

ASEAN Community 2015: Integration for Whom?



The Association of Southeast Asian Nations (ASEAN) is the first comprehensive regional organization in East Asia established in 1967 by Thailand, Malaysia, Singapore, Indonesia, and the Philippines. The main goals of the organization as stipulated in the ASEAN Declaration signed in Bangkok are to preserve peace in the region, and to promote economic, social and cultural cooperation among these countries.

The underlying political-economic impetus for establishing ASEAN was to prevent the spread of communism from Mainland China and neighboring countries in Indochina. During that time, Southeast Asia was rife

with conflict. The Second Indochina War was raging in Vietnam, Cambodia, and Laos. Communist-led movements in these countries were waging armed struggle against the US interventionist forces and its sponsored dictatorial regimes. Meanwhile, leaders from the founding nations were also suppressing urban and rural unrest that fed vibrant trade unions, peasant struggles, youth rebellions, and communist insurgencies in their home fronts. They also needed legitimacy at the local level through economic development that they hoped they could achieve through regional cooperation. Brunei Darussalam joined ASEAN in 1984. After the Cold

War, Vietnam was integrated into the ASEAN in 1995, Lao PDR and Myanmar in 1997, and Cambodia in 1999. Collectively, these Indochinese countries would be identified as the CLMV. Timor Leste expressed its willingness to join but this is still up for review by member-states.

Skepticism was abundant during the early stages of ASEAN because of various limitations and challenges, which still exist today. Despite its members' geographical closeness, intra-ASEAN economic integration was very low. Members include countries with widely varying levels of economic development. All members' economies are highly dependent on and competing with each other for foreign direct investment (FDI) from Japan, US, and other industrialized countries.

Indecision was not infrequent. The seemingly democratic decision-making process of consultation and consensus-building has been used to protect the local elites' economic interests and has hampered ASEAN's institutional development. For example, the ASEAN Charter, which expresses the legal identity of the group and codifies its regional norms and commitments, came in force only in 2008 – four decades after it was established.

Push for Greater Integration

With the establishment of the ASEAN Free Trade Area (AFTA) in 1992, ASEAN became the hub of free trade agreement (FTA) networks in East Asia, thus, taking the "driver's seat" in economic integration in region. The main goals of the AFTA are reflective of the ASEAN's character as FDI-dependent and export-oriented. AFTA aims to increase ASEAN's competitive edge as a production base for the world market through the elimination of tariff and non-tariff barriers within ASEAN and hence to attract more foreign investment in the region. AFTA's

methods of tariff reduction scheduling and rules of origin have been a standard format in East Asian FTAs and have been applied in most of the ASEAN+1 FTAs.¹

The region is at the heart of Factory Asia, wherein corporations have set up their production networks. Transnational corporations (TNCs), in their search for new markets and desire to cut operating costs, have broken down their procurement, production, distribution and sales processes and relocated these across ASEAN countries. Developing Asia, particularly Southeast Asia and China, became the preferred locations for labor-intensive and highly polluting resource extraction and assembly of products because of the cheap labor, abundant natural resources, corporate-friendly environment, and loose regulatory sanctions regarding labor and environmental standards. Starting from the textile and garments industries, this disaggregation process has moved into footwear, automotive, electrical equipment, electronics, precision goods, publishing and others. Now, this has expanded to outsourced services, especially information technology-based services such as business processes.

The financial crisis of 1997-1998 had left ASEAN member states severely weakened. Much of the FDI in ASEAN was relocated to China, which was already opening up to foreign markets and would soon join the World Trade Organization (WTO). This was devastating for the ASEAN countries whose economic development, social stability and international political standing depended on an investment-driven, export-oriented growth strategy.² Member-states envisioned creating the ASEAN Community by 2015 to assert its relevance as a regional organization and to attract more foreign investments by using its integrated market as leverage.

Currently, the ASEAN is the 7th largest economy in the world, and the third largest in Asia with its collective GDP of USD 2.4

trillion in 2014. With the economies of China and India slowing down, ASEAN is being presented as an alternative destination for investments. The region has a population of 600 million and its favorable geographic location puts it right at the center of major trade routes with USD 5.3 trillion of global trade passing through its sea lanes every year. ASEAN is the third largest trading partner both of the United States (US) and the European Union (EU), and is the largest destination of US investments in Asia.³ ASEAN also boasts of abundant human and natural resources, which include minerals, fossil fuels, and forest resources that can be utilized to support economic growth.

