

Re-Energizing AEC Towards Prosperity For All

ASEAN BAC Report to the
ASEAN Economic Ministers
September 7, 2017



Glossary

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ASEAN BAC

September 7, 2017

H. E. Ramon Lopez
Chair
ASEAN Economic Ministers

Subject: ASEAN Business Advisory Council's 2017 Report to AEM

Excellency,

On behalf of the ASEAN Business Advisory Council (ASEAN BAC), it is with pleasure and honor that I present through Your Excellency my Council's 2017 Report to the ASEAN Economic Ministers entitled **Re-Energizing AEC Towards Prosperity for All**.

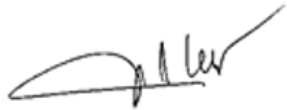
This Report is in slide deck format for ease of appreciation and a straightforward call to action. It highlights the following:

1. the need for business to work closely with government in making AEC as a genuine driver for Inclusive Growth and achieving Prosperity for All;
2. the imperative of bringing together three pillars that should reinforce each other and translate to lasting change and bring about progress and prosperity to not just a few, but to the ordinary citizens of ASEAN:
 - a) Empower the Micro, Small and Medium Enterprises
 - b) Promote Inclusive Business
 - c) Partner with government to fast track reforms in creating a business environment truly conducive for MSME development and progress;

3. the robust collaboration between ASEAN BAC and its partner Joint Business Councils and Sector Champions in coming out with specific, workable and realistic recommendations in addressing urgent and “low hanging fruits” solutions to trade barriers;
4. there is readiness on the side of Council and its partners to engage with its public counterparts to drill down on the recommendations to hasten the reforms;
5. there is clear urgency in executing the recommendations as most relate with past actionable points which are still pending up to this time.

We look forward to a lively and fruitful discussion with AEM of the above. Despite the challenges and threats that confound ASEAN and the global economy, we continue to push forward with our resolve to work together and get the job done in delivering our AEC aspiration of Prosperity for All.

Sincerely,



Jose Ma. A. Concepcion III
Chair
ASEAN Business Advisory Council

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 Secretary General,
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DR. DOAN DUY KHUONG
 Vice President, Vietnam
 Chamber of Commerce and
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 Chairman, Southeast Asia Joint
 Stock Commercial Bank


DANG THI HOANG YEN
 Chairwoman, Tan Tao Group

RE-ENERGIZING AEC TOWARDS Prosperity for All



PREAMBLE

- The global business and economic landscape is transforming – at digital speed.
- As digitization of ASEAN is heightened, POVERTY prevails and the DEVELOPMENT GAP within ASEAN remains wide and deep.
- The promise of AEC especially to the ordinary entrepreneur or MSMEs remain elusive. AEC is not felt.
- With 8 years separating us and the fulfillment of AEC Blueprint 2025, the ASEAN Way must step up in a big way.
- The ASEAN Economic Community should ensure INCLUSIVE GROWTH and SHARED PROSPERITY by urgently pushing and integrating the following:
 - a. Empowering the MSMEs to be the new engine for economic growth and link them to global value chains;
 - b. Promoting Inclusive Business so Large Corporates and Conglomerates integrate the MSMEs into their supply chains;
 - c. Creating a conducive policy and infra environment for MSMEs that enables speedy and adequate access to Money, Markets, Mentorship and Innovation.
- This report highlights ASEAN BAC's continued delivery of its mandate of harnessing private sector resources and participation. Strategic Areas covered represent active work undertaken with partner Joint Business Councils and Sector Champions.
- The breadth of detailed recommendations aims to comply with AEM's request for more concrete and specific course of action.
- Private Sector is ready to drill down and help push the reforms but expects more robust and institutionalized engagement in public-private consultative working groups.

Specifically, there is urgent need to RE-ENERGIZE AEC TOWADS PROSPERITY FOR ALL.



2015 saw the milestone launch of the
ASEAN Community.



Building on the momentum, the AEC Blueprint 2016-2025 and AEC 2025 Consolidated Strategic Action Plan were launched to ensure full realization of AEC aspirations with clear strategic and action agenda.

AEC 2025
Consolidated Strategic Action Plan



**There are
UNDENIABLE
ACHIEVEMENTS
and CAUSE FOR
CELEBRATION**



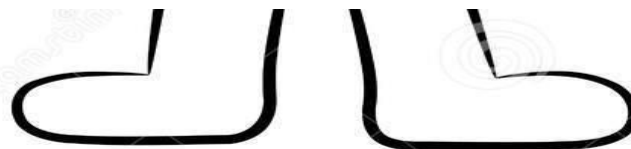
**in support of
Regional
Integration**

- There is uninterrupted period of PEACE & STABILITY.
- There is collective GDP growth of over 5% for past few years.
- Fourth largest trading entity in the world after the EU, the US and Japan.
- AMS has embarked on rapid economic growth path and modernization.
- There is ease and growth of travel across the region due to visa-free policy.
- Tariffs are lower across ASEAN vis a vis global economic powers.
- No lacking in key agreements, policy initiatives and declarations.
- ASEAN is becoming a regional brand.

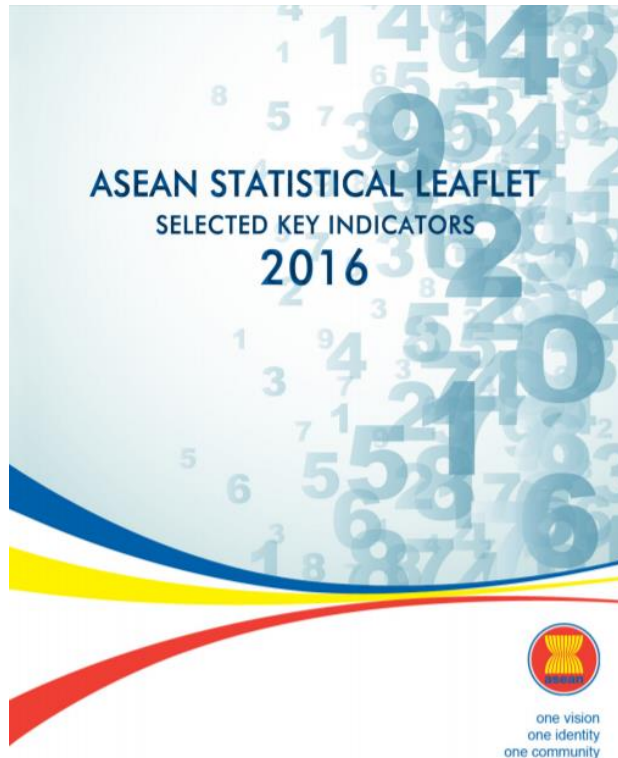
However,.....



.....the ordinary entrepreneur still has a lot of questions about the impact and promise of ACE.



Why is there still wide-spread **POVERTY** in developing AMS?



The Association of Southeast Asian Nations (ASEAN) was established on 8 August 1967. The Member States are Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam. The ASEAN Secretariat is based in Jakarta, Indonesia.

For inquiries, contact:

SOCIO-DEMOGRAPHY

| | Below National Poverty Line (%) |
|-------------------|---------------------------------------------|
| Brunei Darussalam | NA |
| Cambodia | 16.0 |
| Indonesia | 11.1 |
| Lao PDR | 23.2 |
| Malaysia | 1.7 |
| Myanmar | 23.6 |
| Phillippines | 25.2 |
| Singapore | NA |
| Thailand | 13.2 |
| Viet Nam | 8.4 |

Poverty must be substantively reduced for lasting and inclusive Growth and Prosperity.

Our belief:

With all the uncertainties
and challenges, the

ASEAN WAY

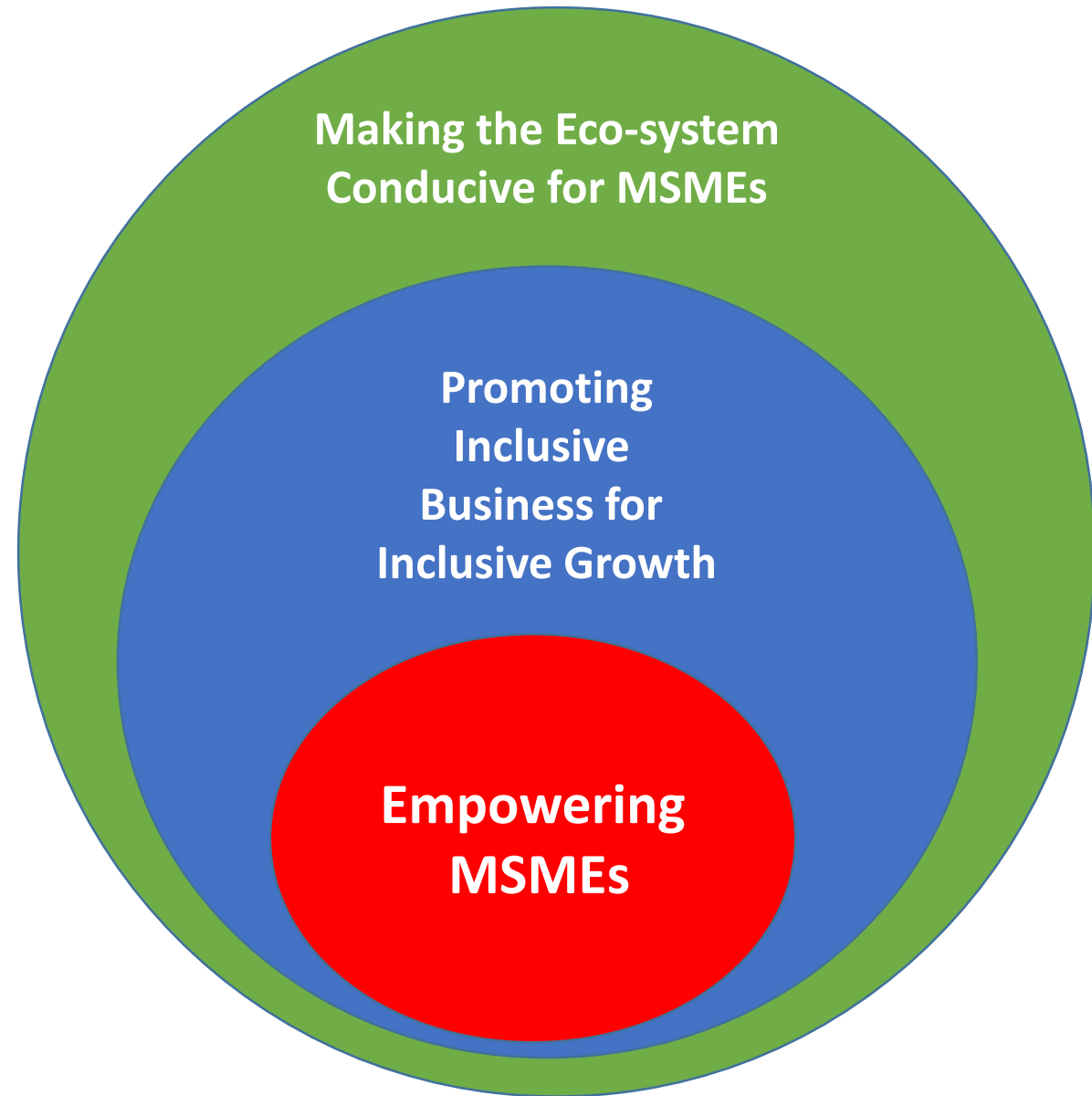
can be the powerful force
to realize

Inclusive Growth and
Prosperity for All
across ASEAN!



