

Comment on

Which factors matter the most for biz climate?

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Which factors matter the most for biz climate?

Statistical (regression) analysis

Imply validity of assumptions in past events for projecting future events

New business/technology exploited in recent years

- Internet/ICT
- FTA - nation level, region level
- Outsourcing
- Public private partnership

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Examples from ASEAN

ASEAN GDP Growth

	Base Year	2002	2003	2004	2005	2006
Brunei	2000	3.9	2.9	0.5	0.4	3.8
Cambodia	2000	5.3	7.1	7.7	9.8	5.0
Indonesia	2000	4.3	4.8	5.1	5.6	5.6
Lao PDR	1990	5.9	5.9	6.9	7.3	7.3
Malaysia	1987	4.4	5.5	7.2	5.2	5.9
Myanmar	1990	5.5	5.1	5.0	4.5	7.0
Philippines	1985	4.4	3.7	6.2	5.0	5.4
Singapore	1995	4.0	2.9	8.7	6.9	7.9
Thailand	1988	5.3	7.1	6.3	4.5	5.0
Vietnam	1994	7.0	7.4	7.8	8.4	8.2

Source: <http://www.aseansec.org/18135.htm>

ASEAN GDP Growth 2006

ASEAN overall 5.8

ASEAN5 5.6
ID, MY, PH, SG and TH

BCLMV 7.5

Infostate of ASEAN members

	1995	2003	ICT Growth, %
Brunei	50.5	115	127
Cambodia	2.8	16.9	504
Indonesia	12.8	44.6	248
Lao PDR	2.9	22.7	683
Malaysia	30.6	111	262
Myanmar	1.4	10.7	664
Philippines	16.5	60.5	267
Singapore	24.2	78.5	224
Thailand	87.3	226	159
Vietnam	2.7	37	1,270

Source: Philip Kotler (2007), "Think ASEAN"

ASEAN as flying geese in “V” formation

- Demonstrates social and economic advantages of group cooperation and dynamics in “Asian Miracle”
- Intra-ASEAN FTA, ASEAN FTA with trading partners
- 2 recent mega-scale investments committed to ASEAN
 - USD 1 bn chip plant in Vietnam by Intel, 2006
 - USD 1 bn chip plant in the Philippines by Texas Instrument, 2007

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Examples from Singapore

Experience of Singapore

- S'pore was a developing nation until 1998
- Emphasizing on manpower development - workforce training targeting at life-long employability
 - Approx 25% national budget
 - WDA to retrain work force, certifiable skills
 - Promote continuous learning
- Tripartite (Government, employer, labour union) consultation in guiding compensation for workers
- Introduce drastic measures when necessary
 - Substantive salary cut, 15% point, during economic crisis of 1985

Kikkoman Soy Sauce production in S'pore

- Kikkoman produces soy sauce by fermenting blend of soy bean and wheat flour
- Local Cos (mainly SMEs) produced soy sauce from soy bean alone
- Definition of soy sauce followed the local product then
- Kikkoman was not allowed to label the product as soy sauce
- Kikkoman was also asked to disclose proportion of soy bean and flour in product
- With assistance of EDB, S'pore government extended definition of soy sauce to include the Japanese version

Singapore TradeNet

- Operational since 1989, TradeNet is an Electronic Data Interchange (EDI) system that allows computer-to-computer exchange of inter-company business and trade documents
- It links multiple parties and controlling agencies (including 35 government agencies) involved in external trade transactions to a single point of transaction

Benefits of TradeNet

Characteristics	Previous Manual Process	TradeNet
1. Submission of document	Via expensive dispatch clerks/ couriers	Electronically from comforts of office (or home)
2. Time of submission	Within office hours	Available 24 hrs
3. Trips per controlling agency per document	At least 2 trips or more	NO trips required
4. Copies of document	Multiple copies	Single copy
5. Turnaround time for approval	From 4hrs to 2-7 days	Within 2 minutes (general goods handling)
6. Dutiable goods handling	Separate documents for customs processing	Same electronic document routed to customs for processing
7. Controlled goods handling	Separate documents sent to different controlling agencies for processing	Same electronic document routed to controlling agencies for processing
8. Customs duties collection	By cheque	Automatic bank account deduction

Singapore TradeNet

Staff Redeployment

- Staff redeployed from document processing unit of TDB to other units
- **Re-training, skills upgrading**
- New postings to units in post-clearance verification, risk management, trainers, trade promotional activities
- **No massive retrenchment**

Concluding remarks

- The paper provides an important dimension in sieving out public policy parameters leading to favourable business climate
- The study will contribute more values to policy formulators if it can be complemented with episodes of selected case studies
- Policy makers need to look at a suite of policy parameters for operationalisation as these tend to interact with one another

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Thank You