





## FOREWORD



**Tony Fernandes**  
Group CEO, AirAsia  
Chairman of ABC Forum 2014

In recent years, there is no doubt that ASEAN member states have made significant strides in economic and social growth. However, the lack of a clear ASEAN identity and a clear collaborative nature between member states has been a difficult obstacle to overcome. With the impending 2015 deadline for a unified ASEAN Economic Community, there still remains much work needed to fill the void in terms of collaborative efforts for integration. The time has now come for the 600 million strong population of ASEAN to raise their consciousness level and take ownership of this wealthy and powerful region. It has become increasingly crucial that significant collaboration between governments and the private sector is essential to further enhance integration efforts and to ensure ASEAN achieves its true potential.

It is with this in mind that the ASEAN Business Club spearheaded the inaugural Network ASEAN Forum in 2013 and we hope we have built on the momentum generated with the recent ASEAN Business Club Forum 2014 which was held in Singapore on the 8th and 9th of September this year. Our vision is having a ASEAN centric discussion platform where business leaders and stakeholders, as well as public sector players can discuss the future of this region. The targeted sectors this year are Legal & Tax, Financial Services & Capital Markets, Automotive & Manufacturing, Minerals, Oil & Gas, Food & Beverage Industry, and Retail.

The ABC considers the forum a success and we thank all those who have supported and participated in this initiative. This book provides you a collection of some of the best insights and images from the forum this year. I hope you enjoy them and I thank you once again for your continued support.

## EXECUTIVE SUMMARY

### The primary platform for ASEAN Integration discussion

Leading businesses from the private sector have become a forceful voice of change, committed to accelerating ASEAN integration efforts.

The ASEAN Business Club Forum, a joint collaboration between the CIMB ASEAN Research Institute (CARI) and the ASEAN Business Club (ABC) brings together industry leaders and stakeholders to discuss the future of ASEAN integration. This forum serves to identify bottlenecks and barriers hindering free trade within ASEAN member nations and to help achieve the goal of the ASEAN Economic Community by 2015.

The ABC Forum is the second phase of the Lifting-The-Barriers Initiative (LTBI). Preliminary research from targeted sectors coupled with roundtable discussions between the public and private sectors at the forum leads to the production of the Lifting-The-Barriers Reports, a set of white papers for policy makers to effect real change in the region.

As we look back on a successful Network ASEAN Forum 2013, we would like to share the success of this initiative with your organisation. From 2014, the Network ASEAN Forum will be renamed the ABC Forum and will be held annually in Singapore. In this booklet you will find information about the Initiative and opportunities for sponsorship which we will be offering to our prospective partners.

## ABOUT THE ORGANISERS



- A fully private sector driven initiative of ASEAN's leading businesses coming together to support economic integration while providing a platform for networking
- Representing every key sector, ABC is a voluntary effort by business leaders committed to the region we call home
- Supports the efforts of governments in bringing down barriers affecting our economies
- Grows the regional networks and serves as a forum for knowledge-sharing and advocacy
- A powerful platform for ASEAN's businesses to engage with global and regional leaders. ABC's vision is ASEAN: Open for Business



- First independent, transnational research institute dedicated solely to the advancement and acceleration of the ASEAN integration agenda
- Pursues research and promotes thought leadership in support of an ASEAN Community
- Seeks pragmatic solutions and policy recommendations to address challenges of ASEAN integration and connectivity
- Established in 2011 as a member of CIMB Group. It is headquartered in Kuala Lumpur and has a regional presence



## CONVENERS



CEZAR P. CONSING



CHAIRUL TANJUNG

CHARTSIRI  
SOPHONPANICH

CHEW GEK KHIM



GOH YEW LIN

JAIME AUGUSTO  
ZOBEL DE AYALA

MUNIR MAJID



NAZIR RAZAK



PATRICK WALUJO



TONY FERNANDES



TOS CHIRATHIVAT



THURA K. KO

## LTBI STRUCTURE

The LTBI is divided into four phases.

### PHASE I PRELIMINARY RESEARCH

Core research and compilation of qualitative and quantitative input from corporate champions and research partners.

### PHASE II ABC FORUM



ABC Forum



LTB Roundtables

### PHASE III PUBLICATION OF LTB REPORTS

The final outcome, a set of white papers, will be published for ASEAN policy makers and community to effect real change in the region.

### PHASE IV FINDINGS SOCIALISATION

The findings from the LTB reports will be prioritised and presented to various stakeholders including policy makers.

## FOCAL POINT & VENUE: THE LION CITY

As a global financial centre with a large institutional investor base, Singapore has emerged as the wealth management hub of Asia with more than USD 2.1 trillion worth of assets under management. Due to its geographical position, Singapore has become a trading centre for commodities, with 350 global trading companies and 100 top global traders based there. Additionally, it has become Asia's largest foreign exchange trading hub with more than USD

383 billion of average daily volume. With more than one third of Fortune 500 companies calling it home, the Lion City has emerged as the focal point of ASEAN integration and the natural choice to host the ABC Forum on an annual basis.



# UNIQUELY ABC FORUM

## PURPOSE DRIVEN: IDENTIFYING BARRIERS

### LIFTING-THE-BARRIERS ROUNDTABLES

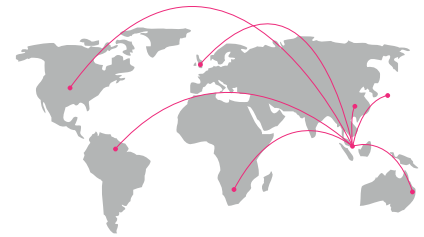
The LTBI has a special focus on identifying bottlenecks and barriers hindering free trade in prioritised sectors in the context of the ASEAN Economic Community (AEC).

## SECTOR-BASED ROUNDTABLES



The ASEAN Business Forum convenes eminent business leaders of the region to share their expertise and insights on the process of ASEAN economic integration. It will start the conversation in six sectors: Legal & Tax, Automotive & Manufacturing, Financial Services & Capital Markets, Minerals, Oil & Gas, Food & Beverage Industry and Retail. Through the roundtable discussions, we hope to be able to consolidate and convey the ideas exchanged at the Forum to policymakers for implementation.

## MOST COMPREHENSIVE FORUM FOR PRIVATE SECTOR DISCUSSION IN ASEAN



The LTBI convenes the shapers of business and policy makers of ASEAN, Asia Pacific and world economies, for a discussion on the economic future of the region conducted in the context of a global economy in profound transformation.

