



**ASIA-PACIFIC BUSINESS FORUM 2012**

**Kuala Lumpur, 15-16 October 2012**

**REPORT**

## I. ORGANIZATION

### A. OPENING, DURATION AND ORGANIZATION OF THE SESSION

1. The Asia-Pacific Business Forum held its ninth session in Kuala Lumpur, Malaysia on 15 and 16 October 2012. The programme of the Forum is attached as Annex I.
2. The Forum was co-organized by ESCAP, the Asian Strategy and Leadership Institute (ASLI), the Organization for Economic Cooperation (OECD) and the United Nations Development Programme (UNDP). The Ministry of International Trade and Industry (MITI) and the Ministry of Science, Technology and Innovation (MOSTI) of the Government of Malaysia were strategic partners. The Malaysian Agricultural Research and Development Institute (MARDI), the SIRIM Berhad, the SME Corp, the Greater Mekong Subregion Business Forum (GMS-BF), the Mekong Institute (MI), the ASEAN CSR Network and the SS-GATE also provide support to the Forum.
3. Dr. Ravi Ratnayake, Director, Trade and Investment Division, ESCAP delivered his welcoming remarks.
4. Datuk Seri Mohamed Iqbal Rawther, Chairperson of the ESCAP Business Advisory Council (EBAC) delivered his introductory address.
5. Dr. Noeleen Heyzer, Under-Secretary-General of the United Nations and Executive Secretary of ESCAP delivered her welcoming address.
6. Ambassador Richard A. Boucher, Deputy Secretary-General of the OECD delivered his opening address.
7. Datuk Dr. Rebecca Fatima Sta Maria, Secretary-General of the Ministry of International Trade and Industry (MITI), Government of Malaysia delivered her keynote address on “Transforming Countries – the Malaysian Experience”.
8. Tan Sri Dato’ Dr. Michael O.K. Yeoh, CEO/Director, ASLI and co-organizers of the APBF 2012 made his vote of thanks.
9. Mr. Larry C. Farrell, Chairman and Founder of the Farrell Company delivered a special address from business on “The Role and Power of Entrepreneurship in Promoting Prosperity”.
10. Following the above mentioned opening remarks, a roundtable discussion was organized consisting of representatives from APEC Singapore, the Government of Malaysia, Booz and Company Ltd, Greenspot Ltd, the Asian Development Bank and Toshiba Thailand.
11. The overarching theme of APBF 2012, “Advancing Regional Economic Integration: Connecting Business, Strengthening Partnerships” was discussed in two plenary sessions, four parallel sessions and three side-events in two days. Specific topics of APBF 2012 included: economic integration and its impact on business; enhancing business competition through trade and investment liberalization; challenges and opportunities arising from the ASEAN Economic Community 2015; responsible and sustainable business; non-traditional opportunities for business and investment; trade facilitation measures for enhancing competitiveness and skills development for productive business. The Forum also officially launched the ESCAP Policy Guidebook for Small and Medium Enterprise Development in Asia and the Pacific.
12. APBF 2012 also included the second OECD/ESCAP regional conference on International Corporate Responsibility (CR) Instruments. Three sessions were held over one and a half days covering the following topics: the new landscape of international CR instruments; tools for integrating

international CR instruments in company management and implementing social dialogue and problem-solving in Asia and the Pacific.

13. In the concluding session, session moderators summarized the outcomes of the sessions, presenting recommendations to both public and private sectors.

14. Two pre-Forum events were organized on Sunday 14 October 2012 at the Sunway Resort Hotel & Spa. The first was a UNDP Regional Workshop on SME Development in ASEAN and the Growth of Free Trade Agreements. The second event was the fourth session of the ESCAP Business Advisory Council (EBAC).

15. Dato' Sri Mohn Najib, the Prime Minister of Malaysia, sent a special message to the Forum welcoming the Executive Secretary of ESCAP, Deputy Secretary-General of the OECD, international speakers and participants to Malaysia. He outlined the progress Malaysia had made under the Government Transformation Programme and Economic Transformation Programme in improving the livelihoods of the population and national competitiveness. He also highlighted that as the fulcrum of the global economy, policymakers in the Asia-Pacific region must continue to adopt open, competitive and market-friendly policies which were also inclusive and sustainable. He wished the Forum well and congratulated the organizers for arranging this timely event.

## **B. ATTENDANCE**

14. The Forum was attended by approximately 200 people from various industries (24% from government, 22% from business, 12% from academia, 8% from international organizations, 9% from non-governmental organizations, 4% individuals and 21% were others). Almost 40 per cent of participants came from outside the host country, Malaysia. A list of participants is attached as Annex 2.

