



Our Kind of Integration

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ASEAN bloc hailed as

one of the fastest growing

and rapidly-integrating regions

Population:

2001

500 M +

Today

**close to
600 M**

GDP:

US\$700 B

US\$1T

Foreign Trade:

US\$737 billion

US\$1T +

ASEAN Members

- ▶ Brunei
- ▶ Cambodia
- ▶ Indonesia
- ▶ Laos
- ▶ Malaysia
- ▶ Myanmar
- ▶ Philippines
- ▶ Singapore
- ▶ Thailand
- ▶ Vietnam

**Surrounded by dragons: old -- Japan, NICs (SK, Taiwan, HK)
new -- China and India**



● ASEAN – fulcrum of bigger East Asia Community (EAC)?

In the beginning, ASEAN 6 (Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand)

Today, ASEAN 10 (+ CLMV – Cambodia, Laos, Myanmar and Vietnam)

Tomorrow – EAC or ASEAN + 3 (China, Japan and Korea)

EAC represents **2 billion market**
GDP bigger than US or EU



World's focus on ASEAN – Noodle bowl of trade talks

China concluding ASEAN-China Free Trade Agreement (ACFTA), w/ 'early harvest' to ripen to FTA by 2010

Japan's counter-offensive – EPAs w/ individual ASEAN countries (offering \$100 M to fast-track East Asia FTA)

US has TIFA w/ ASEAN and FTA w/ Singapore, Thailand and negotiating w/ Malaysia and RP

Others waiting: SK, A/NZ, India, EU, Russia

ASEAN also supporting trade talks under WTO, APEC

Common thrust -- liberalization



Within ASEAN – More liberalization

AFTA-CEPT – 2003-04 for ASEAN 6

2007-08 for ASEAN 4

AICO

ASEAN Economic Community by 2020

now being advanced to 2015

11 PIPs (electronics, automotive, garments, textiles, aviation, E-ASEAN/ICT, health care, agri, fishery, rubber, wood) – target completion date: 2010

Service sector liberalization (AFAS)

Investment liberalization (AIA)

Facilitating measures – MRA, ASEAN visa, etc.

Overall, positive projections for ASEAN and its liberalization projects

Liberalization projections --

more trade

more exports

more competitive domestic industries
in individual countries

higher flow of foreign investments

more jobs

more wealth

for everyone



Downsides of liberalization hardly discussed

Asian 97-98 financial crisis preceded by financial sector liberalization (speculators given a free hand, millions lost jobs overnight)

UNDP '99: economic liberalization and privatization do not automatically lead to growth, development and welfare for all

Needed: **calibrated liberalization, calibrated protection to protect jobs and livelihoods**

liberalization should not be for sake of FDIs only
governments should not give up duty to provide basic services
(problem of marginal sectors)



UNDP Asia-Pacific 2006 Report: INTERNATIONAL TRADE MUST PROMOTE HUMAN DEVELOPMENT

Trade is not an end in itself, but a means toward the
goal of better lives for all

Globalization and ASIA-PACIFIC



**Asia-Pacific at the forefront
of globalization (esp. East Asia)**

**Sharp growth in
exports, but also
in imports**

**250 M lifted out of poverty
But rise in inequality
and jobless**



JOBS and ASIA-PACIFIC

Many of the open economies of Asia-Pacific, particularly in East Asia, are creating far fewer jobs and experiencing “jobless growth” –

1980s: 337 M new jobs; 1990s: 176 M only

Rising labor migration, 3.5 M ‘circulating’ w/n SEA

More work for women but



without full rights



double burden



low working conditions and wages



Free trade and agriculture

Rising import dependence
Asia home to 65 % of the world's food insecure
Rising hunger (and anger?)

In SEA, Indonesia, Thailand and Vietnam
net exporters (but w/ rising imports too)

Rest net importers

Damaged security of small farmers due to falling
prices, rising cost of inputs, withdrawal of
state services, land consolidation, rising
gender inequality and unsustainability

2003 Bali Concord

Historic document

Declared ASEAN goals of having
equitable economic development
reducing poverty and
socio-economic disparities
based on a community of 'caring societies'

ASEAN to be transformed as 3 communities in One
(prosperous) economic community
(united) socio-cultural community
(stable) security community

But How?

