

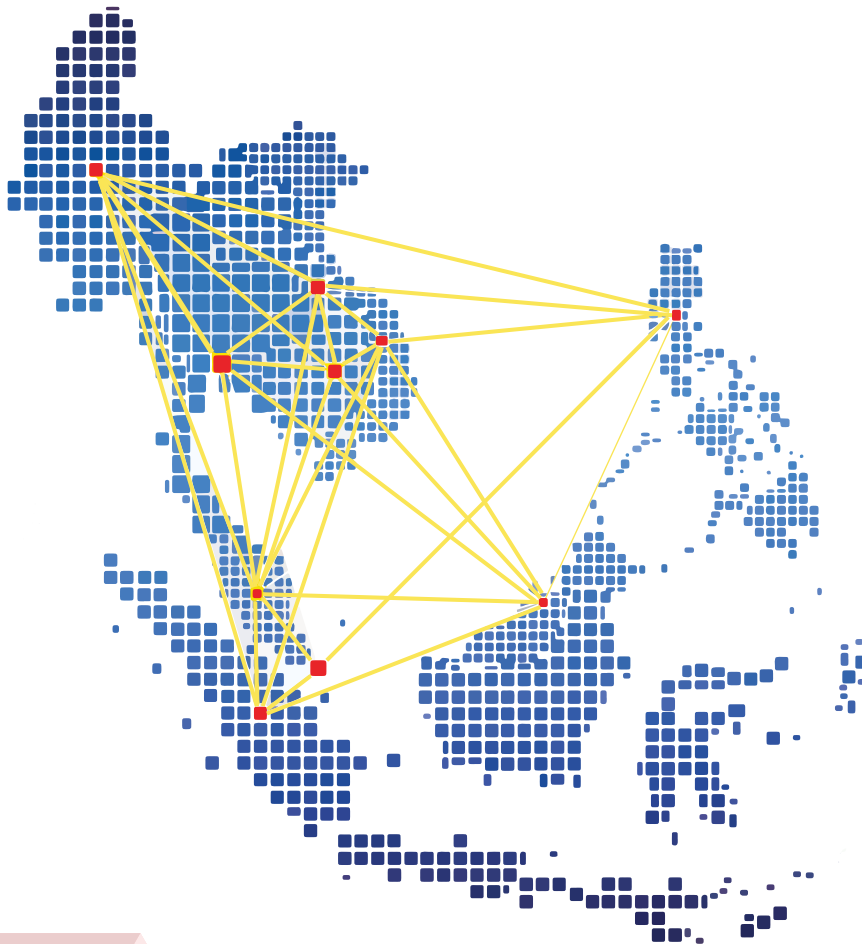
10TH ASEAN & ASIA FORUM

A FUTURE READY ASEAN: PEOPLE & GROWTH IN AN UNCERTAIN WORLD

THURSDAY, 5 OCTOBER 2017
THE RITZ-CARLTON, MILLENIA SINGAPORE

WHAT'S NEXT FOR ASEAN?

- ADAPTING TO GLOBAL MEGATRENDS
- DIGITISATION OF ENTERPRISES
- INFRASTRUCTURE AND CONNECTIVITY



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A Future Ready ASEAN: People & Growth in an Uncertain World

Amidst ups and downs, the Association of Southeast Asian Nations (ASEAN) has grown since its creation in 1967. It has helped safeguard the peace and stability of the region, which has formed the bedrock for ASEAN economies to grow and surpass global expectations. However, as ASEAN celebrates its 50th anniversary, the world it faces today is different, and the grouping's leadership must confront new and diverse challenges.

First, the region's traditional status quo is challenged by new policies in the USA, such as withdrawal from the Trans-Pacific Partnership. This introduces new questions regarding the credibility of US leadership in the region at a time when deep Chinese influence is shaping ASEAN's infrastructure landscape. There is strategic uncertainty across Asia and the path forward remains unclear and unpredictable.

Second, there is a rising tide of nationalism around the world, and waning popularity of globalisation, even in ASEAN, where many have benefitted from free trade and investment. There is a growing inward-looking mood that mirrors protests in the West. As American and European markets cease to champion globalisation, intra-Asian links will matter more than ever before.

Together, these developments set a very different global context for ASEAN. How should the grouping respond? How will growing populism impact ASEAN's reform efforts? How will Chinese investments in infrastructure and connectivity impact ASEAN's investment climate?

To help businesses understand these emerging trends and their potential impact on the region, the Singapore Institute of International Affairs (SIIA) organised the 10th ASEAN and Asia Forum (AAF), focusing on the theme of "A Future Ready ASEAN: People & Growth in an Uncertain World".

The SIIA's annual flagship event was held on 5 October 2017 at The Ritz-Carlton Millennia Singapore. The Forum was attended by close to 300 delegates, mainly high-level corporate leaders and policy makers keen to expand their regional networks. Diplomats, academics, members of the media as well as regional government officials also attended the Forum and shared their perspectives on the opportunities and challenges that the region has to offer.