## MEETING OVERVIEW – “FORMULATING THE ASEAN STRATEGY”

- The ten member countries of ASEAN are on a schedule to achieve the ambitious vision of the ASEAN Economic Community 2015.
- The most significant milestone of this vision is to create a single market and production base among the 10 member states.
- This would mean fundamental changes in the way business has been conducted in this nexus of East and West. This pillar, however, scored the lowest rate of compliance in the AEC Blueprint scorecard 2012, with a less-than-ideal 49% score.
- While ASEAN is committed to the integration as planned, the Euro zone crisis certainly presents a counter argument of the benefits of an integrated economic community.
- Despite the lack of standout achievements in the latest report card and a lackluster European economy, ASEAN is still placed in the sweet spot of the new world economy.
- Situated at the crossroads where east and the west converge, its approximately 600 million population provides an important market for growth.
- With less than three years left on the clock against the backdrop of mixed euphoria and anxiety, ASEAN corporates and citizens are in search of formulas for how best to adapt to this impending change.
- ASEAN needs a new strategy.



*This year's ABC Forum 2014 opened in Four Seasons Hotel, Singapore with the theme "ASEAN Game Changer".*

SINGAPORE - SEPTEMBER 9, 2014: This year's ABC Forum 2014 officially kicked off at the Four Seasons Hotel in Singapore on Monday with the aim of bringing together leading businesses to discuss ways of accelerating ASEAN integration efforts.

In his opening address, Tony Fernandes, ABC Forum Chairman and Group CEO of AirAsia, stressed the importance of co-operation between governments and the private sector in ensuring a prosperous Association of Southeast Asian Nations (ASEAN).

He also repeatedly emphasised the need for a fundamental change to which the ASEAN brand is perceived.

With the theme of "ASEAN Game Changers", the first day of the forum saw a gathering of various industry heavyweights from both within and outside the region, and high-level officials from ASEAN governments.

One of them was The Hon. Mr. Lim Hng Kiang, Minister for Trade and Industry of the Republic of Singapore, who was also the Guest of Honour at the forum. Mr. Lim echoed Tony's remarks by adding that the next game changer for ASEAN should be a focus on eliminating non-tariff barriers. He stressed that the key to ASEAN integration lies on businesses complimenting government efforts. "Businesses play a key role by telling us government where the barriers and bottlenecks are," said Mr. Lim.

The Hon. Professor Dr. Kan Zaw, Union Minister for National Planning and Economic Development of Republic of the Union of Myanmar, who delivered the keynote address



**"This is our time,  
the time for ASEAN to shine"**

- Tony Fernandes,  
Group CEO, AirAsia Group

added that the feedback from businesses are critical due to their significant influence.

"As the engine of economic growth, businesses are well-positioned to provide important feedback to policy makers on the effectiveness of our intervention," said Dr. Kan Zaw.

The opening of the forum also saw Professor Dr. Xiang Bing, Founding Dean and Professor of China Business and Globalisation at Cheung Kong Graduate School of Business giving a presentation on China's role in ASEAN, in a co-branded session with China Daily Asia Pacific.

In a similar format as the inaugural Network ASEAN Forum last year, the two-day forum saw another six Lifting-The-Barriers Roundtables, a sector specific analysis of the current trade barriers and bottlenecks impeding an integrated market.

The ABC Forum 2014 is jointly organised by the ASEAN Business Club (ABC) and the CIMB ASEAN Research Institute (CARI).



## OPENING ADDRESS



### SINGAPORE TRADE & INDUSTRY MINISTER: FOCUS ON ELIMINATING NON-TARIFF BARRIERS ESSENTIAL FOR ASEAN INTEGRATION

The Guest of Honour at this year's ABC Forum, The Hon. Mr. Lim Hng Kiang said ASEAN should now focus on eliminating non-tariff barriers in order to improve trade ahead of AEC 2015.

While highlighting progress on issues such as protection of investment, Mr. Lim also said that businesses can now look forward to more seamless customs procedures.

"ASEAN countries are working hard to put in place harmonised ASEAN wide trade facilitation initiatives," said Mr. Lim.

According to Mr. Lim, the measures include a self-certification system that allows exporters to certify export documents by themselves as well as the ASEAN Single Window initiative.

"When concluded, this may be the first regional initiative that will link the single windows of all ten ASEAN countries electronically, which enable businesses to reduce cost and enjoy simpler and faster custom clearance of goods within ASEAN," added Mr. Lim.

Separately, Mr. Lim also urged businesses to continue providing input on governmental efforts as ASEAN is not only about inter-government discussions.

"As businesses with networks around the region, we (governments) would welcome your input to shape this next phase of regional integration," he said.

## KEYNOTE ADDRESS



### NARROWING DEVELOPMENT GAP NEEDS TO BE THE PRIORITY OF ASEAN AGENDA

The Hon. Professor Dr. Kan Zaw, the Union Minister for the National Planning and Economic Development of the Republic of Union of Myanmar said that member states of ASEAN need to pay attention to narrowing the development gap in the region.

His remarks were timely as there still exists disparity among member states on measures like per capita income, life expectancy and literacy rates.

"The initiatives for narrowing the development gap remain an important task to ensure the benefits of ASEAN integration," said Dr. Kan Zaw.

Meanwhile, Dr. Kan Zaw also provided an update on the progress of AEC that currently has an implementation rate of 82.1 per cent of the 229 priority key deliverables.

This includes trade facilitation, standards and conformance, financial services and capital account liberalisation, competition policy and law as well as infrastructure and development of small and medium enterprises (SMEs).

"During the 46th AEM and related meetings, three priority areas; SME development, enhancing public-private partnership and moving ASEAN and AEC beyond 2015, have also been identified and implemented as the key deliverables for this year," added Dr. Kan Zaw.



## SPECIAL TALK

**PASCAL LAMY: DIFFERENT APPROACHES NEEDED TO REMOVE TODAY'S TRADE BARRIERS**

Pascal Lamy, Honorary President of Notre Europe - Jacques Delors Institute & Former Director-General of the World Trade Organisation (WTO) presented a special address and laid down the foundations on how economic integration can take place in a diverse region such as Southeast Asia.

His speech which was titled "Winners & Losers - Weighing the trade-offs and net gains of economic integration" pointed out that while integration creates efficiency, it also leads to imbalances. According to him, it will also create competition that needs to be managed well in order to protect the interests of all stakeholders concerned.

His view was that the purpose of economic integration today is no longer eliminating measures but instead addressing the regulatory discrepancies among nations.

