

ASEAN – A growth region on the up

Practical orientation points for strong economic partnerships
between Germany and the ASEAN region.
Position paper by the ASEAN Expert Group



Contents

- 2
- 03 Foreword Hans-Georg Frey, Chairman OAV
 - 04 The ASEAN Expert Group of the OAV
 - 05 10 Practical orientation points for strong economic partnerships between Germany and the ASEAN region
 - 06 ASEAN as an Asian growth region
 - 09 Challenges for German companies in South East Asia
 - Trends in the region
 - 12 Trend 1: Industrialisation and modernisation
 - 18 Trend 2: Free trade
 - 20 Trend 3: Connectivity
 - 23 Imprint
 - 24 Participants, contributors and discussion partners

Foreword Hans-Georg Frey, Chairman OAV

The tempo of change in Asia has risen significantly. A considerable number of Asian countries have succeeded in achieving great and continual economic progress – the ASEAN countries above all. The specific circumstances sometimes do not make it easy to draw up suitable business strategies. In addition, due to the varied market opportunities, the ASEAN region is increasingly becoming an arena of competition between the main powers in the Asia-Pacific region. As an experienced foreign trade association, we are increasingly verifying these special developments in our analyses.

Against this background, it seemed advisable to take new paths when conceiving the ASEAN Expert Group. I am convinced that in order to understand the many new developments and shifts in Asia, it is more necessary than ever to include as many different perspectives to successfully develop a strategy. The Expert Group follows this mission. As the Chairman of OAV, it is important to me that, on the one hand, we use the multi-layered experience and specialist expertise of our member companies in a targeted manner. On the other hand, there is enormous specialist knowledge in many institutions that deal with the ASEAN region that should be shared unconditionally with each other. Successfully combining this will be decisive for a promising strategy.

All the participants in the ASEAN Expert Group have perceived their participation as a gain for their respective priority – which I find very pleasing. We will take this positive feedback as a reason to continue the work of the committee along subject-specific initiatives. The recommendations detailed in this position paper have been formulated especially from the point of view of German companies, but also a variety of other actors. My plea for a comprehensive approach relates not least to the inclusion of our Asian part-

ners without whose advice and contributions even a highly sophisticated strategy cannot be successful. I would like to thank all the contributors to the Expert Group most sincerely for their contributions and commitment and look forward to continuing our cooperation.



Hans-Georg Frey
Chairman OAV

The ASEAN Expert Group of the OAV

4 **T**he ASEAN Expert Group was brought into being at the suggestion of corporate representatives from the OAV network. These representatives are convinced of the economic potential of the South East Asia region and consider a strategic, cross-actor approach to identify and realise the opportunities available to be necessary. Politically and economically, ASEAN (Association of Southeast Asian Nations)¹ is a centre of gravity for common interests, coordinated action and developing target perspectives of the South East Asian world of states. The combination of a range of positive factors opens up good prospects for the ASEAN zone to establish itself as an attractive growth region in Asia capable of development. A region in which there are also many opportunities open to German companies, such as constant growth rates, an expanding middle class and its centrality to Asia-Pacific integration.

South East Asia is also ascribed with relevance beyond the region by companies. In particular, it is connected with revolutions that can be observed in the Asia-Pacific zone caused by new free trade treaties and partnership agreements, such as the US-led Trans-Pacific Partnership (TPP). The increasing rivalry between the PR China and the USA for economic and political spheres of influence in Asia is putting particular pressure on German companies to be able to build on a strategically-laid German and European policy that is sufficiently flexible and reacts decisively to new developments.

Strengthened cooperation with the countries of the ASEAN group can make an important contribution to protecting the interests of the German economy in an “Asian Century”. This requires German actors to coordinate even more closely, develop a common agenda and effectively put forward its own offers and preferences. By taking the interests of both sides into account, both the German side and the partners in the ASEAN region can profit from stronger cooperation.

This position paper is a condensed summary of the results of the ASEAN Expert Group. In bimonthly meetings, high-ranking representatives from business, politics, implementing organisations, science, civil society and representatives of several government ministries discussed which fields and with which strategies cooperation with countries in the ASEAN Group can be deepened. Particular weight was placed on linking the private and public sectors. At the forefront of the discussions was nevertheless the aspect of opening up new business opportunities in the region.

It was shown that many interests of German actors overlap with respect to more effective cooperation with the ASEAN partners. These commonalities should be used in an even more targeted manner. Initiated by expert contributions, the discussions were held in confidence according to the Chatham House rule. In addition to the dialogue meetings, a trip was made to the ASEAN region during which the results of the Expert Group were explored with selected interlocutors. The feedback received there was also included in this position paper.

The OAV and the ASEAN Expert Group strongly welcome the policy of the German government of many years of successfully working within the EU on further developing relations with ASEAN. This paper primarily presents the viewpoint of OAV member companies and aims to provide practical orientation points for a more intensive strategy debate on better cooperation with the countries of the ASEAN Group. These suggestions are marked in the text (▶).

¹ Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam

10 Practical orientation points for strong economic partnerships of Germany with the ASEAN region

1. Strategic reevaluation of the ASEAN region

- A strong and relevant presence in the region's growth markets
- New cross-departmental consultation formats for emerging markets through relevant government ministries
- Creating awareness of the relevance of ASEAN among decision-makers

2. Consistently pursuing a win-win concept

- Taking the interests of ASEAN partners into account as the basis for long-term cooperation
- Helping ASEAN producers to access the European market

3. Actively fostering relationships as an elementary corporate task

- Increasing resources for the Public Affairs department
- Long-term oriented contact work especially necessary in South East Asia as supplement to short term sales work
- Participating in strategic discussions with politics, business and civil society (e.g. Asia-Europe Business Forum)

4. Better coordination of cooperation with ASEAN emerging markets

- Dialogue between the BMZ (Federal Ministry for Economic Cooperation and Development), the implementation organisations and German business
- Converging political targets in the partner countries with business interests
- Stronger operational cooperation of German business and development aid in favour of synergy effects

5. Intensive influence work networked in Europe

- Actively working in chambers and associations, including at regional level (EU Chambers, EU-ASEAN Business Council, regionally networking national sector associations)
- Supporting the elimination of non-tariff barriers to trade through technical and financial cooperation

6. Providing information about ASEAN and the countries in the region

- ASEAN information service (e.g. in the German Chamber of Commerce in Jakarta)
- Practically-oriented, multi-discipline research institution in Germany
- ASEAN contact point to provide information about events and delegation trips concerning the ASEAN region

7. Close cooperation for practical education

- Transferring elements of the dual training models for "blue-collar employees" (no perfect models)
- Stronger linking of academic education with the world of work through practical insights, such as within the scope of dual courses of studies or internships including stays in Germany

8. Pioneering technology partnerships for future questions

- Technology partnerships, especially with the efficiency and innovation-driven countries of the region
- Expanding research cooperation supported by the BMBF (Federal Ministry of Education and Research)
- Dialogue between politics and business about future issues (green technolo-

gies, decarbonisation, health, urbanisation, IT)

- Reviewing support of technology partnerships by the BMZ

9. Consistently continuing the European trade strategy

- Trans-Pacific Partnership (TPP) as minimum standard for bilateral negotiations
- Concessions towards negotiating partners in the event of lower competitiveness
- Continuing free trade discussions with Thailand
- Sequential free trade agreement and sectoral dialogues as possible path to convergence
- Common initiatives to promote exports from ASEAN by German import business, technical and financial cooperation
- Starting region-to-region negotiations as soon as a critical mass is reached in bilateral agreements

10. Contributing to improving regional connectivity

- Coordinating the relevant companies to set and implement technology-based, medium-sized infrastructure projects
- Funding to finance planning studies as incubators
- Co-financing privately financed infrastructure projects with the help of market funds from financial cooperation
- More flexibility when granting guarantees
- Sensitising companies, the German government and implementation organisations to life-cycle costs

ASEAN as an Asian growth region

6 **T**he centre of the world economy is successively moving to the Asia-Pacific zone. While in 1990 the gross domestic product generated in Asia at purchasing power parity was still about 24 per cent of global GDP, this share increased to nearly 40 per cent by 2014.²

Due to unprecedented growth rates, the sheer size of the population and the associated market opportunities, the PR China outshone the varied development in Asia as a whole over the past two decades. In view of a tendency towards weakening growth and a business environment characterised by rising challenges in China, the other sub-regions of Asia are increasingly coming into focus. Primarily rising unit labour costs and partly very well developed sectoral markets suggest to many companies the outsourcing of labour-intensive production from China to cheaper locations and further diversifying their markets.

