

Summary Report

**Roundtable Discussion
between Prime Minister of Malaysia,
YAB Tun Dr. Mahathir Mohamad
and ASEAN Business Leaders**

Thursday, 30 August 2018
Kuala Lumpur, Malaysia



ABSTRACT

This report summarises the key conclusions and proceedings of the Roundtable Discussion between Prime Minister of Malaysia, YAB Tun Dr. Mahathir Mohamad and ASEAN Business Leaders. The one-hour roundtable session took place in Kuala Lumpur, Malaysia on 30 August 2018. The roundtable was organised by ASEAN Business Advisory Council (ASEAN-BAC) Malaysia.

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BACKGROUND

This Roundtable Discussion was organised with the objective to help improve cohesion among ASEAN business community by providing a timely dialogue to address new challenges faced by the 10-country bloc, as well as explore opportunities to raise productivity and competency of ASEAN. The Session gave a special focus on Malaysia's views and approaches on trade — from governance to foreign policy. The Roundtable was held against the backdrop of the following four on-going themes in ASEAN:

1. US-China Trade War

Since March 2018, the United States (US) and China have embarked on a full scale trade war as both countries launch threats of new trade tariffs. On 10 July 2018, President Donald Trump's administration released a list of proposed tariffs on US\$200bn worth of goods, ranging from auto-parts to food ingredients to construction materials. On 1 August 2018, the US announced that it is considering to increase the tariff on these goods from 10 per cent to 25 per cent. China responded by saying it would "introduce countermeasures to defend the country's dignity", should the proposed increase be materialised. According to analyses, other ASEAN economies that are intricately linked to China through the highly connected supply chains could also be affected. On the other hand, the trade war may also present opportunities for ASEAN markets as companies look for alternative supply sources beyond the US.

2. ASEAN Economic Integration

Since 1975, ASEAN has demonstrated continuous commitment towards its vision of economic integration. The economic collaborations have continued to expand over the years from appointing the ASEAN Economic Ministers (AEM), creating the Preferential Trade Agreement (1980s), ASEAN Free Trade Area (AFTA), ASEAN Framework Agreement on Services (AFAS) and finally the ASEAN Economic Community (AEC) Blueprint, which is set to focus on moving ASEAN towards a globally competitive single market and production base, with a free flow of goods, services, labour, investments and capital across the 10 member states. However, the progress of actual implementation remains slow. It has yet to generate tangible benefits for the broader ASEAN community.

3. Malaysia's New Administration

On 9 May 2018, YAB Tun Dr. Mahathir Mohamad, who had returned to politics from retirement, led an unexpected election victory over the Barisan Nasional Government, which had ruled Malaysia for six decades since independence in 1957. For the first time in the history of Malaysia, it has a new administration. However, the new Government is faced with tremendous financial challenges, predominantly a result of the previous Government, which is highly corrupted. One of the key focus areas of the new Government is to take sound actions in settling high national debt and to strengthen the nation's financial state through trade and collaborations.

4. 33rd ASEAN Summit, November 2018

On 11-15 November 2018, leaders from all 10 ASEAN member states will gather in Singapore for the 33rd ASEAN Summit, which is themed “Resilient and Innovative”. This Roundtable served as an opportunity for ASEAN Business Leaders to provide feedback and suggestions to the Prime Minister of Malaysia in preparation for the 33rd ASEAN Summit.

REPORT OF DISCUSSION

The Roundtable covered discussions on three areas that are crucial to the overall economic development of ASEAN: (1) Trade development; (2) Governance and (3) External relations. Here are the key conclusions of the Roundtable:

On Trade Development:

1. **Improve Physical Connectivity:** Connectivity is key to the creation of an integrated supply chain in ASEAN. It helps ensure smooth movement of goods to improve efficiency. A railway connecting Kunming in South China to Singapore, passing through Vietnam, Cambodia, Laos, Thailand and Malaysia, has been proposed to China by Malaysia. Parts of the railway are already in place. ASEAN can work closely with China to complete the proposed route under China's Belt and Road Initiative.
2. **Protect the Market & ASEAN First:** The ASEAN market is 600-million strong, almost half the size of China's population. ASEAN countries should show favours towards each other and make use of this market for product testing. ASEAN must learn to protect the market to allow infant industries to grow before opening up to other countries outside of ASEAN.
3. **Specialisation is Key:** Among the many opportunities in Industry 4.0, each ASEAN country should respectively select a few areas to develop. It is impossible to be good at everything. It is important to focus on select developments so that the country can move forward and become an expert in certain fields.
4. **Industry 4.0:** The way of doing business has changed with the emergence of automation and data technologies. The market is no longer constrained by geographical borders. With the right strategy and sound implementation, the world market is within reach for the ASEAN business community.