"For the past twenty or thirty years, economic systems had similar standard trade policy and globalisation standards. Trade and economic integration was mostly about reducing, removing and eliminating classical obstacles to trade but today the barriers to trade are different," said Mr. Lamy.

Besides barriers to trade, he also explained the difference between the Washington and Geneva Consensus where the latter calls for deeper co-operation and policy coherence in tackling the challenges of globalisation.

Mr. Lamy ended his speech by stressing that all integration efforts will also need to consider ideological and cultural aspects of all nations involved.

## SPECIAL ADDRESS

**CHINA'S TRANSFORMATION FAR-REACHING WITH GLOBAL IMPLICATIONS**

Presenting his views on the much-debated topic of Rise of China today, Professor Dr. Xiang Bing, Founding Dean & Professor of China Business & Globalisation at Cheung Kong Graduate School of Business said that there are several factors that contributed to the 'Chinese Way' of development.

He said that personalities such as Mao Zedong, who united China in 1949, Deng Xiaoping who initiated the reform policy in 1978 as well as economic openness and roles of state and private sectors were among others the key ingredients that makes China what is it today.

"Combine these factors with a favourable global environment that witnessed the process of democratisation of information as well as globalisation, China has spearheaded its economic reforms since 1978, making it the world's second largest economy in 2010," added Professor Dr. Xiang Bing.

While China continues its transformation process, Professor Dr. Xiang Bing listed several implications namely a shift in development models, continuous embracement of globalisation and change in global governance.

On ASEAN, Professor Dr. Xiang Bing said the regional bloc is well-positioned for a brighter future due to its diversity and China definitely wants to be part of the integration process.

"I am positive and very optimistic about China-ASEAN partnership and its prospects," said Professor Dr. Xiang Bing.

## PLENARY SESSION 1: STRATEGIES FOR ASEAN REVISITED

### ASEAN Integration – Steady Progress But Many Roadblocks Ahead

The first plenary session of the ABC Forum saw an update of the six sector based Lifting-The-Barriers roundtables from the Network ASEAN Forum last year. Entitled 'Strategies for ASEAN revisited', the central take away from this session was that progress has been made, but much remains to be done.

Discussants at this session were Tony Fernandes, Group CEO, AirAsia, Nazir Razak, Chairman, CIMB Group, Jaime Augusto Zobel de Ayala, Chairman and CEO, Ayala Corporation, Alexander Rusli, President Director and CEO, Indosat, and Pahala Mansury, Director of Finance and Strategy, Bank Mandiri. The session was moderated by Patrick Walujo, Managing Partner, Northstar Group.

This session provided an analysis on the current challenges facing ASEAN and useful strategies in order to lift these barriers. Each sector champion from last year gave their take on issues facing their sector and workable solutions to overcome them.

"We need to take stock of and tackle the non-tariff barriers, which are the



*From Left to Right: Patrick Walujo, Pahala Mansury, Tony Fernandes, Nazir Razak, Jaime Augusto Zobel de Ayala and Alexander Rusli.*

real inhibitors of ASEAN integration and submit them to the governments, in particular Malaysia that will assume the Chair of ASEAN in 2015", said Nazir Razak.

Alexander Rusli urged ASEAN governments to reduce regulatory red tape in order to spur more private sector investment. Jaime Augusto echoed those sentiments by encouraging governments to spend more on infrastructure and pursue public-private partnerships in this area. He said "governments should be more comfortable in allowing private capital".

Nazir Razak highlighted the difficulties of getting governments to act due to economic nationalism especially in Indonesia and expressed his concerns that this would hamper the AEC. "ASEAN is nothing without Indonesia and unless the new leadership of Indonesia steps forward and supports integration and takes the political risks of toning down economic nationalism, integration efforts could stall", he said.

## PLENARY SESSION 2: CREATIVE AND SECONDARY CITIES IN ASEAN

### Second Cities To Spur Growth Of ASEAN Integration for AEC 2015

The second session entitled "Creative and Secondary Cities in ASEAN" was moderated by Dr. Neil Khor, Senior Fellow, Think City-Penang, Malaysia. Panellists were Nelia Navarro, Cebu Provincial Director, Department of Trade and Industry, Dwinita Larasati, General Secretary, Bandung Creative City Forum and Martin Venzky, Member & Senior Advisor, Chiang Mai University Science & Technology Park.

The central theme of the session was how partnership and cooperation amongst ASEAN countries takes on a new meaning and dimensions when organisations, civil groups, business associations, city administrations, research institutes and local networks at the city level of different countries begin to work together.

Focusing on development in George Town (Malaysia), Chiangmai (Thailand), Bandung (Indonesia) and Cebu (Philippines), the discussion also described how second cities need to align urban regeneration with community centred development policies to ensure economic resilience. The session explores the potential benefits of a network of second cities



linked on the Creative Economy platform, sharing knowledge and experience to develop joint projects whilst building capacity in anticipation of greater ASEAN integration.



### PLENARY SESSION 3: LEADERSHIP AND TRANSFORMATION IN ASEAN

#### Role Of Political Leadership Essential Ahead Of AEC 2015

The third plenary session at the forum was entitled 'Leadership and Transformation in ASEAN' and was moderated by Haslinda Amin, Anchor at Bloomberg Television.

The distinguished speakers were Azman Mokhtar, Managing Director, Khazanah Nasional Berhad, Thura K. Ko, Director, YGA Capital, Guillermo Manuel Luz, Chairman, National Competitiveness Council of the Philippines, Dr. James T. Riady, CEO, Lippo Group and Rodney Ward, Chairman - Asia-Pacific, Bank of America Merrill Lynch's Global Corporate and Investment Banking.

The main theme of this session was that transforming ASEAN into a robust economic community requires not only stronger determination and deeper commitment but also a new strategy to make the regional integration process more productive.

Azman agreed with this position. He said "You have got to set the expectations of ASEAN and the AEC. It needs individual countries to show domestic leadership and then you will get your regional leadership coming together, in line with the ASEAN spirit".

Dr. Riady pointed out "If we define perfection as having the right direction,



From Left to Right: Haslinda Amin, Rodney Ward, Dr. James T. Riady, Azman Mokhtar, Guillermo Manuel Luz and Thura K. Ko

the right motivation and move along that route, then ASEAN is perfect. It is not quite there yet. It is easy for business people to criticise governments. Business people tend to be more transactional. In relation to ASEAN, we must now be more transformational".