As another large Asian player, principally India has the potential to rise to become a relevant centre of economic power in Asia and beyond. However, it has been shown that the country's socio-economic modernisation process is still limited by many barriers, so that a direct replacement of China as the main source of growth in Asia cannot be expected. A sensible answer to the development specified can only be conceived as an all-Asia approach, in which individual sub-regions are given specific attention and attempts are made to combine the various regional approaches with each other.

It fits here that the ASEAN countries have partly achieved considerable successes in building up modern and competitive economies.

These successes are being increasingly recognised and have made the region an attractive target for investors. This is all the more remarkable because

ASEAN is characterised by great political, economic and social diversity. In comparison with China and India, the possibilities of the individual markets are, admittedly, unequally limited. But a point of view is gaining ground that considers the ASEAN region and its potential as a whole. This approach has gained impetus from a process of regional integration initiated by ASEAN countries with each other. In addition, ASEAN has positioned itself as a strategic interface for a progressive networking of the Asia-Pacific zone. Stronger convergence in South East Asia would thus bring double benefits, because leverage effects could also be achieved beyond the region.

ASEAN Economic Community – prospect of tangible advantages for trade and investments

The most important ASEAN integration project is the “ASEAN Economic Community” (AEC), which is part of a more comprehensive initiative: on 31 December 2015 the “ASEAN Community” came into effect with the aim of accelerating economic, political and cultural integration among the ten member countries.³ Alongside the AEC, this is supported by two further pillars: the “ASEAN Political-Security Community” (APSC) and the “ASEAN Socio-Cultural Community” (ASCC). The greatest progress so far has been made in economic integration.

The ASEAN Economic Community is intended to enable the free exchange of goods and easier movement of investments, skilled labour and capital.⁴ It is intended to eliminate still-existing customs duties and to eliminate non-tariff barriers to trade. Regionally harmonised rules and mutual recognition of national standards should promote cross-border trade within the community.

The ASEAN countries follow the principle of non-intervention and reject transfers of sovereignty to supranational institutions. Decisions are made by

² OAV calculations according to World Bank data

³ Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam

⁴ ASEAN (2015): ASEAN Community Vision 2025, paragraph 10.1, p.15

“The growing middle class demands better and secure health provision. As a quality manufacturer, we can support the countries to meet these requirements.”

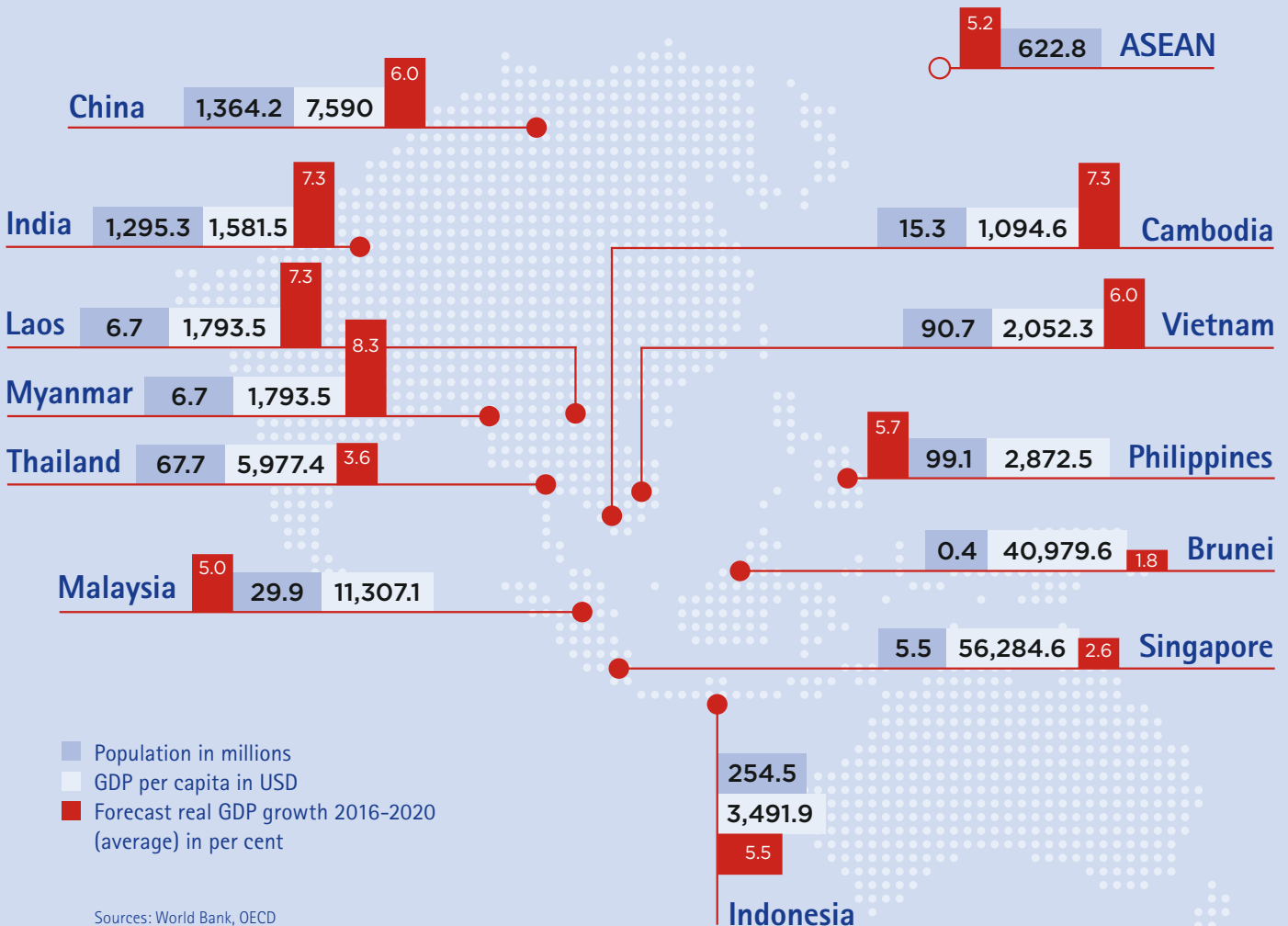
Sinan Eserman, Vice President, Head of Aesculap Division for Asia-Pacific, B. Braun Melsungen AG

consensus according to the “ASEAN Way”. In addition, the economies have immense differences in development, partly with moderate competitiveness in the home economy, which is reflected in protectionist tendencies. Therefore, by the end of 2015 no breakthrough in regional integration could be expected. The AEC has a process character: national regulations still hinder smooth trade, but there are already tangible customs benefits. 99 per cent of goods are traded free of customs duties between the ASEAN-6 countries of

Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand – the maximum customs burden on other merchandise is five per cent. Cambodia, Laos, Myanmar and Vietnam have until 2018 to reduce their customs duties. Thus, depending on the original rules, companies are profiting from significant savings in customs duties in intra-regional trade.

The ASEAN countries are determined to further increase their attractiveness as investment targets and →

Figure 1 – Asian power centres at a glance



trade partners. Plans for further physical, institutional and socio-cultural networking, presented in the “Masterplan on ASEAN Connectivity”, and for actual implementation of the ASEAN Community, announced in the “ASEAN Community Vision 2025”, point towards stronger regional integration. It is intended to prepare the economies for regional competition in a targeted manner. In addition, it is intended to improve the inclusion of the private sector, which has been lacking to date. There is also the opportunity for German companies to include their concerns more effectively.

Stable growth strengthens the middle classes

The ASEAN region, with a population of approximately 620 million people and cumulative real GDP of 2.5 trillion US Dollars, is the seventh largest economy in the world. According to calculations from the analyst IHS, ASEAN should advance to fourth place by 2050.

Since recovering from the Asia crisis at the end of the 1990s, ASEAN countries have posted stable growth rates. The OECD forecasts annual increases of 5.2 per cent on average for the region until 2020.⁵ Above average growth is forecasted for Indonesia, Cambodia, Laos, Myanmar, the Philippines and Vietnam (see Figure 1, p.7).

As a result of this upturn, the national middle classes will gain further in weight. This will be reflected in rising demand for better health provision and solid social security. Above all, consumer demand should rise significantly. According to estimates by the EU Commission, the middle classes will make up 65 per cent of the ASEAN population by 2030.⁶ The McKinsey Global Institute even assumes there will be 125 million “consuming households” that have an annual income

of at least 7,500 US Dollars, which will allow consumption beyond basic needs. This is equivalent to almost 70 per cent of all ASEAN households. The chances of German companies to be active here are immense.

