



ASEAN-BAC

ASEAN LEADERS & ASEAN-BAC DIALOGUE

4th Report of the ASEAN Business Advisory Council
13 January 2007, Cebu, Philippines

Presented by Mr. Jose Concepcion., Jr
Chairman, ASEAN Business Advisory Council

Your Honorable President Gloria Macapagal-Arroyo,
Chairperson of the 12th ASEAN Summit
Your Majesty and Excellencies,

I. INTRODUCTION

1. On behalf of the ASEAN Business Advisory Council (ASEAN-BAC), I am pleased to report to you our activities since our Dialogue in Kuala Lumpur last year. This year, ASEAN-BAC acted to promote the regional competitive advantages that ASEAN has to offer in the overall process of economic integration effort.

2. Our endeavor has been exerted through various means within our influence, as your Excellencies have mandated us to provide private sector feedback and guidance towards ASEAN's economic integration efforts, through meaningful public-private sector partnership. A particular assessment on the challenges, problems, interest and strength faced by the business community was undertaken to support our work.

II. ASEAN ECONOMIC PERFORMANCE FOR THE BUSINESS SECTOR

3. ASEAN is making a regional comeback into the world stage. New and emerging investment trends are setting our region as a key destination for global capital flows. Various indicators have shown that ASEAN has improved its competitive position having reached a new high of foreign direct investment flow last year, and current economy taking place on solid ground.

4. China remains the largest recipient of FDI inflows in the region, with India rapidly progressing. China's rising wages, concentration of investment, among others, give her new pre-eminence. At the same time, China's risks in trade from quotas and safeguards, intellectual property protection, cultural and environmental risks, among others, are driving global firms to diversify and shift production out of China. In recognition, ASEAN-BAC would like to highlight recommendations so that ASEAN's private sector can capture the moment and become beneficiaries of this trend.

III. RECOMMENDATIONS

A. FACILITATION OF INTRA-ASEAN BUSINESS TRAVEL

5. One of the most important components for the private sector in promoting cross-investment and start-up business ventures between and among ASEAN companies is the free movement of ASEAN businessmen across the region.

6. The ASEAN business community welcomes the signing of the **ASEAN Framework Agreement on Visa Exemption** in July 2006 this year. Nonetheless, we also understand that implementation is still at different stage and we feel that the agreement extending the fourteen (14) days entry is not sufficiently meeting what is necessary for doing business in another ASEAN country. Case on the ground shows that businessmen often times encounter queries at immigration check-points on working permits availability, when purpose of visit stated in immigration card is business.

7. In this regard, ASEAN-BAC together with the ASEAN-CCI would recommend the issuance of an **ASEAN Travel Business Card** that we feel would cater the ASEAN SMEs most needing such facility and support.

B. ASEAN GREEN LANE PROJECT

8. ASEAN has a combined population of less than 600 million people and about USD860 billion in market size that must interact to spur internationally competitive regional firms and level the playing field with other regional trading blocs and economic powerhouses. ASEAN's movement of goods is constrained by cross border checks and controls. In order to promote a seamless flow of goods across ASEAN to achieve a Single ASEAN Market and an Integrated Manufacturing Value Chain; ASEAN-BAC is introducing an **ASEAN Green Lane Project under the APPS**, that will:

- (a) facilitate the implementation of paperless single window electronic platform to achieve most efficient customs administration between countries to reduce clearance cycle time and transaction costs;
- (b) allow seamless flow of goods between countries by waiving customs inspection at the borders and thus facilitating just-in-time manufacturing/stocking of goods in the ASEAN value chain; and
- (c) reduce the security risks associated with theft and contraband smuggling for the inter-modal transportation of containerized goods tracked and identified through the employment of RFID technology thus providing the public agencies greater comfort in endorsing the proposed system.

9. This initiative is piloted between Singapore and Malaysia under the Malaysia-Singapore Business Council (MSBC) and will serve as the first step to have this project moving on to other ASEAN countries.

C. ASEAN PALM FIBER TECHNOLOGY

10. As you may recall from our Dialogue in Kuala Lumpur last year, we presented you with the **ASEAN Palm Fiber Technology** that offers market and business potential to both palm oil producing and non-producing ASEAN countries. ASEAN-BAC is presently monitoring the consortium structure. The proposal may also include the setting-up of a fiber institute and reference centers, commercial set-up based on upfront b-to-b level, and business venture on technical needs, management services, and marketing/trading activity of the proponent. The potential JV partners from Thailand, Malaysia, and Singapore are beginning to discuss the structure of the consortium, and will address the specific support required from the Government before presenting the request to ASEAN Governments through ASEAN-BAC.

IV. CONCLUSIONS

11. In conclusion, I would like to take this opportunity to inform your Excellency that ASEAN-BAC welcomed new composition of council members from Cambodia, Lao PDR, Indonesia, Myanmar, the Philippines, Singapore, Thailand and Vietnam this year.

12. ASEAN-BAC held a total of 22 council meetings, conducted the first Annual General Meeting (AGM) and engaged in various forums held across the region. Ongoing visits to the 10 ASEAN countries were made to meet up with private sector representatives to have all stakeholders concerned having full understanding, acceptance and ownership of the ASEAN integration process.

13. From 7-11 December 2006 in Cebu, the 2006 ASEAN Business & Investment Summit was held with the theme of the 12th ASEAN Summit “**One Vision, One Identify, One Community**”, with the sub-theme “**One Caring and Sharing Community – Bringing ASEAN Business to the World**”, with the objectives to:

- enhance awareness, understanding, and ownership of ASEAN while fostering business-to-business and business-to-government relationships; and
- showcase the ASEAN achievements to the rest of the world while engaging global business leaders who can contribute to further the economic development of ASEAN

14. A landmark of the annual ASEAN-BIS is the ongoing effort to brand the ASEAN region, as a prime trade and investment destination, and to engage the private sector for the successful implementation of the Roadmaps on the priority integration sectors.

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

Attachment(s):

- *List of ASEAN-BAC Council Members*

