



The 2nd OECD-Southeast Asia Regional Forum “Enhancing Competitiveness through Regional Integration”

Organised by the **OECD**
Hosted by the **Royal Thai Government**
In co-operation with **ASEAN Secretariat** and the **Asian Development Bank**

The Four Seasons Hotel, Bangkok, Thailand
27-28 April 2009
www.oecd.org/regional/searf2009

In January 2007, the OECD organised the 1st OECD-Southeast Asia Regional Forum on the “Peer Review Mechanism for Policy Reform”. The Forum was hosted by the Government of Indonesia in co-operation with the ASEAN Secretariat and the Asian Development Bank. The purpose of the meeting was to discuss OECD experiences with the peer review mechanism and to share lessons learned from multilateral and regional experiences in the region. This high-level meeting brought together policy makers and other stakeholders from OECD member countries and several Southeast Asian countries. The Forum also benefitted from contributions from ASEAN, ADB and APEC.

The Southeast Asian region is one of the most dynamic areas of the world and has made significant progress in integrating into the global economy. In light of the growing importance of Southeast Asia and its strategic interest to OECD, Member countries expressed their wish that the Organisation develop a closer relationship with the region. In May 2007, the OECD Council at Ministerial level decided to set as a priority the expansion of OECD’s relations with Southeast Asia. The OECD plans to hold a 2nd OECD-Southeast Asia Regional Forum to help achieve this goal. The forum will provide an important opportunity to discuss and share views on economic and social aspects of regional integration and co-operation in Southeast Asia. It will also serve as a platform for launching a new phase of strengthened co-operation based on mutual interest between Southeast Asia and the OECD.

The 2nd Regional Forum will be held in Bangkok, Thailand on 27-28 April 2009. It will be hosted by the Royal Thai Government and is organised in co-operation with the ASEAN Secretariat and the Asian Development Bank. The theme of the Forum is “Enhancing Competitiveness through Regional Integration”. Session I will address macroeconomic prospects and challenges for regional integration, with a discussion of the *Southeast Asia Economic Outlook* to be launched in 2010 and a special focus on the ASEAN Economic Community. Session II will discuss SME financing and the global crisis. Session III will deal with creating an attractive investment climate in the region using the Policy Framework for Investment. The session will also address investment promotion agencies and international investment agreements. Session IV will examine competition law and policy with a focus on the role of competition policy in structural reform and the OECD Competition Assessment Toolkit. Session V will look at future co-operation between the OECD and ASEAN.

Representatives from the ASEAN and OECD countries, academia, and key regional and international organisations will also be invited to participate in the discussions. Participation to this event is by invitation only.



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Annotated Agenda

26 April 2009:

19:00 – 21:00	Welcome Reception at the Four Seasons Hotel Bangkok
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27 April 2009:

8:30 – 9:00 Registration

9:00 – 10:00 Opening Remarks

- Thailand: **Panit Vikitsreth**, Vice Minister of Foreign Affairs
- ASEAN: **Surin Pitsuwan**, Secretary General ASEAN
- OECD: **Mario Amano**, Deputy Secretary General

10:00 – 10:20 Press conference

10:00-13:00 Session I: Macroeconomic Perspectives and Challenges for Regional Integration

Chair: Laurence Argimon-Pistre, European Commission Ambassador to the OECD

Speakers:

- Challenges for ASEAN Economic Integration in the current global crisis: **Aladdin D. Rillo**, Head of Finance and Macroeconomic Surveillance Division, ASEAN Secretariat
- Macroeconomic Perspectives for Thailand: **Pattama Teanravisitsakool**, Director of Office of the National Economic and Social Development Board, Thailand
- Macroeconomic Challenges for Indonesia in the current global crisis, **Mohamad Ikhsan**, Special Advisor, Co-ordinating Ministry for Economic Affairs, Indonesia
- Capital Markets integration in ASEAN: **Thirachai Phuvanatanarubala**, Chairman of the ASEAN Capital Markets Forum (ACMF), Secretary- General of the Securities and Exchange Commission, Thailand
- Southeast Asian Economic Outlook - Tool for Regional Growth and Integration: **Kiichiro Fukasaku**, Head of Regional Desks, OECD Development Centre

Discussants:

- **Valérie Rouxel-Laxton**, Deputy Head of Unit, International Economic and Financial Affairs, European Commission
- **Jayant Menon**, Principal Economist, Office of Regional Economic Integration, Asian Development Bank

Rapporteur: Kensuke Tanaka, Project Manager, Asia and Pacific Desk, OECD Development Centre



This session will provide an overview of macroeconomic prospects in the region and discuss major policy challenges of regional integration and growth. Strengthening regional ties is one means of strengthening economies. Larger markets - 570 million consumers - that enable economies of scale are more attractive for investors, both domestic and foreign. In this context, ASEAN leaders have recently unveiled the Blueprint for an Economic Community by 2015 to achieve a single market and production base and ASEAN is now implementing a series of initiatives to foster market-driven integration. Amid the changing global environment, including the recent global financial crisis, Southeast Asian countries are now facing the challenge of how to enhance their competitiveness. It is critical for the region's economies to adapt quickly to the changing external environment and facilitate sustainable growth for local businesses.