While a demographically caused shortage of skilled labour is forecasted for Germany, in South East Asia, in contrast, an opposing trend can be observed. At 28 years old, the median age is low. Countries such as Indonesia, Malaysia, the Philippines and Vietnam will profit from double-digit growth in labour in the next few years.⁸ If this demographic potential is used productively, growth in these countries could be stimulated further. The condition for this, however, is the comprehensive and systematic training of skilled labour. The German education and training ranges will be widely seen as attractive options here.

Potential for regional value creation chains

The heterogeneity of the ASEAN region results in the countries demonstrating different comparative advantages. The countries are generally allocated to three development levels.⁹ Factor-driven economies (such as Cambodia, Laos and Myanmar) have a large reservoir of simple labour and natural resources (level 1). Efficiency-driven economies, which have to establish more efficient production processes as a result of rising wages, form the next category, in which Thailand and Indonesia are found (level 2). The Philippines and Vietnam are currently at the threshold of this development level. Innovation-driven economies have developed production processes and a high degree of innovation (level 3). Singapore stands out as an innovation hub in the region. Malaysia is localised between level 2 and 3.

For foreign companies, these differences mean the ASEAN region is of interest in the three central cor-

⁵ OECD (2016): Economic Outlook for Southeast Asia, China and India 2016: Enhancing Regional Ties, OECD Publishing, Paris

⁶ European Commission 2015, joint report to the European Parliament and the Council “EU and ASEAN: strategically oriented partnership”, p.2

⁷ http://www.mckinsey.com/insights/public_sector/understanding_asean_seven_things_you_need_to_know

⁸ Greene, Shawn (2013): “ASEAN’s demographic dividend”, see <http://www.aseanbriefing.com/news/2013/11/25/asean-demographic-dividend.html>, 2 January 2016

⁹ Global Economic Forum (2015): Global Competitiveness Report 2015-2016, p.38



porate action areas – procurement, production and sales. For this point of view it is also recommendable to consider the region as a whole. Starting from the targeted use of the respective advantages, cross-border value chains can be built in which product manufacturing can be optimised. The reduction of barriers to trade between the ASEAN countries will further promote these possibilities. At the same time, the allocation of the individual ASEAN economies to the three development levels makes clear that the region as a whole needs a significant boost in innovation in order to be able to grow further. There are a variety of connecting factors here for German companies in particular to increase their significance.

Bridge and springboard to Asia-Pacific

ASEAN has always understood itself to be an open region that does not wall itself off from its neighbours but promotes an interrelationship with them. ASEAN countries are actively courted by their neighbours. With the initiative “Expanded Economic Engagement (E3)”, the USA is also attempting to tie the ASEAN countries to it. Due to their exposed location, the latter are threatened with being drawn into geopolitical conflicts. If their limited military weight and the difficulty of speaking with one voice in crisis situations are considered, it is in the interests of the ASEAN countries to come to an arrangement with China and the USA as the two central regional powers. In view of its geo-strategically sensitive location, ASEAN has established various multi-lateral cooperation forums intended to contribute constructively to working on contrasting interests. As a result, ASEAN has grown into a role as a stabilising cooperation hinge and as a starting platform for efforts to integrate in Asia-Pacific.¹⁰ This “centrality” of ASEAN is desired from its partners in Asia and is also explicitly welcomed by the EU. This aspect is also relevant from the point of view of German companies, because they have a huge interest in peace and stability in Asia-Pacific

with its neuralgic sea trade routes, without which no disruption-free economic activity is possible. In this respect, a strengthening of the ASEAN countries will make a direct contribution to higher resilience of an eminently important world economic region.

The networking of the ASEAN region with its surrounding area also brings direct economic benefits: by means of bilateral and multilateral agreements the ASEAN countries have created free trade channels with the relevant partners in Asia-Pacific.¹¹ This means, companies can also use the ASEAN countries as a springboard to China, Japan, South Korea, India, Australia and New Zealand. The negotiations over the Trans-Pacific Partnership (TPP) have been completed, where in addition to the participants Singapore, Malaysia, Vietnam and Brunei, also Indonesia, Thailand and the Philippines are considering joining the pact. If the treaty is ratified by the signatory countries, the reach of a corporate subsidiary in South East Asia will be extended even further. On the other hand, the free trade dynamism in Asia-Pacific will also define relevant norms and standards for market access in the coming decades. A targeted intensification of relations with ASEAN may be a promising way to connect to the new geo-economic block structures. This complex is of great urgency to the export-strong German economy.

¹⁰ ASEAN Community Vision 2025, paragraph 10.5, p.16

¹¹ At this point, the agreements between the group of ASEAN countries and respectively China (in effect since 1.1.2010), India (1.1.2010), Japan (1.12.2008), South Korea (1.1.2010) and with Australia and New Zealand (1.1.2010) should be highlighted.



Challenges for German companies in South East Asia

10

Despite an economic exchange that is already close in many respects with partners from the ASEAN region, there are still many unused possibilities. In order to activate the potential outlined in the preceding section, the central challenges for further commitment have to be identified.

Trade: Blockade meets new dynamics

The EU Commission was mandated by the European Council to conclude a multilateral free trade agreement with the ASEAN group. In practice, this approach proved to be less promising, however, because there was the danger that concluding such a treaty would only be possible at the lowest common denominator of the least developed ASEAN member. Therefore, the Commission suspended negotiations with the group and commenced bilateral negotiations instead, in order to use treaties concluded with individual ASEAN members to create incentives for other ASEAN countries to commence negotiations themselves as well. The Commission is following the assumption that a critical mass of agreements can be created in this manner that will later translate into an inter-regional agreement.

Although negotiations with Singapore and Vietnam have been completed, as a result of a competence dispute between the EU Commission and the European Council, the treaties will not come into effect for the time being until adjudication by the European Court of Justice (ECJ). Negotiations with Malaysia have not progressed since September 2010. Political dialogue and thus also free trade talks with Thailand have been dormant due to the takeover of power by the military since the last round of negotiations in April 2014. Positive signals are currently coming from Indonesia and the Philippines, which want to commence talks with the EU. However, the negotiations could prove to be very complex, controversial and protracted. The EU Commission pursues modern trade agree-

ments that are intended to lead national regulations (“behind the border”) towards European standards. This relates above all to investment protection, competition rules and access to public tendering, the so-called “Singapore issues”. But the governments of both countries will only be able to communicate the high European requirements to their only partly competitive companies with difficulty.

Competition: East Asian companies act under political shield

In order to avoid falling behind the competition from East Asia, German companies are increasingly required to invest in the ASEAN countries. Admittedly, the EU leads the list of foreign direct investors (FDI) at 148.5 billion US Dollars for the period 2006-2013 and had invested a portfolio of more than 190 billion Euros more FDI in ASEAN than in Japan in 2012. However, if the EU share is broken down by individual countries, the balance for German companies is significantly more subdued. Japan has long considered the ASEAN region as an important area of influence and worked on building excellent strategic positions of influence over decades. This applies to the car sector, for example, where Japanese manufacturers have a dominant position with market shares of 90 per cent. In contrast, the ASEAN region has been a “blank spot” for German car producers to date.¹² Such imbalances will be a great challenge in the competition for new markets. Because now Chinese companies are emerging with strong support from their government in order to improve their prospects of success.

Companies from Japan, China and South Korea often act with huge political support – also favoured by geographical and cultural proximity – which gives them a lead over their German competitors. North East Asian governments also interlink development policy with foreign trade policy, so that companies are provided with much more varied funding instruments.

¹² Lanza, G. (Hrsg.), Peters, S., Weis, T.: Stand der Automobilwirtschaft in der ASEAN-Region 2015, p.5, available on: https://www.wbk.kit.edu/downloads/ASEAN_Studie_2015.pdf



For example, they profit from tied aid, extremely attractive financing solutions, technical support for regulatory authorities to prepare national specifications or direct political support from their governments when public tendering or where the specific concerns of their companies are concerned.

