



Report to ASEAN Leaders

September 2016, Vientiane, Laos





ASEAN Business Advisory Council Report to ASEAN Leaders

“Turning Vision Into Reality”
September 2016



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About the ASEAN Business Advisory Council (ASEAN-BAC)

Launched in April 2003, ASEAN-BAC was set up with the mandate to provide private sector feedback and guidance to boost ASEAN's efforts towards economic integration. Aside from providing private sector feedback on the implementation of ASEAN economic cooperation, the Council also identifies priority areas for consideration of the ASEAN Leaders. Accordingly, ASEAN-BAC's activities are primarily focused on reviewing and identifying issues to facilitate and promote economic cooperation and integration. The Council also submits recommendations for the consideration of the Leaders and the ASEAN Economic Ministers (AEM). Since 2013, ASEAN-BAC also pursues additional Dialogue at the Senior Economic Officials Meeting (SEOM). This year, ASEAN-BAC had a formal engagement with ASEAN Finance and Central Bank Deputies during the annual ASEAN Finance Ministers Meeting, where a proposal was made for ASEAN-BAC to be accorded regular consultation with ASEAN Finance Ministers in the future. In addition to these activities, ASEAN-BAC also extensively engages the private sector on matters relating to the AEC, both within and beyond the Southeast Asian region.

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September 4, 2016

**H.E. Thongloun Sisoulith,
Prime Minister of Laos
Chair of ASEAN Leaders Summit 2016**

Subject: ASEAN Business Advisory Council's 2016 Report to ASEAN LEADERS

Your Excellency Prime Minister Thongloun Sisoulith,

On behalf of the ASEAN Business Advisory Council (ASEAN BAC), it is with pleasure and distinct honor that I present through Your Excellency my Council's 2016 Report to the ASEAN Leaders.

Your Excellency's chairmanship comes at a most opportune time as ASEAN embarks on drilling down on critical pending AEC issues in light of the AEC Blueprint 2025. In our effort to align with the Leaders' commitment to launch the economic engine that would propel ASEAN closer to the realization of the AEC Blueprint's goals and aspirations, the ASEAN BAC has expanded and deepened its role in harnessing and tightening private sector feedback and recommendations to hasten our regional economic integration.

In this regard, we have made a "deep dive" into five areas:

1. Partnering with ASEAN private sector champions in Four "People-Centric" Priority Sectors in eliminating Non-Tariff Barriers and Measures, i.e.: a) Agri-Food, b) Retail, c) Logistics, and d) Healthcare.
2. Collaborating closely with our ASEAN Business Councils Dialogue Partners in fostering points of synergy and linkages to help effectively push short term deliverables and medium term recommendations.
3. Creating the ASEAN platform that empowers and incubates concrete private sector-driven programs and projects through our ASEAN BAC Working Groups focused on: a) Micro Small and Medium Enterprises Development; b) Businesswomen; c) Young Entrepreneurs; and d) E-commerce.
4. Jointly with the public sector, we are setting the foundation in building the soft and hardware infrastructure of our two (2) Legacy Projects in fast-tracking: a) Technology-Driven MSME Access to Finance Eco-system (thru our Growth Accelerator Exchange or GAX; and b) Establishment of the Lao Connect ASEAN Multimodal Tran-shipment Hub.
5. Identifying the chokepoints in two (2) Key Past Recommendations, namely: a) the ASEAN Business Travel Card, and b) the ASEAN and National Single Windows.



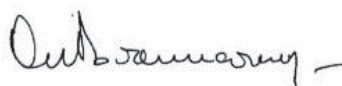
In consideration of the above, we have endeavoured to put together and highlight our Top 10 AREA Recommendations in our attached Report to facilitate and maximize the limited time accorded to my Council in its interface with the Leaders.

We therefore look forward to presenting our key recommendations to the ASEAN Leaders during our dialogue. We hope and anticipate a most lively discussion that would translate to firm resolutions in addressing AEC gaps to highlight the solid contribution and performance of the Lao Chairmanship of ASEAN.

Thank you for Your Excellency's continued support for ASEAN BAC.

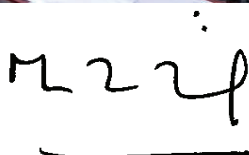
Sincerely,

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Oudet Souvannavong
ASEAN BAC Chair 2004, 2016
President, Lao National Chamber of
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CO-CHAIR



Tan Sri Dato' Dr. Mohd Munir Abdul Majid
ASEAN BAC Chair 2015
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Oknha Sok Piseth
CEO of G Gear Co., Ltd
President, Young Entrepreneurs Association of Cambodia

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ASEAN BAC Chair 2011
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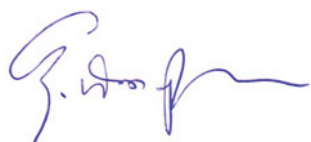


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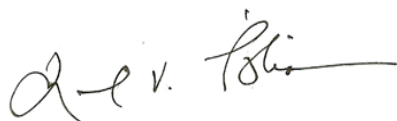


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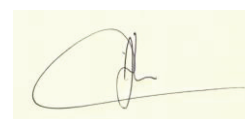
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ASEAN BAC Chair 2007
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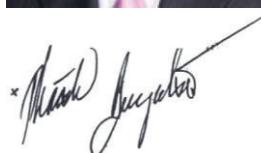


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Chairwoman, Tan Tao Group



Table of Contents

Cover Letter to ASEAN Chair	i
Table of Contents	viii
Executive Summary	1
I. ASEAN-BAC's Expanded Mandate	4
II. Approach, Modalities and Partners	4
Study	4
Action	5
Nurturing ASEAN Platforms and Incubating New Ones	6
In a Nutshell	7
III. Common Pending/Convergence Priority Recommendations	7
IV. Drill-Down Recommendations and Updates from Partners	
And Working Groups	9
Role of ASEAN-BAC in the AEC Blueprint 2025	9
Drilling Down AEC Blueprint 2025: Cross-cutting Issues	9
Priority Recommendations: MSME Development	9
Priority Recommendations: Businesswomen	10
Priority Recommendations: Young Entrepreneurs	11
Priority Recommendations: E-Commerce	11
Legacy Project: Malaysia Legacy Project – GAX	12
Legacy Project: Laos Legacy Project – Laos Connect	13
Role of ASEAN-BAC in the AEC Blueprint 2025: Smart clustering of sectors and issues	14
Drilling Down AEC Blueprint 2025: 4 Sectors Recommendations	14
Priority Recommendations: Retail Sector	15
Priority Recommendations: Logistics Sector	15
Priority Recommendations: Healthcare Sector	16
Priority Recommendations: Agri-Food Sector	16
ASEAN-BAC's Past Recommendations	17
ASEAN Business Travel Card (ASEAN BTC)	17
ASSIST Project	18
ASEAN Single Window	19
Others	19
Role of ASEAN-BAC in the AEC Blueprint 2025	20
Annex 1: Drilling Down AEC Blueprint – Plus 1 ASEAN Business Council and Associations	21



EXECUTIVE SUMMARY

The 2016 Laos Chairmanship Theme of “***Turning Vision into Reality for a Dynamic ASEAN Community***” is most appropriate and rightly captures the true aspirations of the ASEAN people as ASEAN shifts into higher gear in pursuing economic integration coming from the launch of the ASEAN Community in 2015.

The aggressive theme has likewise set the tone for the roll out of the AEC Blueprint 2025 which was launched by the Leaders in Kuala Lumpur, Malaysia in November 2015. The Blueprint provides the clear and firm mandate to ASEAN-BAC to be the APEX private sector body that would collaborate, synergize and harness the strengths and advocacies of other relevant private sector champions in furthering the cause of AEC.

With these two key guideposts, ASEAN-BAC immediately embarked on realigning and refocusing its efforts and initiatives accordingly. It entailed expanding our reach towards establishing relationships and engagements with new private sector champions and building on the strengths of our existing dialogue partners through our Joint Business Councils and Associations platform.

We are therefore happy to report of the very positive and enthusiastic response from our dialogue partners in this regard. The quality and depth of the recommendations as earlier reported to the ASEAN Economic Ministers (AEM) were duly appreciated and commended by the AEM during our presentation to them last August 6, 2016. The dialogue which was extended to one-hour and a half from the original allocation of one hour was a clear sign of AEM’s interest and resolve to fast tracking the operationalization of our recommendations. In the end, ASEAN-BAC was pleased to receive the AEM’s resounding support to mobilize the government infrastructure for the realization of the so-called “low hanging fruits” measures and of ASEAN-BAC’s continued leadership in forging synergies and cooperation with the private business sector.

Given our long shared aspiration of giving impetus in providing concrete and visible benefits of AEC to our ASEAN people, it is with a deep sense of urgency and expectation that we now present our summary recommendations for the ASEAN Leaders’ favorable and immediate consideration:

ASEAN-BAC’s TOP 10 AREA Recommendations to the Leaders: Most Symbolic and High Impact

- A. Expedite Setting of the Enabling Environment by Ratifying Pending Legal/Regulatory Frameworks on:
 1. ASEAN Single Window and National Single Windows



- a. Fast track the development of National Single Windows to make the 7 other AMS Exchange Ready under the ASEAN Single Window platform;
 - b. Work with private sector in promoting related projects as ATR/NTR, ASSIST usage and transparency.
2. Full ratification of ASEAN Framework Agreements on Facilitation of:
 - a. Goods in Transit (AFAFGIT) and
 - b. Inter-State Transport (AFAFIST),
 - c. plus all related Protocols;
 3. Removal of foreign equity constraints in
 - a. Insurance;
 - b. transport/logistics;
 - c. telecommunications; and
 - d. Financial services.
 4. Continued Engagement with the ASEAN Finance Ministers and Central Bank Governors in Pushing the establishment of ASEAN financial ecosystem on:
 - a. Insurance industry,
 - b. credit bureau/ratings,
 - c. non-duplication and harmonization of tax regimes,
 - d. Framework for Qualified ASEAN Banks.

