



Harnessing Momentum Towards Greater Economic Integration: Recommendations in a Time of Change

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Greater Momentum for ASEAN Economic Integration

The ongoing effort to build the institutional and policy pillars of the ASEAN Economic Community (AEC) is taking place at a time of changes and uncertainty in the global environment. The slowing of global GDP and trade growth, which have both been exacerbated by the global trade uncertainty generated by evolving trade disputes, is causing a rapid adjustment of supply chains. The longer these uncertainties persist the more far reaching consequences we can expect in GDP growth and international trade patterns. At this time ASEAN has fared better than most as a group though certain countries within ASEAN have been harder hit than others.

We call upon ASEAN to support the evolution of a rules-based multilateral trading system by, for example, joining and ratifying the CPTPP, concluding the RCEP expeditiously, exploring more bilateral FTAs, including with the United States, as well as supporting WTO initiatives. The Council joins the ASEAN Business Advisory Council in calling on ASEAN, at the highest levels, to use its institutions to call upon both the U.S. and China to resolve quickly the differences between them and promote long term stability and integration in the Asia Pacific region based on rules-based institutions.

These shifts offer ASEAN new challenges and opportunities to attract increased amounts of foreign direct investment in the region. In order to truly maximize the attention being given to ASEAN we urge ASEAN to redouble the economic integration efforts embodied in the AEC. ASEAN should use this opportunity to double down on integration and to take advantage of the global economic shifts, create the scale that businesses need in Asia, noting that businesses themselves are going through transformation and restructuring.

The Council remains committed to support ASEAN integration and the concept of the Indo-Pacific, not only that which has been set out by U.S. Secretary of State Mike Pompeo, but also the ASEAN Outlook on the Indo-Pacific. We have been engaging with various ASEAN Sectoral Ministerial Bodies in the past year and working to contribute to the implementation of the AEC Blueprint 2025 and the AEC 2025 Consolidated Strategic Action Plan (CSAP). This has been especially true in the digital economy, including Cyber security, E-Commerce and IR 4.0; Customs and Trade Facilitation; Agriculture, including Biotechnology; Transportation; SME; and Energy. We look forward to continue engaging ASEAN and having an inclusive, prosperous, mutually beneficial engagement as we move forward.

We have attached a detailed accounting of many of the trade and economic issues in which we are engaging ASEAN along with recommendations on how we propose to deal with them across the policy spectrum in cooperation with your Ministries.

Key Recommendations

1. Customs and Trade Facilitation

- a. **ASEAN Low Value Shipment Program.** Propose a trade facilitation regime for e-Commerce that is based on a simple common threshold under which the procedures and documents for clearance, taxation and return of goods are simplified. The low-value shipments program aligns with the existing mechanisms recommended by the World Customs Organization (WCO) Immediate Release Guidelines and the WCO's Framework of Standards for E-Commerce.
- b. **ASEAN E-Commerce Trusted Trader Compliance Program.** To reduce the risk of illicit shipments and support the implementation of the trade facilitation regime for low-value shipments, we encourage ASEAN to establish regional compliance standards for shippers selling e-Commerce goods across borders. Akin to Authorized Economic Operator (AEO) schemes which are primarily focused on supply chain security as guided by the WCO SAFE Framework, an "E-Commerce trusted trader compliance standard" would cater to the specific idiosyncrasies and operating models of e-Commerce trade to assist with risk management.
- c. **Automotive Standards.** Alignment with the internationally recognized principles and regulatory regimes in global automotive industry.

2. Financial Integration

- a. **Financial Inclusion.** Embrace innovation in financial technology and update policies, laws and regulations to take account of the digital transition in financial services, which benefits financial inclusion, domestic growth and regional trade.
- b. **Cross-Border Payment and Settlement Systems.** Create a seamless cross-border payment and settlement system that is safe, efficient, reliable and competitive, taking into account the harmonization of payment standards in accordance with international best practices.

3. Transportation and Infrastructure

- a. **Transport Facilitation.** Enhance the level of skills and expertise of ASEAN transport officials in implementing effective, simplified ASEAN transport facilitation procedures.

4. Information and Communication Technology

- a. **Cross-Border Data Flow.** Maximize the flow of data across the region and ensure interoperability with regions outside ASEAN, with reference to the elements identified in the US-ABC study on Digital Data Governance in ASEAN. This may include permitting prudent outsourcing and use of regional and global data centres and cloud services.
- b. **Data Protection.** Leverage existing bilateral and multilateral frameworks such as the APEC CBPR cross-border data transfer framework to ensure harmonization of data protection requirements.

5. **Food, Agriculture and Forestry**
 - a. **Mutual Recognition Agreements (MRAs)**. Adopt MRAs in the areas of licensing and registrations, products, customs procedures, SPS equivalency, halal standards and science-based regulatory regime to approve novel food ingredients.
6. **Energy**
 - a. **Efficient and Renewable Energy**. Develop guidelines on ASEAN green building code and promotional scheme and guidelines to finance energy efficiency, while continue encouraging transition from fossil-dependent into renewable energy.
 - b. **Liquefied Natural Gas (LNG)**. Develop consolidated information on ASEAN gas infrastructure, including a standard clause for LNG cargo diversions and destination flexibility for ASEAN LNG Contracts.
7. **Healthcare**
 - a. **Medical Technology**. Establish a digital platform for healthcare standardization across ASEAN and foster public-private partnership in improving healthcare infrastructure.
 - b. **Healthcare Professionals**. Organize capacity building programs for ASEAN healthcare professionals and FDA officials and expedite MRAs on Medical Practitioners, Nursing and Dental Practitioners.
8. **Travel and Tourism**
 - a. **ASEAN Tourism Integration**. Leverage public-private partnership to develop and promote ASEAN as a single tourism destination through innovative and collaborative digital marketing campaigns.
 - b. **MRA for Tourism Professionals (MRA-TP)**. Institutionalize a dialogue or workshop in MRA-TP to exchange views and share information between private and public sectors on travel and tourism policies.
9. **Manufacturing**
 - a. **Industry 4.0**. Strengthen industry 4.0 ecosystem which enable cross border industrial data and information flows, while encouraging adoption of new, more efficient technology.
 - b. **Skilled Labour**. Work with industry to support workforce training and development to ensure high-skilled workforce that is integrated with manufacturing investment.
10. **Micro Small and Medium Enterprises (MSMEs)**
 - a. **SME Academy**. Work with multinational corporations (MNCs) to provide capacity building workshops or training on exports, including through expanding the existing SME Academy to be more inclusive and accessible.

ANNEX
DETAILED SECTORAL RECOMMENDATIONS

Customs and Trade Facilitation

1.1. Goal:

- Strengthen cooperation among ASEAN Customs administrations to combat transnational crime and illicit trade, e.g. through best practices and information exchange, subject to domestic laws and regulations (AEC 2025 CSAP, characteristic 1 element A1 No. 3 Customs); and
- Strengthen cooperation in customs valuation and classification through the sharing of knowledge and best practices among ASEAN Customs officers (AEC 2025 CSAP, characteristic 1 element A1 No. 3 Customs).

1.1.1. Challenges:

- Counterfeiters, transnational criminal syndicates and terrorist organizations have been profiting from their ability to circumvent customs control; and
- Companies often face difficulties in complying with customs rulings on valuation which are often inconclusive and general. Despite advanced rulings by some ASEAN Member States, in practice the process can be time consuming and difficult to complete. In many cases, there is a lack of transparency and consistency in the information required, leading authorities to seek new information without clear guidance on how the information is necessary for the approval (AEM whitepaper 2018).

Recommendations:

- Improve information exchange mechanisms between tax and customs authorities to coordinate and share information on valuation determinations. Publish guidance to align transfer pricing and customs valuation principles for common intercompany arrangements in ASEAN (AEM White Paper 2018);
- Expand the use of customs valuation advance rulings in ASEAN, such that a ruling issued in one country is recognized in another and establish a model for such rulings to be recognized by national tax authorities and the customs agencies (AEM White Paper 2018);
- Minimize the usage of customs price databases for import price comparisons for importers. Different importers importing similar products may have different commercial structures resulting in differences in import prices;
- Customs enforcement at the borders to focus on combating illicit trade, rather than imposing additional complex regulatory requirements that hinder the flow of legitimate trade by official importers;
 - Compile a list of Points of Contact in ASEAN Customs Administrations and brand owners for more effective two-way communication and intelligence sharing;
 - Customs Compliance and Enforcement Working Group (CECWG) could be used by private sector as a platform to disseminate product information and latest trends; and

- Increase product identification trainings for Customs officials, especially those at the front-line.