Meanwhile, Rodney Ward pointed out "Today, ASEAN is the most attractable investment destination globally. This is partly because others are in a less good place and partly because ASEAN is in a fantastic place".

Thura Ko added "Leadership has to come from ordinary businesses, such as SMEs. It needs to do more collectively to embrace ASEAN as a brand and a profile."

Guillermo Luz added "ASEAN's legislators need to find out what the business community is doing before they can accommodate new business models and technologies. They need to provide information on the awareness level in order to see where the leadership is coming from."

### PLENARY SESSION 4: MINISTERIAL DIALOGUE WITH SECTOR CHAMPIONS - PRIVATE PUBLIC PARTNERSHIPS IN ASEAN - BRIDGING THE GAPS FOR 2015 AND BEYOND

Dr. Munir Majid, Chairman of CIMB ASEAN Research Institute moderated the fourth session entitled "Ministerial Dialogue on Private Public Partnerships in ASEAN". This session gave delegates an opportunity to hear from actual ASEAN policymakers and ministers. H.E Amb Bilahari Kausikan, Ambassador at Large & Policy Advisor, Ministry of Foreign Affairs, Republic of Singapore and Dr. Rebecca Sta Maria, Secretary-General, Ministry of International Trade and Industry, Malaysia were panelists.

The session emphasised the need for the public and private sectors to narrow the development gap among member countries and promote balanced development and improved living conditions in the sub region. They called for a long-term government vision, focusing on access to financing, supportive taxation regime and regulatory harmonisation, to promote private sector involvement in ASEAN. Calls were made to have an AEC communication plan for the private sector and community generally.

Dr. Munir highlighted "There must be some form of institutionalised mechanism to push certain problems through policy makers in an effective manner".



From Left to Right: Dr. Munir Majid, Dr. Rebecca Sta Maria, H.E Amb Bilahari Kausikan



## PLENARY SESSIONS



## LEGAL &amp; TAX

**CERTAINTY & TRANSPARENCY  
CRITICAL FOR HARMONISATION OF  
LEGAL & TAX SYSTEMS IN ASEAN**

This roundtable session brought forth calls for a comprehensive legal and taxation framework that facilitates harmonisation in these two sectors.

During the session, discussants highlighted the fact that ASEAN's progress in this regard is still insufficient with barriers such as differences in legal systems, lack of legal information and enforcement and diverse tax systems and administration impeding business opportunities.

Sector Co-Chair Adrian Ball from EY discussed the importance of taxation and how it affects investments within ASEAN. He also warned that lack of transparency and uncertainty in taxation systems will most likely drive investors from other member states away. It is therefore critical to enhance transparency and certainty in these systems to drive the integration process.

He also elaborated on other taxation challenges, namely the advent of a digital economy that leaves a limited physical footprint and also multinational companies (MNCs) that are making



*From Left to Right: Chair: Chew Seng Kok, Regional Managing Partner, ZICOLaw, Co-Chair: Adrian Ball, Managing Partner - Tax, EY Moderator: Hanim Hamzah, Senior Partner, Roosdiono & Partners (A member of ZICOLaw)*

inroads into different parts of the region. As ASEAN is competing for investments with big economies such as China and India, a simpler taxation system to facilitate this investment was required.

Discussants agreed that it was time for regulators to frame the issue of promoting transparency as a priority in the area of taxation. There were also significant calls for a sector specific taxation system and a common platform for ASEAN.

In relation to the legal sector, sector Chair Chew Seng Kok from ZICOLaw highlighted that the lack of enthusiasm

of the concept of 'legal harmonisation' in ASEAN has only fueled uncertainties for businesses operating under such environment. As ASEAN has little preference for a supranational system, this has led to an increase in ad hoc and informal rules. The clear lack of integration in the legal sector is a critical challenge which needs to be overcome in order to fully reap the benefits of ASEAN.

This roundtable received meaningful contribution from panelists such as Kenneth Leong, Director, Euroasia, Paulius Kuncinas, Regional Editor, Asia, Oxford Business Group and Dr. Munir Majid, Chairman, CIMB ASEAN Research Institute.







## AUTOMOTIVE & MANUFACTURING

### SINGLE MARKET NEEDED FOR AUTOMOTIVE SECTOR TO REALLY TAKE OFF IN ASEAN

The central theme on this roundtable on the Automotive & Manufacturing sector was the need for a single market to drive the automotive industry in ASEAN. Alex Newbigging, Group Managing Director of Jardine Cycle & Carriage Ltd. was the sector chair while Yeap Swee Chuan, President & CEO of AAPICO was the Co-Chair. The moderator was Vivek Vaidya from Frost & Sullivan. The session brought to light various issues which could have wide ranging impacts to the industry as a whole.

The economic integration of ASEAN through AEC 2015 is expected to enhance the region's competitiveness, create a level-playing field and boost its role as a global supplier and market in the automotive industry. Other than natural market growth, government policy has also been, and will likely continue being a major driver of demand in the region.

This has manifested into two distinctive forces that are shaping the automotive landscape in ASEAN. Despite the evolution of the ASEAN Economic Community (AEC) and Free Trade Agreements (FTAs) in the region, there are still many



From Left to Right: Chair: Alex Newbigging, Group Managing Director, Jardine Cycle & Carriage Ltd.  
Co-Chair: Yeap Swee Chuan, President & CEO, AAPICO  
Moderator: Vivek Vaidya, Senior Vice President, Automotive, Frost & Sullivan

hurdles that prevent players to enjoy the full-fledged benefits of such integration.

The issues which formed the basis of the discussion at the roundtable were the abolition of regional tariffs, harmonisation of automotive technical regulations, mutual recognition of certification, streamlining of customs procedures and distribution systems, fostering of supporting industries, human resources and promotion of safety, and greater environmental protection.

In his presentation, Vivek highlighted the technical barriers to trade (TBTs) facing the industry. This was followed by a lively roundtable discussion focusing on ways the public and private sectors can

work together in order to resolve these issues.

On a whole, discussants agreed that streamlining of customs procedures and a single market among ASEAN member states were needed in order for the sector to grow in this region.

This roundtable attracted meaningful contributions from panelists such as Dr. Claus Weidner, President & CEO, Mercedes Benz Indonesia, Syed Hisham Wazir, President & Group CEO, UMW Holdings, Jan Ehlen, Head of Representation Office, BMW Group Asia and Jonathan Asherson, Regional Director, Rolls Royce.







