

4th Edition January-June 2024

ASIA PACIFIC BUSINESS MAGAZINE

**Laos' emerging economic
landscape in The Asia-Pacific
region**

Official News Magazine of APTA Chamber of Commerce and Industry



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PEN THOUGHTS



Dear Reader,

It's my great pleasure to issue the fourth edition of Asia Pacific Business Magazine (APBM)Jan-June -2024.

Economically, the Asia Pacific region continues to prosper due to the emerging economies in the region. Today, East Asia alone accounts for 17 percent of global trade in goods and services. In 2021, intra-regional trade made up about 40 percent of the region's total trade. At the end of 2021, China was the destination for nearly 20% of all goods exports from developing economies. Today more than half of the population in East Asia has joined the ranks of the global consumer class, with daily consumer spending of \$12 per day or more. In East Asia by 2030, one in three members of the world's middle class is expected to be East Asian. If we look at consumer-class spending, emerging East Asia is expected to become home to the largest consumer market.

In this context, APBM has a significant role to play in promoting trade, Investment, and Capacity development among East Asian and South East Asian countries.

APBM is the official news magazine of APTA CCI and the views expressed by authors do not necessarily reflect the views of APTA CCI.

We welcome views, comments, and criticism, about our publication and we welcome feature articles of high value written on trade, commerce, and development for publication. (Exec@aptacci.com/ajithspeak@gmail.com)

Sincerely Yours

A handwritten signature in black ink, appearing to read 'Ajith'.

Ajith D Perera,
Editor In Chief / Executive Secretary -APTA CCI,,
30 th June 2024.

COVER STORY

Laos' emerging economic landscape in The Asia-Pacific region



In the heart of Southeast Asia lies Laos, a nation whose economic landscape has rapidly transformed in recent years, presenting a myriad of opportunities for trade and investment within the Asia-Pacific region. As a landlocked country, Laos has strategically leveraged its geographical position and rich natural resources to become a vital economic corridor that bridges the larger economies of its neighbours, including China, Vietnam and Thailand.

Economic Growth and Development

Laos has witnessed significant economic growth, driven largely by investment in infrastructure and a burgeoning hydroelectric power sector. The country's commitment to enhancing its infrastructure is evident in its expansive road and bridge projects, which improve connectivity not only within Laos but across Southeast Asia. Construction of the Laos-China Railway, a part of China's Belt and Road Initiative, epitomises this growth, enhancing Laos' access to international markets and solidifying its position as a regional trading hub.

Hydropower remains a cornerstone of the Lao economy, with the country exporting the majority of its generated power to neighbouring nations. This focus on renewable energy sources underscores Laos' potential in green technology and sustainable economic practices, making it an attractive prospect for environmentally-conscious investors.

Trade and Investment Opportunities

Trade reforms have been a pivotal element of Laos' economic strategy, aiming to create a more business-friendly environment. The country's participation in the Asia-Pacific Trade Agreement has reduced tariffs and opened new market opportunities. This integration into regional trade networks complements its vision to enhance economic ties and encourage foreign direct investment.

Laos is rich in untapped natural resources, including minerals and forests, offering vast potential in sectors such as mining, agriculture, and forestry. The government's proactive approach in inviting investments in these sectors, along with favourable investment policies, has significantly boosted investor confidence.

Moreover, the tourism sector presents another promising area for investment. Laos' rich cultural heritage and natural beauty, featuring landmarks like Luang Prabang and Vangvieng, attract tourists from around the globe, driving demand for hospitality and services.

Supporting the Business Environment

The establishment of Special Economic Zones (SEZs) has been a critical move to attract foreign investment. These zones offer incentives such as tax breaks, simplified customs procedures, and business-friendly regulations. An example is the Savan-Seno SEZ, which has become a thriving manufacturing and commercial hub, showcasing the success of these initiatives in promoting economic diversification and industrial development.

Laos has also made significant strides in improving its digital infrastructure, recognising the role of technology in modern business. The expansion of digital services and connectivity, particularly in rural areas, is set to revolutionise local businesses and integrate them into the global economy.

In a conversation with Mr Khouanchay Iemsouthi, the Economic and Commercial Counsellor at the Embassy of the Lao PDR to the People's Republic of China, insights were shared regarding the growing economic connections between Laos and China. The Counsellor highlighted the significant role of Chinese investments in sectors like technology and infrastructure, which have been instrumental in modernising Laos' economic capabilities.

Initiatives to improve trade include easing business processes, enhancing bilateral cooperation, and increasing direct connectivity, are set to further strengthen economic ties.

Laos stands at a pivotal point in its economic journey. With its strategic initiatives and continuing reforms, the country is poised to strengthen its role in the Asia-Pacific economic landscape. For investors and businesses looking for new opportunities, Laos offers a dynamic and evolving market with tremendous potential. As it continues to develop and integrate into the global economy, Laos not only enhances its own prospects but contributes significantly to the region's economic dynamism. This evolving narrative not only reflects Laos' economic resilience but also highlights its commitment to a progressive, inclusive future that prioritises sustainable development and regional cooperation. The nation is truly a burgeoning economic frontier in the Asia-Pacific region and stands ready to welcome the world to its doors.

This article is contributed by the Lao National Chamber of Industry and Commerce.

Business Startup in Lao PDR



I. Background and Context

The business startup process in Lao PDR continues to be highly burdensome and time-consuming. In the most recent World Bank Doing Business report for 2018, Lao PDR ranked 164th among 190 countries surveyed in the Starting a Business indicator (which measures the overall procedures, time, cost and paid-in minimum capital that is required to start a limited liability company). The country's overall Ease of Doing Business ranking fell from 139th in 2017 to 141st in 2018.

Small and microenterprises constitute the overwhelming majority of businesses in Lao PDR. According to the Department of Small and Medium Enterprise Promotion (DOSMEP), approximately 100,000 businesses are registered in the country. 98,700 of these are small enterprises (1-19 employees); 1,100 are medium-sized enterprises (20-99 employees); and 200 are large enterprises (100+ employees).

IN THIS ISSUE:

- Background and Context
- Business Startup in Lao PDR and the LBF - Issue Analysis
- Business Startup in Lao PDR - International Perspectives
- Gender Inclusion and Business Startup in Lao PDR
- Post-LBF Update and Next Steps

This brief is published by the Secretariat of the Lao Business Forum, based at the Lao National Chamber of Commerce & Industry (LNCCI).