Our belief:

**Re-Energizing AEC by
Reinforcing & Integrating
3 Strategic Agendas....**



1st Strategic Agenda: Empowering the MSMEs

Launching of the Prosperity for All ecosystem with ASEAN Leaders and MSME Enablers



Bringing
together the
key ENABLERS
of MSMEs



A genuine
Public – Private
Partnership

Our 1st Cluster Recommendations

A. For ASEAN to support the setting up of the **AMEN or ASEAN Mentorship for Entrepreneurs Network**. It is envisioned as a regional open platform where sharing of entrepreneur mentors and effective training modules and resources for MSMEs can be facilitated across ASEAN. In particular:

1. Strongly endorse inclusion in the ASEAN Leaders Statement in Nov. 2017 their full support to the establishment of AMEN.
2. Provide support and resources for the conduct of these mentorship exchange and the build up of qualified mentors base under AMEN.
3. Provide public representation in AMEN thru the appointment of Mentor Focal Points from ASEAN Coordinating Committee for MSMEs or ACCMSME.
4. Extend support in securing funding sources for its activities



B. For ASEAN to support the regular engagement of ASEAN BAC and its partners with the **ASEAN Coordinating Committee for MSMEs** or ACCMSME to pursue collaborative initiatives in the following areas:

- a. **ACCESS to FINANCE**
- b. **ACCESS to Markets**
- c. **ACCESS to Innovation**
- d. **ACCESS to Mentoring**
- e. **ACCESS to ASEAN Private Public Coordinating Platforms**

3.a. ACCESS to FINANCE

Malaysia's Legacy Project



Growth Accelerator Exchange

Prioritize establishment of an ASEAN Digital Trade Financial Ecosystem with GAX Malaysia providing all necessary support to kick start.

Action Points:

- a) Support by endorsing to the ASEAN Finance Ministers the formalization of an ASEAN Digital Financial Commerce Working Group (ADFCWG) with relevant private and public sector/regulator representation.
- b) Support by endorsing to the Central Bank Governors the nomination of national bank associations.
- c) AEM to encourage national level SMEs associations (exporter/importers), freight forwarders/logistic companies, related government agencies (trade agencies, customs, business community) to participate in the ADFCWG.
- d) Help arrange for GAX to present/conduct workshop to regulators on the detailed operation of the entire ecosystem.
- e) To grant the necessary licensing provided all the necessary controls, operational procedures and compliances, systems readiness have been obtained, to pilot test the system prior full roll out.



Establishing a digital marketplace that connects the ASEAN communities of businesses with technologies and financial solutions to catalyse economic growth. GAX has launched 3 major initiatives:

1 a P2P lending platform between MSMEs and Investors.

Using digital marketing, link viable and successful P2P investment note issuers with P2P investors such as high net worth individuals, wealth managers, banks, etc.

Reliable technologies at the frontier of Fintech and Digital Economy – GAX is enabled to powering the core banking systems of the largest banks in South East Asia for more than two decades. This p2p platform is ready to be deployed.

2. Digital Remittance Payment Platform

This is a P2P Ewallet payment and remittance platform that enables E commerce payment and remittances to be transacted conveniently and at lower costs. It is fully ready. Looking for partners/merchants/banks to collaborate in the ecosystem.

3 Digital International Trade Finance Ecosystem on Blockchain

The objective of this platform is to link and facilitate all the key stakeholders involve in the commerce ,trade financing, payment, logistic and custom clearance ASEAN ecosystem.



Our business case and benefits:

1. Full Transparency of Trade Transactions

- “SINGLE Truth” is established for all stakeholders in the ecosystem
- No scope for Data Tampering.
- All salient events can be traced back and the likelihood of erroneous events minimized.
- Real time.

2. Automatic End-to-End Trade Finance Process

- Events such as LC issuance, shipment of goods and payment are recorded in real-time to the blockchain.
- Reduce manual processes where paper-trail-chasing operations are no longer required.
- Greater efficiencies., convenience and visibility for various participating parties across chain / network.

3. Digital LC , Documents and Digital Payment

- Reduce preparation and presentation of documents from days to hours.
- Digital Smart Contracts for self executing / triggering exchange of digital data and events such as payment.
- Minimise risk of documentary fraud.
- Faster clearance and delivery of goods.
- Faster receipt of funds via Digital payment gateway.

4. National Single Window

- This platform will facilitate each country (if required) in setting up a NSW that will link up with the ASW platform.

ASEAN-Japan Business Council



3.b. ACCESS to MARKETS & INNOVATION

- i) Support platforms toward “Building Innovation Capacity & Enhancing Market Access for SMEs and Start-ups” in particular thru the recently established AJIN or ASEAN Japan Innovation Network which is an alliance of ASEAN BAC, ASEAN Business Club, and prominent Japanese organizations led by ASEAN-Japan Business Council.
- ii) Japan to lead the newly proposed ASEAN-BAC JBC Innovation Working Group to a) be positioned as one of AJIN core activities going forward, b) identify the theme and scheme of mutual interest to both ASEAN and Japan business communities on the long-term.

ASEAN BAC & ASEAN JAPAN BUSINESS COUNCIL ESTABLISHED ASEAN-JAPAN INNOVATION NETWORK



ASEAN Business Advisory Chairman Joey Concepcion and Vice Chairman of ASEAN Japan Business Council and Chairman of Sumitomo Corporation Kazuo Ohmori presented the signed Memorandum of Cooperation for the ASEAN Japan Innovation Network (AJIN). AJIN is a private sector led initiative for promoting innovation across sectors and industries including digital business platforms for MSMEs and emerging industries. Witnessing the presentation are the ASEAN Economic Ministers led by the 2017 Chair, Department of Trade and Industry Sec. Ramon Lopez.

b. ACCESS to MARKETS & INNOVATION

ii) Support promotion of fora led by ASEAN Women Entrepreneurs Network or AWEN similar to the staging of **ASEAN WOMEN'S BUSINESS CONFERENCE** *ASEAN Women: Leading Change*, held last 16-17 March 2017, Manila.



3.c. Support PPP-initiated Policy Recommendations for MSME Development

ASEAN BAC endorses the CONSOLIDATED SUMMARY OF RECOMMENDATIONS



MANILA CALL TO ACTION FOR ASEAN MSMEs **7 Ms to MSME Development**

July 14, 2017, PICC, Manila



**Mindset
Mastery
Money
Machines
Markets
Mentorship
Models**



See annex A for summary report ²⁵

2nd Strategic Agenda: Promoting Inclusive Business

Our 2nd Cluster Recommendation

1. For ASEAN to support the setting up of [national level Alliance Towards Prosperity for All platforms](#) (or equivalents) by the private sector thru ASEAN BAC where Inclusive Business can be duly promoted and expanded by pooling together relevant business chambers of commerce and business organizations as drivers of Inclusive Business.
2. Link AMEN with Inclusive Business Alliances as BRIDGE to ensure appropriate preparation of MSMEs to form part of IB supply chains.
3. Support and encourage ACCMSME to work with ASEAN BAC and its Partners in promoting Inclusive Business both in terms of possible policy reforms and private sector-led program initiatives.
4. ASEAN BAC fully endorses a Declaration from ASEAN Leaders supportive of Inclusive Business during its Leaders Summit in November 2017.



ALLIANCE TOWARDS



Inclusive Business Definition by the World Bank

Inclusive business is a private sector approach to providing goods, services, and livelihoods on a commercially viable basis, either at scale or scalable, to people at the base of the pyramid by making them part of the value chain of companies' core business as suppliers, distributors, retailers, or customers.

ASEAN BAC recognizes the important role of promoting and spreading Inclusive Business models to achieve the AEC Blueprint 2025 and Prosperity for All. It engenders inclusive growth through market and sustainable mechanisms in transforming the lives of over 300 million marginalized, poor and low-income people at the Base of the economic Pyramid (BoP) in ASEAN.



5. Inclusion and Empowerment of Women in Business

ACTION POINTS: Support AWEN thru the crafting of actionable, measurable, and implementable policies that would promote the mainstreaming of Women's Economic Empowerment (WEE) specifically in the following areas:

- a) women in innovation and technology;
 - b) women in trade and inclusive business; and
 - c) women's leadership and human capital development.
-
- *The WEE Action Agenda in ASEAN will be presented during the AWEN Business Conference on August 31, 2017.*
 - *AWEN is now an Associate Member of the ASEAN BAC Joint Business Councils Meeting platform and has been designated as the Co-Chair of the ASEAN BAC Businesswomen Working Group.*

6. SUMMARY RECOMMENDATIONS OF STUDY ON “TOWARDS INCLUSIVE AND SUSTAINABLE GROWTH IN THE



AEC



ACTION POINTS:

1. Strengthen Responsible and Inclusive Business conduct

- Actively promote responsible and inclusive business practices to be at the core of every business, esp. MSMEs.
- Encourage larger corporations to influence and support MSMEs in their supply chain by building capacities.
- Design and implement value-chain financing for agricultural MSMEs/smallholder farmers to fill the gap in rural finance at lower interest rates.
- Foster a conducive ecosystem which supports businesses transitioning towards responsible business practices.

2. Deepen technical support for MSMEs to improve access to finance

- Equip MSMEs with hard business skills involving (e.g. support for free/subsidised mentoring programs).
- Support entrepreneurial networks such as the newly set-up ASEAN Mentorship Entrepreneurs Network (AMEN).

3. Promote alternative finance with an emphasis on inclusive financing options

- Provide regulatory framework to **allow experimentation of innovative financial products and services** such as crowdfunding, and venture capital to open capital for start-ups and MSMEs.
- Promote **Fintech** with closer collaboration between policymakers, industry associations and experts.

