

# DOING THE DEED

The just-concluded 2005 Asean Business and Investment Summit ended on a positive note. The question now is whether the proposals put forward can be translated into action.

By Norsiah Nurani

**T**HE 2005 Asean Business and Investment Summit (Abis), held in conjunction with the 11<sup>th</sup> Asean Summit, ended on a glorious note with encouraging response from Asean leaders. More importantly, though, is whether the caucus will be able to put the suggestions brought forward during the summit into action plans.

The Asean Business Advisory Council (Abac), the organiser of the business summit, has called for the setting up of Asean conglomerates to spearhead the implementation of big projects in the region, focusing on 11 priority sectors. It is proposing that business leaders and entrepreneurs of member countries take up equity stakes in the specific conglomerates.

'Many Asean countries have their own civil engineering or contracting companies. We are hoping that the business leaders and entrepreneurs of these countries collaborate by taking up equities in a consortium to undertake some of these projects,' says Abac Chairman Datuk Syed Amin Aljeffri. These projects could be funded by global organisations such as the United Nations or The World Bank, he adds.

Citing an example, he says the Mekong sub-region in Thailand is expected to see a lot of infrastructure development and this is one area where the conglomerates can come into play. 'As the promoter of this initiative, we are urging the companies to come back to us so we can



Prime Minister Datuk Seri Abdullah Ahmad Badawi holds aloft a locally-made table lamp to signify 'The Towering Malaysian' after delivering the keynote address at Abis. Syed Amin is on the right while Datuk Dr Michael Yeoh, CEO of Asian Strategy & Leadership Inc Sdn Bhd, the co-organiser of the event, looks on the left

propagate this consortium,' he says.

The sectors that have been identified as priority sectors include agro-based products, wood-based products, electronics, healthcare products, automotive products, rubber-based products, textiles and apparels, fisheries, e-Asean, air travel and tourism. Of these, the agriculture and agro-based, and tourism sectors are expected to be the forerunners.

The recommendation for setting up the Asean conglomerates is part of many proposals contained in a 100-page report prepared by Abac based on its work in the last one year. It was presented by Syed Amin at the business summit, basically to tell the leaders what needs to be done this year and ask for their endorsement.

'We did not see any negative reaction from the Asean leaders towards the proposals, but we are certainly expecting

more meetings and discussions at the economic officers and ministers levels and possibly from the Asean secretariat. We are expecting some kind of feedback from the Asean Secretariat in the first quarter of this year,' he tells **Malaysian Business**.

Abac was set up by Asean leaders in 2001 as the primary vehicle for private sector feedback and guidance to boost their efforts towards creating a more dynamic, integrated and competitive Asean economy.

Syed Amin hailed Abis as a success with keen participation from more than 800 representatives from 20 countries, including business leaders from Japan, India, Korea, the United States, Russia and the Middle East.

Besides the two-day business summit, there was also a special leaders dialogue and the Asean-Russian Business Forum.

The proposal for the establishment of the Asean conglomerates has got a kick-start in the agriculture sector with the formation of an Asean palm fibre technology consortium. The promoters of this pioneer project scheme are from Malaysia, Singapore and Thailand. Indonesia is also keen to participate as it is one of the major palm oil producers, while Vietnam and Myanmar have shown interest too.

The consortium has agreed to share technological knowledge, product applications and a working environment, with a detailed framework forthcoming this year. It will also work on inter-country levies, concessions, tax incentives and funds.

According to Syed Amin, there are many projects that can be implemented in the agriculture and agro-based sector such as bio-diesel, a substitute for petroleum diesel and very much a Malaysian-based project, and bio-ethanol, a sugar cane-based product currently being undertaken by the Philippines. With high crude oil prices, a number of countries are switching to bio-diesel, making the scenario favourable for the production of this alternative.

There are other projects that can involve these specific conglomerates such as e-commerce, tourism and logistics.

Syed Amin says there is a case for the

setting up of conglomerates as the Asean market is fragmented although it is huge and offers good potential. 'If you are big enough, then you can go to China, India and other countries and be more competitive.'

In terms of economic power, Asean offers a market of more than 500 million people and has an annual gross production of over US\$ 500 billion.

According to him, these conglomerates also have the prospects of being listed on regional bourses such as Bangkok, Singapore, Manila and Jakarta and will have Asean ownership.

Besides the specific conglomerates, Abac is also pushing for the development of small and medium-scale enterprises (SMEs). Towards this end, it is working with the Asean Foundation to uplift its corporate culture and management by introducing features of corporate governance into the SMEs.

It is also looking to get assistance from big companies and multinational corporations operating in this region to help the SMEs in terms of providing business support.

While the road ahead seems clear for some of the proposals to take off, Syed Amin highlights several challenges and issues that could hinder its progress. National interest may be a stumbling block to what the council wants to do as it may not be able to get the full agreement from its members, especially in areas where a country may not have the interest, he says.

The problems may come from the players themselves as they have to agree on the equity structure, management control, where the office is to be located and whether the conglomerate is in direct competition with a local company.

As part of its duty, Abac will continue to interact and hold dialogues with business associations and clubs in the different sectors such as tourism, textile and furniture. At present, Abac is working closely with 30% of the more than 50 active associations.

Representatives from India and China have shown keen interest in collaborating with Asean business groups and using Asean not only as a market but also as a production base. **mb**