



ASEAN-BAC

ASEAN LEADERS & ASEAN-BAC DIALOGUE

Report of the ASEAN Business Advisory Council
12 December 2005, Kuala Lumpur, Malaysia

**Presented by Dato' Syed Amin Aljeffri
Chairman, ASEAN Business Advisory Council**

**Your Honorable Dato Sri Abdullah Ahmad Badawi,
Chairman of the 11th ASEAN Summit
Your Majesty and Excellencies,**

INTRODUCTION

1. On behalf of the ASEAN Business Advisory Council (ASEAN-BAC), I am pleased to report to you our activities over the last 12 months.
2. In the past two-and-half years, the Council has been making concerted efforts to bring the broader business community into the mainstream of the ASEAN economic activities. Guidance has been received from SEOM, the ASEAN Secretariat and the AEM. Despite the initial drag, the Council has been able to identify issues of common concerns. On the whole, I am pleased to inform you that we have met positive reactions from the business community ever since the establishment of ASEAN-BAC three years ago.
3. This year, ASEAN-BAC welcomed new Council members from Cambodia, Malaysia, Myanmar, the Philippines and Vietnam, the list of which appears under **Appendix I** to this report. I shall now go through the highlights of our report.

HIGHLIGHTS

4. The recent regional-wide poll conducted by leading newspapers in ASEAN has determined that ASEAN citizens believe they share a common identity and want the pace of integration moving faster. In general, almost half of the respondents expressed willingness to visit and invest in another ASEAN country. Currently, only 11 per cent is undertaking intra-ASEAN investment. While the majority will want to study in another ASEAN country, the majority displayed their preference to work in a non-ASEAN country.

A. ASEAN-BAC ACTION PLAN – SHORT, MEDIUM AND LONG

A1. Our *short and medium term Action Plan* is to fulfill your mandate, as we:

- implement the ASEAN Pioneer Project Scheme (APPS) to form ASEAN Conglomerates
- conduct the annual ASEAN Business & Investment Summit (ASEAN-BIS)
- serve as the consultative platform with other regional and external business organizations
- promote Good Corporate Governance; and
- establish the ASEAN-BAC Corporate Entity and the ASEAN-BAC Secretariat

- A2. The respective national Council members have organized national events to fulfill the above action plan. For example, ASEAN-BAC Malaysia Chapter has been holding regular meetings and dialogues with various industry players. Likewise, the Laotian Chapter has held similar programs. Singapore did its ASEAN-BAC Night and ASEAN Business Connect (ABC) Seminar. There was the ASEAN-BAC CEO Forum held in Jakarta in the middle of this year. And a series of meetings with industry players and press conferences across the region. All individual Council members are pro-active in engaging their respective constituencies in disseminating information and receiving feedback through national dialogues and meetings. We have also participated at the ASEAN Consultative Meeting on the Priority Sectors (COPS) held in Jakarta this year and the ASEAN Tourism Investment Forum last week in Kuala Lumpur, as well as other meetings.

B. ASEAN CONGLOMERATES

- B1. Last year, you suggested that we look into the formation of **ASEAN Conglomerates** capable of delivering an **ASEAN Inc.** In this connection, we were acquainted with the ***Palm Fibre Technology*** by the promoters from Malaysia, Thailand and Singapore. We assessed the regional business opportunities that this technology has to offer to both the palm oil producing and non-producing ASEAN countries through its upstream, midstream and downstream commercial activities, and thus, would like to adopt it as an **ASEAN Pioneer Project Scheme (APPS)**.
- B2. The details of the project proposal are as per **Appendix II** to this report. It has been tabled earlier to SEOM and the AEM. It is now remaining for you to accept this project worthy of support by the ASEAN Governments.
- B3. The **ASEAN Pioneer Project Scheme** is regularly promoted by ASEAN-BAC, in cooperation with the ASEAN Chambers of Commerce and Industry (ASEAN-CCI), the National Chambers of Commerce and Industries, the Regional Industry Clubs (RICs), as well as individual business contacts within the ASEAN region. Many more initiatives are in the pipeline capable of forging future ASEAN conglomerates in several industries, all of which are within the purview of the 11 priority sectors, endorsed by the ASEAN Leaders.

C. 2005 ASEAN BUSINESS & INVESTMENT SUMMIT (2005 ASEAN-BIS)

- C1. This year, the Business Summit was held on 10-11 December 2005 in Kuala Lumpur. The theme of the Summit is ***“One Vision, One Identify, One Community–Beyond Borders: Developing ASEAN’s Competitive Advantages”***. This is immediately followed by a Special Leaders’ Dialogue session held today, the 12th of December 2005. Tomorrow, an ASEAN-Russia Business Forum will also take place.
- C2. A brief of the deliberations during the 2005 ASEAN-BIS held in the past two days is also presented to you under a separate Report.

