



# MONTHLY NEWSLETTER

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## EU-ABC OFFICIALLY ACCREDITED AS ASEAN ENTITY



**Singapore, 3rd April 2018** – The Secretary-General of ASEAN, Dato' Lim Jock Hoi, has officially notified the EU-ASEAN Business Council (EU-ABC) of its accreditation as an entity associated with ASEAN. The EU-ABC is now listed as an accredited business organisation under Annex 2 of the ASEAN Charter.

Speaking about the accreditation, EU-ABC Chairman Donald Kanak said, "The EU-ABC represents companies with long traditions, and immense passion for the ASEAN region and its

people. We view ourselves as part of the ASEAN family. The region's success will be our success. This accreditation further cements the excellent working relationship that we have developed with the ASEAN Secretariat and a number of other bodies across the region, such as the ASEAN Business Advisory Council. I am confident that for European businesses operating in Southeast Asia, there is a bright future of more growth, more employment, and more investment, leading to more prosperity in the countries and communities in which we work."

He noted that European business remains committed to the ASEAN region, as shown by the 2017 ASEAN-EU Business Sentiment Survey where an overwhelming majority of European companies reported that they expected to increase trade and investment in the region. The EUABC plans to repeat the survey in 2018, with the survey process to be launched at the beginning of April 2018.

Mr Kanak continued: "The Business Sentiment Survey has become a key publication for the EU-ABC and an important source of information for us and for policy makers in both ASEAN and Europe to understand the views of European businesses on a number of key issues impacting on their trade and investment decisions. The 2017 Survey showed a continuation of the strong support of European Businesses to ASEAN, and we hope that the 2018 Survey will continue that trend."

Find the full press release [here](#).

## EU-ASEAN BUSINESS SENTIMENT SURVEY LAUNCH



The Business Sentiment Survey is an annual publication which seeks to measure the views of European businesses operating in ASEAN on a number of key issues such as: Economic outlook and investment priorities; progress on the ASEAN Economic Community; and Developments on FTAs between Europe and Southeast Asia.

The 2018 Survey will be the 4th edition of the EABSS and will run from April 2018 through June 2018, with the results to be published in September 2018. All answers will be kept confidential. View the 2017 results [here](#). To take part, click on the button below:

[Start the survey](#)

## LEADERS IN EU-ASEAN: AN INTERVIEW SERIES



### James Hennah

Managing Director Southeast Asia, BT

**EU-ABC: Share with us some of the highlights of being the Managing Director at BT, Southeast Asia.**

For me, the three most important aspects of being in SEA are the people, customers and culture. In my Southeast Asia operations, our employees are made up of a diverse group of people with different cultures from across the world, coming together to make a difference for our customers. We bring our people together through employee engagement activities such as cultural celebrations, volunteering activities and creating a collaborative working environment. It's great to see them come together to have fun and service our customers.

I really enjoy working with our customers on how they are embracing new technologies to drive digital transformation across their business operations. We help them to better understand the benefits that digitisation can bring to their employees, customers and help them to be more dynamic in delivering business change, all of this while delivering significant cost benefit. A true win win solution. With the

variety of customers we work with across the region no two conversations are ever the same.

Outside of work, the cultural vibrancy is a key highlight of being in Southeast Asia. It allows me to see the blending of the different cultures and enjoy the delicious cuisines of the region. I have started my travels exploring Vietnam, Cambodia, Thailand, Philippines and Indonesia but there is so much still to see.

**What are some challenges you face in the industry that are unique to Southeast Asia?**

Many look at ASEAN as a single trading block, but that is simply not the case. Doing business in ASEAN requires a specialised approach that addresses the multiple cultures, business structures and different levels of technology adoption across the region. This is why each market approach is unique and specific, ensuring that we are delivering innovation to customers in these very different markets. The biggest challenge that we face, despite having over 1000 people across the region, is ensuring we can deliver seamless services across the region to our customers, regardless of where they are.

