

## **Business Statement Submitted to the OECD Southeast Asia Regional Forum**

*25-26 March 2014, Bali, Indonesia*

### **Preamble**

Like Indonesia, Southeast Asia's overall growth is expected to progress at a robust pace in coming years (5.4% on average from 2014-2018). However, significant challenges are emerging that, if unaddressed by policymakers, could threaten the country's and the region's sustainable growth trajectory. Thus the initiation of the OECD Southeast Asia Regional Programme should help to address such challenges.

In support of the OECD Southeast Asia Regional Forum on 25-26 March 2014, this statement is presented to policymakers by the Business and Industry Advisory Committee to the OECD (BIAC) and the Indonesian Chamber of Commerce and Industry (KADIN Indonesia), in order to deliver business recommendations that will promote stronger, more sustainable and more inclusive growth.

### **Business Recommendations**

#### **1. Trade and Investment**

- Emphasize the removal of barriers to trade and investment while at the same time introducing reforms that increase the international competitiveness of domestic industries and enhance their ability to participate fully and fairly alongside other companies in global value chains.
- Apply well-proven standards defined by the World Trade Organization (WTO) to secure transparency in trade-related regulations and the utilization of trade instruments. Multilateralization of trade and investment relations should continue to be a key objective for governments.
- Encourage private investment in public infrastructure, such as water, electricity, transport and telecommunications. International frameworks should be applied wherever possible. The use of public-private partnerships helps to raise private investment in long-term projects.
- Foster regional trade and investment integration between Southeast Asian countries in order to maximise their economic potential, focusing on reducing non-tariffs barriers and quotas and building policies for export promotion.

#### **2. Promote Structural Reforms for Inclusive Growth**

- Ensure that regulatory frameworks are stable, predictable, non-discriminatory and transparent in order to strengthen business confidence, with due attention to regulatory impact analysis and regulatory co-operation within ASEAN.

- 
- Simplify business procedures to encourage start-ups and SMEs, including access to finance, opportunities for public procurement, aspects of employment and taxation, amongst others.
  - Enhance the competitiveness and adaptability of the labour market through policies to improve the flexibility of entry and re-entry into the labour market, thus reducing unemployment and encouraging people to move into formal forms of work. Regional integration should facilitate the movement of skilled labour.
  - Increase access for all social groups of all ages to quality education, recognising that skills development is critical for lifelong employability of individuals. This calls for improvements in school curricula to increase their relevance to labour market needs.
  - Place greater emphasis on fostering research and protection of intellectual property rights, recognising innovation as critically important for inclusive growth. Regulations protecting intellectual property need to be executed in an effective and rigorous manner.
  - Promote “greener” growth, whereby policies should consider how to create business opportunities that lead to “greening” the whole economy, rather than focusing only upon individual sectors. Ensure that policies and targets are achievable, taking into account national circumstances, macroeconomic factors and poverty alleviation objectives.

## Closing

- Business thanks the OECD and Ministers from Southeast Asian countries for hosting the Regional Forum. We expect that this event and future work of the OECD Southeast Asia Regional Programme will enable governments, business and other stakeholders to effectively foster strong, sustainable and inclusive growth in Southeast Asia.
- BIAC looks to governments around the world to use OECD instruments, best practices and knowledge for the success of their economies in order to foster good economic governance and an increasingly level global playing field for business. Such instruments and practices include the OECD Guidelines for Multinational Enterprises, the OECD Anti-Bribery Convention, the OECD Principles on Corporate Governance, and ongoing work on competitive neutrality, taxation, long-term investment, among others.
- KADIN supports strengthening the capacity of Indonesian institutions, foremost from the private sector, to engage in future activities. The consequences of applying the well-tested instruments of the OECD in Indonesia are openly and actively considered by business in the spirit of mutual co-operation and partnership.

Bali, Indonesia, 25 March 2014