

# Asean needs to do more than just bounce along

Asean was in a sweet spot — the foreign investment destination of choice. It still is. But investment relocation to Asean means investment is mobile, let it not be forgotten.

The Covid-19 crisis, plus global geopolitical tensions, can result in investments making a pit-stop in Asean, but they may continue in a near-shoring direction towards, ultimately, strategic protectionism.

Then, a United Nations Conference on Trade and Development (UNCTAD) report recently forecast a slowdown in FDI of 5% to 15% because of the pandemic. The crisis has brought an end to good times. There is no room for complacency.

So, there are many things Asean has to show, first in recovery from the crisis, and then in an economic integration which makes real the 650 million people market, young, upwardly mobile, middle-class consumers.

And then there is third component: an Asean not wedded to any particular power, China or the US. This would make it truly open for business.

With the unprecedented health crisis, the key is how to bounce back, faster and stronger, than others. It cannot be business as usual. Quick decision-making is needed and not more paper pushing, or economic blueprints.

The whole of the private sector represented by Asean Business Councils from all corners of the world have proposed that a high-level special commission be established for quick decision-making. They have also offered to set up a special business advisory board to assist the commission and all other Asean bodies that feed into it.

The special commission will be to the Asean Leaders Meeting what an executive committee is to a board of directors. It will have delegated authority — very important to making timely decisions — as the leaders typically meet only twice a year, and all too often to give instruction on what needs to be done.

At that rate, Asean is not going to bounce back quickly and stronger to continue to be the investment destination of choice. Fast decisions will also save lives, apart from rescuing the economy.

In its submission, called "A Pathway Towards Recovery and Hope for Asean", to Asean leaders on July 23, the private sector made 225 proposals (Pathway225) to protect lives, to risk-manage economies out of lockdown, and to be on the road to recovery.



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The 225 proposals are not a wish list. They are inter-related and cover immediate to the medium term. Yes, Asean would need to prioritise them, give them further substance — but most of all, get them implemented.

Hence, the first need: Make decisions fast.

Pathway225 next proposed an exponential increase in mass-testing capacity. Companies in the membership of the Asean Business Councils stand ready to work with the public sector in Asean to scale up affordable, reliable and accessible mass-testing capacity to restore business and general public confidence across the region.

There are also proposals on contact tracing, definition of essential goods and services for their uninterrupted supply and, crucial at this time, keeping at least one port per Asean member state open 24/7.

Pathway225 is not about business gone mad, wanting to get economies going again. It addresses first how to do so in a safe manner with strict risk management protocols. Only then can business get going if it is not to fall back flat on its face, costing lives and damaging confidence for the next time.

But it also talks about the thereafter. All the things Asean has not done to be the single production base and market that was promised when the Asean Economic Community (AEC) was proclaimed in 2015.

Dismantlement of non-tariff barriers, reducing

the cost of trade, connectivity and so much more that can be found in the document.

Most of all, however, Pathway225 seizes the Covid-19 crisis as the opportunity, not only to do the things that have not been done, but to do them better with greater and faster digitalisation, including the benefit of less human contact, with more sustainable development that recognises the human condition.

At a recent CIMB Asean Research Institute dialogue, Michael Michalak from the US-Asean Business Council (USABC) stated that American companies are emphasising public health, digital innovation and the green economy. Kawal Preet, who runs FEDEX from Africa across to Asia-Pacific, emphasised connectivity, but a connectivity that avoids waste, employs recyclable materials and uses clean energy. A connectivity that promotes intra-Asia trade and a connectivity that does not lend itself to disruption of supply chain.

They both underlined a recovery that takes care of SMEs who are the backbone of the Asean economy by making them more competitive through greater digitalisation. There are specific programmes, which member companies of the USABC run to help the SMEs.

The point is the proposals in Pathway225 are capable of being implemented by the companies behind them. That is why the private sector wants so much for decisions to be made on them — fast.

Which brings me to the third point. There are so many private sector companies across the world available to play a role in fighting the pandemic and in driving economic recovery. These include American companies.

The USABC alone comprises 169 American companies. Cumulative US investment in Asean is four times that of China. Asean should not favour or be fixated on any one country. Asean should not be distracted by the geopolitics. It should welcome all and become an oasis for economic activity not held to ransom by any one party in whatever great power struggle.

At the same time, of course, American companies should not allow themselves to be bullied into an idiotic "America First" thinking, which will only limit their opportunities for expansion.

The Covid-19 crisis is unprecedented. Operating or thinking in old and unproductive ways will fall short of what is needed to rebuild confidence and chart economic recovery. ■



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