



# AEM and ASEAN-BAC Consultation

Wednesday, 27 August 2008, Singapore

ASEAN-BAC

ASEAN BUSINESS ADVISORY COUNCIL

## INTRODUCTION

Earlier this year, the Council conducted the **ASEAN-BAC Retreat** in Siem Reap to interpret the journey of ASEAN-BAC since its inauguration in 2003. This exercise was essentially made to determine how the Council can better respond to the **ASEAN Economic Community (AEC) Blueprint 2015** by looking into some of the measures where ASEAN-BAC could play a role. A stock-taking activity was made to chart a **roadmap** in the directions of a 3-year parallel track program over **2008-2010** and **2011-2015** complementing the **objectives** and **clusters of the AEC**.

## ASEAN BUSINESS & INVESTMENT SUMMIT | ASEAN BUSINESS AWARDS

The **2008 ASEAN Business and Investment Summit (ASEAN-BIS)** will be held on **13-15 December 2008 in Bangkok**. Conducted in over five member countries, the ASEAN-BIS has helped to **communicate the building-up of the AEC** by shoring up **private sector speakers, national chambers of commerce and industry, business organizations** and **media** involved in keeping the public communicated on the progress of this economic building.

ASEAN-BAC is continuing with the organization of the **ASEAN Business Awards (ABA) 2008** from the success of the inaugural ABA launched last year. It has the dual objective of showcasing homegrown ASEAN competitive companies that will become role models for aspiring ASEAN companies as well as spotlighting ASEAN SMEs to help them grow to become ASEAN MNC and potentially global players. ABA 2008 will have **24 finalists and 8 winners** for the levels of **larger companies and SMEs**. **Winners of ABA 2008** will be recognized as the **"Most Admired ASEAN Enterprises"** conferred in the categories of **growth, employment, innovation, and corporate social responsibility** to be announced at the closing Gala Dinner of the 2008 ASEAN-BIS on 15 December 2008 in Bangkok.

ASEAN-BAC strives for the ASEAN-BIS and ABA to promote greater **intra-ASEAN trade and investment** activities, and promote greater awareness on each other's **brand, products and services**, as well as foster enterprises recognized globally, thereby alleviating support to the AEC cluster on **integration into the global economy**

## ASEAN PIONEER PROJECT SCHEME

The **ASEAN Pioneer Project Scheme (APPS)**, born out of the recognition to transform the region into an AEC – a **single market and production base**, has proffered the **ASEAN Green Lane, ASEAN Retail-Chain and Franchise** and **ASEAN Hotel Budget Chain** projects.

The **ASEAN Green Lane** project was introduced to promote a seamless flow of goods across ASEAN to achieve a single ASEAN market and an integrated manufacturing value chain. The planned initiative to piloting the concept between Singapore and Malaysia, as the first step to have this project moving on to other ASEAN countries, is facing delay. At the present, ASEAN-BAC wishes to have closer collaboration with **ASEAN Single Window (ASW)** Committee to have a better understanding on the progress as part of the key to having the pilot test actualized and synchronization.

The **Formation Dinner of the ASEAN Retail-Chain and Franchise Association (ARFF)** was held on 25 May 2008 in Kuala Lumpur, Malaysia to kick-start the display of regional products and labels prominently displayed in major shopping centers in ASEAN as part of the regional effort to generate greater **trade and investment**, and **tourism** activities. A detailed study to determine the master franchisor, investor subscription and concept for a professional working arrangement for the **ASEAN Budget Hotel Chain** is underway. These projects are both geared to link-up **SMEs** and **micro- enterprises** to obtain an

increased share of the **ASEAN** and **Asian markets**. In this effort, ASEAN-BAC recommends **Brunei Darussalam, Cambodia, Lao PDR, Myanmar** and **Vietnam** to establish their respective retail-chain and franchise organizations.

As part of the Leaders aspiration for the private sector to exploit the regions' **abundant natural resources**, continuous efforts are being made to exploit **joint ventures**, or other business forms to the development of **new and renewable sources of energy**. Since the **Cebu Summit**, the **ASEAN Alternative Energy Sources Committee** focused its search on **jatropha** and **ethanol**. Acknowledging that the ASEAN region is among the world's largest producers and exports of **coconut, sugarcane, cassava** and **palm oil** to produce biofuels, a paper has been developed to seek collaboration among interested companies. This is in effort to support the **AEC cluster on competitive economic region**, whereby an energy action plan for new and renewable sources is absent.

Conscious of the intricate issues facing the development of alternative energy sources, as it may impact essential **food security items**, the Council has commenced discussion and will network with the **ASEAN Cooperative Organization (ACO)** in face of the **supply and demand problems on commodities**. **World population growing at 18 million per annum** and **rising per capita income** will affect price on foodstuff leaving some unable to afford. This situation is similar to **bio fuel production**, both of which are derived from **agricultural products**. Energy and food security are challenges that will be here to stay and ASEAN-BAC is therefore putting urgency on agricultural sectors.

On a related issue, ASEAN-BAC and the ASEAN-CCI are addressing the **EU's REACH (Registration, Evaluation and Authorization of Chemicals)** that require all chemical manufacturers exporting to the Europe to follow sets of standards and accreditation imposed by the EU. This initiative is having adverse impact on companies in the business of chemical industry. Advocacy support from the ASEAN Governments is sought. With assistance from the **ASEAN Chambers of Commerce and Industry (ASEAN-CCI)**, the **ASEAN Chemicals Industry Club (ACIC)** is currently seeking financial support from APEC for institutionalizing the **ASEAN laboratory** concept.

ASEAN fishery products are facing constraint over the various stringent importing regulations to primary **export destinations** like **Japan, United States and the European Union (EU)**. In its enlistment of support to the BIMP-EAGA region, ASEAN-BAC will continue to provide the private sector position to support the Governments in seeking greater market access in these regions. In the endeavor, ASEAN-BAC shall engage the **BIMP-EAGA Business Council (BEBC)** and potentially tap on **upstream and midstream business activities**.

## **CONCLUSION**

Mergence of a single and powerful market does indeed offer the potentiality of ASEAN to become the largest market in the world. ASEAN-BAC does also recognize that intra-ASEAN trade and investment activities remain at the lower end despite the boast of a half billion market. Enlargement for greater business opportunities is the chief principle behind the activities of ASEAN-BAC and had over the years introduced activities above.

In its performance, ASEAN-BAC has held over 29 council meetings, conducted the third Annual General Meeting (AGM) and various ad-hoc meetings involving stakeholders. The Organizing Committee for the ASEAN-BIS and ABA meets regularly. ASEAN-BAC has since its inauguration actively participated, or coordinated various other ASEAN level forums in advocating the formation of the AEC. To imbue the Council with necessary financing to support its activities, the **Ministry of Finance Malaysia** has granted ASEAN-BAC with **tax exemption status** for lawful contribution received **under Section 127 (34) of the Malaysian Income Tax Law 1967** and **Sub-Section 44 (11C)** to grant Malaysian donors eligibility for income tax exemption. Each country is now seeking the same for the latter from their respective Governments.

