

**Speech by the Secretary-General of ASEAN, Dr Surin Pitsuwan
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Bangkok, 26 February 2009**

**H.E. Governor of Bangkok
Mr Arin Jira, Chairman of the ASEAN-Business Advisory Council
Members of ABAC
Distinguished Guests,
Ladies and Gentlemen,**

I am here today to talk about business in the marketplace of ASEAN.

As you know, the ten economies of ASEAN are being integrated into an ASEAN Economic Community (AEC) and implemented through the AEC Blueprint. This AEC Blueprint is the only one among the three that has been approved and is being implemented over the past year. I understand that you already have a preview of the AEC Blueprint yesterday. The AEC Blueprint is the roadmap of ASEAN integration.

ASEAN would like to see the ten economies combine and become one market. ASEAN would like to be one market and an equitable landscape with not too much diversity and gaps. ASEAN would like to see all ten economies be competitive with the rest of the world and as one single production base integrated into the global economy. These are the goals. We have the strategies and projects to drive the ten markets into one single entity with 575 million consumers and the growing and rising middle-class, which is not much less than the middle-class of China and not less than the middle class of India.

The purchasing power of the region is attractive for business, investors and MNCs. At the heart of our strategies is to reduce tariffs; eliminate non-tariff measures; reduce the gaps in order to increase purchasing power across ASEAN; attract investors; and, institute rules and regulations to protect investment and intellectual property.

All things done in the past have benefitted the MNCs more than the business community of ASEAN. The business community of ASEAN is the real nuts and bolts. The business community is the real driver of integration in ASEAN. We must see more SMEs investing across borders. We want to see more of our business looking at opportunities and taking more risks to propel this integration forward. We want to see more presence across the ASEAN landscape, rather than taking comfort within our respective borders.

Others outside are convinced that ASEAN in cooperation with the Plus Three countries (China, Japan and Korea) will be another pool of growth and a centre of dynamism post-crisis. A new landscape is being developed with multi-centres; no longer dependent on the United States or Western Europe. A healthy economic landscape post-crisis will need to be multi-polar and East Asia is one such candidate.

Ten years ago, we were hit by a crisis. Ten years ago, we separately ran for cover and separately failed. The crisis first came to Thailand and spilled over to the rest of ASEAN, The entire East Asia miracle was demolished. Now, we have instituted reforms. Banks are less exposed to toxic assets and savings are higher than any region. We are a strong economic engine. At international meetings, all look at ASEAN. They talk about us; our stability, our growth, and we providing stability to the international financial system.

Last weekend at the ASEAN Plus Three Meeting, the Finance Ministers of ASEAN, China, Japan and Korea got together and agreed to increase the pool of resources, called the Multilateralised Chiang Mai Initiative, from US\$80 billion to US\$120 billion. We are not going to wait for a handout from the international community. This is a gesture of courage. It is not that we are going to replace the International Monetary Fund (IMF). The Initiative, which began 10 years ago, allows for bilateral swaps arrangements. Along the way, bilateral swaps were not enough. We decided to multilateralise it and China, Japan and Korea agreed to come in.

The world is looking at us, whether East Asia can be creative and courageous commensurate with our wealth and technology. The test is not in the accumulation of wealth but in the contribution to the international community. At least, we can take care of ourselves and lessen the dependency on international financial institutions. The IMF and the World Bank will be needed but this arrangement will take the pressure off the international financial institutions as they have limited resources and too many issues to take care of. If East Asia can take care of itself, then it should be fine for us.

Because of these expectations, trust and confidence, we now have 16 Ambassadors accredited to ASEAN from non-ASEAN countries including ASEAN's Dialogue Partners. The EU has appointed an Ambassador and so has the United States. Both Ambassadors are going to speak at this conference and they will tell you how much confidence they have in ASEAN. The question is how much confidence we have in ASEAN ourselves. We have generated more confidence outside than inside of ASEAN.

These views can be taken down to Cha-am and you can share your views, initiatives, expectations and demands with the ASEAN Leaders, Ministers and colleagues there. ASEAN has achieved a lot and is not just a talk shop.

