Asia Pacific Network on Food Sovereignty regional workshop papers

Manila, Philippines

6-9 November 2004

From the Green Revolution to the Gene Revolution: Agriculture, AFTA and the TNCs

Rene E. Ofreneo, Ph. D. Professor, UP School of Labor and Industrial Relations Executive Director, Fair Trade Alliance (Philippines)

Introduction

In Bali October of last year, the heads of the different member states of the Association of Southeast Asian Nations (ASEAN) declared their vision of an integrated ASEAN Community by 2020. According to the Bali Concord II, this ASEAN Community will be achieved through 'three pillars' – the ASEAN Security Community, the ASEAN Socio-Cultural Community and the ASEAN Economic Community.

Among the three pillars, what has received great attention and publicity is the concept of an ASEAN Economic Community (AEC), characterized by zero internal tariffs (within the ASEAN borders) and the Southeast Asian region constituting one integrated economy. The ASEAN, which started in 1967 as a politico-security bloc aimed at countering the influence of the Communist bloc in Asia, is better known inside and outside the ASEAN as a regional economic integration project.

But if regional economic integration is indeed the ultimate goal, who is doing the integration? And how is such integration reflected in the agricultural sector?

The thesis of this paper is that the regional integration, in particular agricultural integration, is happening mainly through the efforts of the transnational corporations (TNCs). This paper outlines how the integration process is taking place in ASEAN's agriculture. To clarify the overall trajectory of integration, a summary of the ASEAN economic integration project, the ASEAN Free Trade Agreement (AFTA)-Common Effective Preferential Tariffs (CEPT) or AFTA-CEPT, is given at the beginning. The paper ends with an outline of challenges and tasks facing the non-government or civil society movement in the light of the tightening hold of the TNCs on the ASEAN agricultural sector. This paper is focused mainly on the role of the TNCs in the regional agricultural integration process; as such, industrial integration and other regional agricultural concerns are discussed here only in passing.

WORKSHOP PAPERS:

Part 1: Regional & Bilateral Trade Agreements: Issues & Challenges

- Globalization, WTO & Bilateral Trade
 Agreements (pdf/ ppt) by Dr.
 Parthapratim Pal /1
- From Green Revolution to Gene Revolution (pdf) by Dr. Rene Ofreneo /2
- Regionalism& South-South Cooperation (pdf) by Gigi Francisco /3
- Philippines Under AFTA (pdf) by Dr. Rene Ofreneo/4
- SAFTA & LDCs (pdf) by Raj Kumar K.C. /5
- ASEAN-China Free Trade Area: Issues & Prospects (pdf) by Naty Bernardino /6
- Thai-US FTA (pdf) by Auiaporn Suthonthanyakorn /7
- Thai-China FTA, For Whose Benefit? (pdf)
- by Kingkorn Narintarakul /8
 Indonesia & Bilateral
- Indonesia & Bilateral Trade Agreements (pdf/ppt) by Alex Chandra /9

Part 2: Looking at Agriculture Subsidies: North-South Advocacy for Food Sovereignty

- Agriculture Subsidies and Dumping: Perspective from the South by Francisco Pascual / 10
- CAP Reform, the WTO Negotiations & Implication on Small Farmers and Food Security (ppt) by Arze Gilpo /11

THE AFTA-CEPT PROJECT: AN OVERVIEW

Under the AFTA-CEPT program, products traded within the ASEAN region are supposed to go down to 0-5 per cent by the year 2008 but the target date was advanced to 2003 during the ASEAN Economic Ministers (AEM) Meeting in September 1994. It should be pointed out that the AFTA-CEPT was launched in 1992 with an original 15-year time frame. The ASEAN economic ministers became ambitious and decided to accelerate the free-trade arrangement process through tariff reductions.

The AFTA-CEPT is implemented through a schedule involving four product lists:

- The Inclusion List (IL): products in the IL are those that have to undergo immediate liberalization through reduction in intra-ASEAN tariff rates, and removal of quantitative restrictions and other non-tariff barriers. Tariffs on these products should have been reduced to a maximum of 20 per cent by the year 1998, and to less than 5 per cent by the year 2002 (by 2006 or later for new members of the ASEAN – Vietnam, Kampuchea, Laos and Myanmar).
- The Temporary Exclusion List (TEL): products in TEL are shielded from trade liberalization for a temporary period, after which, all of these products would have to be transferred to the IL and subjected to the usual process of tariff reduction.
- The Sensitive List (SL): this list contains unprocessed agricultural products such as rice and sugar, which are given a longer period for integration into the free trade area. For the SL category, the commitment to reduce tariffs to 0-5 per cent and to remove non-tariff barriers is extended up to the year 2010 for the ASEAN-6 (Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand), up to 2013 for Vietnam, 2015 for Lao PDR and Myanmar, and 2017 for Cambodia.

