



The Habibie Center

Talking ASEAN

**“ASEAN Connectivity: Opportunity for
Business and Shaping ASEAN Identity”**



Presentation and Discussion Report

Tuesday, 29 October 2013 at 14.00 - 16.00
The Habibie Center Building
Jl. Kemang Selatan no. 98, Jakarta 12560



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DISCUSSION REPORT

Talking ASEAN: “ASEAN Connectivity: Opportunity for Business and Shaping ASEAN Identity”

The Habibie Center, Jakarta, Tuesday October 29, 2013

Introduction

On Tuesday, 29 October 2013, The Habibie Center held Talking ASEAN on “ASEAN Connectivity: Opportunities for Business and Shaping ASEAN Identity” at The Habibie Center Building in Jakarta. The Talking ASEAN featured Mr. Lim Chze Cheen (Head of ASEAN Connectivity Division, ASEAN Secretariat), Mr. V. Raman Narayanan (ASEAN Affairs and Government Relations, Air Asia ASEAN) and Ms. Meili Tsiao (Director General, International Division, Institute for Information Industry) as speakers with Ms. Rahimah Abdulrahim (Executive Director, The Habibie Center) as moderator. The main objectives of this Talking ASEAN were to: (a) discuss existing and potential initiatives done by the government, public and business sectors in promoting connectivity among ASEAN member states and to examine the challenges and obstacles faced; (b) explore further potential opportunities in the possible expansion of the Master Plan on ASEAN Connectivity and the possible contributions of ASEAN Dialogue Partners and other external parties in the region; (c) discuss the meaning of ASEAN Identity as it stands today and explore how it can be raised through ASEAN Connectivity; & (d) discuss how ASEAN leaders, policy makers, academia, private sectors and civil society organizations could further promote and facilitate “people to people interaction” in ASEAN and how they can utilize connectivity as means to achieve greater cohesiveness among peoples of ASEAN.

This discussion report summarizes the key points of each speaker as well as the question and answer session that followed.

Mr. Lim Chze Cheen (Head of ASEAN Connectivity Division, ASEAN Secretariat)

Mr. Lim Chze Cheen began by describing how over the past few decades, businesses and communities were becoming more and more interlinked, and stated that ASEAN as a region was no exception. He pointed to ASEAN’s GDP which had tripled and asked how could ASEAN ensure continued growth? Mr. Lim Chze Cheen pointed to the ASEAN Connectivity Master Plan which ASEAN Leaders had introduced as a response to the question of ensuring continued growth. The ASEAN Connectivity Master Plan envisaged not only physical dimensions – such as building roads, rail, telecommunications, electricity, air and maritime transport – but also people to people connectivity.

Mr. Lim Chze Cheen pointed to a number of ASEAN Initiatives that included the ASEAN highway network, ASEAN maritime network, as well as networks for power, energy, and telecommunication. However he conceded that there remained some missing links. For



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example, a highway network connecting Lao PDR and Myanmar. Nevertheless, both countries were making huge efforts to improve their road and rail linkages so that trade and investment could reach their regional areas.

Mr. Lim Chze Cheen highlighted that many countries within the ASEAN region were maritime in nature. It was therefore important to have arrangements and instruments to link them together and pointed to JICA studies which had identified Penang, Belawan, Phuket, Malacca and Dumai as priority areas for maritime commercial operations. Turning to the plans for an ASEAN Power Grid, he explained that the ASEAN Connectivity Master Plan had prioritized two links: West Kalimantan-Sarawak and Malacca-Pekanbaru. Mr. Lim Chze Cheen also discussed plans for an ASEAN Broadband Corridor.

The institutionalizing of connectivity was seen to be highly important as too was the engagement with ASEAN external partners. The challenge now related to regulation. For example, when it came to businesses, stakeholders had to face lengthy time and complicated documents. It was worth noting however that the cost of doing business itself was actually lower than in the European Union. By simplifying the documents procedure and tariffs, ASEAN stood to benefit a lot. Indeed, Mr. Lim Chze Cheen remarked that ASEAN was tackling this through various initiatives. For example, the ASEAN Single Window and other trade facilitation.

