Key regional business leaders from across ASEAN gathered for the inaugural Network ASEAN Forum (NAF) to brainstorm solutions to some of the issues obstructing the creation of an integrated ASEAN Economic Community (AEC).

This event served as the centre stage of discussion for ASEAN, by convening the ASEAN community and all influential stakeholders. Most uniquely, NAF 2013 convened around six sector-based “Lifting-The-Barriers” roundtables, with a special focus on identifying bottlenecks and barriers hindering integration and free trade in each of the key sectors. The NAF 2013, themed ‘A Strategy for ASEAN’, was held on the 22nd - 23rd August 2013 at the Shangri-La Hotel, Singapore.
LUNCH OF CHAMPIONS

Proceedings begun with a lunch, hosted by CIMB Group CEO, Nazir Razak. The lunch provided Chairs, Co-Chairs, Research Partners, Role Players and NAF Conveners an opportunity to come together and align their thoughts and ideas. These key role players shared insights into the pertinent issues that would be addressed in the ensuing roundtable discussions.

PRESS CONFERENCE

Lunch was followed by a Press Conference at the Garden Terrace. This session was helmed by a panel consisting of NAF Chairman Patrick Walujo, NAF Conveners Nazir Razak and Chew Gek Khim.
Members of the ASEAN Business Club (ABC) called on Emeritus Senior Minister of Singapore Goh Chok Tong at The Istana, official residence and office of the President of Singapore. They discussed various issues concerning the progress of ASEAN towards the ASEAN Economic Community (AEC).
Opening Remarks by NAF Chairman
PATRICK WALUJO
Founder and Managing Partner
Northstar Pacific Group

Chairman of the NAF, Patrick Walujo, presented his opening remarks themed “A Strategy for ASEAN - As the Private Sector Sees It”. Patrick stressed the need for the private sector to play a bigger role in integration efforts. As such, the NAF formed a viable platform for the private sector to increase their participation.

“
For the private sector to lead the next era of ASEAN integration, a key element, is [to have] strong business networks.
”
Keynote Address by Guest of Honour

THARMAN SHANMUGARATNAM
Deputy Prime Minister and Minister for Finance, Singapore

Tharman Shanmugaratnam graced the NAF with his presence and presented a keynote address about the challenges and opportunities ASEAN face and its future prospects in achieving sustainable growth and macro-economic stability. Tharman cited the impact of the unwinding of quantitative easing in the US on the ASEAN economic landscape to justify the need to explore opportunities for growth, both domestically and regionally. Tharman maintained an optimistic view about ASEAN’s prospects and advocated the need for openness and collaboration amongst ASEAN members to realise the vision of an ASEAN Community.

“I am optimistic because we know what the weaknesses are, and their solutions; because we have a valuable asset in our openness and ability to cooperate and collaborate with each other as a region; and because of proactive private sector efforts such as NAF that seek to work alongside ASEAN governments to realise our vision of an ASEAN Community.”
LIFTING-THE-BARRIERS ROUNDTABLE: AVIATION

The ASEAN market, with a population of around 600 million people, remains one of the brightest growth sectors for global aviation. There are two contributing factors: a quickly growing tourism industry driven by intra-ASEAN travel as the region’s populace become increasingly wealthy; and robust international business travel driven by the region’s economic fundamentals. Yet, the development of the sector is being stymied by the fragmented nature of ASEAN’s aviation regulatory framework, which is generally protectionist in nature. This has in turn created inefficiencies for airlines, raising operating costs, as well as created blocked linkages that prevent airlines from operating throughout the region.

The findings of a research paper by Dr. Alan Tan of the National University of Singapore was presented at the session. The paper identified several obstacles to ASEAN aviation including infrastructure congestion, the lack of a central aviation authority for the region and the non-unanimous participation in aviation agreements by key markets.

Chaired by Tony Fernandes, Group CEO of AirAsia and co-chaired by Emirsyah Satar, CEO of Garuda Indonesia, the roundtable session identified several key takeaways to be reported back to the ASEAN aviation authorities and the governments of each ASEAN member nation. Nonetheless, it is plainly evident that more dialogue and engagement will be required before a single aviation market is possible.
LIFTING-THE-BARRIERS ROUNDTABLE: CONNECTIVITY

ASEAN is a young and socially engaged society. These characteristics are highly relevant to the telecommunications industry regionally. Mobile connectivity in the region is highly relevant and will play a critical role in bridging diversity and enabling economic prosperity.

The session, chaired by Alexander Rusli, CEO of Indosat and co-chaired by Ernest Cu, CEO of Globe Telecom, identified four issues which have significant impact on the regional telecommunications industry. These were international roaming, the role of Over The Top (OTT) players, Mobile Money and new services and the regulatory evolution in ASEAN.