1.2. *Goal:* A highly integrated and cohesive economy – Streamline and simplify administrative regulatory regimes, documentary requirements, as well as import and export procedures, including customs procedures (AEC Blueprint 2025 Element A1 No 10 Point iii.d).

1.2.1. *Challenges:* The lack of predictability and common standards for export control of dual-use goods risks disrupting the supply chains of some industries, especially in the technology sector (Improving visibility and predictability of export control requirements).

Recommendations: Increase customs authorities and other relevant policy makers' focus on export-control regimes as an aspect of their trade facilitation efforts. The US-ABC and members would engage with the relevant policy makers and enforcement agencies in ASEAN to discuss ways to improve visibility, provide timely updates, and ensure predictability of export control requirements (AEC Whitepaper 2018).

1.2.2. *Challenges:* The lack of clarity on how blockchain can be used for customs affects the custom data sharing between jurisdictions and between different agencies in the customs process. This condition results in duplication of custom documents submitted by private sector. It also results in mis-declaration of entry and exit permits, high volume of paperwork for customs clearances and custom administration not getting the accurate price information on e-commerce shipments, which affects customs valuation and duty collection (US-ABC presentation to the CCC).

Recommendations:

- Create document with simple explanations of Blockchain and its applications for different departments/agencies;
- Dialogue session between customs administrations and e-Commerce platforms and players would also help to understand each parties' needs; and
- The US-ABC sees the need to explore extending the Authorized Economic Operator or Trusted Trader status to e-commerce platforms (US-ABC presentation to the CCC).

1.2.3. *Challenges:* The lack of approach on technologies makes it difficult to apply practical uses of technology to help the work of Customs officials. The lack of standardized procedures across ASEAN causes different regulations for data sharing, seizures and release and different enforcement and investigative authorities in each ASEAN country (US-ABC presentation to the CCC).

Recommendations:

- Close private-public collaboration is critical, including the sharing of actionable intelligence and capacity building through technology and trainings (AEM White Paper 2018);
- Intensify the use of technology and data analytics by Customs official for risk management while also developing their track and trace capabilities; and
- Adopt the most suitable international model in ASEAN such as the World Customs Organization's Regional Intelligence Liaison Office (RILO) model (US-ABC CCC presentation).

1.3. *Goal:* Strengthen joint ASEAN approaches on issues related to Standards, Technical Regulations and Conformity Assessment Procedures (STRACAP) for effective representation and participation in international and Asia-Pacific bodies and associated recognition arrangements (ASEAN Standards and Conformance Strategic Plan 2016-2025, Strategic Thrust 3).

1.3.1. *Challenges:*

- Multiple unique regulatory requirements in the automotive industry across ASEAN constrains attainment of an integrated manufacturing platform (where a single model may be homologated in every ASEAN market). Different market requirements increase complexity and costs in product development, manufacturing and regulatory compliance; and
- Repeated local testing requirements are also expensive, burdensome and lengthy while achieving nothing in addition to certifications already completed in line with internationally accepted systems such as the United Nations Economic Commission for Europe (UNECE) and United States Federal Motor Vehicle Safety Standards (FMVSS) / United States Environmental Protection Agency (EPA).

Recommendations:

- Streamline and align automotive regulatory regimes, documentary requirements and homologation processes with internationally recognized vehicle certification systems or standards such as DOT or ECE for motorcycle helmet standards; and GHG or Euro V for emissions standards;
- Eliminate unique national standards or requirements, including the ASEAN single-economy certification requirements for common components (wheels, rims, etc.);
- Increase cooperation between ASEAN economy regulators to create a single ASEAN specification;
- Eliminate Conformity of Production (COP) requirements that are unnecessary and repetitive;
- Increase scope for acceptance of one internationally recognized type of certification without the need for unnecessary, repetitive and expensive in-country testing;

- Encourage harmonization with the standards including acceptance of test reports / certificates to reduce product complexity and launch costs;
- A step in the right direction for ASEAN is the approval and signing of the ASEAN Automotive MRA, which seeks to 19 harmonize standards with UNECE and also recognize test reports/certificates; and
- ASEAN is also further encouraged to recognize and accept equally robust international vehicle certification systems such as the US FMVSS / EPA. This ensures that automotive trade with the US, a major trading partner of ASEAN, is not halted.

Financial Integration

2.1. *Goal:* Promote financial inclusion to deliver financial products and services to a wider community that is under-served, including MSMEs. This would also include initiatives to address the uneven digital gap in the region and reflect changes in the demographic structure (AEC 2025 CSAP, characteristic 1 element A4 No. 14).

2.1.1. *Challenges:*

- The new range of regulatory, legal, and policy issues that stem from new technology, platforms, providers and distribution; and
- For the new entrants, traditional providers, and regulators, the challenge is to enable innovation while continue ensuring competitiveness, the functioning of essential markets, flow of credit to the real economy and protection of consumers (AEM Whitepaper 2018).

Recommendations:

- Support the use of cloud by domestic and international financial services firms. Draw on the recommendations of the Asia Cloud Computing Association in considering regulation of cloud in financial services;
- Ensure open and interoperable payment systems: Support an open ecosystem to enable both domestic and international payment companies to operate and compete fairly. This generates market and consumer choice that encourages payment companies to invest and innovate to advance the best solutions for merchants and consumers, while also supporting financial inclusion objectives. Requiring payment systems to send all transactions through one payment gateway creates a single point of failure and increased cybersecurity risk. The risk for breaches and fraud could undermine a country's commitment to ensuring consumer trust and choice in digital payments;
- The US-ABC envisions a continued dialogue with the ASEAN Working Committee on Payments and Settlement Systems (WC-PSS) to explore how private sectors can best support and advance ASEAN's priorities in the development of its payment and settlement systems (AEM Whitepaper 2018);
- Promote digital innovation through financial technology (FinTech)
 - Ensure incumbent financial services firms are on a level playing field with new entrants including on access to regulatory sandboxes and customer information sharing obligations;
 - Ensure a simple application process for sandboxes and a commitment from regulators to respond to applications within a specific timeframe;
- Explore enhancement and participation in cross-border cooperation through government-to-government agreements, such as MOUs on the ASEAN Financial Innovation Network (AFIN) and the Global Financial Innovation Network (GFIN); and
- Aim to reduce diversity in national requirements when governments are pursuing shared aims (e.g. stringent Anti Money Laundering/Know Your

Customer processes, prevention of terrorist financing, digitization of traditional processes).

2.2. *Goal:* Build higher consumer confidence and cross-border commercial transactions by strengthening product safety enforcement, stronger participation of consumer representatives and promotion of sustainable consumption (AEC 2025 CSAP, characteristic 1 element B2 No. 36).

2.2.1. *Challenges:*

- There has been a dramatic rise in the sophistication of cyber-attacks and the extent of the breaches. Criminals today are not just aiming to steal payment credentials. Sensitive personal data like social media profiles, email addresses with passwords and logic credentials are also targets. Beyond significant financial losses and inconvenience to those impacted, every breach also results in declining trust, which undermines the efforts of the industry to keep digital payment secure (US-ABC paper for AFMGM on Building trust in digital payments).
- Data Security and privacy and access to data would seem to be the key issues that the regulators need to resolve. The location of the data does not impact security or privacy (US-ABC paper for AFMGM on cybersecurity).

Recommendations:

- Adopt global best practices in cybersecurity: Emphasizing consistency across ASEAN and with major markets to achieve interoperability, efficient sharing of information across borders and effective management of cross-border threats;
- Adopt global open standards so all stakeholders can participate and benefit equally to help scale adoption of new technology for digital payments in a safe and reliable way;
- Use global principles and standards relating to financial services such as the G7 Fundamental Elements of Cybersecurity for the Financial Sector and the Payment Card Industry Data Security Standard (PCI DDS) and EMVCo standards for the Payment Sector;
- Establish a permanent cross-border forum to discuss cybersecurity policy among governments to help drive coherent strategic outcomes, harmonize standards, and adoption of international standards and manage threats;
- Establish regular consultation between industry and government on cybersecurity threats and responses at the national and regional level;
- Explore additional ways to enable timely sharing of cyber risk information as well as developing a harmonized approach to reporting to allow companies to make sense of crisis prioritization and compliance;
- Develop frameworks for exchanging data on cyber threats with insurers to help them develop insurance products (US-ABC paper for AFMGM on cybersecurity); and

- Enable data to flow and be stored securely while still being accessible to legal authorities. Ensuring global scalability and better fraud algorithms to identify fraudulent transactions in real time (US-ABC paper for AFMGM on Building trust in digital payments)

2.3. *Goal:* Payment and Settlement Systems will be further enhanced in several areas such as promoting standardisation and developing settlement infrastructure for cross-border trade, remittance, retail payment systems and capital markets. This will provide an enabling environment to promote regional linkages and payment systems that are safe, efficient and competitive. This will also require a certain level of harmonization of standards and market practices based on international best practices (such as ISO 20022) to foster stability and efficiency within as well as outside the region (AEC Blueprint 2025 No. 18 Point i).