On the issue of investment, Mr. Lim Chze Cheen stated that ASEAN had established a modality for the phases of reduction and elimination of investment restrictions and impediments. The more difficult thing to achieve, however, was people to people connection. While physical connectivity requires more resources, people to people connectivity required greater emotional resources. In other words it needed the efforts from the people itself. It was therefore worrying that, although many people knew of ASEAN, not many knew what ASEAN actually did. This was despite the many efforts of ASEAN to promote people to people relations such as visa relaxations and visa exemptions for ASEAN nationals (i.e. 14 day visa-free travel). Mr. Lim Chze Cheen stated that the focus for ASEAN was now to enhance tourism within the region and was happy to see that the business sector, such as Air Asia, was making its own efforts in this regard. In addition to tourism, Mr. Lim Chze Cheen discussed the movement of natural persons, stating that ASEAN was promoting the movement of skilled labor through initiatives like the Mutual Recognition Agreement (MRA) to discuss further professional mobility within the region.

More important, according to Mr. Lim Chze Cheen was education. ASEAN had developed an ASEAN Curriculum Sourcebook and an ASEAN Studies Course. In addition, there had been efforts from ASEAN member states to translate the aforementioned into their national languages and to socialize it. The ASEAN Visual Learning Center was also noted as a first stop for youth to study about the history, culture, places of interest, economy and heritage of ASEAN.

Lastly, Mr. Lim Chze Cheen spoke on initiatives at the sub-regional level for sub-regional connectivity. He noted that efforts by the Greater Mekong sub-region and even Indonesia's MP3EI would also complement and enhance ASEAN Connectivity. The greatest challenge for Mr. Lim Chze Cheen was how to ensure such initiatives could be sustained given that the financial requirements were huge. Key questions therefore were: how do we mobilize sufficient resources? How to maintain and to sustain that resource? How to institutionalize resources? At the same time it was important to ask how stakeholders could be coordinated in the effort for ASEAN Connectivity so that it could be achieved by everyone involved.



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Mr. V. Raman Narayanan (ASEAN Affairs and Government Relations, Air Asia ASEAN)

Mr. V. Raman Narayanan began by describing the uniqueness of the ASEAN region noting that its population made up 9% of the world's population, had diversity of faiths and was a symphony of cultures. He further added that over a thousand languages and 33 UNESCO World Heritage Sites could be found in ASEAN.

Touching on the history of the region, Mr. V. Raman Narayanan stated that the peoples of ASEAN were previously objects of colonization and of post-colonial national regimes which had occupied the peoples with their different ideologies. Therefore it was important for ASEAN citizens to reconnect themselves with one another in the region so that they could pursue shared dreams and aspirations. ASEAN Connectivity was therefore seen as a way forward but a question remained over how people-to-people connection could be made. Mr. V. Raman Narayanan suggested that trust was a crucial element and that the concern now was over the platform for facilitating that trust. He underlined the importance that connectivity needed to be followed by a mindset change. Such a mindset change would allow ASEAN to take full advantage of its geographical position, demographic potential and future strategic importance to external partners like China. Mr. V. Raman Narayanan pointed to Indonesia where the middle class was rising and where Credit Suisse predicted more and more Indonesians will be able to access financial loans and have greater financial capabilities. By 2030, ASEAN'S GDP per capita was expected to reach USD12,000 (a 300% increase in income wages).

Reiterating the point of mindset change, Mr. V. Raman Narayanan urged the peoples of ASEAN to adopt a regional mindset that transcended national interests. ASEAN was located in the middle of two growing regional giants and it was important for ASEAN to be able to share in this growth. The question for Mr. V. Raman Narayanan was how to translate this opportunity into real growth? The support of both the private and public sector was seen to be crucial in translating this opportunity. Indeed Mr. V. Raman Narayanan argued that the role of the government should be limited. In his opinion, governments should be the referee that ensured a level playing field and enforce the rules fairly. Rather than being a player, governments should let the market work its magic, encouraging the private sector to adapt, compete and innovate.

On the efforts of tourism, Mr. V. Raman Narayanan described how Air Asia was doing its part to boost tourism in the region and argued tourism was a vital way of empowering local communities. To illustrate, Mr. V. Raman Narayanan took the example of Bali where he suggested a visitor might spend up to USD 300 during their stay. This money, Mr. V. Raman Narayanan argued, would go straight into the pockets of the local people (hoteliers, restaurateurs, souvenir sellers, etc) rather than the governments.

However, Mr. V. Raman Narayanan stated that connectivity should not be limited to promoting tourism alone. While tourism was an important element of connectivity, it also involved commitment and emotions. He also emphasized the importance of frequency. It was not simply enough that people visit certain places, but the frequency of their visits should also be a concern. Only then would connectivity be meaningful.

