



ASIA-PACIFIC BUSINESS FORUM 2011

BANGKOK, 25-26 JULY 2011

REPORT

I. ORGANIZATION

A. OPENING, DURATION AND ORGANIZATION OF THE SESSION

1. The Asia-Pacific Business Forum held its eighth session in Bangkok from 25 to 26 July 2011.
2. The Forum was co-organized and sponsored by the Joint Standing Committee on Commerce, Industry and Banking of Thailand. Other partners included the Asian Development Bank, United Nations Industrial Development Organization, the Greater Mekong Subregion Business Forum, Mekong Institute, International Business Leaders Forum, Global Business Initiative on Human Rights and End Human Trafficking Now!
3. Dr. Ravi Ratnayake, Director, Trade and Investment Division, ESCAP called the Forum to order.
4. Mr. Chote Sophonpanich, Vice-Chairperson of the Business Advisory Council to ESCAP and Chair of the Asia-Pacific Business Forum 2011, delivered his introductory address.
5. Dr. Noeleen Heyzer, Under-Secretary-General of the United Nations and Executive Secretary of ESCAP delivered her welcoming address.
6. H.E. Dr. Trairong Suwankiri, Deputy Prime Minister of Thailand delivered his inaugural address.
7. His Excellency, Dr. Sarath Amunugama, Senior Minister for International Monetary Cooperation, Government of Sri Lanka and Chairperson of the sixty-seventh Commission delivered an opening address.
8. Mr. Narayana N.R. Murthy, Chairman, Infosys Limited, delivered the keynote address on “Regional trade and investment challenges and opportunities in the post-crisis.”
9. Mr. Dusit Nontanakorn, Chairman, Joint Standing Committee on Commerce, Industry and Banking of Thailand, made his vote of thanks.
10. Following the above mentioned opening remarks, a roundtable discussion among subregional private sector representatives was organized consisting of four subregional business groupings, namely SAARC Chamber of Commerce and Industry, Greater Mekong Subregion Business Forum, APEC Business Advisory Council and ASEAN Business Advisory Council.
11. The overarching theme of APBF 2011, “Facing Challenges, Capturing Opportunities,” was discussed in two plenary sessions, five parallel sessions and one side-event in one and a half days. Specific topics of APBF 2011 include: Asia and the Pacific’s potential and capacity to lead global business; improving business connectivity; harnessing business-government partnerships; agricultural sustainability and food security; small business ICT applications; green economy and energy security; and opportunities arising from free trade agreements.
12. In the concluding session, session moderators summarized the outcomes of the sessions, presenting recommendations to both public and private sectors. These recommendations would be presented at the Second Session of the Committee on Trade and Investment, one of ESCAP legislative intergovernmental bodies, which would be organized at the same venue from 27 to 29 July 2011.

B. ATTENDANCE

13. The Forum was attended by over 500 people from various stakeholders (44% from private sector, 23% from public sector, 12% from civil society, 12% from research and educational institutions, 6% from international organizations and 5% individuals) throughout the region, but particularly from South-East Asia and South Asia. More than 50 per cent of the participants came from outside the host country, Thailand. A list of participants is attached which provides a detailed break-down.

II. CONCLUSIONS, RECOMMENDATIONS AND OUTCOMES OF THE SUBSTANTIVE DELIBERATIONS

A. ROUNDTABLE DISCUSSION AMONG SUB-REGIONAL PRIVATE SECTOR REPRESENTATIVES

Objective:

To identify key issues, policies and challenges of doing business in the Asia-Pacific region, in particular, through the perspectives of the sub-regions.

Moderator:

Mr. Noke Kiroyan, *Managing Partner, Kiroyan Partners*

Speakers:

- Mr. Tariq Sayeed, *Vice President, Confederation of Asia Pacific Chamber of Commerce & Industry and Former President of SAARC Chamber of Commerce and Industry and Federation of Pakistan Chambers of Commerce and Industry;*
- Mr. Hoang Van Dzung, *Co-Chairman, GMS Business Forum, and First Vice Chairman and Executive Vice President, Vietnam Chamber of Commerce and Industry;*
- Mr. Twatchai Yongkittikul, *Member, APEC Business Advisory Council and Secretary General, The Thai Bankers' Association;*
- Mr. Oudet Souvannavong, *Secretary General, GMS Business Forum*

Main conclusions, recommendations and outcomes:

- (1) One key challenge in regional integration for both private sector and policy makers is to close the gap between least developed and other developing and developed countries in the Asia Pacific region.
- (2) The fiscal crisis in the West, in particular in Europe and in the United States of America (USA), remains a great concern for developing Asia and the Pacific.
- (3) To recover from any economic/financial crisis, measures must be concrete and sustainable. While it is important to increase the competitiveness of the entire region, member economies should go beyond merely imposing fiscal stimulus measures. A more practical way is to conclude the Doha Round at the soonest.
- (4) Imposing trade barriers and protectionism are not the recommended responses to the crisis. Instead, to improve the movement of goods across borders, regional economies should strive towards concluding more regional trade agreements which contain provisions for improving supply chain management, strengthening logistics and infrastructure, and streamlining and reducing of customs procedures.