2.3.1. *Challenges:* The absence of an accepted region-wide standard for identification, coupled with continued reliance on paper-based methods, limits the development and delivery of efficient, secure payment systems (US-ABC paper for AFMGM on trust and identity for cross-border payments).

Recommendations:

- Develop harmonized regional standards for identification and verification processes;
- Work on the other components of the “stack” to build a digitalized identity solution that promotes even greater efficiency (US-ABC paper for AFMGM on trust and identity for cross-border payments);
- Consider ways to implement robust instant payment systems that includes:
 - A settlement mechanism with more frequent intra-day settlement;
 - A collateral system which allows for online monitoring and top up by program operators and real time debiting or earmarking of funds;
 - Establishing a central counterparty and settlement guarantee fund to ensure customer protection and program participation by non-banks;
 - Allowing consumer choice by ensuring a level playing field and open competition as countries develop their domestic and cross-border instant payment rails;
- Promote sustainable finance through Catastrophe (Cat) Bonds and (Parametric) Risk Transfer Solutions
 - Investigate the possibility for a Member State or ASEAN Cat Bonds, for instance based on the Pacific Alliance experience;
 - Explore parametric risk transfer as a type of re/insurance solution to be applied in the ASEAN context, for instance based on the Philippines province-based protection;
 - Explore greater sovereign issuance of green, social and sustainability bonds to mobilize the market and instil investor confidence;

- Consider adjusting existing taxonomies to account for a wider range of projects which are relevant and supportive of green, social and sustainable objectives in the region; and
- Explore using financial incentives to encourage green bond issuance and investment.

Transportation and Infrastructure

3.1. *Goal:*

- Land Transport: Establish an efficient, safe and integrated regional land transport network within ASEAN and with the neighbouring countries to support the development of trade and tourism (AEC 2025 CSAP, characteristic 3 element C1 No. 74); and
- Maritime Transport: Establish an ASEAN Single Shipping Market (ASSM) and promote maritime safety, security and strategic economic corridors within ASEAN (AEC 2025 CSAP, characteristic 3 element C1 No. 76).

3.1.1. *Recommendations:*

- Intensify regional cooperation in improving transport safety:
 - Review existing statistics, policies and programmes at regional and national level; and
 - Identify training needs to further improve transport safety in the region (AEC 2025 CSAP, characteristic 3 element C1 No. 74).

3.2. *Goal:* Transport facilitation – Establish an integrated, efficient and globally competitive logistics and multimodal transportation system, for seamless movement of passengers by road vehicles and cargos within and beyond ASEAN (AEC 2025 CSAP, characteristic 3 element C1 No. 77).

3.2.1. *Recommendations:*

- Enhance the level of skills and expertise of ASEAN transport officials in implementing effective, simplified ASEAN transport facilitation procedures; and
- Promote logistics regional cooperation within ASEAN and with Dialogue Partners (AEC 2025 CSAP, characteristic 3 element C1 No. 77).

3.3. *Goal:* Formulate a regional policy framework to support sustainable transport which includes low carbon modes of transport, energy efficiency and user-friendly transport initiatives, integration of transport, and land use planning (AEC 2025 CSAP, characteristic 3 element C1 No. 78).

3.3.1. *Recommendations:* Intensify regional cooperation in the development of sustainable transport-related policies and strategies (AEC 2025 CSAP, characteristic 3 element C1 No. 78).

Information and Communications Technology

4.1. *Goal:* Economic Transformation – Explore the further utilisation and coordination of ICT for economic development and promote digital trade in ASEAN (AEC 2025 CSAP, characteristic 3 element C2 No. 79).

4.1.1. *Recommendations:*

- Encourage stronger cross-sectoral, cross-ministries coordination in developing ICT for economic development policies;
- Encourage ASEAN to take measures that promote digital trade in ASEAN (AEC 2025 CSAP, characteristic 3 element C2 No. 79); and
- Create initiatives to address emerging or growing digital divides in ASEAN (AEC 2025 CSAP, characteristic 3 element C2 No. 80).

4.2. *Goal:*

- People Integration and Empowerment through ICT – Strengthen digital inclusion efforts to empower individuals and to enable community development and explore new ways to enhance internet broadband penetration and affordability in ASEAN (AEC 2025 CSAP, characteristic 3 element C2 No. 80); and
- Human Capital Development – Strengthen the professional development of the ICT workforce in the region (AEC 2025 CSAP, characteristic 3 element C2 No. 83).

4.2.1. *Recommendations:*

- Continue ongoing efforts to narrow the gaps between demand and supply in ICT human resource; and
- Continue efforts to align ICT skill standards for ASEAN (AEC 2025 CSAP, characteristic 3 element C2 No. 83).

4.3. *Goal:* ICT in the Single Market – Promote the free flow of ICT products, services and investment in the region as well as the lowering of international mobile roaming charges in ASEAN (AEC 2025 CSAP, characteristic 3 element C2 No. 84).

4.3.1. *Recommendations:*

- Facilitate and grow ICT investments into ASEAN;
- Promote the lowering of voice, SMS, and/or data roaming charges in ASEAN;
- Harmonize telecommunication regulations and develop guidelines for ASEAN spectrum regulatory cooperation; and
- Nurture the free flow of ICT products and services in ASEAN (AEC 2025 CSAP, characteristic 3 element C2 No. 84).

4.4. *Goal:* Information Security and Assurance – Build a trusted digital ecosystem including through further strengthening cooperation on cybersecurity and developing measures to protect personal data (AEC 2025 CSAP, characteristic 3 element C2 No. 86).

4.4.1. *Challenges:* Existing data protection regulations vary considerably between jurisdictions, resulting in misdirected business and compliance costs. ASEAN should formulate regulatory policy that allows data to flow across all jurisdictions while protecting the privacy and security of Southeast Asian consumers.

Recommendations:

- Encourage Industry Self-Regulation: Industry codes of conduct, developed through open, multi-stakeholder processes, can be an effective mechanism for allowing companies to show their compliance, including through certifications to international standards such as ISO/IEC 27001/27018. This takes account of firms working across borders, allowing the upkeep of data privacy protection while keeping up with the pace of digitalization;
- Legal bases for processing beyond consent: While notice and consent remains a very relevant and important basis of processing in appropriate context, obtaining individuals' consent is not always feasible or desirable. As such, proposed regulations must identify implied consent which allows for fraud and cybersecurity monitoring for customer protection, as well as consent acknowledged in the contract of services for repeat processing of personal information on customers' behalf (e.g. monthly purchase orders, e-trade services, etc) while distinguishing between personal data and aggregated data; and
- Techniques which promote data innovation and data protection: As the importance of data analytics continues to grow, it is crucial that ASEAN Member States recognize the benefits of utilizing increasingly data-rich products and services that strengthen the protection of individuals' personal data by minimizing the use and storage of personally-identifiable information (e.g. data minimization).

4.4.2. *Challenges:* Given the absence of a global cybersecurity regime, disparate and complicated country-level regulations often do not address cyber-risks well enough and restrict the beneficial interactions that comprise the global digital economy.

Achievements: Convening of the annual ASEAN Ministerial Meeting on Cybersecurity (AMCC) that served as multilateral cross-border forum to discuss cybersecurity policies between governments to help drive interoperable standards and manage cyber risks.

Recommendations:

- Governments should work with businesses to develop and adhere to a regional cyber framework given the private sector's position as an experienced

stakeholder in digital affairs. A regional approach to cybersecurity will also further ASEAN's economic integration by instating cybersecurity regulatory requirements that are the same across all countries, and will help all countries to achieve the same minimum level of cybersecurity, a critical aspect of the digital economy;

- Creation of regular cooperation between industry and government on cybersecurity issues at the national and regional level, for example through participating in industry-led event with AMCC and national joint cybersecurity working group;
- Avoid creating regulatory mandates that limit the range of choices and innovation of technological solutions that provide cyber security defences; and
- Introduce cybersecurity regulations based on global best practices seeking as much consistency across ASEAN and with major markets as possible to achieve interoperability, efficient sharing of information across borders and the effective management of cross-border threats.