This year, to encourage closer interaction and in-depth discussions, the SIIA conducted closed-door break-out sessions on the sidelines of the Forum. These sessions were industry led, focusing on specific trends and issues relevant to businesses based in Singapore. To examine ASEAN's digital economy and the future of Singapore's role in the region, the SIIA organised two closed-door sessions on the topics "AEC and the Future Economy: Redefining the E-Commerce and Digital Space" and "Singapore as a Regional Hub - What Now, What Next?" Each of these expert workshops was attended by some 40 distinguished business leaders from leading MNCs who shared their perspectives on the long-term strategies ASEAN and Singapore should consider to bring about its future economy in an era marked by stiff competition and disruption.

KEYNOTE SPEAKERS:

Mr. S. Iswaran

Singapore's Minister for Trade and Industry (Industry)

H.E. U Win Khaing

Union Minister for Construction & Electricity and Energy, Republic of the Union of Myanmar

PANELLISTS:

ASEAN Secretariat

Dr. Julia Tijaja, Director, ASEAN Integration Monitoring Directorate (AIMD), ASEAN Economic Community Department

Channel NewsAsia

Ms. Quah Ley Hoon, Chief Editor, English Current Affairs, and Head, Public Service Broadcast, MediaCorp Pte Ltd

Deloitte & Touche Corporate Finance

Mr. Jeff Pirie, Executive Director

Expedia

Ms. Ho Shyn Yee, Head of Market Expansion, and Head of Retail, Expedia China

General Electric (GE) ASEAN

Mr. Wouter van Wersch, President & Chief Executive Officer

International Enterprise (IE) Singapore

Mr. Ivan Tan, Group Director, Southeast Asia & Oceania Group

Japan External Trade Organization (JETRO)

Mr. Yasuo Hayashi, Special Advisor

Jinan University

Prof. Chen Dingding, School of International Studies, People's Republic of China

MHE-Demag

Mr. Karl Tilkorn, Regional Managing Director

Microsoft

Mr. Tony Newling, Senior Director, Government, Public Sector Asia

Temasek Management Services

Dr. Tan Chin Nam, Senior Corporate Adviser and Former Permanent Secretary

The Financial Times

Mr. Victor Mallet, Asia News Editor

The Nielsen Company

Mr. Johan Vrancken, Managing Director

United Overseas Bank (UOB)

Mr. Jonathan Lim, Executive Director and Regional Head, Global Business Development

LEVERAGING ON UNCERTAINTY: ASEAN AS AN ECONOMIC POWERHOUSE

Given sustained global growth, investors are increasingly turning to ASEAN to expand, deepen and diversify existing connections. Increasingly, more see the potential to transform ASEAN into an economic powerhouse.

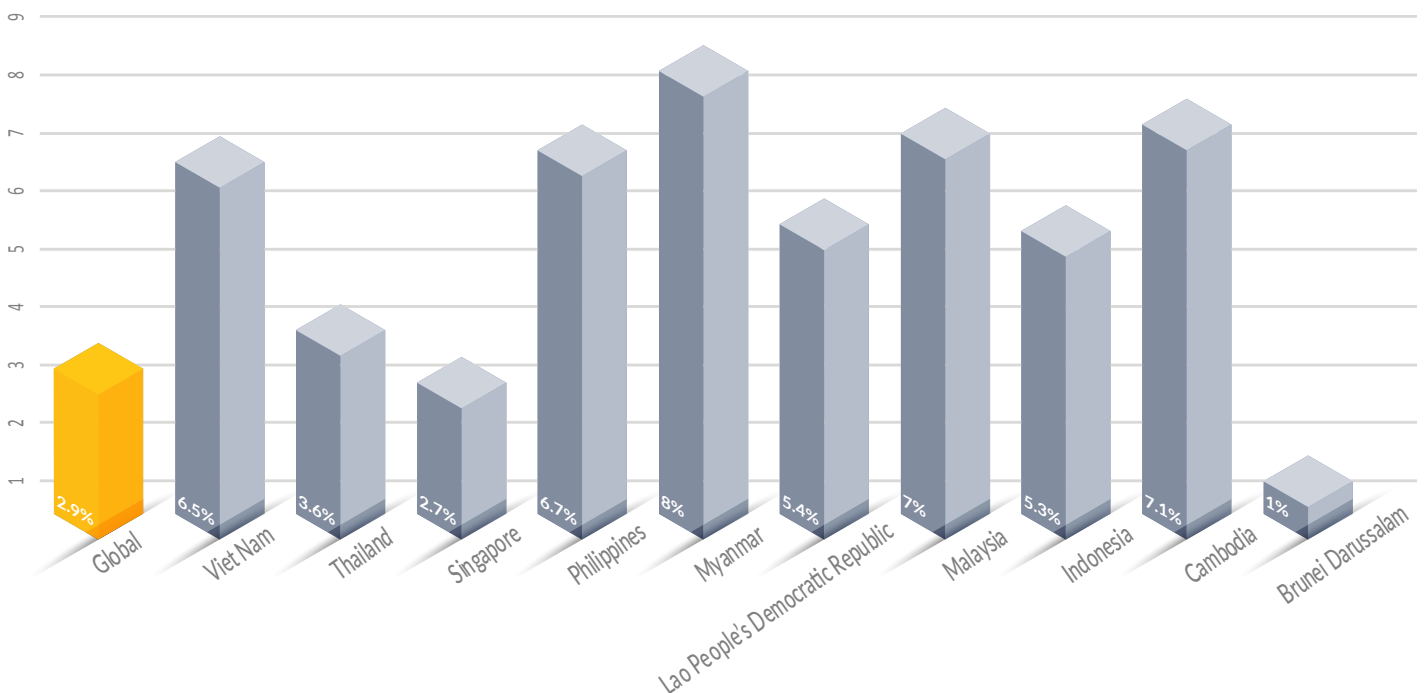
Against the backdrop of global economic uncertainty, Singapore's Minister for Trade and Industry (Industry), Mr. S. Iswaran reiterated that "it is only through a sustained effort to build a seamless and connected region that ASEAN can anchor its relevance on the global stage, and compete for international trade and investments." In his keynote address at the Forum, he stressed that commitment to regional economic integration "will help unlock the potential of ASEAN economies, enhance the competitiveness of regional enterprises, and create opportunities for the people of ASEAN."



