



ASEAN-BAC

AEM AND ASEAN-BAC CONSULTATION

ASEAN-BAC Activities Report

Wednesday, 25 August 2010, Furama Resort, Danang, Vietnam

ASEAN BUSINESS ADVISORY COUNCIL

INTRODUCTION

1. ASEAN-BAC is pleased to note the elimination of tariff for intra-ASEAN trade activities, from which by 01 January 2010, has brought 99 per cent of total tariff lines under the Common Effective Preferential Tariff (CEPT). ASEAN-BAC also notes the pursuance of ASEAN's integration into the global economy, free trade agreements (FTAs) and comprehensive economic partnership (CEP) agreements with several dialogue and major trading partners, including China, India, Japan, the Republic of Korea (ROK), Australia and New Zealand (CER).
2. The progresses are taking place in 2010, halfway toward the realization of the ASEAN Economic Community (AEC) by 2015. In this report, ASEAN-BAC would like to highlight the general position of the private sector, activities of ASEAN-BAC, and seek guidance from the ASEAN Economic Ministers on the position of ASEAN-BAC with Dialogue Partners.

PRIVATE SECTOR POSITION ON THE ASEAN ECONOMIC COMMUNITY

3. Multinational corporations, the larger-size ASEAN companies and SMEs welcome the integration development in different ways. Their level of involvement, understanding and use of the opportunities vary considerably. By-in-large, those who are not well-informed tend to be more defensive.
4. SMEs particularly need to be educated and facilitated to take advantage of the various economic initiatives. Accounting 96% of all enterprises in ASEAN, their business competitiveness to perform trade and investment activities in another ASEAN member country still lack, both in ability and interest. As of June 2010, the available statistical data reflect that intra-ASEAN trade has decreased from 26.8% in 2008 to 24.3% in 2009 (approximately US\$ 85.1 billion drop). Intra-ASEAN FDI flow has been less than 20% suggesting that most trade and investment activities are performed by MNCs, or larger-size ASEAN companies.
5. Despite the difference, there is general acceptance in as far as intra-ASEAN's regional economic initiatives are concerned. Greater communication effort, however, is necessary to convince ASEAN companies on the importance of the agreements made with Dialogue Partners and the major trading partners. The AEC Communication Plan plays an instrumental role in this regard.

ASEAN-BAC ACTIVITIES

6. In line with the developments, ASEAN-BAC is pleased to inform on its activities:
 - a) ASEAN-BAC is exerting an initiative to establish ASEAN Trade and Investment Centers (ATIC). The objective of ATIC is primarily to be an information center to facilitate market access for companies wishing to undertake export and import activities and presence within the regional market. The centers are envisaged to make use of the private sector networking capacities collaborating with various existing businesses and related institutions in each member country;

- b) An ASEAN-BAC survey, conducted by the Lee Kuan Yew School of Public Policy, National University of Singapore (NUS), is being carried out to determine how business investment strategies in ASEAN member countries may have changed in the post-global financial crisis. An assessment of the pace of ASEAN's economic integration and its importance to investment decisions as well as identification of priority policy measures that ASEAN can undertake to improve the region's competitiveness are covered in the study. The outcome of the survey will serve as ASEAN-BAC's feedback to the ASEAN Governments, assessing issues from the business perspective.
 - c) ASEAN-BAC will organize the 2010 ASEAN Business and Investment Summit (ASEAN-BIS) on 26-28 October 2010 at the National Convention Center in Hanoi, Vietnam, in conjunction with the 17th ASEAN Summit. The Business Summit adopts the theme of the ASEAN Summit "*Towards the ASEAN Community from Vision to Action*". The Business Summit will for the third time witness winners of the ASEAN Business Awards (ABA), companies that have significantly contributed towards ASEAN's economic growth and prosperity. The awards will be conferred to larger size ASEAN companies and SMEs in the four categories: *Growth; Employment; Innovation; and Corporate Social Responsibility* and will be honored as ASEAN Most Admired Enterprises.
7. The 2010 ASEAN-BIS is centralizing the topics and themes on liberalization of trade services, freer flow of investment and capital, skilled labor, competition policy and ways to improve the competitiveness of priority integration sectors of ASEAN and SMEs. Sessions with Dialogue Partners and major trading partners, namely, Australia-New Zealand, China, Japan, Republic of Korea, Russia, and India are provided for the business participants to have better understanding on the FTAs and CEP agreements.

ENGAGEMENT WITH DIALOGUE PARTNERS

8. Since the adoption of the AEC Blueprint 2015, there has been greater interaction among business organizations working together with academician and research institutions, and other stakeholders. On related issue, ASEAN-BAC would like to receive guidance from the ASEAN Economic Ministers regarding the Council's mandate to establish relations, business forums, particularly signing of MoUs with business organization of Dialogue Partner countries. It is noted that various deliberations have been made at ASEAN-level meetings anticipating the active engagement of ASEAN-BAC. Other than for reason of limited resources and structure, the Council has followed the previous guidance from the AEM that there are already existing mechanisms for Dialogue Partners engagement and so requested ASEAN-BAC to primarily focus its activities at the "ASEAN-for-ASEAN" level.
9. Thank you.