4.5. *Goal:* Develop principles on regulating Over-the-Top (OTT) services, through a public-private consultative dialogue, that promotes the growth of innovative services while safeguarding the well-being of consumers and ensuring a healthy competitive business environment (Joint media statement at the 18th ASEAN Telecommunications and Information Technology Ministers Meeting and Related Meetings Bali, Indonesia, 6 December 2018).

4.5.1. *Challenges:* OTT services and platforms offer SMEs the ability to expand their businesses to the global digital marketplace and generate consumer demand for broadband service. While it is encouraging that ASEAN governments have placed great importance on protecting consumers, there have been misdirected efforts that not only limit consumer access but also inhibit the innovation and expansion of local app developers in the region and globally, resulting in irrevocable harm to the Internet's openness and innovation.

Recommendations:

- Continue the dialogue between public and private sectors in discussing OTT services issues and principles; and
- Create an environment that allows OTT services to develop and thrive. Governments should ensure that foreign OTT service providers are treated equally by collecting tax on digital services and intangibles in a non-discriminatory way. The OECD Base Erosion and Profit Shifting (BEPS) provides a framework to collect tax at the point of sale, providing a solution for countries without forcing OTT service providers to onshore, thereby inhibiting the delivery of services and benefit of the global digital economy.

4.6. *Goal:* Maximise the free flow of data within ASEAN to foster a vibrant data ecosystem but at the same time ensure that the data transferred is accorded the necessary protection (ASEAN Framework on Digital Data Governance point 20).

4.6.1. *Challenges:* Ensuring that requirements on data flows are commensurate with the associated risks and are interoperable across borders. Recognizing standards and codes across borders could provide consistency for regulators and customers in evaluating companies' compliance, without being overly-bureaucratic.

Achievements: The US-ABC has prepared a paper on governance as a contribution to the ASEAN Framework on Digital Data Governance, covering the four strategic priorities outlined in the paper – data lifecycle and ecosystem, cross border data flows, digitalizing and emerging technologies, and legal, regulatory and policy. The report represents the views of a wide variety of firms from across the USABC membership, including ICT, financial services, manufacturing, logistics and health and life sciences. One of the aims of the report is to explain to ASEAN governments how these issues impact firms in all sectors, beyond those in ICT.

Recommendations:

- Promote sound data governance practices, in line with international standards, through the ASEAN Data Classification Framework. The Framework should provide non-binding guidance based on international standards, for individual ASEAN Member States and other organizations to adopt and tailor to their own systems of classifying data. Any proposed data classification model should outline appropriate categories with broad expectations and provide clear guidance on the types of security requirements accorded to each level based on its risk impact level (e.g. criticality and sensitivity of the data);
- Permit prudent outsourcing and use of regional and global data centres and cloud services;
- Explore ways to enable data flows in trade agreements, similar to provisions in the U.S.-Mexico-Canada Agreement (USMCA);
- Support the progression of the Osaka track initiative, as set out at the recent G20 meetings and based on the concept of Data Free Flow with Trust (DFFT). This includes working with supportive countries in ASEAN (Singapore, Thailand and Vietnam) to develop the ideas in the initiative and help maximize cross-border data flows;
- On data classification – Adopt a risk-based approach to data classification that encourages industry self-management of commercial data, with a focus on international standards and best practices. A distinction should be made between national security data and commercial data, and there should also be an emphasis among regulators on access to data when requested rather than on its location;
- For cross-border data flows – Draw from a range of existing data transfer mechanisms including certification (such as APEC CBPR), adequacy or

comparable safeguards, and others such as binding corporate rules and standard contractual clauses;

- Any cross-border data flow mechanism should be consistent with the principles of maximizing data flows; harmonization within ASEAN and interoperability outside; providing legal frameworks for government access to offshore data; and ensuring that requirements and appropriate for the associated risks;
- These issues are particularly important for banks and financial services companies which rely, for example, on national identity documents in the ordinary course of business, including to protect customer accounts from fraud and as part of national and international efforts related to Anti-Money Laundering (AML), Anti-Terrorist Financing and implementation of UN Sanctions;
- Undergoing independent third-party review and certification to existing privacy regimes, as in the APEC CBPR, could also facilitate data transfers. APEC CBPR is a voluntary, accountability-based system that facilitates data flows among eight participating APEC economies.¹ The system's program requirements are based on nine data privacy principles: preventing harm; notice; collection limitation; use choice; integrity; security safeguards; access; correction; and accountability;
 - APEC CBPR is consistent with global standards and is formally recognized as a valid data transfer mechanism in both Japan's amended privacy law and the recently concluded U.S.-Mexico-Canada Agreement (USMCA). By not superseding domestic legislation, CBPR also offers participating countries and companies a unified regime within a network of reciprocal, mutually agreed privacy regulations that take into account local differences;
 - The US-ABC continues to encourage harmonization as countries introduce regulations consistent with CBPR so that SMEs can also be part of the regime; and
 - The APEC CBPR does not currently work for companies in certain sectors due to the lack of an appropriate enforcement authority, such as financial services, any ASEAN cross border data flows mechanism must ensure the designation of an appropriate enforcement authority.

¹ The APEC CBPR Participating Economies include: Australia, Canada, Chinese Taipei, Japan, the Republic of Korea, Mexico, Singapore and the United States of America. Many U.S. companies, particularly in the ICT sector, are also APEC CBPR certified.

E-Commerce

5.1. *Goal:* Each ASEAN Member State shall expand the use of electronic versions of trade administration documents and facilitate the exchange of electronic documents through the use of ICT consistent with the provisions of the ASEAN Agreement on Customs signed on 30 March 2012 in Phnom Penh, Cambodia, and other international agreements on paperless trading to which Members States are parties (ASEAN Agreement on Electronic Commerce Article 7 No 1).

5.1.1. *Challenges:*

- E-Commerce is a critical enabler of MSME internationalization and ASEAN's growth. The growth of e-Commerce has further challenged the cross-border customs clearance experience, which is already complex but has become even more difficult due to the unending surge of packages requiring clearance;
- Today, in ASEAN, Business to Consumer (B2C) shipments transactions outnumber Business to Business (B2B) shipments by a significant proportion, resulting in resource constraints, increased costs, and chokepoints at the border. These typically lower-value shipments, previously considered low risk, face barriers ranging from x-ray screening, inspection, and additional data requirements to quantitative restrictions, and extra border administration fees;
- If left unaddressed, these could hurt ASEAN's MSMEs and threaten the long-term viability of cross-border e-Commerce. They also create greater uncertainty for customers regarding the integrity of the products they are purchasing; and
- The rise of e-Commerce has also created new compliance challenges for Customs authorities.

Achievements:

- The US-ABC launched the ASEAN Customs Handbook for Online Shoppers at the AEM in 2018 to raise awareness of customs regulations and promote compliance; and
- Following the 2017 Directors-General of Customs Meeting, the US-ABC joined the ASEAN Business Advisory Council and Joint Business Councils to propose methods to facilitate low-value shipping, which was subsequently presented to the ASEAN Coordinating Committee on Customs and the ASEAN Trade Facilitation-Joint Consultative Committee. The proposed elements aim to simplify customs procedures, improve border clearance processes, promote efficient tax payment and collection processes, and support returns for e-Commerce purchases. Most of these proposals are based on principles from the World Customs Organization and the WTO Trade Facilitation Agreement and some have already been implemented in some ASEAN Member States.

Recommendations:

- ASEAN Low-Value Shipping Program: To keep pace with the rapid growth of e-Commerce, US-ABC encourages ASEAN to consider establishing a set of customs procedures to further simplify trade, facilitate clearance, and simplify taxation for low-value shipments while preserving or increasing revenues. The US-ABC supports additional customs reforms and upgrades so that governments can better enable cross-border e-Commerce;
- Handbook & Capacity Building for New Players in Trade: Trade rules continue to be complex for MSMEs to navigate. The complexity of these rules mean that customs agencies must manage various compliance challenges. The US-ABC plans to support awareness of customs regulations and promote compliance by issuing a guide to help consumers in ASEAN understand their responsibilities when purchasing e-Commerce products from abroad. The guide covers the basics of customs clearance, explains the processes of every ASEAN Member State, and provides key contact information of customs agencies. The guide would be shared via the US-ABC website and other electronic platforms so that e-Commerce shoppers would have access to relevant information as needed. The US-ABC hopes to continue conversations with ASEAN Customs authorities so that the information in the guide can be continuously updated; and
- Conduct capacity building for MSMEs on the importance of trade compliance.