Synergies: Distance between development aid and the private sector

German development policy does not traditionally serve the purpose of promoting foreign trade. Attempts to include the private sector in the development aid dialogue are warmly welcomed by the ASEAN Expert Group. ▶ Cooperation should be built up further in order to be able to better use the synergies between private sector and development policy interests and instruments. This applies especially to cooperation with the emerging markets of the region, because they could achieve the greatest development leaps and there are good chances for deploying German technologies there. A regular dialogue between the Federal Ministry for Economic Cooperation and Development (BMZ), the implementation organisations and German business can help ease the desired convergence process. A systematic exchange between companies, the foreign trade chambers and the local implementation organisations would favour cooperation oriented on factual issues. Moreover, interest overlaps could be sounded out and used even better in the instruments of the governmental department. Thus the decided wish of the partner countries in South East Asia for a stronger contribution to private sector development would be met.

Maintaining relations: Local presence and cultural sensitivity

Businesses in Asia build strongly on trust. But trust can only emerge by maintaining relations in the long term. Informal processes, personal contacts and the principle of saving face play a more important role than in other parts of the world. East Asian competitors have a great advantage here, of course. ▶ In order to gain a foothold in South East Asian markets, there has to be a local presence and adjustments have to

be made to the cultural mentality. Sometimes, German directness has to be swapped for a bit of Asian discretion.

Despite the challenges specified, the varied dynamics in the region open up great opportunities that German business should use. Three large trends can be identified that require joint, strategic effort: alongside further industrialisation and modernisation of the economies, free trade and attempts to raise connectivity in the ASEAN zone, play an outstanding role.

"ASEAN governments have identified the automotive industry as a key sector that can help drive local economic growth and the well-being of the people. While regulatory challenges remain for German and European manufacturers, the region has great potential of becoming an ever stronger automotive hub with long-term growth potential. However, so far German car manufacturers have been under-represented in South East Asia."

Jan Ehlen, Chairman Automotive Advisory Group, EU-ASEAN Business Council (2015) & Director Government Affairs Southeast Asia/ASEAN, BMW Asia, Singapore

Trend 1: Industrialisation and Modernisation

12

The emerging markets and developing countries of South East Asia are striving to make further progress in industrialising their economies. This also applies to commodity-rich countries, for which the challenge of sustainable economic development is burdened by volatile commodity prices. A further challenge for ASEAN countries is reducing their strong dependence on the Chinese market. Overall, value creation continues to take place primarily in labour-intensive sectors. In order to integrate the young, growing population in the labour market and enable per capita income to rise, governments are attempting to improve the export capability of their economies in high value market segments as well. National market access rules are intended to help increase domestic value creation and are sometimes also used to protect domestic companies from external competition. Special economic zones and investment incentive programmes are intended to motivate foreign companies to locate with their technological know-how. The co-shaping of the market access regime and sector regulations are a central concern of foreign companies and an elementary challenge. Therefore, this poses the question of which means can be best used to achieve this.

Public affairs as a strategic corporate task: Networks & working for interests

► In order to pursue market relevant government interventions and to be able to highlight counter-productive developments, German companies have to create a closely meshed network of political, economic and societal stakeholders. These networks have to be used in a region in which personal relationships and trust play a great role. The condition for this is that companies release sufficient resources for public affairs tasks and deploy these in a targeted manner. Contacts with decision-makers in ministries and government agencies, with local business, embassies, implementation organisations, chambers and associations are important channels for obtaining information. In addition, direct exchange with ambassadors and economic attachés help draw attention to acute and complex concerns. Therefore, it is recommenda-

ble to inform the embassy about possible problems in good time.

Due to the frequently non-transparent decision-making processes in regional integration, the ASEAN zone is not easy territory. ► In order to inform companies about relevant integration steps, the ASEAN Expert Group weighed up the option of increasing staff levels in the German Chamber in Jakarta, in view of the proximity to the ASEAN Secretariat, and of setting up an ASEAN information service. Dealing with the region economically in a well-founded manner forms the basis for successful political and economic positioning. Therefore, it is proposed to build up a practically-oriented, multi-disciplinary ASEAN research institution in Germany. This can contribute to a better understanding of the economic, political and societal trends in the countries and the region. Transfers into the practice of companies, politics and civil society organisations should be a core task of the institution. In addition, an ASEAN contact centre should be established in Germany to provide information about events and delegation trips concerning the ASEAN region.

► Chambers and associations offer the possibility of networking and can serve as platforms for working for interests. Companies are sometimes confronted with an opaque juxtaposition of chamber and association structures in which they have to identify the channels most relevant to their purposes. When working for interests concerning non-tariff barriers to trade, European chambers, for example, offer a good starting point. The newly established EU-ASEAN Business Council based in Singapore aims at regionally networking interest representation. Within the scope of regional working groups, ASEAN governments are attempting to harmonise national product regulations or reach agreements on mutual recognition. While these discussions have primarily been led by state actors, it is intended to improve the dialogue with business in future. The ASEAN cosmetics directive is often referred to as a reference point. This was developed with intensive participation of the cosmetics



industry (see Box 1). Industry should coordinate itself sector-specifically and transfer the lessons to their own sectors.

The development of the cosmetics directive is a good example of a successfully coordinated approach between technical cooperation, business and the partner governments. Further, the “Strategic Alliance for the Fortification of Oil and Other Staple Foods (SAFO)” should be mentioned. To combat vitamin A deficiency in the poor populations of Bolivia, Brazil, Indonesia and Tanzania as a result of imbalanced nutrition, the Gesellschaft für internationale Zusammenarbeit (GIZ) formed a strategic partnership with the vitamin A producer BASF and Institut BioAnalyt GmbH. As a result of this cooperation, providers of edible oils in Indonesia have generally been obliged since 2014 to enrich such oils with vitamin A. Apart from this, the national food agency BPOM was enabled to conduct

the appropriate checks adequately. The emergence of development partnerships supported by the BMZ also aims at linking development policy and private sector interests and showing how emerging markets and developing countries can be supported in mastering their challenges (see Box 2, p.14).

Structural change for sustainable competitiveness

As mentioned, the ASEAN governments pursue the aim of increasing local value creation. So that foreign companies actually locate in these countries with challenging work and give the more developed economies the change to escape the “middle income trap”¹³ through an intensive inflow of know-how, however, adequate quantities of skilled labour and an environment promoting innovation are necessary. Factor-driven economies have to prepare labour for labour-intensive production processes in higher value

→

¹³ This phenomenon describes how an economy can get stuck at a medium income level due to loss of competitiveness in labour-intensive production as a result of rising wages while simultaneously lacking the conditions for manufacturing higher value products.

Box 1: Rare but on the rise – business participation in regional decision-making processes

In 1994, national cosmetics associations combined to form the ASEAN Cosmetic Association (ACA) to achieve a simplification of national market access rules for cosmetics products. The adoption of the “ASEAN Vision 2020” to establish a common market was recognised by the ACA as an opportunity to harmonise the less controversial cosmetics sector as a showcase project. Via the national cosmetics associations, company representatives faced the governments and campaigned for the initiative. In the ASEAN Product Working Group on Cosmetics, established

in 1998, the ACA achieved a breakthrough. In addition to representatives of the national regulatory authorities, experts from cosmetics companies were also allowed to take part in the meetings as representatives of the national cosmetics associations and thus put forward their concerns. At the same time, the regulation process received technical support from the EU Commission. In 2005, the countries adopted the “ASEAN Harmonized Cosmetic Regulatory Regime”, which was strongly oriented on the European cosmetics directive.

The success of this association work can be attributed to three factors:

1. Regional networking of the national cosmetics associations to form a regional cosmetics association for the purpose of coordinating regional interests work
2. The participation of the cosmetics industry in the consultations of the ASEAN governments
3. Technical support to prepare the regulation from the EU Commission

"Dual vocational education has a long tradition at Bosch. Especially in Asia, we face a growing demand for skilled labour. Bosch successfully applies the well-proven concept in China, India, Thailand and Vietnam."

Peter Tyroller, Member of the Board of Management, Robert Bosch GmbH

14

Box 2: On the interface between development aid and the private sector – promoting medical safety and hygiene standards

In Kenya, there are serious deficiencies in health provision. Medicines, equipment and trained staff are missing at almost all levels. Patients are exposed to unnecessary risks because there are no clear treatment and care directives. Many hospitals work inefficiently, nursing staff are insufficiently trained and there is barely any controlled provision of medicines, medical products and equipment. In addition, the tight health budget is burdened by high treatment costs for avoidable illnesses that result from deficient hygiene and people seeking medical help too late.

The medical technology company B.Braun Melsungen AG and the GIZ committed themselves to a development partnership on two levels: First, developing standards for using medical products in the Kenyan health sector, and guaranteeing the application of standards for patient

safety and care quality by nursing specialists; Second, strengthening health awareness among the people, taking precautionary measures and complying with hygiene rules.