COUNTRY	60% w/ 0% TARIFF	IL	TEL	GE	SL	TOTAL TARIFF LINES
Brueni	3765.6	6276	0	202	14	6492
Indonesia	4315.2	7192	21	68	4	7285
Malaysia	6015	10025	218	53	83	10379
Philippines	3372.6	5621	6	16	50	5693
Singapore	3515.4	5859	0	0	0	5859
Thailand	5462.4	9104	0	0	7	9111
ASEAN 6 TOTAL	26446.2	44077	245	339	158	44819
PERCENTAGE		98.3	0.6	0.8	0.4	100
Cambodia		3115	3523	134	50	6822
Laos		1673	1716	74	88	3551
Myanmar		2984	2419	48	21	5472
Vietnam		4984	1177	139	51	6351
NEW MEMBERS						
TOTAL		12756	8835	395	210	22196
PERCENTAGE		57.5	39.8	1.8	1	100
ASEAN 10 TOTAL		56833	9080	734	368	67015
PERCENTAGE		84.8	13.6	1.1	0.6	100

Notes: IL – Inclusion List; TEL – Temporary Exclusion List; GE – General Exception List; SL – Sensitive List Source: ASEAN Secretariat.

• The General Exception List (GEL): the products in this list are permanently excluded from the free trade area for reasons of national security, the protection of articles of cultural value, and other reasons.

In their 2001 Hanoi meeting, the ASEAN leaders decided to fast-track the application of the zero tariff for 60 per cent of the ASEAN products of the ASEAN 6 to 2003.

Table 1 shows the number of tariff bindings committed by the ASEAN 6 and ASEAN 4 under the four product lists. Table 2, on the other hand, shows the implementation of tariff reductions for the ASEAN 6 as of 2001 under the IL list.

Based on the 2001 CEPT Package, all the ASEAN 6 signatories to the CEPT Agreement were able to meet the target of reducing tariffs to 0-5% for 90% of their IL list (see table 2). In fact, the ASEAN 4 members are not too far behind in the liberalization process. As shown in Figure 1, the average tariffs have gone down to 2.68 per cent as of January 2003. According to the ASEAN Secretariat, as of January 2004, the ASEAN 6 signatories were also able to reduce to zero tariff 60 per cent of the products covered by the IL list.

The ultimate target of the ASEAN is that by 2010, the ASEAN 6 originals would have eliminated all import duties, and 2015 for the ASEAN 4, with some flexibility for the sensitive products.

To publicize the CEPT Scheme for the ASEAN Free Trade Area to the business community, a series of

Table 1.Summary of ASEAN tariff bindings

workshops on the CEPT Scheme (CEPT Outreach Programme) are being held in key cities in ASEAN, with the help of the ASEAN Centre, Japan, in cooperation with the ASEAN Secretariat and the National AFTA Units of the host countries.

In the area of differing tariff nomenclatures, the ASEAN tried to develop an ASEAN Harmonized Tariff Nomenclature, an 8-digit level tariff nomenclature based on the Harmonised System (HS) of the World Customs Organisation.

Five ASEAN member countries – Indonesia, Malaysia, Philippines, Singapore and Thailand – have also imple-

mented customs valuation method in accordance with the WTO (World Trade Organization) Valuation Agreement.

Growth of intra-trading

One success indicator of integration is the level of intra-trading that has developed among the ASEAN member countries.

Table 3 shows that ASEAN countries have been trading with one another by as much as one-fourth of their total exports and imports. This is a significant development, since the intra-trade of the ASEAN countries had been very limited till the l980s. Table 4 shows how, in the case of the Philippines, its intra-ASEAN trade increased sharply in the l990s.

However, it should be noted that intra-ASEAN trade, both at the export and import sides, have not increased significantly in the second half of the 1990s up to 2002. As shown by the Philippine statistics, intra-ASEAN trade grew substantially in the first half of the 1990s. This means the AFTA-CEPT impact, which was implemented mainly in the late 1990s up to the present, is quite limited. The tremendous intra-ASEAN trade expansion in the 1990s can be explained not by AFTA but by the unilateral trade liberalization policy that the Philippines and other ASEAN countries adopted in the first half of the 1990s.

Industrial complementation

It is also well known that many ASEAN economies such as those of Indonesia, Philippines, Thailand, Malaysia and Vietnam have similar agro-industrial structures, meaning they produce similar industrial products such as shoes, rubber, garments, rice, corn, sugar and so on. Hence, the limited growth of intra-ASEAN trading.