Ms. Meili Tsiao (Director General, International Division, Institute for Information Industry)

Ms. Meili Tsiao began by introducing the work of the Institute for Information Industry (III), especially in helping APEC economies to conduct ADOC (APEC Digital Opportunity Center)



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facilitation since 2003. Ms. Meili Tsiao stated that III had vigorously been fulfilling the APEC Leaders' Declaration in Brunei, 2000 for an e-APEC strategy which includes tripling internet access in the region, enhancing the e-opportunities of APEC economies, converting the digital divide into digital opportunity as well as to assist APEC economies to take full advantage of the information technology revolution.

Noting that ADOC covers the ASEAN member-states of Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam, Ms. Meili Tsiao stated that ADOC had built a connected partner network in ASEAN. She also stated that sixty seven ADOC centers had been established in ASEAN and their focus was to educate women, children, and even street children with the use of mobile technology. She also described the Mobile Digital Opportunity Centers (M-DOCs) which were designed to train people who have little access to the existing training centers. So far, ADOC, in cooperation with the private sector, had established 2 Mobile Digital Opportunity Centers in rural areas in the Philippines and one more to benefit communities surrounding the forest of Sumatra, Indonesia. Ms. Meili Tsiao argued that mobility enables active outreaching approaches and creates more digital opportunities for people with greater needs for ICT-related training. As such it was beneficial in connecting and empowering rural communities.

Ms. Meili Tsiao also highlighted the concept of "Game Jam" which involved the gathering of game developers for the purpose of planning, designing, and executing games for ASEAN children. She suggested that ASEAN children could be equipped with games covering ASEAN puzzles and trivia about ASEAN 101, thereby promoting a sense of being an ASEAN citizen.

Question and Answer Session

Question No.1: I want to ask about the protection and conservation of ASEAN heritages. These heritages – such as the Majapahit and Champa period - are important foundations of modern ASEAN. What socio-cultural activities are being conducted?

Question No.2: When we talk about ASEAN Connectivity, we see there are still development gaps. This is especially true with many ASEAN countries that are still dealing with problems of economic gaps. How does ASEAN view this issue? What is ASEAN's priorities for narrowing the development gap?

Question No.3: I am interested in the point of the private sector supporting efforts for ASEAN Connectivity. Which business institutions are currently engaged with ASEAN Connectivity?

Response:

Mr. Lim Chze Cheen responded by stating that ASEAN now had several committees working on cultural heritage. On the issue of narrowing the development gap, he explained that ASEAN viewed connecting the region and narrowing the development gap as concurrent efforts. He argued that connecting the region in fact complimented narrowing the development gap. He also pointed on that a number of multinational corporations (MNC) now had headquarters in Southeast Asia and added that there were a variety of business councils such as the ASEAN Business Advisory Council, ASEAN-UK Business Council, ASEAN-US Business Council, etc.



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Adding his view on the issue of ASEAN heritage sites, **Mr. V. Raman Narayanan** suggested more should be done. He pointed to Jakarta's Kota Tua area which should be revitalized and turned into an ASEAN heritage center. If the area was successfully revitalized, it would promote local communities and contribute to Jakarta's economy. He pointed out that ASEAN's local heritage was very unique and a particular draw for tourists. He stressed that education was important to connect ASEAN children with their heritage. On the issue of narrowing the development gap, Mr. V. Raman Narayanan noted that ASEAN was not only concerned with regional economic growth but also with its distribution. He also added that for the private sector, the mindset of those who were engaging with ASEAN Connectivity was crucial. Business was not simply about profit but also about sharing prosperity for the peoples of ASEAN.

In her response, **Ms. Meili Tsiao** underlined the need for ASEAN to take responsibility for making the region a more attractive place for visitors. She suggested that information technology be better utilized in order to promote ASEAN's tourist attractions; for example, through better websites and creating apps.

Question No.4: One of the difficult challenges is how to balance the quantity of economic growth with that of better quality growth? What happens to business when governments make overlapping policies? We have ASEAN Connectivity, we have economic corridors, and in Indonesia we are having many programs. This may lead to potential policy conflicts and have unintended consequences. How do we deal with this policy dilemma?

Response:

Mr. Lim Chze Cheen explained that when ASEAN drafted the ASEAN Connectivity Master Plan it had already taken into consideration all the risks involved. Noting that ASEAN also has other pillars, he felt that these pillars could also contribute to narrowing the development gap. He conceded that there needed to be a social impact assessment on investment which would help better determine future policies to pursue. Meanwhile, **Mr. V. Raman Narayanan** suggested that policy decision making should be more bottom-up. There needed to be a new paradigm that was more inclusive and more participatory. Indeed he pointed to the limitations of governments noting how the global financial crisis was caused by the banking sector and not by the governments.

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