The LBF Brief provides a summary and analysis of a specific business issue that was highlighted as a priority during the annual LBF process and which significantly impacts the Lao PDR business environment. The views expressed in the LBF Brief reflect the opinions and perspectives held by relevant stakeholders.

Small enterprises and startups continue to bear the brunt of the costly and complex start up process. They do not have adequate resources or capacity to manage lengthy start up delays. Indeed, the process is so difficult that many companies do not formally register. This has significant impacts on the Lao PDR economy as informal, unregistered firms do not pay taxes, thereby lowering the country's tax revenues; in addition, informal firms do not have proper access to finance and cannot grow as fast. Finally, registered firms in Lao PDR have identified competition and unfair practices by informal enterprises as the largest obstacle to doing business.

It is clear that cumbersome business startup procedures in Lao PDR have multiple adverse consequences for the country's economy. Proactive and concrete remedial measures – beyond the mere introduction or amendment of legislation – are required to address the problem.

II. Business Startup in Lao PDR and the LBF – Issue Analysis

One of the key issues discussed by the LBF's Services Sector Working Group was the inconsistency in registration and licensing procedures at the 6 provincial and national levels. It is often more difficult to register a business at the provincial level due to the large number of additional regulations and procedural requirements imposed by provincial authorities.

In light of Lao PDR's performance in the World Bank's 2018 Doing Business report, the Government of Lao PDR announced a plan to improve the country's ranking from the current 141 to under 100 within 2 years.

Toward that end, it seeks to target specific indicators that would have the most significant impact on improving the country's overall ranking.

Actions Taken to Address the Issue

In February 2018, the Prime Minister's Office introduced the Ordinance on Regulatory Amendment and Coordination Mechanism of Business Operations in Lao PDR No. 02/PMO. Key sections of the notification stipulate the following:

- Ministry of Planning and Investment (MPI) should “implement the Mechanism for National Single Window Service as soon as possible.” (Section 1.1.1)
- The Ministry of Industry and Commerce (MoIC) should “improve the regulations and measures on enterprises registration services – for an individual or a legal entity – to be more convenient, efficient and fast.” (Section 1.2.1)

Additional steps taken by the government to streamline business startup procedures include:

- Elimination of the minimum registered capital requirement for foreign investors, as per the revised Investment Promotion Law
- Issuance by the MoIC of Notification no. 1067 dated May 19, 2017 regarding the cancellation of enterprise name reservation and certification of enterprise names from the business registration procedure and the use of the new business application form
- Elimination of the inspection requirement for warehouses as well as the Single Window Coordination Committee, both of which have reduced the number of procedures required for business registration (Department of Industry and Trade of Vientiane Capital)

- Creation of a unit of the single window service (Investment Promotion Department)

III. Business Startup in Lao PDR - International Perspectives

The World Bank's Starting a Business category ranks Laos 164th among 190 countries surveyed. This indicator, as previously noted, is based on two factors: time (the number of days that are required for startup; and procedures (the number of steps in the startup process). Currently, there are eight steps and 67 days involved in the startup process for a business in Lao PDR.

The most effective mechanism for Lao PDR to improve its ranking is to significantly reduce the number of procedures by eliminating or consolidating procedures, thereby reducing the 8 overall timeframe.

Singapore, the 6th ranked country in the Starting a Business indicator as well as the best-performing ASEAN member, provides a textbook example of international good practice as it relates to the business startup process. Three 9 steps are involved:

1. Register online with the Accounting and Corporate Regulatory Authority (ACRA) including company name search and filling the company incorporation and tax number (GST) - Overall timeframe: less than 1 day
2. Make a (non-mandatory) company seal - Overall timeframe: 1 day
3. Sign up for Employee Compensation Insurance at an insurance agency - Overall timeframe: 1 day



Singapore has effectively leveraged technology to streamline its business start-up process and it has also combined procedures. For instance, business name registration and incorporation will automatically generate a tax identification number. The result is that it takes less than 3 days to register a business in Singapore.

IV. Gender Inclusion and Business Startup in Lao PDR

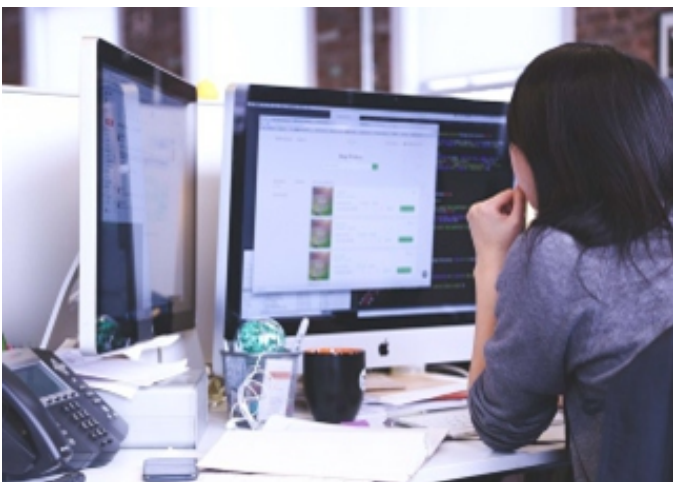
There is no comprehensive data to indicate a significant gender-based disparity in terms of business startup procedures in Lao PDR. Discussions with Lao PDR businesswomen and the Lao Businesswomen's Association (LBWA) suggest that cumbersome business procedures cut across businesses, regardless of the gender of the owner. However, there is anecdotal evidence, based on discussions with donor organizations that work with rural SMEs, that women-owned businesses encounter challenges during their interaction with provincial authorities. Further research and analysis are required.

V. Post-LBF Update and Next Steps

Based on LBF's Services Sector Working Group deliberations, the following recommendations were proposed regarding the business startup 10 process:

- The MoIC should significantly improve its coordination with other Lao government entities that have a role in the business registration and licensing process in order to streamline procedures
- The MoIC should adopt the business registration procedural mapping initiative that is being supported by the 2nd Trade Development Facility Project in conjunction with its effort to implement PMO Order No. 02/PMO dated February 1, 2018

During the July 5, 2018 LBF meeting, the European Chamber of Commerce and Industry in Lao PDR (ECCIL) presented its report which detailed specific steps that Lao PDR could take to improve its World Bank Doing Business Ease of Doing Business ranking from triple digits (141st) to double digits (99th and lower) in 2 years. ECCIL recommended that the Government focus on a smaller subset of the 10 Doing Business Indicators that would have the most significant impact.