However, the integration or regional complementation is also facilitated by the regional operations of transnational corporations. For example, some automotive TNCs set up assembly plants and even parts manufacturing in the individual ASEAN countries to overcome high tariff and non-tariff barriers and capture the domestic markets for their products. With the tariffs and trade restrictions going down, these TNCs are now able to re-align and optimize their regional operations by changing their regional division of labor such as developing automotive hubs in areas with large emerging markets such as Thailand, promoting specialized parts production in others such as the Philippines which has become a major producer of wire harnesses, and so on and so forth. The point is that trade liberalization across the region has made it possible for TNCs to move products and processes more freely and to locate some aspects of work in certain countries based on profit maximization and market optimization.

The above observation is validated by the fact that the main participants in the original ASEAN industrial complementation program are TNCs. ASEAN industrial complementation projects are projects based in two or more ASEAN countries complementing one another. In the past, several names had been given to this initiative.

Table 2. Number of Tariff Lines with tariff of 0-5% of the Six Original Signatories (As of 2001).

	Number of tariff Lines in 2001 IL				Percentage				
COUNTRY	0-5%	>5%	Other	Total	0-5%	>5%	Other	Total	
Brunei Darussalam	6,107	157	12	6,276	97.3	2.5	0.2	100.00	
Indonesia	6,483	709	0	7,192	90.1	9.9	0	100.00	
Malaysia	9,117	922	0	10,039	90.8	9.2	0	100.00	
Philippines	5,017	558	1	5,576	90.0	10.0	0.0	100.00	
Singapore	5,859	0	0	5,859	100.0	0	0	100.00	
Thailand	8,193	911	0	9,104	90.0	10.0	0	100.00	
TOTAL	40,776	3,257	13	44,046	92.58	7.39	0.03	100.00	

Source: ASEAN Secretariat

Table 3. ASEAN exports and intra-ASEAN exports, ASEAN imports and intra-ASEAN imports (Million US \$, 1996-2002)

			/					
	1996	2000	2001	2002				
Total exports	323,361	410,694	370,548					
Intra-ASEAN exports	80,974	74,903	95,268	84,488				
Total imports	350,606	345,827	317,226					
Intra-ASEAN imports	64,211	57,771	73,635	67,640				
Source: ASEAN Statistical Pockethook 2003								

The latest name is AICO – ASEAN Industrial Cooperation (AICO) Scheme, supposedly to promote 'a more competitive ASEAN industry'. An AICO project enjoys preferential tariff rates of 0-5 per cent on all intermediate and raw material inputs.

However, the AICO list shows mainly the following big TNCs as AICO producers –

- Auto and motorcyles Toyota, Volvo, Nissan, Isuzu, Honda, Ford, Harada, Daihatsu;
- Electronics Matsushita, Mistubishi, Mitsubishi, Samsung, Showa, Sony, Yamaha;
- Others Asahi, Bowden, Denso, Mistuba, Sanden, Yanmar; and
- Food Nestle.

The only identifiable 'ASEAN' company in the AICO list is Thai Steel Cable, although it is not clear if this is really dominated by Thai nationals.

Table 4. Major Trading Partners 1990-2003 (percentage shares)

Year	<u> </u>	S	Japan		EU		ASEAN		China/HK	
	Х	М	Х	Μ	Х	М	Х	М	Х	Μ
1990	37.8	19.4	19.7	18.3	16.6	11.6	7.2	10.6	0.7	1.3
1991	35.6	20.1	20.0	19.5	17.2	10.8	7.2	9.5	1.4	1.9
1992	39.0	18.0	17.7	21.2	17.6	12.2	5.6	9.4	1.1	1.3
1993	38.4	20.0	16.0	23.0	16.1	11.0	7.0	10.8	1.5	1.0
1994	38.1	18.5	15.0	24.3	16.0	11.1	10.6	11.6	1.2	1.4
1995	35.3	18.5	15.7	22.6	16.1	10.8	13.5	11.9	1.2	2.2
1996	34.0	18.5	17.9	22.3	16.1	11.2	14.3	12.5	1.6	2.1
1997	43.0	19.7	16.6	20.4	16.8	12.8	13.6	13.4	5.6	6.7
1998	34.2	22.2	14.4	20.4	19.0	9.0	12.9	15.0	5.7	8.5
1999	29.8	20.7	13.3	20.0	18.5	9.1	14.2	14.5	7.2	7.4
2000	29.8	17.0	14.7	19.2	17.0	9.5	15.7	15.8	6.8	6.3
2001	28.0	16.9	15.7	20.6	18.2	9.3	15.5	15.8	7.4	7.5
2002	24.7	20.6	15.0	20.4	19.2	9.2	15.7	16.2	10.6	8.0
2003	20.0	19.7	16.1	20.4	16.4	8.1	17.9	17.1	14.6	9.2
Note: Hongkong became part of China in 1997.										

Computation of values to percentages was done by the author. Source: Statistics, Bangko Sentral ng Pilipinas

Integration in agriculture

As to agriculture, the trajectory of the integration process taking place is not clear, if not totally confusing.