B. PLENARY SESSION 1: CAN ASIA AND THE PACIFIC LEAD GLOBAL BUSINESS?

Objective:

To determine the conditions and parameters for the Asian and Pacific region to assume a leadership role in economic growth and business in the current century.

Moderator:

Mr. Iqbal Tabish, *Secretary-General, SAARC Chamber of Commerce and Industry*

Speakers:

- Mr. Iwan Jaya Azis, *Head, Office of Regional Economic Integration, Asian Development Bank*
- Mr. Chandran Nair, *Founder and Chief Executive, Global Institute for Tomorrow*
- Mr. Noriyuki Suzuki, *Senior Principal Consultant, Daiwa Institute of Research Ltd.*
- Mr. James R. F. Shipton, *Managing Director, Goldman Sachs (Asia) L.L.C.*
- Mr. Yuen Pau Woo, *President and CEO, Asia Pacific Foundation of Canada and Coordinator, State of the Region Report, PECC*
- Ms. Barbara Meynert, *Senior Advisor, Li & Fung Group*
- Mr. George Abonyi, *Maxwell School, Syracuse University and Senior Advisor, Fiscal Policy Research Institute (Thailand)*
- Mr. Ghulam Ali Khan, *President, Federation of Pakistan Chamber of Commerce and Industry*

Questions:

- What are the key challenges faced by business in the Asian and Pacific region with particular reference to reducing business costs, the development of a competitive workforce, need for continuous innovation and currency realignments?
- What kind of structural and regulatory changes and/or economic adjustments are needed in the region to allow business to capture new and emerging opportunities?
- What are the key driving forces of business in Asia and the Pacific?
- How can government and business work better together to ensure that Asia and the Pacific can lead global business and economic growth and what are business expectations from governments in this regard?
- What are the requirements to facilitate the effective implementation of government policies, commitments and agreements for business?

Main conclusions, recommendations and outcomes:

- (1) The Asia and the Pacific region is in a good position to lead global business, taking into consideration its vast market size, immense resources, and the presence of developed economies such as Japan and the United States, as well as the huge potential of emerging economies, such as China and India. Such a phenomenon has led to calls for the region to have a louder and larger voice in international fora and institutions.
- (2) The Asia and the Pacific region is undoubtedly a pro-business region, adopting generally an open-market approach, providing a conducive environment for private sector development, and championing free trade through the negotiation of numerous free trade agreements (FTAs). However, to be a more viable force in driving global growth, the region needs to (a) address the issue of competitive advantages of its member economies and the region as a whole, and to (b) work towards a comprehensive region-wide multilateral trade agreement, a key factor to achieve regional economic integration.

- (3) To maintain its current economic growth, a key challenge remains for the region to identify reliable and sustainable funding sources. In this regard, it is recommended that the region develop useful financial tools to strengthen personal finance mechanisms, including for education purposes, and social safety/welfare nets, such as insurance. Such development would help overcome other challenges facing the region, namely, (a) Inflation, (b) economic inequality/development gaps, (c) a lack of a proper fiscal regulatory framework, and (d) poverty. It is now the time to study the feasibility of developing a regional capital market, which would, among others, further promote businesses' access to finance, and thereby fuelling the economic growth of Asia.
- (4) Asia's current growth strategy is to export to the developed economies. To stay competitive, the region must generate significant investments in infrastructure, technologies and innovation to support enhanced business linkages. At the same time, countries need to diversify their sources of growth by avoiding over-reliance on exports and enhancing growth of domestic demand through regional cooperation and coordination among regional economies.
- (5) Apart from economic growth and development, human development and progress should remain a high priority to truly make Asia-Pacific a real global economic leader, considering that humans make up society, and society is a representation of the state. Such an approach is important when it comes to understanding the limits and boundaries of the state/society. To promote human development, regional countries must provide the basic essentials, such as proper access to food, water, housing, public health, and particularly education for all. In this sense, corporate social responsibility (CSR) perhaps through public-private partnership, could be more emphasized throughout the region.

C. PLENARY 2: IMPROVING BUSINESS CONNECTIVITY IN ASIA AND THE PACIFIC

Objective:

To identify the key issues and policies for improving business connectivity of the Asia-Pacific region, with particular focus on the effective integration of SMEs into global and regional value chains.