**Could you share with us some of BT's latest initiatives and projects that business can look forward to?**

We focus on supporting our customers through the ever-changing technology environment and the rate of advancement is ever increasing. The Cloud continues to offer significant benefits in the speed in which businesses can change and deliver services as well as benefiting from lower costs. We continue to evolve our portfolio with new capabilities such as Software Defined Networks and our specially designed landing pads for AWS, Microsoft Azure and IBM which allows seamless connectivity to services including network and storage infrastructure. In addition we have an extensive catalogue spanning AI, Blockchain, Internet of Things (IoT), data and analytics capabilities.

Direct cloud connectivity helps businesses achieve better performance, security and availability compared to connecting over the open internet. This is the latest development in BT's Cloud of Clouds portfolio strategy, which has been helping customers since 2015 on their digital transformation journeys by connecting them easily and securely to the applications and data they need, regardless of where those applications are hosted and where customers are based. It's designed to give customers a fast, secure, reliable route into cloud computing which gives them the choice and flexibility they need. We have the infrastructure, platform, tools, people, experience and relationships, making us the best partner for customers to go on their cloud journey with, both now and into the future.

We are driving huge amounts of innovation in Security, which is a key concern for many of our customers. We continue to strengthen our portfolio with world-class products, which we rigorously test through our Cyber Security Lab. However, it is more now about how you knit all of these capabilities together to enable you to make sense of what is happening, allowing you to respond quicker to protect your environment and if the worst should happen. Our Cyber Security Platform(CSP) was recently showcased at the World Economic Forum in Davos which brings together AI and Big Data to allow businesses and even countries to defend themselves.

Here in Singapore we have a strong security capability with our threat intelligence and investigation team, based in our security operations centre in Singapore, which provides information on regional threats, including data relating to local activist groups and phishing sites. We collaborate closely with INTERPOL and earlier this year we were one of only seven international companies with security expertise to provide assistance for a major operation to combat cyber-crime in Southeast Asia. In October last year we were the first telecommunications provider to sign a data exchange agreement with INTERPOL as part of our efforts to combat the growing incidents of cyber-crime across the globe.

**How were your previous work experiences essential in helping you establish yourself in your role today?**

Throughout my 20-year career in technology, I've had the privilege of leading large teams and working with both customers and partners to build long-term relationships. Moving here from BT HQ in the United Kingdom, allows one me to ensure the transfer of knowledge. There is some great innovation happening here in the region and I can provide the link back to what BT in the UK and worldwide to drive best practices and enhance the solutions we provide to our customers.

**What is your favourite CSR programme/initiative that you are involved with at BT?**

CSR is about what we do at BT on a day-to-day basis, and how we make it personal and relevant to the local societies in which we operate. One such initiative is the Tabitha Foundation in Cambodia. We are committed to using the power of communications to make a better world and have been supporting The Tabitha Foundation over the past 6 years by funding and building houses, wells and providing livestock for the underprivileged in Cambodia.

It always makes me proud to see how all of our employees engage in the numerous CSR programmes we support such as beach clean ups, community volunteering, Charity fun runs, food donations as well as

health initiatives benefiting indigenous tribes in Malaysia to name but a few!

Thanks for your time, James! Read the rest of the series [here](#).

## EU-ABC NEW MEMBERS



With the Audi and Lamborghini brands, the Audi Group has long been one of the most successful car manufacturers in the premium and supercar segment. Since 2012, motorbikes from the traditional Italian brand Ducati have supplemented the range. Furthermore, the Audi Group also supplies other Volkswagen Group brands to customers via sales companies.



The LEGO Group is a privately held company based in Billund, Denmark. The company is still owned by the Kirk Kristiansen family who founded it in 1932. It is the LEGO® philosophy that 'good quality play' enriches a child's life – and lays the foundation for later adult life. We believe that play is a key element in children's growth and development and stimulates the imagination and the emergence of ideas and creative expression. All LEGO products are based on this underlying philosophy of learning and development through play.