- Launch state-funded social investment funds to provide customised financial support and technical assistance for SEs.
- Pursue policy to foster social investment, and remove barriers facing venture capitalists as well as SEs in receiving foreign capital.

4. Provide targeted support to improve women's access to finance

- Develop focused programmes to enhance women's entrepreneurial capabilities. E.g. (i) designing and delivering entrepreneurship development programmes in partnership with women entrepreneur associations and CSOs, (ii) creating national marketing programmes targeting women-owned and women-led MSMEs and (iii) creating and supporting formal networks dedicated to capacity building for women entrepreneurs.
- Promote private sector investment, into venture capital funds that serve women entrepreneurs.
- Integrate women entrepreneurs into supply chains to qualify for loans and microfinance.
- Mandate financial institutions to eliminate barriers faced by and financing needs of women entrepreneurs.

5. Promote responsible finance and good governance in bank lending: Incorporate ESG criteria in lending programs of national banks in AMS.

3rd Strategic Agenda:
Making the Eco-System
Conducive for MSMEs

Our 3rd Cluster Recommendation: Make Trade Facilitation & Ease of Logistics Work for MSMEs



A. Drill down on “low hanging fruits” Trade Facilitation Reforms

1. Work with ASEAN BAC’s Joint Business Councils and partners and encourage the ASEAN Trade Facilitation Joint Consultative Committee (ATFJCC) to remove red tape and simplifying customs procedures and requirements from other agencies to

- Speed up cross border shipments,
- Reduce bureaucracy
- Lower costs for businesses and consumers
- Boost trade volumes

The business case on Trade Facilitation.....

Full implementation of the WTO Trade Facilitation Agreement would reduce trade costs by 14.3% on average¹

Simplifying or removing a single customs procedure can add 4.4% to trade volumes²

Reducing supply chain barriers to trade could increase GDP by up to 6 times more than removing tariffs³

Harmonisation and simplification of documents can reduce trade costs by 3% for less developed countries and automation by 2.3%⁴

¹ World Trade Report 2015, Executive Summary, Section D

² Frontier Economics Report "Express delivery and Trade Facilitation: Impacts on the Global Economy" Jan 2015

³ WEF (2013) :Enabling Trade, Valuing Growth Opportunities

⁴ OECD Trade Policy Paper No.144 "Trade Facilitation Indicators – the potential impact of trade facilitation on developing countries' trade

Drill down on Trade Facilitation Action Agenda



**ASEAN-Japan
Business Council**



2. Simplification of Customs Procedures of import, export, and clearance of intra-ASEAN low value shipments. Major beneficiaries are E-commerce and MSMEs.

We recommend adopting a value of < Special Drawing Right (SDR) 1000 (approximately \$1400), regardless of weight or mode of transportation, coinciding with the Category 3 dutiable threshold, as a simple common threshold to build a program around. We believe SDR 1000 is an appropriate value as recommended by the World Customs Organization (WCO) Immediate Release Guidelines. Not applicable to prohibited or controlled items.

Note: Still dutiable so no revenue impact. Detailed proposal under Annex 1.

Drill down on Trade Facilitation Action Agenda



- a. Simplified procedures – for example, a simplified exporter's declaration (self-certification) is adequate without the need for a Certificate of Origin or Form D; and ASEAN minimum data elements based on category of shipment per WCO Immediate Release Guidelines.
- b. Facilitated Clearance – Permit consolidated declarations, immediate release, and a time-release benchmark.
- c. Simplification of Tax and Payments – Simplify and publish tax rates, review duty/tax waiver threshold, allow electronic payments of duty and tax, and adopt smart tax collection methodologies.
- d. Simplification of Returns – Establish mechanisms for return shipments, duty & tax drawback, and allow informal export declarations when matched with import details.

Drill down on Trade Facilitation **Plus E-commerce** Action Agenda

3. **Further to related Trade Facilitation, we endorse regular engagement of ASEAN BAC Digital Economy Working Group and Partners with ASEAN Coordinating Committee on E-Commerce on the following Action Points for E-commerce**
 - a. AMS should fast track coming up with full E-commerce law covering: electronic transactions, data privacy, cybercrime, consumer protection, content regulation, domain names.
 - b. An ASEAN policy framework to address the following must be put in place:
 - Basic connectivity still lagging
 - Logistics environment challenging
 - Payments access generally limited
 - Firm e-commerce skills low in many cases
 - c. Regional Security Risk Management:
 - Adoption of national electronic IDs and signatures in all AMS for eventual region-wide recognition;
 - Strong regional system to protect data privacy that still allows the movement of data to improve analytics and security of data and enable transparency in the logistics chain;
 - Improve systems of IP registration and common approaches to protecting IP on platforms; and
 - Common approaches to platform liability.
 - d. For the medium term, develop a regional approach to consumer protection and consumer complaint/dispute resolution for cross border transactions.

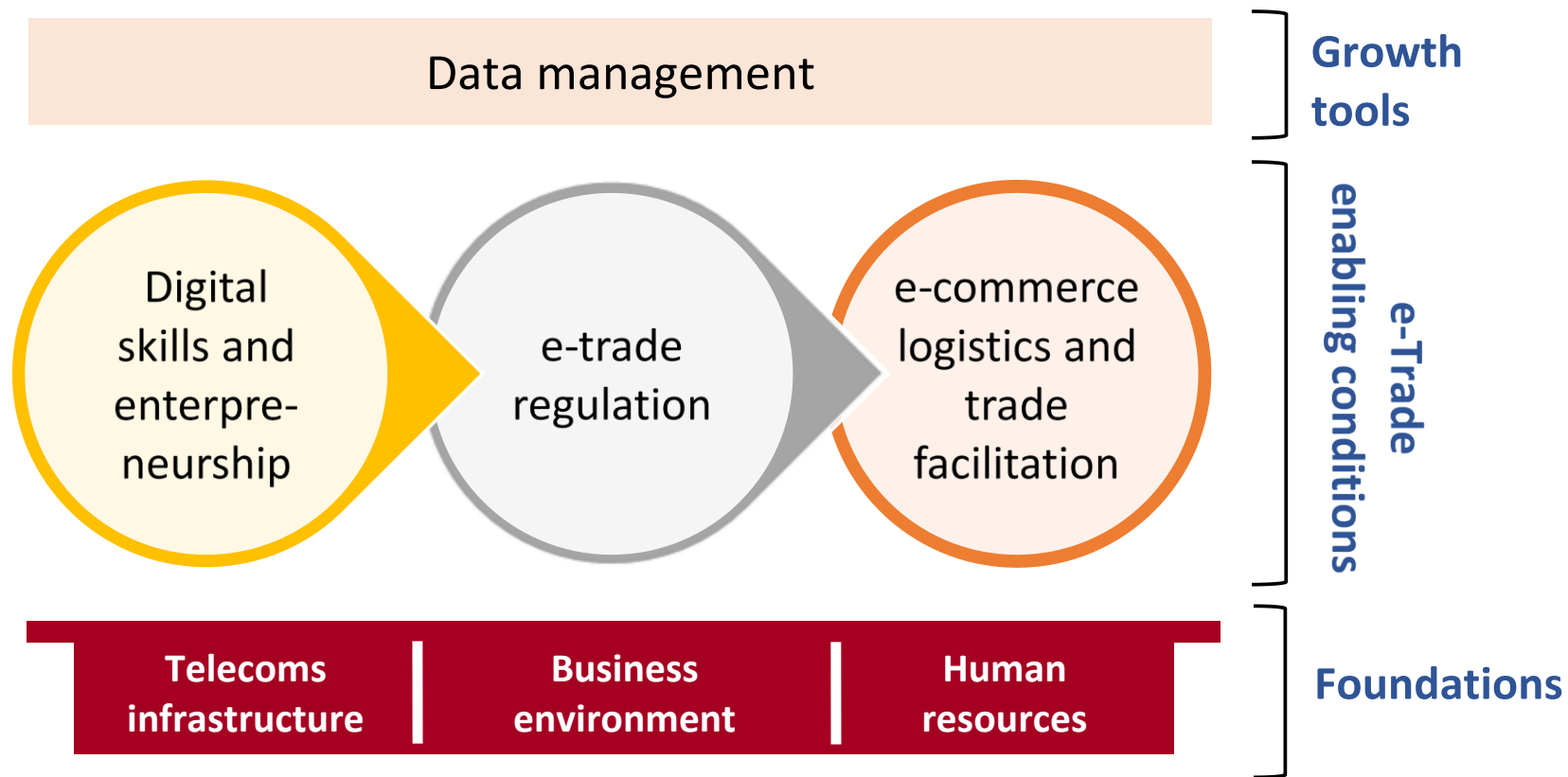


e-Commerce law in ASEAN is fragmented –
 coverage and content of laws differ country to country.

| Status of e-commerce law in ASEAN, as at December 2016 | | | | | | |
|--------------------------------------------------------|-------------------------|---------|------------|---------------------|--------------------|--------------|
| Member Country | Electronic transactions | Privacy | Cybercrime | Consumer protection | Content regulation | Domain names |
| Brunei | Enacted | None | Enacted | Enacted | Enacted | Enacted |
| Cambodia | Draft | None | Draft | Draft | Draft | Enacted |
| Indonesia | Enacted | Enacted | Enacted | Enacted | Enacted | Enacted |
| Laos | Enacted | None | None | Draft | Enacted | Partial |
| Malaysia | Enacted | Enacted | Enacted | Enacted | Enacted | Enacted |
| Myanmar | Enacted | None | Enacted | Enacted | Enacted | Enacted |
| Philippines | Enacted | Enacted | Enacted | Enacted | None | Enacted |
| Singapore | Enacted | Enacted | Enacted | Enacted | Enacted | Enacted |
| Thailand | Enacted | Draft | Enacted | Enacted | Partial | Partial |
| Vietnam | Enacted | Enacted | Enacted | Enacted | Enacted | Enacted |

Source: UNCTAD, 2013

Strong foundations and specific enabling conditions are required to support e-trade



2. ASEAN SINGLE WINDOW (ASW): LIVE OPERATION

Action Points:

- 1) Exchanged data should be used to issue preferential tariffs, recognizing that some Member States may be ready before others;
- 2) All AMS should expeditiously complete their National Single Windows (NSWs), and complete planned upgrades;
- 3) Expand the documents exchanged through the ASW;
- 4) ensure effective funding of Project Management Office at ASEC for 2018 and beyond; and
- 5) Socialize the ASW.

Status of joining ASW:

- Indonesia, Malaysia, Singapore, and Thailand are exchanging certificate of origin data on a regular basis. Over 150,000 so far.
- Vietnam has completed testing and will join shortly
- Brunei testing its connectivity. Will join by September 2017
- Philippines will join by Nov 2017 thru its Trade Net System.
- Cambodia should join the ASW by December 2017.
- Lao PDR and Myanmar are still working on establishing their NSWs.