One reason is that most of the ASEAN countries are not necessarily complementing one another in terms of food and agricultural production. For example, with the exception of Singapore and Brunei, most are producing their own agricultural requirements, with some like Thailand, Vietnam and Malaysia able to produce enough surpluses for exports.

Another source of confusion is the lack of unified trade and tariff regimes, exacerbated in recent years by the tendency of some countries to forge bilateral free trade agreements with non-ASEAN countries. For example, Singapore has BFTA with Australia, US, Japan, Chile and other countries. Thus, strangely, Singapore is able to market in the ASEAN canned juices and other agri-based products even if it is not an agricultural producer. Singapore's behavior is highly opportunistic. It is a source of trade diversion in the region. It shows why AFTA is not like EU, known as Fortress Europe.

On paper, ASEAN has launched numerous agricultural initiatives. In 1993, the ASEAN adopted the following as its priorities on the agricultural front – food security, intra-/extra-ASEAN trade, technology transfer and productivity, human resources development, private sector participation, conservation of natural resources, and ASEAN cooperation on varied agriculture-related issues. However, despite the numerous meetings and declarations on the above thrusts, not much has happened in regional agricultural integration. This is so because there is hardly any budget and concrete organizational structures to back up the ASEAN intents in these priority areas.

So who is doing agricultural integration?

This is not easy to answer given the fact that trade liberalization in agricultural commodities has been the most contentious in the ASEAN. Note that most of the excluded items in the Sensitive List (SL) and in the Temporary Exclusion List (TEL) are agricultural items.

However, a closer scrutiny of developments in the region will reveal the following actors in the agricultural integration process:

 Home-grown ASEAN agri-based TNCs. The big agribusiness corporations such as CP of Thailand, San Miguel of the Philippines, the palm oil interests in Malaysia and the big food processors in Singapore are active in the region, putting up not only trading posts but also production plants in the various ASEAN member states. For example, San Miguel Corporation of the Philippines, has several brewery projects and agribusiness undertakings in Thailand, Vietnam and Malaysia. In May this year, the ASEAN came up with a short list of 11 PIPs or priority integration projects, one of which is agri-based. In this agri-based project, the development of a white shrimp project in Luzon has been identified. This is going to be developed by a well-known Thai TNC, CP Thailand, together with its sister company in Indonesia, CP Indonesia.

- Traders-investors from South Korea, Japan and China. These giant economies in Asia are now major agriculture-deficit countries. All these countries are competing with one another via the proposed ASEAN-China, ASEAN-Japan and ASEAN-South Korea agreements to transform ASEAN, with its rich land and water resources, into their backyard garden, or a source of food and raw materials. This is the deeper meaning of China's initiative, the 'Early Harvest Program', which is focused on agricultural products. China itself is not coy in baring its intent, as demonstrated by the cooperation programs it forged recently with the Philippines. It wants to help develop the Philippine coconut industry, as China needs all the coco fiber and other coco materials it can get hold of for its varied industrial and raw material requirements. It also wants Philippine fruits such as banana and mango, which it is unable to produce in commercial quantity.
- Agribusiness firms from US, Canada, Australia and EU. The agribusiness TNCs from these countries look at the ASEAN, with its half a billion population and a large land-sea territory, as a huge market with huge economic potentials. Aside from looking at the ASEAN as a market destination for their surplus goods such as corn and soya beans, these western agribusiness TNCs also view the ASEAN as a potential market for farm inputs, seeds and agricultural machinery.

FROM THE GREEN REVOLUTION TO THE GENE REVOLUTION

However, the biggest agricultural integration project taking place in the region is happening not through formal trading and investment arrangements – but through technology, specifically biotechnology. Quietly and without much fanfare, the big agri-based biotech companies such as Cargill, Monsanto and Dupont are transforming the ASEAN countryside, with some help from the Asian Development Bank (ADB) and the 'converted' agricultural ministries of the different ASEAN governments, into a giant biotech lake.

How is this happening?

The agribusiness TNCs have taken the bull by the horns by selling to the ASEAN governments the idea that the perennial problems of food and hunger in Asia can only be solved through trade liberalization and food production intensification. But since the Green Revolution of the l960s-l970s is an exhausted project, they are promoting the Gene Revolution as the logical sequel to the Green Revolution. In promoting the Gene Revolution, the agribusiness TNCs are working at several levels – first, at the policy level, that is by mobilizing the support of the region's leading rural creditor, the ADB, and by convincing ASEAN governments on the importance of free trade and food production intensification through biotechnology; second, through back-channeling and talks with the ASEAN and member states; and third, through training, demonstration farms and technical assistance on biotechnology, is a controversial issue in many parts of the world and some publics in Asia, the agribusiness TNCs keep their marketing of biotechnology as quietly and unobtrusively as possible, taking care that the word 'biotechnology' (which also covers other forms of hybrid agriculture) is mentioned rather than the controversial term GMO.