Intra-ASEAN trade is 25% of ASEAN's total trade of US\$1.6 trillion. This is US\$400 plus trade within the ten countries of ASEAN. This is not a small amount and is comparable to NAFTA and the EU 27. But we need to increase more of this trade, to 30%, to 40%. We need your participation. We need you to take risks and the initiative to go out to other parts of ASEAN to explore the resources and to invest in each other so that ASEAN integration on the economic plane will be achieved and successful.

We would like to market ASEAN as a single destination for tourism. We need to have standards. We need Mutual Recognition Arrangements amongst and between ourselves so that our human resources can be accepted across ASEAN, whether they are trained in Myanmar, Indonesia or Singapore, and can move across the ASEAN landscape.

I hope ABAC will be able to communicate its hope, wishes and needs effectively. ABAC must be like the USABC which is very effective and aggressive. The USABC is working hard to penetrate markets and to make conditions friendly to their business. They work very hard to improve laws and regulations and their investments are protected. This is what ABAC must do.

This is an open field. ASEAN is about open and inclusive regionalism. We cannot close and create a fortress around ASEAN and turn it into our own cocoon of comfort. We must resist the temptation of protectionism. We must be ready to compete and welcome foreign investors. I have recently spoken to the Japanese Chambers of Commerce in ASEAN to form an ASEAN Japanese Chamber of Commerce.

ABAC needs to be mindful that there are other Councils that may take advantage of our business-friendly rules and procedures and the business community of ASEAN may be left behind. This is conceivable but not desirable. It is entirely up to us to make sure that ASEAN is an organisation that is people-oriented, business-friendly, competitive, integrated, equitable and inclusive. The fruits of economic development must be shared especially so that the middle-class of ASEAN can grow and expand and become the foundation of the market. The rise of the middle-class can only grow if business grows and if ASEAN can grow in each other's market and benefit from the natural resources in these markets.

On ASEAN's investment with ASEAN, this is only 15% of all foreign investment coming into ASEAN. In 2007, US\$63.3 billion of FDI came into all ASEAN markets and of this, only US\$9.5 billion came from the ASEAN countries. We must increase FDI from ASEAN sources into ASEAN economies.

We also want to increase FDI. We are negotiating an FTA with the EU. We will soon sign the FTA with Australia and New Zealand. We plan to sign with India but this may need to wait. We have been negotiating with the EU for the last two years. We are experiencing challenges in these negotiations because of the diversity. We are looking at ways to get around it. Hesitation, reservations and lack of preparedness in some of the ASEAN Member States may be the reasons but we hope the next consultation will move us forward. We already have FTAs with Japan, China and Korea. When all these FTAs come into effect, there will be opportunities for all the people and countries in the region. It is best for ABAC to embark on this campaign, ASEAN business across the ASEAN landscape, as a matter of urgency. These are the things that Leaders may want to hear from you when you make the presentation to them.

ASEAN business needs to be proactive and look at opportunities within ASEAN. We need to increase intra-ASEAN trade by the time we establish the ASEAN Economic Community to 30-35% of trade among ourselves. We should aim to increase investment from the current 15% to 25% or even 30% by 2015. If these are our guide-posts and we can keep our eyes fixed on them, we will have the possibility of success.

Let me leave you with this confirmation so that you will be confident and willing to take risks to venture into the ASEAN economies across the region. The world wishes us well and this is shown by the number of Ambassadors who are willing to work with us. All across the globe, people are looking at ASEAN as a beacon of hope, as another pillar, contributing to the global financial and economic stability. They are willing to support, cooperate and assist us and willing to do business with us because in their calculations, ASEAN has a good chance of success. In their calculations, East Asia has a good chance of recovering faster, faster than Europe or the US. In their calculations, we can help to sustain the global economy and cushion the negative impact of the crisis on us and the world. They wish us well and if we succeed, there are positive consequences for ASEAN and implications for the success of East Asia and the entire global community.

My hope is with you, the business community of ASEAN, to turn this goodwill of the world and the opportunities into prosperity and success. The only way to make it a people-to-people sustaining growth is by promoting prosperity for the people.

Thank you.