



ASEAN BAC



ASEAN BUSINESS ADVISORY COUNCIL
REPORT TO THE ASEAN LEADERS

13 NOVEMBER 2017
PHILIPPINE CHAIRMANSHIP



© 2017 The ASEAN Business Advisory Council
Published by the ASEAN Business Advisory Council Secretariat

About the ASEAN Business Advisory Council (ASEAN-BAC)
Launched in April 2003, ASEAN-BAC was set up with the mandate to provide private sector feedback and guidance to boost ASEAN's efforts towards economic integration. Aside from providing private sector feedback on the implementation of ASEAN economic cooperation, the Council also identifies priority areas for consideration of the ASEAN Leaders. Accordingly, ASEAN-BAC's activities are primarily focused on reviewing and identifying issues to facilitate and promote economic cooperation and integration. The council also submits annual recommendations for the consideration and integration. The Council also submits annual recommendations for the consideration of the Leaders and the ASEAN Economic Ministers (AEM). Since 2013, ASEAN-BAC also pursues additional Dialogue with Senior Economic Official Meeting (SEOM). In addition to these activities, ASEAN-BAC also socializes ASEAN Economic Community (AEC) to the private sector, both within and beyond the Southeast Asian region.

ASEAN-BAC Secretariat
The ASEAN Secretariat
70A, Jl, Sisingamangaraja
Jakarta, 12110
Indonesia
Phone: (62-21) 726-2991 / (62-21) 722-0705 (DL)
Fax: (62-21) 722-0539
Email: secretariat@asean-bac.org





ASEAN BAC



ASEAN BUSINESS ADVISORY COUNCIL
REPORT TO THE ASEAN LEADERS

13 NOVEMBER 2017
PHILIPPINE CHAIRMANSHIP

November 13, 2017

His Excellency

RODRIGO ROA DUTERTE

President

Republic of the Philippines, and

Chair, 2017 ASEAN Leaders Summit

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

Excellency,

On behalf of the ASEAN Business Advisory Council (ASEAN BAC), it is with pleasure and distinct honor that I present my Council's 2017 Report to the ASEAN Leaders entitled – **The Power of 3Ms Towards Prosperity for All**.

The **Power of 3Ms** puts together a coherent strategy of Money, Markets and Mentorship as prerequisites in building our MSMEs as the new engine of growth and prosperity across the region. Binding the 3Ms are the interlocking elements of promoting Inclusive Business, Hard and Soft Connectivity Infrastructure and a Conducive Policy Environment for MSMEs that would reinforce each other under a solid and workable framework. All told, subject elements shall serve as the anchors to ensure Inclusive and Sustainable Growth for ASEAN consistent with the tenets of the AEC Blueprint 2025.

Excellency, this Report also embodies my Council's robust collaboration with its partner Joint Business Councils and Priority Sector Champions in coming out with specific and realistic action points in addressing urgent "low hanging fruits" solutions to trade barriers and hasten the flow of goods, services, people and investments in the region. We in the private business sector can only recommit our readiness to engage more closely with our public sector counterparts to drill down on the recommendations to hasten completion of urgent pending and new AEC reforms recommendations.

But all this will remain purely as aspirations without the collective political will and resolve of our ASEAN Leaders to make AEC a reality not just for a few but to all ASEAN citizens. Despite the political realities and global uncertainties ASEAN is confounded with, we in the private business sector remain hopeful and stand committed to partner with our governments in making the 3Ms formula work and re-energize AEC in getting the job done in delivering our AEC dream of Prosperity for All sooner than later.

Sincerely,



Jose Ma. A. Concepcion III

Chair

ASEAN Business Advisory Council





ASEAN BAC

ASSOCIATION OF SOUTHEAST ASIAN NATIONS
BUSINESS ADVISORY COUNCIL

CHAIRMAN



JOEY A. CONCEPCION III
ASEAN-BAC Chair 2017
Pres. & CEO of RFM

CO-CHAIR



OUDET SOUVANNAVONG
ASEAN-BAC Chair 2004, 2016
President, Lao National Chamber
of Commerce and Industry
Managing Director, Societe
Comerciale Lao (SCL) Co., Ltd.