Together with local authorities and institutions, quality standards for medical products in hospitals and care facilities were developed. Apart from this, appropriate curriculums were drawn up on the issue of patient safety, which were integrated in training and further education courses at selected higher education institutions for nursing professions, as well as further training on the issue of the quality assurance of medical products for hospital managers. To strengthen health awareness, a school health programme for early avoidance and treatment of infectious illnesses was developed and implemented.

Source: B.Braun Melsungen AG

segments and to reduce their dependency on commodities. Efficiency-driven economies should invest in higher quality education and a functioning training system for technical professions. Innovation-driven economies have to further optimise complex production processes and research output. The ASEAN countries want to increase the productivity of their economies through promoting knowledge and innovation.¹⁴ German companies also have an interest in the success of these structural reforms, because they will consequently also benefit from better production conditions. The aims of German development aid also correspond with this approach. Thus this concerns an action area that offers the ideal conditions for a win-win situation as the basis for a sustainable partnership.

Practical training – a necessity for structural change

Despite large regional differences and different development levels, the ASEAN countries are confronted with similar challenges in the education sector. Vocational education is frequently not or only partly integrated in the education sector and also suffers from chronic under-financing. The private sector is barely involved in shaping vocational education, which is why the contents taught often do not meet the needs of businesses. Furthermore, non-university education has a bad image in Asia, because training for a blue-collar job is not seen as desirable by society. However, the availability of qualified skilled labour in the industry is indispensable for solid economic development. At the same time, university studies are strongly formalised, so graduates often lack the ability to put theoretical knowledge into

¹⁴ ASEAN Community Vision 2025, paragraph 10.2, p.15



practice. Teacher-up-front lessons also play a large role in academic education, as before, at the expense of the search for creative solutions.

The ASEAN countries show great interest in the German dual training and study system without exceptions, resulting in an interesting starting point for German business. Due to the factors specified and

local idiosyncrasies, the training models cannot be transferred 1:1 to the ASEAN countries. ► However, an approach coordinated between German companies and the implementation organisations can make an important contribution to upgrading practical training. The GIZ, KfW Development Bank, the German chambers and German companies should establish a local dialogue in order to sound out suitable coope-

→

Box 3: Successful cooperation initiatives in practically oriented training

China: Qualification in the automotive sector from one source

In 2013, Volkswagen opened a plant in Urumqi in the west of China and identified a great demand for qualified skilled labour. The KfW Development Bank financed the construction of a training centre with a promotional loan (market funds) of 20 million Euros and practical vocational school equipment for training programmes in automotive technology, mechanics and electrical engineering at the Xinjiang Vocational University. The training courses have been set up according to the example of the German dual education system and are supported by Volkswagen, for example, through internships at VW in Shanghai and through teacher training (co-financing by the DEG¹⁵). The introduction of uniform training standards for vehicle mechatronic technicians at school is supported by the "Sino-German Automotive Vocational Education Project (SGAVE)", which is implemented by the GIZ.

Thailand: More quality in vocational education

The initiative "German-Thai Dual Excellence Education (GTDEE)" meets the demand of German and Thai companies for suitable skilled labour. The two-year programme has been implemented since 2013 under the management of the German-Thai Chamber of Commerce and has the aim of integrating classic dual elements in Thai vocational education systems. The certification of the programme,

business quality controls of businesses, the trainers and the vocational schools, as well as support in curriculum development are important building blocks to guarantee practical training at a high quality.

Singapore: German SMEs as mentors in dual studies

In order to counter the lack of well-trained engineers, in 2014 the programme "Poly goes UAS (University of Applied Science)" was brought into being by the EDB Singapore and German SMEs from the mechanical engineering sector Festo, Pepperl + Fuchs, Rohde & Schwarz and SICK. Heraeus, Ifm and Mann + Hummel followed a year later. The companies support outstanding graduates of the polytechnic higher education institutions of Singapore to pursue their studies at the "Duale Hochschule Baden-Württemberg". The study programme combines a theory semester at the Hochschule with practical semesters in the mentor companies.

The programme "Poly goes SIT (Singapore Institute of Technology)" is carried out in an adapted form in Singapore. Alongside the companies named, Bosch, Feinmetall, Infineon, Uhlmann and Weidmüller are also part of the programme. The students alternate between completing one semester at the SIT and in one of the companies named.

Sources: Asia One (2015): Singapore taps German model to deepen technical skills, 30 April 2015; German-Thai Chamber of Trade; KfW Bank Group

¹⁵ The Deutsche Entwicklungs- und Investitionsgesellschaft (DEG) is a subsidiary of the KfW.

ration models. Starting points could be offered by special economic zones, which are usually targeted at specific industrial clusters. Companies could join together to invest in vocational education facilities. The KfW Development Bank could invest in buildings and equipment. Technical cooperation could contribute its expertise in developing the curriculum.

An example of well-coordinated initiatives can be found in China. Here, companies from the automotive sector have come together and founded vocational schools with the support of the KfW and GIZ. Since 2013, there has been a two-year training programme in Thailand under the auspices of the German-Thai Chamber of Commerce. This programme provides trainees with education according to German standards in parallel to a vocational school and in a company. The Economic Development Board (EDB) in Singapore has built up a partnership with eight German SMEs for the further education of engineers. Theoretical study modules at a university in Germany are combined with practical stays in the partner companies. This dual study programme is also carried out directly in Singapore in an adapted form (see Box 3, p.15). In Indonesia, the Swiss-German-University in Jakarta (Bumi Serpong) supports student internships during academic education, with appropriate language preparation, at companies in Germany.

These models take practical orientation in technical professions into account. For German companies, training cooperation is a good method to ensure the loyalty of qualified employees. It should be evaluated to what extent lessons can be drawn from these “best practice” examples for further cooperation.

Technology partnerships for a common future

With the exception of Singapore, the success of the economies in South East Asia has only been based on their innovative capacity to a limited extent. Usually fewer than half of a school year attends a university. Expenditures on research and development (R&D) are still too low to give the economies appropriate impulses (see Table 1). As a consequence, there has been

Table 1: Tertiary education as a proportion of a school year and expenditures (public and private) on R&D as a proportion of GDP, each 2013

Country	Tertiary education	R&D expenditures
Brunei	25	No information
Indonesia	32**	0.08
Cambodia	16*	No information
Laos	18	No information
Malaysia	37**	1.13**
Myanmar	13**	No information
Philippines	34	No information
Singapore	> 60	2.00**
Thailand	51	0.39*
Vietnam	25	0.19*

Sources: World Bank, *Die Welt* (2015): *Starthilfe für die Besten*, 7.9.2015
Note: * data for 2011, ** data for 2012

a reliance on adapting existing technologies to date. Governments have recognised this problem and are attempting to take remedial action. The more developed ASEAN countries in particular are showing great interest in cooperating with German research institutions and companies. Germany enjoys an excellent reputation in Asia as an education nation and technological pioneer. These strengths should be used in a targeted manner to intensify relationships with the ASEAN countries.

► Similar to the approach to the PR China, the ASEAN countries should also be offered innovation and technology partnerships. The existing research cooperation supported by the Federal Ministry of Education and Research (BMBF) should be expanded and the individual activities should be supported by a specialist dialogue between companies and politics from both countries. Such cooperation could serve to open doors to new markets for smaller companies in



particular. Corresponding initiatives from the German side would also have the benefit of overcoming the impression of stagnation in relationships with ASEAN due to lack of movement in the area of trade. Research initiatives can also inspire university cooperation. In the area of justice, in which the ASEAN countries have a considerable distance to catch up in part, a closer dialogue has been able to have a positive effect on business relationships. There is a need to catch up in developing the legal system in almost all ASEAN countries in order to increase legal certainty with the help of an independent judiciary. German business has a strong interest in reliable and independent adjudication in ASEAN. Sustainably combating the widespread corruption is a central condition for further economic development and is thus in the interests of the ASEAN countries themselves.

► In accordance with the commitments made at the UN Climate Conference of Paris 2015 to reduce greenhouse gas emissions, green issues, such as decarbonisation, renewable energies and retaining biodiversity, will also gain further weight in the ASEAN countries. Rapid urbanisation and the growing middle classes will drive the demand for solutions for sustainable cities and developments in the health sector. Particularly here and in the field “green economy”, the ASEAN countries see great opportunities for German companies. These issues start directly with the challenges of emerging markets and developing countries in the region. Cooperation between research institutions and companies can help to find practicable answers and solve central barriers to development. Therefore, the BMZ should check to what extent research cooperation can be included with development-relevant issues in its support portfolio.