"It is only through a sustained effort to build a seamless and connected region that ASEAN can anchor its relevance on the global stage, and compete for international trade and investments."

- Mr. S. Iswaran, Singapore's Minister for Trade and Industry (Industry)

Projected GDP for ASEAN Economies against Global Projection (2018)



Source: World Bank & ADB

In light of the growing populist surge, and the protectionism which has followed in its wake, creating opportunities for ASEAN citizens has become increasingly more important. Domestically, ASEAN is witnessing the rise of nationalism and populism, presenting roadblocks to the region's integration process. Addressing this in his opening remarks, Associate Professor Simon Tay, Chairman, SIIA said "Here in ASEAN, I think we have to make a case that the benefits of opening up outweigh the risks of being inward-looking." ASEAN governments are faced with the challenge of communicating the benefits of economic integration and ensuring that more is done to help those at risk of being left behind by globalisation.



"Here in ASEAN, I think we have to make a case that the benefits of opening up outweigh the risks of being inward-looking."

-Associate Professor Simon Tay, Chairman, SIIA

Prioritising inclusive growth strategies has become more important with technology disrupting businesses and jobs at an unprecedented pace. To move forward, ASEAN must anticipate and respond to technological advances which are already unfolding and are transformative in nature. In this spirit, Minister Iswaran shared that as Singapore takes on the role of ASEAN Chair in 2018, she "will work closely with ASEAN Member States to strengthen digital connectivity and promote e-Commerce flows within ASEAN to benefit businesses, especially the micro, small and medium-sized enterprises (MSMEs)."

Empowering MSMEs is important and ASEAN has emphasised inclusive and sustainable development. Promoting the development of MSMEs can be the most effective and sustainable solution for creating more inclusive growth. MSMEs form the backbone of key Southeast Asian economies, accounting for more than 96 per cent of all enterprises in the ASEAN region.

ASEAN leaders are also working towards a cohesive ASEAN that will become a global player that advances sustainable economic growth in Southeast Asia and in the world. ASEAN's commitment and plans to be at the forefront of global economic development signal the grouping's potential to leapfrog into its next phase of growth and become an economic powerhouse.

INFRASTRUCTURE AND THE BELT AND ROAD INITIATIVE: A WIN-WIN FOR ASEAN?

In recent years, ASEAN countries have made major progress in upgrading transportation networks, boosting electricity generation capacity, improving telecommunications, and ensuring greater access to clean water. However, despite this, there is still a concern that the region's infrastructure remains inadequate to sustain ASEAN's projected economic growth.

According to the Asian Development Bank, Southeast Asia will need some US\$157 billion in infrastructure investment annually between now and 2020. As of 2015, the actual estimated annual investment was only around US\$55 billion.

"The government alone cannot provide, in a short time, the level of service that the people are expecting," said H.E. U Win Khaing, Union Minister for Construction & Electricity and Energy, Republic of the Union of Myanmar, in his panel keynote at the AAF's opening session on "Bridging ASEAN's Infrastructure Gaps".

While Myanmar has made infrastructure development a top priority, the country needs assistance from its neighbours. In this context, China's Belt and Road Initiative (BRI) has been well-received by Myanmar. "The Belt and Road Initiative objectives very well complement our national objectives," said H.E. U Win Khaing, "so that is why we are welcoming the BRI."