The Green Revolution: a brief backgrounder

Southeast Asia is the birthplace of the Green Revolution — for rice.

In the l960s, the Club of Rome warned direly of the riotous outcomes of world food shortages, especially in Asia. This was the raison d'etre for the establishment of the International Rice Research Institute (IRRI) in

Figure 1. ASEAN CEPT Tariffs Tumbling Down



Source: ASEAN Secretariat

Laguna, Philippines, which received a lot of financial and technical assistance from multilateral and bilateral institutions as well as agribusiness TNCs such as Dow Chemicals.

In the late 1960s, IRRI began churning out new 'miracle rice' seeds, achieved mainly through cross-breeding of known high-yielding Asian varieties gathered in the IRRI's seed bank and cultivated in IRRI's Laguna farms. With one miracle rice variety coming after one another, the world's fear over food shortages disappeared.

However, it also became clear soon enough that the new miracle varieties produce miraculous harvests only if they gobble enough water, grow on well-fertilized soil and are well protected against all kinds of pests. The HYVs, as the new high-yielding rice varieties came to be known, are water-intensive and farm-input-dependent. Propagating the HYVs was like creating new markets for the agribusiness TNCs producing fertilizer, chemicals, agricultural machinery and irrigation pumps.

In the Philippines, the HYVs were promoted nationwide, with a lot of help from the martial-law government. The government borrowed a lot from the World Bank and ADB to build dams, irrigation canals and waterpumping stations. It also borrowed a little more to promote the HYVs via seed-credit package or Masagana 99, which means borrowing farmers could harvest as much as 99 cavans by using the new seed varieties and buying the necessary farm inputs with the loan extended by the government.

For a while, in the initial years, many rice farmers did well. But once the HYV system was in place and when prices of farm inputs began rising while farm output price remained stagnant, farmers started realizing that they were not better than before. In fact, with higher level of indebtedness, some farmers even sold off their lands (Ofreneo, 1980).

In the meantime, with less pressure to have more lands devoted to rice production, the government was able to promote the development of new agribusiness ventures, carving out of Mindanao and Palawan thousands of hectares for banana, palm oil and other new crops controlled by agribusiness TNCs and big domestic growers (Ofreneo, 1980).

The world's experience with the Green Revolution is a mixed one. On one hand, it helped create grains surpluses. On the other hand, it failed to liberate the farmers from poverty. Nor did it ease the food hunger of the masses, including a large number of the rural population, who have limited access to the markets because of their marginal incomes. For access to food is not only a function of production but also a question of having secure jobs and incomes.

The ADB's tack: Promoting the Gene Revolution as the successor program of the Green Revolution

According to the ADB (Rosegrant and Hazell, 2000), "the green revolution has already run its course in Asia". Hence, in their reasoning, the need for a new food production intensification program.

This the ADB found in biotechnology. Biotechnology or agricultural genetic engineering, which includes the GMO technology, is expected to achieve what the Green Revolution accomplished in the 1970s – miracle harvest of grains which tamed the so-called threat of mass hunger in Asia and the world.

In reality, the ADB has developed a comprehensive view of how to promote rural development in Southeast Asia and the rest of Asia. In Transforming the Rural Asian Economy: The Unfinished Revolution, a work commissioned by the ADB and subjected to several policy workshops by the Bank in 1998-99, Mark Rosegrant and Peter Hazell (2000) summed up the policy instruments which should guide the ADB's rural lending in the new millenium. The first three are – a) enhancing rural markets through investments in infrastructures, property rights, crop-specific research, economic liberalization (to promote comparative advantage), etc.; b) reversing environmental degradation, and c) improving governance.

However, the last two policy guideposts are the most meaningful – 'managing a new revolution in agricultural technology' and 'managing globalization'.

On the first, Rosegrant and Hazell wrote on the need to strengthen the new role of IRRI "to serve as an important intermediary between multinational companies, developed-country research centers, and the needs and capacities of national agricultural research systems in Asia". There the cat is out. The agribusiness TNCs, which monopolize the world's R & D on biotechnology, shall play the pivotal role of providing research outputs to the so-called research centers of both developed and developing countries, not the other way. And the role of the IRRI is nothing but that of an intermediary.

And for the biotechnology program to succeed, Rosegrant and Hazell are suggesting that governments should enhance 'local capacity' to absorb the technology and form "effective partnerships with relevant multinational companies and biotechnology research centers in developed countries".

As to 'managing globalization', the authors want "Full and effective economic liberalization and linkage with the global economy", which entail "continued reform of fiscal and financial policies and institutions, property and contract laws that foster modern commerce, flexible and efficient factor and product markets, and continued development of technology and human capital".