The discussion, in conjunction with a presentation by the research partner Bain & Company, worked through these barriers and provided several possible recommendations to overcome these issues. In summing up, Alex and Ernest placed the emphasis on transparency, realising the potential of OTT, as well as an ASEAN level regulatory framework in which ASEAN telcos can operate in harmony.
LIFTING-THE-BARRIERS ROUNDTABLE: INFRASTRUCTURE, POWER & UTILITIES

In a lively and well-attended roundtable session, industry giants from the region’s Infrastructure, Power and Utilities (IPU) sector debated and brainstormed some of the barriers and issues they face with the integration of the ASEAN Economic Community in 2015. In kicking off the discussion, research partner, McKinsey & Company identified several key themes such as regulatory inefficiencies, issues of governance and the role of the private sector as part of the solution to building infrastructure from a funding perspective.

Chaired by Jaime Augusto Zobel de Ayala, Chairman and CEO of Ayala Corporation and co-chaired by Francis Yeoh, Managing Director of YTL Corporation, the essence of this roundtable was that full integration within ASEAN is only achievable when each individual country attains a certain basic level of infrastructure. There was a general consensus that there were funds and investors eager to invest in ASEAN’s infrastructure projects, provided the conditions with regard to the regulatory environment and policy stability was right.
PLENARY SESSION 1
ROUNDTABLE SUMMATION 1
“A STRATEGY FOR ASEAN: CROSS SECTORIAL PERSPECTIVES”

With the theme “A Strategy for ASEAN: Cross Sectorial Perspectives”, this session brought back together all NAF delegates to provide a summary of discussions at each of the first three concurrent roundtable discussions, as well as outlining a roadmap going forward for each sector. Sector Chairs and Co-Chairs from the Aviation, Connectivity and Infrastructure, Power & Utilities roundtables came together to each provide a summary of their individual roundtable discussions.

An underlying issue which was present in all three roundtable discussions was the need for more regulatory harmonisation. There was a shared call among the different stakeholders for stronger regulatory frameworks to be put in place in order to facilitate economic integration.
PLENARY SESSION 2
OTHER SECTORS: DRIVERS FOR GROWTH IN ASEAN

As a total of 75% of trade in ASEAN are outward based, there is more that can be done to increase intra-ASEAN trade and investment. As ASEAN prepares for the formation of the AEC, many industries will face challenges to integration.

The obstacles facing the automotive industry include the streamlining of technical standards and custom processes across the region. Whilst the standardisation of 40% local content is clear, the question on what constitutes local content remains unclear. Until these policies and standards are integrated, ASEAN is still a long way off from becoming an automotive hub.

Despite the existence of a clear regional roadmap for integration of the shipping industry in ASEAN, significant political will and thorough economic integration is still required to make ASEAN a more competitive and dynamic player in the regional and global supply chain.

The session also highlighted that economic integration will ensure higher quality food products that are not only used for export beyond ASEAN but also for domestic and intra-ASEAN consumption. This will also mean more movement of human capital in the sector which will help drive innovation and knowledge building in less developed food manufacturing markets in the region.

The Speakers for Plenary Session 2 included Alex Newbigging, Group Managing Director of Jardine Cycle & Carriage, David Chin, Executive Director of the Singapore Maritime Foundation and Wai Phyoo, Managing Director of Yathar Cho Industry Ltd. The session was moderated by Pushpanathan Sundram, Managing Director of EAS Strategic Advice Asia.
PLENARY SESSION 3
BEYOND 2015: INVESTING IN ASEAN’S FUTURE

The third Plenary Session, set to the theme of ‘The Future of ASEAN’, revealed key concerns that may be of interest to policymakers. The session shone the spotlight on the chief executives of two fund houses—Zhang Lei of China’s Hillhouse Capital Management and Azman Mokhtar of Malaysia’s Khazanah Nasional Bhd—as well as Singapore’s High Commissioner to Malaysia, HE Ong Keng Yong. The session was moderated by Haslinda Amin, news anchor for Bloomberg Television.

Zhang Lei, CEO of one of the leading investment firms in Asia, stated that he would like to see greater entrepreneurship within the region that focused on building talent and innovation, rather than just gross assets and capital.

The Khazanah chief, Azman Mokhtar, noted that there was a need for greater institutional capacity in the region to ensure that integration goes ahead seamlessly, but added that ASEAN members needed to ensure that the region’s regulations “don’t get in the way of business people who know what to do”.