Trend 2: Free trade

18

Intra-ASEAN trade merely amounts to 24 per cent. However, if ASEAN is considered as part of the larger Asia-Pacific zone the balance is more impressive. If trade with Australia, China, India, Japan, New Zealand and South Korea is included, ASEAN countries carry out 38.5 per cent of their trade with the expanded region.¹⁶ Since the turn of the millennium, the group of ASEAN countries has concluded free trade agreements with these six neighbours. These are meant to be brought under one roof at the end of 2016 – the “Regional Comprehensive Economic Partnership (RCEP)”. In view of the growing presence of China, the USA has appropriated the Trans-Pacific Partnership (TPP) and brought the negotiations with the eleven adjoining countries to a conclusion in October 2015. Admittedly, the TPP still has to be ratified by the member countries, but this seems to have been a wake-up call in and outside the region. After the visit of President Joko Widodo to US-President Obama in October 2015, the Indonesian government announced it would review membership of the TPP. The Philippines and Thailand are also considering joining. If the TPP comes into effect, it will cover a substantial economic zone of nearly 40 per cent of global economic power.

No time to lose

The European economy will, for the time being, remain just a spectator of this increasingly inter-linked cooperation network and has to fear losing touch with the region. The fact that due to internal EU disputes the successfully negotiated agreements with Singapore and Vietnam are not initially coming into effect makes the EU seem to be a ponderous and indecisive partner, which cannot keep up with the dynamics in Asia-Pacific. The suspension of negotiations with Thailand as a result of critical political developments has tended to result in the country turning away from the EU towards China and Japan. In order to live up to its economic weight, the EU should consistently continue its trade strategy and seek a

rapid conclusion to the talks with the Asian signatory countries of the TPP.

▶ In this connection, the TPP should represent a minimum standard. If the negotiating partners had to make concessions in the rules agreed in a multi-lateral format, the EU Commission would be able to achieve more far-reaching results in bilateral talks. Nevertheless, it should take the local conditions of the partner countries into account and make concessions to avoid overstraining the local economy. The negotiations with Vietnam could serve as a reference, in which a “fair” deal was achieved with the help of compromises made by both sides.

▶ The majority of the ASEAN Expert Group holds the view that political dialogue with Thailand should be resumed, because this is the only chance of contributing the European point of view. The resumption of trade talks should hinder a shift to the disadvantage of the European economy.

▶ The EU Commission is correctly striving for an inter-regional agreement with the ASEAN group in the long term. The EU and ASEAN should enter talks on a free trade agreement “region to region” and formalise this as soon as there is the prospect of a critical mass of bilateral agreements. Concluding an agreement with Indonesia will represent a critical turning point.

Sequential agreements: approaching modern trade treaties

▶ As one possible way to gradually bring the countries to a modern trade agreement with the EU, sequential agreements were discussed in the ASEAN Expert Group. The negotiating partners would agree concrete trade liberalisations and investment protection measures step-by-step. Accordingly, the free trade package could be successively expanded by further modular building blocks. Thus some non-

¹⁶ Calculations based on ASEAN Statistical Yearbook 2015



tariff barriers to trade and divergences in national rules (behind the border) would temporarily remain in place. Sectoral dialogue, as targeted by the EU¹⁷ could help reduce differences.

► The German side should generally send the signal that trade relationships should be strengthened in both directions. Reciprocal export promotion initiatives should help improve access to the European market for companies from the ASEAN zone. German import companies could identify market opportunities together with local partners and offer training on compliance with EU standards. Agricultural and chemical standards above all are often felt to be protectionist market barriers to the EU market. For reasons of cost efficiency conformity assessment should be made locally, which requires the appropriate infrastructure and expertise. The necessary equipment could be financed through financial cooperation and staff trained through technical cooperation.

New cross-departmental consultation formats

The EU and ASEAN have pleasingly started consultations to agree a strategic partnership. These talks should be brought to a rapid conclusion, because only with the help of a strategic partnership can the entire bandwidth of economic cooperation potential be exploited. To date, the EU expects an invitation to the “East Asia Summit (EAS)” as part of the strategic partnership, although the EAS participants have agreed on a moratorium on expansion. The EAS was brought into being in 2005 by 16 countries¹⁸ in Asia-Pacific to discuss strategic developments in the region at the level of heads of state and government. In 2011, membership was extended to Russia and the USA. Participation in the EAS has no priority for German business and should not bar the way to a strategic partnership.

► In order to meet the claims of a strategic part-

nership at the level of the member countries, too, the ASEAN Expert Group advocates expanded consultation formats of the German government with the ASEAN governments. Thus consultations with important ASEAN partners could be organised with representatives of the German Foreign Office (AA), the Federal Ministry for Economics and Energy (BMWi), the Federal Ministry for Economic Cooperation and Development (BMZ) and the Federal Ministry of Education and Research (BMBF). This would have the great advantage of putting cooperation on broader foundations and coordinating policy even more efficiently across departmental boundaries.

“In view of the lack of progress within the scope of the WTO, we should at least achieve solid, modern free trade agreements, which substantially ease trade and investments, in bilateral and interregional negotiations. Nevertheless, the trade partners should not be overstrained in their capacities so that we also have to be prepared to make concessions.”

Thomas Cremer, Shareholder and Member of the Advisory Board, Peter Cremer Holding GmbH & Co. KG

¹⁷ European Commission (2015): Joint announcement to the European Parliament and the Council, EU and ASEAN: a strategically oriented partnership, 18May 2015, p.7
¹⁸ In addition to the ten ASEAN member countries, Australia, China, India, Japan, New Zealand and South Korea are among the founding countries of the EAS.

Trend 3: Connectivity

20

One central issue in the ASEAN zone is increasing connectivity, i.e. infrastructure networking with an integration effect between the countries. This includes both building up the transport, electricity, telecommunications and water infrastructure in the countries and also cross-border coordination between individual national projects. Decreasing transport costs, a reliable electricity supply, efficient digital networks and quicker access to the region's markets could make an important contribution to upgrading the ASEAN region as an investment location.

Infrastructure gaps in South East Asia

Building up the infrastructure is a central requirement in the region. While the ASEAN countries have posted constant growth rates since the Asia crisis at the end of the 1990s, they have not invested sufficiently in their infrastructure. A comparative overview makes the existing deficits clear (see Table 2).

While many countries have definitely invested in building roads in the past few years, there is a need to catch up in railway networks above all. The electricity supply and provision of clean drinking water also have to be significantly built up. The regional figures should not obscure the stark inequalities between urban centres and rural areas. Due to poor connections, the latter threaten to be cut off from the economic upturn, resulting in high internal migra-

tion pressure. In the Asia-Pacific zone 120,000 people move to the cities every day. In order to protect the metropolises from collapse, they need modern mass transport systems, adequate water and waste water supply systems and affordable residential space. In view of the high growth, energy demand will constantly increase further. The corresponding generation capacities will have to be systematically built up in order to ensure reliable energy provision. However, if fossil fuels are relied on, the industrial centres will suffocate in the emissions. Renewable energies can help here.

Against this background, the ASEAN countries ascribe central priority to building up infrastructure. Alongside national projects, the "Masterplan on ASEAN Connectivity" should reduce physical barriers in the region through cross-border transport, electricity and broadband networks. ASEAN and UNCTAD (United Nations Conference on Trade and Development) estimate the investment required by 2025 at 110 billion US Dollars per year. According to their calculations, every year 55 billion US Dollars has to be invested in transport, 38 billion US Dollars in electrification, 9.2 billion US Dollars in telecommunications (ICT) and 7.8 billion US Dollars in water and sanitation supply.¹⁹ Amounts the ASEAN countries cannot provide alone. Alongside the financing, lack of know-how is a central obstacle to realising the projects. The planning, implementation and

Table 2: Global comparison of infrastructure provision (2008)

Region	Roads (km)	Railways (km)	Telephones (number)	Electrification	Clean water
	Per 1,000 persons			Procent	
ASEAN	10.51	0.27	3.53	71.69	86.39
Asia	12.83	0.53	3.47	77.71	87.82
OECD	211.68	5.21	13.87	99.80	99.63
Latin America	14.32	2.48	6.11	92.70	91.37
Africa	No information	0.95	1.42	28.50	58.36

Source: ADB, UNDP, UNESCAP (2010): Paths to 2015 – MDG Priorities in Asia and the Pacific

"In the face of the competition from East Asia, the South East Asian market is no easy territory. Nevertheless, the German construction, consultancy and technology industry may create their niches by prudent coordination."