B. More Focused Areas

5. Empowering the MSMEs
 - a) Capacity Building
 - b) Access to Non-Traditional Finance
 - c) Trade Facilitation
 - i. Simplify Certificates of Origin (COO):
 - Increase threshold for waiver of COOs from 200 USD to 2,000 USD.
 - adopt most common ROO in the ASEAN+1 FTAs, common concession, full cumulation
 - fast track pilot projects on introduction of self-certification
 - ii. Increased “de minimis” baseline of USD 100 as exempt from duties taxes and administrative requirement such as licensing requirements.
 - iii. ASEAN Business Travel Card
6. Give impetus to support our Legacy Projects:
 - a) GAX (Growth Accelerator Exchange) Project
 - b) Lao Connect Project
7. Support Specific Recommendations Coming from our Priority Sector Champions and Dialogue Business Council Partners by way of



institutionalizing Private Sector Engagement and Consultation in active working group platforms or creation of such platforms where there is none.

8. Support specific recommendations from our Cross-cutting Working Groups
9. Creation of the ASEAN-BAC Technical Working Group composed of executives from National Chambers of Commerce and Industry to work closely with our NTB/NTM Steering Committee.
10. Stronger enforcement from ASEAN on pending 2015 AEC deliverables and other “low hanging fruits” recommendations.

I. ASEAN-BAC'S EXPANDED MANDATE

The ASEAN Economic Community Blueprint 2025 was released on the occasion of the formal launching of the ASEAN Community by the Leaders during the Malaysian Chairmanship of ASEAN in November 2015. The AEC Blueprint 2025 essentially builds on the AEC Blueprint 2015 consisting of five interrelated and mutually reinforcing characteristics, namely: (i) A Highly Integrated and Cohesive Economy; (ii) A Competitive, Innovative, and Dynamic ASEAN; (iii) Enhanced Connectivity and Sectoral Cooperation; **(iv) A Resilient, Inclusive, People-Oriented, and People-Centred ASEAN**; and (v) A Global ASEAN.

Under the Fourth Characteristic Section D.2. (Section iv. A Resilient, Inclusive, People-Oriented, and People-Centered ASEAN), a whole sub-section was devoted to ASEAN-BAC with the following mandate:

*“Currently, there are the ASEAN Business Advisory Council (ASEAN-BAC) **as the apex private sector body**...”*

“The ASEAN-BAC will take the lead in coordinating inputs from established business councils and entities in their interactions with various ASEAN sectoral groups.”

“..Harnessing the collective resources of the private sector...”

“Implement a more inclusive and consultative process involving the private sector...”

Assist “Relevant ASEAN bodies to institutionalise within each body a consultative process with lead private sector entities...”

Assist “Private sector groups to initiate cluster groups to engage in specific issues...”



II. APPROACH, MODALITIES and PARTNERS

In pursuit of the expanded mandate of ASEAN-BAC, a strategic framework had to be established with the following three main elements:

- A. **STUDY** - Strategic, policy and operational issues that are put forward to the Ministers and Leaders must be supported, as much as possible, by credible research undertaken by prominent research institutes, academe, professional associations and relevant entities to facilitate prioritization and decision-making by government agencies and private sector as well. Research output must then be accompanied by well-thought out communications plan to its relevant

audience and publics to ensure effective dissemination and awareness and increase probability of securing desired response.

We are pleased to have worked closely and will continue to engage with:

1. CIMB ASEAN Research Institute (CARI);
2. Economic Research Institute for ASEAN and East Asia (ERIA);
3. Lee Kwan Yew School of Public Policy (LKYSPP);
4. The Organisation for Economic Cooperation and Development (OECD);
5. International Institute for Sustainable Development (IISD);
6. Japan External Trade Organization (JETRO);
7. ASEAN CSR Network (CAN);
8. Oxfam.

- B. **ACTION** - ASEAN-BAC will deepen engagement with its current private sector partners and reach out to new private sector organizations who are championing their respective sectors under the AEC umbrella. This will entail further processing of recommendations to Ministers and Leaders towards more concrete, realistic, measurable integration measures that can help government facilitate decision-making and execution.

Furthermore, the clustering of common and shared issues and private sector drivers will also be pursued to streamline the Study effort and engender synergies and complementation towards coming up with meaningful and high impact programs and projects.

Our Partners:

1. Lead and Associate Dialogue Partners put together through the formalization of the STATEMENT OF COOPERATION BETWEEN ASEAN BUSINESS ADVISORY COUNCIL AND ASEAN BUSINESS COUNCILS AND OTHER BUSINESS ASSOCIATIONS in August 2013 in Brunei Darussalam where it had its 1st Joint Consultation Meeting:
 - a. Lead Partners -- ASEAN-mandated Business Councils:
 - i) AUSTRALIA: Australia-ASEAN Business Council (AABC)
 - ii) CANADA: Canada-ASEAN Business Council (Canada-ABC)
 - iii) CHINA: China ASEAN Business Council (China ABC)
 - iv) EAST ASIA: East Asia Business Council (EABC)
 - v) EU: EU-ASEAN Business Council (EU ABC)
 - vi) INDIA: ASEAN-India Business Council (AIBC)
 - vii) JAPAN: ASEAN Japan Business Council (AJBC)
 - viii) NEW ZEALAND: ASEAN New Zealand Combined Business Council (ANZBC)
 - ix) RUSSIAN FEDERATION: Russia-ASEAN Business Council (RABC)

- x) UNITED KINGDOM: UK-ASEAN Business Council (UKABC)
- xi) UNITED STATES OF AMERICA: US-ASEAN Business Council (USABC)
- xii) ASEAN Young Entrepreneurs Council (AYEC)

b. Associate Partners -- Business associations' active in promoting the interest of AEC:

- i) ASEAN Business Club (ABC)
- ii) Asia House (AH)
- iii) Europe-ASEAN Business Alliance (EABA)
- iv) Federation of Japanese Chamber of Commerce and Industry in ASEAN (FJCCIA)
- v) China ASEAN Business Association (CABA)

2. Priority "People-Centric" Sectors as initially identified by the Council which are:

- a. Agri-Food – ASEAN Food and Beverage Alliance, Food Industry Asia.
- b. Healthcare – ASEAN Business Club, IHH Healthcare, Bumrungrad Int'l Ltd. Research partner: Accenture, Medical Association for Southeast Asia (MASEA).
- c. Retail – Lippo Group, IMI -- Research partner: ASEAN-BAC, AT Kearney, CIMB ASEAN Research Institute.
- d. Logistics – Conference of Asia Pacific Express Carriers (CAPEC).

3. Private Sector Champions engaged in our ASEAN-BAC "Cross-Cutting" Working Groups:

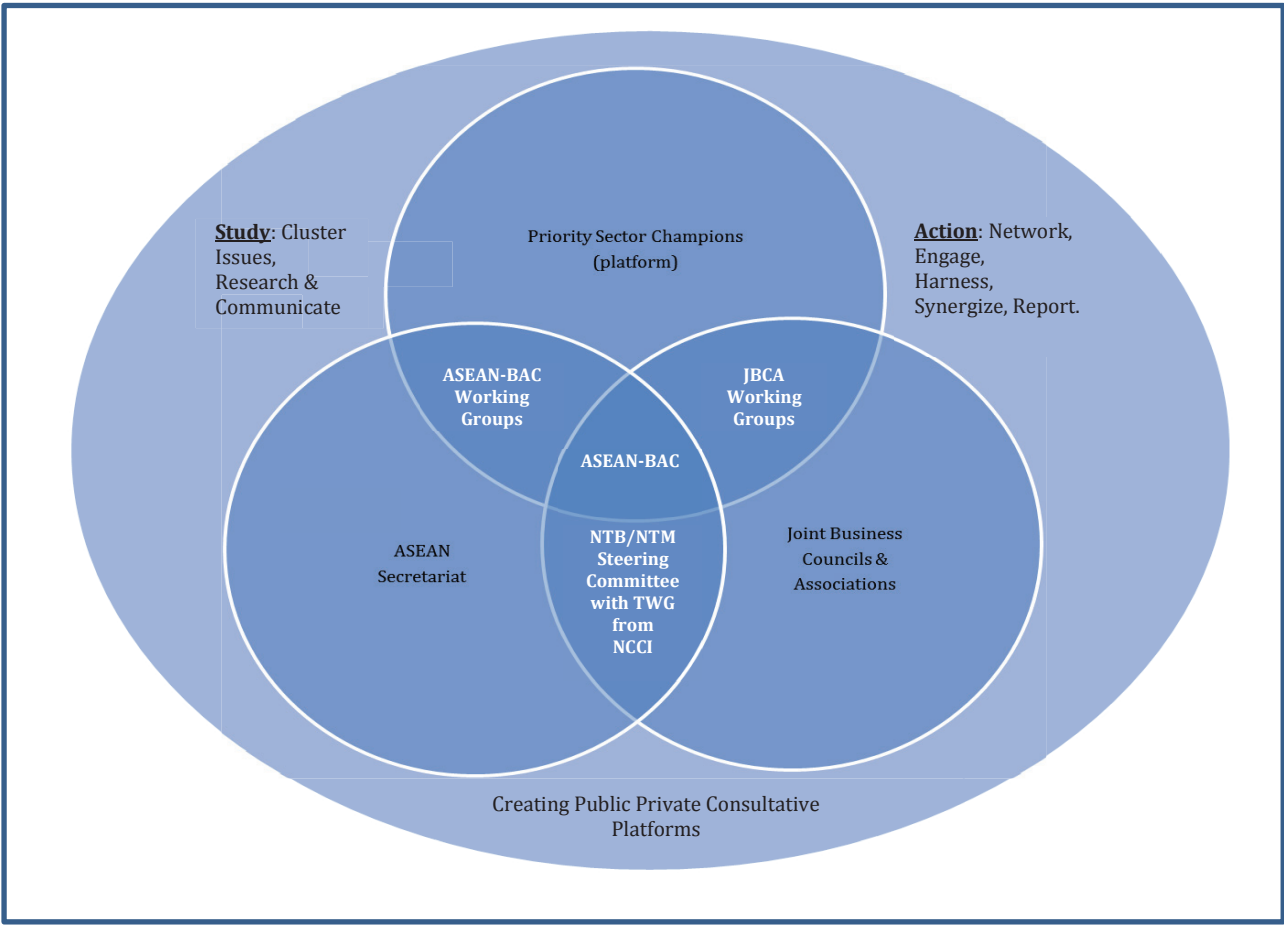
- a. Micro, Small and Medium Enterprises Working Group – ASEAN Connectivity thru Trade and Investment (ACTI), Oxfam, ASEAN CSR Network.
- b. Businesswomen Working Group – ASEAN Women Entrepreneurs Network (AWEN); Great Women Initiative (GWI).
- c. Young Entrepreneurs Working Group – ASEAN Young Entrepreneurs Council
- d. E-commerce Working Group – ReeBonz, Zalora, Alibaba (Taobao), IBM Consulting Asia Pacific, Citibank Singapore, DBS, Y3 Technologies, Silverlake Axis Ltd (Growth Accelerator Exchange), NUMONI Group, YBC Group.