## FINANCIAL SERVICES & CAPITAL MARKETS

### FINANCIAL SERVICES BUSINESS COMMUNITY URGES MORE EFFICIENT CAPITAL MARKET INTEGRATION

The central point of the Financial Services & Capital Markets roundtable was that ASEAN needs an efficient integrated capital market in order to sustain its economic growth as it moves closer towards integration in 2015. However, it also faces challenges in the form of policy and regulation alignment, supervision and dispute resolution that threaten to derail such aspirations.

Sector Co-Chair Piyush Gupta from DBS pointed out that in order to achieve integration, ASEAN needs to have free flow of data in financial systems to achieve consistency and avoid duplications of information. He also proposed the creation of a taskforce that will push forward the process, but that does not curtail national sovereignty.

Sector Chair Nazir Razak from CIMB Group agreed that overall progress has been mediocre at best for integration of banking and capital markets and that pushing it up to 2020 would be too risky as an excuse for industry players not trying to move forward as fast as possible.



From Left to Right: Chair: Nazir Razak, Chairman, CIMB Group  
Co-Chair: Piyush Gupta, CEO, DBS  
Moderator: Chin Wei Min, Asia-Pacific Managing Director For Capital Market Industry, Accenture

In his presentation, Chin Wei Min from Accenture highlighted that financial services are the key lubricant to an emerging economy and despite this, significant challenges remain on policy and regulation alignment in this sector. Specifically, it was pointed out that market utilities such as an industry or exchange led initiative would be beneficial for the sector as a whole. Examples of market utilities include reference data, client data and documentation, client on-boarding, corporate actions and others.

Following an engaging discussion, delegates concluded that there is a need for an efficient integrated financial services and capital market for sustained growth as well as policy makers and businesses coming together to execute such a mechanism in an orderly fashion.

Key discussants who contributed to the discussion included Michael Zink, Head of ASEAN and Citi Country Officer, Singapore, Citigroup, Magnus Bocker, CEO, SGX and Didi Yahya, Head of Investment Banking - Malaysia, JP Morgan.







## MINERALS, OIL & GAS

### INVESTMENT RESTRICTIONS AND LACK OF TRANSPARENCY AMONG MAJOR CONCERNS OF INDUSTRY PLAYERS

As a region that is undergoing rapid economic growth, the demand for energy efficiency in ASEAN has soared in recent decades. Therefore, energy security has also emerged as one of the key concerns for these countries to achieve sustainable development.

Challenges in securing upstream capital investment due to the competition from resource booms in Africa, Latin America and North America was highlighted by Dale Harcastle from Bain & Company.

Shahril Shamsuddin, Sector Chair and CEO of SapuraKencana added that in order for barriers to come down, companies need to convince governments that their investment will ultimately benefit the local population in terms of skills training, improved livelihoods etc. instead of just focusing on reaping profits.

Dr. Ilham Habibie, the Co-Chair and President Director of PT Ilthabi Rekatama, mentioned the dominance of National Oil Companies (NOCs) in



From Left to Right: Chair: Shahril Shamsuddin, President & Group CEO, SapuraKencana  
Co-Chair: Dr. Ilham Akbar Habibie, President Director of PT Ilthabi Rekatama  
Moderator: Dale Hardcastle, Partner, Bain & Co.

the regional resource extraction sector has made it hard for private exploration companies to grow.

Discussants also identified the need for greater transparency in terms of information sharing and licensing approvals from government authorities in order for industry players to make more informed investment decisions. On the whole, discussants agreed that

sector players need to collaborate more with government authorities and ensure their investment can benefit the local population.

This roundtable drew contributions from panelists such as Layton Croft, VP, Peabody Energy, Ian Angell, CEO, Tamarind Energy and Hassan Basma, CEO, Bumi Armada.







## FOOD & BEVERAGE INDUSTRY

### BUILDING TRUST BETWEEN GOVERNMENT AND PRIVATE SECTORS KEY TO ACCELERATE FOOD & BEVERAGE INDUSTRY

Food trade plays a significant role in the economies of all ten ASEAN member states. With a growing middle class, rising incomes and greater economic prosperity, ASEAN is poised to face an increase in consumption and demand. Harmonisation of food standards will therefore accelerate the completion of ASEAN integration and help member states achieve their full economic potential.

Though many of the AEC targets have already been achieved, the agriculture and food sector is still lagging behind. By focusing on the 'best buys' and reducing trade barriers, the food industry believe that there will be many opportunities for short and long-term success as a result.

Discussants at this roundtable highlighted the technical barriers to trade (TBTs) that are currently impeding expansion of regional trade in relation to processed food. This is further aggravated by the fact that harmonisation efforts such as nutrition labelling, pre-market product registration, import/export certification, authorisation of food ingredients, additives and flavours and containment limits remain tepid at best.



From Left to Right: Co-Chair: Hendro Poedjono, Director, Public Affairs & Regulatory Affairs, AMEA, FrieslandCampina Asia  
Co-Chair: Pushpanathan Sundram, Managing Director of EAS & Principal Advisor To AFBA  
Moderator: Dr. Bev Postma, Executive Director, FIA

Sector Co-Chair Pushpanathan Sundram, Managing Director of EAS and Principal Advisor to ASEAN Food and Beverage Alliance (AFBA) highlighted that there is also a trust deficiency between governments and the public sector that hampers harmonisation efforts. He called for the industry to work closer with the governments by building a common understanding to further the integration agenda of the AEC as a whole.

Dr. Bev Postma, Executive Director of Food Industry Asia who was the research partner for this sector echoed his comments and added that in order to alleviate the trust

deficiency, there will be a need to give access to consumers and businesses the relevant laws and regulations in relation to the food and beverage industry. The non-existence of such a database is currently dragging down the process of harmonisation in this sector.

This roundtable received important contributions from Sunny Koh, AFBA Chairman for Singapore and H.E. Ong Keng Yong, High Commissioner of Singapore to Malaysia.







## RETAIL

### E-COMMERCE THE WAY FORWARD FOR ASEAN'S RETAIL SECTOR

E-commerce will play an important role in the integration of the ASEAN retail sector. A high E-commerce growth rate in major ASEAN member states is a clear indication that more consumers are adapting to E-Commerce as part of their retail experience.

Despite such optimism, the borderless nature of E-commerce also creates a unique set of challenges. As a region with different levels of economic development, political systems, languages and cultures, there are also significant obstacles in realising its potential.

This roundtable discussion was framed to highlight issues such as gaps in technology infrastructure, implementation of law and taxation regulation and underdeveloped financial infrastructure for payment systems and data security.

