



ASEAN-BAC

# AEM & ASEAN-BAC CONSULTATION

Report of the ASEAN Business Advisory Council

**Presented by Robert Yap., PhD**  
**Chairman, ASEAN Business Advisory Council**

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**Excellencies,  
ASEAN Economic Ministers,**

**H.E. Mr. Ong Keng Yong,  
Secretary General of ASEAN,  
Senior Officials and Delegates,**

## INTRODUCTION

1. On behalf of the ASEAN Business Advisory Council (ASEAN-BAC), I am pleased to present to you of our activities since our last consultation in August in Kuala Lumpur last year.
2. The highlights of our report shall focus report on the following primary activities:
  - a. Organization of the fifth ASEAN Business & Investment Summit (2007 ASEAN-BIS);
  - b. Initiative on the Inaugural ASEAN Business Awards (ABA); and
  - c. Implementation of projects under the ASEAN Pioneer Project Scheme (APPS).
3. Concurrent to the above, ASEAN-BAC has actively taken part in relevant forums organised at the ASEAN level. Overall, they are in fulfillment of our mandate to promote public-private sector partnership, consolidate private sector feedback, with the view to identifying the policy recommendation areas as means to achieving the ASEAN economic integration, leading to the creation of an ASEAN Economic Community (AEC).

## HIGHLIGHTS

### **A. ORGANIZATION OF THE 2007 ASEAN-BIS & ABA AWARDS**

#### **2007 ASEAN Business and Investment Summit**

4. The 2007 ASEAN-BIS will be held in conjunction with the 13<sup>th</sup> ASEAN Summit at Suntec Singapore from 16-18 November. The theme this year is on “*One ASEAN at the Heart of Dynamic Asia*”. Consistent with ASEAN’s objective in enhancing cooperation with the international community, the Summit will also see the participation of some ASEAN’s key trading partners. As in past ASEAN-BIS, dialogue sessions will be held with the ASEAN Leaders and the AEM.
5. By the Singapore Summit, the ASEAN-BIS would have been held in five member countries. Notably, the ASEAN-BIS has progressed well in advance to become an avenue in communicating the aims of the ASEAN Charter to promote a people-oriented ASEAN and mobilising resources from the private sector to narrow the development gap, among others.

## **Inaugural ASEAN Business Awards**

6. The ASEAN-BIS will this year and for the first time salute top ASEAN enterprises in the region with the ASEAN Business Awards (or ABA). As part of ASEAN-BAC's contribution in commemorating the 40<sup>th</sup> Anniversary of ASEAN, this inaugural award represents a milestone in our history to recognise ASEAN companies having contributed to the growth of the ASEAN economy.

7. ABA will uncover and highlight ASEAN indigenous enterprises that have progressed to become competitive players at the regional and international levels. This award will also serve as a catalyst to spur more ASEAN enterprises, particularly the SMEs, to look deeper at the opportunities and prospects offered by the region. Ultimately, ASEAN-BAC hopes for this initiative to attract more ASEAN Investment Funds that will provide the venture capital and funding to nurture and grow these promising ASEAN companies.

8. Global professional services firm Ernst & Young is the Strategic Partner and has helped to conceptualise the framework of the inaugural awards. The award winners will be presented to "*Most Admired ASEAN Enterprise*" at the ASEAN-BIS on 18 November 2007 in Singapore conferred into the categories of *Growth; Employment; Innovation; and Corporate Social Responsibility*.

### **C. ASEAN PIONEER PROJECT SCHEME (APPS)**

#### **ASEAN Green Lane**

9. On 7 March 2007, YCH was invited to make an introductory presentation on the Green Lane to the Malaysian Trade Facilitation Action Council, with the view to initiate the pilot trial run under the ASEAN Green Lane project between Singapore and Malaysia. Delegates included relevant Malaysian senior government agency officials from MITI, Customs, Ministry of Transport, Ministry of Finance, MATRADE and DagangNet.

10. YCH made another presentation, at the request of MITI, to the relevant Malaysian government agencies on 31 May 2007 to share operational working details and implementation timeline on the Green Lane pilot trial run between Penang, Malaysia and Singapore. YCH has been working closely with the respective agencies in both countries to iron out the operational details. A final meeting is scheduled in KL on 16 August 2007 (update from this meeting to be provided later) to finalize the pilot trial run details. The pilot trial run is now targeted to be carried out by September 2007.