3. Drill down on NTBs/NTMs of Priority “people-centric” Sectors

a. On Agri-Food:

Work with our partners ASEAN Food & Beverage Alliance and Food Industry Asia



| ACTION POINTS FOR ASEAN | WHAT CAN PRIVATE SECTOR DO? | PROPOSED MECHANISM / PLATFORM IN ASEAN |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| 1. Expedite harmonisation of Sanitary and Phyto-Sanitary (SPS) measures and removal of Technical Barriers to Trade (TBT) | | |
| 1.1 ASEAN <i>General Standard for the <u>Labelling</u> of Pre-packaged Foods</i> had been finalised in 2016. Industry seeks for clear timeline on full ratification and implementation of the Standard among all AMS. | Provide technical expertise, gap analysis to support implementation of the Standard. | ASEAN Consultative Committee on Standards and Quality (ACCSQ) Product Working Group on Prepared Foodstuff (PFPWG) |
| 1.2 Follow by the finalization of ASEAN <i>General Standard for the Labelling of Pre-packaged Foods</i> , ASEAN should continue to address harmonisation of <u>nutrition labeling</u> standards. | Provide industry feedbacks on priorities for harmonisation and the industry expertise needed to set standards. | ACCSQ-PFPWG |
| 1.3 Continue to address other priority SPS measures and TBT for harmonisation in ASEAN: <ul style="list-style-type: none"> • <u>Import/Export Certification</u> • <u>Product / Ingredient Registration</u> • <u>Maximum Limits of Contaminants, Pesticide Residues, Food Additives</u> • <u>Testing Methods</u> | Provide technical expertise, scientific data and capacity building with regulators to expedite harmonisation. | ACCSQ-PFPWG |

| ACTION POINTS FOR ASEAN | WHAT CAN PRIVATE SECTOR DO? | PROPOSED MECHANISM / PLATFORM IN ASEAN |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|
| 2. Promote Mutual Recognition of <u>Halal</u> Certification Bodies in ASEAN | Provide industry feedbacks and technical assistance in the process of mutual recognition. | ASEAN Working Group -- Halal Food |
| 3. Provide capacity building to AMS government authorities and industries to enhance regional integration | | |
| 3.1 AMS, especially CLMV countries should be given the access to training and capacity building resources to strengthen their domestic <u>food safety regulatory systems</u> | Provide training and capacity building resource (technical experts, finance, dialogues, etc.). | ACCSQ-PFPWG |
| 3.2 ACCSQ-PFPWG has completed <i>ASEAN Common Food Control Requirement and Mutual Recognition Arrangement for Inspection and Certification on Food Hygiene for Prepared Foodstuff Products</i> . Industry, especially SMEs in ASEAN should be given the <u>access to information and capacity building support</u> , so that they can tap into the opportunity brought by the ASEAN MRA. | FIA/AFBA are helping PFPWG to conduct SME Preparedness Survey on the implementation of ASEAN Common Food Control Requirement. In the meantime, other forms of support to SMEs could also be explored. | ACCSQ-PFPWG |

a. **On Agri-Food:**

Work with our partner **ASEAN US Business Council and ASEAN India Business Council**



Action Points:

- a. Introduce innovations and technologies in smart seeds, smart plant protections solutions, and in general, Climate Smart Agriculture, to significantly increase agricultural output and efficiency.
- b. Accelerate harmonization of standards in seeds and biotechnologies. Otherwise, standards & regulations serve as barriers for producer & exporter nations.
- c. Incorporate new digital technologies/ICT into agriculture in ASEAN especially in rural areas and tailoring information access based on farmers' needs to facilitate production and marketing decisions.

3. Drill down on NTBs/NTMs of Priority “people-centric” Sectors

b. On Tourism:

Work with our partners ASEAN Tourism Association and CIMB ASEAN Research Institute



1. For the short term:

- Market ASEAN as a single destination by bundling of multi-country tour products/destinations based on themes (i.e. nature based, culture, heritage, cruise, adventure, meetings and events, etc.).
- Initiate alignment of standards for restrooms, hotels, attractions,
- harmonizing visa requirements and pricing,
- Initiate process for high priority manpower skills requirements.



2. For the medium term

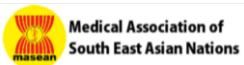
- Ease the Negative List in Trade in Tourism Services, Investment, e.g. establishment of competing tourism businesses, tour guiding services.
- Harmonize consumer protection laws, investment regulations and support policies.
- initiate Single ASEAN visa framework

3. For the long term

- Develop convenient, safe, secure, ease of access and affordable intra-ASEAN travel either by air, sea, or land
- Creating a single aviation authority and regulatory body for ASEAN

3. Drill down on NTBs/NTMs of Priority “people-centric” Sectors

c. **On Healthcare:** Work with our partners push the following agenda:



1. Build regulatory capacity via

- Set up a PAN ASEAN Medication Approval Process & Steering Com to regulate/monitor drug distribution
- Invest in capacity building programs (e.g. via World Health Org., etc.)

2. Ease Medical Travel Requirements

- Ease movement of doctors
- Address issues on quality care, accommodation, permissible subsidies, insurance for overseas patients

3. 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

4. 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 campaigns



3. Drill down on NTBs/NTMs of Priority “people-centric” Sectors

c. **On Healthcare:** Work with our partners push the following agenda:

Action Point: Work with our Partner, US ASEAN Business Council in pursuing AEC priorities of universal access to [essential] health care and good quality medical products, including traditional and complementary medicines by 2020.

Recommendations:

1. **Encourage the Adoption of International Best Practices** to further shorten timelines for clinical trial approval process in adopting international standards and guidelines, (e.g. clinical trial guidelines). Further, support private sector-led workshops to help AMS understand impact of regulations in light of international practices.
2. **Exchanging Thought-leadership in Healthcare Advancement** : Support US-ABC-led workshops and courses to strengthen AMS procedural capacity on specific health interventions.
3. **Sharing and Supporting of Research Findings to Help Increase Access to Medicines and to find Breakthroughs in Treatments** following US-ABC’s partnerships with Singapore (on translational research on liver cancer), and Philippines in making innovating medicines more affordable.
4. **Capacity Building:** Support replication across ASEAN of work with Vietnam’s Ministry of Health for the training of healthcare providers and local hospitals on technology awareness (e.g. for specialty physicians), to workshops on technical solutions using clinical simulations and training labs.

4. Engage our partners for the Ease of Starting a Business initiative that will provide immediate IMPACT to make AEC relevant to MSMEs. Aim for harmonization of 50% of the elements by end of 2018.

Action Agenda:



**ASEAN NEW ZEALAND
BUSINESS COUNCIL INC**



**NATIONAL
COMPETITIVENESS
COUNCIL PHILIPPINES**

1. Encourage the ASEAN Coordinating Committee on MSME to fast track completion of the Feasibility Study to Harmonize Processes by 1st quarter of 2018.
2. Complement the ASEAN Task Force on Starting a Business by establishing national PPP Ease of Starting a Business Councils to initiate reforms in:
 - Enhancing Transparency and Improving Orientation on Administrative Procedures;
 - Developing Effective Coordination among Government Agencies Involved in the Business
 - Start-up Processes including One-Stop Agencies/Single Agency;
 - Promote Simplification, Rationalization of Business Registration Procedures and Upgrading of National Company Registers.

5. Support CONNECTIVITY initiatives.

a. Roll On Roll Off Marine Connectivity



On 30 April 2017, Philippine President Rodrigo Duterte and Indonesian President Joko Widodo launched the Davao-General Santos-Bitung RORO service at Kudos Port in Davao City.

It is fitting that the first ASEAN RO-RO route was established between the Philippines and Indonesia, being co-shepherds for the implementation of the **ASEAN RORO-RO Connectivity Flagship Project.**

5. Support CONNECTIVITY initiatives.

a. Roll On Roll Off Marine Connectivity

1) Action Point: Support sustainability of 1st RORO - Mindanao, Philippines (Davao-Gen Santos) – North Sulawesi, Indonesia (Bitung).

- i) Ease restriction on the entry of Philippine-made animal feeds (hogs, poultry, aqua) into Bitung Port to provide much-needed FRONT BASE LOAD for the ASEAN RORO vessel.
- ii) Reduce export tax on commodities from Bitung/Manado/North Sulawesi like corn to make them competitive and provide the much-needed BACKLOAD for the ASEAN RORO vessel.
- iii) Lower Bitung Port charges on the ASEAN RoRo ship and cargoes to match those of the Philippine Port Authority (PPA).
- iv) Allow the entry of Philippine-made products not included in the Negative List (Footwear, Toys, Medicines) of Indonesia.
- v) Ease the processes and costs for Philippine companies wanting to set up their own trading operations in Indonesia. This will help Philippine companies having difficulty in finding an Indonesian company to distribute their products.

5. Support CONNECTIVITY initiatives.

a. Roll On Roll Off Marine Connectivity

Action Point:

- 2) Support 2nd RORO Initiative of Malaysia (Kudat) -- Palawan, Philippines (Buliluyan) under the auspices of Brunei Darussalam, Indonesia, Malaysia, Philippines East Asia Growth Area (BIMP-EAGA).



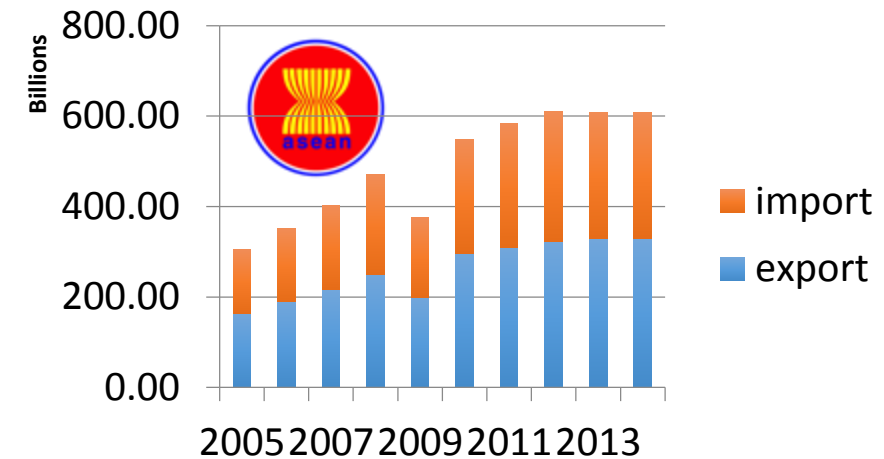
A ROLL-ON/ROLL-OFF (Roro) ferry service between Palawan and the Malaysian state of Sabah is expected to open by end of the year, improving the exchange of goods and services as well as people mobility between the two places, the Philippine Information Agency (PIA) said.