CO-CHAIR



DR. ROBERT YAP
ASEAN-BAC Chair 2007
Executive Chairman,
YCH Group



LISA DP HAJI IBRAHIM
Treasurer, ASEAN-BAC
Executive Director,
Arkitek Ibrahim



SITI ROZAIMERIYANTY
DSLJ HJ ABD RAHMAN
Director cum Principal
Architect of Eco BumiArkitek

BRUNEI DARUSSALAM



NEAK OKNHA KITH MENG
ASEAN-BAC Chair 2012
Chairman, Royal Group of Companies
President, Cambodia Chamber of
Commerce



OKNHA VAN SOU IENG
Chairman, Garment
Manufacturers Association in
Cambodia (GMAC)



OKNHA SOK PIETH
CEO, G Gear Co., Ltd
President, Young
Entrepreneurs
Association of Cambodia

CAMBODIA



ANANGGA W. ROOSDIONO
ASEAN-BAC Chair 2011
Senior Partner, Roosdiono &
Partners



SOEBRANTO LARAS
President Director, PT. Indomobil
Suzuki International



THOMAS HARTONO
ICCI KADIN-Philippines
President Director, PT Dwi
Malito Mulia, Chairman/
Founder OMEGA Group

INDONESIA

LAO PDR



CHANTHACHONE VONGSAY

Vice-President of Lao Chamber of Commerce and Industry (LNCCI), President of Lao Business Association, Vice-President of K&C Group, Executive Board of Lao Front for the National Construction



THANONGSINH KANLAGNA

CEO, Datacom
President, Lao ICT Commerce Association (LICA)
Vice President, Lao National Chamber of Commerce and Industry

MALAYSIA



TAN SRI DATO' DR. MOHD

MUNIR ABDUL MAJID
ASEAN-BAC Chair 2015
Chairman, Bank Muamalat Malaysia Berhad



DATO' RAMESH KODAMMAL

Secretary, ASEAN-BAC
Managing Director, Goldtex Exim (M) Sdn. Bhd.



DATUK FARID ALIAS

Group President & CEO, Maybank Group

MYANMAR



U ZAW MIN WIN

President, Republic of The Union of Myanmar Federation of Chambers of Commerce and Industry



U MOE KYAW

Founder & Managing Director, Myanmar Marketing Research & Development Co., Ltd.



U WAI PHYÖ

Managing Director, Cho Cho Company Ltd.

PHILIPPINES



GEORGE T. BARCELON

President, Philippine Chamber of Commerce & Industry



TERESITA SY-COSON

Vice Chairperson, SM Investments Corporation

SINGAPORE



DATO SERI' DOUGLAS

FOO, BBM
Chairman, Sakae Holdings Ltd.



ROBERT YAP MIN CHOY

Chairman, Fullerton Systems & Services, Sunseap Group, Rock Productions

THAILAND



ARIN JIRA

ASEAN-BAC Chair 2008-2009
Chairman, Map Ta Phut Industrial Gases Co., Ltd.



PHAIRUSH BURAPACHAISRI

Chairman and CEO, Pin Siam Co., Ltd.



KOBSAK DUANGDEE

Secretary General, Thai Bankers' Association

VIETNAM



DR. DOAN DUY KHUONG

Vice President, Vietnam Chamber of Commerce and Industry



NGUYEN THI NGA

Chairman, Southeast Asia Joint Stock Commercial Bank



DANG THI HOANG YEN

Chairwoman, Tan Tao Group



EXECUTIVE SUMMARY

The Philippine hosting this year of the Association of Southeast Asian Nations (ASEAN) comes at a most critical juncture in its history.

2017 marks the 50th anniversary since its founding on the principles of regional security and cooperation. Over time, as the membership of the 10 nations was completed, a new era dawned on ASEAN as it pursued rapid and sustainable economic growth across the region.

But as ASEAN became one of today's most important economic blocs, the question of whether such rapid progress and economic growth was benefiting the majority of its over 600 million people became a central issue of concern.