D. ENGAGEMENTS WITH ASEAN & EXTERNAL PRIVATE SECTOR ORGANIZATIONS

- D1. I am pleased to inform you that the various national levels Chambers of Commerce & Industry through its umbrella organization, the ASEAN-CCI, and the ASEAN Industry Clubs regularly participate in our meetings and deliberations. Dialogues and consultations on issues that are specific to their respective industries form the focus of our discussions. Many of the outcomes of these ongoing deliberations have been resolved, either within us, or through consultations with the economic officers and Ministers. They are, therefore, not brought to your attention by us.

- D2. ASEAN-BAC has also been active in engaging the East African Business Council, the US-ASEAN Business Council and the East Asia Business Council, with the view to promote ASEAN as a prime investment destination.

E. COOPERATION WITH ASEAN FOUNDATION

- E1. Last year, you have given us guidance on the need for ASEAN Capacity Buildings in all forms, not just in terms of what the Governments can provide because the resources are limited, but also efficiency and good governance from the private sector. With the counsel from the Secretary General of ASEAN, I wish to inform you that ASEAN-BAC will embark on a joint project with the ASEAN Foundation to organize three events addressing **Corporate Governance in Promoting ASEAN's Integration Process**.
- E2. The proposal has further been enclosed as **Appendix III** to this report.

F. ASEAN-BAC CORPORATE ENTITY

- F1. Registration of ASEAN-BAC, as an association under the Malaysian Societies Act has been completed this month. The Certificate of Registration and the Rules of ASEAN-BAC is enclosed as **Appendix IV**, for ready reference. The Financial & Treasury Committee has been set-up and a Bank Account opened in Singapore. The office bearers consist of the ASEAN-BAC Chairman from Malaysia, with Lao PDR as co-Chairman. Thailand and Singapore hold the respective posts as Secretary and Treasurer. A permanent ASEAN-BAC Secretariat has been established in the ASEAN Secretariat.

G. WORK- IN PROGRESS

- G1. In supporting the ASEAN Regional Integration process, as a whole, and other initiatives of yours, the Council is continuously implementing complementary activities, which include:
- national APPS Promotion (AWS) and Regional APPS Promotion Workshops (RAWS) that will look into projects on tires, shrimps, tourism in the growth triangles of BIMP-EAGA, IMT-GT and IMS-GT, ethanol, rubber-based and wood-based products, and energy in the ensuing years. The Philippines is now leading a policy study to investigate the viability of cane-based fuel ethanol production and corresponding policy measures to make long-term fuel ethanol production sustainable
 - organization of the 2006 ASEAN-BIS, as a prelude to the 12th ASEAN Summit
 - continue to engage with ASEAN private sector organizations and external business councils
- G2. In essence, ASEAN-BAC constantly involves the private sector in actualizing the many ASEAN economic agreements to fully implement the cross-border movements of people, services, goods and funds. For the longer-term, more complex initiatives, such as an ASEAN common currency will have to be an agenda, as determined by the ASEAN Leaders, as we draw closer to realizing the ASEAN 2020 Vision. This also concur the survey mentioned earlier reflecting that while half of the respondents supports the idea, while others do not, and remain undecided.

RECOMMENDATIONS

5. In view of the foregoing, the ASEAN-BAC Council is seeking your endorsement on the following:
- (a) A collective, comprehensive and integrated inter-governmental support in the advancement and commercialization of oil palm and fibre products with the **formation of a steering committee** to assist inter-government economic agencies in formulating a strategic commercial plan leading to a policy in propagating **ASEAN Partnership in Palm Fiber Technology** under the APPS Scheme;
 - (b) Implementation of the **ASEAN-BAC & ASEAN Foundation Program on Corporate Governance in Promoting ASEAN's Integration Process**, that will address:
 - (i) the comparative advantages of SMEs as providers of products and services;
 - (ii) the importance of SMEs in providing social protection and social/cultural governance by employing and providing entrepreneurship to the micro economic players of the region; and
 - (iii) the role of MNCs, or larger companies, in providing economic empowerment to these SMEs within the 11 priority integration sectors.
 - (c) Assistance to making ASEAN-BAC a tax exempts organization to tap resources in the form of grants and fees to help finance our future activities.

CONCLUSIONS

6. We have learnt that many policy issues are well in the care of sectoral coordination, both at the ASEAN and national levels. These include the following matters that we have deliberated with the business community of ASEAN during this past one year:

- improvement of supply chain, logistics and infrastructure facilities so as to accord speedy accessibility to the products and services in demand and to lower the cost of doing business in ASEAN;
- disseminating information that there are adequate healthcare measures within ASEAN to ward off any major outbreak of diseases that may threaten the well-being of visitors to this region. A case in point, is the issue of Avian Influenza (AI) that is being addressed by the Federation of Poultry Producers (FAPP);
- implementing a visa-free cross border travel within ASEAN;
- implementing other measures that will facilitate a smoother movement of people, goods and services within ASEAN; and
- coordinating security measures to safeguard the investment climate in the region

7. Our action, thus, remains guided by you on the particular policy areas that ASEAN-BAC should look further in building-up the ASEAN Economic Community.

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