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He stressed that Myanmar is also working with alternative partners on infrastructure development projects, including Japan and other Southeast Asian countries. Building better transportation networks across Myanmar benefits the entire region, given Myanmar's geographical location as a land bridge between ASEAN, India, and China.

Despite the benefits, some remain sceptical about the BRI, arguing that although China characterises it as a partnership for development, China itself remains the greatest beneficiary. For example, the BRI is often seen as giving China an outlet for its industrial overcapacity in sectors like cement and steel. However, Mr. Ivan Tan, Group Director, Southeast Asia & Oceania Group, International Enterprise (IE) Singapore, said that even without these internal economic pressures, China would still have launched the BRI.

"We see the BRI as the natural evolution of China's growth," said Mr. Tan. "Just like Japan played a very important role in investing in ASEAN, once China reaches a certain turning point in economic development, it's only natural for the Chinese companies to go out."



“The Belt and Road Initiative is much more than trade and investment, it’s about the long-term development of a common community in Asia and beyond,” said Professor Chen Dingding, School of International Studies, Jinan University. He noted that aside from economics, the BRI also includes policy coordination between countries and the promotion of people-to-people exchanges.

Prof Chen acknowledged that there are “potential deficits” in China’s ambitious development strategy. “Oftentimes some of the projects do not succeed, or even fail, not because of the potential of these projects, but because of the lack of mutual understanding between China and the local actors,” he said.



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- Prof. Chen Dingding, Professor, School of International Studies, Jinan University, People’s Republic of China

This is where Singapore companies, as well as MNCs from other nations, can play a role. By coming on board, firms can help boost confidence in BRI projects. “I think Singapore companies, having been in Southeast Asia for a long time, and having built trust with our counterparts, could be partners in helping manage perception risk,” said Mr. Tan.

Singapore has been supporting the BRI at the government to government level, backing projects within mainland China like the Chongqing Connectivity Initiative and the Southern Transport Corridor.

However, the chief concern for many in the private sector is whether Singapore companies will face greater competition from Chinese counterparts in Southeast Asian markets, now that the BRI is encouraging Chinese firms to go overseas. That said, Singapore companies have already begun forming joint ventures with Chinese partners to invest in Asia.

Singapore already functions as a business and infrastructure hub for the region. MNCs, multilateral agencies and financial institutions use the country as a regional base for operations in ASEAN. These include Chinese banks that are supporting the BRI.

While China is now becoming a major international infrastructure investor, Japan has been financing and supporting such projects for decades. One question for many observers is how Japan views the BRI, and whether we will see competition between China and Japan for projects in the region.

Summing up the Japanese perspective, Mr. Yasuo Hayashi, Special Advisor, Japan External Trade Organization (JETRO) said “It is crucial for infrastructure to be open for use by all, and to be developed through procurement that is transparent and fair”. He also noted projects must also be economically viable and financed in a way that can be repaid by recipient countries, rather than harming their financial positions.



“It is crucial for infrastructure to be open for use by all, and to be developed through procurement that is transparent and fair.”

- Mr. Yasuo Hayashi, Special Advisor, Japan External Trade Organization (JETRO)

The panellists agreed that if BRI projects are of good international standard and mutually beneficial to investors from all countries, it is likely that China and Japan will cooperate more on infrastructure development in the days ahead. ASEAN requires a vast amount of investment to bridge its infrastructure deficits, which means the region needs as many sources of funding as possible.

“Access to capital remains an issue,” said Mr. Wouter van Wersch, President & Chief Executive Officer, General Electric (GE) ASEAN. “We definitely need banks to step in. We need the Asian Infrastructure Investment Bank (AIIB) and Silk Road Fund to be successful, all these initiatives are going to be extremely positive for the region.”

Beyond government-backed initiatives and funds, the involvement of the private sector is crucial for the success of ASEAN’s infrastructure development. This, in turn, means that development projects must offer a sound business case for firms, including Asia’s engineering, procurement and construction companies, as well as the region’s banks and investors.

GLOBAL MEGATRENDS ALTERING THE FACE OF ASEAN



Megatrends unfolding across the globe are often complex and cross-cutting, involving issues such as geopolitics and geo-economics. ASEAN is not immune to these megatrends, which have a lasting impact across all three pillars of the ASEAN Community.

To better understand the transformative nature of these trends, the SIIA collaborated with the ASEAN Secretariat to release a publication titled “Global Megatrends: Implications for the ASEAN Economic Community.” It has been endorsed by the ASEAN Economic Ministers and aims to increase awareness of key issues and drivers of global megatrends, and examine its implications on ASEAN’s integration agenda. This publication was released in conjunction with the 49th ASEAN Economic Meeting in Manila and was endorsed by the ASEAN Economic Ministers.