Therefore, it is in this spirit of pursuing growth that is inclusive and equitable that the ASEAN Business Advisory Council (ASEAN BAC) chose "Prosperity For All" as its theme for the Philippine chairmanship of ASEAN on its 50th year.

The aspiration is that nobody will be left behind as ASEAN continues to grow at an estimated 5 percent a year and possibly become the world's fourth largest economy by 2050, overtaking the European Union and Japan and just behind China, India and the United States.

This shall be achieved through the full operationalization of the ASEAN AEC Blueprint by 2025. As it stands, the ASEAN Economic Community, with a combined population of about 630 million and a Gross Domestic Product of \$2.4 trillion, is the most exciting region in the world where there will be freer movement of goods, services, capital as well as skilled labor among the 10 member-states.

Unfortunately, with less than a decade left before the AEC 2025, the diverse region remains marked by significant inequality, both among nations and within each nation.

On one end of the spectrum are the most prosperous nations and on the other are the developing member-states, which continue to grapple with debilitating poverty, thus widening the development gap in the region.

With "Prosperity For All" as the overarching theme for 2017, the ASEAN BAC, the apex private business group across ASEAN, strives to emphasize the point that inclusive growth must be the centerpiece goal of ASEAN as it pursues the AEC; that prosperity must be felt and shared not by the few but the many.

Thus, for ASEAN to ensure inclusive growth and shared prosperity, micro, small and medium scale enterprises should be the focus of well thought of strategies congruent to the AEC Blueprint 2025



that reaffirms the AEC's five desired characteristics of a highly integrated and cohesive economy; a competitive, innovative and dynamic ASEAN; enhanced connectivity and sectoral cooperation; a resilient, inclusive, people-oriented and people-centered ASEAN; and, a global ASEAN.

MSMEs are the logical focus as their contribution to GDP and employment has been evident within ASEAN, with GDP contribution ranging from 22 percent in Brunei to 59 percent in Indonesia. In terms of employment, MSMEs account for some 57 percent in Malaysia and as high as 92 percent in Indonesia.

By concentrating on the MSMEs and bringing them up to a level where they can participate in the national and regional value chains, it is hoped that shared prosperity will be a goal that will be accomplished in the near future with the help of the large enterprises, or those employing at least 200 workers.

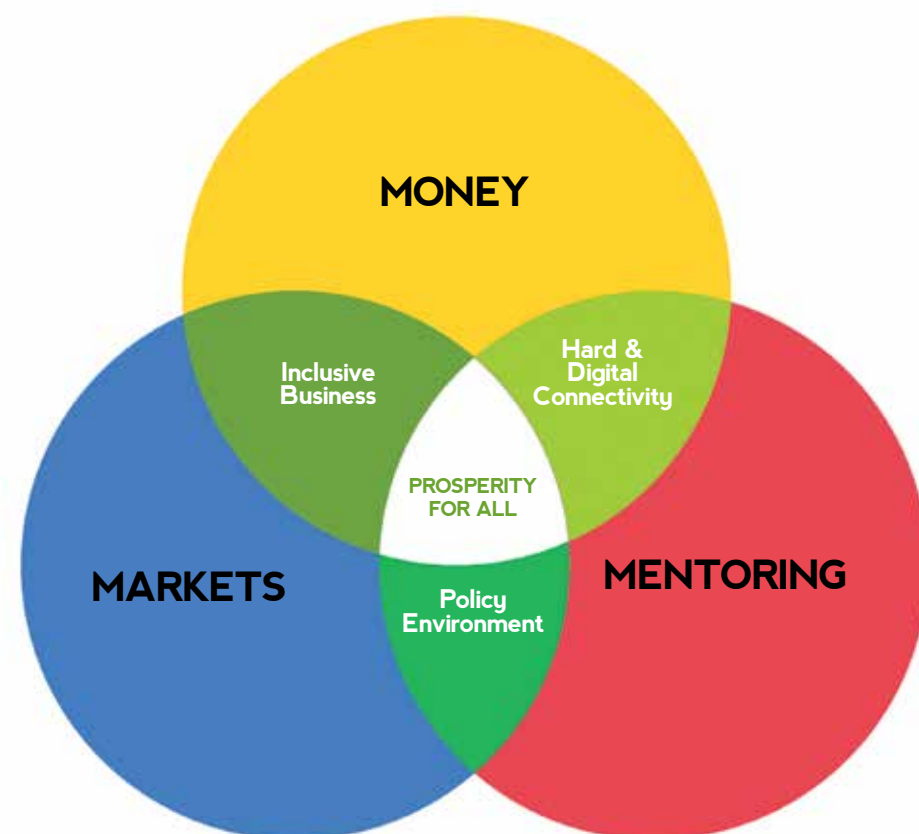
The ASEAN BAC, as part of its mandate to harness private sector resources and participation in the region, designed its activities this year to harness the power of the MSMEs.