OP-ED BY DONALD KANAK, CHAIRMAN



# Going from workforce to 'thinkforce'

For Asean to realise its vision of shared prosperity, it needs to boost its innovative industries while improving its education, finance, infrastructure and technology. BY DONALD KANAK



Asean made exceptional progress in its first 50 years, but it must become an innovation centre and equip its people as a thinkforce to compete effectively in the digital economy.  
BT PHOTO: NURIA LING

**A**S ASEAN opens its 51st year, leaders face a major question: How to maintain the growth and rising standards of living enjoyed in Asean's first 50 years. In those first 50 years, Asean became the world's fifth largest economy based on strong fundamentals: regional peace, the world's third largest workforce and globally competitive wages. Those strengths attracted investment and fostered job creation. However, fundamental changes in the paradigm of global competitiveness and the nature of work are afoot. The advantage of low labour costs is being eroded by technological advances such as machine learning, 3D printing, big data analytics, and connectivity between humans and machines. There are Chinese clothing manufacturers opening factories in Arkansas – much closer to US markets than competitors in Asean. Automation is not limited to manufacturing – Amazon and Alibaba have launched cashier-free stores. About four of every five Wall Street firms have already implemented, or plan to use, some form of artificial intelligence (AI), and some law firms are automating client name checking and document drafting.

For Asean to realise its vision of shared prosperity, it needs to boost its innovative industries. It needs to get "E-FIT" – improving its education, finance, infrastructure and technology – and transform its workforce into the world's third largest "thinkforce".

## EDUCATION

The transformation from workforce to thinkforce starts with education. Asean needs to continue to improve its compulsory education (ie, up to 15 years old). In the Organisation for Economic Co-operation and Development's (OECD) Programme for International Student Assessment, Vietnam was No 8 in science and Singapore was No 1 across science, reading and mathematics. Thailand and Indonesia were below the OECD average in all three areas, and other Asean countries were not covered.

The future challenges extend to higher education. In terms of researchers per million of population, Singapore ranks No 6 worldwide, Malaysia No 37, while Indonesia, the Philippines, Thailand and Vietnam rank below 50. Ranking in research foretells levels of innovation. For example, Singapore leads Asean ranking at No 12 in patent applications per million of population, Malaysia next at 40, Brunei at 45, while Cambodia, Indonesia, the Philippines, Laos, Thailand and Vietnam rank below 65.

Even if students do not work in laboratories upon graduation, education in science and mathematics is important to build skills that allow humans to interface with and improve the

functions of machines. Those skills include problem solving, critical thinking, interpretation, openness towards new ideas and the willingness to challenge old ideas. Education that strengthens communication and relationship skills will also be needed.

Improving on all those fronts will require greater investments in education – private and public, for-profit and charitable – and in every stage of a child's life, from early childhood development to compulsory education and higher education. It also requires opening up the playing field for new, innovating parties to participate and to new modes of individualised learning taking advantage of mobile technology.

## FINANCE

The financial industry is not only one of the largest employers of skilled workers, its development also mobilises capital and funds long-term investments. While Asean's savings rates are generally high, most savings remain in cash, bank deposits or property. Capital markets (stocks, bonds and money markets) are critical to channel national savings into long-term productive investments. These include physical infrastructure (such as transport and communications), social infrastructure (such as schools and hospitals), and funds to grow business and industry, including new ventures.

Asean's capital markets are less mature relative to developed economies. The ratio of floated book value of equity and bonds outstanding to gross domestic product (GDP) – a measure of capital markets maturity – was only 34 per cent in Indonesia, 36 per cent in Vietnam and 65 per cent in the Philippines in 2016. The same ratio was 262 per cent in the US and UK, 282 per cent in Japan and 191 per cent in South Korea.

Long-term planning from the government and concerted, multi-year efforts from both private and public stakeholders are required to speed up capital markets development – establishing benchmark assets, promoting a deep and broad investor base, encouraging issuance, and setting transparent rules and appropriate taxation policies. This will allow Asean to attract capital, support development and enable all aspects of the economy to flourish.

## INFRASTRUCTURE

Strengthening intra-region infrastructure and interconnectivity will lower production costs, create a larger market, and encourage inward investments in supply chains. This includes not only ports, rail, roads and power but also telecommunications and data. In 2016, only 40 per cent of Asean's population had Internet access.