The Asia and Pacific Desk at the OECD Development Centre is launching a Southeast Asian Economic Outlook, in collaboration with the ASEAN member countries and its Secretariat. This new regional Outlook is designed to promote policy dialogue in Southeast Asia.

Questions for discussion

- *What are the prospects for Southeast Asian countries to manage the current economic risks and enhance competitiveness in the region?*
- *How can the Southeast Asian Economic Outlook contribute to these challenges?*
- *What lessons can Southeast Asia draw from the European experience?*

13:00 - 14:30 Lunch

14:30 – 17:00 Session II: SME Financing and the Global Crisis

Chair: **Salinee Wangtal**, Senior Director, On-site Examination Department 1, Bank of Thailand

Speakers:

- **Marie-Florence Estimé**, Deputy Director, Centre for Entrepreneurship, SMEs and Local Development, OECD
- **Piyabutr Cholvijarn**, Chairman of Piyanarong Ltd., Thailand
- **Efren Leano**, Executive Director of Management Services Group, Board of Investments, Philippines Department of Trade and Industry

Discussant:

- **Ravi Muthayah**, Deputy Director, Economic Planning Unit, Prime Minister's Department of Malaysia
- **Thanin Pa-Em**, Senior Advisor Policy and Planning, Office of the National Economic and Social Development Board, Thailand

Rapporteur: **Lorraine Ruffing**, Senior Advisor to UNCTAD and UNDP

Over recent decades, globalisation has been characterised by the emergence of new economic powers and an ever-closer integration of the major economic regions. In this geographical rebalancing, the progress of ICT, lower transport costs and the liberalisation of financial flows have been the key drivers of integration and interdependence between economies. Some SMEs – specially medium sized-ones - are directly or indirectly involved in this globalisation process that has been shaping the world economy. SMEs are either exporters, small transnationals that run their own operations, or are linked to a Global Value Chain through a network of strategic partnerships and technological complementarities. In consequence, SMEs are not only exposed and vulnerable to changes in the internal economic situation,



but also are very exposed to the financial crisis and the worldwide recession with its precious drop in demand.

Evidence from OECD member and non-member countries suggests that the majority of SMEs are suffering from a precipitous decline in sales. This is affecting their demand for long-term credit as their expansion and investment plans are put on hold. Payment delays are lengthening and this together with the drop in sales is causing cash flow problems. Thus, some countries report that there is an increased demand by SMEs for a line of credit. All countries report that the credit conditions are tightening; interest rates are rising, loan amounts are declining, the duration of loans is being shortened, and more security is being required. OECD member and non-member countries have responded to the situation by making more capital and guarantees available to banks for SMEs. They have also undertaken fiscal measures to ease SME cash flows such as tax credits, tax reductions, tax refunds, and tax deferrals. They have enacted stimulus packages and are spending on infrastructure, health and education. However, it is uncertain when these measures will trickle down to SMEs.

In October 2008, at the 34th session of the OECD Working Party on SMEs and Entrepreneurship (WPSMEE) the SME policy making community launched a policy debate on the impact of the global crisis on SME and entrepreneurship financing and on possible responses and strategies that governments can adopt. To further the debate on short term responses to the crisis, but also to discuss medium and long term actions which can help accelerate the recovery phase and foster SME growth in a long term perspective, a Round Table will be held in Turin, Italy, on 26-27 March, under the auspices of the WPSMEE and at the invitation of Intesa San Paolo, the largest Italian Bank. The questions for discussion below will complement the debate held in Turin.

Questions for discussion:

- *What is the impact of the global financial and economic crisis on SME and entrepreneurship financing in Southeast Asian countries?*
- *Which measures are governments of Southeast Asian countries applying or intend to apply, both addressing immediate needs of SMEs in terms of financing and helping SMEs to emerge strongly when the up-turn comes?*
- *Which measures are governments of Southeast Asian countries applying or intend to apply to sustain their SME internationalisation to face the crisis?*

<i>19:00 – 21:00 Dinner hosted by the Royal Thai Government at Four Seasons Hotel Bangkok in the Monthatip Room</i>

28 April 2009:

9:00 – 13:00 **Session III: Creating an Attractive Investment Climate in Southeast Asia**
Policy Framework for Investment (PFI)

Chair: **Marinus Sikkel**, Chief, Investment and Enterprise Development Section, UNESCAP

Round 1: Speakers:

- Vietnam's policy in attracting FDI: **Nguyen Thi Bich Van**, Vice-Director, Department for Foreign Investment and **Tai Nguyen Dinh**, Director, Central Institute for Economic Management, Ministry of Planning and Investment, Socialist Republic of Vietnam



