



SUMMARY

ASEAN Talks Business: ASEAN-Business Dialogue Jakarta, Indonesia (April 17, 2007)



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“ASEAN Talks Business” was the “first time in the ASEAN Secretariat’s history” according to Secretary General Ong, that senior Secretariat officials met in an organized forum with representatives of the private sector. About 50 private sector officials participated in a one-day discussion of ASEAN economic priorities. They asked questions and offered pointed criticism of certain ASEAN procedures, specifically the lack of previous consultation with business and failure to implement agreements that could ease trade and investment flows in the region. The Secretary General welcomed the feedback, pledged to keep working with the private sector, and invited their participation in the ASEAN Services Forum (May 9-10 in Singapore) and an ASEAN stakeholders meeting on the new Blueprint to create an ASEAN Economic Community scheduled for June 7-8 in Jakarta.

The Secretary General opened the conference explaining that not only was this an “historic occasion” for the Secretariat but a challenging one. How could ASEAN Secretariat officials, bureaucrats operating behind the scenes, be able to “Talk Business” with business experts? Whatever the outcome of the day, he was convinced of the necessity to work with business interests to help push the ASEAN economic integration in ASEAN Member Countries. “We have to keep trying and want your feedback.” Rather than departing the conference room after his remarks, the SG stayed the entire morning and returned for the second part of the afternoon session, offering his answers, comments and perspectives.

Principle Director Nathan, responsible for Economic Integration and Finance, led off substantive discussions by providing an overview of the new Blueprint for constructing an ASEAN Economic Community (AEC) by 2015. The objectives of the AEC are to achieve free flow of goods, services, investment, skilled labor, and freer flow of capital. Senior officers then presented “short and sharp” presentations providing more detail on elements of the Blueprint. Each were limited to three power point slides (to mitigate risks of “death by power point”), allowing time for feedback. Presenters discussed trade facilitation (customs, standards, rules of origin, non-tariff measures), services, agriculture (food safety) investment, financial flows, free trade negotiations, infrastructure (transportation, ICT, and energy), competition policy, intellectual property rights, and dispute settlement. The complete agenda is attached.

Questions and comments from the private sector covered issues such as streamlining customs procedures, the role of ASEAN in infrastructure and its financing, financial services, human resource requirements at the Secretariat to develop and implement the initiatives, details of ASEAN free trade agreements, the operation (or failure to operate) of the ASEAN industrial cooperation operation and dispute settlement mechanism. A consistent theme throughout was the need to work more closely with the private sector.

Professor Aggarwal, Director and Professor of the Berkeley APEC Center of the University of California, described how business organizations helped drive the economic integration agenda in the European Union and the North American Free Trade Agreement. Not all firms supported such integration, he recalled, but many realized that they could not avoid competition in a globalized world. Rather than closing their eyes to the inevitable, business organizations helped shape the agreements with viable smaller firms linking their activities to larger firms that would directly benefit from market integration.

Aggarwal noted that ASEAN Member Countries’ economic growth would be much higher if ASEAN were the hub of free trade agreements in the region rather than China. Given current trends, however, he thought China would succeed in establishing itself as a FTA hub unless ASEAN moved more quickly to create a truly integrated market. Businesses’ efforts at lobbying ASEAN Member Country governments to impliment and abide by their ASEAN commitments will be a key to realizing such an ASEAN Economic Community.

Agreements mandated by government leaders in a “top down” approach, which is how ASEAN is operating, would have little chance of implementation or being sustained unless completed by business support from the “bottom up,” in Aggarwal’s view.



The Secretary-General took up a similar theme, noting that ASEAN has 101 economic agreements, but few are effectively implemented. His message to Member Countries is “Just do it!” Candidly, he described how some Member Countries caution the Secretariat against pressuring them to implement the agreements. Some Ministers balk at implementing agreements that were signed by Heads of State. Private firms are in a good position to lobby Member Country Ministers to implement ASEAN agreements, a role the Secretariat cannot play without encountering Member Country sensitivities.

A new “mindset” has to be created in ASEAN to follow the rules, in the SG’s opinion. “Enabling provisions,” will be one of the main themes of the ASEAN Charter. The Charter should indicate that Member Countries have rights and obligations. Not adhering to obligations should mean a withdrawal of certain rights. This does not require a supranational authority, like the European Commission, according to the SG. There is a “bigger space” for ASEAN coordination with an effective dispute settlement mechanism.

In the closing session a panel chaired by the Secretary-General discussed Professor Aggarwal’s ideas for more effective private sector engagement:

- Create more pan-ASEAN groupings;
- Work with the Secretariat to lobby for greater interaction with pan-ASEAN groupings;
- Lobby at the national level to push for integration;
- Press for and use DSM to resolve issues;
- Further develop electronic means such as blogs and websites to inform national governments and Secretariat of intra-ASEAN impediments (ASEAN Consultation on Trade and Investment Impediments, act.aseansec.org).

Private sector officials welcomed the ASEAN Secretariat initiative for the conference and, judging from their comments, would like to increase contact with Secretariat officials. The conference materials included fact sheets on key ASEAN economic objectives and email addresses of all the presenters and resource experts that participated in the session. Most ASEAN Secretariat staff, that were initially anxious about the session, were pleased with the discussion and were well aware of the criticisms – which they share -- of the ASEAN process.

At the closing the Secretary-General asked whether the Facility could have a follow up conference latter in the year. The Deputy SG thought such a conference could take place in December, after the ASEAN Summit at which the new ASEAN Charter and Blueprint for the AEC should be endorsed. Other suggestions included industry specific consultations, such as on autos, electronic products or ITC.