Government Responses to Private Sector Recommendations

During the July 5, 2018 LBF 11 plenary meeting, the Vice Minister of Planning and Investment discussed the latest implementation status of PM Order No. 2, specifically the progress achieved to date in inter-ministerial coordination to improve the country's performance across the 10 World Bank Doing Business indicators: 1) Starting a Business; 2) Dealing with Construction Permits; 3) Getting Electricity; 4) Registering Property; 5) Getting Credit; 6) Protecting Minority Investors; 7) Paying Taxes; 8) Trading Across Borders; 9) Enforcing Contracts; 10) Resolving Insolvency.

The Starting a Business indicator has been the principal focus of attention in the short- to medium term. MPI plans to prepare a detailed implementing instruction for PM Order No. 2 and coordinate with relevant governmental entities to create indicator-specific working groups.

Key indicator-specific updates announced by the MPI during LBF 11 are detailed below:

Starting a Business

- MPI signed an agreement on 20 April 2018 to set up a task force and secretariat team to support implementation of Doing Business reforms
- MPI also convened meetings with the Investment Promotion and Management Committee
- The one stop shop was officially launched on 25 May 2018
- A new IT system has been developed to track investor documentation
- An investor hotline (1503) has been set up

- The MPI finalized Instruction No. 0537/MoIC dated 4 May 2018 on starting a business (an individual or a legal entity)
- Issued a Notice on Business Registration (individual or legal entity) No. 1120/MOIC.ERM dated 15 May 2018 and organized a consultation meeting with central level line agencies
- Worked with the Ministry of Finance on the new business registration system that will enable investors to obtain a business registration and a tax identification number concurrently
- Conferred with the Ministry of Public Security to assess the feasibility of completing company seals within 5 working days
- Conferred with the Ministry of Information, Culture and Tourism on ways to streamline procedural requirements for obtaining a company signage permit

Status Update on Other Doing Business Indicators

Doing Business Indicator	Status
Dealing with Construction Permits	-Ministry of Public Works and Transport is coordinating reform efforts -Urban planning law has been amended and approved by the National Assembly -Article 19 of Presidential Decree No. 327 of 26 December 2017 stipulates that the timeframe for obtaining a construction permit should not exceed 30 days
Getting Electricity	-The Ministry of Energy and Mines is working with Electricite du Lao to reduce the number of steps to obtain an electricity permit from 6 steps to 3 steps. In addition, they plan to set up a committee to review the regulatory framework for obtaining an electricity connection
Registering Property	-The Ministry of Natural Resources and Environment will participate in a plan to streamline procedures for property registration and transfer of property rights, among others
Paying Taxes	-The Tax Department in the Ministry of Finance will review current tax legislation with the objective of clarifying contradictory provisions
Trading Across Borders	-MoIC and MoF will continue ongoing efforts to improve this key indicator
Protecting Minority Investors	-Bank of Lao PDR has established a special internal task force comprised of members of various government entities focused on capital markets

Post-LBF Assessment from Private Sector Participants and Other Stakeholders

Post-LBF interviews were conducted with two leading members of the Lao ICT startup community along with an international consultant advising the MPI on the implementation of the Ordinance on Regulatory Amendment and Coordination Mechanism of Business Operations in Lao PDR (PMO Decree # 02) in order to assess their overall view of the forum as well as the government's responses to the key recommendations presented.

The international consultant highlighted the following:

- The Investment Promotion Department of MPI has limited internal capacity to implement its coordinating responsibilities related to PM Order No. 2 (coordination with line ministries to improve the 10 indicators in the WB Ease of Doing Business Report for Lao PDR)
- Staff members across stakeholders need specific, prescriptive guidance on steps to take; there are varying levels of preparation and engagement across ministries
- Short-term and long-term priorities across indicators have not been determined. One key challenge is that Lao PDR's National Legislative Plan drives the country's legislative agenda. Legislation is considered by the National Assembly based on the schedule outlined in the plan; this restricts the flexibility in setting legal and regulatory reform priorities

The ICT startup company owners who attended the LBF believe that the DB initiative is a step in the right direction; however, they indicated that streamlining registration procedures alone is inadequate. There is a need to change the institutional culture in the government agencies that oversee business registration procedures.



(With kind courtesy of Lao National Chamber of Commerce and Industry)

SMART PLANET

SMART THINKING FOR SMART FUTURE LEADERS

"Our future revenue currently resides in the pockets or bank accounts of others, earned through their hard work and sacrifices. Without understanding human psychology, we cannot effectively channel these funds into our revenue model." - Mashahed Hassan Simanta



Mashahed Hassan Simanta

Mashahed Hassan Simanta's diverse career includes roles as Partner & Chief Strategy Officer of MCFG, a global business consultancy firm and a subsidiary of Renboe Enterprises, a 50+ year-old business conglomerate. He consulted for World Bank-funded projects, taught at top business schools as guest, served as 1st Class Gazetted Officer (Cadre) of the Bangladesh Government, became a national best-selling author, and a class-topper at the post-graduate program.

His notable INGO clients include UN Women, UNDP, World Bank, PKSF He contributed BIAM, BARC, BCS Admin Academy as expert trainer. His corporate training portfolio includes BRAC Bank, ISO Certification Authority, Bay Development, and Knit Asia.

Along with conducting 500+ executive coaching sessions, Simanta contributed at Oxford Union - UK (2020), China (2015), Malaysia (2021), and India (2021) as trainer & debate judge. He spoke at the House of Commons - British Parliament (2016) and TEDx (2018). He has obtained 400k+ followers & 20,000+ reader of his books and content.

One of the most underrated skills in this AI-oriented era is the ability to understand and influence human psychology. Business encompasses three key concepts: psychology, mathematics, and process. Psychology guides us in designing products and effectively communicating their value to maximize perception. Mathematics not only manages financial sources and uses, but also evaluates probabilities and assesses output and profitability. The process defines the operational 'HOWs' of the business. AI is currently influencing and improving these three sides of the business through data-driven strategy. This article attempts to shed light on two aspects of psychology that can help leaders better understand and influence employee personality and performance. Even if Artificial Intelligence takes over the practice, we need some human intelligence to make some pragmatic and prudent decision.