Neo-liberal agricultural policy And food security in Asia and the world

In short, what the ADB seeks to promote is the intensification of food production via biotechnology in a liberalized and globalized economy.

The linkage between biotechnology and agricultural trade liberalization is a theme that is taken up by other spokesmen of neo-liberalism in agriculture, who also talk of both as the means for securing food security of developing nations. C. Ford Runge and Benjamin Senauer of the International Food Research Institute (IFRI), writing in the influential Washington Foreign Affairs journal (May-June 2000), summed up the meaning of food security and its relationship with trade liberalization and biotechnology as follows:

"First, it involves improving a developing nation's access to cheaper food from comparatively advantaged exporting countries. It is generally more efficient and cheaper than self-sufficiency, in which a nation tries to produce all crops that its population needs, regardless of the cost of the country's natural endowments. Food security also requires that richer countries lower their tariffs on all goods from developing countries so that emerging markets can earn cash to import the food they need. Finally, the drive for food security should tap the potential of the GM technology for developing countries to both enhance nutrition and boost agricultural output."

In short, food security is defined as having access to the market, and such access is made possible by a freetrade arrangement and earnings by a developing country from GM-based production. The above definition of food security is echoed by neo-liberal economists practically everywhere. In the Philippines, a well-known agricultural economist, Dr. Cristina David (1996), wrote:

"Economists would define food security as having adequate supply of food at affordable prices. The popular view is that food security means being self-sufficient in food."

"...in practice, protectionism is inherently in conflict with the objective of food security... trade liberalization means...lower food prices, and with a more efficient allocation of resources, higher incomes. This is the only way to achieve food security."

Another colleague of Dr. David, Dr. Bruce Tolentino (2002) concluded:

"The forces of globalization, in tandem with domestic economic realities and politics, and the influence of international institutions such as the World Trade Organization (WTO), Association of Southeast Asian Nations (ASEAN) and the Asian Development Bank (ADB) are reshaping food security policy and strategy of nations such as the Philippines."

The reality, however, is that other Southeast and Asian countries are being subjected to the same policy influences of WTO and ADB, which the agribusiness TNCs are naturally exploiting.

Agribusiness TNCs in the promotion of biotechnology in the ASEAN

The leading TNCs supporting GMO/biotechnology propagation in Asia are Cargill and Monsanto. They happen to be very active in the ASEAN policy corridors, through the ASEAN-US Business Council which organizes regular policy meetings and consultations.

The most active committee in the ASEAN-US Business Council is the food and agricultural committee. Meetings of the food and agriculture committee are generally well attended and involved senior agricultural ministers and officials of the different ASEAN governments.

The committee is headed by no less than Cargill, which openly bats (see the web for their views) for the adoption of GMO/biotechnology as well as free markets so that they can do business in the region freely. Among the priority policy issues identified by the committee and the Council are the following:

- 'Recognition of the food sector in bilateral and multilateral trade agreements,'
- 'Fair, scientific, and regionally consistent treatment of biotechnology,'
- 'Commitments by ASEAN governments to reduce tariffs/non-tariff barriers to food products, 'and
- 'Advancing the APEC Open Food System.'

Robert McRae of Cargill, in the ASEAN Finance Ministers Meeting in Manila on August 6, 2003, stressed: "providing MNCs opportunities effectively is providing your citizens opportunities", as if the interests of MNCs and ASEAN citizens are one and the same. Cargill and Monsanto, in the 17th ASEAN-US Dialogue, held in Bangkok January of this year, argued that ASEAN is a significant importer of food, while the US is a major producer of agricultural products. They said ASEAN should establish an 'open food system' to benefit from trade.

In the promotion of the GMO-based agriculture, the ASEAN has adopted several protocols and conducted workshops and experiments, with the help of the governments and agribusiness firms from the US, Canada and Australia.

Since 2001, the ASEAN has been the 'beneficiary' of annual GMO/biotechnology workshops conducted by the US-based International Life Sciences Institute (ILSI), Health Canada, Australia/New Zealand Food Authority, Sante Canada and AVA. In the workshops, the focus was on how to apply the ASEAN Guidelines on Risk Assessment of Agriculture-related GMOs, which have been developed with technical assistance from these countries and the agribusiness TNCs. In these workshops, GMO rice, GMO corn, GMO soy bean and GMO papaya were introduced and discussed. The workshops are done annually in various ASEAN capitals.