The strategy is represented by the 3Ms - strengthening and integrating Money, Markets and Mentorship as a holistic approach to empower and strengthen MSMEs toward prosperity for all, supported by inclusive business, hard and soft infrastructure and a conducive policy environment for the MSMEs across the region to achieve their full potential. In essence, the strategy calls for harnessing the power of the 3Ms towards prosperity for all.

Money refers primarily to easing access to affordable funding or credit sources for MSMEs. Markets, meanwhile, involve opening up avenues for MSMEs to be included in the supply chains of businesses not just within the country but the region as well. Mentorship, on the other hand, provides for large corporations with all of their resources to lend a hand to the MSMEs so that they too can benefit from their wisdom as they pursue their path toward heightened entrepreneurship.

In this report are the specific steps that the ASEAN BAC have so far been taken to foster the 3Ms and the elements of inclusive growth, infrastructure and policy, as well as the strategies that have been agreed on to be pursued to reenergize the commitment to an ASEAN Economic Community that has as its firm foundation equitable growth and prosperity for all.





3Ms FOR MSMEs TOWARDS PROSPERITY FOR ALL

REPORT TO ASEAN LEADERS

The Philippine chairmanship theme of **"Prosperity For All"** for the 50th year of the Association of Southeast Asian Nations (ASEAN) underscores the vital importance of pursuing a rapid growth strategy in the regional bloc that will benefit the majority of its over 630 million people.

Indeed, shared prosperity is the aspiration for the region and to achieve that, resources - financial, human and policy - will have to be poured into nurturing and developing the region's micro, small and medium scale enterprises, the bedrock of the corporate sector across the diverse region.

There are numerous ways to unleash the full economic and development potential of the MSMEs and under the Philippine chairmanship, the growth strategy was focused on the three Ms - Money, Markets and Mentorship.

MONEY

One of the biggest hurdles to growth preventing MSMEs from growing as fast as they know they can is lack of access to affordable funds, which can be used to pursue innovation and expansion or even establish new enterprises to take advantage of emerging opportunities.

To widen access to affordable credit, what need to be undertaken are:

1. Develop, promote and expand alternative financial instruments to better serve MSMEs' financing requirements, understanding that they are in a unique situation thus cannot be measured against the same credit checks as their bigger corporate counterparts. Financing options for MSMEs include receivable financing, online crowdfunding mechanisms, state funds for social enterprises and the widespread adoption of fintech solutions.

2. Strengthen credit worthiness of MSMEs through financial literacy and management, risk sharing schemes and a credit information system. A consultative working group composed of finance and trade ministries, private financial institutions, civil society groups and associations of financial executives and accountants should be formed to improve MSMEs capacity to secure credit and make them less risky in the eyes of creditors.

3. Fast track the establishment of a swift and safe payments/settlements platform through the ASEAN banking sector, especially as MSMEs become a bigger part of the regional value chain.

4. Speed up the establishment of harmonized capital markets,

taxes, data sharing and privacy and insurance to provide a level playing field for MSMEs to participate directly in regional economic growth.

Contributing to the cause of improving MSMEs' access to credit are strategy champions across the region. These include the ASEAN Bankers Association, the ASEAN CSR Network for inclusive financing and the ASEAN BAC Malaysia.