Moderator:

Mr. Oudet Souvannavong, *Secretary General, GMS Business Forum*

Panelists:

- H.E. Mr. Dalrai Davaasambuu, *Ambassador and Economic Policy Advisor to the Chairman of the State Ikh Khural (Parliament) of Mongolia*
- Mr. Tariq M. Rangoonwala, *Chairman, Rangoonwala Group of Companies*
- Mr. Robert Yap, *Chairman, YCH Group*
- Mr. Jagdish Saxena, *Chairman and Managing Director, Elder Pharmaceuticals Ltd.*
- Mr. Lamine Dhaoui, *Director, Business, Investment and Technology Services Branch, UNIDO*
- Ms. Marn-Heong Wong, *Assistant Professor, Lee Kuan Yew School of Public Policy, National University of Singapore*
- Mr. Enrico L. Basilio, *President, Research, Education and Institutional Development (REID) Foundation, Inc.*
- Mr. Paul Apthorp, *International Logistics Development, TNT*

Questions:

- What are the key impediments to effective business connectivity in and among sub-regions in Asia and the Pacific and what can be done to remove them?

- What are the logistics requirements for the smooth functioning of regional value chains and what policies should be adopted for this purpose?
- In particular, how can government and business work together to facilitate trade and remove non tariff barriers, reduce transit lead-time and harmonize sectoral standards and procedures in transportation and customs?
- How can SMEs improve their competitiveness and be more effectively integrated into regional value chains? What is the role of marketing and branding in this regard?

Main conclusions, recommendations and outcomes:

- (1) Businesses are not confined to any single country or territory only. As the world becomes a “global village”, it becomes increasingly essential for countries to work collectively towards connecting each other, in particular for the landlocked countries. A lack of connectivity means an impediment to growth. This explains why business connectivity is an extremely challenging issue, given the different priority and different economic development level of countries.
- (2) Business connectivity is a multi-dimensional concept. Apart from the traditional means of transportation, it also covers the establishment of other physical infrastructures and transit facilities, such as energy pipelines, electrical transmission lines, and high-speed optical cables as well as utilization of information communications technologies (ICT), including the Internet. To achieve a deepening of the regional integration process, business connectivity requires the strengthening of both inter-business and business-government linkages, either through frequent dialogue or through public-private partnerships (PPP).
- (3) From the private sector’s viewpoint, the best place to do business is the place which imposes the lowest/least transaction costs, thereby making it easy to do business. Improving business connectivity also means facilitating the linking of various suppliers in different countries to the entire supply chain management. This applies to both Transnational Corporations (TNCs) and SMEs. Lower costs of doing business leads to jobs/employment creation.
- (4) In Asia and the Pacific, it is noted that Southeast Asia/ASEAN has been the “frontrunner” among sub-regions to formulate and to implement a connectivity blueprint/roadmap. Within ASEAN, two sub-regions, namely, the Greater Mekong Sub-region (GMS) and the Brunei-Indonesia-Malaysia-Philippines East-ASEAN-Growth-Area (BIMP EAGA), have their respective initiatives and programmes (e.g. “roll-in, roll-out”) to address business connectivity to promote closer trade, investment, tourism, and human exchanges.
- (5) International bodies, such as the World Trade Organization (WTO), and UN agencies (e.g. UNCTAD, UNIDO and UNESCAP) are well-positioned to provide the necessary technical support to SMEs in helping them to effectively integrate into global and regional value chains.
- (6) The Asia-Pacific region should strive towards the adoption or expanded implementation of regional transit agreements and other transport facilitation mechanisms, such as the Convention on International Transport of Goods Under Cover of TIR Carnets (TIR Convention) which are already in force in Europe. For this purpose, UNESCAP could collaborate with UNECE.
- (7) The use of business surveys can provide valuable insights in the problems and priorities for business in strengthening connectivity.
- (8) Linking supply chains is an important modality in strengthening regional connectivity. However, it is important to ensure the environmental sustainability of such supply chains.

**D. SIDE EVENT: ENDING HUMAN TRAFFICKING IS SMART BUSINESS
(ORGANIZED BY ESCAP IN COLLABORATION WITH
END HUMAN TRAFFICKING NOW)**

Objective:

EHTN is the first worldwide initiative to engage the private sector in anti-trafficking efforts. Whilst striving to put an end to human trafficking altogether, the organization puts business companies in the forefront of anti-trafficking efforts. The purpose of the meeting is to share experiences; showcase existing tools, developed in partnership with Microsoft and UNGIFT, for the use of companies to identify and prevent trafficking in their workplace; and inform them of the first of its kind business leader's prize developed by UN Global Compact and UNGIFT that will be bestowed in 2012. This award recognizes the tireless work of business executives engaged in combating human trafficking.