Kurt Birkenmeier, Chief Executive Officer, H.P. Gauff Ingenieure GmbH & Co. KG

maintenance of transport systems or energy facilities are complex projects that overstrain the expertise in the less developed countries above all.

Although the financing of economic infrastructure can make a direct contribution to the development of a country, this – apart from supporting renewable energies – only plays a subordinate role in German development aid in South East Asia. In addition, the department responsible treats the approval of support loans outside the main focal points of support for East Asia-Pacific very restrictively, so that market funds from the KfW Development Bank can only rarely be used for infrastructure projects. This approach contrasts with the policy of China, Japan and South Korea. Through coordinating development policy and foreign trade instruments, companies from these countries are in a position to offer complete financing at such favourable conditions that even their profitability has to be doubted. The ASEAN countries are very price-sensitive, which results in German companies frequently being unable to assert themselves against the competition from North East Asia. However, these favourable prices have a shadow side: the quality from Chinese companies above all is not as optimal as that from German companies, so considerable additional costs are incurred later for maintenance.

German business hardly has any companies that can take over the lead of a consortium in non-European countries. The ASEAN Expert Group recognises the lack of competitiveness of the German construction sector in classic infrastructure construction, such in road building, in Asia. Nevertheless, in specific sub-divisions there continues to be profitable potential. ► Coordination of German infrastructure companies from the construction, engineering and technology areas would therefore be desirable. Due to their limited size they should identify common niches in technology-led infrastructure projects, such as in medium-sized urban infrastructure projects or in developing sea ports and airports. Stronger coordination would also make sense, because the recently

established, financially strong Asian Infrastructure Investment Bank (AIIB) will principally tender larger projects.

Complete solutions: Planning, financing, implementation, maintenance

The partner countries would like complete solutions, from planning, through financing and up to maintenance. In view of the lack of expertise in the planning authorities and the enormous demand for infrastructure measures, German companies could select planned projects from infrastructure plans, plan these for the countries or cities and implement them. Planning studies are very cost intensive, but are seen to open the door for follow-up orders.

► Therefore, it is recommendable to include the financing of planning studies in the portfolio of foreign trade support. In order to reduce the risks for companies, a study fund should be set up and administered by the KfW. The start-up risks for companies would thus be reduced and companies would be put in a position to plan and implement infrastructure projects in South East Asia.

The demand for infrastructure exceeds the financial possibilities of the ASEAN countries. Complete financing is therefore standard at North East Asian companies. In contrast, German companies usually only offer partial financing. ► In order to fill this gap, private financing should be combined with financial cooperation funds. To do this, infrastructure financing has to be upgraded in German development aid. The recently adopted "Sustainable Development Goals (SDGs)" focus on investments in economic infrastructure. At the same time, public transport offers the possibility of decarbonisation, which will gain in importance due to the obligations set at the climate summit in Paris. It is to be expected that German development policy will be oriented on this. Risk cover from the German government also plays an important role in providing attractive financing solutions. ► Hermes export credit guarantees are an important instrument to hedge the corporate risks for expensive projects abroad. They are treated restrictively,

however, so that insuring performances in frontier markets is unreasonably expensive. Entering these courted markets late can become a problem for German companies, however, so that guarantees should be given more flexibly.

But planning and financing alone cannot secure market opportunities. The strong price sensitivity of governments seems to oppose expensive German quality. But precisely this short-sighted view can be expensive for the countries, if construction measures are negligently implemented and maintaining mobility solutions is not included in the package. ► Governments should be sensitised to life-cycle costs to the benefit of both sides. The companies themselves and also the German government and German implementation organisations should refer more forcefully to the downstream costs and thus highlight the benefits of German solutions. A tangible benefit for the countries is the need for maintenance specialists. Suppliers of mobility solutions invest in training local specialists so that they can reliably carry out maintenance work.

Networking East Asia, Europe and Central Asia better via ASEM

ASEAN understands itself to be a region open to the world that would like to drive forward the regional economic integration of East Asia.¹⁹ Physical networking with North East Asian partners plays a central role in realising efforts at integration. The Chinese vision of a new Silk Road between Asia and Europe, with a land and sea route, is intended to connect both continents more closely with each other. ► Even if achieving this mega-project will take decades, its arrangement should be closely accompanied by the German and European side. With the announcement of the “EU-China Connectivity Platform” at the China-EU summit in June 2015, an important step has already been taken. It is intended to strengthen

cooperation in the areas of infrastructure, technologies and standards and enable synergies between the Silk Road and EU projects to strengthen connectivity in Europe. Alongside a direct exchange in Beijing, the annually alternating meetings between the foreign ministries and heads of government, as well as other departments, within the scope of ASEM (“Asia-Europe Meeting”), will be used to operationally explore issues relating to the economy. ASEM was conceived by Singapore, France and Germany as an inter-regional discussion forum, as a European-Asian answer to APEC, which took place for the first time in 1996 and now numbers 53 members. Alongside the EU and ASEAN member countries, China, Russia, Ukraine and the Central Asian countries, as well as the EU Commission and the ASEAN Secretariat, take part in ASEM.

► The anniversary summit of the “Asia-Europe Meeting” in Ulaanbaatar on 16 July 2016 should be a good start for stronger German commitment to the connectivity dialogue. It would also be in the interests of German business to fill the “Asia-Europe Business Forum”, which is traditionally held before the ASEM summit meetings, with life in order to be able to identify and realise market opportunities.

¹⁹ ASEAN (2015): ASEAN Investment Report 2015, p.67

²⁰ ASEAN (2015): ASEAN Community Vision 2025, paragraph 10.5, p.16

Imprint

Position Paper ASEAN Expert Group

23

Publisher

OAV – German Asia-Pacific Business Association
Bleichenbrücke 9, 20354 Hamburg
Tel: +49 40 35 75 59-0
Fax: +49 40 35 75 59-25
E-Mail: oav@oav.de
Internet: www.oav.de

Editing

Daniel Müller and Dr. Imke Pentz

Art Director

Martina von Corvin
www.grafikvoncorvin.de

Photo

Titelfoto: Fotolia

Print

Hartung Druck + Medien GmbH

Participants, contributors and discussion partners

24

Management of the ASEAN Expert Group

Dr. Imke Pente, Mercator Fellow,
OAV – German Asia-Pacific Business Association

Participants in the ASEAN Expert Group

Dr Norbert Baas, Ambassador (ret.)

Karl Bartels, Project Manager “Promoting Innovation and Technological Development in ASEAN Countries” and “Capacity Building for the ASEAN Secretariat“, Gesellschaft für internationale Zusammenarbeit (GIZ)

Nick Bercio, Head of International Affairs,
Robert Bosch GmbH

Kurt Birkenmeier, Member of the Board of Management, H.P. Gauff Ingenieure GmbH & Co. KG

Peter Clasen, Proprietor, Wilhelm G. Clasen (WGC)

Thomas Cremer, Shareholder and Member of the Advisory Board, Peter Cremer Holding GmbH & Co. KG

Tobias Dennehy, Senior Policy Advisor Asia Pacific,
Siemens AG

Prof. Jörn Dosch, Holder of the Chair of International Politics and Development Cooperation

Jan Ehlen, Head of Politics and External Affairs
Asia, BMW AG

Sinan Eserman, Vice President, Head of Aesculap
Division for Asia-Pacific, B. Braun Melsungen AG

Arndt Focken, Strategic Planning and Steering,
Network Market Development, BMW AG

Dr Thomas Gambke, MdB, Chair of the ASEAN
Parliamentary Group

Carolina Geier, Senior Relationship Manager
International Desk, Commerzbank AG

Simon Giovanazzi, Executive Director Asia-Pacific,
Deutsche Bahn International

Dr Beatrice Gorawantschy, Head of Asia and Pacific,
Konrad-Adenauer-Stiftung

Susanne Gritz, Financial Advisory and Structuring,
Siemens Financial Services GmbH

Prof. Jürgen Haacke, Associate Professor,
Asia Research Centre, London School of Economics
and Political Science (LSE)

Dr Felix Heiduk, Research Associate,
Stiftung Wissenschaft und Politik (SWP)

Dr Christine Heimburger, Director East Asia Pacific,
KfW Development Bank

Kerstin Heimel, Senior Manager Health Policy,
B.Braun Melsungen AG

Nicolas C. S. Helms, Managing Partner,
C. Melchers & Co.