C. Nurturing ASEAN Platforms and Incubating New Ones - The Study and Action streams converge in public-private consultative platforms where recommendations are ultimately discussed, vetted, and processed leading to clear execution points for ASEAN Economic Ministers and Leaders. Hence, each recommendation, or clustered set of homogenous issues must be assigned to a



working group or consultative body composed of relevant ASEAN body, Private-Sector Champion and ASEAN Secretariat. These platforms must institutionalize the membership of the private sector as enshrined in the AEC Blueprint 2025. Therefore, no prioritized recommendation must be left “orphaned” or without a processing platform.

- D. **In a nutshell** - the diagram below provides a framework on how ASEAN-BAC intends to bring together its interlocking constituencies to be supported and reinforced by Working Groups and Technical Working Groups under the Study, Action and Incubate framework approach.



III. COMMON PENDING/CONVERGING PRIORITY RECOMMENDATIONS:

ASEAN-BAC set into motion the agreed framework approach and is pleased to provide a slide deck compilation of the output of our engagement with our partners as presented in the succeeding pages. It bears the effort to further drill down, prioritize and articulate in more concise and specific fashion previous and new AEC recommendations.



Hereunder is a summary of common and converging priority recommendations.

A. Ensure More Inclusiveness: Empower MSMEs with more practical and effective support

- 1) Facilitate e-commerce framework;
- 2) Promote non-traditional, innovative access to finance modalities (e.g. loan/equity crowd funding, and micro-financing);
- 3) Education and capacity building (e.g. ASEAN Internship Program, support ASEAN SME Academy);
- 4) Increase “de minimis” threshold; simplify ROO/COOs (accelerate pilot roll outs);
- 5) Promote and support Young Entrepreneurs, Women in Business advocacy platforms.

B. Fast track the establishment of the AEC enabling environment by ratifying pending and urgent regulatory frameworks;

- 1) Hasten ASEAN/National Single Windows (paperless Customs processing), address regulatory and exchange readiness of AMS;
- 2) Track and address NTBs, TBTs and NTMs (support for ATR/NTR, ASSIST projects) especially those submitted by priority sector champions;
- 3) Conclude and roll out pending transport agreements;
- 4) Push the establishment of ASEAN financial ecosystem: Insurance industry, credit bureau/ratings, taxation, and framework for Qualified ASEAN Banks;
- 5) Speed up harmonization of standards and certifications, dispute resolution mechanisms;
- 6) Continued dialogue with private sector on RCEP negotiations towards early conclusion.

C. Need to see breakthrough in Intra-ASEAN movement of talent and skilled workforce

- 1) ASEAN Business Travel Card (by convening the Working Committee)
- 2) Address double taxation, social security requirements, etc.

D. Institutionalize public-private consultative working groups

E. Provide stronger support for ASEAN-BAC’s Legacy Projects, specifically:

- 1) **Growth Accelerator Exchange (GAX)** – Set up an ASEAN public-private consultative working group to facilitate establishment of regulatory framework for the replication of private-sector driven GAX in Malaysia to other AMS, as well as cross-border operations of such e-finance platforms.
- 2) **LAO Connect Project: APPROVE the Laos and ASEAN Single Transport Equipment Pilot License and the ASEAN Multimodal Trans-shipment Hub (AMTH) project. FACILITATE the Single Stop CBTA (Cross Border Transport Agreement)**

F. Need regular feedback on the status of previous recommendations.



- G. Need AEM to secure the support of National Chambers of Commerce and Industry and Relevant Business Associations to support ASEAN-BAC. One critical initiative is for the Leaders to instruct the AEM for the Creation of the ASEAN-BAC Technical Working Group be composed of Executives from the national chambers and business organizations to address NTBs/TBTs/NTMs issues and facilitate resolution.**
- H. Need stronger enforcement from ASEAN on pending 2015 AEC deliverables and other “low hanging fruits” recommendations.**

IV. DRILL-DOWN RECOMMENDATIONS AND UPDATES FROM PARTNERS AND WORKING

- A. Role of ASEAN-BAC in the AEC Blueprint 2025** – Aligning our Sights and Building on Strengths – Synergizing, Complementing, Collaborating with Lead Private Sector Champions and Plus 1 Business Councils. Never Duplicating.
- B. Drilling Down AEC Blueprint 2025** – Harnessing the Advocacies and Cooperation of Private Sector Champions – Addressing Cross-cutting Issues: MSME Development, Businesswomen, E-Commerce, and Young Entrepreneurs.

1. MSME Development

- a. Private Sector Champions: ASEAN-US Business Council, US-ACTI, Oxfam, ASEAN CSR Network
- b. Public-Private Policy Processing Platform: ASEAN Coordinating Council for MSME (ACCMSME)
- c. Priority Recommendations
 - i. Education and Development thru the online ASEAN SME Academy
 - ASEAN-BAC is helping promote thru business and industry chambers and business organizations for their members’ participation in the free on-line course;
 - Governments can help enrich the course with more ASEAN-based business cases and materials.
 - ii. ASEAN Business Awards (ABA)
 - Governments are requested to continue their support for ASEAN-BAC’s annual ABA that recognizes and profiles SMEs who have successfully contributed to the growth in trade in ASEAN.
 - iii. Access to Finance
 - ASEAN-BAC and ACCMSME has initiated the “Handbook for SME Access to Alternative Sources of Finance in ASEAN” project (soft and hard copy formats). Include cross border collateral recognition, guarantee schemes on loans and equity, innovative and less-stringent finance (e.g. loan/ equity crowd funding, and micro-financing). For launching in late 2017;
 - A phase 2 project on Financial Inclusiveness for Young Entrepreneurs and Businesswomen being undertaken with ASEAN CSR Network and Oxfam;

- Initiate study on practical and effective cross-border SME Financing.
- iv. Access to Markets
 - included in the E-commerce report on "marketplace" development component
- v. Access to Responsible Business and Decent Work
 - Study to be undertaken with ASEAN CSR Network on set of recommendations. Initiate and launch an SME Responsible Governance Scorecard in 2017.

2. Businesswomen

- a. Private Sector Champions: ASEAN Women Entrepreneurs Network (AWEN), Great Women in ASEAN Initiative
- b. Public-Private Policy Processing Platform: ASEAN-BAC, ASEAN Coordinating Committee for MSME
- c. Priority Recommendations
 - i. Launched the Women in STEM (Science Technology Engineering and Maths) Awards to acknowledge, recognise and promote women in said disciplines and to promote Research & Development and Business Commercialisation.
 - ii. Commenced focus on Financial Inclusion of Women Entrepreneurs through effective non-traditional Financial Instruments and Financial Access available for Women Entrepreneurs in ASEAN.
 - iii. Restructured ABBWG to encourage participation of ABAC Men Members so that Economic Empowerment Issues are recognised as National Issues and not a Gender Issue.
 - iv. ABAC and AWEN will work together in:
 - Pushing for the establishment of a database of SMEs in the region, with disaggregating data by gender so women-owned enterprises (WOEs) can better participate in economic activities, especially and including government procurement negotiations;
 - Recruiting AWEN ambassadors in AMS to collaborate with the Great Women in ASEAN Initiative (GWAI), to promote more women leaders (e.g. in executive positions and in corporate boards), and in nominating outstanding women entrepreneurs for ASEAN awards;
 - Convening business fora with AWEN focal points to exchange experiences with ASEAN Dialogue Partners, especially in leveraging support for regional and country-specific activities, training and technology transfers for WOE conducted by GWAI;
 - Collaborating with GWAI in the replication of successful mentoring programs, e.g. those by Goldman Sachs Foundation's "10,000 Women" and the Cherie Blair Foundation for Women;
 - Carrying out periodic surveys on business and policy landscape facing WOE and women entrepreneurs across ASEAN, starting with a baseline study in 2017.