Strengthening interconnectivity in Asean is not just about infrastructure. It also requires increasing commitment to remove trade barriers and frictions. Doing so is estimated to increase

GDP by 9.3 per cent. This will boost Asean's share of global trade – critical as both total merchandise export and inflow of foreign direct investment peaked in 2014. Asean's progress has been painfully slow in addressing issues such as non-tariff barriers, customs procedures and trade facilitation, standards harmonisation and intellectual property rights protection. Speedier integration across the region is needed to stay competitive and create 21st century jobs.

## TECHNOLOGY

Innovation and the digital economy are driven by research and technological breakthroughs. However, Asean's gross expenditure on research and development as a percentage of GDP is low. In 2016, Singapore ranked 15th with 2.2 per cent, Malaysia 29th with 1.3 per cent, while Indonesia, the Philippines, Thailand and Vietnam ranked below 50. On a value basis, these six Asean countries are spending just one-quarter of what South Korea (ranked second) does.

Another measure to consider is new venture funding (including angel, venture capital and corporate venture capital funding). In 2017, funding for Singapore grew more than three times to reach US\$7.7 billion. The rest of Asean, however, received only US\$6 billion, which is less than Israel, which has just one per cent of Asean's population. Venture funding also contributes to company and job formation. Today, Israel has the third most companies listed on the tech-focused Nasdaq stock exchange after the US and China.

Asean has the drive and the pools of talent to be a global centre for innovation. To realise that goal, the region must continue to strengthen policies to encourage new investment, whether domestically or by foreign companies. Singapore has been a pioneer in fostering innovation including ecosystems that catalyse inter-relationships among global technology companies, local education and research institutions, and government resources and incentives. The need for other Asean countries to make progress in those areas is compelling.

Asean made exceptional progress in its first 50 years, but it must become an innovation centre and equip its people as a thinkforce to compete effectively in the digital economy. By becoming E-FIT – improving education, developing financial markets to mobilise long-term capital, building inter-connectivity and investing in technology and research and technology – Asean can fulfil its growth potential and become a leading source of global innovation in the next decade.

■ The writer is chairman of the EU-Asean Business Council, the primary voice for European businesses in Asean. Singapore is hosting the 24th Asean Economic Ministers' Retreat from March 1-3.

Read the PDF version [here](#).

## FORWARD LOOK CALENDAR (MEMBERS ONLY)

**April 05, 2018: Supervisory Board Meeting**

**April 06, 2018: ASEAN Finance Ministers & Central Bank Governors Meeting**

**April 09, 2018: Launch of 2018 EU-ASEAN Business Sentiment Survey**

**April 10, 2018: 28th Meeting of the Coordinating Committee on Customs (CCC) - Indonesia**

**April 12, 2018: Sustainable Urbanisation Strategy for ASEAN Briefing**

**April 25-27, 2018: Mission Trip to Indonesia**

**May 08, 2018: ASEAN Customs Director General Meeting & Bilateral Meetings - Langkawi**

**June 6-8, 2018: Mission Trip to Myanmar**

## UPCOMING EVENTS



### The Euromoney Indonesia Financing and Investment Forum

Details: 4 April, Grand Hyatt Jakarta.  
Register [here](#).



### Sustainable Urbanisation Strategy for ASEAN - Member's Discussion

Details: 12 April, EU-ABC Office.  
Register [here](#).



### AVCJ

Details: 25 April, Mandarin Oriental Jakarta.  
Register [here](#).



### Corporate Affairs Forum

Details: 26 April, Fullerton Hotel, Singapore  
15% discount for EU-ABC Members;  
Early-bird ends 1st March. Register [here](#).



### City Nation Place Asia Pacific

Details: 16-17 May

The Lee Kuan Yew School of Public Policy

15% discount for EU-ABC Members;

Register [here](#).



### Myanmar-EU Economic Forum

Details: 6 June, Kempinski hotel, Nay Pyi Taw

More details and registration [here](#).

## IN THE NEWS

**Pattaya Mail**

[EU businesses voice support for renewal of FTAs with Thailand](#)



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