A leader requires two types of motivational skills: "quick reflexes" and "lasting influences." Take the example of a CEO attending the annual general meeting with over 1000 employees. During this event, the CEO shakes hands and engages in brief, informal interactions lasting about 10 seconds with each employee. Through a smiling face, friendly questions,

a firm handshake, genuine eye contact, and a pat on the shoulder, the CEO aims to trigger a quick reflex in each employee. Since this CEO won't meet frontline and junior employees again for another year, they have only this brief moment to leave a lasting leadership impression. Given that an average person speaks 3 to 4 sentences in 10 seconds, the leader must effectively motivate the employee within this short window. Employees have access to larger amount of information, more opportunities to switch and a very limited attention span due to the intense consumerism of social media and technologies.

a firm handshake, genuine eye contact, and a pat on the shoulder, the CEO aims to trigger a quick reflex in each employee. Since this CEO won't meet frontline and junior employees again for another year, they have only this brief moment to leave a lasting leadership impression. Given that an average person speaks 3 to 4 sentences in 10 seconds, the leader must effectively motivate the employee within this short window. Employees have access to larger amount of information, more opportunities to switch and a very limited attention span due to the intense consumerism of social media and technologies.

Now, consider another scenario: a CEO regularly collaborates with other CXOs, meeting and working together daily. Initial leadership charisma can create momentum with these executives initially. However, over time, this initial charisma fades. After the honeymoon period of their tenure, tough questions and decisions arise, often leading to conflicts in thinking and priorities. At this point, a leader must demonstrate the second type of trait: "lasting influence." Lasting influence involves maintaining employee motivation and expertise over the long term, rather than just a brief interaction. It's about extending a hand to colleagues and walking hand-in-hand through a journey. AI can help use to find the answers, but we should know to ask the right questions. AI can help us to summarize the statistics, but we need to make the conclusion and decision from them. AI can help us with qualitative performance metric of my employee, but as a human being I should address their instincts. Technology would help us with new communication tool like gamification, shadow project, virtual reality, LMS (Learning Management System) but we should assess the

"Our future revenue currently resides in the pockets or bank accounts of others, earned through their hard work and sacrifices. Without understanding human psychology, we cannot effectively channel these funds into our revenue model." - Mashahed Hassan Simanta

physical and mental condition of the human being to best curate the dimension of communication.

A leader can build lasting influence through four dimensions of communication skills, which ultimately lead to desired results.

- Oral Communication
- Written and visual Communication
- Summarized Communication
- Detailed Communication

Some of our employees are auditory learners, meaning they learn best through listening. As leaders, it's crucial to communicate clearly and concretely verbally. On the other hand, some employees are visual learners. For them, effective communication involves using diagrams, models, flowcharts, written documents, relevant videos, prototypes of products, or other visual aids. Adapting our communication styles to these preferences ensures we effectively reach and engage all team members.



Some of your employees may perform better with detailed briefings. In such cases, it's important to explain slowly and thoroughly to ensure clarity. However, it's also crucial to gauge the appropriate level of detail. Over-explaining or justifying decisions excessively can diminish their impact. Conversely, in certain situations, concise communication can foster innovative thinking by allowing team members to connect the dots themselves.

As a leader, mastering both oral and written communication is essential. Moreover, offering both summarized and detailed communications on a case-by-case basis is key. We should always remember; a single person may need all 4 types of communication in different cases. Understanding this diversity helps us tailor our approach to effectively lead individuals and teams.

Leading other leaders adds another layer to leadership. It demands exceptional clarity and precision. All top industry leaders should possess both approaches to leadership, whether they have 10 seconds or 10 years to lead. Understanding the nuances between these two scenarios is crucial for effective leadership.

Leadership demands maturity, which can be defined succinctly as 'degree'. We are having more data about an individual, organizations, product, customer, and industry. Knowing the data, is not enough. We need the expertise to filter, fact-check and prioritize them. This degree determines a leader's impression and effectiveness in various aspects:

- Knowing how much information to share and withhold.
- Balancing between managing and micromanaging.
- Deciding when to empower others to make decisions and when to actively contribute.
- Striking a balance between assessing situations and making assumptions.
- Determining the right mix of predicting outcomes and exerting control.

Our common sense and understanding of human psychology serve as invaluable strengths in leadership. Let's not let AI make us dependent, rather empower our business & human acumen.



“Belt and Road” Initiative Benefits the People of Laos: Notable Achievements in China-Laos Collaborative Projects

SILK ROAD

China and Laos share common mountains and rivers, and as socialist neighbors with intertwined destinies and futures, they have fostered a strong friendship. Over the past decade, adhering to the principles of shared consultation, construction, and benefits, China and Laos have orderly advanced the integration of the “Belt and Road” initiative with Laos' strategy to transform from a landlocked to a land-linked country. They have implemented key projects and tasks under the “Belt and Road” initiative, achieving significant results in the joint development plan.

Currently, the two nations are focusing on the construction of the China-Laos Economic Corridor as the main axis, with major projects such as the China-Laos railway and power grid cooperation serving as the backbone. Based on the principle of mutual benefit, comprehensive and in-depth practical cooperation across various fields has been carried out, bringing tangible benefits to the peoples of both countries.

Effective Connectivity

The China-Laos railway, a symbol of happiness, development, and friendship for the people of both nations, commenced operations in December 2021. By the end of 2023, the Lao section of the railway had run over 8,000 freight trains, transporting 6.4 million tons of goods. In terms of passenger transport, as of November 30, 2023, the Lao section had operated 5,412 passenger trains, carrying a total of 3.728 million passengers.



Wang Yanguo

He is a graduate of law, researcher (professor) title, who has served as a senior leader at the national ministries in China. He was responsible for agricultural planning, environmental protection, resource management, administrative legislation and comprehensive management. He also served as the principal of China Council for the Promotion of International Trade (Mining), China Mining Association, and China International Chamber of Commerce for the Private Sector. Wang Yanguo has published more than 10 books in various disciplines, including economic transformation of resource-based cities, administrative legislation, private economic development, international cooperation of enterprises, and NGO research, and more than 100 articles in national journals. He is a representative expert on private economy and international cooperation at a national think tank and has won the "National Policy Maker Award" from the National Think Tank. He is currently the Chairman of the Beijing Headquarters and China Committee of the Asia-Pacific Trade Agreement Chamber of Commerce and Industry.

The Vientiane to Vang Vieng section of the China-Laos Expressway opened in December 2020. As the first expressway in Laos co-invested by China and Laos, its convenient transportation has made Vang Vieng and areas along the expressway affordable vacation spots for residents of the capital, Vientiane, boosting domestic tourism in Laos. In June 2022, the China-Laos power grid achieved bidirectional transmission for the first time in 12 years. In November 2015, China Aerospace successfully launched the “LaoSat-1” communication satellite for Laos, allowing many users in Laos and neighboring countries to watch television programs via the satellite.