3. Young Entrepreneurs

- a. Private Sector Champions: ASEAN Young Entrepreneurs Council, ASEAN-BAC Young Entrepreneurs Working Group
- b. Priority Recommendations:
 - i. Institutionalize dialogue platform between government and duly recognized national young entrepreneurs association/organization on quarterly basis to be launched by 2017. AYECC council members are prepared to formally write in their respective governments to initiate the process in this regard;
 - ii. AYECC will Develop an ASEAN Entrepreneurship Master Plan consistent with the AEC Blueprint 2025 for submission to AEM in 2017 with clear objectives, deliverables and support structures;
 - iii. A study on setting up a Public-Private ASEAN Entrepreneur Investment Fund will be undertaken for presentation to AEM in 2017;
 - iv. Making the AYE Carnival a flagship event for the AYECC, rotational in accordance with the ASEAN Chairmanship;
 - v. The establishment of AYECC by September at the 28th ASEAN Leaders' Summit;
 - vi. To continue to serve as the official representative of Young Entrepreneurs in the AEC;
 - vii. To continue to act as a Joint Business Council in ASEAN-BAC, with regular exclusive dialogue and participation in the JBC Meeting.

4. E-Commerce

- a. Private Sector Champion: ASEAN Business Advisory Council
- b. Priority Recommendations:
 - i. Call to purpose: Five major areas impacting e-Commerce in ASEAN:
 - Supply Chain and Logistics (cross border connectivity, data exchanges, market uberisation, security);
 - Trade, finance and legal facilitation (customs, information harmonization, crowd funding/sourcing);
 - Financial services (banking, financing, ASEAN digital identity, payments, remittance, eWallets) ;
 - Enablers of technology and platform ;
 - Internet of Things (IOT) in all aspects of mobile technology, devices, appliances, security and more.
 - ii. Call to action: ASEAN needs to shift towards an ASEAN-wide digital integration which should drive towards:
 - greater digital harmonization;
 - enhanced cyber security;
 - efficient cross-border flows powered by technology;
 - digital banking, financing, payments, remittance, digital identity, eWallets, crypto-currency;
 - open data, big data and trusted data powered by national/ASEAN platforms for analytics that will benefit the wider MSME community and raise digital literacy across ASEAN.

- iii. Call to aspiration: Creating ASEAN e-Commerce Champions and a digitally connected and robust ASEAN e-Commerce ecosystem to thrive.
 - Emerging ASEAN eCommerce champions and the wider ecosystems benefiting
 - ASEAN led Cyber Security definition, framework, mandates, standards & ASEAN led e-Services to enhance and drive ASEAN eCommerce penetration and growth
 - Future of ASEAN digital identity, harmonized information exchange and greater freedom and efficiency via electronic trades, services and financing
- iv. Program Management Office within ASEAN-BAC eCommerce Working Group
 - Master planning – strategic plans and formulate ASEAN-BAC sponsored projects to build capabilities, integration and ease of doing eCommerce
 - Coordinator – oversight of development and progress of ASEAN-BAC sponsored projects
 - Advocate – champion ASEAN eCommerce objectives as approved by ASEAN-BAC
- vi. Tapping on ASEAN & International Business Leaders and Expert in eCommerce.
 - Co-Chair - Mr. Robert MC Yap, ASEAN-BAC Council Member, Singapore;
 - Co-Chair - Tan Sri Dato' Dr. Mohd Munir Abdul Majid, ASEAN-BAC Council Member, Malaysia;
 - Business Leaders from IBM, Zalora, SMU, Y3 Technologies, Silverlake Axis, US-ACTI;
 - Sector Group 1 – Supply Chain & Logistics, Co-Chaired by Y3 & Zalora;
 - Sector Group 2 - Trade, Finance & Legal, Co-Chaired by SMU & US-ACTI;
 - Sector Group 3 – Financial Services, Co-Chaired by Silverlake Axis & IBM.

C. Legacy Project

1. *Malaysia Legacy Project: Growth Accelerator Exchange (GAX)*

- a. Activities in 2016
 - Developed partnerships with ecosystems of small businesses. We have close to 10,000 eCommerce merchants, and a few thousand auto workshops in ecosystem partnerships
 - Submitted application to the Securities Commission Malaysia to become a P2P financing operator. If successful, GAX will switch on the P2P platform to offer financing to the above small business through our ecosystem partnerships.

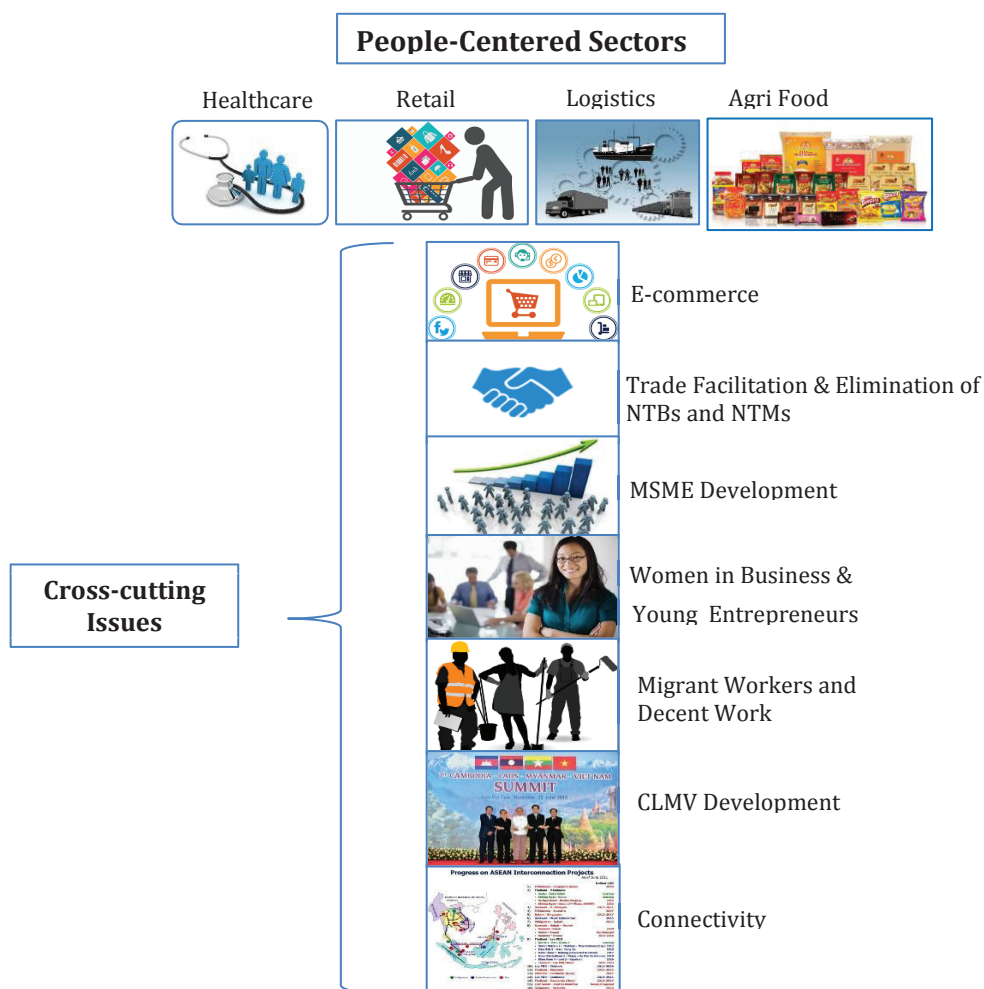


- b. Recommendations
 - Initiate an ASEAN public-private consultative working group to facilitate establishment of regulatory framework for the replication of private-sector driven GAX in Malaysia to other AMS.

2. *Laos Legacy Project: Laos Connect - ASEAN Multimodal Trans-shipment Hub (AMTH)*

- a. Concept: Private-sector Led Platform
 - i. Assets (AMTH) – Manage the physical movement of assets, e.g. truck, containers, handling the movement of shipment goods in the region. Includes Dry Port as part of AMTH;
 - ii. Digital Marketplace (Laos Connect) – Real-time Exchange of Data – Multi-modal transporter schedules, shipment notices and Customs declaration. Help resolve imbalances and inefficiencies of empty containers (MTs), back haulage and LCL.
 - iii. Optimization Capabilities – supply/demand matching for bid/buy/exchange cargo and transporters based on best-matched price performance.
 - iv. Regulatory (CBTA) – A government-approved body empowered and held accountable to operationalize AMTH through trade & transport facilitation and arbitration.
- b. National Transportation & Logistics Strategy to Address Challenges
 - i. Integration of Cargo Flow
 - Development of Logistics Hub
 - Improvement of Major Logistics Routes
 - Improvement of Transport Efficiency
 - Provision of value added services at logistics hubs
 - ii. Business Stimulation
 - Attraction of Foreign Logistics Business
 - Strengthening of Domestic Logistics Business
 - Strengthening of Logistics Administration
 - iii. Market Expansion
 - Facilitation of CBTA (GMS)
 - More Improvement of Cross Border Procedures
 - Liberalization of Logistics Market
 - Fulfilment and operationalizing mandates of CBTA which today is partial with focus on ASW via National Single Windows and Single Stops
- c. Recommendations
 - i. FACILITATE ASEAN Single Window & Single Stop (Cross Border Transport Agreement);
 - ii. APPROVE the Laos and ASEAN Single Transport Equipment Pilot License;
 - iii. APPROVE the AMTH & LCP Initiative.

