



ASEAN-BAC

# PUBLIC-PRIVATE SECTOR DIALOGUE

Thursday, 13 August 2009, Bangkok, Thailand

ASEAN BUSINESS ADVISORY COUNCIL

## INTRODUCTION

1. I am honored and delighted to be here today. On behalf of the **ASEAN Business Advisory Council**, I would like to address the private sector stance on **Global and Regional Economic Outlook**. The ongoing progress of ASEAN-BAC's activities to support the **ASEAN Economic Community (AEC) Blueprint** will be reported. General recommendations will be made on the **AEC Scorecard, Communications Plan, and Public-Private Sector Partnership**. The Council understands the latter to be one of the priority areas for the **ASEAN Economic Ministers (AEM)** to support the AEC Blueprint.

## GLOBAL AND REGIONAL ECONOMIC OUTLOOK

2. The private sector is operating in recurring crises. The **global financial and economic crisis** is affecting the ability for companies to uncover the prospect of an integrated economy. Resources of companies, mainly the **small and medium size enterprises (SMEs)**, are adapting survival mode and directing business activities within their local market, when they should be trying to capture ASEAN's market potential. There is interruption in the momentum, but at the same time, ASEAN-BAC strives for businesses not to lose sight on the importance of the **AEC building**.
3. There is general attitude among ASEAN companies to rely less on the markets of the **United States and Europe**. This is directed by the positive economic outlook of the region and made stronger by the fall out of the crisis that has enforced a natural diversion for companies to focus into the **ASEAN and Asian markets**. At this momentum, ASEAN-BAC sees the importance for the business community to understand the actual progress and implemented measures of the AEC.

## ASEAN ECONOMIC COMMUNITY BLUEPRINT

4. With respect to the ASEAN-BAC initiatives to support the key characteristics of the AEC Blueprint 2015, the following are the highlights:
  - a) On **25–27 February 2009 in Bangkok, Thailand**, the **ASEAN Business and Investment Summit (ASEAN-BIS)** was successfully held with the theme "**People-to-People: Commitment towards ASEAN Prosperity**", with the significance to bolster the first year implementation of the **AEC Blueprint** and taking up the concerns and responses of the private sector on the **global financial and economic crisis**. The Business Summit attracted more than 700 participants from 21 countries and over 500 guests participated in the **2008 ASEAN-BIS Gala Dinner and Presentation of the ABA Winners**;
  - b) In the **12 Priority Integration Sectors**, **ASEAN-BAC** and the **ASEAN Retail-Chain Federation** gathered some **1000 entrepreneurs** from the level of **SMEs** and **micro-enterprises** at a networking dinner function on 23 May 2009 in Kuala Lumpur, Malaysia in the pursuit to promote **ASEAN Brands** and "**Made in ASEAN**", in the related goods and services under the priority sectors;
  - c) ASEAN-BAC would like to reiterate its proposal for the **ASEAN JV on Agriculture**. This is in line with the reflection on the **ASEAN agriculture cooperatives** made in the **AEC Blueprint 2015**, as a means to empower and enhance market access of agriculture products. It is envisaged that the **model** and **structure** of such cooperatives could be developed at the ASEAN level and for the private sector to invest in the **capital, technologies** and **know-how** on **marketing** and **branding**, among other important areas;

- d) Pursuit of ASEAN alternative energy sources is another ongoing initiative of ASEAN-BAC to support one of the key elements under the **AEC Blueprint 2015 on Competitive Economic Region**, by strengthening renewable energy development such as **bio-fuels**, in recognizing the limited global reserve of fossil fuel, and the unstable world prices of fuel;
  - e) For **SME development**, ASEAN-BAC reiterates the importance for a **credit financing scheme** established, in line with the **SME financial facility**, and the **SME development fund** proposed under the **AEC Blueprint 2015**. One of ASEAN-BAC's primary effort is in organizing the annual **ASEAN Business Awards (ABA)** that ultimately hopes to attract more **ASEAN investment funds** to provide the **venture capital** and **funding** to nurture and grow promising ASEAN companies;
  - f) ASEAN-BAC is enhancing cooperation with the business councils in the **BIMP-EAGA Business Council (BEBC)**, **GMS-Business Forum**, and **IMS-GT** and **IMT-GT** regions. Priority areas envisaged will be aligned to the actions highlighted in **Initiative for ASEAN Integration (IAI)** of the AEC Blueprint 2015 and those related with the ongoing initiatives of respective business councils, particularly on the areas that could be accomplished among the private sector; and
  - g) In the **Integration into the Global Economy**, ASEAN-BAC main activities are its involvement in the **ASEAN-Korea CEO Summit** (31 May – 1 June 2009, Jeju, ROK); **Second Global Review on Aid-for-Trade** (6-7 July 2009, WTO, Geneva, Switzerland); and the **Conference of Implementing the China-ASEAN Free Trade Agreement** and the **4<sup>th</sup> China-ASEAN Free Trade Area Forum** (27-30 July 2009, Yantai, Shandong Province, China).
5. Above are some of the identified activities where ASEAN-BAC could play a role. To achieve better **sectoral achievements**, allow me to next touch on the **AEC Scorecard & AEC Communication Plan**, and finally, the **public-private sector partnership**.