In his presentation, Geir Olsen from A.T. Kearney, the research partner for this sector, pointed out that E-commerce will play a key role in the integration of the ASEAN retail sector and will provide major benefits to customers.

Sector Chair Dr. James T. Riady added that the advent of e-payment systems has



From Left to Right: Chair: Dr. James T. Riady, CEO, Lippo Group  
Co-Chair: Arthur Tan, CEO, IMI  
Moderator: Geir Olsen, A.T. Kearney

totally changed the banking sector and that banks would need to reform their payment systems while regulators need to move with the times. It is clear that E-commerce must be a totally open system, otherwise it would not work.

Sector Co-Chair, Arthur Tan, CEO of IMI discussed the need for integration and collaboration from the various institutions involved in order for the benefits of E-commerce to be truly realised. He highlighted an example in the Philippines where local telco operators have teamed up with banks to come up with integrated mobile payment systems.

A roundtable discussant, Jiten Arora from Standard Chartered observed that payment systems are now moving from plastic credit

cards towards virtual cards and mobile wallets in order to facilitate E-commerce.

Discussants at this roundtable agreed that greater collaboration between banks, retailers and telecommunication providers were the way forward for retail and E-commerce and that the whole Know-Your-Customer (KYC) process needs to be revamped. It was however a consensus from all discussants who were optimistic on the role of E-commerce in driving ASEAN integration.

The Retail roundtable received insights from panelists such as Jiten Arora, MD & Global Head of Sales, Standard Chartered, Doreen Tan, CE, Textile and Fashion Federation and Mohd Idham Nawawi, Group Chief Corp Officer, Axiata Group.



## ROUNDTABLE SUMMATION 1 (Legal & Tax, Financial Services & Capital Markets, Retail)

The first roundtable summation brought together all ABC delegates with the aim of providing a summary on the roundtable discussions held on day one. Moderated by Dr. Munir Majid, the session covered three roundtables, Legal & Tax, Financial Services & Capital Markets and Retail. The session aimed at outlining a roadmap going forward for each sector.

Representing the Retail sector was Dr. James T. Riady, CEO of Lippo Group. Financial Services & Capital Markets were represented by Nazir Razak, Chairman of CIMB Group and Piyush Gupta, CEO of DBS Group. The Legal & Tax sector was represented by Hanim Hamzah, Senior Partner, Roosdiono & Partners and Adrian Ball, Managing Partner – Tax of EY.

A key takeaway for the retail sector was that the development of e-commerce should come with specific recommendations and regulations to policymakers. For Financial Services & Capital Markets, the panellists suggested an independent organisation

to specifically drive capital market and financial services integration in ASEAN. Panellists also stated the possibility to create cross country infrastructure and credit bureau processes in different countries.

In relation to Legal & Tax, panellists found that there must be continued harmonisation of common law and jurisdictions to speed up integration that is very much in its infancy. The harmonisation of the tax agenda is also important in order to promote investment in ASEAN.



From Left to Right: Dr. Munir Majid, Dr. James T. Riady, Hanim Hamzah, Adrian Ball, Piyush Gupta and Nazir Razak

## ROUNDTABLE SUMMATION 2 (Food & Beverage Industry, Automotive & Manufacturing, Minerals, Oil & Gas)



From Left to Right: Dr. Munir Majid, Hendro Poedjono, Pushpanathan Sundram, Shahril Shamsuddin, Alex Newbigging and Yeap Swee Chuan

The second roundtable summation was a summary on the roundtable discussions held on the Food & Beverage Industry, Automotive & Manufacturing and Minerals, Oil & Gas sectors as well as outlining a roadmap going forward for each sector.

Representing the Food & Beverage Industry sector was Pushpanathan Sundram, Managing Director of EAS and Principal Advisor to ASEAN Food and Beverage Alliance (AFBA) and

Hendro Poedjono, Director of Public and Regulatory Affairs of Friesland Campina ASIA. Alexander Newbigging, Group Managing Director, Jardine Cycle & Carriage Ltd and Yeap Swee Chuan, President & CEO of AAPICO represented the Automotive & Manufacturing sector. Minerals, Oil & Gas was represented by Shahril Shamsuddin, President & Group CEO of SapuraKencana.

In relation to the Food & Beverage Industry sector, panellists stated the need

to engage and close the gap between all levels of industry stakeholders through political, policy and technical levels. For Automotive & Manufacturing, panellists recommended the industry to adapt technical standards and streamline customs procedures among ASEAN countries. For Minerals, Oil & Gas, it was proposed that the taxation regime and regulation must be consistent.



## CONCLUDING REMARKS

### STRONGER SECRETARIAT AND FOCUS ON SMEs CRITICAL FOR ASEAN INTEGRATION

In his closing remarks, Dr. Munir Majid, Chairman of CIMB ASEAN Research Institute highlighted some of the key takeaways from the forum. He noted that most of the discussions brought to light the need for a more effective ASEAN secretariat. A specific structural solution was made to achieve this end without the arduous process of reform of the secretariat at this stage. The establishment was proposed of professional, objective and country-neutral sectoral groups in the secretariat to suggest measures to ASEAN leaders and decision makers to close the gaps and deepen economic integration. Ideally, these groups should be funded separately from the secretariat budget. As there are many prominent sectors in ASEAN, Dr. Munir added that the focus should be on the financial services and capital markets sector which is the lifeblood of the real economy.

There is also a clear recognition and need to ensure small and medium enterprises (SMEs) are well prepared for the opportunities and challenges that come up with liberalisation under the AEC. SMEs form the backbone of the ASEAN economy and in Indonesia, they are responsible for the employment of up to almost 90 per cent of the working population. It is critical to ensure SMEs are capable of competing in an open market in the ASEAN Economic Community. There could otherwise arise socio-economic, even political, problems which hold the prospect of pushback and reversal of liberalisation.

As a whole, the ASEAN Business Club Forum, co-organised by the ASEAN Business Club and CIMB ASEAN Research Institute clearly met its objectives in bringing together prominent ASEAN industry leaders and stakeholders in an informative and knowledge driven conference.



## SPECIAL ADDRESS

### TRANSFORMING ASEAN ECONOMIC COMMUNITY (AEC) THROUGH PREDICTIVE ECONOMY

In a special address by the forum's main sponsor, Goh Peng Ooi, Chairman of Silverlake Axis, said that the collaboration between governments and private sector would be important for ASEAN integration efforts as the region is at a crossroad of either tremendous opportunities or risks.