D. Role of ASEAN-BAC in the AEC Blueprint 2025: Aligning our Sights and Building on Strengths – Smart clustering of sectors and issues



E. Drilling Down AEC Blueprint 2025: Harnessing the Advocacies and Cooperation of Private Sector Champions on:



1. *Sector: Retail*

- a. Private Sector Champions: Lippo Group, IMI Research partner, ASEAN-BAC, ATKearney, CIMB ASEAN Research Institute
- b. Priority Recommendations:
 - i. Ease Customs and improve logistics processes
 - Abolish duties for returns and refunds
 - Accelerate establishment of National and ASEAN Single Window
 - Streamline clearance and declaration procedures in the region
 - Harmonise tax codes, taxes and duties
 - Utilisation of e-documents
 - Facilitate e-retailers and logistics players partnerships
 - ii. Support eCommerce development under a regional legislative framework
 - Increase broadband access infra via government support to complement private sector investment
 - Support local players by integrating digital talent into business and promote awareness
 - Promote/reinforce financial services for cross border e-payment that is secure and
 - Create regional online dispute resolution mechanisms
 - Promote access to finance for start-ups and ease talent mobility
 - iii. Set up Public-Private Consultative Working Group with private sector representatives from:
 - GAX/Silverlake, Y3 CEO, IBM ASEAN, Bosch Asia, US-ASEAN Connectivity Thru Trade and Investment, Zalora, Accenture, Asia, ASEAN Joint Business Councils

2. *Sector: Logistics*

- a. Private Sector Champion: Conference of Asia Pacific Express Carriers
- b. Priority Recommendations
 - i. Trade Facilitation
 - AMS to ratify the WTO TFA and implement "expedited shipments" provisions by 2017;
 - AMS to commit to introducing a fully electronic payment system by 2017;
 - Establish a legal mechanism to allow a "phase-in" period which allows for regulations revision in light of user feedback during the phase-in period.
 - ii. Transport Facilitation
 - AMS to conclude and ratify AFAFGIT Protocols 2 and Protocol 7 by 31 December 2016;
 - AMS to work with the private sector in formulating national regulation to implement relevant Protocols of AFAFGIT and AFAFIST;
 - AMS to operationalize procedures for inter-state and cross-border movement of express shipments.

- iii. E-Commerce Facilitation
 - AMS to commit to developing an e-commerce framework that facilitates the entire cross-border e-commerce value chain
- iv. Behind-the-Border
 - AMS to adopt measures ensuring national treatment among like competitive services, including regulatory parity between state and private operators.
- v. Public Private Partnership
 - Institutionalize an ASEAN public-private sector policy dialogue on logistics issues thru an ASEAN Logistics Consultative Committee
 - Private sector participation in dialogues of the ATF-JCC to explore greater public-private partnerships.

3. Sector: Healthcare

- a. Private Sector Champions: ASEAN BusinessClub, IHH Healthcare, Bumringrad Internatinoal Ltd. Research Parter: Accenture
- b. Priority Recommendations
 - i. Build regulatory capacity via
 - Setting up a PAN ASEAN Medication Approval Process & PAN ASEAN Steering Committee to regulate/monitor drug distribution;
 - Invest in capacity building programs (e.g. via World Health Org., etc.).
 - i. Ease Medical Travel Requirements
 - Ease movement of doctors
 - Address issues on quality care, accommodation, permissible subsidies, insurance for overseas patients
 - ii. Mutual Recognition of Clinical Training & Qualifications of Training Providers
 - Support privately managed professional training
 - Encourage developed AMS to support less developed AMS in capacity building
 - Encourage partnerships with globally prestigious health institutions for exchange programs
 - Promote technology enhancements e.g. online educational programs
 - iii. Expedite MRA roll outs
 - Form collaborative working groups with other sectors to develop wellness strategies e.g. food and beverage
 - Promote AEC awareness and educational campaign

4. Sector: Agri-Food

- a. Private Sector Champion: ASEAN Food and Beverage Alliance (focus is on harmonization of food standards)
- b. Public-Private Policy Processing Platform: ASEAN Consultative Committee on Standards and Quality Prepared Foodstuff Working Group (ACCSQ-PFPWG)



- c. Top 5 Technical Barriers to Trade
 - i. Nutrition Labelling
 - ii. Import/Export Certification and Product Registration
 - iii. Contaminant Levels
 - iv. Authorisation of new food additives/flavours
 - iv. Differing analytical methods for contaminants
- d. Status
 - Nutrition labelling: PFPWG will consider the discussion on nutrition labelling after the finalisation of the ASEAN Common Principles and Requirements on Food Labelling (ACPRFL) (Extract from the Report of the 21st Meeting of the PFPWG, Manila, November 2015).
 - Other 4 TBTs: not yet addressed
- e. Specific Recommendations
 - Based on precedence in other working groups for trade facilitation, perhaps it will be prudent to include trade officials as part of the PFPWG to complement existing members.
 - Initiate new Task Force (TF) under the PFPWG to start discussion on the other 4 remaining TBTs. This TFs should comprise of these stakeholders: regional industry representative, relevant regulatory bodies (customs, health, trade) and ASEAN Secretariat officials.

F. ASEAN-BAC's Past Recommendations

1. ASEAN Business Travel Card (ASEAN BTC)

- a. Processes
 - November 2013: Following ASEAN BAC's recommendation, Leaders at the 22nd ASEAN Summit in Brunei reiterated the need to institute an ASEAN Business Travel Card (ASEAN BTC) to facilitate and ease the movement of business people and investors within the region.
 - November 2014: Leaders at the 23rd ASEAN Summit again reiterated for officials to continue exploring ways to develop the ABTC as well as ease visa requirements for ASEAN nationals.
 - July 2014: SEOM tasked the ASEAN Coordinating Committee on Services (CCS) to collaborate with other ASEAN Bodies, particularly the Directors-General of Immigration Departments and Heads of Consular Affairs Divisions of the Ministries of Foreign Affairs (DGICM), on possible issuance of ASEAN BTC.
 - August 2015: DGICM, in Brunei, welcomed the proposal of convening joint consultation with the CCS on the establishment of the ASEAN BTC.
 - January 2015: SEOM, while noted reservations expressed by some AMS, agreed for Malaysia to chair a Joint Task Force on the matter.
- b. Despite the agreement at the Leaders' level, we wish to know if there are key concerns which could be addressed and hasten the process.
 - The CCS and ASEC have prepared the draft TOR on the Joint Task Force on ASEAN BTC.

c. Recommendations

- *To fast-track the Leaders' decision on ASEAN BTC and to request the Joint Task Force be established as soon as possible to start work on the ABTC is submitted for AEM's consideration.*
- *If agreed it is also proposed that the AEM/SEOM Chairs to write to the Chair of Ministers and Senior Officials responsible for DGICM on the establishment of the Joint Task Force and to convene work immediately.*

2. An Online Import/Export Complaints Resolution Mechanism: Supporting the ASSIST Project

a. Status

- i. ASSIST is scheduled to go live mode in August 2016 – ahead of target.
- ii. ARISE team undertaking a series of road shows and training in the region.
- iii. It will only cover Goods issues between two AMS for the moment. Services and Investment issues to follow.
- iv. To recall, ASSIST is:
 - A user-friendly system with turn around time (40-60 days) for AMS to respond to trade-related problems (but no penalties for no response);
 - A consultative, albeit non-adjudicatory/binding tool for ASEAN business to refer issues to AMS;
 - Based on streamlined procedures and competencies of ASEAN Secretariat and AMS authorities;
 - Available only to registered ASEAN entities, but trade associations can lodge complaints on behalf of members;
 - Complimentary to the ASEAN/National Trade Repository project;
 - Free of charge, and a project under ARISE (ASEAN Regional Support from the EU).

b. Recommendations

- *ASEAN BAC and Plus 1 Dialogue Partner Business Councils to fully support in the roll out. Need to secure identities of authorized Focal Points from AMS and ASSIST Officials for effective coordination and cooperation.*
- *Put in place a monitoring and evaluation mechanism together with private sector on the progress of the roll out.*
- *AEM/ASEAN to publish regularly the statistics on usage (i.e. number of complaints; number handled within time lines; number where the solution has been accepted by the complaining party; etc.).*

3. ASEAN Single Window

a. Status

	EXCHANGE READY	RATIFY (PLF) LEGAL FRAMEWORK	SIGNED (OCP) OPERATIONAL CERTIFICATION PROCEDURES
SINGAPORE	Exchange live eATIGA Form D with Indonesia	NOT YET	Endorsed by Minister
INDONESIA	Exchange live eATIGA Form D with Singapore	NOT YET	Endorsed by Minister
MALAYSIA	YES	DONE	Endorsed by Minister
THAILAND	YES	DONE	Endorsed by Minister
VIET NAM	YES	DONE	Endorsed by Minister
MYANMAR	NO	DONE	Endorsed by Minister
BRUNEI	NO	NOT YET	Endorsed by Minister
LAO PDR	NO	NOT YET	Endorsed by Minister
PHILIPPINES	NO	NOT YET	Endorsed by Minister
CAMBODIA	NO	NOT YET	Endorsed by Minister

b. Note

- AMS would need to have the PLF and the amended OCP in place before the ASW live operation (meaning the assignment of the preferential tariff duty would also be based on the e-ATIGA Form D).
- Some AMS are still developing their NSW and some others have their NSW in place but are yet to be connected to the ASW gateway, due to technical issues

c. Recommendations

- Setting up of a Public Private Consultative Body for ASW; and
- Early ratification of the signal Protocol on the Legal Framework to implement the ASW and the endorsement of the amended ATIG Operational Certification Procedure (OCP) by the Ministers.