## **II. CONCLUSIONS, RECOMMENDATIONS AND OUTCOMES OF THE SUBSTANTIVE DELIBERATIONS**

### **A. ROUNDTABLE DISCUSSION: UNITED ASIA-PACIFIC: WHAT IT MEANS FOR BUSINESSES?**

**Objective:**

To explore the current state of play regarding global and regional economic integration and its importance for business.

**Moderator:**

Ambassador Muhamad Noor Yacob, *Executive Director, APEC Singapore*

**Speakers:**

- Datuk Dr. Rebecca Fatima Sta Maria, *Secretary-General of the Ministry of International Trade and Industry (MITI), Government of Malaysia*
- Mr. Ian Buchanan, *Senior Executive Advisor, Booz & Company (Australia) Ltd*
- Mr. Chote Sophonpanich, *Executive Chairman, Greenspot (Thailand) Ltd*
- Mr. Ramesh Subramaniam, *Senior Director, Office of Regional Economic Integration, Asian Development Bank*
- Ms. Kobkarn Wattanavrangkul, *Chairperson, Toshiba Thailand Co. Ltd*

**Questions:**

- What is the current state of play regarding global and regional economic integration and what is its importance for business?
- How may the current economic situation in major global markets affect Asian economic growth and integration?
- How can we identify the best practices on simplification of cross-border trade and investment regulations?
- How can we ensure a more effective regional economic integration of least developed and landlocked developing countries, such as Myanmar and Central Asian economies?

**Main conclusions, recommendations and outcomes:**

- (1) While the ASEAN Economic Community is progressing well and trade volumes are increasing strongly, there remains a wide variation amongst countries on key governance measures which impact competitiveness. These measures include economic freedom, government effectiveness, regulatory quality and the rule of law.
- (2) Social stability is critical as there is a need to create value adding opportunities especially as many still depend on the ‘informal economy’ for survival.
- (3) Public-private partnerships can bring private sector finance and expertise to the development and management of public assets.
- (4) Regional cooperation and integration will help Asia sustain global growth however several issues related to this need to be addressed including capital market flow and FDI, entrepreneurship support by government, infrastructural development, more equal distribution of benefits and the provision of a safety net for the poor.
- (5) Rapid economic growth also creates problems such as income inequality, dislocation, increased pressure on infrastructure and higher demand for education. These are serious challenges that governments need to overcome and ESCAP can assist by being a hub for best practices.
- (6) The private sector needs to be united in creating more balanced and sustainable growth. The fight against corruption must be undertaken with companies. Large and small corporations, through a “big brother – small brother” campaign, can work together on wealth distribution. The region needs to adopt a sufficiency economy approach and care more for the people and the community. In this connection, APBF 2012 supported the establishment of the Asia-Pacific Sustainable Business Network which was proposed by the ESCAP Business Advisory Council.
- (7) There needs to be a balance between industry needs and government needs with all stakeholders being considered. Regional development is also not a zero sum game and the members of ASEAN need to ensure that the less-developed members also grow inclusively.

**B. PLENARY 1: UNITED ASIA-PACIFIC: ENHANCING BUSINESS  
COMPETITIVENESS THROUGH TRADE AND INVESTMENT LIBERALIZATION  
(BUSINESS PERSPECTIVE)**

**Objective:** To identify emerging priorities and initiatives which are most critical for business to benefit from and contribute to regional economic integration with the ultimate purpose to achieve inclusive and sustainable socioeconomic development in Asia and the Pacific

**Moderator**

Datuk Seri Mohamed Iqbal Rawther, *Chairperson of the ESCAP Business Advisory Council*

**Panelists**

- Ms. Rokia Afzal Rahman, *Chairperson, Arlinks Group of Companies*
- Mr. George Yuen, *Independent Non-Executive Director, ICBC (Asia), Industrial and Commercial Bank of China*
- Mr. Oudet Souvannavong, *Secretary-General, GMS Business Forum*
- Ambassador Teng Theng Dar, *Member, International Advisory Council, Bryan Cave Consulting (Asia-Pacific) Pte Ltd*

**Questions:**

- How can closer integration benefit business with transformational initiatives?
- What are the most crucial issues faced by business in the Asian and Pacific region, with particular reference to stability, reducing business costs, the development of a competitive workforce, need for continuous innovation and preparing for natural disaster and climate change, as well as adequate access to financing and currency realignments?
- What is the role of public-private partnerships in promoting regional economic integration and inclusive and sustainable development and can best practices be identified in this area?
- How can government and business work better together to ensure that less developed countries in the region effectively participate in regional markets?