Thomas Hopfenbach, Vice President Sales Administration and Development, Messer Group

Prof. Anja Jetschke, Holder of the Chair for
International Relations, Georg-August-Universität
Göttingen

Susanne Käss, Head of Division South East Asia,
Konrad-Adenauer-Stiftung

Dr Dirk Lorenz-Meyer, Proprietor,
Behn Meyer Group

Daniel Marek, Regional Manager ASEAN,
OAV – German Asia-Pacific Business Association



Susanne Milberg, Partner, Business Development Strategy, HPC Hamburg Port Consulting GmbH

Martin Miller, Head of International Desk, Commerzbank AG

Günther Mull, Chief Executive Officer, DERMALOG Identification Systems GmbH

Daniel Müller, Regional Manager ASEAN, OAV – German Asia-Pacific Business Association

Panagiotis Poligenis, Associate Partner & Head of Market Asia-Pacific, Lufthansa Consulting GmbH

Timo Prekop, Managing Director, OAV – German Asia-Pacific Business Association

Rainer Rohdewohld, Development Aid Scout, OAV – German Asia-Pacific Business Association

Prof. Jürgen Rüländ, Holder of the Chair for International Politics, Albert-Ludwigs-Universität Freiburg

Alexander Schratz, Desk Officer Indonesia and ASEAN, Gesellschaft für Internationale Zusammenarbeit (GIZ)

Max Schuller, Head of Siemens Mobility Railway Solutions for Asia, Siemens AG

Dr Gabriela Soskuty, Vice President Global Government Affairs & Market Access, B.Braun Melsungen AG

Reinhold Strauß, Departmental Director East Asia Pacific, KfW Development Bank

Thomas Sul, Chief Executive Officer, DKS

Andrea Ulbrich, Project Coordinator South East Asia and ASEAN, Physikalisch-Technische Bundesanstalt (PTB)

Nonthika Wehmhörner, Head of Transport Policy Relations (non-EU), Deutsche Bahn AG

Oliver Zimmermann, CEO Ter Chemicals Distribution Group, Ter Hell & Co. GmbH

Contributors

Monika Braun, International Business Development, Fraunhofer-Gesellschaft

Thomas Cremer, Shareholder and Member of the Advisory Board, Peter Cremer Holding GmbH & Co. KG

Prof. Jörn Dosch, Holder of the Chair for International Politics and Development Cooperation, Universität Rostock

Jan Ehlen, Head of Politics and External Affairs Asia, BMW AG

Simon Giovanazzi, Executive Director Asia-Pacific, DB International

Dr Felix Heiduk, Research Associate, Stiftung Wissenschaft und Politik (SWP)

Kerstin Heimel, Senior Manager Health Policy, B. Braun Melsungen AG

Prof. Hanns Günther Hilpert, Head of the Research Group Asia, Stiftung Wissenschaft und Politik (SWP)

Dr. habil. Ludwig Kammesheidt, International Cooperation with South East Asia, German Aerospace Center, seconded to the Federal Ministry of Education and Research abgeo

Alissa Knobel, Specialist Planner Business and Employment, Gesellschaft für internationale Zusammenarbeit (GIZ)



Participants, contributors and discussion partners

26

Heike Knoop, Specialist Planner Higher Education, Gesellschaft für internationale Zusammenarbeit (GIZ)

Prof. Rolf Langhammer, former Vice-President, Institut für Weltwirtschaft (IfW)

Oskar von Maltzan, Team Leader Urban Development and Mobility East Asia Pacific, KfW Development Bank

Heino Marius, Deputy Head of Department for South East Asia, European Foreign Service

Saby Mitra, Deputy Head of the Representation Office in Europe, Asian Development Bank (ADB)

Prof. Amrita Narlikar, President, German Institute for Global and Area Studies (GIGA)

Dr Siswo Pramono, Deputy Ambassador of Indonesia in Germany

Ambassador Peter Prügel, former Regional Officer for Asia and Pacific, now Ambassador to Thailand, German Foreign Office

Thomas Schwieger, Managing Partner, Hüpeden & Co. KG

Frank Tibitz, Task Manager “Competition Policy and Law in ASEAN (CPL)”, Gesellschaft für internationale Zusammenarbeit (GIZ)

Natascha Weisert, Head of Division, Division 114 “Cooperation with Business”, Federal Ministry for Economic Cooperation and Development (BMZ)

Gerhard Will, former Research Associate, Stiftung Wissenschaft und Politik (SWP)

Discussion partners

Anindya Bakrie, Member of the Management Board, Indonesian Chamber of Industry and Trade (KADIN)
Klaus C. Borig, Member of the Board, DZ Privatbank Singapore Ltd.

Phongsakdi Chakshujej, Chairman, B. Grimm Trading Corporation Ltd. | Executive Vice President, B. Grimm Joint Venture Holding Ltd.

Piyabutr Cholvijarn, Vice Chairman, Thai Chamber of Commerce | Board of Trade of Thailand

Dirk Grossmann, General Manager Passenger Sales Thailand & Mekong Region, Lufthansa Group

Nicholas Guthier, Vice President Asia South, Evonik (Southeast Asia) Pte. Ltd.

Ilham Akbar Habibie, Member of the Management Board, Indonesian Chamber of Industry and Trade (KADIN)

Chris Humphrey, Chief Executive Officer, EU-ASEAN Business Council

Wolfgang Huppenbauer, President, Singapore-German Chamber of Commerce

Joachim Ihrcke, Senior Advisor Asia, DMG Mori Singapore Pte. Ltd.

Pana Janviroj, President, The Nation

Dr Florian Kirschner, Country Head & Managing Director, Evonik (Thailand) Ltd.

Orathai Leksakulchai, Director, Office of New Overseas Markets, Department of International Trade Promotion (DITP), Ministry of Commerce of Thailand

Harald Link, Chairman, B. Grimm Group



Ikmal Lukman, Director of Investment Promotion,
Investment Coordinating Board Republic of
Indonesia (BKPM)

Daniel Loh, Head, Malaysia – Singapore Business
Area, BASF Southeast Asia Pte. Ltd.

Markus Lorenzini, President & CEO, Siemens Ltd.
Thailand

Alexander C. Melchers, General Manager,
C. Melchers GmbH & Co.

Gautam Naraindas, Deputy Head of Asia Pacific
and Africa, Indonesian Employers' Association
(APINDO)

Dr Supachai Panitchkadi, General Secretary (ret.),
United Nations Conference on Trade and Develop-
ment (UNCTAD) | General Director (ret.), World
Trade Organisation (WTO)

Josef Parzhuber, Member of the Extended Group
Management, Group Vice President & CEO, Mann +
Hummel Filter Technology (Southeast Asia) Pte. Ltd.

Dr Tim Philippi, Chief Executive Officer,
German-Singapore Chamber of Trade

Rachavitch Piyapramote, Director, Bureau of
European Affairs, Department of International
Trade Promotion (DITP), Ministry of Commerce of
Thailand

Sumitra Poolthong, Strategic Planning Expert,
Office of the Prime Minister Thailand

Rosan Roeslani, Chair, Indonesian Chamber of
Industry and Trade (KADIN)

Jan Rönnfeld, Chief Executive Officer,
German-Indonesian Chamber of Trade (EKONID)

Stephan Soyka, Managing Director,
B. Braun Melsungen Indonesien

Tak Sriratanobhas, General Secretary, Thai Chamber
of Commerce | Board of Trade of Thailand

Kong HweeTan, Director, Transport Engineering,
Economic Development Board (EDB) Singapur

Pattama Teanravisitsagool, PhD, Deputy Secretary
General, Office of the National Economic and Social
Development Board Thailand (NESDB)

Dr Chumpol Thiengtham, Member of the University
Council, Rajamangala University of Technology |
Recipient of the Federal Cross of Merit

Wei Xuan Toh, Senior Officer, Logistics, Europe
Desk, Economic Development Board (EDB) Singapur

Aekthida Vongkamhang, Director of European
Affairs Division, Department of International
Trade Promotion (DITP), Ministry of Commerce of
Thailand

Dr Peter Oliver Richard Wagner, Chief Executive
Officer, BMW Group Financial Services, Thailand

Karsten Warnecke, Deputy Chief Executive Officer,
Asia-Europe Foundation (ASEF)

Dr Roland Wein, Chief Executive Officer,
German-Thai Chamber of Trade

Dr Ir. Pramono Anung Wibowo, M.M., Cabinet
Secretary, Republic of Indonesia