Singapore’s High Commissioner to Malaysia, also the former Secretary General of ASEAN, HE Ong Keng Yong, noted that there was a need for more regional champions—businesses of scale—to emerge to forge the way forward. He noted that the current pace of development was slow, particularly with respect to infrastructure.
LIFTING-THE-BARRIERS ROUNDTABLE: CAPITAL MARKETS

At another well-attended session, the Capital Markets roundtable provided a lively and engaging discussion. Participants included regulators, banking institutions, brokerage firms and representatives from various stock exchanges. The research partner, Oliver Wyman, produced a concise presentation outlining the issues facing capital markets in the region. The key questions that set the tone were how to develop a stable pan-ASEAN investor base and the measures needed to achieve a more integrated, harmonised ASEAN capital market.

Led by Chair Nazir Razak, CIMB Group CEO and Co-Chair Cezar Consing, President of Bank of Philippine Islands, the discussion delved into several persisting issues faced in the market. These included issues such as the non-recognition of prospectuses and documents issued by other countries, barriers to cross-listing of publicly traded entities and sudden changes to equity and ownership limits which have created inefficiencies and obstructed the path towards market integration. The session was moderated by Patrick Walujo, Managing Partner of Northstar Pacific Group.

Additionally, the tapering off of the US quantitative easing (QE) programme and signs of recovery in the global market also sparked additional discussions and concerns about the so called ‘hot money’ leaving ASEAN’s shores.

As the session ended, it was clear that more engagement was required to address these issues and integrate the fragmented regulatory landscape across ASEAN.
LIFTING-THE-BARRIERS ROUNDTABLE: FINANCIAL SERVICES

A key component in the ASEAN Economic Community 2015 vision is the liberalisation of the financial services industry. At the Financial Services roundtable discussion, participants, including the heads of banks in the ASEAN region, had a robust discussion identifying the barriers to realising this vision. Research partner, Boston Consulting Group, set the tone for the discussion with a presentation that questioned long held assumptions by both banks and regulators.

In summing up, Chartsiri Sophonpanich, President of Bangkok Bank and Chair of the roundtable said it was evident that the financial services sector was more diverse and complex than other sectors under the purview of the AEC 2015. This sector, thus required more robust efforts and accountability from the private sector. Budi Sadikin, CEO of Bank Mandiri and roundtable Co-Chair, expanded further that a start would be by bringing regulators from across ASEAN together with the industry players to effectively identify the roadblocks and to work together to decide how to meet the aims of AEC 2015.
LIFTING-THE-BARRIERS ROUNDTABLE: HEALTHCARE

ASEAN is a diverse region with member countries having different economic, social, cultural, infrastructural and political characteristics. Healthcare response, policies, resources and infrastructure are defined by the characteristics of each member country and the state of the country’s economic development.

Chaired by Dr. Lim Cheok Peng, Managing Director of IHH Healthcare Berhad and Co-Chaired by Kenneth Mays, Senior Director of Bumrungrad International Hospitals, the discussions revolved around the varying levels, standards and quality in the healthcare industry across ASEAN.

A presentation by research partner, Accenture, demonstrated that the highest spend per capita on healthcare is Singapore, followed by Malaysia and Thailand. The higher-income countries are ahead in terms of allocation of resources, availability of medical talent, access to healthcare and quality of care. The healthcare systems in these countries are also compared to the quality of healthcare in the US and UK. High standards and quality of healthcare have also led to a growing healthcare travel industry in the region.

The healthcare divide is, thus, prominent. Countries like Lao PDR, Cambodia and Myanmar are severely resource strapped and unable to respond to healthcare needs locally. For instance, for every 1,000 of its population, less than one doctor and nurse are available and there are less than 10 hospital beds for every 1,000 people.

The road towards AEC provides an impetus to explore possibilities in addressing healthcare disparities between the richer and poorer countries in ASEAN. Together, public-private partnerships within the region could lead to collaborations that could leverage on technical expertise, cross country training and mobility of resources to assist less-developed member countries raise standards, capabilities and capacity of the local healthcare eco-systems.
PLENARY SESSION 4
ROUNDTABLE SUMMATION 2
“A STRATEGY FOR ASEAN: CROSS SECTORIAL PERSPECTIVES”

Much similar to the morning summation sessions, Plenary Session 4 provided an opportunity to summarise the discussions at the three afternoon roundtable sessions. There were several consistent themes identified throughout all three roundtables. Within the Financial Services and Capital Markets roundtables, stakeholders identified that despite these sectors being heavily regulated, there was an inherent lack of harmonisation between ASEAN member nations which was a key hindrance to a freer business environment. Healthcare faced similar issues of different levels of regulatory maturity between ASEAN states which inhibited integration.
3RD ANNUAL ABC GALA DINNER

The 3rd Annual ABC Gala Dinner was held at the Island Ballroom at the Shangri-La Hotel. Co-hosts of this dinner were ABC Singapore co-chairs, Chew Gek Khim, Executive Chairman of the Straits Trading Company, and Simon Cheong, Chairman and CEO of SC Global Developments.