5.1.2. *Challenges:* Non-harmonized, complex border procedures and regulatory approvals are significant barriers to the growth and development of e-commerce in ASEAN.

Recommendations:

- A key characteristic of e-commerce trade is the generally low value of such shipments. The US-ABC advocates the following specific actions for shipments valued at 1000 SDR (approximately \$1400):
 - All shipments including returns below SDR 1000 to not require Certificate of Origin, import license, limited data elements, and should be treated as informal entries;
 - Simplification of Procedures and Documentation: Streamline registration procedures for importers and exporters, electronic document submission, and further streamline documentation;
 - Facilitation of Clearance: Adopt simplified-entry clearance and immediate release procedures for such shipments in line with the WCO Immediate Release Guidelines;
 - Simplify Tax and Payments: Simplify and publish tax rates, review duty and/or tax waiver thresholds; allow for electronic payment of duties & taxes; and adopt smart tax collection methodologies;

- Simplification of Returns: Establish seamless returns procedures, including duty-drawback opportunities and informal declarations when matched with outbound invoice details;
- In addition to the above simplification procedures for low-value goods, US-ABC recommends the development of ASEAN E-Commerce Trusted Trader Compliance Program to facilitate the cross-border activities of compliant shippers, including supporting risk management, immediate release, and efficient clearance of low-value shipments. The program should be jointly developed by industry and governments, and be open to e-commerce companies, retail vendors, and operators, requiring such players to meet certain criteria. Once traders are accredited or have adhered to the established standards, benefits should be given to them including informal clearance, simplified procedures for returned shipments and duty refunds, and lower inspection rates; and
- US-ABC also encourages ASEAN nations to formalize the WTO moratorium on intangible goods tariffs and work towards an open payments system in their Agreement on E-Commerce.

5.2. *Goal:* Facilitate seamless trade – With the increase in digital-enabled trade of goods, digital integration requires reliable physical infrastructure and favourable trade policies to facilitate seamless trade flows across ASEAN. In this regard, ASEAN Member States shall accelerate progress in seamless logistics within and across ASEAN to facilitate digital-enabled trade (ASEAN Digital Integration Framework No 5 Point i).

5.2.1. *Challenges:* ASEAN’s efforts to improve physical connectivity must keep pace with the needs of e-Commerce. While e-commerce has significantly disrupted the logistics sector, restrictive cross-border transportation and last-mile delivery regimes prevent transportation and logistics services from optimizing their networks to lower the cost of trade.

Recommendations:

- US-ABC urges ASEAN to upgrade existing cross-border transportation, border clearance, market access, and competition policies to promote a competitive logistics sector that is well-positioned to support growth in e-Commerce. These include:
 - Operationalization of the ASEAN Customs Transit Agreement, ASEAN Inter-State Transport Agreement, and ASEAN Multi-Modal Transportation Agreement. ASEAN Member States should consider policies facilitating consolidation along transit routes, allowing further optimization of networks;
 - Elimination of market access barriers extending to the full scope of logistics services, such as customs clearance, multimodal transport, warehousing, and third-party logistics;

- Fair competition policies to level the playing field between postal and express delivery services, keeping last mile delivery infrastructure (such as drop boxes) and national e-commerce platforms open;
- Capacity building for ASEAN's SMEs in the logistics sector to address emerging challenges, such as talent and workforce upgrading; urban congestion/environmental sustainability; business continuity; and business ethics and compliance;
- Consider adopting region-wide global data standards to enhance supply-chain integrity and border processing cost and efficiency;
- Address existing gaps in data visibility across delivery channels including the postal channel; and
- Collaborate with operators, including border authorities and participants in supply chains on solutions.

5.3. Goal: Enable seamless digital payments – Digital payment is a key enabler to facilitate seamless cross-border digital trade and serves as a gateway to other digital financial services. It offers the potential to extend financial inclusion to underserved populations across ASEAN. In line with the goals under AEC 2025 Strategic Action Plans for Financial Integration, ASEAN Member States should implement interoperable frameworks that use common global standards, messages and rules: work with financial institutions to develop inclusive open API standards and roadmaps and develop or build on existing national digital ID systems to encourage adoption of digital financial services by enabling real-time and secure verification of user identities (ASEAN Digital Integration Framework No 5 Point iii).

5.3.1. Challenges: The ability to grow cross-border e-Commerce can be hampered by regulatory barriers which raises cost of cross-border transactions and stifles innovation, thereby impacting end-users of payments services such as consumers and merchants.

Recommendations:

- Adopt policies that promote efficient, seamless, safe and secure payment transactions to support positive payment experiences and the growth of cross-border e-Commerce;
- Consider technology solutions and advanced data to enhance risk management, supply-chain integrity and efficient payment of duties and taxes;
- Support an open ecosystem to enable payment companies to operate and compete fairly (See section 2.1.1);
- Adopt globally interoperable payment standards to help scale adoption of new technology for digital payments in a safe and reliable way, enhance consumer experience, and support regional integration of payments market to drive cross-border e-Commerce; and

- Allow free flow of cross border data with appropriate frameworks for data privacy and protection, to enhance the ability to identify fraudulent transactions in real time.

Food, Agriculture, and Forestry

6.1. *Goal:* The Vision for the Food, Agriculture and Forestry (FAF) sector will be “Competitive, inclusive, resilient and sustainable FAF sector integrated with the global economy, based on a single market and production base, contributing to food and nutrition security, and prosperity in the ASEAN Community” with the goals of ensuring food security, food safety and better nutrition, gaining from access to global market as well as increasing resilience to climate change. The following interventions will be considered to promote deeper integration of the FAF sector in the region and the world through, among others: (i) enhancing trade facilitation and economic integration; (ii) strengthening cooperation and capacity for sustainable production; (iii) enhancing agricultural productivity; (iv) increasing investment in agricultural producers in globalisation process (AEC Blueprint 2025).

6.1.1. *Challenges:*

- Non-Tariff Barriers are increasingly replacing tariffs as protective measures and can hamper the success of the ASEAN Economic Community;
- In some ASEAN Member States, existing ownership structure requires foreign companies to enter joint ventures with local partners; and
- Such restrictive ownership requirements have impeded the inflow of substantial U.S. foreign direct investment in the agriculture sector due to challenges associated with joint venture operations. A key challenge for example is difficulty in finding a suitable and reliable local partner that can meet strict compliance requirements by the U.S. government, as well as possessing in-depth experience aligning with key international standards for quality control, workforce safety and corporate social responsibility.

Recommendations: Wider participation by foreign companies via full ownership in the Agriculture sector.

6.2. *Goal:* Enhance trade facilitation and remove barriers to trade to foster competitiveness and economic integration (AEC 2025 CSAP, characteristic 3 element C5 No. 99).

6.2.1. *Challenges:*

- The national food trade regulatory regime does not align with internationally accepted, science-based standard, such as CODEX; and
- The lack of harmonization of standard among ASEAN member countries.

Recommendations:

- That ASEAN adopt MRAs in the areas of as licensing and registrations, product standards, customs procedures and SPS equivalency;
- That ASEAN to adopt and set a scientifically based Maximum Residue Limits (MRLs) in alignment with international standards, such as CODEX;

- That ASEAN revisit their GM agriculture import regulations and adopt an international, scientifically based LLP standards in alignment with CODEX standard; and
- That ASEAN work towards regulatory coherence in agricultural trade and development; specifically to develop common approval standards for new agricultural technologies including ICT and new generations of seeds.

6.3. *Goal:* Further enhance cooperation in production and promotion of halal food and products (AEC 2025 CSAP, characteristic 3 element C5 No. 104).

6.3.1. *Challenges:*

- Lack of mutual recognition of halal standards between ASEAN countries. This resulted in duplication of certification and increase the cost and time of doing business;
- For instance, the current Indonesian Government Regulation 31/ 2019 required labelling for all consumption products (whether it says halal and not halal). Requirement to put ‘non-halal’ labelling will potentially create a negative perception towards some products rather than to fulfil the objective to ‘inform’ customer. In implementing such a regulation, governments need to consider accommodating this concern; and
- Lack of science-based regulatory regime on novel food ingredients. This resulted in regulatory uncertainty and can disrupt trade and innovation in the food manufacturing sector.

