



Session Title: Asian Integration – Aligning the Region

Date & Time: 5 April, 10:45am-11:35am

Moderator: **Kristen Forster**, Director of Governments Relations, eBay Australia, Japan, SE Asia

Speakers: **Lovella Adams**, ASEAN Technical Director, Coca-Cola
Arham Abd Rahman, Deputy Chief Executive Officer 11, Malaysian Investment Development Authority (MIDA)
Ratih Neumann, Head of Regional Regulatory Affairs covering India, ASEAN and Australia-NZ, Cargill
Hans Vriens, Managing Partner, Viens & Partner

Introduction & Purpose: Regional alignment has quickly become an important topic today especially when foreign entities are operating across multiple nations in the region. This session would enable us to better understand how the Asian harmonization and ASEAN alignment effect foreign businesses in the region as well as their role in supporting the process.

Summary of the session

Speaker: Hans Vriens

The integration or harmonization in this part of the region still faces major challenges. It is unlike the European Union (EU) where they have the European Court of Justice that overrides local legislation. The nations in this region are still very young and have been colonized. Often times, foreign companies come into the region having very different expectations that are not necessarily met easily.

Speaker: Ratih Neumann

Being in the business of manufacturing and trading, it is of grave importance to Cargill that there exist a certain degree of harmonization or mutual recognition within nations in Asia or ASEAN.

Speaker: Lovella Adams (views are of her own and not of Coca-Cola's)

Looking at the rapid and healthy growth taking place in this region, the more the nations in the region can harmonize, the better it is for both, Coca Cola and ASEAN as a whole.

Speaker: Arham Abd Rahman

MIDA continues to assist and facilitate Malaysian businesses in other parts of this region and harmonization plays a big role in this aspect.

Moderator: What does harmonization mean or not mean to you? Let's start with the government perspective?

Speaker: Arham Abd Rahman

Within the ASEAN countries, the economic development may vastly differ from one to another and as such, they may have different requirements or regulations, which is line with their national economic agenda. However, **the governments in the ASEAN region have agreed amongst themselves to have a more integrated marked by the year 2025, where a harmonized system of doing business will be of importance.**

Speaker: Lovella Adams

The region is moving away from tariff barriers whereby taxes are dropping and that's a great development for businesses in the region. However **there are still significant differences between countries in the region in terms of non-tariff barriers like different product labelling requirements between countries.** This makes it hard for the free movement of goods within the region. True harmonization would mean a standard labelling requirement for all countries in the region where products can move freely.

Speaker: Ratih Neumann

Harmonization is being able to operate with freedom, bringing in goods and people across the region without excessive restrictions. **Halal certification for example, is one area that could improve. Malaysian and Indonesia both have different requirements for a halal certification.** Now if both these governments could sit down and agree on a mutual recognition halal certification scheme, it would very much ease the burden of many businesses operating across the region.

Speaker: Hans Vriens

Harmonization is going to be very challenging for the countries in the region despite the fact the leaders have committed themselves towards achieving an ASEAN community by 2025. Unlike in the EU, there exist no common institution that portrays the leaders in these nations are serious about a common economic agenda. Though we are witnessing a cut in tariffs, there is a rather sharp increase in newly introduced non-trade barriers.

Moderator: What are your thoughts on investments in this region? Let's start with the government representative from Malaysia.

Speaker: Arham Abd Rahman

Fortune 500 companies have already been around this region for at least 50 years or so. This region has 70% of its total population below the age of 35. There should no problem tapping talents from this large pool. This together with the supply of an abundance of natural resources and a steady economic growth should be a testimony that this region remains undoubtedly an attractive destination for investments.

Speaker: Lovella Adams

There are predictions that ASEAN will be the 4th largest global economy by the year 2050. The message is rather clear. If you desire growth, you need to be in ASEAN. **Coca-Cola is experiencing double digits growth in ASEAN from year to year compared to the US or European markets.** It will continue to be critical as we move into the future.