During the Forum, Dr. Julia Tijaja, Director, ASEAN Integration Monitoring Directorate (AIMD), ASEAN Secretariat referenced the publication and stressed that there are three key global megatrends confronting ASEAN. They are demographic changes influenced by the growing middle class; shifting political trends, including the rise of populism; and the rise of Industry 4.0.

First, ASEAN’s growing middle class will transform the region into the next frontier of consumer growth. If ASEAN were a single country, it would be the sixth-largest economy in the world, valued at US\$2.4 trillion. By 2050, ASEAN is projected to become the fourth-largest economy in the world, with 125 million middle-income households – almost double of what it is today.

Debunking conventional business outlooks, Mr. Johan Vrancken, Managing Director, The Nielsen Company noted that “the fastest growth in ASEAN is expected to happen in middleweight cities from now till 2030,” and not the mega-cities of ASEAN. These cities include Kuala Lumpur, Cebu, Surabaya, Medan and Da Nang.



“The fastest growth in ASEAN is expected to happen in middleweight regions from now till 2030, and not the mega-cities of ASEAN.”

- Mr. Johan Vrancken, Managing Director, The Nielsen Company

For businesses looking to expand in the region, Mr. Vrancken highlighted the need for greater granularity when analysing the ASEAN region. ASEAN is made up of 10 individual markets, and there is a lot of diversity within these markets. These markets also differ in their phases of growth and consumer demand.

However, in spite of ASEAN's lucrative market potential, challenges still remain. In particular, the rise of economic nationalism in ASEAN was recognised as a second emerging trend. Alluding to the rise of religious extremism in Indonesia and Myanmar, panellists expressed concern that identity politics have been gaining ground in our region.

"The rise in populism across ASEAN has also emphasised how democracy is becoming increasingly flawed and organised along communalistic lines," said Prof. Simon Tay. The jailing of Ahok in Indonesia and the rise of ethnic party politics in Myanmar are some examples of this. Panellists agreed that such identity politics which highlighted the diversity of ASEAN as a weakness instead of a strength, were a key challenge to ASEAN's economic integration.

Furthermore, panellists reiterated that the rise of populism was not just an Asian phenomenon, but one prevalent across the world. Mr. Victor Mallet, Asia News Editor, The Financial Times added that all across the world, "identities were becoming narrower and narrower". ASEAN is not immune to such sentiments and if not managed well, this will present a huge roadblock to the progress of an ASEAN Community.

Third, the digital revolution and increase in disruptive new media technologies is a megatrend that will only escalate in scale. The rise of social media has changed the way world leaders communicate with both domestic and international audiences, and has amplified the voices of the middle class who are increasingly demanding more transparent governance and equitable growth.

However, even as governments and public officials are enhancing their media engagement to communicate with public audiences, the rapid growth of fake news or misinformation is a clear pitfall that has been observed.

Ms. Quah Ley Hoon, Chief Editor, English Current Affairs, Channel NewsAsia & Head, Public Service Broadcasting MediaCorp Pte Ltd, commented that while "traditional media is now no longer the only voice, but one voice among many", information accuracy must still be key. If not addressed, the rising trend of misinformation will have tremendous power to influence election results negatively and to normalise herd behaviour.

However, even as these trends act as push or pull factors to ASEAN's integration process, ASEAN remains committed to strengthening its trade and investment linkages through the ASEAN Economic Community (AEC). Learning from Brexit, Dr. Julia Tijaja, Director, ASEAN Integration Monitoring Directorate (AIMD), ASEAN Secretariat, said "We cannot take the current economic integration for granted, ASEAN needs to communicate better to stakeholders the benefits of the AEC and ensure that the AEC generates benefits for common people on the street."



"We cannot take the current economic integration for granted, ASEAN needs to communicate better to stakeholders the benefits of the AEC and ensure that the AEC generates benefits for common people on the street."

- Dr. Julia Tijaja, Director, ASEAN Integration Monitoring Directorate (AIMD), ASEAN Economic Community Department, ASEAN Secretariat

Having inaugurated the AEC in 2015, ASEAN must now move the AEC integration effort forward with a stronger focus on creating a people-centred and people-oriented ASEAN.

FIVE GLOBAL MEGA TRENDS SHAPING THE FUTURE



DEMOGRAPHIC AND SOCIAL CHANGE

• ASEAN's total population is estimated to increase to 717 million by 2030 from 633 million in 2015, with more than half of the population under the age of 30.



SHIFT IN GLOBAL ECONOMIC POWER

• Studies suggest that by 2032, China will overtake the U.S. and be the largest economy in the world.



INTERNET OF THINGS (IOT)

• Making Southeast Asia a \$200 billion internet economy will require \$40-50 billion of additional investments over the next 10 years.



CLIMATE CHANGE AND RESOURCE SCARCITY

• Every two seconds, an area of forest the size of a football pitch is lost to logging or destructive practices.