Recommendations:

- Obtaining ‘halal’ label should be done on a voluntary basis, while it should not be mandatory to put ‘non-halal’ label to products that are not considered as halal (not necessarily products that classified as *haram*);
- ASEAN member countries to adopt a mutual recognition of halal standards; and
- ASEAN to adopt a science-based regulatory regime to approve novel food ingredients.

Energy

7.1. *Goal:* Trans-ASEAN Gas Pipeline – Enhance connectivity within ASEAN for energy security and accessibility via pipelines and regasification terminals (AEC 2025 CSAP, characteristic 3 element C4 No. 92).

7.1.1. *Challenges:*

- Based on a report from the International Energy Agency (IEA), about US\$ 990 billion in investments will be required to develop ASEAN's power sector through to 2035. The aforesaid figure represents more than 50% of the total amount required in the region's energy-supply infrastructure;
- According to the ASEAN Secretariat, Southeast Asia has 7.5 trillion cubic metres (tcm) of gas reserves, representing 3.5% of the world total. Over the past two decades, gas production in ASEAN has more than doubled and will continue to grow by 30% over the next two decades as well; and
- Among key challenges that impede cross-border energy supply and funding and integrating of ASEAN energy infrastructure political (overlapping claims over energy-rich territories), geographical diversity and uneven economic development.

Achievements:

- Ever since the Memorandum of Understanding (MoU) on ASEAN Energy Cooperation was ratified on 24 June 1986, many other agreements have been made, such as the construction of an ASEAN Power Grid (APG) and a Trans-ASEAN Gas Pipeline (TAGP). These physical energy infrastructure projects are vital in supporting new market opportunities and managing the ever-increasing energy security within the region; and
- To date, connections are bilateral in nature, with pipelines linking Singapore – Malaysia, Myanmar – Thailand, West Natuna – Singapore, West Natuna – Duyong, South Sumatra – Singapore and Malaysia – Thailand.

Recommendations:

- Implement open access system at least in one ASEAN Member State by 2020;
- Develop at least one new Liquid Natural Gas (LNG) regasification terminal or a cross border gas pipeline by 2020;
- Develop consolidated information (technical database) on ASEAN gas infrastructure;
- Establish a standard clause for LNG cargo diversions and destination flexibility for ASEAN LNG Contracts; and
- Utilize proven joint development models to resolve overlapping claims and allow access to prospective areas.

7.2. *Goal:* Energy Efficiency and Conservation: Reduce energy intensity in ASEAN by 20% as a medium-term target in 2020 and 30% as a long-term target in 2025 based on 2005 level (AEC 2025 CSAP, characteristic 3 element C4 No. 94).

7.2.1. *Challenges:*

- Managing the energy transition as ASEAN demand for energy continues to increase due to rapid industrialisation, urbanisation and rising living standards;
- The future of energy transition from fossil-dependent into renewable energy is of critical importance for ASEAN; and
- Rapid urbanisation, industrialisation, and rising living standards will continue to drive significant increases in energy demand.

Recommendations:

- Develop draft guidelines on ASEAN green building code and promotional scheme;
- Develop draft guidelines to finance energy efficiency;
- Prioritize sustainability criteria as a key element in government and large-scale procurement projects;
- Encourage sustainability, energy efficiency criteria in investment project applications; and
- Develop manufacturing energy efficiency programs to encourage companies to invest in more efficient, sustainable production processes.

7.3. *Goal:* Strengthen institutional and human capacities in the ASEAN minerals sector (AEC 2025 CSAP, characteristic 3 element C8 No. 117).

7.3.1. *Challenges:* There is an urgent need to continue strengthening partnership in policy development and in program implementation, including in the areas of human development and institutional mechanism.

Achievements:

- We applaud ASM for the successful completion of ASEAN Minerals Cooperation Action Plan (AMCAP) I (2005 – 2010), and AMCAP II (2011-2015), and welcome AMCAP III (2016-2025). These action plans serve as a blueprint for ASEAN minerals cooperation to further enhance ASEAN mineral sector dynamism; and
- Achievements in this sector include the establishment of the ASEAN Minerals Trust Fund to support the implementation of ASEAN mineral cooperation programmes, projects and activities, the implementation of capacity building activities under the framework of ASOMM+3 through a series of training courses on Geological Mapping Capacity Building for AMS, Training Course on ASEAN Mine Environment and Ecological Recovery and Management Capability.

Recommendations:

- Promote research and development cooperation in minerals and geosciences as well as technology transfer programmes with ASEAN Dialogue Partners and other international agencies; and
- Strengthening public-private partnership in enhancing human and technological capacities.

7.4. *Goal:* Maintain an efficient and up-to-date ASEAN Minerals Database, including its infrastructure towards achieving deeper integration in the mineral sector (AEC 2025 CSAP, characteristic 3 element C8 No. 118).

7.4.1. *Challenges:* There is a need to ensure sustainable financing and support system for high-quality data base and information system.

Achievements: We welcome the launching of the ASEAN Minerals Database and Information System (AMDIS) which provides public and business community with greater access to information on minerals concerning mineral resources, research and development in minerals, capacity building, regulation, as well as minerals company profile.

Recommendations: Greater public-private partnership in the maintenance and up-grading infrastructure towards digital ASEAN Minerals Database and Information System (AMDIS).

Healthcare

8.1. Goal: Further harmonisation of standards and conformance in healthcare products and services, such as common technical documents required for registration processes and nutrition labelling (AEC 2025 CSAP, characteristic 3 element C7 No. 109).

8.1.1. Challenges:

- Policies and standards on health products and services still sharply vary across ASEAN;
- Lengthy and unclear procedures for registration process and nutrition labelling, such as on halal registration;
- Unclear standard of Halal Assurance System that will be adopted by BPJPH and the requirement of Non-halal label;
- Slow progress in Mutual Recognition Agreements (MRAs) on healthcare services;
- Gap in the infrastructure for healthcare including prevention of non-communicable diseases (NCDs), particularly smoking-related illness, and innovative solutions to deal with tobacco harm;
- Hospital infrastructure in most ASEAN markets is uneven and tends to be concentrated around Tier 1 cities; hence, there is significant room for geographic expansion; and
- There is a shortage of doctors and nurses in the region, and local medical schools lack the capacity to meet the growing demand.

Recommendations:

- Establish a digital platform for healthcare standardization across ASEAN;
- Strengthen ASEAN Health Ministerial Meeting by having regular consultation mechanism with ASEAN Finance Ministers and Custom agencies;
- Promote sharing of best practices in healthcare cybersecurity and ensure healthcare sector has a voice in national and regional government discussions on cybersecurity;
- Establish core competencies and standards of practice in general HCP practice;
- Develop a capacity building program for ASEAN health officials and FDA officials, such as organizing study visits to countries with successful programs or projects to address NCDs;
- Foster Public-Private partnership for the HCP capability, capacity and healthcare infrastructure specially to embrace innovative healthcare technology; and
- Initiate partnership for Centre of Excellence for telemedicine or exchange programs and collaborations with prominent doctors and institutions.

8.2. *Goal:* Promote strong health insurance systems in the region (AEC 2025 CSAP, characteristic 3 element C7 No. 111).

8.2.1. *Challenges:*

- Governments need to find a balance between public and private investments to ensure that the whole population can have access to better medical treatment and facilities. This can be applied to supporting governments in implementation of UHC, for example;
- As integration in the health sector could help promote greater health coverage throughout the ASEAN region, there is currently a lack of substantial discussions and cooperation between health and finance authorities, which must take place for better healthcare to happen (for example, more developed healthcare financing schemes);
- Governments should also study drains on public spending for healthcare, identify illnesses to be targeted;
- Budget deficit in reimbursement system;
- There is currently a clear disconnect between the innovation aspect of a medical device and its price under national health insurance. Interlinkage of the actual burden of disease, national priorities, and the price are also crucial to consider when estimating the value of innovative medical device to reflect the needs of a more sophisticated health system and patient expectations. The tender prices set (for some disease areas at least) make it highly unattractive for manufacturers to participate and may lead into lack of supply; and
- Need a focus on Primary Health Care (PHC) which is the cornerstone of UHC. A good PHC-system will alleviate the current high burden on the secondary and tertiary hospitals in some ASEAN markets (i.e. Vietnam, Philippines, Indonesia).

Achievements: Governments in ASEAN are making great strides to implement nationwide Universal Health Coverage plans. Given the enormity of that task, trade-offs may be needed between level of coverage or number of citizens covered.

