy, providing growth, employment, and goods and services for a better quality of life across the population.