Moderator:

Mr. David Arkless, *President EHTN Board and President Corporate Affairs & Government, Manpower Group.*

Speakers:

- Dr. Noeleen Heyzer, *Under-Secretary-General United Nations and Executive Secretary of ESCAP* (opening and closing statements);
- Mr. David Arkless, *President EHTN Board and President Corporate Affairs & Government, Manpower Group;*
- Mr. Desarak Teso, *Director, Corporate Affairs, South East Asia Emerging Markets, Microsoft (Thailand) Limited;*
- Dr. Aleya Hammad, *EHTN Executive Vice-President and Chair of the UN Voluntary Trust Fund for Victims of Trafficking;*
- Mr. Martin Reeve, *Regional Advisor (Human Trafficking), United Nations Office on Drugs and Crime (UNODC);*

Main conclusions, recommendations and outcomes:

- (1) The market value of human trafficking is estimated at US\$32 billion a year, with profit margins around 35-40%, making it one of the most profitable global illicit trades today.
- (2) The root causes of human trafficking are economic, i.e. unemployment and poverty.
- (3) Human trafficking is a business problem and therefore ending it requires cooperation and action from business.
- (4) Companies can create employment opportunities for disadvantaged social groups through special programmes, in particular for young people.
- (5) In order to take appropriate action, companies need to be aware of human trafficking issues which may exist but is hidden in every link of their supply chain.
- (6) Companies can commit to the Athens Ethical Principles, which have the support of the Secretary General, and start developing a sound anti-trafficking strategy within their framework of their daily activities. Companies which do sign up to the Athens Ethical Principles will get immediate publicity by EHTN. Signing up can be done at the following website:
www.endhumantraffickingnow.com/sign_athens_ethical_principles.php.

- (7) Certification was proposed as a way to advance the issue further. However, care should be taken that an excess of certifications does not become an obstacle to doing business and conducting trade.
- (8) Applications that scan barcodes can be a way to reduce the confusion of multiple consumer ethical branding labels.
- (9) Bureaucracy and corruption associated with issuance of visa is being exploited and can lead to human trafficking. For that purpose, this issue needs to be addressed including through liberalization of trade in services under GATS mode 4 (presence of natural persons).
- (10) EHTN and UN.GIFT have jointly developed an e-Learning training program on human trafficking for business leaders, managers and employees of business companies. The tool was technically developed and sponsored by Microsoft.
- (11) Companies are invited to provide contributions to the UNODC voluntary trust fund for victims of human trafficking (www.unodc.org/humantraffickingfund). Contributing companies will be acknowledged by the United Nations Secretary-General and Executive Director of UNODC
- (12) Companies and others can also nominate business leaders as candidates for receiving the Business Leader's Reward to Fight Human Trafficking at www.businessleaderaward.org.

E. PARALLEL SESSION 1: HARNESSING BUSINESS – GOVERNMENT PARTNERSHIPS TO PROMOTE RESPONSIBLE BUSINESS

Objective:

To identify modalities for forging interactions, collaborations and partnerships between governments and the private sector to address the challenges faced by business in the Asia-Pacific region in adopting, maintaining and scaling responsible business practices. The session explored a range of topics common across Asia-Pacific. In part one, business leaders shared good practices and ongoing challenges in relation to topics including workplace rights in the supply chain, migrant workers, land and community engagement. In part two, the panel discussed and explored perspectives on pros and cons of different modalities for partnerships, and examined the role of government in particular in sustainable business practice. A list of lessons learned and recommendations was collated regarding shared roles, including potential multi-stakeholder partnerships, in addressing sustainable business issues.

Questions:

- What are the dilemmas faced by companies in the region in terms of responsible and sustainable business practice?
- How can we understand the relative and shared responsibilities of all actors in addressing these dilemmas? What are the various actions governments can take in supporting responsible business practices?
- What is the role of responsible business standards in creating sustainable investment environments? In what ways can collaborative partnerships involving companies, stakeholders, national governments and regional bodies help address these dilemmas?
- What resources and tools are needed now to help build capacity of different actors?
- What concrete steps are possible now?

Part 1:**Moderator:**

Mr. Mark Hodge, *Director of Global Business Initiative on Human Rights*

Speakers:

- Ms. Leena Wokeck, *Director of the CSR Asia Center at the Asian Institute for Technology (AIT);*
- Mr. Anthony Lobo, *Assistant General Manager, Tata Consultancy Services*
- Mr. Richard Wong, *Global CSR & Employee Relations, Flextronics*
- Ms. Sharon Chong, *CSR Manager, Wilmar International Ltd.*
- Mr. Bo Ellehave, *Maersk Line, Asia Pacific Region*
- Ms. Pamela Mar, *Project Director, Li & Fung*

Part 2:**Moderator:**

Mr. Peter Brew, *Director, Asia Pacific, International Business Leaders Forum (IBLF)*

Speakers:

- H.E. Mr. Sok Siphana, *Advisor, The Royal Government of Cambodia*
- H.E. Mr. Dalrai Davaasambuu, *Ambassador and Economic Policy Advisor to the Chairman of the Great lkh Khural of Mongolia*
- Mr. Anangga W. Roosdiono, *Chairman, ASEAN Business Advisory Council*
- Mr. Tuomo Poutiainen, *Chief Technical advisor, ILO*
- Ms. Habiba Tasneem Chowdhury, *Chief Coordinator, Institute of Hazrat Mohammad*

Main conclusions, recommendations and outcomes:

This session is based on two premises that position the parallel discussion within the APBF, and the Trade and Investment Week.