Recommendations:

- Innovative health financing model such as co-payment, coordination of benefit and risk-sharing agreement shall be integrated in the reimbursement system;
- A combination of international referencing, innovation scales, budget impact, measurement of cost savings and managed entry agreements. Potential negotiations with manufacturers across their portfolio, not only product specific, can be considered; and
- Affordable spending through public-private cooperation.

8.3. *Goal:* Further facilitate the mobility of healthcare professionals in the regional (AEC 2025 CSAP, characteristic 3 element C7 No. 112).

8.3.1. *Challenges:*

- Mobility of healthcare professionals is still largely impaired by strict regulations of movement of people in ASEAN; and
- An urgent need for development of regional databases as a common basis for information exchanges.

Recommendations:

- Establish of minimum common competency standard for dental Undergraduate education;
- Expediting the development of a regional profiling and professional databases of healthcare professional for information exchanges; and
- Expedite the MRAs on Medical Practitioners, Nursing and Dental Practitioners.

8.4. *Goal:* Combating Antimicrobial Resistance (AMR) (ASEAN Health Cluster 2 Work Programme 2016-2020, Health Priority 10).

8.4.1. *Challenges:*

- AMR is rapidly spreading in the region due to ineffective infection prevention, lack of adequate diagnostics, and the absence of new antibiotics;
- Countries struggle to support Antimicrobial Stewardship programs with sufficient budget; and
- Education and awareness levels are low amongst the general public and general practitioners on AMR.

Achievements:

- 2017 ASEAN Declaration on Antimicrobial Resistance (AMR): Combatting AMR through One Health Approach; and
- Each ASEAN country has put in place a National Action Plan to combat AMR. Each of these plans has common elements as they're all modelled after the WHO Global Action Plan.

Recommendations:

- There is a need to raise awareness of the critical importance of antimicrobial resistance and the role of medical technology in addressing this public health challenge;
- Further develop joint cooperation across ASEAN to address antimicrobial resistance. Action should help ensure the continuity of successful treatment and prevention of infectious diseases with effective and safe medicines that are quality-assured, used in a responsible way, and accessible to all who need them;

- Advance guidelines for prescribing antimicrobials and using medical technology to prevent, diagnose and treat infections in order to inform care delivery and identify opportunities for modification of therapy;
- Require surveillance and reporting of infections and emerging pathogens within healthcare facilities and the community;
- Facilitate sharing of surveillance data across countries;
- Ensure adequate incentives and payment policies to support cost-effective technologies to prevent and diagnose infections and promote quality measures linked to financial rewards and penalties to build capacity to prevent infections in healthcare facilities; and
- Establish antimicrobial stewardship programs covering all settings of care in order to reduce antimicrobial overutilization and the emergence of resistance.

Travel and Tourism

9.1. Goal: Enhance competitiveness of ASEAN as a single tourism destination by intensifying the promotion and marketing of ASEAN through its Southeast Asia campaign as a Single Destination (AEC Blueprint 2025).

9.1.1. Challenges:

- Limited marketing and advertising budgets by the national tourism boards remain a challenge and place a ceiling on creativity and innovation of digital marketing campaigns that can include multiple ASEAN Member States;
- There is also no marketing and advertising budget at the regional level that ASEAN Member States can top on to market ASEAN as a single tourism destination; and
- Visa policies for tourists remain national and not coordinated across the ASEAN region.

Achievements: ASEAN Tourism Strategic Plan 2016 – 2025 is a constructive step towards promoting ASEAN as a quality tourism destination, as well as one that is committed to responsible, sustainable, inclusive and balanced tourism development across the region. The development of ASEAN as a competitive, sustainable, socio-economically inclusive and integrated tourism destination will serve to contribute significantly to the socio-economic well-being of the citizens in the region.

Recommendations:

- Each ASEAN Member States should increase transparency of the statistics collected by the immigration offices (e.g. monthly tourist arrivals and origin countries, among others) to be shared with the industry players. This will lead to better coordination between the public and private sector to have a targeted marketing approach to increase the growth of inbound tourism arrivals;
- Establish partnerships between major telecommunication providers/ single regional telecommunication provider in the ASEAN region to provide a single SIM card that can be used by travellers in several countries (e.g. up to 30 days of validity period);
- Leverage public-private partnerships to develop and promote ASEAN as a single tourism destination. This can be through innovative and collaborative digital marketing campaigns that private companies can advise on; and
- Simplify the process of visa application especially for tourists from other region with multiple itineraries (e.g. possibility to apply visa for several ASEAN Member States at the first point of entry in the region).

9.2. *Goal:* Improve the capacity and capability of tourism human capital in the region (AEC Blueprint 2025).

9.2.1. *Challenges:*

- Lack of information about the ASEAN Mutual Recognition Arrangements for Tourism Professionals including the ASEAN Tourism Professional Registration System result in low or lack of participation of private sector and low implementation among tourism professionals;
- Human capital is developed per work category and there is a need to develop cross-cutting skills in the digital economy and address the urban and rural divide in skills development; and
- The inconsistency across ASEAN Member States regarding efficiency and effectiveness of working visa application processes might hinder the movement of talent to support the travel and tourism industry in the region.

Achievements: The formation of the four Tourism Committees are key to putting the ASEAN Tourism Strategic Plan into action and will continue to play an important role in ensuring that ASEAN keeps and achieves its goals.

Recommendations:

- Institutionalize a private sector dialogue in Mutual Recognition Arrangement Tourism Professionals (MRA-TP) meetings with a view to co-develop a policy session and/ or capacity building workshop where private sector-led MRA best practices and tourism standards in ASEAN and around the world could be exchanged with ASEAN Member States' labour, skills development, tourism regulators, learning institutions and other stakeholders as well as ASEAN Secretariat officials handling MRA-TP;
- Partnership between private sector and the government to develop curriculum in the hospitality academic institutions in each ASEAN Member States; and
- Expanding implementation of MRA-TP to other related tourism and hospitality job titles (AEC 2025 CSAP, characteristic 3 element C6 No. 106).

9.3. *Goal:* Develop and implement the strategy on participation of local communities and private sectors in tourism development (AEC 2025 CSAP, characteristic 3 element C6 No. 107).

9.3.1. *Challenges:* It is unclear to the private sector how the four Tourism Committees work and their areas of focus. Private sector inclusion in the committee is also recommended to ensure that regional strategic plans are business friendly and encourage public-private partnerships in the travel and tourism sector.

Achievements: The formation of the four Tourism Committees are key to putting the ASEAN Tourism Strategic Plan into action and will continue to play an important role in ensuring that ASEAN keeps and achieves its goals.

Recommendations:

- ASEAN should scale up their recognition of best tourism destinations by incentivizing the local region that attract strong growth of tourism arrivals through awards and/ or infrastructure grants to further incentivize the local government to develop and maintain the local tourism attractions;
- To encourage private sector participation in introducing new or existing technology tools (e.g. digital payment, online booking platforms) to the local communities to encourage new MSMEs entrants into the travel and tourism ecosystem; and
- Drive tourism growth to the secondary destinations by improving the digital skills of communities in rural areas to bridge the digital gap between the urban and rural areas.

9.4. *Goal:* Ensure safety and security, prioritising protection and maintenance of natural and cultural heritage; and increase responsiveness to environmental protection and climate change (AEC Blueprint 2025).

9.4.1. *Challenges:* It is unclear to the private sector how the four Tourism Committees work and their areas of focus. Private sector inclusion in the committee is also recommended to ensure that regional strategic plans are business friendly and encourage public-private partnerships in the travel and tourism sector including advancing sustainability in tourism destinations.

Achievements: Adoption of Bangkok Declaration on Combating Marine Debris in ASEAN Region on June 22, 2019.

Recommendations:

- Develop best practice framework for proper management of tourism destinations (e.g. nature preservation and waste management, among others) that can be implemented by local governments in the ASEAN Member States; and
- Developing an action plan to support the promotion of sustainable tourism in ASEAN. This can be through (1) encouraging ASEAN Member States to launch National Campaigns to promote Sustainable Tourism; (2) digital marketing campaigns to promote sustainable tourism in the ASEAN region; (3) private-public partnerships with international organisations to endorse and promote eco-friendly tourism stakeholders (hotels, activities etc).

Manufacturing

10.1. Goal: Promote regional integration and greater competitive advantage across ASEAN's manufacturing community, including greater investment in regional supply chains and advanced manufacturing.