ASEAN BAC Malaysia spearheaded the establishment of the ASEAN Digital Trade Financial Ecosystem with GAX Malaysia providing the support for it to take off, with the aim of connecting ASEAN business communities with technologies and financial solutions to catalyze economic growth. *(See Annex 1).*

MARKETS

With an increasingly globalized economy that has seen an increase in trade within ASEAN borders, it is but right to take steps to help MSMEs become a direct participant in the regional economy. By widening the reach of their goods and services, the MSMEs will have the impetus that they need to step up their game and compete head-on with their counterparts in the region.

To this end, the following hope to be achieved:

A unified ASEAN digital marketplace that will extend MSMEs' reach beyond national borders. The region-wide online platform will enable MSMEs to readily trade products and inputs across ASEAN economies. This will require a digital infrastructure that will ensure wide connectivity across the region, a harmonized

e-commerce legal framework and trade facilitation measures accessible to MSMEs.

A strong monitoring and compliance system on quality standards so that MSMEs' products and services will conform with the ASEAN Standards and Conformance Strategic Action Plan.

Wider linkages of MSMEs to the ASEAN regional value chain through business matching support and better information systems such as the ASEAN Trade Repository.

Elimination of protection-driven measures, starting with the priority people-centric sectors such as agri-food, healthcare, logistics, retail, tourism and agriculture.

Chambers of commerce and industry across the region and other stakeholders such as business councils, sectoral organizations and bankers associations have been working together to champion the goal of wider market access and freer movement of goods and services in ASEAN to help MSMEs.

And fortunately, these efforts are starting to bear much fruit.
(See Annex 2).

MENTORSHIP

As important to the MSMEs as affordable funds and ready markets is mentorship from large and successful companies who are ready and willing to guide them along the path of entrepreneurship, which can be marked by potholes and roadblocks.

To help empower MSMEs, the Asean Mentorship for Entrepreneurs Network will be set up and operationalized. It is envisioned as a regional open platform where the sharing of entrepreneur mentors and effective training modules and resources for MSMEs can be facilitated across ASEAN. (See Annex 3)

INTERLOCKING ELEMENTS

To ensure the success of the holistic 3Ms approach to empowering MSMEs to promote rapid as well as equitable growth in the region, a number of interlocking elements have to come into play.

These are inclusive business or the private sector approach to bring those at the bottom of the pyramid into the corporate supply chain, a conducive policy environment to make MSMEs survive and thrive and, finally, hard as well as digital connectivity.

The idea is that with these elements working together to promote the 3Ms, the result is prosperity for all.

Under each of these elements, various actions have already been taken across the region.

INCLUSIVE BUSINESS

Inclusive business is defined as a private sector approach to providing goods, services and livelihoods on a commercially viable basis 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.

The 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 in ASEAN.

Specific measures that have already been taken to push inclusive business. *(See Annex 4)*

POLICY ENVIRONMENT

Governments across the region play a huge and crucial role in making the business environment more conducive to the growth of business in general and of MSMEs in particular.

From trade facilitation to promoting e-commerce and promoting people-centric sectors, policy changes and enhancements are being put in place to nurture fertile ground for MSMEs to grow and multiply. *(See Annex 5)*

INFRASTRUCTURE AND DIGITAL CONNECTIVITY

The last of the elements needed to help make the vision of prosperity for all a reality that will benefit the majority of the region's people is infrastructure and digital connectivity.

And again, fortunately, significant achievements can already be tallied in the region, encouraging policy makers, and private sector participants to work double time to see all plans through.

These programs include improved marine connectivity in the region through the Asean Ro-RO Connectivity Flagship Project and the Asean Digital Economy initiative. *(See Annex 6 And Annex 7).*

Just a few short years separate ASEAN from its goal of operating under a fully functioning and thriving ASEAN Economic Community in 2025.

The potential for growth is great, as investors around the world know only too well, with the region's economies increasing at rates the rest of the world can only look at with envy.

Against such a backdrop, the opportunity is now here for the ASEAN leaders as well as the private sector to come together and rally behind a noble vision of a formidable economic bloc that is dynamic and growing in a way that will benefit everyone.