Steady Progress in the Construction of the China-Laos Economic Corridor

At present, both countries are coordinating practical cooperation in areas such as transportation, industrial capacity, agriculture, cultural tourism, and social welfare, with the China-Laos railway as the foundation. At both ends of the railway, key projects like the Saysettha Development Zone are being operated efficiently, and steady progress is being made in the construction of the Mohan-Boten Economic Cooperation Zone, with practical cross-border industrial cooperation underway.



Deepening Exchanges in the Humanities and Health Sectors

China and Laos actively promote the establishment and development of friendly cities, especially in border regions, and strengthen cooperation in language and cultural education. They have also initiated exchanges and cooperation in medical services, traditional medicine, and the prevention and control of infectious diseases such as tropical diseases. In October 2023, the Lao Railway Vocational and Technical College, built with Chinese government aid, was handed over. This college is the first railway vocational and technical institution in Southeast Asia, filling a gap in Laos' railway professional technical education. The first phase of the China-aided Mahosot Comprehensive Hospital in Laos is now in use, and the second phase is progressing vigorously.

Laos is one of the greatest beneficiaries of China's major initiatives and concepts, looking forward to continuously strengthening the construction of a community with a shared future with China, for the benefit of the peoples of both nations.

BREATH

Green economy transition in the Asia Pacific



Dr. Rajeev Singh

Dr. Rajeev Singh took over as Secretary General, Indian Chamber of Commerce, Kolkata with effect from 1st September, 2006. The designation was revised to Director General ICC afterwards.

Prior to his appointment as Secretary General, Dr. Singh was actively involved with CII for more than 5 years as Regional Director, posted in Chandigarh & Ahmedabad and subsequently in Kolkata. He has done extensive work in the fields of Central & State Policy Advocacy, Service Sector, Agro Business, Taxation and Bio-Technology.

Dr. Singh has also been involved with expansion of ICC activities in various regions of India and also internationally. He was also involved with opening of new ICC offices in New Delhi, Bhubaneswar, Ranchi, Mumbai and Hyderabad Office

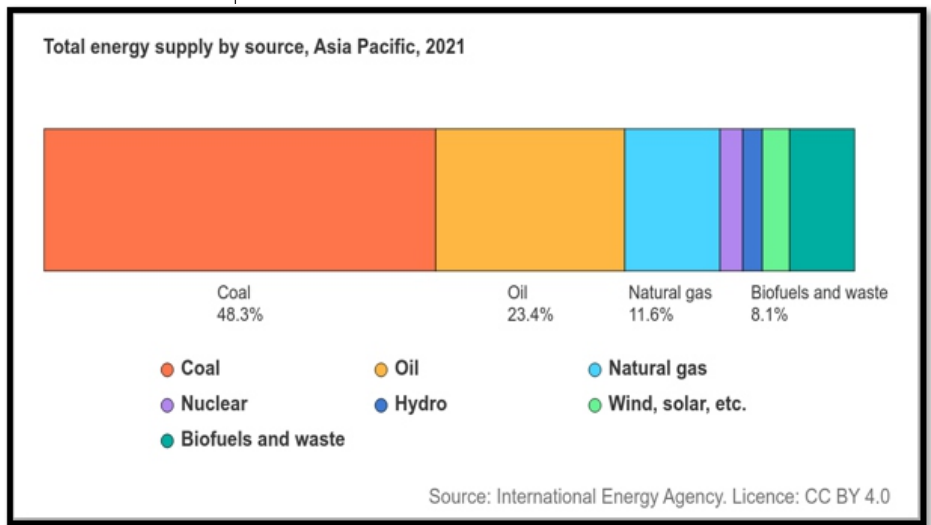
Dr. Singh is an invitee member of various Government Committees on Policy matters. He has also spearheaded different economic policy reports, sectoral reports etc. He has travelled extensively to various countries like USA, China, Singapore, France, Spain, UK, Belgium, Thailand, Vietnam, Myanmar, Bangladesh etc.

In a period spanning over 27 years, Dr. Singh began his career with Rajasthan Oil Federation as Deputy Manager. He was later associated with corporate house like Arvind Mills Limited, etc.

Dr. Singh has done his PhD in Management and has also been associated with academics as Professor in Management with Specialization in Marketing.

Dr. Singh is a sports enthusiast and enjoys getting involved with social developmental activities. He is married with two children.

Home to 60 per cent of the world's population (numbering some 4.3 billion people), housing five of the ten largest emitters in the world (China, India, Indonesia, Japan, and South Korea) accounting for about 45 per cent of global greenhouse gas emissions, commanding a large share of global nominal exports and imports - 39 per cent and 36 per cent respectively (in 2023), the Asia Pacific region (APAC) is the growth axis of the world. Analysts feel economic growth in APAC will generally remain strong in 2024, especially for the emerging markets. Real gross domestic product (GDP) is projected to expand by, or above, 5 per cent in India, Indonesia, Philippines and Vietnam; China's performance is expected to be stronger than most of the countries. In comparison, global economic growth for 2024 is projected at 3.2 per cent only. The pace of green economy transition in APAC is going to be impactful and diverse, depending on the availability of key enablers in the region, namely supportive policies, technological advancement and green financing options.



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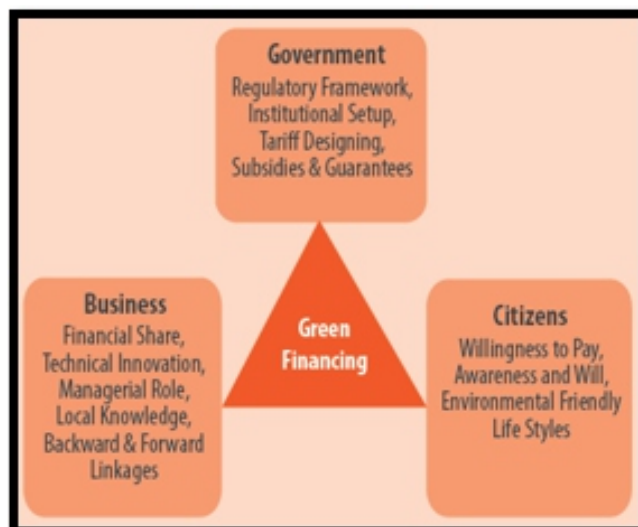


Green policy: Fossil fuel subsidy is considered a major deterrent for green energy transition. A phased withdrawal of these kind of subsidies, introduction of carbon pricing and simultaneous PPP investment in R&D for green technologies is the need of the hour. By directing capital towards sustainable practices and technologies countries can promote green economies. To build investor trust and confidence, countries can work on enhancing the framework on data, taxonomies, and disclosures. Robust mechanisms must be put in place to contain green washing. The greening of Regional Value Chains in APAC would help to promote value chain sustainability. Countries may also adopt targeted green stimulus policies. China, the largest economy in APAC (US\$17.52 trillion in 2023) says it “will strive to peak carbon dioxide emissions before 2030 and achieve carbon neutrality before 2060”.