RAPID URBANISATION

• Between 2015 and 2020, the total population of Southeast Asia will grow at an average annual rate of 1.02%, but the urban population will grow at 2.21%



About this book :

The SIIA collaborated with the ASEAN Secretariat to release the above publication. It aims to increase awareness of key issues and drivers of global megatrends, and examine its implications on ASEAN's integration agenda.

BALANCING OPENNESS AND REGULATION TO UNLOCK ASEAN'S DIGITAL ECONOMY

ASEAN's e-commerce and digital space shows great promise and growth potential, especially with the greater regional connectivity that the AEC will create. The region is seeing a rise in a tech-savvy middle class population heavily dependent on their mobile phones and the Internet. Developments in financial technology have also spurred innovation and growth in the digital space. Countries such as Indonesia, Singapore and Thailand have emerged as the largest e-commerce markets in ASEAN, but other markets in Southeast Asia remain untapped.

However, e-commerce and the digital space also present a significant challenge for policymakers and regulators. The unique characteristics of the digital economy require policymakers to begin designing entirely new sets of tools and regulations, a problem exacerbated by the sector's rapid rate of change. Regulators are also unsure how to best balance the potential benefits of the digital economy with its dangers and risks.

Differences in Outlook between Government and Private Sector

The priorities of governments and the private sector tend to differ with regards to approaching the digital economy. The consensus from the private sector appears to be that it is preferable to prioritise freer flows of information over increased regulation. Mr. Jeff Pirie, Executive Director, Deloitte & Touche Corporate Finance said "Data should be seen as the lifeblood of the digital economy: it must flow freely if the digital economy is to thrive." For example, the greater transparency and access to new sources of capital afforded by technology has already seen a dramatic increase in entrepreneurship in countries such as Thailand and Myanmar.



"Data should be seen as the lifeblood of the digital economy: it must flow freely if the digital economy is to thrive. If blocked, the digital economy will not work, or not as well as it should."

- Mr. Jeff Pirie, Executive Director, Deloitte & Touche Corporate Finance

On the other hand, government actors are more sceptical about the benefits of allowing such free flows of information. They point out that issues such as information security and online fraud have not yet been properly addressed.

Another issue on which government and private sector opinions are divided is the most appropriate methods to ensure data security. Private sector actors support the creation of platforms and protocols to govern the sharing of information, while governments appear to lean towards protectionist strategies such as nationalising data and building "moats" around the digital estate.

However, there are also areas which both governments and the private sector agree are priorities for developing the digital economy. The first is installing high-quality physical infrastructure, which will require a very large amount of investment. Another issue is inadequate communication between governments and the private sector with regards to digital economy issues, which hampers the creation of effective policy.

It was noted that China's transition from a production-based to an information-based economy can provide a blueprint for ASEAN to embark on a similar path. Some characteristics that enabled China's transition included intense competition between companies, rapid innovation, and access to detailed and updated information about consumer preferences. Ms. Ho Shyn Yee, Head of Market Expansion and Head of Retail, Expedia China, said "The reason why Chinese companies could grow so quickly was because they targeted consumers, got signals fast, and moved fast [in response]."



"The reason why Chinese companies could grow so quickly was because they targeted consumers, got signals fast, and moved fast [in response]. If we can tap on the 630 million consumers in the ASEAN market in the same way, the potential learning is immense."

- Ms. Ho Shyn Yee, Head of International Expansion and Head of Retail, Expedia China

These characteristics enabled Chinese tech companies to create digital platforms to access consumers in second- and third-tier cities and rural areas. Through this strategy, Chinese companies were able to quickly and effectively address consumer needs and expand rapidly as a result. ASEAN's large consumer base of 630 million people means that there is significant potential for ASEAN's digital economy to replicate this process.

To enable regulators to better respond to digital economy issues, it may be possible to create a regulatory "sandbox" around particular issues. This would allow governments to give companies space to develop while maintaining a close watch on developments. Governments could also set aside a certain amount of public funds to provide seed capital for innovative projects in specific areas.



ASEAN's e-commerce market size is expected to grow from US\$5.5 billion in 2015 to US\$88 billion in 2025.



ASEAN is the world's fastest growing internet region with an existing internet base of 260 million, which will grow to 480 million by 2020, seeing 3.8 million new users each month

Source: Google and Temasek, 2017

BEING MORE THAN A HUB: CREATING VALUE WITH PARTNERS

Recent global megatrends and the rise of new kinds of competition are triggering a rethink of Singapore's place and relevance in the world. Long positioned as a strategic location for corporate headquarters, Singapore's strengths such as a skilled workforce, sound financial institutions, a transparent legal system and market access to the region, may be insufficient to retain its appeal in the long run.

First, Singapore's high cost structure is making it increasingly difficult for businesses to retain their operations in the republic. Many MNCs from different sectors have already begun to relocate to more affordable cities in ASEAN. Companies also report an increased alteration to taxation policies by different national authorities, seeking to raise revenue without coordination. This pressures the ability to operate out of Singapore and to serve the region as a whole.