On Governance:

1. **Development Needs Stability:** Democracy is a viable system. However, it is susceptible to abuses. There is a need to educate and upgrade ASEAN people's understanding of democracy, where the rule of law must be respected and electoral result be accepted. A country must achieve stability before development can commence.
2. **Corruption must be curbed:** A corrupt administration will act in their own interest, not in the interest of the people and the country. This will paralyse development and the people will suffer under a corrupt government.
3. **Develop good relationships among ASEAN Leaders:** It was raised in the Roundtable that ASEAN's consensus system is one of the key factors contributing to ASEAN's slow progress. However, it is noted that the consensus will likely remain. However, to move things forward, ASEAN leaders must come together as friends to develop a good working relationship, where mutual accommodation is possible.

On External Relations:

1. **Remain Friendly with China:** ASEAN as a group should not be provocative towards China for ASEAN does not have the military power to confront China head on. It is acceptable for China to claim the South China Sea as long as they keep the passage open for fair trade. Ownership of the sea is less important if healthy trade activity is maintained.
2. **US-China Trade War will not Last Beyond Trump:** It is suggested that the US-China Trade War will not last beyond President Donald Trump; and Tun Dr. Mahathir reckoned that Trump will not be re-elected for the second term. For as long as Trump is in the office, the trade war will continue. Tun Dr. Mahathir also said that while the trade war may have some negative implications for ASEAN, it will also present some opportunities.
3. **Malaysia to Trade with Everyone:** Malaysia's foreign policy remains unchanged. The country would like to trade with every country in the world regardless of the differences in ideology.

ANNEX I: PROGRAMME

- 12.15pm: Guests Arrival; Media Arrival
- 12.50pm: Arrival of Prime Minister of Malaysia
YAB Tun Dr. Mahathir Mohamad
- 1.00pm: Media Photo Opportunity
- 1.05pm: Luncheon
- 1.45pm: Roundtable Discussion between Prime Minister of Malaysia
YAB Tun Dr. Mahathir Mohamad
and ASEAN Business Leaders
- 2.45pm: Press Conference
- 3.00pm: End

ANNEX II: LIST OF PARTICIPANTS

YAB Tun Dr. Mahathir Mohamad
Prime Minister of Malaysia

Tan Sri Dr. Mohd Munir Abdul Majid
Chairman, ASEAN-BAC Malaysia
Chairman, Bank Muamalat Malaysia Berhad
Chairman, CIMB ASEAN Research Institute
President, ASEAN Business Club
Malaysia

Goh Peng Ooi
Group Executive Chairman, Silverlake Group
Malaysia

Chew Seng Kok
Chairman, ZICOLaw Network
Managing Director, ZICO Holdings Inc.
Malaysia

Dato' Ramesh Kodammal
Chairman, Goldtex Group of Companies
Co-Chair, ASEAN-India Business Council
Malaysia

Dr Robert Yap
ASEAN-BAC Chair (2018 & 2007)
Executive Chairman, YCH Group
Singapore

Dato' Seri Dr. Douglas Foo
Chairman, Sakae Holdings Ltd
President, Singapore Manufacturing Federation
Singapore

Joey A. Concepcion III
Presidential Adviser for Entrepreneurship
President and CEO, RFM Corporation
The Philippines

Arin Jira
Chairman, Map Ta Phut Industrial Gases Co. Ltd.
Thailand

Anangga W. Roosdiono
Senior Partner, Roosdiono & Partners
Indonesia

Moe Kyaw
Founder & Chairman, Myanmar Marketing Research Development Co. Ltd.
Myanmar

Dr. Serge Pun
Chairman, Serge Pun & Associates Group
Myanmar

Siti Rozaimeryanti DSLJ Hj Abd Rahman
Director cum Principal Architect, Eco Bumi Arkitek
Brunei

Dr. Od Phongsavanh
Managing Director, Phongsavanh Bank Limited
Laos

Henry Nguyen
Managing General Partner, IDG Ventures Vietnam
Vietnam