The road will be long and the journey will not be easy but the significant work already done at this point give all nations reason to be encouraged that in 2025, we will indeed see a region that is not just about prosperity for one, but shared prosperity for all.

ANNEX 1

ACCESS TO FINANCE

MALAYSIA'S LEGACY PROJECT

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 ben obtained, to pilot test the system prior full roll out.



Growth
Accelerator
Exchange

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

ANNEX 2

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.

ACCESS TO MARKETS & INNOVATION

A) 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.

B) 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.

ASEAN-Japan
Business Council



ANNEX 3

C) 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.



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 FIRST 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. Provide support and resources for the conduct of these mentorship exchange and the build up of qualified mentors base under AMEN.

2) Provide public representation in AMEN thru the appointment of Mentor Focal Points from ASEAN Coordinating Committee for MSMEs or ACCMSME.

3) 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:

ACCESS to FINANCE

ACCESS to Markets

ACCESS to Innovation

ACCESS to Mentoring

ACCESS to ASEAN Private Public Coordinating Platforms

ANNEX 4

OUR SECOND CLUSTER RECOMMENDATIONS

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.



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;
- 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.



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.



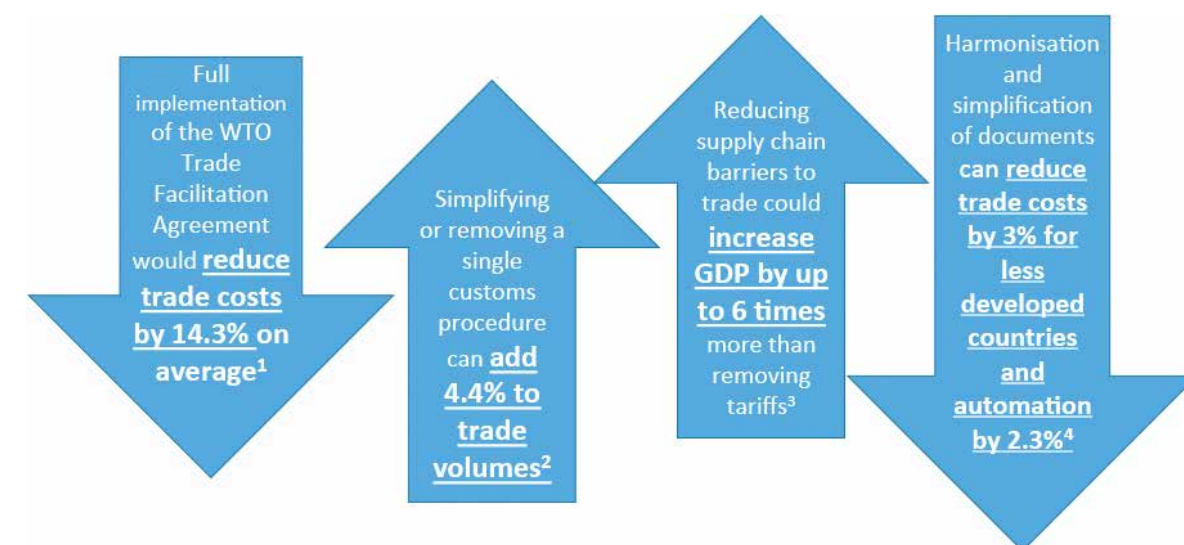
ANNEX 5

MAKING THE ECOSYSTEM CONDUCIVE FOR SMES

Drill down on "low hanging fruits" Trade Facilitation Reforms

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



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

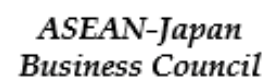
3. WEF (2013) :Enabling Trade, Valuing Growth Opportunities

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

Drill down on “low hanging fruits” Trade Facilitation Reforms

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



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.

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.

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

AMS should fast track coming up with full E-commerce law covering: electronic transactions, data privacy, cybercrime, consumer protection, content regulation, domain names.

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

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.

For the medium term, develop a regional approach to consumer protection and consumer complaint/dispute resolution for cross border transactions.