## AEC SCORECARD & AEC COMMUNICATION PLAN

- 6. ASEAN-BAC urges for the **AEC Scorecard** to be made effective. To the private sector, the scorecard is about information on **market access** and **implemented measures**. It will facilitate companies in developing **corporate** and **market entry strategies**, including awareness on the **free trade arrangements and economic partnership with Dialogue Partners** commensurate with their actual progress. The status of the **ASEAN Single Window** is one of the more important areas to be understood. Its effectiveness is an important facilitation measure to generate trade and investment in priority areas such as in **textiles** and **apparels**, where all member countries have unique comparative advantages. ASEAN-BAC's effort on the **ASEAN Green Lane** is associated with the ability of manufacturers to have smoother flow of products over competitors mainly from China and India that can overflow the ASEAN market. The single window and green lane initiatives can overcome the competition by the smoother cross-border movement of goods that is already supported by the geographical proximity of ASEAN member countries.
- 7. Effectiveness of the **AEC Communication Plan** is an important communication tool in the process. Its action lines reflected in the blueprint are already appropriate. An immediate start can be the **AEC Communications Website**. ASEAN-BAC also hopes for the annual conduct of the **ASEAN-BIS** form part of the plan that will in turn generate greater interest and involvements of **sectoral bodies**. To enhance the purpose of the AEC, ASEAN-BAC is further proposing that a review on the process regarding the use of the **ASEAN logo** be made more flexible. The procedures is currently seen stringent and is confining the massive **public relations** need to the **public sector**. Private initiatives and creativity need to be stimulated to promote the prospects of the ASEAN Economic Community.

## PUBLIC-PRIVATE SECTOR PARTNERSHIP

- 8. **Public-private sector partnership** is a challenge. **ASEAN is cooperation, but also infuses competition** among the private sector. It is a reality that resources of majority companies in the ASEAN region are not competitive enough to acquire the potential share of ASEAN's market, much less contribute in the integration process. There must also be acknowledgement to the limitation of any **regional business organizations** comprising not only 10 different diverse economies, but also the strength levels of its member companies. An ASEAN company investing in another member country is still regarded as **foreign investment**. Costs associated with **non-tariff barriers (NTBs)** are difficult for most **small-and-medium sized enterprises**, if not all companies. Private sector in Cambodia, Lao PDR,

Myanmar and Vietnam are by in large oriented to capture the local market. Even in the more advanced economies of ASEAN, capacities of companies in these regions are similar.

9. At the same time, ASEAN-BAC is of the opinion that the region owns a mechanism for private sector engagement that is quite well in place, commendable, and more advanced than any might deem otherwise, but one that requires exploitation and coordination. For instance, the issue on the **Suspension of ASEAN CEPT Tariff Rates for Petrochemical Resins** and **ASEAN Cosmetic Harmonization** were brought to the attention of ASEAN-BAC. In the Council's deliberation, the mechanism is deemed fit for the issues concerned to be tackled by the relevant regional business organizations. ASEAN-BAC, whose members are also key board members in respective **national chambers of commerce and industry**, agreed to lend support in resolving the issues.
10. In view of the above, it is our recommendation that public-private sector partnership can be valued by enhancing regular dialogues between existing business organizations with respective sectoral ASEAN bodies. This is essentially important for the sectoral advancement of the 12 priority integration sectors.

## CONCLUSION

11. ASEAN-BIS is constantly positioned to the mandate in ***bringing the private sector into the mainstream of ASEAN economic activities***. Its annual and rotational conduct has helped to increase regional networking and business ventures closer. Very importantly, it has developed mutual understanding on the challenges faced by private sector locally. On related public-private partnership effort, ASEAN-BAC has agreed to organize the **2009 ASEAN-BIS on 22-23 October 2009 in Thailand**, alongside the **15<sup>th</sup> ASEAN Summit**, with the theme **Public-Private Sector Partnership: ASEAN Economic Community Blueprint**. A dedicated sub-theme has been allotted on the **trade financing** issue. Attendance of the sectoral existing **ASEAN Business Organizations** will be prioritized. In this effort, ASEAN-BAC would very much appreciate if the **ASEAN Leaders, ASEAN Economic Ministers**, and the **Secretary General of ASEAN** can avail themselves to deliver Keynote Addresses on the issues.
12. I would like to thank you for your kind attention. ASEAN-BAC would be pleased to further deliberate on the above and other concerns of the AEM.