4. Others: Status

- Issue of Women Entrepreneurs and Businesswomen taken up under Economic Pillar: On-going with close collaboration between ASEAN Women Entrepreneurs Network and ASEAN BAC Businesswomen Working Group.*
- ASEAN Lanes in all AMS Immigration/Port of Entry: ASEAN BAC Council members coordinating directly with respective Ministry of Foreign Affairs.
- ASEAN Cafes at ASEAN's Major Cities – To be coordinated with Tourism Division of ASEC.*
- Human Capital Development for Skilled Labour – Being coordinated with the Services and Investment Division of ASEC.

- e. *Responsible Business Practices – Being worked out with ASEAN CSR Network for presentation to ACCMSME through Enterprise and Stakeholders Engagement Division of ASEC.*
- f. *Elimination of forced labour in labour migration – To be coordinated with ASEAN Committee on Migrant Workers through the Labour and Civil Service Division of ASEC..*

F. Role of ASEAN-BAC in the AEC Blueprint 2025: Aligning our Sights and Building on Strengths – Closer collaboration with ASEAN Secretariat.

- a. Institutionalization of public-private consultation platforms;
- b. Effective articulation and clustering of issues; and
- c. Closer coordination with ASEC for monitoring and guidance purposes.

Annex 1

Drilling Down AEC Blueprint 2025 – Harnessing the Advocacies and Cooperation of Private Sector Champions – Complementation of AEC Initiatives with Plus 1 ASEAN Business Councils & Associations



1. **EU-ASEAN Business Council: 10 Priority Recommendations** (Doable in 12-18 months)

- a. ASEAN transport agreements
 - Full ratification by all AMS of AFAFGIT (Framework Agreement on the Facilitation of Goods in Transit) and AFAFIST (ASEAN Framework Agreement on the Facilitation of Inter-State Transport), plus all related Protocols;
 - AMS to provide timeline for national legislation operationalizing Protocol 7 of AFAFGIT and ACTS (ASEAN Customs Transit System), and with minimal restrictions on foreign vehicles and inland customs clearance.
- b. Trade in Services
 - Set work programs, with deadlines, for the removal of foreign equity constraints in key sectors (e.g. insurance; transport/logistics; telecommunications; and, financial services).
- c. Simplify Certificates of Origin
 - Increase threshold for waiver of Certificates of Origin from USD 200 to USD 2,000 to stimulate SMEs.
 - Align the two ATIGA self-certification pilots to enable certified traders to issue their own Certificates of Origin valid in all ASEAN Member States.
- d. Financial Integration, Inclusion & Stability
 - Establish an ASEAN Payments Council whose task is to initiate, promote and manage the standardisation of payment, harmonise cross-border payments through a scheme for cross border credit transfers.
 - Sustain dialogue with Central Bank Governors and Deputy Governors with the Working Committee on Payments & Settlement Systems (WCPSS) for this purpose.
- e. Strengthen the role of MSMEs
 - Implement an increased “de minimis” baseline of USD 100 as exempt from duties taxes and administrative requirement such as licensing requirements.

- Set work program that will identify and dismantle barriers to cross-border e-Commerce for ASEAN's SMEs.

(Doable in 24-36 months)

- f. Automated Customs Clearance Procedures
 - As pre-requisites for NSWs/ASW, AMS should fully automate customs clearance procedures by 2017 and imply removal of all duplicate paper procedures;
 - By 2017, introduce a 24/7, fully electronic payment system for duties and taxes.
- g. Taxation Co-operation
 - Removal of double taxation issues, simplify tax regimes and harmonize approach/methodology for excise taxation.
- h. Advanced Rulings for Customs issues
 - Introduction of advance rulings in classification and valuation matters;
 - Set up clear dispute resolution mechanism for national and region-wide valuation and classification matters.
- i. Good Regulatory Practice
 - Mandate a regulatory impact assessment (together with private sector) for any trade/investment measure which impacts ASEAN integration;
- j. Effective Competition Policy
 - Finalise implementing rules of national competition laws in all AMS consistent with international treaties, substantially comparable across ASEAN and includes effective, non-discriminatory enforcement mechanisms.
 - Such rules to ensure and enshrine open, transparent and competitive tendering for government contracts.

2. Federation of Japanese Chamber of Commerce & Industry in ASEAN (FJCCIA)

ASEAN Japan Business Council: Priority Recommendation

(Short term - within 1 year)

- a. Trade Facilitation
 - Abolition of the FOB pricing description requirement in ATIGA Form D and ASEAN+1 FTAs Forms regardless of the selected criteria (for not only CTC criterion but also VA criterion).
 - Early introduction of self-certification system of origin based on the 1st Pilot Project. Acceptance of parallel usage between self-certification and existing third-party certification (Form D) until operation of self-certification system becomes stable and consistent among member states
- b. Trade in Services
 - Liberalization of all business activities under respective sub-sectors appearing in the latest AFAS package. Harmonize the definitions and interpretations on "liberalization" among AMS as well as facilitate



information dissemination on the implementation condition and eligibility criteria of the service liberalization in each AMS.

- c. Skilled labour and business visitors
 - Launch ASEAN Business Travel Card for authorized businessmen (including Non-ASEANs) working in ASEAN.
 - ABTC to entitle rights as 1) No requirement for advance visa acquisition for short-term business trips and 2) Providing special express lane within AMS.
- d. Global ASEAN
 - Steady negotiations on RCEP toward more business-friendly framework by the end of 2016.
 - Early consensus towards realization of high liberalization as well as appropriate and timely information dissemination on the state of negotiations.

(Medium term – 3-5 years)

- e. ASEAN & National Single Windows
 - Provide ASEAN-wide capacity building; early introduction and implementation of the NSWs and harmonization of its operations.
 - Fast track exchange readiness of electronic trade documents.
 - Push for full ASW linking all relevant ministries in each AMS thru paperless customs declaration. Lessen human intervention which may lead to individual officers' discretionary judgment.
- f. Standards and Conformances
 - Align standards and specifications for each industry to international standards and specifications to protect consumers and improve international competitiveness of "ASEAN products".
- g. Trade in Services
 - Inclusion of foreign companies incorporated in AMS as the beneficiaries of liberalization in the service industries under ASEAN Trade in Services Agreement (ATISA) of which modalities ASEAN is currently discussing.
- h. Cross-border Transport
 - Development of domestic laws/regulations in AMS on bonded transportation for foreign vehicles and transit in the bonded areas.
 - Extend operating hours at cross-border customs (both overland and waterway) and unification of working hours.
 - Speeding up customs clearance procedure and appropriate toll fee setting. Solving the traffic congestion for land transport at border area.
- i. Financial and Capital Integrations
 - Enable onshore/offshore forward exchange contracts and settlements in local currencies within the same group companies when the same financial group exists in the region, and reduction of exchange risks. Also, permit currency exchange between USD and a local currency within the group companies in the same country.
 - Regulatory exception related to capital borrowing and lending in AMS, especially for intercompany loans that do not fall under

speculative fund transfers. Further deregulation in AMSs which allow domestic companies to access cross-border intercompany loans, enabling cross-border cash pooling within group companies in ASEAN.

3. ASEAN-New Zealand Business Council: Priority Recommendations

- a. High Priority
 - Commit to the removal of protective NTBs and work closely with ASEAN-BAC and business interests progressively to identify and remove them.
 - Through already available (ASSIST / ERIA) and appropriate other portals ensure AMS all contribute to the notification of NTMs and seek to resolve disputes and challenges in good faith.
 - Raise the aggregate customs value for Certificates of Origin up to a minimum of USD 2000 (from USD200).
 - Create an ASEAN public-private sector policy dialogue on logistics issues to provide a formal consultation mechanism on new policies and regulations
- b. Medium Term Priorities
 - Complete harmonisation of ROOs with Product Specific Rules (PSR) on remaining tariff items and include a de minimis provision for all products. Give exporters a choice of CTH, RVC40 or PSR.
 - Urgent roll out of the single ASEAN customs window.
 - Adopt mechanisms to facilitate highly efficient intra-ASEAN e-commerce transactions, including payment, customs, and logistics fulfillment.
 - Adopt a clear taxation regime for foreign trade and investment, including provisions on transparency, expropriation and compensation and freedom of transfer of funds, including double taxation treaties and favourable withholding taxes for expropriation of funds.
 - Provide for technical assistance and capacity building in complex areas of trade facilitation for developing and less developed ASEAN members.

4. Canada-ASEAN Business Council: Priority Recommendations (Short term)

- a. Engage with Canada's new mission to ASEAN
 - Engage directly at all levels of the mission to start to improve and deepen understanding of shared objectives; suggest that the ASEAN Secretariat to reciprocate with a permanent mission to Canada.
- b. Canadian-ASEAN Exchange
 - Support organization and attendance of exchanges of Canadian businesses in ASEAN and missions to Canada, both public and private sector, including student/ intern exchanges.

- c. Short-term work visas
 - Simplified/fast-track visas for short term consulting and services projects.
- d. Improve transportation links
 - Encourage investment and remove barriers to link Canada and ASEAN nations.
- e. Free Trade Agreements
 - Encourage all ASEAN states to support TPP.
 - Begin preliminary discussions on a Canada-ASEAN free-trade agreement.