Second, ASEAN leaders are expressing renewed ambition to develop the infrastructure sector. As a result, connectivity projects across the region are gaining momentum and have the potential to create more ports, railway tracks and airports. There is growing concern that these projects can lead to new routes that bypass Singapore, and can potentially displace Singapore's long-term strategic advantages.

Lastly, digitisation is pervading our economies. Facilitating cross-border transactions and linking offices across different locations have become a lot easier. Against the backdrop of industry 4.0, is the traditional concept of a "regional hub" still relevant and how can Singapore adapt to such disruptions?

Factors Threatening Singapore's Hub Status

First, Singapore's cost advantages are eroding. The high cost of doing business in Singapore is acting as a deterrent to businesses, especially those in the manufacturing sector. As a result, some companies such as Subsea 7, McDermott, Technip and Saipem have relocated to Kuala Lumpur. At the same time, research and development centres in Singapore seem to incur higher costs than in Austria, Holland and Germany, thereby hampering efforts to venture into high value-added activities.

Second, employees with the necessary skills and experiences to manage regional supply chains out of Singapore are hard to find. "Companies based in Singapore with a regional supply chain often face a lack of talents with first-hand knowledge and experience of the production and engineering patterns across ASEAN," said Mr. Karl Tilkorn, Regional Managing Director, MHE-Demag. This is critical due to the huge diversity in the ways different markets work in ASEAN and the significant language barriers.



"Companies based in Singapore with a regional supply chain often face a lack of talents with first-hand knowledge and experience of the production and engineering patterns across ASEAN."

- Mr. Karl Tilkorn, Regional Managing Director, MHE-Demag

Third, the rise of economic nationalism in other ASEAN countries may lead to resistance to foreign companies. A preference for domestic companies may limit the opportunities and possibilities for Singapore companies to create value and thus undermine Singapore's importance as a regional hub.

In light of these challenges, Singapore could work to retain its appeal as a regional hub in a few ways.

Some participants felt "a mindset shift is needed in Singapore to embrace co-creation and co-evolution with other peers in ASEAN". For Singapore to perform its role as a business architect more effectively, Singapore-based companies need to tap on ASEAN's industrialisation agenda and grow alongside the respective economies. Singapore-based companies need to be able to respond to local sentiments and share the economic benefits across borders. There is a lot of scope for multi-level participation which will yield higher chances of success.



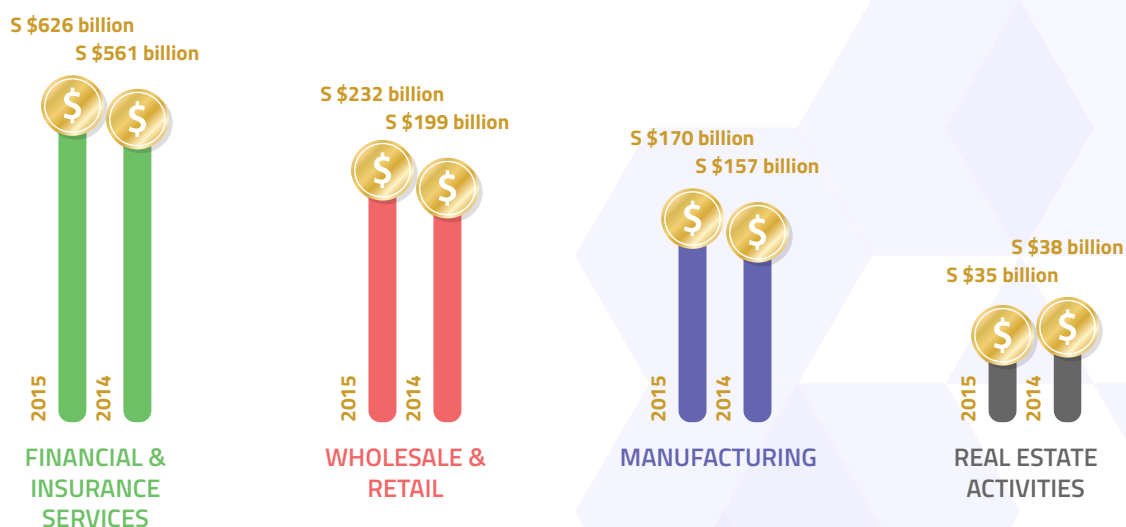
"A mindset shift is needed in Singapore to embrace co-creation and co-evolution with other peers in ASEAN."

- Dr. Tan Chin Nam, Senior Corporate Adviser and Former Permanent Secretary, Temasek Management Services

Singapore can leverage on greater connectivity and the network economy to understand the market better. A network economy is different from previous economic models, where ownership of intellectual property stems from its development by a single enterprise. In contrast, a network economy interlinks business processes with economic activity and promotes the sharing and creation of new ideas beyond borders. One example is the opening of Singapore's Block 71 in Jakarta to allow businesses from Singapore and Indonesia to explore R&D and collaboration opportunities. Block 71 is home to a community of start-ups, venture capitalists and incubators. Such a collaboration helps to strengthen Singapore's role in the region while creating institutional frameworks which promote intellectual sharing across borders.