The seminar was rated highly by participants. All agreed that it met its objectives and many requested future events to engage the private sector, perhaps on a sector-specific basis. Participants agreed that ASEAN needs to do more to increase its visibility, promoting itself and its initiative. The recommended means for such promotion varied from issuing newsletters to the private sector, conducting road shows to ASEAN countries, and promoting and improving the ASEAN website. Participants favored inclusively at such events – the seminar was by invitation only – and requested that public private sector dialogue continue by commending

ASEAN for its effort with this first seminar. Preferred sessions included the investment session, lunchtime keynote and the FTA session - many participants were looking for a source of up-to-date information on ASEAN FTA negotiations.

The ASEAN-US Technical Assistance & Training Facility worked with the Secretariat investment and public relations staff in conceiving and developing the idea and agenda for this event, supported logistics arrangement and Professor Aggarwal as the keynote speaker. Once the Secretary General approved the idea, ASEAN economic staff was mobilized to prepare fact sheets and presentations and well as handle logistical arrangements, a truly concerted effort. By hosting the event at its headquarters in Jakarta, we hope that when businesses ask "Who do I call about ASEAN issues?" they will know who and where to go for their answers.

ASEAN Talks Business
Tuesday, April 17, 2007
ASEAN Secretariat, Jakarta, Indonesia

8:30 – 9:00 Arrival/Registration/Coffee

9:00 – 9:15 **Welcome, Purpose & Objectives**
Secretary-General Ong Keng Yong

Session 1
9:15-9:30 **Economic Agenda**
S. Pushpanathan, Principal Director, Bureau for Economic Integration and Finance

- ASEAN Economic Community (AEC)

Resource Persons

Worapot Manupipatpong, Principal Economist and Director
Lim Chze Cheen, Coordinator, Priority Integration Sectors and Head, Studies Unit

Session 2
9:30-11:00 **Free Flow of Goods: Trade Facilitation Panel**
Tran Dong Phuong, Cluster Director, Trade & Facilitation

- Reducing Non-Tariff Barriers
- Comprehensive Trade Facilitation Program

Niken Warhani, Technical Officer, Customs Unit

- ASEAN Single Window

Shirley Ramesh, Senior Officer, Standards and Conformance Unit

- Harmonization of Standards/Recognition of Conformity Assessment

Htain Lin, Senior Officer, Natural Resources Unit

- Agriculture: Food Safety (biotech)

Resource Person

Kanya Satyani, Senior Officer for Trade in Goods

11:00-11:15 **Coffee Break**

Session 3
11:15-11:45 **Free Movement of Services**
Lim Chze Cheen, Coordinator, Priority Integration Sectors and Head, Studies Unit

- Liberalization (coverage of new commitments); next steps
- Cross-border movement of skilled labor: Mutual Recognition Agreements (MRAs)
- Logistics Services

Resource Person

Eddy Krismeidi, Senior Officer for Tourism and Transportation

Session 4
11:45-12:15

Free Flow of Investment

Raul Cordenillo, Head, Investment and Enterprise Unit

- ASEAN Investment Area (AIA)
- ASEAN Industrial Cooperation (AICO)

Lunch
Address
12:30-1:30

Lunch: Successful Public-Private Dialogue: ASEAN Context

Dr. Vinod Aggarwal, Director of the Berkeley APEC Study Center and Professor of Political Science and Business

- Private sector advice and support in Member Countries

Session 5
1:45-2:15

Freer Flow of Capital

Hazelyn Yuen Ling, Head, Finance and Macroeconomic Surveillance Unit

- Regional Financial and Monetary Integration: Capital Markets and Financial Services

Session 6
2:15-3:15

Status of FTA Negotiations with Dialogue Partners

S. Pushpanathan, Principal Director, Bureau for Economic Integration and Finance

- China, Korea, Japan, India, New Zealand/Australia, EU, US

Resource Persons

Rony Soerakoesoemah, Senior Resource Officer, Free Trade Areas

Glenda Reyes, Senior Officer, Free Trade Areas

Raul Cordenillo, Head, Investment and Enterprise

3:15- 3:30
Session 7
3:30-4:00

Coffee Break

Infrastructure

Honorio R. Vitasa, Cluster Director, Agriculture and Infrastructure

- Transport
- e-ASEAN

Resource Persons

Lee Yoong Yoong, Senior Officer for Infrastructure

Ky Anh Nguyen, Senior Officer for Information and Communications Technology

Eddy Krismeidi, Senior Officer for Tourism and Transportation

Session 8
4:00- 4:30

Agreements and Compliance Panel

Thitapha Wattanapruttipaisan, Head, Agreements & Compliance Unit

- Intellectual Property Rights
- ASEAN Consultation to Solve Trade & Investment Issues (ACT)
- State-to-State Dispute Settlement
- Investor-to-State Dispute Settlement
- Competition Policy

Resource Persons

Kanya Satyani, Senior Officer for Trade in Goods

Tananya Huyanan, Senior Officer for Agreements & Compliance

Raul Cordenillo, Head, Investment and Enterprise Unit

Session 9
4:15-5:15

Panel Discussion & Conclusions: Common Themes and Private Sector Feedback

Secretary-General Ong Keng Yong

Deputy Secretary-General Nicholas Tandi Dammen

Principal Director S. Pushpanathan

Honorio R. Vitasa, Cluster Director, Agriculture and Infrastructure

5:15-5:20

Conference Close

Deputy Secretary-General Nicholas Tandi Dammen

Moderator

Worapot Manupipatpong, Principal Economist and Director