

**BUILDING AN ASEAN ECONOMIC COMMUNITY TOWARDS
“WIDER”, “DEEPER” AND “MEANINGFUL”
NATIONAL AND REGIONAL ECONOMIC GROWTHS**

1. Greetings and thanks.
2. In the 6th APA in Manila, AsiaDHRRA together with AFA, UNI-APRO, and few other organizations jointly organized a panel entitled “ fair trade towards an integrating ASEAN” - - voices from the farmers, workers, and the informal sector. We had a very good workshop, and I wish to draw from the rich exchange we had some of the thoughts i'd like to share with you this morning.
3. This process of looking into basic sector issues vis-a-vis ASEAN integration will be continued during the ASEAN + Civil Society Conference or ACSC3 which will also happen here in Singapore in the coming week. We will broaden the discussion to include fishers and IP issues.
4. Please allow me to start by briefly referring to the 1st paragraph on the ASEAN Economic Community of the Bali Concord II. It says: the AEC is the realisation of the end-goal of economic integration, as outlined in the ASEAN Vision 2020, to create a *stable, prosperous and highly competitive* ASEAN economic region in which there is a *free flow of goods, services, investment* and a *freer flow of capital, equitable economic development and reduced poverty and socio-economic disparities* in year 2020.”

The Bali Concord 2 also declared key characteristics of the AEC, some key words to highlight:

1. Establishment of the ASEAN as a **single market and production base** within the global supply chain;
2. Institutionalization of new mechanisms and measures to strengthen the implementation of existing economic initiatives including the **ASEAN Free Trade Area (AFTA), ASEAN Framework Agreement on Services (AFAS) and ASEAN Investment Area (AIA)**;
3. Regional **integration in the priority sectors**;
4. **Facilitation of movement** of business persons, skilled labour and talents;
5. Strengthening of ASEAN institutional mechanisms including the **ASEAN Dispute Settlement Mechanism**;
6. Implementation by ASEAN of the recommendations of the **High Level Task Force on ASEAN Economic Integration**;
7. **Technical and development cooperation** in order to **address the development divide and accelerate the economic integration** of Cambodia, Lao PDR, Myanmar and Vietnam; and
8. **Implementation of liberalization and cooperation measures** such as human resources development and capacity building, recognition of educational qualifications, closer consultation on macroeconomic and financial policies, trade

financing measures, enhanced infrastructure and communications connectivity, development of electronic transactions through e-ASEAN, integrating industries across the region to promote regional sourcing, and enhancing private sector involvement.

4. Clearly the AEC will primarily be a regional integration mechanism towards further liberalization of the Southeast Asian region. This is being fast tracked to 2015. And a Charter is essential to this process. ASEAN has to be rules-based.
5. However, what we, as peoples of ASEAN, have to remember is that this integration is committed to **“equitable economic development and the reduction of poverty and socio-economic disparities”**.
6. Through this, ASEAN will have to be held accountable in ensuring that the economic and development gains under the establishment of the AEC would truly benefit the widest range of people, be sustainable and stable, and translate in the improvement of lives, particularly the poor and the marginalized.
7. So, what is the AEC in reality... so far..

The creation of AFTA in 1992 paved the fast tracking of free trade among ASEAN members, the benefits of which to date, based on a research on specific commodities in 2005, went to processors, exporters, middlemen/traders.

By the mid-1990s, ASEAN started negotiating several free trade agreements. In a manner so fast and so many that the ASEAN has been called the “noodle bowl” of free trade agreements. The FTAs with Australia, New Zealand, China, EU, India and Japan are under negotiation. The FTA with China is being implemented with an Early Harvest Program for Indonesia, Philippines and Thailand. The ASEAN-Korea FTA has been signed. The EU-ASEAN negotiations have been formally launched.

However, regional integration has not been as successful as wanted. Intra-ASEAN trade was merely 22.5% of total trade in the region in 2004. In spite of its importance to most ASEAN member countries, agriculture only accounted for only 10% of intra-ASEAN trade. ASEAN’s largest trading partners remain to be Japan, USA, EU, China and Korea, which accounted for 51% of ASEAN trade in 2003.