ASEAN Connectivity through Trade and Investment

**ASEAN-Japan
Business Council**

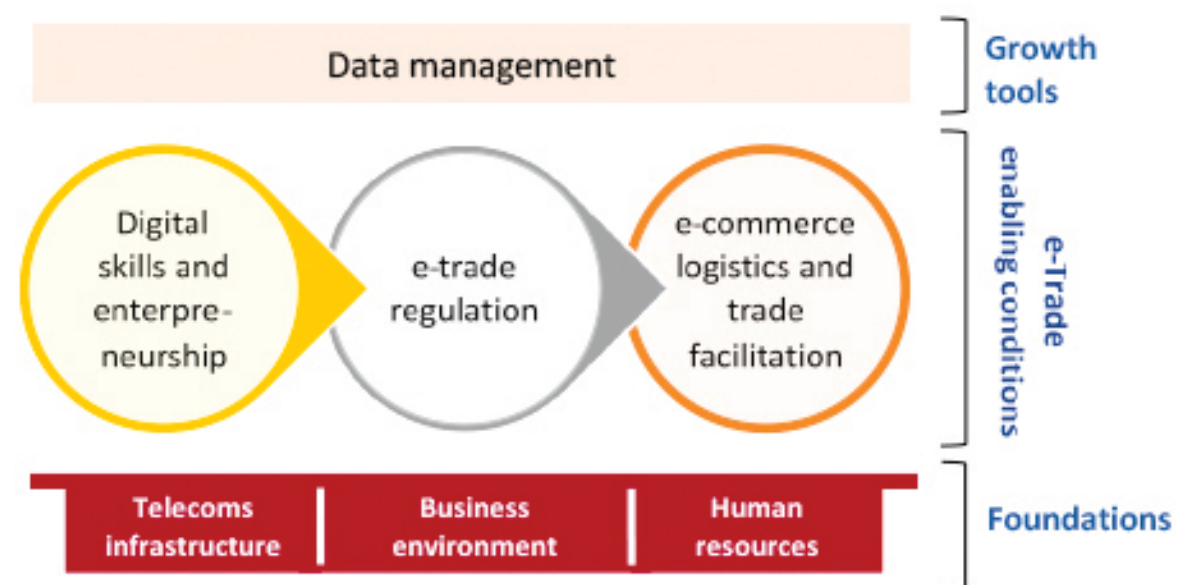


E-COMMERCE LAW IN ASEAN IS FRAGMENTED – COVERAGE AND CONTENT OF LAWS DIFFER COUNTRY TO COUNTRY.

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



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.



ASEAN Connectivity through Trade and Investment



DRILL DOWN ON NTBS/NTMS OF PRIORITY “PEOPLE-CENTRIC” SECTORS

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 Labelling 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 Halal 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 ASEAN <i>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:

Introduce innovations and technologies in smart seeds, smart plant protections solutions, and in general, Climate Smart Agriculture, to significantly increase agricultural output and efficiency.

Accelerate harmonization of standards in seeds and biotechnologies. Otherwise, standards & regulations serve as barriers for producer & exporter nations.

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.



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



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



Action Point: Work with our Partner, USASEAN 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:

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.

Exchanging Thought-leadership in Healthcare

Advancement : Support US-ABC-led workshops and courses to strengthen AMS procedural capacity on specific health interventions.

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.

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.

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:

Encourage the ASEAN Coordinating Committee on MSME to fast track completion of the Feasibility Study to Harmonize Processes by 1st quarter of 2018.

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.



REGIONAL COOPERATION FOR ECONOMIC PARTNERSHIP

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

Action Points:

- ASEAN BAC fully supports EABC's comprehensive recommendations on RCEP.
- Put in place a more transparent mechanism in securing regular feedback on the status and issues relative to each recommendation proposed by EABC.
- Explore inviting the following business councils to form part of EABC RCEP Working Group: ASEAN-Australia, ASEAN-New Zealand, ASEAN-India Business Councils.
- 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.
- Encourage more active participation from other AMS in EABC (Vietnam, Indonesia)



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



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

BANKING

PAYMENT & SETTLEMENT 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.

	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

CAPITAL MARKETS

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

	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

DATA

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 • 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

	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 • 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

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

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

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

ANNEX 6

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**.