(Medium term)

- f. Procurement of goods and services
 - Relaxation of local partner regulations and foreign ownership/investment restrictions, increase in lead times to allow tendering.
- g. Inconsistencies with Government Bodies and Regulators
 - Closer implementation/coordination of laws and regulations within each ASEAN country and harmonization across ASEAN.
- h. Anti-bribery and Corruption
 - Imposition of more official's monitoring requests.
- i. Moving towards an Integrated Economic Framework
 - Review the CABC's upcoming survey on legal integration within the AEC.
- j. Free Trade Agreements
 - Implement a Canada-ASEAN free-trade agreement.

5. Australia-ASEAN Business Council: Priority Recommendations

- a. Benefit of AEC
 - Develop a marketing and communication strategy that demonstrates how ASEAN and foreign companies can derive benefit under the AEC when doing business – including 'real' case studies of companies (as demonstrators).
- b. 1-Stop-Shop for Business
 - Establish an ASEAN 1-stop-shop portal for country profiles and information on business opportunities and startup requirements (together with investment/ownership requirements and opportunities) for all ASEAN member countries, which differentiates between ASEAN and foreign companies/individuals.
- c. Good Regulatory Practice
 - Establish an ASEAN Better Regulation Network and Conference to drive regulatory improvement, cooperation and coordination across all ASEAN member countries. Membership is focused at leaders of all national Regulatory Impact Assessment (RIA) Centers and Parliamentary Legislative Review Committees.
- d. Simplify Trade Across Borders
 - Explore mutual recognition Trusted Trader Programs between ASEAN countries and with foreign countries (eg., Australia).

- Endorse recommendation of the CACCI for ASEAN governments to instruct negotiators to harmonise Rules of Origin in bilateral and regional free trade agreements.
- e. Remove NTBs
 - Explore development of NTB mobile app that enables companies to easily record and report NTBs (eg., with Australia).

6. ASEAN Business Club: Priority Recommendations for Financial Sector (Financial Services)

- a. Standardisation of Nomenclature, Documentation and Common Infrastructure
 - Standardise banking terminology, define a nomenclature and build common regional information architecture;
 - Simplify forms and define common types of documentation requirements for customers;
 - Identify key processes across banks and set up a shared services alliance to scale operations;
 - Create a plan for region-wide payment infrastructure;
 - Standardise disclosure standards.
- b. Forge a simple regional visa policy to promote talent mobility within ASEAN
 - Streamline and simplify visa application processes to secure work permits,
 - Remove national visa barriers.
- c. A Pan ASEAN Banking Pass
 - Apply an integrated ASEAN framework under Qualified ASEAN Banks (QAB);
 - Establish a comprehensive set of criteria which ASEAN qualified banks could operate in any ASEAN country with a single 'passport' without discrimination between local and foreign banks.
- d. Common Credit Bureau Infrastructure
 - Leverage best practices across markets to create a national infrastructure based upon uniform standards;
 - Harmonise credit bureau infrastructure and information across the ASEAN Markets to facilitate cross-border activities.
- e. Set up ASEAN Credit Rating Agency
 - Set up and develop a local credit rating agency in each country where there is no agency or adequate coverage;
 - Assist existing credit rating agencies to specialise in key segments and markets of their respective countries, and to improve their quality;
- f. Free Data Flow/Off-Shoring to help reduce real and perceived risk and help regulators manage risk
 - Alignment or ratification of data protection laws within ASEAN ;
 - Alignment and/or standardisation of prudential operational guidelines on information systems and operations;
 - Enabling of regulators accessibility for inspection and audit.

(Capital Market)

- g. Permit English-language document submission across all ASEAN markets, allowing a single set of interchangeable documents to be used.
- h. Converge on a uniform response time to submissions and requests, simplifying the process of managing multiple cross-listings simultaneously.
- i. Simplifying tax collection for investors across multiple geographies through a single payment point by assigning cross-border investors a unique “asean” taxpayer ID, and create a single processing utility towards which all national billings are to be submitted, and all payments made (and further distributed).
- j. Upgrade/expand the ASEAN Trading Link (ATL) initiative post trading activities (at a minimum involving Malaysia, Singapore and Thailand)
 - **Regional clearing links** would enable a broker to manage a single account for margin and collateral across all markets from a single clearing membership, resulting in greater efficiency and reduced costs to trade regionally.
 - **Regional depository links** would enable investors in one country to purchase and settle shares in the other markets through their domestic broker and hold them in their domestic account, thereby reducing transaction time, lowering overall costs and settlement risks.
- k. ASEAN Infrastructure project (funds) listing
 - To channel funding to infrastructure projects from private investors through listed infrastructure project (funds) in order to meet the infrastructure development needs in ASEAN.

**7. East Asia Business Council: 10 Priority Recommendations
(Doable in 12-18 months)**

- a. Simplify ROO
 - Through RCEP, harmonize ROOs and adopt most common ROO in the ASEAN+1 FTAs, common concession and full accumulation to ease the complexity in ROOs; Exporters to be given a choice of either a “CTH or RVC40” rule, and Product Specific Rules (PSRs) where necessary.
- b. NSWs
 - Focus on a) ensuring that National Single Window is in place and b) the rollout of the ASEAN Single Window.
- c. Information on procedures
 - Per EABC survey, key bottleneck in FTA utilisation is the difficulty of locating appropriate information about FTAs. We propose the EABEX portal for consolidated information on ROO, NTMs, and Trade Facilitation measures.
 - The EABEX is also a business matching portal which enables buyers to search from a reliable database of products and services from authenticated companies or suppliers. To date the EABEX has 5,447 registered accounts with 79,820 visits annually.

- d. Lessen trade protection, NTMs
 - Under the RCEP chapters on SPS and TBT, there should be provision for establishment of MRAs and Sectoral Annexes. There should also be disciplines that oblige parties to treat and have the same standards applied to imported and domestically produced goods.
 - It is important that any safety and emergency measures imposed and adopted should have a specific timeframe and must be WTO consistent.
- e. Trade in services
 - RCEP to take a negative list approach in “trade in services negotiations” to ensure wide-ranging, high-level, and transparent commitments to improve predictability for business.
- f. MSME financial inclusion
 - Develop policy options that support innovative and diversified financing models for MSMEs and start-ups, including the development of new financial instruments, Islamic finance, addressing regulatory barriers to innovative financing and identifying policy frameworks for alternative finance.
 - Governments to incentivize those involved in equity-based financing industry such as business angels, seed capital, venture capital and private equity to address the credit gap that hinder the growth of many MSMEs in the region.
 - Accelerate the use of internet financing platforms for MSMEs to secure and facilitate their access to crowd funding facilities.
 - Support the proposal by the Asian Development Bank (ADB) to encourage the establishment of Credit Bureaus (CB) in countries in the region.
 - Enhance stakeholder engagement, especially ones with MSMEs and business groups in order to reflect demand side voice to financial regulations.
 - AMS to consider finance programs that provide both non-collateral funding but also sustained hands-on management support i.e. Marukei Loan.
 - Governments to consider utilising big data analytics such as the Credit Risk Database approach to accumulate MSME credit risk information.
- g. Trade facilitation
 - To adopt the “advance ruling mechanism” to make inconsistent customs procedures effective and business friendly.
- h. Improve IP services: patents, trademarks and industrial designs
 - Seamless, expeditious and transparent procedures for the registration of IP, improved access to IP information, including laws, regulations and practices, patent examination with improved speed and quality, appropriate protection of IP rights including trade secrets, and effective enforcement of IP rights.
 - Appropriate, balanced protections of IP rights and strengthen the enforcement of intellectual property rights to cope with the

infringement of IPRs such as the unlicensed production and distribution of counterfeit trademark goods, design imitation goods, and pirated copyright goods.

- v. Intensify cooperation on e-Commerce
 - eCommerce must be addressed holistically: In the RCEP, requires coordination by eCommerce team and cannot be divided up to individual chapters; Take into consideration all aspects of eCommerce including supply chain and logistics, trade, finance and legal facilitation, financial services, enablers and Internet of Things; Effective and comprehensive regulations and legislation: etransaction laws, consumer protection, privacy, data protection, and cyber-crime – building users' confidence in eCommerce.
 - ePayment solutions must expand beyond traditional banking solutions i.e. mobile payments, digital wallet:
 - Governments must establish a framework for secure cross-border transactions that allows for innovative payment solutions to flourish: Enable multiple different payment types across 13 currencies; Promote interoperability between payment systems.
 - Establish a central regulatory body for payments: The APT Governments should put in place a regional body responsible for harmonization of payments regulations across multiple jurisdictions, such as the EU's European Payments Council
 - Develop cross-border payment fraud enforcement mechanisms: Implement strong dispute addressal mechanisms and strict penalties for fraudsters; Educate consumers on liability risks, while establishing clear customer recourse channels in case of fraud; Empower government agencies to address cross-border fraud and data privacy and security concerns; Facilitate region-wide working groups targeted at cross-border fraud discovery and prevention.
- j. Continue to enhance engagement with stakeholders
 - Request for engagement on a regular basis on the RCEP and formation of future FTAs.