Singapore should continue to expand its strengths and complement the progress of the ASEAN Economic Community. As other ASEAN states grow and redefine their comparative advantages, Singapore can still be an attractive location for technical activities, creative work and financial support.

SECTORS ATTRACTING FDI IN SINGAPORE



Source: Singstat, 2017
Vector from: thenounproject.com (Coin by Optimus Prime)

ASEAN'S AGENDA AS IT ENTERS ITS NEXT PHASE OF ECONOMIC GROWTH

The existing agenda for ASEAN is considerable. As ASEAN enters a new chapter, ASEAN leaders are turning to new sources of growth to enhance their competitiveness. Improving connectivity and gaining access to regional supply chains have also provided new opportunities for investors. "The sources of trade and investment in ASEAN are changing, becoming much more Asia-focused, much more intra-ASEAN, and in this sense this gives a promise and a substance, to something which perhaps some of us have heard of and dismissed, the ASEAN Economic Community," said Associate Professor Simon Tay, Chairman, SIIA.

It is only through deeper connectivity and integration that ASEAN can continue to serve as a key node in the cluster of economic networks connecting Asia. ASEAN-led initiatives like the AEC and the Regional Comprehensive Economic Partnership (RCEP) will be essential in making the grouping a central player which champions trade liberalisation and a rules-based international order. Using the AEC and RCEP as guiding frameworks to create a liberal and facilitative investment environment can create a predictable investment climate for businesses in ASEAN. This will be welcomed by investors and governments alike, and ultimately sustain the region's long-term economic growth and resilience.

WHAT HAPPENED AT THE 31ST ASEAN SUMMIT IN MANILA, PHILIPPINES IN 13-14 NOVEMBER 2017?

<i>Documents Signed</i>	<i>Key Documents Adopted</i>	<i>Initiatives to look forward to in 2018</i>
ASEAN Consensus on the Protection and Promotion of the Rights of Migrant Workers	ASEAN Declaration to Prevent and Combat Cybercrime	ASEAN-wide Self-Certification Scheme
ASEAN-Hong Kong, China Free Trade Agreement	ASEAN Declaration on Innovation	Signing of ASEAN Trade in Services Agreement
ASEAN-Hong Kong, China Investment Trade Agreement	Action Agenda on Mainstreaming Women's Economic Empowerment in ASEAN	Begin negotiations on a legally binding Code of Conduct to resolve disputes in the South China Sea
	ASEAN Leaders' Declaration on Disaster Health Management	
	ASEAN Declaration on 'Culture of Prevention' for a Peaceful, Inclusive, Resilient, Healthy and Harmonious Society	
	ASEAN Declaration on the Gender-Responsive Implementation of the ASEAN Community Vision 2025 and Sustainable Development Goals	
	ASEAN Joint Statement on Climate Change to the 23rd Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change	

ABOUT THE SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

The SIIA is an independent think tank dedicated to the research analysis and discussion of regional and international issues. Founded in 1961 and registered as a membership-based society, the institute is Singapore's oldest think tank that aims to help Singapore become a more cosmopolitan and global society through public education and outreach on international affairs. The SIIA is also a founding member of the ASEAN Institutes of Strategic and International Studies (ASEAN-ISIS), a regional alliance of think tanks and plays a key role in Track II diplomacy, supplementing official dialogue between governments.

The SIIA analyses key political, economic and social trends in ASEAN and key member states of the group. From this, the SIIA considers implications for relations in the Asia Pacific and the rest of the world. Another flagship programme focuses on sustainability and environmental issues in the resource sector in ASEAN.

Since 2013, the SIIA has consistently ranked highly as one of the top think tanks in Southeast Asia and the Pacific, in the Global Go-To Think Tank Index done by the University of Pennsylvania. For 2017, the SIIA was ranked the no. 1 think tank in Asia and in the top 50 globally (excluding USA).

ABOUT THE SIIA'S ASEAN PROGRAMME

The SIIA's ASEAN programme looks at how politics and socioeconomic policies in ASEAN impact business and investment in the region and provides a monthly insight or briefings for corporate members and clients.

The SIIA closely monitors emerging trends in key economies and relations to major partners China, Japan, the USA and EU are also in focus. In recent years, the SIIA has done key work on Myanmar and Indonesia and provided assistance and advice in close cooperation with their government agencies. The SIIA has produced special reports evaluating the changing political and economic landscape as well as the business and investment opportunities of the respective countries. The SIIA also held events such as the ASEAN-Myanmar Forum as a networking platform for high-level corporates and leading businesses.

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