There are no records of any ASEAN government or ASEAN agriculture ministers opposing GMO/biotechnology. What is recorded are comments on how to overcome civil society opposition to the propagation of GMO/ biotechnology in each ASEAN country. Technical assistance is also provided to the individual ASEAN countries. Thailand is trying to develop its capacity in GMO technology with the establishment of Biotec; in turn, Biotec has been receiving technical assistance from USAID, Cornell, Monsanto, Cargill, Pioneer, Novartis, etc., especially in the conduct of experiments on papaya, peppers, pineapple, cassava, cotton, orchids and rice. Prime Minister Thaksin Shinawatra and Agriuclture Minister Somsak Thepsuthin have also hinted of Thailand's plan to become a regional biotechnology hub, with the possible growth of 100 Thai biotech companies. In August 2004, Thaksin was reported to have said that the country's ban on commercial production and trade of GMOs 'the government won't let the country miss the biotechnology train'. And this despite the controversial leakage of GM papayas in non-GM fields in July 2004!

Other ASEAN countries are also planning to go into GMO/biotechnology research. Thus, the tie-ups of Malaysia with the University of Clemson, South Carolina, a premier biotech research institution in the United States. A 40-man Malaysian delegation to the BIO2004 conference in June 2004 in San Francisco was led by no less than Prime Minister Abdullah Ahmad Badawi, who talked to Monsanto, Novartis and Chiron BioPharmaceuticals. In 2003, Malaysia launched BioValley, a hub for biotech companies and research institutions, with special focus on agriculture.

Malaysia and Indonesia have also accepted GM corn but are debating if it is halal.

Singapore, on the other hand, initiated last year the move for the establishment of an ASEAN Genetically Modified (GM) Food Testing Network.

The Philippines, in the ASEAN-US Business Council meeting held in Singapore, October 2003, reported that it is experimenting on GMO/biotechnology in rice, corn, papaya, banana, tilapia fish, coconut, mango, tobacco, soybean, cotton, seaweeds and tomatoes. Agriculture Secretary Luis Lorenzo also reported that the Philippines has allowed the commercial production of Bt corn. He also spoke warmly of the father of the Green Revolution, Dr. Norman Borlaug, saying that "Borlaug said that extending the Green Revolution to the Gene Revolution will provide a better diet at lower prices to many more food-insecure people". Of course, Lorenzo was silent on the downsides of GMO technology that many environmentalists have written about.

And since GMO has acquired a very negative connotation in the Philippines and almost everywhere, the term often used by agricultural officials is 'biotechnology'.

Some issues and concerns

It is abundantly clear that the agricultural and economic integration taking place in the ASEAN region is happening outside the control of the rural masses in the region. One integration instrument is the propagation of GMO/biotechnology, which is in the hands of agribusiness TNCs, which have managed to worm their way in in the policy corridors of the ASEAN.

They also maintain an active but low-profile presence in the research centers, demonstration farms and policy institutes of the individual ASEAN countries.

There is even a silent competition taking place among the agribusiness TNCs. Cargill has no less than 11,000 people in Asia, out of its total global work force of 82,000. Monsanto is very active in developing demonstration GMO farms and looking for farmer-cooperators. DuPont is trying to develop a positive public image by publicizing its efforts to produce a 'golden rice', which is high-yielding and yet genetically fortified with vitamins (A, B and micronutrients). Other active TNCs: Syngenta (merger of Novartis and AstraZeneca of Switzerland), Advanta (UK), Aventis (France), Dow Agrosciences (US), Japan Tobacco and Gene-Shears (Austra-lia).

Ronald Cantrell, the present IRRI director remarked:

"a lot of the slickest and most important stuff (is) coming out from the private sector. That's all going to be owned by the private sector."

With their favored economists, they argue for a loose definition of food security to mean access to food. And such access, by their definition, means trade liberalization, industrial export orientation and GMO/biotechnology

propagation.

Will the above neo-liberal triad formula (food security, trade liberalization and biotechnology) solve unemployment, inequality, poverty and hunger in the developing countries of the region?

This is doubtful. For unemployment, inequality, poverty and hunger are rooted in the unequal distribution of resources and access to economic opportunities in society. They are also rooted in the uneven development of the economy, which is partly a legacy of past colonialism, bad economic advice by neo-liberal economists and poor global and regional integration. Note that in the neo-liberal economic thinking, no space is given to food sovereignty or the ability of a nation to determine its food and agricultural priorities in the service of its people nor any reference is made to structural issues such as lack of farmers' access to land, credit and other resources, much more control over the technology.

There are also many 'unknowns' and 'uncertainties' about biotechnology, GMO in particular, such as the issues of health and safety, gene/seed monopolies, environmental concerns and so on. And yet, despite the huge policy headway biotechnology and GMO has made in the ASEAN and in some individual ASEAN countries, there is very little public debate on these aspects of the technology. There are only western-supported projects on GMO testing, standard setting and the likes. In fact, the propagation of biotechnology and GMO is being done quietly and without much fanfare.