8. US-ASEAN Business Council: Priority Recommendation

- a. Customs and Trade Facilitation
 - Information Sharing on Global Data Standards: The adoption of Global Data Standards (GDS) that are standard and interoperable between countries can improve both supply chain efficiency and security. The Customs and Trade Facilitation Committee has proposed information sharing sessions to inform ASEAN customs administrations about how they can use GDS to support secure and efficient customs clearance systems. These sessions would include exploring pilot projects with private sector partners, and ultimately a draft scope of work for review by ASEAN Directors-General of Customs.

b. Energy

- Provide more opportunities for consultation with relevant stakeholders on the drafting of laws and regulations to provide better final result. One model to consider is the U.S. process (www.thomas.gov), where the text and status for all bills under consideration in the U.S. Congress can be found. Singapore and China have good consultation systems which U.S. companies would support. Draft legislation should also be put through a cost-benefit analysis by independent experts.

c. Financial Services

- Strengthen the ASEAN Strategic Action Plan for SME Development 2016-2025 by mapping the regulatory changes needed to expand access to SME financing.
- Collaborate with APEC's Financial Infrastructure Development Network as regulatory best practice. ASEAN should explore the creation of regulatory sandboxes for innovative SME credit providers for underserved businesses. ASEAN should consider the role of insurance and micro-insurance in mitigating risks associated with SME financing.

d. Food and Agriculture

- Regulatory Harmonization for LLP of GMOs: Enhance ASEAN's competitiveness thru harmonization of regulatory regimes on the introduction of new technologies, the cross border movement of biological materials, mutual recognition of standards and the adoption of consistent, sensible, science-based, policies relating to low level presence of GMOs. Delays and administrative red tape reduce investment incentives, access to technology for farmers, and capacity to achieve sustainable food security.
- AMS should move towards using international food and agriculture standards of Codex, OIE, IPPC as the basis for harmonization efforts. Additionally, standards should also be science-based using risk assessment methodologies as this will also encourage greater levels of investment and innovation.
- Harmonize by 2017 the low-level presence (LLP) of GMO in shipments to AMS. There is currently a lack of science based, international standards and tolerances on shipment of oilseeds and grains. Most ASEAN countries have a zero tolerance or very low tolerance for inclusion of GMO or non-approved GMO events in grain and oilseed shipments. These standards are not science-based and do not contribute to the food safety of consumers. Codex has developed a risk assessment for LLPs, and found that inclusion of GMO materials of levels of up to 5% do not pose a significant health risk to consumers. The Council recommends that all ASEAN countries should align with harmonized Codex recommendations and institute a 5% LLP standard for grain & oilseed imports.

- e. Health & Life Sciences
 - With the signing of the ASEAN Medical Device Directive (AMDD), push for full implementation of AMDD by all AMS. ASEAN should align standards to those set out in International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH) guidelines: This will remove requirements for local clinical trials which impacts patients' access to life saving medicines and vaccines. ASEAN should promote the adoption and recognition of international medical device standards by national standards authorities in Member States, i.e. ISO, the International Electro-technical Commission (IEC), and the International Telecommunications Union (ITU).
- f. ICT – ASEAN Digital Economy Conference
 - US-ABC's ICT Committee attended the ASEAN Telecom SEOM (TELSOM) in Nov 2015 where members can provide expertise to achieve AIM 2020. US-ABC is developing a publication on how digital trade can further regional integration and the importance of data flows. US-ABC would also like to explore organizing a major conference on the digital economy with ASEAN in 2017. It will include policymakers from the U.S. and ASEAN, business and academic leaders from the region, who would address opportunities arising from emerging technologies to accelerate growth and connectivity, as well as challenges in areas such as online privacy, information security, and internet access.

9. ASEAN India Business Council: Priority Recommendations

- a. Certification of Origin
 - Recommends electronic / web based mechanism to process and also speed up the customs clearance procedure.
- b. ASEAN India Transit Transport Agreement
 - AITTA has to be negotiated and finalized before the date of completion of the Trilateral Highway.
 - While AITTA is being negotiated, industry recommends to start negotiation of separate transit and transport agreement among India-Myanmar-Thailand to extend later to the entire ASEAN region.
- c. HS Code description for duty concession
 - The current tariff reduction schedule and description is based on HS 2007 nomenclature, which covers the end items description and not the part level description. Recommend for inclusion of detailed specification of end-item description for the purpose of applying "Preferential Duty". It will help in having greater clarity regarding eligibility for concessional duty rates under the FTA and also speed up custom clearance of shipments.
- d. Line of Credit
 - Government of India is providing line of credit to Indian companies investing in CLMV countries. We recommend that the tendering process should be open to all eligible companies.

- e. Tariff barrier analysis
 - AIBC is working towards constituting working group on major tariff and non-tariff barrier. We recommend ASEAN Secretariat to support conducting impact assessment survey (together with AIBC) on why the FDI flow between India and ASEAN is low.
- f. Movement of Skilled Workers
 - Problems faced for employing skilled based workers - Levy, quota for non -levy contracts; work permits only given for one or two years; one month for clearance of permit; companies are charged although the workers are not at work.
 - Propose to introduce India-ASEAN Travel Card for ease of travel on bona-fide travellers to ASEAN countries.
- g. SMEs
 - Relaxation in minimum limit for providing surety to open bank accounts for Start-ups and SMEs at foreign banks.
 - Software start-ups faced problems due to perception based on revenue value and not on the quality of software. Therefore, they could not participate in large tenders, as companies having revenue less than the prescribed bracket considered non-competitive.
- h. Visa
 - Council Members suggest special arrangements on Visas to facilitate and encourage India-ASEAN Business and people-to people exchange.
 - Council members have proposed to have India- ASEAN Travel Card for ease of travel of bona-fide travellers from India to ASEAN Countries.
- i. Skill Development
 - Member countries to look at sharing experiences in “Training the Trainers Program’
 - Establishing Centers of Excellence for various trades through joint investments
 - Supporting Capacity building of agencies and institutions working in the skill development space.
 - Establish equivalence levels between standards for skill training and development in India and ASEAN countries by working with standards setting agencies.
- j. India-ASEAN Trade Fairs
 - To promote trade, investment and manufacturing ties it is suggested to organise India-ASEAN sector specific trade fairs and exhibitions.
 - Such fairs bring buyers and sellers together without the necessity of each company to travel to different destinations to meet the possible business partner.
 - AIBC proposes that the AEM set up the ASEAN Trade Fair as an Annual business event of great importance.
 - We further propose that the Fair be held once in an ASEAN country and once in India.
 - The fair in ASEAN country could rotate with the Presidency.

- We as AIBC propose that the ASEAN India Trade Fair be launched and the first one be held in Manila coinciding with the AEM in 2017 to be held in Manila.
- We further propose that India be invited as the guest country to participate at this ASEAN trade fair
- k. ATIGA Review
 - Trade flows between ASEAN and India remains modest, and in 2015 had declined to US\$ 58.7 billion.
 - ASEAN's trade with India averaged 2.7 % (2012-2015).
 - Support the review of the ASEAN-India Trade in Goods Agreement with the view to consider further liberalization of tariffs on products placed in the Sensitive Track and Exclusion List. Products of major trade interests are still excluded from tariff concessions.
- l. Rules of Origin
 - Currently, the Rules of Origin under the ASEAN Trade in Goods Agreement is complex and restrictive. Support the review of the ASEAN-India Trade in Goods Agreement Rules of Origin to be made more trade facilitative and simpler for the private sector to maximize benefits from the ASEAN-India Free Trade Area.
- m. Verification of Preferential Forms for Tariff Concessions
 - Business community are burden by the non-streamlined approach in the conduct of verifying preferential certificate of origins issued by authorities. Rejections of preferential forms and the need to pay bank guarantee and deposit bond are discouraging trade flows. Suggest that a more streamlined mechanism be established
- n. Transport Connectivity
 - Direct air connectivity will lead to strengthening of trade, investments and tourism between ASEAN and India, especially to tier 2 and 3 cities. Support the facilitation of air connectivity through a regional aviation agreement between ASEAN and India.
- o. RCEP
 - RCEP Agreement when concluded will be a major game changer in promoting and sustaining economic growth in the wider ASEAN, East Asia and South Asia region. Support the pace of negotiations be accelerated and a high quality agreement is realized.

10. UK-ASEAN Business Council

Short-term Recommendations

- a. Shareholding

Harmonised rules for full liberalisation of ownership in the insurance sector (currently 6 of 10 Members allow this).
- b. Data

A global harmonised approach to cross-border data transfers and the right for international group companies to transfer data overseas within the same corporate group if they have adopted internal rules/a global policy similar to EU-Law to protect customers.

- c. Long term investment
Removal of regulatory and accounting impediments to investment in long duration assets, including infrastructure.
- d. Tax
Bringing governments together to agree a streamlined tax dispute resolution process.
- e. Infrastructure and PPP
 - We estimate the infrastructure spending required in the ASEAN-6 between now and 2030 to be c.USD2.1tn, and that current spending will cover only USD910bn.
 - ASEAN government are working to increase infrastructure spending, but this remains subject to a variety of policy and other restrictions.
 - More non-government spending is required from private sector and multilateral development banks (particularly AIIB).
 - All governments should look to increase PPP programmes, equalise the operation of SOEs in infrastructure, streamline government procurement operations, and set out clear infrastructure project pipelines.
- f. Finance
Explore the use of innovative technological solutions for intra-ASEAN payment and settlement infrastructure. This would allow ASEAN to benefit from new technology and avoid some challenges faced with legacy systems in use elsewhere.

Medium Term Recommendations

- a. Expedite ASEAN Single Window (ASW)
The ASW objective is to expedite cargo clearance within the context of increased economic integration in ASEAN. Companies continue to face challenges in clearing customs, particularly at smaller regional ports, in part due to different interpretation of international open standards.



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