Speaker: Ratih Neumann

There is no doubt that if you want to grow, your presence in the ASEAN region is important. Working with the governments, or what Cargill calls Public Private Partnership (PPP) is an exercise regularly put in place to ensure capacity building.

Moderator: How does regional alignment and Asian integration fit under a global framework?

Speaker: Hans Vriens

Harmonization is an ambitious target the Asian governments have set themselves that affects not only US companies but local entities as well. There's simply no mechanism in place to achieve the Asian integration just yet. **The less politically sensitive it is, the easier it is to achieve the goals set under this agenda.** As long as the Asian framework is seen not infringing national sovereignty, it can be successful.

Speaker: Arham Abd Rahman

It has been a challenging task for the governments in the region to come to agreement on various matters pertaining to harmonization due to national interest. **Continuous engagement between the governments and private industries should be the way forward,** where the latter could bring to the table the kind of problems they face in the course of doing business while

suggesting good practices or regulatory initiations the governments could implement.

Speaker: Lovella Adams

The governments in the ASEAN region could learn from the experience of private industries operating across the globe when it comes to best practices.

For example, prior product registration approval could prove to be significantly time consuming and a product destined for a certain location enters its market later than expected. Governments could learn from industries on having a regulatory framework that allows for a much quicker registration process that results in the benefit of all parties.

Speaker: Ratih Neumann

It is important to note that there are more SME's in the market compared to multinationals. Therefore, Cargill has had dialogues with these SME's to be able to gauge the SME's readiness for a more harmonized market within the region. The results were somewhat encouraging and it was presented to the some of the governments. **Should the governments in the region approach this agenda with more openness, the process of harmonization could be realized sooner.**

Moderator: What are the key variants to success in this region and globally?

Speaker: Lovella Adams

Ideally governments should adopt a more standardized regulatory framework for businesses across the ASEAN region. What's equally important is **providing businesses with adequate amount of time to be in compliant**

with changes in any regulatory framework to avoid challenges from an operation stand point.

Speaker: Ratih Neumann

Industries would **expect governments across the ASEAN region to practice more openness and transparency when developing regulations,** especially when they are lacking knowledge in a specific field.

Speaker: Arham Abd Rahman

There would be 4 nation from ASEAN benefiting from the CPTPPA when it comes to play. **Those not on the list should continue to complement each other under the ASEAN banner by practicing free trade agreements amongst themselves.**

Moderator: Approaching the ASEAN 2025 agenda, what are some things would you like to say?

Speaker: Hans Vriens

From the latest meeting with several ministers from across the region, there is almost no political will from any of them to realize the ASEAN 2025 agenda.

Speaker: Ratih Neumann

ASEAN nations have taken the initial steps towards a more harmonized economic block, at least for the food sector. Of course it's still a work in progress. Cargill is rather optimistic in the ASEAN harmonization agenda.

Speaker: Lovella Adams

The governments in the region could be proactive in a couple of areas that would drive ASEAN 2025. One area it could focus on is having mutually recognized certifications i.e. Halal Certification. Also, there is a need to eliminate product registration for the benefit of all. Lastly, **government leaders in the region should start prioritizing discussions on ASEAN harmonization during meetings.**

Speaker: Arham Abd Rahman

Malaysia has been and is always optimistic about the future of ASEAN 2025. It has done achieved a lot of success under the Asian Economic Community (AEC). We have 7 years more to realize ASEAN 2025 with loads of potential in terms of business opportunities. **Looking at multinationals not only from the US but countries like Japan having established their business in this region, the future of ASEAN 2025 looks bright.**

Takeaway from the session

- The lack of political will and in some nations, political stability, gravely hampers the chances of ASEAN harmonization as national or personal agenda takes priority.
- A common institution that will help drive ASEAN 2025 should be established similar to that of the European Union.
- Governments in the region should draw up common policies, regulations and framework to promote the free movement of goods, services and people which in turn could see more FDI's that helps fuel ASEAN 2025
- Large corporations and governments should initiate dialogues with SME's in light of ASEAN 2025 as they are beginning to be large contributors towards the region's economy.