Action Point:

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

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.

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.

Lower Bitung Port charges on the ASEAN RoRo ship and cargoes to match those of the Philippine Port Authority (PPA).

Allow the entry of Philippine-made products not included in the Negative List (Footwear, Toys, Medicines) of Indonesia.

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.



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.

Action Point:

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

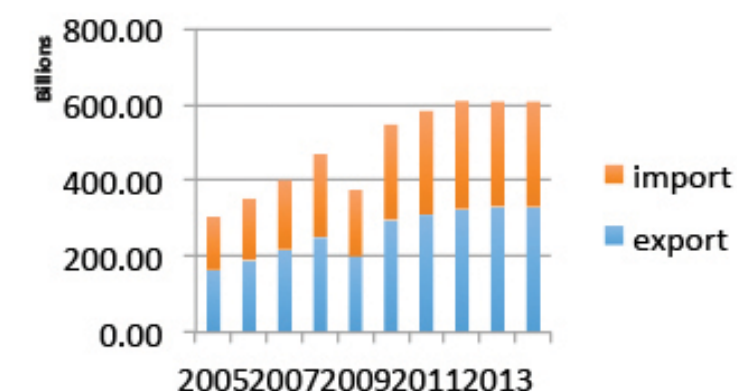
ASEAN RORO NETWORK

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)

ROLL ON ROLL OFF MARINE CONNECTIVITY

Support 3rd RORO — Vietnam (Da Nang) — China (Humen) — Philippines (Batangas)

The RO-RO will also complement the East – West Economic Corridor (EWEC)

Da Nang Port in Vietnam and Dawei Port in Myanmar will be gateways along EWEC



SUPPORT CONNECTIVITY INITIATIVES

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

Concept: Private-sector Led Platform



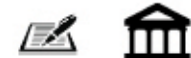
Assets (AMTH)

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.



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.



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

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

ANNEX 7

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

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.

Address limited broadband access in rural areas;
Expand access to banking facilities of consumers & sellers to participate in e-commerce;

Develop transport & logistics efficiencies and capabilities & fix time-consuming customs procedures;
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;
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:

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

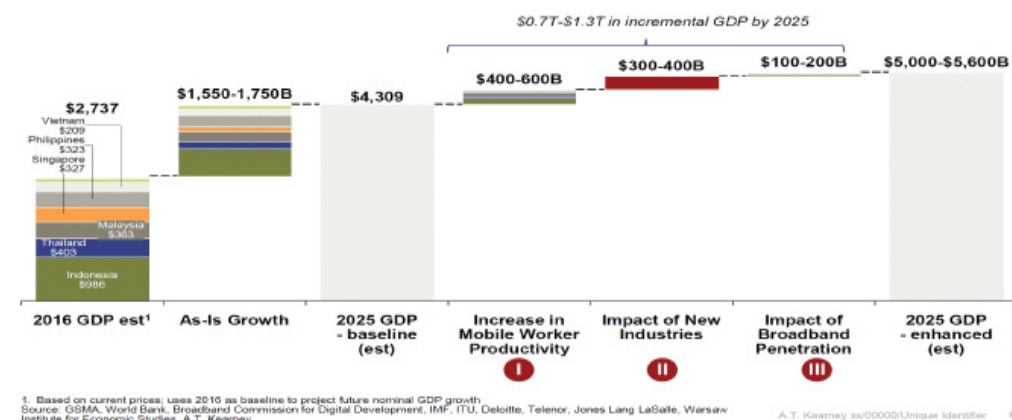
Digital Roadmaps of ASEAN member states (Indonesia, Malaysia, Philippines & Vietnam)

What governments in the region are doing to transform their economies

OUR BUSINESS CASE

AT Kearney

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



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



ASEAN BAC





Tel. No.: (02) 631-5001
Fax No.: 637-7873
www.asean-bac.org
www.asean-bac.ph
support@abis2017.com

ASEAN Business Advisory Council Philippines Secretariat
8F RFM Corporate Building, Pioneer cor. Sheridan Sts., Mandaluyong City, Philippines