Green technology: The Asia and the Pacific region accounts for more than half of the global energy consumption and its demand for green technology is growing faster than in any other parts of the world. APAC investments in renewable energy generation by 2030 is slated to double to \$1.3 trillion from the previous decade, while fossil fuel power expenditures are expected to slide by about 25 per cent to \$54 billion annually. In particular, clean energy generation sources such as solar, wind, bioenergy and small-hydro are most in demand at the moment.



With profound commitment from Governments towards net zero, interesting opportunities are unfolding for technology companies/startups in the arena of solar and wind, smart grids, green vehicles, and green buildings. Emerging countries whose growth and developmental needs are still high can tap suitable technology transfer opportunities. In a nutshell, the growth of green technologies in the APAC can be supported through enabling government policies, greater environmental awareness and consciousness for business and consumers, technological advancements, cost competitiveness and corporate sustainability initiatives.



Source: UN Environment Programme

Green financing: Despite the presence of multilateral agencies like the United Nations' Green Climate Fund and implementation of the Paris Agreement, many countries in the APAC region still face considerable green financing gap. For emerging nations in the APAC, blended finance, which combine both public and private capital, and allows investors to choose different 'risk tolerances', can play a significant role in attracting green investments. This practice has successfully worked for cross border power projects in Africa.

India for instance is one of the hotbeds of innovation in the APAC- it has the 3rd largest startup ecosystem in the world and also has the second-largest number of SMEs in the world. Standing tall on its commitment towards the green economy transition, India plans to spend nearly 44 per cent more on green projects and schemes in the next fiscal year, using sovereign bond proceeds. This can be a model for other emerging economies in APAC. For the Pacific island countries and other small economies, robust public investment management practices and compliance with global climate funds can pull in greater green investments.

Conclusion: Empirical evidence shows policies are as good as their implementation. For APAC to reach its full potential, there is a need to bridge the policy -implementation gap. With APAC firms emerging as leading sustainable business ventures in the world, it is time to tap innovative financing and technology solutions to create a domino effect. Last but not the least, green economy transition calls for continual awareness generation and upskilling of the workforce.

(Compiled by Dr.Rajeev Singh - Director General Of Indian Chamber of Commerce)



HORIZON

Working towards a sustainable future ; Sri Lanka Story



LEONIE VAAS

She is the Head of Sustainability at Hayleys Fabric PLC and has 14 years of expertise in the textile industry. She is the United Nations SDG pioneer for Responsible Production in 2021 as the one out of ten in the world. It also marks the first occasion in which a Sri Lankan representative has been selected as a SDG pioneer. She is a sustainable product innovator, having just invented "Warna by Mahogany" a natural fabric dyeing with waste to fashion concept which was recognized in the global textiles platforms.

She holds Lean Six Sigma Black Belt in Manufacturing sector and is a lead auditor for ISO 14001 Environmental Management System and certified Sustainability Manager. She is also an experienced professional for ISO 14001, ISO 45001, and ISO 50001, as well as Energy and water management. Apart from that, She is a visiting lecturer in sustainability for Brandix Corporate Campus - Sri Lanka and the University of Moratuwa - Sri Lanka. She is a chemical Engineer by profession obtained from Engineering Council, UK and she obtained her MBA from Cardiff Metropolitan University, UK. Presently she is reading her PhD in sustainable management.

HAYLEYS FABRIC PLC



Hayleys Fabric PLC, a subsidiary of Hayleys PLC, stands as a leading textiles manufacturer in Sri Lanka. Following the strategic acquisition of South Asia Textiles in April 2021, Hayleys Fabric group has become the largest weft knitted fabric manufacturer in Sri Lanka, commanding a substantial 45% market share, including 3285 employees, driving the company's mission forward. Market capitalization of Hayleys Fabric PLC stands at LKR 17076 Mn, making it a significant player in the industry. Since its inception in 1993, the company has been dedicated to delivering comprehensive solutions spanning from design to the manufacturing of fabric crafted from natural, synthetic, and blended fibers. With a total fixed asset value of USD 44.5 Mn, the company is well-equipped to meet the demands of the market. As a purpose-driven entity, Hayleys Fabric PLC is committed to strengthening the fabric of society by knitting together a better environment for ALL!



As the Head of Sustainability and Innovations at Hayleys Fabric PLC, I am thrilled to unveil the tapestry of our journey, knitted with the strings of sustainability, guiding us towards a radiant future, setting new benchmarks in the textile industry while prioritizing environmental stewardship, social responsibility, and good governance.

Recognized as a world-class fabric manufacturer with a high degree of innovative capabilities, we have become synonymous with quality and innovation in the textile industry. However, as leaders in the textile industry, we understand the responsibility we have towards the environment and society. Textile industries are known to be the second-largest polluters globally, and it's imperative that we pay attention to sustainability to reduce our impact. With sustainability becoming a global trend, it has now become a core area of our business.

We are committed to contributing to the United Nations Sustainable Development Goals (SDGs) through our operations and strategic CSR initiatives. Our commitment to sustainability is reflected in our adoption of the Hayleys Lifecode, which was born with the intent of embedding Environmental, Social, and Governance (ESG) considerations across our strategy and decision-making processes.

Illustrated alongside are the environmental and social pillars of the Life Code, along with our achievements in 2023/24 in progressing towards the Group targets. While we are proud of our achievements, we know there is a lot more work to be done. We will continue to intensify our focus on creating a positive environmental and socio-economic impact in the communities where we operate.

Environmental sustainability is paramount to us at the Hayleys Fabric PLC. Within our operations, we've seamlessly integrated environmentally friendly practices, adhering to ISO 50001 energy management standards and ISO 14001 environmental management standards.

Our focus on environmental sustainability spans six key areas: Energy and Emission management, Water and Effluent Management, Material and Waste Management, Chemical Management, Biodiversity conservation, and Sustainable Innovations. Through this holistic approach, we strive to minimize our ecological footprint and contribute positively to the planet.