**Main conclusions, recommendations and outcomes:**

- (1) Closer economic integration in Asia and the Pacific would enhance trade and investment which in turn would increase national revenue and employment however this is highly dependent on good physical and also interpersonal connectivity. Intra-ASEAN FDI flows remain low and need to be increased.
- (2) The key elements to mobilizing private sector resources for infrastructure development are:
  - a. An economically viable infrastructure project with long-term returns
  - b. Clear policies and regulations of concerned governments
  - c. An enabling business environment to secure private investment
  - d. Availability of financial resource from second and third parties in case of PPP co-financing and loans
  - e. Transparent and effective public procurement in case of PPP co-managed projects.
  - f. Social and environment impact issues are well addressed and disseminated.
- (3) Governments need to focus on six key issues that are important for businesses, especially SMEs:
  - a. Competency – a business needs to be competent and constantly evolving to remain relevant in the market place.
  - b. Connectivity – businesses cannot operate in isolation but need to be part of a network.
  - c. Community – explore opportunities for creating niche markets within a community.
  - d. Policy – help SMEs to form clusters so they can work together, e.g. Bangalore IT project
  - e. Sound legal system and strong institutional environment.
  - f. Capital – money is important however human capital is essential for SMEs.
- (4) The gap between rich and poor is widening in this region and therefore there was a need not only for more socially conscious businesses but also for an environment in which wealth is more equitably shared. There was also a need to give more support to women who wanted to start social enterprises.

- (5) There needs to be a strong institutional framework based on mutual trust and common goal of promoting trade. There also needs to be a strengthened multilateral system to reduce trade barriers and create open regionalism. Certain key players – government, academia, NGO and entrepreneur – are central to driving such changes.

### **C. PLENARY 2: TOWARDS AND BEYOND THE ASEAN ECONOMIC COMMUNITY (AEC) 2015**

#### **Objective:**

To identify the key challenges and opportunities for business and investment, particularly in less developed countries in the Asia-Pacific region, arising from the AEC, and the negative and positive impacts of AEC on the business climate in ASEAN countries, focusing on key sectors:

- Agriculture and food
- Manufacturing
- Sustainable and renewable energy
- Tourism
- Information technologies and communications
- Sustainable energy options including energy efficiency and renewable energy

#### **Moderator:**

Mr. Mirzan Mahathir, President, *ASLI/EBAC Committee Member*

#### **Panelists:**

- H.E. Ambassador Ong Keng Yong, *High Commissioner of Singapore to Malaysia*
- Mr. Kamal Malhotra, *United Nations Resident Coordinator for Malaysia and UNDP Resident Representative for Malaysia, Singapore and Brunei Darussalam*
- Ms. Miho Shirotori, *Economic Affairs Officer, Trade Analysis Branch, Division on International Trade, UNCTAD*
- Dato' Syed Amin Aljeffri, *Past Chairman, Asean Business Advisory Council*

#### **Questions:**

- What are the key impediments to efficient business connectivity in South-East Asia and how does AEC 2015, particularly through the ASEAN Connectivity Master Plan and associated projects, help to remove them?
- How can small players attract more trade and investment?
- How can ASEAN partners (e.g. ASEAN+3, ASEAN+6) contribute to closer connectivity?
- How can AEC 2015 facilitate trade by removing non tariff barriers, developing transport infrastructure, reducing transit lead-time and harmonizing sectoral standards and procedures in transportation and customs?
- What are the requirements for the smooth functioning of AEC 2015 and what policies should be adopted for this purpose?
- How can AEC 2015 enhance SMEs' competitiveness and facilitate their effectively integrated into regional market?

#### **Main conclusions, recommendations and outcomes:**

- (1) Although the target date for the establishment of the AEC is ambitious and fast-approaching, in some ways the ASEAN community is already in place. For example the ASEAN FTA already exists which has brought tariff barriers down to minimal level. By 2015 the AEC should proceed with formal announcement which in turn should trigger even greater political will for integration and cooperation.

- (2) The development gap between the member countries of ASEAN will be a serious challenge to realizing the AEC by 2015. The integration of the less developed countries – Cambodia, Lao People’s Democratic Republic and Myanmar – will be a serious challenge due to huge disparities in areas such as trade procedures and logistics capabilities when compared to countries such as Singapore. Therefore, connectivity and knowledge transfer between the more developed countries to the less developed ones and also from urban to rural areas is important. Furthermore, south-south cooperation is going to be vital within the AEC.
- (3) While ASEAN’s approach to reducing the negative trade impact of other non-tariff measures (NTMs) is considered one of the most advanced and an example of best practice among free-trade areas, especially south-south FTAs, NTMs remain a challenge that needs to be addressed even beyond the AEC 2015. However, NTMs can be particularly difficult to deal with as they are often legitimate policy instruments which need to be streamlined, not necessarily eliminated. NTM streamlining needs to be coordinated among the ASEAN members so that regulatory reforms at the domestic level occurs concurrently with the removal of procedural obstacles region-wide.
- (4) ASEAN does not want to be the European Union, it wants to be an economic union with greater flexibility. ASEAN economic integration needs to be organized and managed properly so that key integration issues such as language and currency are addressed.
- (5) Leadership needs to focus on developing an ASEAN identity to encourage people from different countries to work together and create a community. The EU has an identity which is something we should try and follow but not replicate.