"For ASEAN, it is obvious that it should now have collaboration between government and the private sectors, governments and governments, private sector with private sector, trade associations with trade associations for the bloc to enjoy the opportunities from its integration efforts," he added.

To overcome the challenges of the new century, he also said that governments and private institutions must be ready to move away from the traditional mindset of dealing with unexpected circumstances in the world.

"In the past, mastering the norms is nearly an assurance to a certain degree of success. Today, I would say that we are moving from the norms to the exceptions, from the visible to the invisible, from the expected to the unexpected, from the scheduled to the unscheduled, and from government institutions to the private institutions and individuals," said Goh Peng Ooi.

He concluded by saying that he hoped the Malaysian chairmanship of ASEAN in 2015 will usher in more efforts of recruiting the participants of private institutions and individuals to the bloc's integration efforts.



## IDEA CAPSULES

The ABC Forum 2014 introduced Idea Capsules, which showcase innovative ideas of emerging start-ups and other efforts designed to spur the ASEAN community from around the region and beyond. The organisers partnered with Endeavor Asia for selected startups from Malaysia, Singapore, Indonesia and Greece.

### IDEA CAPSULE 1



#### ENTREPRENEURIAL MAFIAS – HOW SILICON VALLEY BECAME SILICON VALLEY

Speaker: Cindy Ko, VP of International Expansion, Endeavor

Silicon Valley is now the most famous technology hub in the world. But it was a very different place in the mid-1950s when the computer-chip industry was emerging. How did it beat out cities like Boston and New York which were far ahead in the chip industry? Silicon Valley's rapid development offers good news to other cities and regions.

"Successful entrepreneurs believe in investing in the next generation of entrepreneurs. It only takes a handful of entrepreneurs to create a thriving entrepreneurial ecosystem" she said.

### IDEA CAPSULE 2



#### THE NEW INDUSTRIAL REVOLUTION - MAKER MOVEMENT

Speaker: Dr. Ilham Akbar Habibie,  
Co-Founder, CATEC, Chairman, Bandung Smart City Council Working Team

We are entering a third industrial revolution: The Age of Makers. Characterised by bottom-up innovation, the maker movement harnesses the Internet, crowdsourcing, and new manufacturing technologies to make things for the many, by the many. The model is highly entrepreneurial and especially well-suited for niche and customised products because start-up is cheap and there are no economies of scale to be gained.

Dr Ilham highlighted "The new smart is somebody who understands technology and using creativity, understanding relevant culture builds something meaningful for the community".

### IDEA CAPSULE 3



#### CHANGING THE WORLD ONE FLOP AT A TIME

Speaker: Hakim Karim, Director & Co-Founder, Gridmarkets, Endeavor Entrepreneur

Gridmarkets is creating a patent-pending market for institutions to sell their excess CPU capacity to other institutions that need large amounts of computational power for high-throughput computing problems like graphics rendering, engineering simulations, genome sequencing, financial modelling, etc. The sellers of the capacity, such as Cloud and hosting providers, are therefore able to monetise otherwise unused and rapidly depreciating assets and the buyers are able to obtain it through our secondary market at a fraction of traditional primary market prices. No such market currently exists.

Hakim emphasised "Grid markets aim at creating a private community of buyers and sellers where they can choose counterparties through its secondary market for excess processing power."

### IDEA CAPSULE 4



#### OUT THERE MEDIA - LOCATION BASED MOBILE MARKETING

Speaker: Kerstin Trikalitis, CEO & Co-Founder, Out There Media, Endeavor Entrepreneur

Out There Media is a mobile advertising one stop-shop. We bring people to brands by leveraging unique real-time user data through our proprietary Mobucks technology, enabling mobile operators to monetise their data and providing advertisers with the capability to target and engage with their audiences in a continuous flow of interactivity leading to deep consumer insight and sustainable customer relationships.

"The most important person in the supply chain is the consumer. Consumers want to receive relevant information and always connect with mobile tools" she said.



## IDEA CAPSULE 5

**GRABTAXI - TAXI AT A TAP OF BUTTON**

Speaker: Cheryl Goh, Regional Marketing Head, Grabtaxi

For many people in Southeast Asia, getting a taxi is often a challenge. Problems include being overcharged and other illegal activities which has become a deterrent to passengers using public transport. The GrabTaxi app works with existing taxi ecosystems and provides a unique, safe and reliable transport experience where the passenger is aware of estimated charges and routes. The app is operational in many ASEAN countries namely Malaysia, Philippines, Singapore, Vietnam and Thailand.

Cheryl stressed "For us, social good makes absolute business sense. Because we had a strong social mission, we would get really top talent working at a startup which initially paid lower than the market wage."

## IDEA CAPSULE 6

**KARTUKU: INNOVATIVE CASHLESS PAYMENT**

Speaker: Niki Luhur, President Director, Kartuku, Endeavor Entrepreneur

Niki Luhur shared the idea of a new alternative to agent banking services in Indonesia such as wireless services for electronic payment. He also talked about biometric payment technology which can empower Indonesia's traditional market retailers. He also suggested agent networks to become the country's national distribution channels for delivering financial services to spread government subsidies across the vast archipelago including rural areas. In doing so, governments must enable a sustainable model to empower traditional retailers.

Niki expressed "To empower the ASEAN SMEs, we should embrace e-commerce to improve competitiveness through modern technology and modern transactions"

## IDEA CAPSULE 7

**CAPTURING THE ASEAN SPIRIT: YOUTH LEADING THE WAY**

Speaker: Prof. Dr. Saran Kaur Gill, Executive Director, ASEAN Youth Volunteer Leaders Secretariat, Universiti Kebangsaan Malaysia

The ASEAN Youth Volunteer Programme creates leaders by mobilising ASEAN youth to develop innovative solutions to social, cultural, economic and environmental challenges across ASEAN, while forging a sense of regional identity and cross-cultural understanding. This is through the strong partnership between Universiti Kebangsaan Malaysia and the ASEAN Secretariat, the Ministry of Youth and Sports and USAID.

Dr. Saran Kaur highlighted "We need to develop initiatives and innovative activities that will help the ASEAN youth create the feeling of ASEAN".

## LIFTING-THE-BARRIERS REPORTS 2013 NOW AVAILABLE IN THAI



From Left to Right: Tony Fernandes, Chairman of ABC Forum 2014, Chew Gek Khim, Executive Chairman, Straits Trading Company, Dr. Nimnual Piewthongngam, Deputy Director, Asian Strategy, E-Saan Center for Business and Economics Research, Khon Kaen University and Nazir Razak, Chairman of CIMB Group at the launching of Thai Translation of Lifting-The-Barriers Reports 2013.