With its collective economic growth and resources, ASEAN is seen as the next engine of growth in Asia, provided that it becomes successful in achieving the ASEAN Community in 2015. Investors and corporations are especially anticipating ASEAN's economic integration in the hopes of exploiting the opportunities to expand and consolidate their business operations in the region. Recognizing its strategic value, economic giants such as China and the US are competing for influence over ASEAN on economic, socio-political, and security issues.

As the ASEAN Community looms into existence by the end of 2015, civil society organizations (CSOs) in its member countries are questioning the integration process and how it will affect the people's rights in the region.

ACHIEVING REGIONAL INTEGRATION: THE ASEAN COMMUNITY 2015

During the 9th ASEAN Summit (2003), member-states agreed to transform the organization into an ASEAN Community. Originally, the ASEAN community was set to commence in 2020 as stipulated in the Vision 2020 adopted in 1997. During

the 12th ASEAN Summit (2007), it was decided to accelerate the attainment of the ASEAN Community by 2015, in the face of global and regional economic challenges and the need for ASEAN to reassert its centrality and ensure that it remains the driving force in shaping the constantly evolving regional architecture.

ASEAN Community Pillars

The ASEAN Community has three pillars, as stipulated in Bali Concord II: (1) Political and security community, (2) Socio-cultural community, and (3) Economic community. Each pillar has a blueprint for the part-by-part realization of the ASEAN Community.

The ASEAN Political-Security Community (APSC) was created to address threats to regional security and political stability and to promote democracy and human rights in the region.

The commitment to APSC upholds existing ASEAN political instruments such as the Declaration on the Zone of Peace, Freedom and Neutrality (ZOPFAN), the Treaty of Amity and Co-operation in Southeast Asia (TAC) and the Treaty on the Southeast Asian Nuclear Weapon-Free Zone (SEANWFZ). It also promotes regional security dialogues such as the ASEAN Regional Forum (ARF), East Asia Summit (EAS), and ASEAN Defense Ministers Meeting (ADMM). However, there has not been much progress in handling actual conflicts such as the Cambodian-Thailand border incident in 2011 and the current territorial disputes between China and some ASEAN countries.

The blueprint envisions joint regional efforts for effective and early response to disasters through the ASEAN Agreement on Disaster Management and Emergency Response (AADMER). However, this is non-binding, as in the case of the voluntary earmarking of national resources to be set on standby for disaster relief and emergency response.

Table 1. ASEAN Community Pillars

ASEAN Political Security	ASEAN Economic Community	ASEAN Socio-Cultural Community
<ul style="list-style-type: none"> • ASEAN Ministerial Meeting • ASEAN Regional Forum • Defense • Law • Transnational Crimes 	<ul style="list-style-type: none"> • ASEAN Economic Ministers • ASEAN Free Trade Area • Energy • Food, Agriculture and Forestry • Finance • Investment • Minerals • Mekong Basin Development Cooperation • Transport • Telecommunications and IT • Tourism • Sectoral Bodies under the Purview of ASEAN Economic Ministers 	<ul style="list-style-type: none"> • Culture and Arts • Disaster Management • Education • Environment • Hazard Health Information • Labor • Rural Development and Poverty Eradication • Science and Technology • Social Welfare and Development • Women • Youth

The blueprint mentions strengthening democracy and human rights in ASEAN, but not much has been done to promote both in the processes involving the ASEAN, including the very process of creating the ASEAN Community Blueprints, since CSOs were not involved and transparent review is non-existent. Despite the establishment of the ASEAN Intergovernmental Commission on Human Rights (AICHR) and the adoption of the ASEAN Human Rights Declaration (AHRD), ASEAN still faces the long-standing issue of being ineffective in delivering justice to victims of human rights violations. Both the AICHR and AHRD lack teeth to make governments accountable for their human rights violations due to the principle of non-interference, which is wielded by the member-states' ruling elites to justify their actions and preserve the status quo.

The expressed goal of the ASEAN Socio-Cultural Community (ASCC) blueprint is to build a "people-centered", socially

responsible, and environmentally friendly ASEAN. It lays down specific actions to be undertaken in education, social protection, environmental sustainability, engaging with civil society, and building an ASEAN identity. However, forward movement is very slow in many areas.