The establishment of the Roro service was announced in a recent meeting between the Palawan Business Council (PBC) and the Malaysian Business Council (MBC) under the auspices of the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA), the PIA reported.

A memorandum of understanding was signed between PBC president Nicanor Hernandez and Malaysian head of delegation Datuk Haji Roselan Jobar Mohamed, representing the BIMP-EAGA, for the launch of bilateral business initiatives and pursuit of a more strategic economic relationship, the news agency said.

ASEAN RORO NETWORK

- The growing trade in ASEAN is driving the need for enhanced connectivity in the region.
- USAID COMPETE Project conducted the feasibility studies for 3 routes:
 - Davao-General Santos-Bitung
 - Buliluyan-Kudat
 - Batangas-Humen-Da Nang
- USAID extended TA to MINDA, DOTr, and DTI in the implementation of the ASEAN RORO Project



Business Case of RORO

| | |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Faster | Loading/unloading is 2.5x faster than conventional shipping; Sailing time is faster (RORO can cut sailing time by half compared to conventional ships) |
| Cheaper | Door-to –door cost of RO-RO is 20% lower compared with conventional shipping; 70-80% cheaper than air |
| Better | No need for expensive gantry cranes lower port development cost lower draft requirement: 6.5 meters (for RO-RO) vs. 11-15 meters (for conventional ships) |
| Greener | CO2 emission is 90% lower than air transport (24 tons vs 264 tons) 100 tons of cargoes from Shanghai-Hakata (using RORO) and Hakata-Tokyo (trucking) |

SOURCES : M. Terauchi, President of Shanghai Super Express (Powerpoint presentation on RORO, Sept 14, 2011)

5. Support CONNECTIVITY initiatives

b. Laos Connect, ASEAN Multimodal Trans-shipment Hub (AMTH)

i) Concept: Private-sector Led Platform



a Assets (AMTH)

Manage the physical movement of assets, e.g. trucks, containers, handling the movement of shipment goods in the region. Includes Dry Port as part of AMTH.

b Digital Marketplace (Laos Connect)

Real-time Exchange of Data E.g. multi-modal transporter schedules, shipment notices and Customs declaration. Help resolve imbalances and inefficiencies of empty containers (MTs), back haulage and LCLs.

Optimization Capabilities Supply/demand matching for bid/buy/exchange between cargo and transporters based on best-matched price performance.

c Regulatory (CBTA)

A government-approved body empowered and held accountable to operationalize *AMTH* through trade & transport facilitation and arbitration.

Recommendation:

- **FACILITATE ASEAN Single Window & Single Stop (Cross Border Transport Agreement)**
- **APPROVE the Laos and ASEAN Single Transport Equipment Pilot License**
- **APPROVE the AMTH & LCP Initiative**

ii) National Transportation & Logistics Strategy to Address Challenges

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

Business Stimulation

- Attraction of Foreign Logistics Business
- Strengthening of Domestic Logistics Business
- Strengthening of Logistics Administration

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

6. Regional Cooperation for Economic Partnership

Work with our JBC partner **East Asia Business Council** in concluding RCEP negotiations.

Action Points:

- a. ASEAN BAC fully supports EABC's comprehensive recommendations on RCEP.
- b. Put in place a more transparent mechanism in securing regular feedback on the status and issues relative to each recommendation proposed by EABC.
- c. Explore inviting the following business councils to form part of EABC RCEP Working Group: ASEAN-Australia, ASEAN-New Zealand, ASEAN-India Business Councils.
- d. Provide a framework for EABC RCEP Working Group to meet annually with RCEP Senior Officials, RCEP Economic Ministers and RCEP Leaders to monitor and provide feedback on efficacy of RCEP roll out plans and programs.
- e. Encourage more active participation from other AMS in EABC (Vietnam, Indonesia)



7. Financial, Banking, Capital Markets, and Insurance Sectors

Action Point: For AEM to duly Endorse Recommendations to the Chair of ASEAN Finance Ministers and CB Governors Meeting

Joint Business Council Working
Group Lead Proponent



Co-lead



Co-promoters



**ASEAN-Japan
Business Council**



UK-ASEAN
BUSINESS COUNCIL



1. Payment & Settlement Systems

| | Recommendations | Private sector | Consultation platforms | Last response from ASEAN-Secretariat |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Mandate a public-private task force to lead action and expedite execution actual cross border payments using the ISO20022 interoperability standards which has yet to start due to the lack of intra connectivity between the national countries' infrastructures like, ACH/RTGS, etc. | ASEAN Bankers Association | WC PSS | the survey was conducted to assess the status of RTGS in AMS as a way forward to develop the guidelines for ASEAN |
| 2 | Modernization of payment and settlement systems consistent with global best practices and regional financial integration efforts that enable open, competitive, integrated, safe, and efficient domestic and cross border payments.. | US-ABC | WCPSS | Not available |
| 3 | Formulate ASEAN principles or guidelines for developing transparent processes of national financial sector regulatory policy formulation , which facilitates input from both consumers and investors, to support the growth of efficient and competitive capital markets and financial services industries. | US-ABC | WC-PSS | The Principles for Product transparency and disclosure of bank charges are developed under the WC-PSS supervision |
| 4 | Accelerate migration to electronic payments in established payment channels including government-to-citizen and citizen-to-government programs. Such initiatives deliver significant budgetary savings for governments, reduce grey market activities, promote good governance, reduce leakage, and support financial inclusion. | US-ABC | WC-PSS | All these elements are included in the WC-PSS Strategic Work Plan post 2015 |
| 5 | Maintain open and competitive markets for the provision of retail electronic payments in individual countries and across the ASEAN region. A competitive environment encourages investment and innovation from multiple sources, delivering the best and most cost effective outcomes for consumers and business. | US-ABC | TF on Retail Payment Systems under WC-PSS | Ongoing initiative. WC-PSS encouraged Asian Payment Network (APN) to expand existing services of ATM cash withdrawal and balance inquiry. To date, there are 21 bilateral linkages formed between ACHs (involving at least one AMS) via APN |

1. Payment & Settlements Systems

| | Recommendations | Private sector | Consultation platforms | Last response from ASEAN-Secretariat |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6 | Governments to establish a framework for secure cross-border transactions for East Asia-wide regional harmonisation to boost ePayments, and in turn, cross-border ecommerce. | EABC | ASEAN Secretariat / ASEAN-BAC | e-Commerce Work Programme not yet adopted |
| 7 | Enable multiple different payment types across 13 currencies. | EABC | | Not available |
| 8 | <ul style="list-style-type: none"> Promote interoperability between payment systems. Encourage an open, safe, secure, and interoperable payments ecosystem; | EABC US-ABC | | Currently, the WC-PSS oversees the implementation of initiatives on payment system linkages and interoperability, capital market settlement and policy harmonisation and standardisation to ensure that the payment and settlement systems in the region are safe, cost-efficient and more connected. |
| 9 | Establish a central regulatory body for payments 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. | EABC ASEAN EUBC | | Not available |
| 10 | Develop cross-border payment fraud enforcement mechanisms | EABC | | Not available |
| 11 | Liberalize services that facilitate cross-border e-Commerce including: <ul style="list-style-type: none"> logistics/express delivery services distribution services, payment gateway services | USABC | ASEAN Secretariat/ ASEAN-BAC | e-commerce programme has been finalized for possible adoption at the 49th AEM. |
| 12 | Sustain dialogue with Central Bank Governors and Deputy Governors with the Working Committee on Payments & Settlement Systems (WCPSS) for this purpose. | ASEAN EUBC | ASEAN Finance Ministers and CB Gov. Mtg | ASEC has already provided the contact of co-chairs of WC-PSS for US-ABC. According to the Co-chair, the proposal by US-ABC is still under discussion of the WC-PSS. |

2. Banking

| | Recommendations | Private sector | Consultation platforms | Last response from ASEAN-Secretariat |
|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Create a Pan ASEAN Banking Pass: Establish a comprehensive set of criteria which ASEAN qualified banks could operate in any ASEAN country with a single ‘passport’ first among ASEAN banks followed by foreign banks. | ASEAN Business Club | ASEAN Banking Integration Framework (ABIF) | Not available |
| 2 | Set up an ASEAN credit rating agency <ul style="list-style-type: none"> 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. | ASEAN Business Club | | Not available |
| 3 | Set up a common credit bureau <ul style="list-style-type: none"> 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. | ASEAN Business Club | | Not available |
| 4 | Standardise nomenclature, documentation and common infrastructure: <ul style="list-style-type: none"> 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. | ASEAN Business Club | | Not available |
| 5 | Allow foreign banks with substantial presences in ASEAN to participate in the ASEAN Banking Integration Framework (ABIF), instead of just those ASEAN headquartered banks. | US-ABC & FJCCI | ASEAN Banking Integration Framework (ABIF) | The immediate objective of ABIF is to achieve a more integrated banking market, spearheaded by Qualified ASEAN Banks (QABs), for such QABs to have a greater role in facilitating intra-ASEAN trade and investment |

2. Banking

| | Recommendations | Private sector | Consultation platforms | Last response from ASEAN-Secretariat |
|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6 | Remove foreign equity restrictions | US-ABC | WC-FLS | Need to be discussed with sector bodies |
| 7 | Enable currency flexibility in transactions within group of companies <ul style="list-style-type: none"> • 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. • Permit currency exchange between USD and a local currency within the group companies in the same country. | FJCCIA | | ASEAN is now promoting the use of local currency to facilitate intra-ASEAN trade and investment initially through the signing of agreements among Indonesia, Malaysia, and Thailand on the settlement of trade in domestic currencies. |
| 8 | Reduce regulation on intercompany cross-border borrowing and lending <ul style="list-style-type: none"> • 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. | FJCCIA | | Not available |

3. Capital Markets

| | Recommendations | Private sector | Consultation platforms | Last response from ASEAN-Secretariat |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Upgrade/expand the ASEAN Trading Link (ATL) initiative post trading activities (at a minimum involving Malaysia, Singapore and Thailand) <ul style="list-style-type: none"> 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. | ASEAN Business Club | ASEAN Capital Market Forum (ACMF) | the ACMF noted the issues regarding ATL through the ACMF Industry Consultative Panels. A discussion/ study on the next-generation stock exchange connectivity is now ongoing. |
| 2 | Standardising documents and response times <ul style="list-style-type: none"> Permit English-language document submission across all ASEAN markets, allowing a single set of interchangeable documents to be used. Converge on a uniform response time to submissions and requests, simplifying the process of managing multiple cross-listings simultaneously. | ASEAN Business Club | ASEAN Capital Market Forum (ACMF) | Not available |