Premise One: Trade facilitation, attracting investment and creating a business friendly environment is *not necessarily* the same as creating a context for weak, unenforced, vague or absent weak environmental, social and governance norms for business. Indeed, countries in the Asia-Pacific region can compete on stronger, not weaker, commitments.

In fact, commerce, enterprise and economies profit and grow sustainably when based on acceptable legitimate norms. “Transaction costs” (for example in the movement of goods) need to be reduced including corruption, in particular in areas related to customs clearance, access to land, which leads to a significant “value erosion”. But it is not just large industries concerned with this topic. Responsible practices can support a more viable and resilient SME sector. Healthy, safe workplaces and environmental savings can improve production, enhance efficiency and reduce costs. It is not necessarily true that SME leaders want a free pass when it comes to responsible business.

Premise Two: Governmental support and promotion of responsible business practices should NOT be equated to more red tape or an indiscriminate call for increased regulation.

In fact, as is demonstrated in the recently endorsed UN Guiding Principles on Business and Human Rights, governments have many tools/mechanisms at their disposal. For example, capacity building; incentives through public procurement; reform of corporate and securities regulation to improve risk; progressive concession agreements for natural resources and convening dialogues on shared, systemic dilemmas. And in the context of trade and investment, governments can, should and sometimes reform export-credit conditions, review sovereign wealth funds, seek to harmonize legal/normative regimes and involve embassies to promote responsible business.

Recommendations:

- (1) APBF should convene a *Multi-Stakeholder Working Group on Government-Business Partnerships Towards Sustainable & Responsible Business* comprised of government, business and civil society.
- (2) The Working Group should
 - a. include representatives from all AP countries and from diverse ministries and business sectors
 - b. interface with other efforts by UN bodies in this area such as the UN Global Compact and International Labour Organization.
- (3) In 2011/12, the Working Group should
 - a. address key issues that threaten to undermine competitiveness, productivity, trade and investment within the region such as migrant workers, land acquisition, corruption in logistics/transportation and climate change;
 - b. achieve the above through undertaking research into economic realities; legal regimes; trade agreements; leading business practices; existing multi-stakeholder efforts; national; and regional and international norms.

F. PARALLEL SESSION 2: INNOVATIVE BUSINESS PRACTICES FOR AGRICULTURAL SUSTAINABILITY AND FOOD SECURITY

Objective:

To identify the key challenges and opportunities for business to expand sustainable agricultural production and meet food security and safety needs.

Questions to be addressed:

- What are the causes of the current spate of increased global and regional food prices, and what lessons learned from the 2007/2008 food-fuel-financial crisis could have/should have been adopted to prevent this reoccurrence?
- What concrete policies/measures are needed to improve food security/safety in the region?
- How can business positively contribute to the restructuring and improvement of the agricultural sector in the region?
- What are the issues related to technology development that could alleviate food shortages? (you may wish to use the term 'technology' in a broad sense to include biotechnology, and other related sub-technologies such as bio-plastics, bio-fuels etc.)
- What are the issues related to transferring and utilizing technologies that could help reduce food losses as commodities move from production to market?
- What actions could help small and disadvantaged agricultural businesses continue to be profitable under fluctuating food price conditions?

Moderator:

Mr. Mahbubur Rahman, *President International Chamber of Commerce, Bangladesh*

Speakers:

- Mr. Tony Zola, *Senior Researcher, Mekong Environment and Resources Institute*
- Mr. Kit Chan, *Director, K Farm Sdn. Bhd.*
- Mr. Purushottam Mudbhary, *Coordinator of Economic, Social, and Policy Assistance Group, Food and Agricultural Organization (FAO) of the United Nations*

- Ms. Pornsiri Laorujisawat, *Vice President, office of the Economic Adviser, Charoen Pokphand Group.*

Main conclusions, recommendations and outcomes:

- (1) The main reason for the increase and fluctuation in food prices is due to several factors including the following: adverse changes in weather conditions; trade policies adopted by major producers such as export bans to reduce pressure on domestic prices; supply not growing as fast as demand; high fuel prices; fluctuating exchange rates and an upswing in commodity prices; domestic policy measures such as support pricing schemes; and increased demand from African countries.
- (2) The lessons that can be learned from the 2007/2008 food-fuel-financial crisis that could be applied to prevent increase in food prices include the following: maintenance of food security stocks through proper planning to tide over shortages; intergovernmental cooperation to minimize bans on export of food; and leasing land in other countries for food production. However, the foremost lesson is that the current trend of reduced investment in agriculture should be reversed and more investment should be encouraged to improve technology and productivity in agriculture. This aspect should be borne in mind not just by governments but also in the context of ODA. In the 1990s, 20% of ODA went into investment in agriculture. However, this has come down to 5% in 2007.
- (3) Some specific measures that may be taken to improve food security/safety in the region include: (a) ensuring that farmers get attractive prices for their produce through price support schemes; (b) incorporating farmers, especially small-scale farmers, into the food supply value chain to enable them to produce value-added products; (c) developing and transferring technology that can increase productivity, safety, and quality so that customers will be willing to pay higher prices; and (d) encouraging firms from agriculturally advanced countries to invest in the agricultural sector of less advanced countries so that technology transfer can be facilitated and agricultural output can be enhanced in a sustainable and inclusive way. All this could be best achieved through the 4P (Private-Public-Partners-Partnership) approach.
- (4) Business can contribute positively to the restructuring and improvement of the agricultural sector in the region by continuously innovating and developing new technologies along the food supply value chain, that can bring down cost and increase customer satisfaction while simultaneously enhancing food safety and quality. Simultaneously, by improving the marketing and distribution system, inefficiencies can be reduced and costs brought down.
- (5) The adoption of new technology assumes lower priority for many farmers in the region due to poverty. Survival is uppermost in their minds. In many countries, weak social support infrastructure, bureaucratic inefficiencies, and corruption tend to worsen their attitude towards the adoption of new technology. The lack of cultural sensitivity of agricultural extension services also act as a barrier.
- (6) What is important is to first ensure that farmers adopt “technical basics” since this will enable them to appreciate and adopt advanced technologies in the medium and long term. Some important basics that can enhance productivity and food safety include the following: (a) improved soil management and the use of environmentally friendly fertilizers; (b) adoption of practices for water conservation and retention of soil moisture; (c) use of a synergistic blend of indigenous and modern technologies; (d) improved access to technical and market information; (e) adoption of good pre-harvest and post-harvest practices and techniques; and (f) fostering ethical and mutually beneficial links between small-holders and large companies, including those through FDI, to provide links to the global value

chain. All these interventions should be looked at from the perspective of prudent and sustainable management of natural resources for the benefit of all citizens.

- (7) Transferring technologies to farmers is often difficult in developing nations due to the lack of absorptive skills on the part of the farmers, many of whom may not be literate. This requires agencies and enterprises involved in technology transfer to present technological information in a manner that can be easily understood and digested by farmers. Extension services also need to spend quality time with farmers to explain and answer their queries. These do not seem to happen at present when services are provided by public sector agencies. In this context, private sector firms that work with small farmers and market their produce could assist in transferring technology. For instance, private firms that work with small farmers to market their produce, locally and globally, have been known to transfer good agricultural practices (GAP) since clients are interested in ensuring that what they buy conforms to sustainable agricultural practices and food safety.
- (8) A specific action that can be taken to help farmers to continue to be profitable is to convince them to produce what the market demands rather than trying to sell what they produce. This demand-pull approach could ensure their sustained growth. Secondly, they need to be guided to produce food that is safe based on sustainable practices. This requires them to be sensitized on the importance of critical issues such as good soil management and the safe use of pesticides and fertilizers. Furthermore, it must be remembered that a “one-size” fits all approach must not be adopted in assisting farmers. Specific attributes of different target groups must be considered and interventions customized
- (9) In interventions involving farmers and distribution intermediaries it must be ensured that farmers are not exploited by unscrupulous entities. One option is to introduce farmer community schools to educate both farmers and distribution intermediaries on working together.
- (10) The use of price support measures is like a double-edged sword. Firstly, without ensuring the security of farmers there can be no food security. Secondly, it can benefit farmers by giving them a surplus to invest in technology and better practices. However, price support measures can become “sticky” since it may be difficult to remove them due to political compulsions.

G. PARALLEL SESSION 3: SME DEVELOPMENT AND THE INFORMATION SOCIETY: REEXAMINING THE ROLE OF ICTs

Objective:

To identify ICT and related security challenges for small entrepreneurs and the scope for a business-government social compact on telecommunications.

Questions to be addressed:

- What are the key trends in the Second IT revolution that impact on business?
- How can these trends be harnessed for enhanced SME competitiveness?
- What are the special challenges faced by SMEs?
- What scope is there for a new business-government social compact on telecommunications?

Moderator:

Ms. Tiziana Bonapace, *Chief, ICT and Development Section, Information and Communications Technology and Disaster Risk Reduction Division, ESCAP*

Speakers:

- Mr. Peter Charlton, *The Charlton Group*
- Mr. Nitin Bhat, *Partner, Frost & Sullivan*
- Mr. Rohan Samarajiva, *LIRNEAsia, Executive Director*
- Mr. Soraj Hongladarom, *Associate professor of philosophy and Director of the Center for Ethics of Science and Technology at Chulalongkorn University in Bangkok, Thailand*

Main conclusions:

- (1) ICTs represent a dynamic and constantly renewing sector that impacts on every facet of business competitiveness, societies' socio-economic relationships and political organization, which all, in turn affect business operations.
- (2) Equally, SMEs are the backbone of Asia-Pacific's business sector, accounting for 60 % of all jobs. People working in this sector use creative, dramatic, high energy, resilient and brave approaches to keep their businesses alive, and the region as a whole, confident on their contributions to socio-economic wellbeing.
- (3) In the post global financial crisis period, SMEs have had to face many well-known challenges such as erosion of traditional markets, credit scarcity, including rigorous criteria for obtain loans, and heightened uncertainties such as currency fluctuations. On a more positive note, growth in communications technology has had a dramatic effect on SMEs; with ubiquitous mobile phones, I-pads and other mobile devices offering flexibility, mobility and fluidity for conducting business as well as the ability to leverage instantaneous communications capabilities.
- (4) Keeping up with rapid technological changes is therefore fundamental to future productivity gains and business competitiveness. In this regard, the gap between those who have access to ICT and those who do not is widening. This is particularly so in the case of recent technological innovations that have come to characterize the Second IT revolution, namely internet usage and broadband access. The bottom of the pyramid – or those at the lower income levels, has yet to see the clear benefits.
- (5) For SMEs, there is reason to be more optimistic. Traditional IT was characterized by expensive cost of entry including the need for skilled in house teams, high maintenance costs, high telecom infrastructure costs and expensive annual licenses. However, with increasing provision of cloud computing that provides IT as a service and platform, SME's would be able to leverage the benefits that were previously not within their budgets. Over time, it is expected that the Second IT revolution will be characterized by increased diffusion, especially of smart phones, and cheaper services.
- (6) Notwithstanding this in Asia and the Pacific, international backhaul prices are still 3 times more costly than in other countries. It is the responsibility of governments and the private sector to ensure that suitable models for providing affordable services and applications are in place. Meaningful broadband, which is linked to wider socio-economic development, and providing services that are usable, affordable and empowering for all is part of this process. Infrastructure investment can help scale-up the use of, and benefits derived from ICTs by the middle of the pyramid (middle income earners).
- (7) The growing role of social media in providing business opportunities is also part of the process.

Main recommendations and outcomes:

- (1) There is need for a better definition of SMEs, as small micro-enterprises will experience very different issues to those of medium scale enterprises and it is difficult to use this term to encompass the two.
- (2) Particular attention needs to be paid to micro-enterprises because their success will be felt right up the value chain, as well as across society leading to truly inclusive development.
- (3) SMEs' needs have to be prioritized, and the international community could assist in this effort. They need more concerted and focused attention from banks for example and must improve communications, and should be given a check list on what could help them improve performance and as a security measure in times of trouble.
- (4) The international community including the United Nations can foster partnerships that are aimed at providing technical advisory services, promoting private sector involvement in providing hardware and software to SMEs, and building a new social compact between government and business.
- (5) A supportive government role should be more oriented to:
 - a. diversifying funding sources for SMEs, including better use of private equity funds, and local government allotments and disbursements.
 - b. more direct market outreach through ICT so as to remove transaction costs of middle traders
 - c. creating an enabling business environment that promotes competition in all ICT services to drive down prices
 - d. provide incentives through grants, subsidies, tax credits and training programs to adopt ICTs, particularly, cloud computing and governments can lead the way by example, in turn helping bring down costs as more services are sold.
 - e. provide a comprehensive security framework and support for ensuring cyber-security, particularly if cloud computing takes off, where SME's may not have the capacity to do so themselves.
 - f. enable rapid broadband deployment of both fixed and wireless type by offering affordable packages such as those offered in South Asia (less than \$5 a month)
- (6) More pressure can be put on the Doha Round of multilateral trade negotiators to take concrete actions to improve behind the border issues such as red tape and bureaucracy, protectionism issues and banking related issues.

H. PARALLEL SESSION 4: SUSTAINABLE BUSINESS PRACTICES FOR A GREEN ECONOMY AND ENERGY SECURITY

Objective:

To identify new business opportunities in fostering a transition to the green economy and enhancing energy security

Questions to be addressed:

- What are the emerging opportunities / benefits for business from moving to a Green Economy and the need to achieve energy security?
- What are the particular business models / sectors where the opportunities lie?
- What are the front-runners doing to catch the emerging opportunities in various sectors (e.g. transport, energy, water and waste)?
- To what extent is Asia-Pacific business ready to capture the opportunities?

- What is needed to break the barriers / hesitations?
- What policies are required to provide an enabling environment for green business?

Moderator:

Ms. Begum Salam Ahmed, *President of Pakistan Association of Women Entrepreneurs (PAWE)*.