CIMB ASEAN Research Institute (CARI) and ASEAN Business Club (ABC) jointly launched the Thai translation of the 2013 Lifting-The-Barriers Report during the first day of the forum in Singapore.

With the six reports now translated into Thai, the institute hoped that it will reach a wider audience, thus encouraging more participation of stakeholders from around the region.

"We are thankful to Dr. Nimnual Piewthongngam and her team from E-Saan Center for Business and Economics Research, Khon Kaen University, Thailand for their assistance in the Thai language translation project, making the findings accessible to the wider audience in Thailand," said Tony Fernandes, Chairman of ABC Forum 2014 at the launch.

The E-Saan Center for Business and Economic Research (ECBER) of Faculty of Management Science at Khon Kaen University, Thailand, was established in 2009 to provide economics and market database, research as well as business consultation services for students and entrepreneurs particularly in the Northeast region of Thailand.

The report is available for download at CARI's official website: [www.cariASEAN.org](http://www.cariASEAN.org)

## ABC FORUM 2014 PHOTO GALLERY











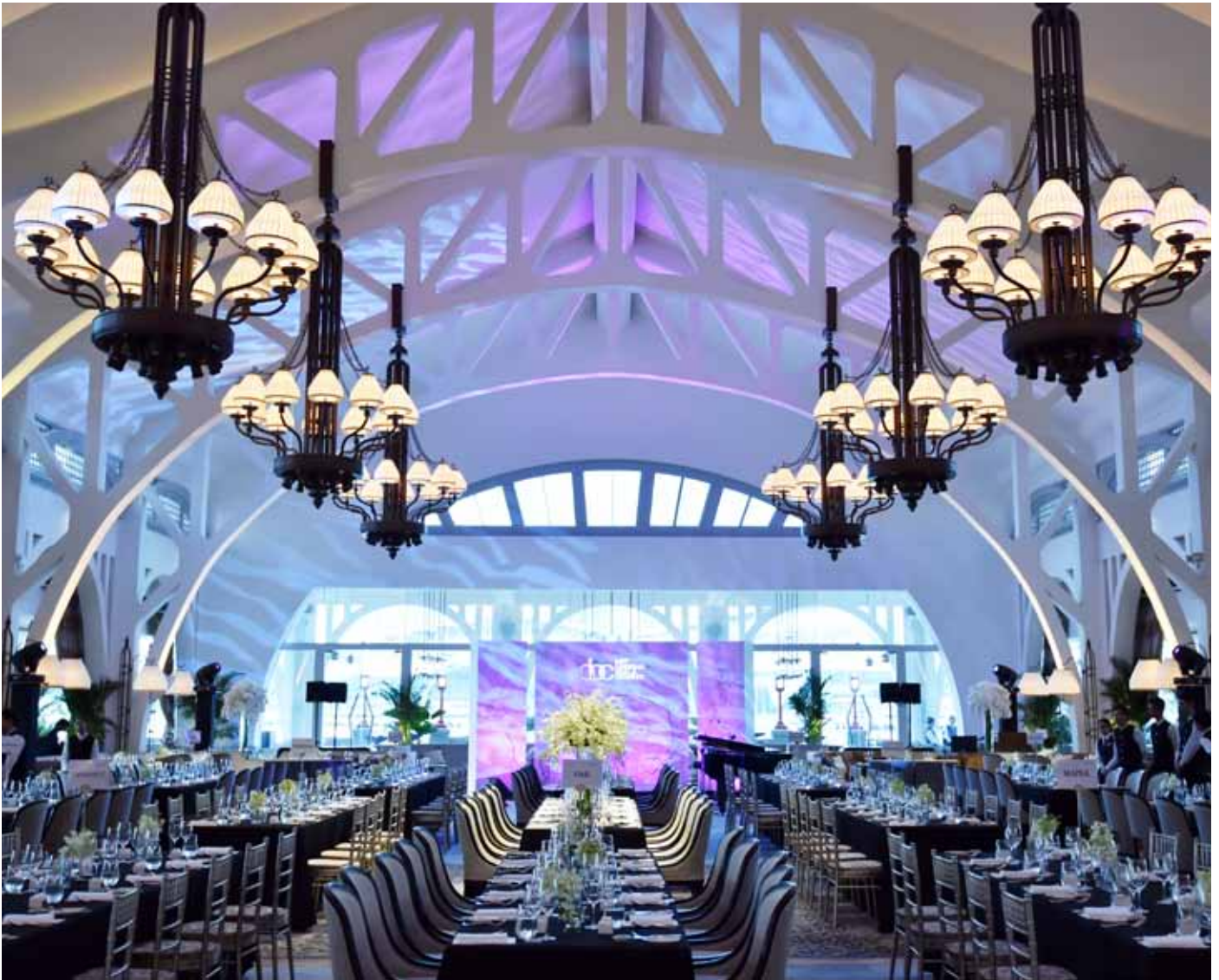




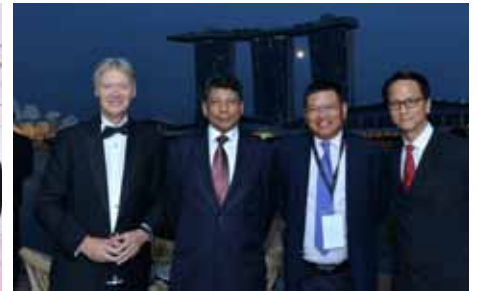


## ASEAN BUSINESS CLUB 4<sup>TH</sup> ANNUAL GALA DINNER

The 4th ABC Annual Gala Dinner was held in style at the historical Clifford Pier on 8 September 2014. The Guests of Honour at the dinner were H.E. Amb. Kirk Wagar, US Ambassador To Singapore and Dr Philipp Rosler, Managing Director and Member of the Managing Board, World Economic Forum and Former Vice-Chancellor of Germany.









A photograph of Tony Fernandes, former Virgin Communications Financial Controller, speaking at a Bloomberg event. He is wearing a dark suit and a light-colored shirt. The background is a red wall with the word 'FORUM' and the date '9th September 2017' visible. A Bloomberg logo is in the bottom left corner, and a blue banner at the bottom identifies him as 'EXCLUSIVE TONY FERNANDES FORMER VIRGIN COMMUNICATIONS FINANCIAL CONTROLLER'.

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