Intra-ASEAN trading has not increased because member countries produce similar set of products and have the same markets. Thailand and Vietnam rice competes with Philippine rice. Onions, garlic and fruits from Thailand competes with the fruits and vegetables of Indonesia. The palm oil of Malaysia competes with Indonesia’s palm oil and the Philippines’ coconut oil.

This has resulted in the displacement of agricultural producers and workers whose products cannot compete. Instead of complementation and integration, ASEAN members have become competitors.

We also know that it has been the TNCs that have benefited most from the economic liberalization and integration of the ASEAN, as they have the needed capital and global networks to take advantage of new investment opportunities in the fast changing regional production and trading system in the region.

In contrast what we see for many in the larger ASEAN society – the collapse of micro, small, medium, and indigenous farmers, industrial producers, and traders; the weakening of the trade union movement and the rising violations of labor rights because of the regional race to the bottom or lowering of labor standards just to be competitive; and the rising joblessness, underemployment, and poverty.

Hence not just competition but also marginalization and exploitation.

I hope not to sound bleak, but these are realities. I leave to others the role of sharing the bright spots of the economic integration taking place in the region.

7. Now, borrowing the framework of a respected economist, Dr. Cielito Habito, former secretary of NEDA, in describing the trend of economic growth of the Philippine domestic economy, which is “*narrow, shallow and hollow*”¹ and providing it with a more positive “twist,” a simplified framework of “*wide, deep, and meaningful*” economic growth must be pursued – if growth is to be equated to development.
8. “**WIDE**” economic growth are those that lead to more equitable distribution of gains from such growth. It should not only be the elite, agribusiness and transnational corporations capturing and benefiting from economic opportunities but also the small entrepreneurs and producers.

Particular to agriculture, this should also translate to crop diversification (with substantial consideration for the nation’s food security) as opposed to mono-cropping. And the development of tighter domestic forward and backward linkages as well as focusing on the linkages between the agricultural and processing industries. More importantly, this should include greater people participation in the formulation and implementation of trade policies and programs. Especially by women farmers/agricultural workers, who carry the brunt of agricultural labor, but are dismally unrecognized.

Growth should occur to a broader range of industries/sectors and geographical base – asean should not just be a workshop or supplier of cheap labor to developed countries; and it should pull up cmlv economies.

9. “**DEEP**,” refers to more stable/anchored economic growth brought about by greater security to jobs and more secured access and control to the means of production such as land. AR is an imperative to sustainable rural development that ASEAN should look into, no matter how

¹ Dr. Habito describes the growth of the Philippine domestic economy as being propelled primarily by a “narrow” group of economic sectors, particularly information and communication technology (ICT). He also describes the lack of linkage between the nation’s export industries (which is accounted for mainly by electronics and garments) and the rest of the productive sectors of the economy as being “shallow” he economy growth. And lastly, the failure of the growth in economy to translate into commensurate growth in jobs for Filipino workers manifests a “hollow” growth.

politically sensitive it may seem. It also means re-investing in local economies other than just national priorities. The pursuit of regional economic growth should also ensure the environmental sustainability of the region and of the individual nation members.

For agriculture, this would mean stronger support services delivery to farmers, greater investment in Research & Development, and farmers' control and access to farming technology including seeds, and stronger farmer/producer linkages with domestic and international markets, and continuing capacity building towards entrepreneurship.

This should mean greater and stronger linkage between the nation's priority industry/ies (e.g. exports) with the other productive sectors of the economy.

9. And by “**MEANINGFUL**,” we mean that economic growth policies and programs to be pursued should translate into commensurate growth in the creation of quality jobs and secured control and access of means to production (i.e. land, financing), increase in income for households, and reduction of poverty incidence.
10. And finally, it means that imperative to a people-centered economic growth by a people-centered ASEAN is giving society's stakeholders a voice in the development process. This means that if ASEAN integration is really meant to develop a regional community of caring and sharing societies, then it is the task of the ASEAN leaders and ASEAN governments to ensure that all major stakeholders are properly consulted and their views incorporated in the crafting of key policies and integration programs and projects, and their meaningful involvement in the implementation and monitoring of all these.
11. These are the challenges that we face as asean nations and peoples. As governments, as civil society, as ASEAN citizens.
12. Thank you