3. Capital Markets

| | Recommendations | Private sector | Consultation platforms | Last response from ASEAN-Secretariat |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3 | Encourage uniformity in ASEAN of financial regulatory environments via increased mutual recognition agreements, e.g. the ASEAN Trading Link , or other means for consumer financial services related products and services to facilitate regional market growth and cross border exchanges. | US-ABC | ASEAN Capital Market Forum (ACMF) | Ongoing works and initiatives under ACMF supervision, the ASEAN Finance Ministers Meeting (AFMM) endorsed the ACMF Action Plan 2016-2020 to enhance and facilitate growth and connectivity in ASEAN Capital Market, promote and sustain inclusiveness in ASEAN capital market, and to strengthen and maintain the orderliness and resilience in ASEAN capital market |
| 4 | Support an expansion of the regulatory cooperation model of the ASEAN Capital Markets Forum to other sectors and the ACMF's Implementation Plan in nurturing a market infrastructure for an enabling environment for regionally focused products and intermediaries. | US-ABC | ASEAN Capital Market Forum (ACMF) | Joint Meeting between WC-CMD and ACMF, effort to have a cross-cutting committee among WC-CMD, ACMF, and ASEAN Forum on Taxation (AFT). |
| 5 | Increase investment in both capacity building and cross-border regulatory cooperation to speed the development of local equity, bond and currency markets to help channel regional resources to regional investments in critical infrastructure areas including energy, logistics, health and education. | US-ABC | ASEAN Capital Market Forum (ACMF) | Not available |
| 6 | Create an ASEAN Infrastructure project (funds) listing <ul style="list-style-type: none"> To channel funding to infrastructure projects from private investors through listed infrastructure project (funds) in order to meet the infrastructure development needs in ASEAN. | ASEAN Business Club | | Not available |

4. Data

| | Recommendations | Private sector | Consultation platforms | Last response from ASEAN-Secretariat |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Increase coordination between ASEAN central banks, finance ministries and ICT ministries to ensure the formulation of digital data management policies which protect citizens' privacy and security while enabling access to 21st century financial services and development of products. | US-ABC | Working Committee on Financial Inclusion | The Framework, which includes issues of protection of consumer data and privacy, is now being discussed under the WC-FINC's purview |
| 2 | Free Data Flow/Off-Shoring to help reduce real and perceived risk and help regulators manage risk <ul style="list-style-type: none"> • 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. | ASEAN Business Club | | Not available |
| 3 | Avoid regulatory requirements for local storage of payments data as these greatly limit the ability of technology based solutions to enhance the current payments system. | US-ABC | WC-PSS | Need to be discussed with sector bodies |
| 4 | Adhere to global industry standards and best practices, particularly for security, cross-border data transmission, and data privacy standards to ensure that AMS benefit from the payment industry's international experience and remain integrated in the global economy. | US-ABC | WC-PSS | ISO 20022 was adopted as a common direction for standards on credit transfer scheme |

5. Insurance

| | Recommendations | Private sector | Consultation platforms | Last response from ASEAN-Secretariat |
|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Continue to drive increased financial inclusion through the creation of ASEAN financial inclusion conferences that emphasize consumer financial education and discusses affordable access to financial services by economic actors at all levels including the micro, small and medium enterprise and the household sectors. | US-ABC | WC-FINC | |
| 2 | Index national results of financial inclusion on an annual basis to incentivize verifiable gains in ASEAN populations' ability to access and use financial services with the objective of facilitating economic growth. | US-ABC | WC-FINC | The development of national and regional financial inclusion measurement methodology for ASEAN is currently ongoing with WB's assistance. |
| 3 | ASEAN members should begin discussing harmonization of insurance standards. | US-ABC | Working Committee on Financial Services Liberalisation (WC-FSL), ASEAN Insurance Regulators' Meeting (AIRM) | Ongoing discussions and updates on insurance regulations in the region |
| 4 | Invest more in expanding the AIIF and accelerate its development. | US-ABC | The ASEAN Insurance Forum (AIFo) | the ASEAN Insurance Forum is now working on the guiding principles to implement the AIIF as well as the development of the Roadmap for AIIF |
| 5 | Allow foreign insurance companies with substantial presences in ASEAN to participate in the AIIF , instead of just ASEAN headquartered insurance companies. | US-ABC | WC-FCL | Need to consult with sectoral bodies |
| 6 | Harmonised rules for full liberalisation of ownership in the insurance sector. | UK-ABC | | Currently 6 of 10 Members allow this |

6. Taxation

| | Recommendations | Private sector | Consultation platforms | Last response from ASEAN-Secretariat |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | 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. | ANZBC | ASEAN Forum on Taxation | WG-AFT is currently working on signing and ratification of DTAs and enhance withholding tax structure among AMS. Transparency are being enhanced by working on the implementation of EOI/AEOI. |
| 2 | Bringing governments together to agree on a streamlined tax dispute resolution process. | UKABC | | Not available |
| 3 | 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). | ASEAN Business Club | | Not available |

7. Others

| | Recommendations | Private sector | Consultation platforms | Last response from ASEAN-Secretariat |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------------------|--------------------------------------|
| 1 | Forge a simple regional visa policy to promote talent mobility within ASEAN. <ul style="list-style-type: none"> Streamline and simplify visa application processes to secure work permits Remove national visa barriers | ABC | | Not available |
| 2 | Remove foreign equity constraints in financial services | US-ABC | WC-FLS | For discussion with sector bodies |
| 3 | 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). | ASEAN Business Club | | Not available |
| 4 | Continued Engagement with the ASEAN Finance Ministers and Central Bank Governors in Pushing the establishment of ASEAN financial ecosystem on: <ol style="list-style-type: none"> Insurance industry; Credit bureau/ratings; Non-duplication and harmonization of tax regimes; and Framework for Qualified ASEAN Banks. | ASEAN-BAC | | Not available |

8. Laying the Foundation Towards The ASEAN Digital Economy

“Today, we are at the beginning of a Fourth Industrial Revolution. Developments in genetics, artificial intelligence, robotics, nanotechnology, 3D printing and biotechnology, to name just a few, are all building on and amplifying one another. This will lay the foundation for a revolution more comprehensive and all-encompassing than anything we have ever seen. Smart systems—homes, factories, farms, grids or cities—will help tackle problems ranging from supply chain management to climate change. The rise of the sharing economy will allow people to monetize everything from their empty house to their car.

The question, then, is how business, government and individuals will react to these developments. To prevent a worst-case scenario—technological change accompanied by talent shortages, mass unemployment and growing inequality—reskilling and upskilling of today’s workers will be critical.”



Global Challenge Insight Report

The Future of Jobs

Employment, Skills and
Workforce Strategy for the
Fourth Industrial Revolution

8. Laying the Foundation Towards The ASEAN Digital Economy



On 19th June 2017, the Singapore Business Federation/ ASEAN BAC Singapore successfully launched its advocacy campaign by organizing the “Digitize ASEAN 2017” conference in Singapore, attended by about 200 participants from all over the region.

Recommended Action Points to address key Challenges & Opportunities Towards Digital Transformation

1. **Develop an ASEAN-wide Comprehensive Digital Economy Strategy with inputs from Private Sector that address risks on jobs, MSME supply chains, social sectors, and “catch-up” modalities for developing AMS.**
2. **Address limited broadband access in rural areas;**
3. **Expand access to banking facilities** of consumers & sellers to participate in e-commerce;
4. **Develop transport & logistics efficiencies and capabilities & fix time-consuming customs procedures;**
5. **Balance regulation with efficiency and effectiveness of data flow.** Some AMS are adopting data localisation regulation which will inhibit the development of cloud-based services & increase the cost of digitization;
6. **Provide funding for MSMEs to:**
 - a) invest & manage its digital transformation
 - b) to finance inventory for e-commerce orders.
 - c) access training to gain technical knowledge & expertise to assess and develop appropriate transformation roadmaps to meet their digital and innovation needs.

Action Points:

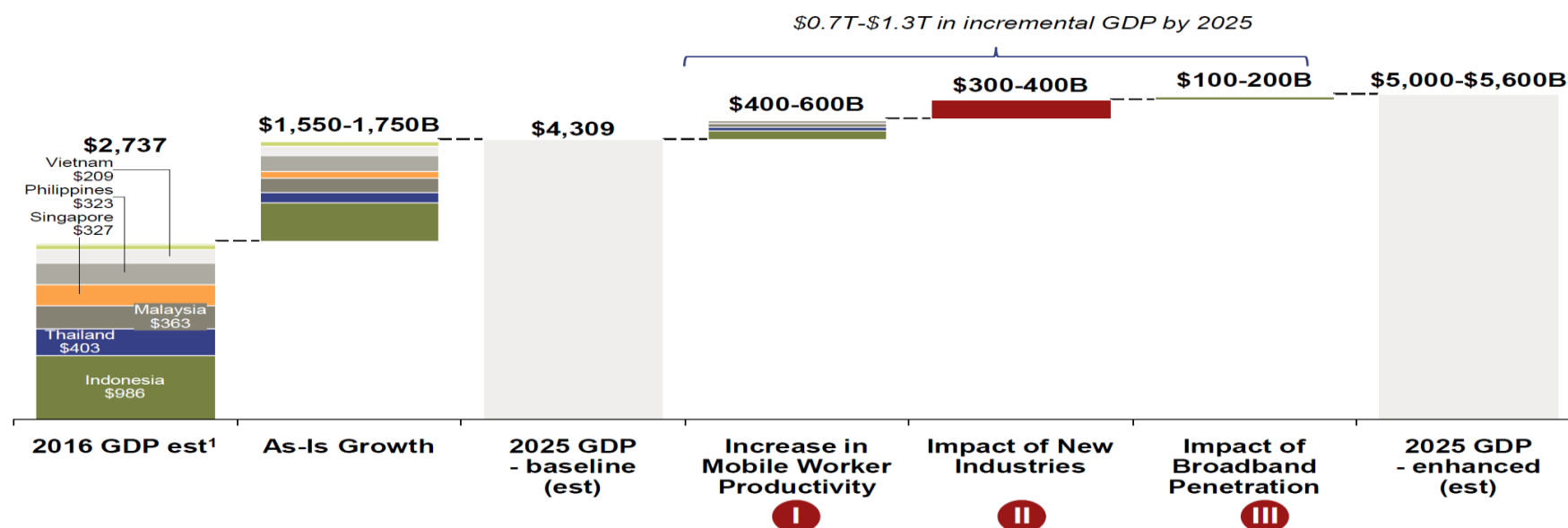
7. Support ASEAN BAC 's Regional Awareness and Advocacy Campaign led by ASEAN BAC Singapore covering the following elements:

- *ASEAN Digital Economy Landscape*
 - *Key trends that will shape ASEAN's digital economy & their impact on people, jobs, businesses & public policy*
- *ASEAN E-commerce Players' Secrets to Success & Digital Giants in ASEAN*
 - *Opportunities & challenges faced by e-commerce players in the region*
 - *Reasons for investing in ASEAN & how ASEAN can become an even more attractive investment destination for large multinationals*
- *Making SMEs Digital Ready (Singapore experience)*
 - *How MSMEs should transform themselves for the digital economy*
- *Digital Roadmaps of ASEAN member states (Indonesia, Malaysia, Philippines & Vietnam)*
 - *What governments in the region are doing to transform their economies*

Our Business Case

ATKearney

The Digital Economy has the potential to add an incremental ~\$1T to ASEAN GDP by 2025



1. Based on current prices; uses 2016 as baseline to project future nominal GDP growth
Source: GSMA, World Bank, Broadband Commission for Digital Development, IMF, ITU, Deloitte, Telenor, Jones Lang LaSalle, Warsaw Institute for Economic Studies, A.T. Kearney

A.T. Kearney xx/00000/Unique Identifier 6

- **Digital economy in ASEAN currently generates about US\$150 bil in annual revenues.**
- **Increases in mobile worker productivity, impact of new initiatives & improved broadband penetration can help ASEAN add an incremental US\$1 tril to its GDP by 2025.**

Our Business Case: Building on Strengths and Momentum

At the national level, most countries already have plans to:

- Invest in transport & ICT infrastructure
- Educate and capacitate people to boost digital literacy
- Attract FDI through industry development initiatives for ICT-related sectors
- Nurture local innovation & start-ups to develop their own digital eco-system

Key Challenges & Opportunities– eCommerce & MSME

- ASEAN has a wide range of ethnicities, languages & consumer preferences which platforms need to cater for.
- In many countries, the mobile phone is the most common device used to access the internet.
- Payment collection & last mile delivery of goods are areas to watch out for.
- A significant segment of consumers & potential sellers in the region still lack the skills & knowledge to participate in e-commerce.

While most countries recognise the impending arrival of the digital age, not all have comprehensive digital strategies in place. Until policymakers can develop a comprehensive plan to tap into the digital economy, they are unlikely to notice or tackle the hurdles they face. As a result, these obstacles won't be overcome and the region may not achieve its full potential. Specifically, with the fast growing and pervasive nature of DIGITIZATION altering ASEAN economies and citizens from cybersecurity, machine learning, AI, robotics, fintech, telemedicine, IOT, big data, the impact to future jobs, skills and education will be significant

Status of ASEAN BAC Engagement in PPP Consultative Working Groups

| Strategic Area | Is there an Action Agenda? | Is there a ready Champion/s? | Is there a consultative platform? | Is there current engagement? | Remarks |
|---------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|------------------------------|
| Trade Facilitation (TF) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Active engagement |
| TF Plus e-commerce | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Engagement limited |
| Access to Finance via GAX | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | Set up w/ FinMin |
| MSME Access to Innovation | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | |
| MSME Access to Mentorship (AMEN) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | AMEN will still be launched. |
| MSME Access to Markets & Inclusive Business | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | |
| Connectivity RORO | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | |
| Connectivity Lao Connect | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | |
| Food and Agri/NTB/TBT/ | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Engagement limited |
| Tourism/NTBs | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Engagement limited |
| RCEP | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |

Status of ASEAN BAC Engagement in PPP Consultative Working Groups

| Strategic Area | Is there an Action Agenda? | Is there a ready Champion/s? | Is there a consultative platform? | Is there current engagement? | Remarks |
|---------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|------------------------------|---------|
| Healthcare | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | | |
| Ease of Starting a Business | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | |
| Young Entrepreneurs | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | |
| Women in Business | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | |
| Women in Business – Access to Finance | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | |
| Digital Economy | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | |
| Inclusive Business | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | |
| Financial Integration | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | |
| Banking integration | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | |
| Insurance Integration | | | | | |
| Capital Markets Integration | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | |

Acknowledgements and thanks:

- We wish to thank the strong support and cooperation of our Joint Business Councils and Private Sectoral Champions in helping put together the specific recommendations in this report.
- We also thank the efficient and effective coordination extended and valuable inputs provided by the ASEAN Secretariat.

ANNEXES.

**FORMAL PROPOSAL FROM JOINT BUSINESS COUNCILS -
ASEAN LOW VALUE SHIPMENT PROGRAM
TO SIMPLIFY CUSTOMS PROCEDURES AND FACILITATE TRADE PRIMARILY FOR MSMEs**

Executive Summary

The ASEAN Joint Business Councils recommend the development of a simplified set of procedures for import, export, and clearance of intra-ASEAN low value shipments, with the aim of reducing time, cost, and complexity in trade. The proposal below is in line with the WTO Trade Facilitation Agreement and based on provisions and guidelines provided by the World Customs Organization (WCO), in particular the Revised Kyoto Convention and Immediate Release Guidelines.

The ASEAN Joint Business Councils recommend adopting a value of < SDR 1000 (approximately \$1400), coinciding with the Category 3 dutiable threshold, as a simple common threshold to build a program around. We believe SDR 1000 is an appropriate value as recommended by the WCO Immediate Release Guidelines. Further, we believe SDR 1000 encompasses a majority of e-Commerce goods purchased for individual consumption and is already an approximate value to what some governments (e.g. Japan, Korea, Indonesia) have identified as their Category 3 threshold, above which shipments would be deemed high value requiring formal entry procedures. Note that shipments below this threshold continue to be dutiable and taxable and adopting the value is therefore not expected to have revenue implications.

Features of our proposal include:

- Scope covers intra-ASEAN shipments below the value of SDR 1000 regardless of weight or mode of transportation. Not applicable to prohibited or controlled items.
- Simplified procedures – for example, a simplified exporter's declaration (self-certification) is adequate without the need for a Certificate of Origin or Form D; and ASEAN minimum data elements based on category of shipment per WCO Immediate Release Guidelines.
- Facilitated Clearance – Permit consolidated declarations, immediate release, and a time-release benchmark.
- Simplification of Tax and Payments – Simplify and publish tax rates, review duty/tax waiver threshold, allow electronic payments of duty and tax, and adopt smart tax collection methodologies.
- Simplification of Returns – Establish mechanisms for return shipments, duty & tax drawback, and allow informal export declarations when matched with import details.

Justification:

Complicated customs procedures are a problem for all international trade, but they can be an even greater obstacle for MSMEs. Simplifying and harmonising customs procedures in line with international agreements and best practices are key for facilitating trade and reducing costs for importers and exporters. In addition, since many intra-ASEAN shipments today are potentially eligible for ASEAN Trade in Goods Agreement (ATIGA) duty rates (i.e. zero), the cost of processing these shipments for clearance do not correspond to the returns in terms of revenue nor the risks. This is particularly the case where these shipments are low value. Finally, the compliance costs for companies to obtain the Form D Certificate of Origin does not justify the returns from zero ATIGA duty rates given the low differential with Most Favored Nation (MFN) rates. Today, only around 40% of the goods moved within ASEAN take advantage of ATIGA due to the complex procedures involved.

Augmenting ASEAN commitments to simplify customs clearance is particularly important for ASEAN's many MSMEs, which are also increasingly benefiting from growing online retail trade (e-Commerce). Many MSMEs have limited resources to participate in international trade and therefore do not take full advantage of the opportunities that are offered by ASEAN economic integration, let alone global production networks. The AEC Blueprint 2025 acknowledges that more emphasis on trade facilitation measures are necessary for MSMEs to create further business opportunities and to take advantage of technological innovation, both of which would create more inclusive economic growth in ASEAN. This was further acknowledged by the ASEAN Economic Ministers during their dialogue with the EU Trade Commissioner in March 2017 and also in the Chairman's Statement from the 30th ASEAN Summit in Manila in April 2017.

Customs procedures have a direct impact on trade costs, and a report from OECD shows that customs requirements and lengthy administrative procedures can increase costs by 2 to 24 per cent of the value of traded goods. Revenue losses from inefficient border procedures may exceed 5 per cent of GDP, according to the same report, and a one-day decrease in time spent at sea could increase trade by 4.5 per cent. It therefore follows that simplifying Customs procedures will reduce the cost the trade (a key objective set to the ATF-JCC) and will also increase trade volumes.

Since ATIGA eliminates duties on almost all products traded in ASEAN, implementing this proposal would boost intra-ASEAN trade without impacting government revenues.

See <http://asean.org/storage/2017/03/AEM-EU-15-JMS-Final.pdf> at Paragraph 8

See http://asean.org/storage/2017/04/Chair-Statement-of-30th-ASEAN-Summit_FINAL.pdf at Paragraph 42.

OECD Trade Policy Paper No. 150: "Trade Costs – What have we learned?" A Synthesis Report.

Detailed Proposal ASEAN Low Value Shipment Program

The ASEAN Joint Business Councils recommend adopting a value of < SDR 1000 (approximately \$1400), coinciding with the Category 3 dutiable threshold, as a simple common threshold to build a program around. We believe SDR 1000 is an appropriate value as recommended by the WCO Immediate Release Guidelines. Further, we believe SDR 1000 encompasses a majority of e-Commerce goods purchased for individual consumption and is already an approximate value to what some governments (e.g. Japan, Korea, Indonesia) have identified as their Category 3 threshold, above which shipments would be deemed high value requiring formal entry procedures. Note that shipments below this threshold continue to be dutiable and taxable and adopting the value is therefore not expected to have revenue implications.

The intent of the ASEAN Low Value Shipment Program is to enhance intra-regional trade and capture the proportion of trade that is already enjoying zero ATIGA duty rates, in addition to promoting further intra-ASEAN trade. We propose the following criteria to ensure flexibility:

- The ASEAN Low Value Shipment Program would apply to all intra-ASEAN trade across all modes of transport as supply chains are complex and cover all modes of transport.
- The program would apply to qualifying shipments below SDR 1000 regardless of weight.