11. The pilot test run between Malaysia and Singapore is geared to give positive and beneficial outlook for the ASEAN Green Lane project to prove its worth. Once the pilot trial run between Singapore and Malaysia is successfully conducted, similar pilot run test will move forward between Singapore and the Indonesian island of Batam, and between Malaysia and Thailand.

12. Based on available business intelligence gathered, companies are not having the best cost of moving manufactured parts from Thailand, through Vietnam, to Lao PDR due to physical constraints. If this situation persists, these companies are allegedly planning to move its industrial base to India, or China where the seamless movement of goods is better provided. The ASEAN Green Lane project complements the ASEAN Single Window, not only to bring about economic integration, but also an effort to synergise ASEAN to operate as one country and dissuade investors away from the region. Also, this initiative may attract FDIs which would have otherwise not considered ASEAN as the Manufacturing location.

## **ASEAN Alternative Energy Sources**

12. Following the 4<sup>th</sup> ASEAN Leaders and ASEAN-BAC Dialogue held on 13 January 2007 in Cebu, Philippines, ASEAN-BAC has formed an Alternative Energy Sources Committee to pursue the desire of all ASEAN Leaders to develop the biofuel and biodiesel industry. The Committee comprising of business stakeholders, Government research institutions, as well as representatives from the ASEAN Centre for Energy (ACE) are principally addressing the framework for the alternative energy sources focusing on biodiesel (Jatropha) and biofuel (Ethanol).

13. From a preliminary standpoint, the business viability of ethanol is far better proven than jatropha. At the moment, the business players in the bio fuel industry in ASEAN are challenged to convince the Government to begin altering the course away from business of fossil fuel and recommended the following preliminary policy recommendations:

- a. ASEAN should focus research on certified seed for Jatropha;
- b. Encourage competitive and sustainable feedstock production to tap on the potentially huge market demand. Incentives can be asked from the Governments to make the best feedstock available;
- c. Encourage consumption across ASEAN that could be driven by mandate or subsidies imposed by the Government. This would in turn force adaptation in the supply chain, infrastructure development and other regulations in the business chain, as in the case of Crude Palm Oil (CPO); and
- d. Pilot plants initiated by the Government can be considered to minimise the business risk for the private sector.

14. The Committee is also conscious of the intricate issues facing the development of alternative energy sources. Arguments are raised by the potential environmental harm that biofuel and biodiesel plantation can cause. This is especially so in considering that water availability will become a future global concern and its scarcity will in turn affect the development of biodiesel and biofuel. It is also opined that anchoring on feedstock for these energy sources must not compete with production of food crops production regarded as essential food security item. Any effort to opposing these areas is simply not good business.

15. In this context, ASEAN-BAC would like to recommend that the Committee continues to pursue the business models under the APPS. The framework shall be within effort to develop renewable energy sources and employment opportunities for the poor, as well provision of energies affordable to farmers. While at the ASEAN level, it is recommended that the draft ASEAN Economic Community Blueprint addresses the policy recommendation areas on renewable energy sources so that a public and private sector partnership can be achieved with a win-win policies. The business sector is prepared to develop renewable energy into mass production capacity with the supporting policy environment. Both must work coherently to address the intricate issues. Pricing assessment is also an important to be addressed by both the Government and the private sector.

## **ASEAN Franchising**

16. Under the ASEAN Franchising project, an ASEAN Retail Chain & Franchise Federation is in progress to be established, with the objective to promote ASEAN brand names and products. Shopping paradise displaying ASEAN products and labels prominently displayed in major shopping centers in ASEAN are among the projects in the pipeline. At the same time, a program under "Enhancing ASEAN Integration through Franchising" initiated by the Philippine Franchising

Association (PFA) is funding a feasibility study by the University of Asia and the Pacific (UA&P) on ASEAN Hotel Chain, ASEAN Food Court and Fashion Alley and ASEAN Lifestyle Center.

17. Any policy measures that will be brought to the attention of the ASEAN Government will be identified in due course.

## CONCLUSION

18. ASEAN-BAC deems that measures to promoting greater intra-ASEAN trade and investment activities are provided and necessitated by various agreements and other measures already undertaken at the ASEAN level. Our focus at the ASEAN-BAC level is one of implementation by identifying business opportunities in the market place and awareness to encourage greater intra-ASEAN business activities and for the business community focused towards parallel track in achieving the aims of ASEAN.

19. On behalf of the ASEAN Business Advisory Council, I would like to express my appreciation for your attention.

