

Investing in ASEAN

Beng Chai Tay, Singapore

ASEAN is a political grouping of ten countries, and Singapore is one of them, and Malaysia, Indonesia, Philippines, Laos. Myanmar is, of course, the latest member. It's a rich grouping in economic and investments, and so it's got free trade, no Customs, no trade barriers between all the ten countries. And investors and companies are now increasingly looking at it as a one destination.

You probably know Asia better for India and China, and squeezed between the two is Southeast Asia. So that's what ASEAN, it's Association of Southeast Asia Nations. It's the ASEAN economic community. It's a bit of what the EU is about. Investors are looking at this and saying we ought to be diversifying, we ought to be putting some money in to ASEAN as a block.

So it's so important for us as a legal practice to look at ASEAN as our immediate market, and certainly not just Singapore.

Japanese banks have taken note of that and started private equity funds. They call it the ASEAN Fund, it's dedicating to investing just in ASEAN. And they're doing it not just for themselves, they're doing it to generate the interest among Japanese companies to come and invest in Southeast Asia. And we're seeing that being done, and we've been leading a couple of those transactions. Today you will be able to export your goods all round the ten countries, 600 million consumers, no trade barriers - or very little, and they'll be down to zero according to the programme.

And in terms of investments, ASEAN stands out as one region. On its own, ten different countries,

maybe too disparate and small, may not be on the radar screen of large global companies, but as a grouping of ten countries, 600 million, I think it's a powerful force.

Malaysia and Singapore shares a lot of cultural similarities. There are a lot of business connections, so the ties are very close. And given the pressure on cost, and in a small island like Singapore we do see a lot of Singapore companies, particularly small and medium sized enterprises relocating to Malaysia. So Singapore now stands as one of the largest investors in Malaysia.

We are seeing multi-nationals relocating whatever manufacturing they have in Malaysia. So there's a lot of restructuring of the kind of investments they have. Singapore is now more or less the service centre, the financial headquarters for these corporations. And a lot of the manufacturing, logistic stuff are now being done out of Malaysia.

Land is scarce in Singapore, very expensive, and actually the government supports that relocation. The government is saying that we need this land for higher value investments, for research and development and, therefore, they are actually supporting small and medium enterprises to make that move to Malaysia. And Malaysia is, of course, the logical choice; it's just a drive across.

If you look at the ASEAN region, Singapore is probably the most advanced in the banking and financial institutions. Most global banks are there, most big financial institutions are there. And, not surprisingly, private equity is there. But they don't

really just look at Singapore, they are there in Singapore to look for business to invest in the ASEAN region.

ASEAN is ten different countries, so the potential for evasion in Southeast Asia is tremendous, and this has supported a group of many low cost carriers. We at Bird & Bird we are very proud to be representing some of the leading names in this low cost carrier. And we have been doing work for them, advising them in setting up the Alliance airlines in the region.

The kind of work that we do is to service these multi-nationals in Singapore, and on top of that the local companies in Singapore who are looking at ASEAN as a region. We will then, of course, help them, the corporate staff, in the intellectual property, in all the kinds of work that a full service law firm would do.

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This document is a transcript of an edited video recorded in October 2013.

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