Who is integrating ASEAN?

In industry – integrators are big corporate players (w/ regional/global reach)



Big domestic companies investing across ASEAN, e.g, Temasek, San Miguel, Kuok group, Salim group, CP, etc. plus BIG BANKS

For ASEAN regional integration projects -- PIPs/AICOs – done by TNCs, e.g. car makers like Toyota, Nissan, Ford, etc.

Japanese, Asian NIC, American and EU TNCs have global supply chains in SEA and Asia as a whole, treating ASEAN as one market

In agriculture, integration occurring at three levels

First,
agribusiness expansion from within

- CP of Thailand
- San Miguel of the Philippines
- Palm oil interests of Malaysia

Second,
as backyard garden,
source of raw materials by –

- Japan
- South Korea
- China (Early harvest)



Third, as market for agri inputs by global agribusiness producers

from US, Canada, Australia, EU, Japan

then – through the Green Revolution

now – through the Gene Revolution

Cargill has 11,000 people (out of 82,000 globally) in Asia

Monsanto most active in biotech experiments in ASEAN

DuPont trying to develop the 'golden rice' – fortified with vitamins

In services, integrators are the biggies

Big banks, telecoms, supermarket chains, etc. **merging, branching, consolidating and acquiring assets** all over the region

Cross-border transactions done mainly by the TNCs

Global production networks now supplemented by **global service networks** (call centers, BPOs, IT programming, B2B marketing)

ASEAN's decisions – hasten service liberalization through AFAS (based on GATS of WTO), HRD collaborations

MRAs (movement of professionals), but how about ordinary migrants?

So where are the people in integration process?

Workers in the formal industry and services?

Workers in the large informal sector?

Farming community – owner-cultivators? Settlers? Lessees?

Tribal farmers?

Artisans? Numerous micro entrepreneurs?

Small and medium enterprises w/ no linkages w/ regional/global markets?

Role in REGIONAL INTEGRATION?

Reality: small producers/biz least able

Home-oriented industries unable to fend off market offensives by TNCs and global traders, including smugglers

Small retailers, distributors, e.g., small shops of Bangkok protesting vs. Carrefour, Ahold, Casino

Small farmers angry over declining incomes, collapsing farms



Home-based producers further marginalized

Reality: not all countries created equal

GDP per capita of Singapore US \$20,000 +
but CLMV and Timor Leste per capita less than US \$500

Singapore, Brunei, Malaysia, Thailand – prepared for
liberalization

CLM and Timor Leste -- least prepared

Indonesia, Philippines – liberalized but heavily indebted

Convergence?

Trajectory of integration?

40 % + of intra-ASEAN trade – electronics assembly

40 % + of intra-ASEAN trade – w/ Singapore w/ numerous BFTAs

intra-ASEAN less than 20 % of extra-ASEAN trade

extra-ASEAN trade by individual ASEAN countries rising faster than intra-ASEAN trade, esp. w/ China

Japan wants to maintain ASEAN as assembly site for labor-intensive industrial products, as backyard garden and as sushi bar; China wants ASEAN as source of raw materials and develop similar linkages; US wants to preserve economic influence and expand market in the region (US-ASEAN Agri committee most active)

Is liberalization the same as integration?

Towards a Social ASEAN


Present integration formula based on narrow liberalization – one-sided, too pro-TNC

Need to challenge ASEAN to address:

- role of working peoples, small producers
- uneven development across the region
- special and differential treatment clause
- food security
- core labor rights
- environmental sustainability
- ethical standards for TNCs



Challenges for ASEAN Working Peoples and organizations



- Having a 'voice' in
Defining socio-economic rules of regional
integration (based on TU/CSO vision of balanced,
inclusive and equitable development), especially
in engaging ASEAN Leaders, EPGs, biz
community, other stakeholders on ASEAN Charter

- Forging solidarity and networking (including B2B)
among small producers, small farmers, home-
based workers, etc. at the
national
regional levels

- Contributing to the development of the overall
architecture for

Social ASEAN/ Social Asia



**ASEAN is first and foremost a
Community of PEOPLES**