- Experience of Japan-Vietnam Joint Initiative: towards dramatic changes in the investment climate in Vietnam: **Norio Hattori**, Ambassador, Permanent Delegation of Japan to OECD
- What is the PFI and how can it mobilise investment to support economic growth and sustainable development?: **Carolyn Ervin**, Director, Directorate for Financial and Enterprise Affairs, OECD

Discussants:

- **Philip G. Gaetjens**, Director Policy Support Unit, APEC
- **Deunden Nikomboriak**, Research Director, Thailand Development Research Institute Foundation

Round 2: Speakers:

- Regional efforts to create an attractive investment climate: **Jayant Menon**, Principal Economist, Office of Regional Integration, ADB
- Vision of ASEAN Comprehensive Investment Agreement: **Simon Lee Yew Weng**, Director, Malaysian Industrial Development Authority

Discussants:

- **Mohamad Ikhsan**, Special Adviser, Co-ordinating Ministry for Economic Affairs
- **Steve Buckley**, Director of Trade and Investment, British Embassy in Thailand

Rapporteur: Kenneth Davies, Investment Division, OECD

This session will discuss the ways and means of enhancing the investment climate in Southeast Asia, using as a reference tool *the Policy Framework for Investment (PFI)* that has been developed by 60 countries, including the 30 OECD Member countries and a number of developing countries. The objective of the PFI is to assist in designing policies to mobilise private investment that supports steady economic growth and sustainable development, and thus contribute to prosperity of countries and their citizens and the fight against poverty. The PFI provides a comprehensive checklist of issues for consideration by any government interested in creating an attractive investment environment and in enhancing the development benefits of investment to society. The policy areas covered are widely recognised, including in the Monterrey Consensus, as underpinning a healthy environment for all investors, from small-and medium-sized firms to multinational enterprises.

The PFI and the recently released PFI User's Toolkit [www.oecd.org/investment/pfitoolkit] can help advance ASEAN's own work programme on capacity building and institutional strengthening. The PFI is used by a growing number of countries from many regions, most recently Egypt, Peru and Vietnam. The session will also address investment promotion agencies and the ASEAN Comprehensive Investment Agreement.

Questions for discussion:

- *What measures have been taken to maintain openness of the region to FDI in face of global economic crisis?*
- *What role does investment policy play in process of regional integration?*
- *What are challenges faced by Southeast Asian countries in attracting investment?*
- *What are priorities of governments of Southeast Asia among policy areas relevant for the investment climate?*



13:00-14:30 Lunch accompanied by a talk on the OECD Anti-Bribery Convention by **Carolyn Ervin**, Director, Directorate for Financial and Enterprise Affairs, OECD)

14:30- 16:30 Session IV: Competition Law and Policy

- **Chair: Carolyn Ervin**, OECD

Speakers:

- Promoting competition and making markets work: **Hilary Jennings**, Head of Competition Relations with Non-Members, OECD
- Role of competition policy in structural reform: Mexico's experience: **Ken Smith Ramos**, Director General for Institutional Relations and International Affairs, Federal Competition Commission, Mexico
- Vision for an ASEAN competition regime by the Deputy Chair of ASEAN Expert Group on Competition: **Phu Vu Ba**, Deputy Director General, Vietnam Competition Agency

Discussant:

- **Charles Cheung**, Chairman, Trade Competition Committee, Thailand Board of Trade
- **Ken Waller**, Director, Equitable House, The Australian APEC Study Centre

Rapporteur: Hilary Jennings, OECD Competition Division

This session will provide an overview of the benefits of effective competition law and policy. Competition is a key driver of better economic performance and is vital for economic growth. It stimulates efficiency and higher productivity, disciplines managers, reinforces incentives for innovation, and speeds up adjustment to change.

To eliminate barriers to competition, governments can use the approach developed in the OECD's new Competition Assessment Toolkit. The Toolkit provides a general methodology for identifying unnecessary restraints on market activities and developing alternatives, less restrictive measures that still achieve government policy objectives. A growing number of OECD countries now have a competition assessment process. Mexico has already launched a major project in co-operation with the OECD to use the Toolkit to review its laws and regulations in order to improve competition throughout the Mexican economy. A similar project in Southeast Asia could assist governments to systematically gauge the impact of laws and regulations on competition and promote pro-competitive reforms.

Questions for discussion:

- *What is the role of competition policy in the process of regional integration?*
- *What are the challenges faced by Southeast Asian countries in promoting pro-competitive reforms?*
- *What measures are the governments of Southeast Asia taking to promote competition and support a level-playing field?*



16:30 - 17:30 Session V: The Way Forward – Future co-operation between ASEAN and OECD

Moderated by **Eric Burgeat**, Head of the OECD Centre for Co-operation with Non-Members, the session will commence with summary reports for each session delivered by the rapporteurs. This will be followed by a panel discussion with the Minister of Foreign Affairs of Thailand on conclusions and the way forward for ASEAN – OECD co-operation followed by closing statements.

- **Kasit Piromya**, Minister of Foreign Affairs of Thailand
- **Sovyana Putranti**, AEC Department, ASEAN Secretariat
- **Mario Amano**, Deputy Secretary General, OECD and