The Keynote Speech was delivered by Tony Fernandes, Group CEO of AirAsia which provided a memorable and joyous conclusion to the Network ASEAN Forum 2013.
Phase I of the Lifting-The-Barriers Initiative involves core research and compilation of qualitative and quantitative responses as surveyed from within each of the six business sectors. The outcome of Phase I are the six sector based Preliminary Papers, intended to spark discussion at Phase II Lifting-The-Barriers roundtables during the NAF.

Phase II is convened around six sector based roundtables where these papers will identify the existing barriers to assist understanding of the challenges faced by the industry due to AEC obligations as well as providing recommendations to mitigate these barriers to free trade.

Phase III consists of the final outcome, the Lifting-The-Barriers (LTB) Report, as policy recommendations for policy makers to effect real changes and accelerate integration efforts.
THE LAUNCH OF THE LIFTING-THE-BARRIERS (LTB) REPORTS

The ASEAN Business Club (ABC), in collaboration with the CIMB ASEAN Research Institute (CARI) launched the Lifting-The-Barriers (LTB) Reports at the Grand Hyatt, Jakarta, on the 29th November 2013. The launch of these reports marked the conclusion of the year long 2013 LTB Initiative. This research driven initiative sought to engage industry stakeholders to identify barriers hindering free trade in a regional context and to then provide concrete recommendations to overcome these barriers. The LTB Reports cover six key sectors, namely Aviation, Connectivity, Infrastructure, Power & Utilities, Financial Services, Capital Markets and Healthcare.

The research component was a collaborative effort between the ABC, CARI and six renowned management consultancies and academic institutions; McKinsey & Company (Infrastructure, Power & Utilities), Boston Consulting Group (Financial Services), Bain & Company (Connectivity), Accenture (Healthcare), Oliver Wyman (Capital Markets) and the Centre for International Law from the National University of Singapore (Aviation).

The launch was attended by the ASEAN Secretary General H.E. Le Luong Minh, Dato’ Sri Nazir Razak, Tan Sri Dr. Munir Majid, Bapak Patrick Waluyo, distinguished public sector participants and many members of the international media.

The Guest of Honour, H.E. Le Luong Minh delivered a keynote address acknowledging the critical importance of increased private sector engagement through various platforms such as this LTB Initiative. The press conference which followed saw some in-depth and comprehensive issues raised by the media.

In summary, the Launch marked a successful closing of the LTB Initiative for the year 2013.
Dr. Munir Majid, Advisor to the LTB Initiative, presenting the overview of the LTB Reports.

Patrick Waluyo, Convener of the Network ASEAN Forum 2013 attending to the media at the launch.

ASEAN Secretary General H.E. Le Luong Minh presenting the keynote address at the launch.

Nazir Razak delivered the opening remarks at the launch.
The CIMB ASEAN Research Institute (CARI) was established in 2011 as a member of CIMB Group.

CARI prides itself on being the first independent, transnational research institute dedicated solely to the advancement and acceleration of the ASEAN integration agenda.

CARI was designed to pursue research and to promote thought leadership in support of an integrated ASEAN Community.

CARI seeks pragmatic solutions and policy recommendations to address challenges in ASEAN integration and connectivity.

CARI’s headquarters is located in Kuala Lumpur but the institute has a regional presence.

**CORE ACTIVITIES**

**ASEAN Business Club**
CARI is the secretariat to the ASEAN Business Club which gathers the region’s prominent business leaders for constructive dialogue on economic integration.

**Network ASEAN Forum**
High-level annual conference on ASEAN and its links to other economic regions.

**Advisory Services**
Background research and consultancy for key stakeholders and partners.

**Capacity Building**
Capacity building training for middle managers to top corporate leaders to instill awareness and knowledge of ASEAN and economic integration issues. 
AISEAN 101, AEC Lecture, AEC Masterclass & AEC Masterclass +

**Events**
*CARI Conversations:*
Dialogue sessions on emerging ideas and critical issues.

The ASEAN Business Club (ABC) is a fully private sector driven initiative of ASEAN’s leading businesses, that came together in support of regional economic integration, while providing a platform for networking.

Representing every key sector, ABC aims to support the efforts of governments in bringing down barriers of economic integration.

ABC is a growing regional network that serves as a forum for knowledge sharing and advocacy.

The ABC has established itself as a powerful platform for ASEAN’s businesses to engage with global and regional leaders.

ABC’s vision is ‘ASEAN: Open for Business’.