#### **D. SIDE EVENT: APCTT-ESCAP/MOSTI/SIRIM WORKSHOP FOR SMES ON “VALUATION OF INTELLECTUAL PROPERTY”**

As one of the side events of APBF 2012, Asian and Pacific Centre for Transfer of Technology (APCTT) organized a “Workshop for Small and Medium Enterprises (SMEs) on Valuation of Intellectual Property” on 15 October 2012 at the Sunway Resort Hotel, Kuala Lumpur in partnership with the Ministry of Science, Technology and Innovation (MOSTI), Government of Malaysia and SIRIM Berhad, Malaysia. This workshop was organized by APCTT to enhance the awareness of managers of SMEs in ESCAP member countries on various critical issues involved in the valuation of intellectual property, a key step in decision-making for acquiring a new technology by business firms. Dr. Ravi Ratnayake, Director, Trade and Investment Division of ESCAP delivered the Opening Address and APCTT’s focal point in Malaysia, the Hon. Secretary General of MOSTI, Malaysia, Dato’ Dr. Madinah Mohamad delivered the inaugural address for the workshop, which was followed by two technical sessions involving speakers and resource persons from APCTT and SIRIM Berhad. This workshop attracted the participation of over 50 participants from Malaysia, India, China, Philippines, Myanmar, Thailand Vietnam, Lao PDR, Cambodia and Indonesia as well as from few of the OECD member countries as well. During the workshop, several lectures and real life case studies related to the valuation of intellectual property were presented by the speakers which were well received by the participants of the workshop.

#### **E. SIDE EVENT: MARDI/UNAPCAEM WORKSHOP FOR SMES ON “APPROPRIATE PRECISION FARMING TECHNOLOGY FOR SUSTAINABLE FOOD PRODUCTION”**

UNAPCAEM in collaboration with its focal point in Malaysia, the Malaysian Agricultural Research and Development Institute (MARDI), co-organized a workshop on 15 October on the sidelines of APBF 2012 in Kuala Lumpur on appropriate precision farming for enhancing sustainability of rice production. The workshop gathered 45 participants from various sectors of rice production in

Malaysia with an aim to disseminate the latest research result on precision rice farming and related ICT technology for adoption by SMEs. Discussions at the workshop focused on cost benefit, environmental sustainability, yield increase as well as technological challenges of precision rice farming. The workshop established a collaborative network among farmers' associations, the private sector, and research institutions for commercialization and technology transfer of the precision farming technology in Malaysia.

#### **F. SIDE EVENT: BUSINESS TO BUSINESS MATCHING ON TECHNOLOGY TRANSFER**

The Asian and Pacific Centre for Transfer of Technology (APCTT) in collaboration with the United Nations Asian and Pacific Centre for Agricultural Engineering and Machinery (UNACAEM), SIRIM Berhad, Malaysian Agricultural Research and Development Institute (MARDI) and South-South Global Assets and Technology Exchange (SS-GATE) organized a Business-to-Business (B2B) meeting on Technology Transfer on 16 October 2012 at the Sunway Resort Hotel, Kuala Lumpur. This event provided an enabling platform for business firms from ESCAP member countries to explore possibilities for technology-based business cooperation at the sub-regional and regional levels. The key focus areas of the B2B meeting were energy, agriculture, medical systems, electronics, food processing, and biotechnology. Representatives of business firms, chambers of commerce, government organizations involved in business promotion as well as research organizations interested in commercializing their technologies from Malaysia, Philippines, Indonesia, India, China, Philippines, Brunei Darussalam, Lao PDR, Thailand and Myanmar participated in the B2B meetings and made presentations on their specific interests and the nature and extent of cooperation sought by them which was followed by one-to-one meetings between interested technologies seekers and technology providers. In the evaluation, the participants of the B2B meeting agreed that the discussions during the meeting had led to fruitful proposals for future business cooperation, especially in the following areas: agriculture, energy and electronics. As part of the B2B meeting, APCTT and UNAPCAEM created a "Myanmar Pavilion" and provided an opportunity for delegates from Myanmar to share information on investment opportunities and possibilities for business cooperation with Myanmar. Representatives from government, private sector and NGOs in Myanmar actively participated in the meetings and provided information on the existing as well as future prospects for business in Myanmar which generated considerable interest among the participants who were keen to explore business opportunities in Myanmar.

#### **G. PARALLEL SESSION A: THE FUTURE WE WANT: PROMOTING SUSTAINABLE AND RESPONSIBLE BUSINESS**

##### **Objective:**

Implementing Rio+20: to identify innovative business practices and propose policies to support

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