Proposed elements of the ASEAN Low-Value Shipment Program are:

1. Simplification of Procedures

- a. **Waiver of Certification of Origin (Form D)**: Under ATIGA, certificates of origin (Form D) are waived for shipments below the value of FOB \$200. We propose for this threshold to be raised to SDR 1000 (\$1400), and permit the shipper's/consignee's declaration with value and country of origin for release/clearance purposes. Customs to institute enhance risk management, border inspection procedures and post audit to support this facilitation.
- b. **Common Data Elements**: As recommended by the WCO Immediate Release Guidelines, Customs administrations are encouraged to limit particular data to only those deemed necessary to ensure compliance with Customs Laws. We recommend the following data elements for ASEAN to adopt, which we believe provides the information necessary to undertake profiling for risk management purposes as well as for the calculation of other border taxes like GST/VAT. Note the elimination of the need for HS Codes for Category 3 dutiable shipments as almost all of ASEAN trade is now zero-rated.

| Category of Shipment | Required Data Elements |
|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cat 1: Correspondence & Documents | Declaration, Total Gross Weight, sender and receiver information. (4) |
| Cat 2: Low value consignments for which no duties and taxes are collected | Declaration (Self-Certification of Origin), Total Gross Weight, Customs Value, description of goods, consignee name, consignor name, importer name. (7) |
| Cat 3: Low Value dutiable consignments | Declaration (Self-Certification of Origin), Total Gross Weight, Customs Value, description of goods, consignee name, consignor name, importer name (7) |

- c. **Paperless Trade:** We encourage ASEAN to transition fully to paperless trade using the ASEAN Single Window interface for exchange of all relevant documents, including licenses as needed. Where no automation currently exists, it is proposed that manual submissions be temporarily accepted and processed for release.
- d. **Import Licenses:** Ideally, licenses would be waived for all shipments below SDR 1000. However, should licenses be necessary for reasons such as public health or safety, license application requirements should be transparent and if possible accorded on a blanket/periodic approval basis to enhance trade facilitation.

2. Simplified Clearance / Immediate Release: Adopt simplified-entry clearance and immediate release procedures for such shipments below SDR 1000, per WCO Immediate Release Guidelines.

- a. **Consolidated Declaration:** As is currently practised in a number of countries, one declaration to be submitted for all shipments in a vessel or aircraft, so long as each bill of lading or waybill is below SDR1000. Supporting paperwork like invoices would not be required at the time of lodgement, unless they have been flagged for paperwork inspection.
- b. **Immediate Release / Simultaneous Clearance:** Consignments may be granted immediate release with simultaneous clearance subject to any Customs selective documentary or/or physical examination of the goods based on risk management techniques, and provided that i) information required by Customs is given in advance of the arrival of goods for the purposes of processing information, calculating the amount of duties and taxes payable and for selecting consignments for documentary and/or physical examination if deemed necessary; ii) a simplified containing the information required by Customs is presented prior to the arrival of goods; iii) all duties & taxes are paid or deferred payment terms are accepted.

3. Simplify Tax and Payments

- a. **Simplify and publish tax rates**: In addition to tariffs and duty rates that ASEAN Member States (AMS) already makes available publicly, indirect tax rates and other relevant fees and charges administered at the border should be published to allow buyers to understand full landed costs. AMS to consider how to further simplify tax rates individually and amongst each other.
 - b. **Review duty and/or tax waiver thresholds**: Customs administrations should carry out regular reviews of the value or the duty and/or tax payable below which no duties and taxes will be levied to simplify processing of low value goods.
 - c. **Electronic payment of duties & taxes**: We encourage ASEAN in the medium term to provide automated interfaces for paperless submissions to Customs at the same time allowing for electronic payment of taxes.
 - d. **Smart Tax Collection**: Move away from per transaction basis border tax administration towards smart tax collection methodologies such as periodical, account based payments.
4. **Simplification of Returns**: Establish seamless returns procedures, including duty and tax drawback schemes, timely refunds, and informal declarations when matched with outbound invoice details.

ASEAN Joint Business Councils recognise Customs' right for controls and inspections and note these are not diminished by this program. The program would not apply to prohibited or controlled items. To promote compliance, we propose enhanced ASEAN Customs cooperation mechanisms, risk management through technology, and post clearance audit to prevent abuse. Further, in order to incentivize compliance among ASEAN exporters and importers, we encourage ASEAN to develop compliance guidelines and standards to educate them on the do's and don'ts, including responsibilities, liabilities, penalties and fines.

CONSOLIDATED SUMMARY OF RECOMMENDATIONS

MANILA CALL TO ACTION FOR ASEAN MSMEs 7 Ms to MSME Development, July 14, 2017

I. On Mind Set, Mastery and Mentoring

1. **Integrate entrepreneurship values and skills in the educational system spanning all levels.** Young people must be motivated not just to prepare for a job, but to create jobs as well, and be equipped to direct their interests, competencies, and talents toward creating wealth and employment via active entrepreneurship.
 - We call on ASEAN's Education Ministers to develop strategies to mold a strong entrepreneurship culture among ASEAN's children and youth.
2. **Foster in all government entities a convergence mindset that recognizes the centrality of MSME development in achieving dynamic and inclusive economies.** Coordination mechanisms must be strengthened to ensure comprehensive and holistic support for all aspects of MSMEs' needs.
 - We call on ASEAN Member States to ensure an orchestrated, all-of-government effort for MSME promotion and development, via creation of MSME Development Councils or similar mechanism where absent, technically supported by an apex agency for MSMEs with access to all relevant government entities with a role to play in MSME development.
3. **Support ABAC's ASEAN Mentorship for Entrepreneurs Network initiative (AMEN), aimed to facilitate scaling-up of micro and small enterprises via active mentorship.** Successful enterprises are urged to serve as peer mentors sharing their experiences in overcoming business hurdles and maximizing opportunities.
 - We call on the AMS to provide an enabling environment for business-to-business mentorship within and across the ASEAN economies, including appropriate incentives and special business mentor visas to ease cross-border mentoring arrangements.

II. On Money Access

1. **Develop, promote and expand alternative financial instruments to better serve MSMEs' financing requirements.** Financing options for MSMEs may be extended to include movable collateral, export packing credits, receivables financing, social venture capital, securitized investments, and online crowd funding mechanisms, among others.
 - We call on the ASEAN Finance Ministers to collectively address policy and institutional hurdles impinging on the flow of financial resources to MSMEs where they are underserved by the formal financial system.
2. **Provide an appropriate regulatory framework to govern development banks and other financial institutions addressing MSME financial requirements, to enable them to fulfill their avowed mission.** The regulatory framework applied to commercial banks is not compatible with the mission of financial institutions mandated to serve the needs of small farms and firms, a function that is inherently costly and traditionally requires occasional public support.
 - We urge ASEAN central monetary authorities to apply a set of rules distinct from those applied to commercial banks, which would enable, rather restrict SME and small farm finance institutions in effectively serving MSMEs' financing needs.
3. **Strengthen credit worthiness of MSMEs through improved financial literacy and management, risk-sharing schemes, and a credit information system.** MSME mentoring on financial literacy and management must be institutionalized and up scaled, and alternative credit scoring systems pursued through creative use of data analytics with alternate data not typically used in credit reports.
 - We call on ASEAN governments, especially finance and trade ministries; private sector, especially financial institutions; and civil society groups, especially associations of financial executives and accountants, to institutionalize programs to assist MSMEs build capacity on financial literacy and management.

III On Machines

1. **Explore establishment of an ASEAN MSME R&D Center focused on gathering and developing technologies serving MSMEs' peculiar needs,** particularly to improve their productivity and environmental sustainability. With closer regional integration through the AEC comes the need for a MSME-focused technology center with a region-wide scope.
 - We call on the AMS to pool resources and exert efforts toward establishment of an ASEAN MSME R&D Center, possibly tapping assistance from better-endowed dialogue partners.
2. **Improve the responsiveness of government's machine and technology assistance programs to MSMEs' priority requirements.** Experts should determine machine specifications most responsive to MSMEs' needs, and identify equipment needs for each stage in the value chain, with due consideration for machine-labor complementation.
 - We call for closer coordination and collaboration between ASEAN's science and industry ministries in providing machine and equipment requirements of MSMEs across the region.
3. **Provide more platforms and opportunities for knowledge sharing among MSMEs on non-proprietary machines and technologies.**
 - We call on ASEAN institutions and organizations to convene regular machine fairs and training programs that will bring together equipment and technology producers, exhibitors, traders, buyers, end-users especially MSMEs, and other stakeholders.

IV. On Markets

1. **Work towards a unified ASEAN Digital Marketplace that will extend MSMEs' reach beyond national borders.** A region-wide online platform where MSMEs can readily trade in both products and inputs across the ASEAN economies remains elusive. This requires digital infrastructure that ensures wide connectivity all across the region, harmonized e-commerce legal frameworks, and trade facilitation measures accessible to MSMEs.
 - We call on AMS to move the e-ASEAN Framework Agreement forward, particularly toward harmonizing e-commerce laws across the AMS including on privacy and consumer protection, and establishing a true ASEAN e-commerce platform, to permit ASEAN to keep pace with rapid e-commerce growth worldwide.
2. **Strengthen the monitoring and compliance system on quality standards in accordance with the ASEAN Standards and Conformance Strategic Action Plan,** essential for global competitiveness of ASEAN products and services.
 - We call on the AMS to strengthen their respective quality infrastructure, including provision of adequate and easily accessible testing centers and standards monitoring tools, among others.
3. **Widen the linkages of MSMEs to the ASEAN regional value chains through business matching support and better information systems, such as the ASEAN Trade Repository.** A centralized information platform could be established containing geographic information on availability of raw materials, food and product demands, market trends, and product standards, among others.
 - We call on the ASEAN Business Advisory Council to develop a regional MSME business matching mechanism built on a MSME information system, drawing on national ABACs to gather the needed information.

V. On Models of Business

- 1. Gather, compile, organize, and disseminate information on available business models that may be employed by start-up MSMEs, e.g., in an ASEAN MSME Starter Kit Map.** The tool can guide starting entrepreneurs in setting up their business based on proven models/success stories.
 - We call on the ASEAN BAC to lead initiatives in creating and compiling a directory of available franchises, successful business templates, and open access software that can help MSMEs start and sustain operations
- 2. Promote social enterprises that highlight community-based approaches to enterprise development.** An enabling and nurturing environment is needed for community-based and oriented enterprises to flourish.
 - We call on AMS to develop a tracking and monitoring mechanism to identify and assess the impact, progress, and learning from existing social enterprises.
- 3. Foster wider MSME clustering to achieve economies of scale via clustering models such as co-ops, “corporatives,” nucleus farming, and other MSME collective mechanisms.** These models help foster a mindset of “coopetition” among MSMEs, and enable them to trade in volumes as one.
 - We call on AMS to share and exchange good practices in MSME clustering across the region, and adopt and adapt these to local circumstances as applicable.