

The Power of the ASEAN Economic Community
Alan Willits, Chairman, Cargill Asia Pacific
Hermawan Kartajaya, MarkPlus Inc., Founder & CEO
Le Luong Minh, ASEAN Secretary General
Joseph Abraham, ANZ Indonesia, CEO

“The potential and prospects of the ASEAN community have never been greater,” said ASEAN Secretary General Le Luong Minh, the keynote speaker at the 2015 World Economic Forum’s discussion titled The Power of the ASEAN Economic Community. The event featured a panel that discussed the future of ASEAN and the upcoming formation of the ASEAN Economic Community, or AEC.

The Secretary General of the 10-member community of Southeast Asian nations said that it was founded on unity from diversity, and that the AEC would strengthen the economic ties between the countries.

Chairman of Cargill’s Asia Pacific Region, Alan Willits, said that the AEC was such an exciting opportunity for many multinational businesses because of the unique demographics of the ASEAN region. In the organization’s largest country, Indonesia, 50 percent of the over 200 million residents are under 30 years old.

Additionally, the CEO of ANZ Indonesia, Joseph Abraham, said that he expects a “great migration southward” of manufacturing from China to the ASEAN region. This would pull hundreds of millions of people into a new middle class, he noted, along with significant foreign direct investment that used to be sent to China.

Mr. Abraham also touched on the fact that his bank’s analysts expect the ASEAN region’s economy to grow by 6 to 7 percent per year for the next decade.

MarkPlus Founder & CEO, Hermawan Kartajaya, sung the praises of the potential of an economically unified ASEAN.

“Free flow of people means competition,” he said, “and competition is good for ASEAN because competition is about value.”

Mr. Kartajaya did warn, however, that some “local champion” businesses may struggle when successful companies from other countries enter their markets. BRI Bank, which is called “the best microfinance bank in Indonesia,” will now have to face local champions from every ASEAN country. Thus, he stressed that each one will have to improve its strategy to compete.

When the AEC officially goes into effect in December 2015, Mr. Willits said, the region will see the removal of almost all tariffs and trade barriers, as well as improved food safety standards across the economic community.

When this happens, Mr. Kartajaya said, Korean and other Asian companies will need to look more seriously into investing in the region.

However, Mr. Willits reminded the audience that the region won’t see “magic” growth overnight. Instead, he said, it will be gradual and long-lasting.

“The good news,” he said, “is that slow and steady, but sustainable, is the right path.”