In the world struggling with climate change, Hayleys Fabric PLC is leading by example as the first textile manufacturer in Sri Lanka to pledge to the Science Based Targets initiative (SBTi). The company is committed to achieving net-zero emissions by 2050. We are proud to host

Sri Lanka's largest solar roof system, contributing 4.6 MW to the national grid. Additionally, a floating solar system is installed on the factory premises recently. By these initiatives, 69% of our energy requirements are met through renewable sources. During the Financial year 2023/24, we have successfully reduced our carbon footprint by 16% and we have achieved this through a combination of energy-saving initiatives and investments in renewable energy sources.

Water is a precious resource, and we are committed to its responsible usage. We have set ambitious targets to reduce our water intensity by 24.8% by 2025 based on the baseline of 2020/21. To achieve this, we have implemented department-wise water-saving projects and conducted a comprehensive water audit by a third party to understand our usage better.

In 2021, we became the first textile manufacturer in the local industry to be a signatory to the UN Global Compact CEO Water Mandate. By adopting the Mandate's Water Stewardship Framework, we respond to water risks and work towards sustainable water management. As part of our commitment to public policy, we ensure compliance with local and global rules and regulations on wastewater discharge. Hayleys Fabric PLC there is an effluent treatment plant with a capacity of 5000m³. This includes adherence to both local and global regulations while discharging the water.

A sustainable supply chain is maintained through the entire procurement process in Hayleys Fabric PLC. The main raw materials we use for production are Yarns, Dyes, and

Chemicals. We participate in policy and regulatory developments within the local textile industry while, through our platforms and partnerships, sharing our technical knowledge and best practices to inspire others to adopt similar ethos. In our supply chain and watershed management, we prioritize sustainability by vetting all dye and chemical suppliers for Zero Discharge of Hazardous Chemicals (ZDHC) compliance. Hosting the virtual forum "CHEMILEYS" in July 2022 allowed us to exchange best practices on chemical safety and compliance management.

The compliance team supervises our chemical management systems. Achieving ZDHC accreditation and holding awareness forums for our chemical suppliers are two examples of this. Additionally, we have effectively executed the Supplier to Zero initiative and consistently conducted surveys to verify our chemical suppliers. These initiatives demonstrate our steadfast dedication to reducing our negative environmental effects, placing a high priority on product safety, and maintaining compliance standards across our whole business.

Innovation is at the heart of Hayleys Fabric PLC's sustainability journey. We are focused

on sustainable innovations in both product and process. One of the best product innovations done by us is "Warna by Mahogany". We have developed natural dyes like Mahogany dye, which reduce the use of harmful chemicals and provide eco-friendly options for our customers.



“WARNA”

In the journey of spearheading a shift towards eco-friendliness in the textile industry, adopting natural dyes over harmful synthetic dyes is a one major step of Hayleys Fabric PLC. Our innovative "Warna by Mahogany" dye, derived from mahogany wood waste from the local furniture industry, showcases a commitment to sustainability. This move aligns with several Sustainable Development Goals (SDGs), including reducing water pollution, promoting circularity, and mitigating climate change. By introducing eco-friendly dyes, Hayleys Fabric PLC aims to lower water pollution and landfilling while improving energy efficiency in the dyeing process. Moreover, the natural dyeing methods ensure non-toxic products for consumers. This initiative not only benefits the environment but also enhances market competitiveness by offering novel eco-friendly products. Transitioning to natural dyes like “Warna by Mahogany” presents a tangible solution to reduce greenhouse gas emissions, with a single impact life cycle assessment indicating a significant 36% reduction.

At Hayleys Fabric PLC, we are deeply committed to protecting and nurturing the surrounding environment through well-managed nature conservation programs and initiatives.

The “Diyathuru Uyana” project focuses on preserving nine acres of wetland habitat, safeguarding endemic and threatened flora and fauna species. Also, our factory is situated in a flood-prone area, this wetland park plays a vital role in significantly reducing flood risks. In the biodiversity study which was completed with the guidance of the Biodiversity Secretarial - Ministry of Environment 146 plant species, and 149 animal species, including 2 endemic plant species and 18 endemic animal species in this zone were identified. Additionally, the Green Belt project has been crucial in offsetting our greenhouse gas emissions and enhancing biodiversity.

Hayleys Fabric PLC collaborates with local universities and government institutions to champion environment sustainability, especially biodiversity conservation and sustainable innovations. Through these partnerships, we invest in research initiatives aimed at preserving threatened species and ecosystems while also dedicating resources to sustainable innovations.

By leveraging the expertise and resources of academic and governmental partners, we strive to develop innovative solutions that promote environmental sustainability. These collaborations not only enhance our conservation efforts but also foster knowledge exchange and community engagement, driving positive impacts for both environment and society.

Hayleys Fabric PLC has demonstrated a steadfast commitment to workplace safety and ethical labor practices through its ISO 45001 certification and continuous compliance. By aligning with the Ethical Trading Initiative (ETI) base code,



ECO CHAMPIONS

The **Eco Champions Awards 2023** served as a platform to recognize and celebrate the achievements of internal departments in delivering significant environmental benefits while enhancing financial performance. Through projects focused on Energy and Emission intensity reduction, Water intensity reduction, Waste reduction, Material reduction, Circular economy initiatives, and Sustainable innovations in both processes and products, participants demonstrated their commitment to sustainability. By prioritizing these areas, departments not only contributed to a healthier environment but also optimized operational efficiency and resource management, leading to cost savings and improved bottom-line performance. Moreover, the event itself set a positive example by being carbon-neutral and entirely plastic-free, aligning with the principles of sustainability it aimed to promote. We engaged every employee, from top to bottom, to be Eco Champions, communicating the importance of sustainability across all levels of our organization.

In addition, we adhere to integrated reporting standards where both financial and non-financial data will be reported in the Annual Report. Additionally, we embrace mandatory sustainability reporting standards GRI (Global Reporting Initiative) and SASB (Sustainability

Accounting Standards Board), 10 principles of UNGC, and TCFD (Task Force on Climate Related Financial Disclosures) guidelines, further exemplifying our commitment to transparency and accountability. For our newest annual report, we are looking forward to adapting the IFRS standard.

the company ensures fair treatment and respect for workers' rights across its operations. Additionally, its annual assessment through the Higg Facility Social & Labor Module (FSLM) underscores its dedication to maintaining high standards of social responsibility and sustainability within the textile industry.

We understand that our operations have an impact beyond our factory walls. As a responsible corporate citizen, we believe in giving back to the communities in which we operate. We are deeply committed to community engagement and strive to make a positive impact on the lives of the people around us.