10.1.1. Challenges:

- Manufacturing both globally and in ASEAN is on the cusp of a revolution driven by processes of technology led industrial change (Industry 4.0) and other factors such as regional integration efforts and preferential trade agreements; and
- The dynamics driving change are also shaped by the current global economic environment, which is increasingly characterized as a period of disruption of existing international trade frameworks and the evolution of supply chains.

Achievements:

- ASEAN has already established itself as a global manufacturing destination in a wide range of sectors. Looking ahead, the outlook for ASEAN is also positive as evidenced by:
 - 2016 Deloitte Global Manufacturing Competitiveness Index (DGMCI), Malaysia, Indonesia, Viet Nam, and Thailand are anticipated to be among the 15-most competitive manufacturing nations in the world by 2020;
 - Across ASEAN in fact, IoT spending is expected to grow in value by 35 percent from an estimated US\$1.6bn in 2015 to reach US\$7.5bn by 2020;
 - These plans underline the importance that governments across ASEAN have placed in maximizing the potential of IoT to transform their economies; and
 - Cisco IBSG predicts that 50 billion devices will be connected to the Internet by 2020, while market research company, Markets and Markets estimates the IoT will be worth US\$195 billion by 2022.

Recommendations:

- Endorse and promote bilateral and regional industrial manufacturing regulatory cooperation efforts like the ASEAN Regulatory Cooperation Project (ARCP) on Chemicals and prevent barriers to trade by aligning regulatory drafts, updates, and further steps based on similar approaches, sound science, risk-based procedures;
- Advocate for manufacturing regulatory environments which enable cross border industrial data and information flows to strengthen Industry 4.0 ecosystems to strengthen ASEAN's competitiveness to attract investment and adoption of IoT, remote operation monitoring; connected manufacturing related services including cybersecurity protection, and other forms of advanced manufacturing operations;

- Promote further integration by eliminating non-tariff barriers to trade in necessary manufacturing inputs and encouraging adoption of new, more efficient technologies;
- Promote the value of sustainable manufacturing in broader national economic policy, including energy security to drive more manufacturing production; and infrastructure to support logistics around manufacturing parks; and
- Work with industry to support workforce training and development to ensure high skilled workforce integrated with manufacturing investment.

Micro Small and Medium Enterprises

11.1. Goal: Promote productivity, technology and innovation through measures to enhance MSME productivity by understanding key trends in productivity, build industry clusters through industrial linkages, promote technology and build capabilities to foster industry clustering; as well as promote innovation as a key competitive advantage through technology usage and its application to business and business-academia linkages (AEC Blueprint 2025).

11.1.1. Challenges:

- The lack of access and awareness of modern technology, especially high-speed internet connectivity and e-payment systems, are major constraints on MSMEs' participation in e-commerce and on MSMEs development in the less-developed countries in ASEAN. Requirements for data localization will impose significant costs on SMEs looking to cater to a regional or global market and force them out of operation before they have even begun to compete; and
- MSMEs have limited access to cybersecurity technologies to protect their e-commerce activity.

Recommendations:

- ASEAN should improve the internet infrastructure to improve the connectivity and internet access. Currently, the smartphone ownership has been rising the number of people who has access to internet and it could help to promote MSMEs participation in e-commerce platforms. It will help MSMEs get access to global markets, making them "micro-multinationals" which engage actively in micro-supply chains;
- ASEAN should adopt policies supporting creativity, entrepreneurship, and the flourishing of technology, including the protection of intellectual property rights, and the free-flow of data across borders. The use of cloud computing to store and share data in an increasingly collaborative business world can promote efficiency and alleviate the cost of data localization; and
- Investing in cybersecurity technologies. As MSMEs become more digital, and as their applications and data are stored in the cloud, keeping them secure has become increasingly important.

11.2. Goal: Increase access to finance by developing and enhancing the institutional framework in respect of improving understanding and strengthening traditional financing infrastructure as well as the policy environment and measures that foster alternative and non-traditional financing; promote financial inclusion and literacy and the ability of MSMEs to be better engaged in the financial systems; and enhance tax and other incentive schemes (AEC Blueprint 2025).

11.2.1. Recommendations: The use of e-payment methods such as debit and credit cards, mobile phone payments, and online banking can increase efficiencies for cross-border transactions, therefore promoting economic integration. Such payment tools and methods speed up processing, reducing costs and enhance transparency and accountability.

11.3. Goal: Enhance market access and internationalisation by extending and developing support schemes for market access and integration into the global supply chains including promoting partnership with multinational corporations (MNCs) and large enterprises to increase market access and opportunities; promote the use of e-Commerce; and enhancing measures to promote exports through mechanisms such as export clinics, advisory services and ROO utilisation (AEC Blueprint 2025).

11.3.1. Challenges: Two of the key barriers that restrict MSMEs from exporting are navigating complex export rules and regulations, and a lack of awareness and understanding on the kinds of Free Trade Agreements they can tap on to support their business.

Recommendations:

- Support modern manufacturing and supply-chain patterns to facilitate MSMEs participation in global supply chains. By becoming the part of supply chains of U.S. and other multinational companies operating in the region, MSMEs will be able to implement universally-standardized business practices. The regional scope of supply chains will also create a conducive environment for MSMEs to practice cross-border e-commerce and leverage the new growth in Business-to-Consumer (B2C) transactions in the region;
- Assist MSMEs in internationalizing operations so they can 'go global'. This can be done by providing information services and raising awareness about the benefits of internationalization;
- Facilitate MSMEs internationalization by reducing entry barriers, lowering international expansions cost, and ensuring access to the best inputs from a range of suppliers at global prices; and
- Work with multinational corporations (MNCs) to provide capacity building workshops or training on resources MSMEs can tap on to help export and participate in global supply chains.

11.4. Goal: Enhance MSME policy and regulatory environment that promotes intra and inter-governmental cooperation and coordination mechanisms, involvement of MSMEs in the decision-making process to enable better representation of MSME interests; provide support to micro enterprises in the informal sector and their integration; and streamline processes involved in obtaining of permits and business registrations to enable less costly and faster business formation (AEC Blueprint 2025).

11.4.1. Challenges: MSMEs with strong products and value propositions are unable to grow their business due to artificial constraints imposed by differential and complex regulatory requirements between ASEAN countries.

Recommendations:

- Alignment with internationally harmonized standards for goods and services as the basis for regulatory requirements. This will help reduce the number of country-specific requirements, which can otherwise create barriers or increase the costs of doing business for SMEs;
- Provide support to micro enterprises in the informal sector, and streamline processes involved in obtaining of permits and business registrations to enable less costly and faster business formation. Eliminating regulatory barriers to trade will provide the most opportunities for MSMEs to expand through the region, thereby realizing the potential of ASEAN economic integration; and
- ASEAN should develop greater stakeholder participation, including the private sector from various industries in the development of regional MSME policies and business standards. In the current inter-connected world where goods are often produced through linkages between many companies, it is important for SMEs to be able to take advantage of such linkages. Developing policies to support such linkages joint initiative with larger firms. We urge ASEAN to continue to embrace such linkages and we offer to be an active partner with ASEAN in this area.

11.5. Goal: Promote entrepreneurship and human capital development by creating a more conducive environment for entrepreneurship through the ASEAN On-line Academy; and enhancing human capital development for MSMEs, in particular youth and women (AEC Blueprint 2025).

11.5.1. Challenges: The available platform only offers English language, so it will be non-accessible for non-English speakers.

Achievements: The establishment of ASEAN SME Academy.

Recommendations: Expanding the existing platform (ASEAN On-line Academy) to be more inclusive and accessible. Providing ASEAN Member States' languages as an option will create the ASEAN On-line Academy accessible to ASEAN MSMEs.

The Role of the Private Sector

12.1. Goal: Implement a more inclusive and consultative process involving the private sector (AEC 2025 CSAP, characteristic 4 element D2 No. 130).

12.1.1. Challenges:

- Some policy formulation conducted without proper and sufficient consultation and discussion with industry sector that will be directly impacted to the policy. This is counterproductive to support industry growth and ease of doing business; and
- Private sectors have resources and capability to enhance economic growth through research and development, partnership program, and technology transfer. However, some rigid or uncertain policy and the absence of incentive discourage private sectors to invest more on innovation and research field.

Recommendations:

- Involvement of private sectors in term of policy making, to ensure that policy development is in line and supporting industry growth; and
- Provide conducive policy and climate that encourages investment in research and technology as well as public-private partnership.



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