Speakers:

- Mr. Peter du Pont, *Chief of Party, ECO-Asia Clean Development and Climate Program, USAID Contractor, International Resources Group (IRG), an L-3 Company*
- Mr. Prasert Sinsukprasert, *Director of Planning Division, Department of Alternative Energy Development Efficiency, Ministry of Energy of Thailand*
- Mr. Lorenzo Santucci, *Environmental Affairs Officer, Environment and Development Division, ESCAP*

Main conclusions, recommendations and outcomes:

- (1) The session recognized energy efficiency as a fuel choice. However, some governments have not been able to fully recognize the opportunities related to energy efficiency gains, which should be considered not only as vehicle to address energy security issues at national level, but also as a tool to effectively tackle climate change. In order to appropriately harness these opportunities, the private sector will need stronger commitment from governmental stakeholders and, as such, stronger public policies.
- (2) A key question raised by the panel is: how does the business sector recognize opportunities in the green growth economy, and how these are linked with sustainable energy development needs across the region? The meeting recognized the differences in development patterns between developing countries in Asia and the Pacific and the developed countries in the West. As such, the region needs to identify its own path.
- (3) Participants were unanimous in agreeing that the energy efficiency sector is ripe for business opportunities within the green economy. In particular, those opportunities could be identified at the technology-level (such as smart grids or energy efficient equipment) and service-level (including, for example, consultancy in energy management best-practices, or the design of electricity supply contracts privileging energy efficiency gains). Furthermore, the biggest winners will be those companies which will be able to provide an optimized package of solutions that integrate resources, finance and technology adapted to specific local contexts.
- (4) Other significant opportunities for the private sector in the green economy were identified in the field of sustainable infrastructure, as investments made in the next few years will lock-in economies in the region for the next decades. Other opportunities for the business sector include the provision of energy management solutions (such as, for example, in the case when power utilities are required to comply with stringent energy management rules), and of community/grassroots development business models, such as small-scale distributed generation systems.
- (5) At the policy-level, some countries in the region have shown leadership in the promotion of energy efficiency, such as Thailand. Among the policies adopted by the Royal Government of Thailand, the establishment of specific funds for the promotion of energy efficiency, including ESCO funds and revolving funds should be emphasized. Such examples have the potential for replication in the region.

I. PARALLEL SESSION 5: BUSINESS OPPORTUNITIES ARISING FROM FREE TRADE AGREEMENTS

Objective:

To exchange ideas about the possible benefits of RTAs for enhancing business in the region and future direction in FTAs in Asia-Pacific region

Questions to be addressed:

- How can free trade agreements, including those at sub-regional or regional level (e.g. AFTA, SAFTA, ECO) in general and APTA in particular widen opportunities for business?
- To what extent do FTAs expand trade and investment flows in the region?
- What is required to enhance the benefits of FTAs for business, particularly for SMEs?
- What kind of framework is necessary for APTA to facilitate the networking of business?
- How can RTAs, in particular APTA, enhance food, energy and social security in Asia and the Pacific?
- Is Asia-Pacific FTA an option for enhancing business?

Moderator:

Mr. Mozibur Rahman, *Chairman, Bangladesh Tariff Commission*

Speakers:

- Mr. Han Sung Kim, *Head of FTA Team , Korea Institute of International Economic Policy (KIEP) Business*
- Mr. Cecil Leong, *CEO, Bryan Cave International Trade LLC*
- Mr. Asif Ibrahim, *President, Dhaka Chamber of Commerce and Industry*
- Mr. Waseem Vohra, *Member Executive Committee and Chairman FPCCI Standing Committee on Foreign Investment, The Federation of Pakistan Chamber of Commerce and Industry (FPCCI)*
- Mr. Manab Majumdar, *Assistant Secretary General, Federation of Indian chambers of Commerce and industry (FICCI), India*

Main conclusions, recommendations and outcomes:

- (1) The Asia-pacific region is the most dynamic region in the world accounting for a significant share of global trade. The Asia-Pacific region was less involved in concluding FTAs before 2000. Since then, the growth of FTAs in Asia has increased rapidly.
- (2) FTAs have potential trade promotion effects. They may assist product diversification and facilitate entry of new companies especially SMEs in international trade.
- (3) The Asia-Pacific Trade Agreement (APTA) has also great potential. However, there are differences in ability among member countries to avail of the trade opportunities created by APTA.
- (4) As of now trade under FTAs is limited because of issues related to the relatively high cost of compliance and post-implementation impacts of import, and a lack of awareness among SMEs of the potential benefits of FTAs.
- (5) Plurilateral RTA tends to lead to rather shallow trade liberalization, while bilateral FTA tends to deepen trade liberalization.
- (6) The establishment of an Asia-Pacific FTA is an evolving idea. It would ease the costs of doing business, result in larger trade creation and facilitate the establishment and expansion of regional production networks.

- (7) There are challenges in concluding an Asia-Pacific FTA such as the lack of a common political vision, the issue of how to handle wide development gaps among members, the issue of how to overcome transport and trade facilitation related difficulties, and the issue of how to unravel the noodle bowl in the region.
- (8) Cooperation between SAARC and ASEAN may ultimately lead towards an Asia-Pacific FTA. APTA remains another modality towards achieving this goal.
