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Bracing for the tempest ahead

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THE Association of Southeast Asian Nations (Asean) Private Sector Salute Conference held in December 1997 in conjunction with the Asean Commemorative Summit identified several key issues and strategic challenges. These key issues are even more pertinent as 1998 will be a tough and difficult year for most of the Asean countries, with the exception of possibly Brunei Darussalam and Singapore. With the Chinese New Year and Hari Raya double festivities over, many expect the Asean economies to suffer a significant slowdown. Things will get worse before they get better seems to be the view of many people.

It is, therefore, apt that the private sector of Asean at the recent conference discussed the cash-flow problems that businesses and companies will face as a result of the region-wide currency and stock market problem. In fact, with consumer demand slackening many companies will be hard hit as consumers defer purchase decisions in the light of the economic downturn. Hence, companies need to be more cost-effective to survive and thrive in such an economic environment.

The prime minister's call to the private sector in the Asean countries to 'think Asean and buy Asean' is therefore apt and timely. As the regional currencies have all depreciated, buying from each other will not have an adverse foreign exchange effect as purchasing from the United States or Western Europe or even from Japan. The Asean Private Sector Conference therefore fully supported Datuk Seri Dr Mahathir Mohamad's call to buy Asean.

Towards this end, one key issue is the progress of the implementation of the Asean Free Trade Area (Afta). Many in the private sector of the Asean countries felt that Afta should be expedited. The current economic situation should not be an excuse to backslide on Afta. The pooling of resources of Asean companies should also be accelerated and given greater focus. In this regard, the promotion of more strategic alliances and joint-ventures is a challenge that Asean faces.

The Asean Private Sector has also identified the challenge of accelerating harmonisation of regulations, standards and tariffs. Such a move will encourage greater intra-Asean trade, investments and alliances. It was common consensus that Asean's future depends on the private sector as the engine of growth. However, the private sector in Asean needs to face up to the challenge of globalisation and growing competition. Asean companies must be able to operate and compete globally and regionally. To do so effectively, the private sector in Asean needs to develop the right strategy and have the right business infrastructure to support the strategy. Asean companies also need to promote and protect innovativeness, develop new initiatives and continually upgrade product design skills and knowledge.

During the conference, Asean corporate leaders also recognised the need for entrepreneurs to worry about the quality of life, create stable, prosperous and open societies as well as strengthen Asean values. The issue of better governance and business ethics was also highlighted.

Another strategic challenge facing the Asean private sector is information technology. Asean companies need to keep up with the Information Age. There was a proposal to establish an Asean Information Network to enable people and goods to move more rapidly within the Asean region. It was further noted that business will be increasingly

technology-driven.

Apart from promoting value-added industrialisation, the Asean private sector also took cognizance of the growing importance of the services sector and for more investments to be made in this sector. The development of Asean small and medium enterprises (SMEs) was also stressed. An Asean SME development programme was suggested.

In short, the corporate leaders of Asean took notice of the fact that the economies of the Asean countries are fundamentally strong and sound and that measures have been taken to restore investor confidence. The Asean governments have responded effectively to the dearth of confidence and have adopted various measures to restore investor confidence.

In fact, the present economic situation provided a timely opportunity for Asean companies to reorganise and restructure themselves to be more globally competitive. Benchmarking, the ISO 9000 process and commitment to quality are essential to future success.

The private sector was urged to see the present economic problem as an opportunity and to act swiftly to overcome the current problems. Changes must be implemented quickly and greater professionalism adopted in managing Asean companies and businesses. With professional management and strategic planning, an early warning system can be adopted to detect future problems.

Whilst economic growth in the Asean countries will slow down, what will be useful will be the recognition that what the region needs in the long-term is predictable and sustainable growth. To help economic recovery, Asean companies and entrepreneurs were urged to invest in the downturn. Asean corporate leaders should take advantage of the downturn to invest for the future. The problem has demonstrated the close interdependence of the Asean economies. Now that steps have been taken to put our own house in order, we can be masters of our own destiny to weather the storms ahead. The Asean private sector should therefore commit to a quickening of the pace of regional cooperation and to translating the Asean Vision 2020 into reality.

The Asean Vision 2020 'reinforces the role of the business sector as the engine of growth' and specifies measures that provide a conducive environment for trade and investments. The measures include maintaining regional peace, stability and security, economic liberalisation, environmental protection, human resource development and the building of a just, democratic and caring society.

To quote from the Asean Vision Statement, 'We see vibrant and open societies consistent with their respective national identities, where all people enjoy equitable access to opportunities for total human development regardless of gender, race, religion, language or social and cultural background.

'We envision our nations being governed with the consent and greater participation of the people, with its focus on the welfare and dignity of the human person and the good of the community.'

As Philippines President Fidel Ramos said when closing the Asean Private Sector Salute Conference, 'Asean 2020 embraces the pressures, the risks and the opportunities of globalisation. It charts the way for a prosperous economic community. By the year 2020, Asean will be an integrated economy of half a billion people. Its growth is sustainable and the results of its prosperity are equitably distributed. Resources will be shared and investments attracted.'

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