For that, we conduct virtual and physical awareness sessions, social media campaigns, and competitions to engage with our employees and the general public. Through these initiatives, Hayleys Fabric hopes to inspire positive change and encourage others to join us in our efforts to create a more sustainable future.

At Hayleys Fabric PLC, transparency forms the foundation, we meticulously calculate and verify both our carbon and water footprints with the aid of third-party verification. Moreover, we subject ourselves to routine customer audits to uphold the utmost sustainability benchmarks.



As the Head of Sustainability and Innovations at Hayleys Fabric PLC, I am proud of the progress we have made towards fostering a better sustainable future. Thanks to the appropriate direction provided by top management as well as the dedication and ongoing supportive participation from every department we are driving towards a positive change and making a lasting impact on society and the environment. With a focus on environmental stewardship, social responsibility, and good governance, Hayleys Fabric PLC is paving the way for a more sustainable future for generations to come.

INSPIRE

Cultivating inclusivity: Coaching and tools in agribusiness



The demand for adopting more inclusive value chains in the private sector is apparent on all fronts. Customers are more mindful of their purchases, with extensive access to product information. Investors now prioritize environmental and social impacts alongside profitability, driving the growth of green and impact investors. International regulations increasingly emphasize sustainability and traceability. Companies, especially after COVID-19 disruptions, seek resilience by ensuring commercial viability and risk mitigation. While it might seem like the obvious choice, many companies are yet to adopt inclusive business models. This could be due to a willingness to operate "business as usual" and a lack of awareness about the benefits of inclusivity. Many companies have not engaged with their source communities and are ill-equipped to incorporate their socio-economic needs into their business plans. They often need help understanding how addressing these needs can lead to business growth and

improved revenues. In such cases, providing inclusive business coaching is critical. ESCAP, as part of its [Regional Inclusive Business Models in Agriculture and Food Systems](#) initiative supported by the Bill & Melinda Gates Foundation, is collaborating with local organizations such as Ecociate to provide tailored coaching to 28 enterprises in India and Viet Nam. Partnering with local organizations enables the provision of in-person support and facilitates gaining insights into the regions, ultimately enhancing the impact of the inclusive business coaching.

Some companies already understand. They are responding to external market requirements, such as the United States and European Union, where questions of sustainability and traceability are now key," explained Kirti Mishra, Co-Founder and Director of Ecociate

Unlike social enterprises or corporate social responsibility programmes, inclusive businesses in agriculture use a for-profit model that aim to create value for farmers and their communities - while still creating value for the company. This is because they incorporate smallholder farmers into their value chains in a mutually beneficial way and such opportunities present themselves along the entire value chain.

As the inclusive business coaching continues, [more](#) and [more](#) success stories emerge of companies making an impact in their local communities by making the low-income and marginalized communities into their value chain as suppliers, distributors, and/or customers. They provide these populations with better income and livelihoods, while generating higher profits, more investment opportunities and visibility, and new market.

“Companies need support to understand and include the multiple needs of the local communities, discover community-based institutions and what value they can bring, collaborate with local and national governments to benefit from existing policies and respond to changing consumer requirements on traceability and ethics,” Kirti explained.

Inclusive business coaching emphasises how sustainability and social impact can be a critical part of core businesses, not just an add-on. It helps companies develop the in-depth knowledge and analytical skills needed to understand how to intentionally engage with those at the base of the economic pyramid and innovate while expanding their business.

“We are talking about a sustainable triple bottom line: profits, social impact and environmental sustainability,” Kirti said. “By engaging with the farmers, the social impact is quite extensive. By training them in sustainable production, we are [also] reversing the degradation of our food and climate change, and companies still make a profit. The farmer wins, the company wins, and the consumer wins.”

(with kind permission from Marta PÉREZ CUSÓ
Economic Affairs Officer, Trade, Investment and Innovation
Division/ Innovation, Enterprise and Investment Section
United Nations Economic and Social Commission for Asia and
the Pacific)
regds

While inclusive business models showcase the possibility of achieving economic growth and prosperity while ensuring that no one is left behind, challenges remain in their widespread adoption. Enhancing the policy environment is imperative, but an additional aspect of enabling companies to implement inclusive business models is providing them with the necessary tools and resources. To supplement the inclusive business coaching services and support other firms, ESCAP has developed the “[Growing Your Inclusive Agribusiness: A Toolkit for Businesses](#)”, which is based on in-depth sector research and case studies. The toolkit showcases existing experiences and lessons related to inclusive agribusiness and distils them into a hands-on guide for practitioners and to help combine social impact with profitability while working with smallholder farmers.



The toolkit will be launched during the [Impact Harvest Forum](#) and made available on ESCAP publication channels. The forum will serve as a hub for diverse stakeholders, including coaches and companies participating in the inclusive business coaching program, to explore investment and financing opportunities for inclusive business models. The aim is to foster the scaling up of these models to drive both commercial viability and social impact, uplifting those at the base of the economic pyramid.

Urgana becomes organic brand

The Mongolian National Chamber of Commerce and Industry (MNCCI) grants Urgana Industry LLC's Urgana brand right to use the 'organic products' eco-label for their liquid hand soap, hair care products, dishwasher salt, antibacterial floor cleaner, and salt toothpaste because these products are environmentally friendly and harmless to humans and animals. The products are also a microbiological organic product with no side effects and no chemical ingredients, and the production management and quality indicators meet the requirements of organic products. Founder of Urgana brand, B.Chantsaldulam says, “Our company currently manufactures over 50 types of products and supplies to the domestic market. We also export our products to China and Kazakhstan, and we will soon expand our market to European customers.”



Deputy Director of MNCCI, Ts.Magnaibaatar presented the certificate of “Organic Products” and wished to work successfully in the future by bringing many new types of eco products to the market. MNCCI voluntarily issues the “Certified organic” label to products made from national and natural raw materials. According to the Organic Food Law approved in 2016, MNCCI will not issue the label to food products, but only to non-food products. Organic certification is a certification process for producers of organic food and other organic products. Organic products mean that no chemical fertilizers (pesticides), synthetic fertilizers, ionizing rays, or genetically modified organisms were used in the planting, growing, and processing of the ingredients and raw materials used in the production.



(With kind courtesy of Mongolian National Chamber of Commerce and Industry)

APTA CCI CORE ACTIVITIES



**Asia-Pacific
Cooperation
Fund Working
Symposium**



Youth E magazine



**2nd Asia-Pacific
Business
Cooperation and
Development
Forum**



**Youth debate on
SDG goals**



**Think tank /
Entrepreneur
Committee.**



**Introduction of
Trusted Trader
Certification Scheme**