Civil societies active in the countryside should, therefore, be alerted on what is cooking not only in the Green Rooms of WTO and AFTA but also in the board rooms of some agribusiness TNCs active in the region. There is a need to know the technology, the policy package, the patenting system and the campaign program that the agribusiness TNCs have developed for the ASEAN in the name of food security and trade liberalization. What this paper has done is only outline what is apparently an emerging trend. More in-depth research and investigation is needed to understand what is going on in ASEAN and Asian agriculture.

Like the Green Revolution, the Gene Revolution can verily become another technology trap, which can only enrich the agribusiness TNCs and keep Asia's rural producers poor and indebted.

SELECTED REFERENCES

- AFP, 22-23 October 2004. "India, China in race on biotechnology", in BusinessWorld. Quezon City: BusinessWorld Publishing.
- AFP, 8 December 2003. "Biotech firms muscle in on rice research", in BusinessWorld. Quezon City: BusinessWorld Publishing.
- ASEAN Cooperation in Food, Agriculture and Forestry, c2000. ASEAN Guidelines on Risk Assessment of Agriculture-Related Genetically Modified Organisms (GMOs), Biotechnology Publication Series No. 1. Jakarta: ASEAN Secretariat.
- ASEAN Cooperation in Food, Agriculture and Forestry, c2000. *Frequently Asked Questions (FAQs) on Genetically Modified Organism (GMOs)*, Biotechnology Publication Series No. 2. Jakarta: ASEAN Secretariat.
- ASEAN Secretariat, 2003. Handbook on Selected ASEAN Political Documents. Jakarta: ASEAN Secretariat.
- ASEAN Secretariat, 2003. ASEAN Statistical Pocketbook. Jakarta: ASEAN Secretariat.
- ASEAN Secretariat, 2004. ASEAN Documents Series 2003. Jakarta: ASEAN Secretariat.
- Asian Development Bank, 2002. Key Indicators of Developing Asian and Pacific Countries 2002. Manila: Asian Development Bank.
- Asian Development Bank, 2003. "Competitiveness in Developing Asia", in Asian Development Outlook 2003. New York: Oxford University Press
- Biothai, Grain, Masipag and Pan Indonesia, August 1999. *The corporate takeover of corn in Southeast Asia: Whose agenda?*. College, Laguna: Grain/Masipag.
- Claparols, Antonio, 25 July 2004. "After Bt corn, comes now Bt rice", in Philippine Daily Star. Manila: Philippine Star Publishing.
- Crispin, Shawn W., 28 October 2004. "Thailand's GMO Growing Pains", in *Far Eastern Economic Review*. Hong Kong: Review Publishing.
- David, Cristina C, 1996. "Agriculture and Food Security: Protection versus Liberalization", in Paderanga, Cayetano, ed., *The Philippines in the Emerging World Environment: Globalization at a Glance*. Quezon City: University of the Philippines Press.
- Habito, Cielito, 30 September 1999. "Farms, Food and Foreign Trade: The World Trade Organization and Philippine Agriculture". Report submitted to AGILE, San Juan.
- Jayaseelan, Risen, August 2004. "Biotech ambitions: Malaysia gets serious about developing the nascent industry", in Asia Inc. Kuala Lumpur: Asian, Inc.
- JETRO, 2003. 2003 JETRO White Paper on International Trade and Foreign Direct Investment. Tokyo: JETRO.
- Rosegrant, Mark and Hazell, Peter, 2000. *Transforming the Rural Asian Economy: The Unfinished Revolution*. New York: Oxford University Press.
- Runge, Ford and Senauer, Benjamin, May-June 2000. "A Removeable Feast", in *Foreign Affairs*, Vol. 79, No. 3. Washington: Council on Foreign Relations.
- Searice, November 2002. Profile of Farmer-Breeders in Central Mindanao. Quezon City: Searice.
- Tolentino, Bruce, 2002. "The Globalization of Food Security: Rice Policy Reforms in the Philippines", in *Philippine Journal of Development*, XXIX, 2, 2nd semester. Makati City: Philippine Institute for Development Studies.
- Volraith, Thomas L., cl998. *RTA's and Agricultural Trade: A Retrospective Assessment*. Washington: USDA Economic Research Service.
- Wilson, John S., March 2002. *Liberalizing Trade in Agriculture, Policy Research Working Paper 2804*. Washington: World Bank Development Research Group (Trade).
- WTO, 2003. World Trade Report 2003. Geneva: WTO.
 - _____, 2001. Report of the 1st ASEAN-ILSI Training Workshop on Safety and Risk Assessment of Agriculture-Related Genetically Modified Organisms (GMOs). Singapore.

Internet sources:

http://www.asean.org (to look for the various documents on food and agriculture agreements)

- http://www.pecc.org (PECC stands for the Pacific Economic Cooperation Council. Many members of the food and agriculture
 - committee of the US-ASEAN Business Council are also active in the PECC, which conducts policy consultations in various ASEAN countries.)

http://www.us-asean.org