ASEAN's economic development is still based on destructive practices as evidenced by high deforestation rates, promotion of coal-fired plants and mega-dams for power generation, and mining projects by foreign TNCs. The region lacks a common climate change policy despite the expected doubling of carbon emissions in the next 20 years and its peoples' growing vulnerability to climate change impacts.

The region's estimated 14 million migrant workers still face difficult working conditions with little social protection. Member states have adopted the Declaration on the Rights of Migrant Workers but this is non-

Table 2. Four Pillars of the ASEAN Economic Community⁵

Four Pillars of AEC				
Production Base		Region	Development	Global Economy
Seventeen Core Elements	1. Free flow of goods	1. Develop competition policy	1. Accelerate the development of small and medium enterprises (SMEs)	1. Develop coherent approach towards external economic relations
	2. Free flow of skilled labor	2. Strengthen consumer protection	2. Enhance ASEAN integration to reduce development gap between member countries	2. Form and manage Free Trade Agreements (FTAs) and Comprehensive Economic Partnerships (CEPs)
	3. Free flow of services	3. Intellectual property rights		
	4. Free flow of investment	4. Promote infrastructural development and e-commerce		3. Enhance participation in global supply networks
	5. Free flow of capital	5. Reduce double-taxation		
	6. Food and agricultural security			
	7. Integration of 12 priority sectors			

binding. Talks to create a stronger, binding instrument to protect migrant workers floundered due to disagreements between sending countries and receiving countries.

The blueprint proposes engaging with the ASEAN Civil Society Conference as one of the actions to build a people-oriented ASEAN where people are at the center of community building, through the participation of all sectors of society. However, the interface between ASEAN Civil Society and the ASEAN leaders has been heavily criticized because of the very short (15-30 minutes) allotted time, restricted agenda, and limited civil society participation since CSO representatives attending the interface meeting must be chosen by their respective ASEAN member countries.

The Building of the ASEAN Identity will involve the promotion of ASEAN awareness and a sense of community, preservation and promotion of ASEAN cultural heritage, and promotion of cultural creativity and industry. Closer people-to-

people contact is encouraged through making travel easier through visa-free arrangements, educational exchanges, and incorporating ASEAN studies in education curricula, among others. However, a survey commissioned by the ASEAN secretariat in 2013 found out that 76 percent still “lack a basic understanding” of what ASEAN is and what it is striving to do.⁴

At the heart of the regional integration process is the ASEAN Economic Community (AEC), which reflects the ASEAN’s strong commitment to deepen as well as broaden economic integration. The AEC is regarded⁵ as the most advanced of all the pillars of the ASEAN community.

The AEC blueprint outlines the four pillars of the AEC that will be achieved through liberalization of trade in goods, services, and investments: (a) a single market and production base, (b) a highly competitive region, (c) a region of equitable economic development, and (d) a region fully integrated into the global economy. Each

pillar has core elements that need to be achieved in order to establish the AEC.

The AEC envisions the development of production networks in the region to enhance its capacity to serve as a global production center of the global supply chain. With the establishment of the AEC, the ASEAN is expected to become a single market and production base that will facilitate the mobility not only of goods but also of skilled labor, professionals, and travellers in general. An ASEAN single market and production base comprises five core elements: (i) free flow of goods; (ii) free flow of services; (iii) free flow of investment; (iv) freer flow of capital; and (v) free flow of skilled labor. Twelve priority sectors were identified for integration: agro-based goods, air transport, automotive products, e-ASEAN (including ICT equipment), electronics, fisheries, healthcare products, rubber-based products, textiles and apparel, tourism, wood-based products, and logistics services. Services sector, which has not yet been fully liberalized even under the WTO, will be opened up through the ASEAN Framework Agreement on Services (AFAS).

In order to create a single market and production base, tariffs have to be eliminated and non-tariff barriers phased out. Trade and customs procedures are to be standardized and harmonized to reduce transaction time and costs. Through the ASEAN Comprehensive Investment Agreement (ACIA), investments will be liberalized, making investors free to invest in any sector they wish. This implies removal of protection for local and domestic producers, including small-scale producers. Aside from investment liberalization, ACIA enshrines investment protection, which is accorded through National Treatment and Most-Favored-Nation treatment, and also through the Investor-State Dispute Settlement (ISDS), which gives more power to corporations and investors by giving them the right to sue governments.

ASEAN adopted the Master Plan on ASEAN Connectivity (MPAC) in 2010 to boost connectivity in the region to facilitate the free movement of goods, investments, services, capital, and people. MPAC has three components: enhanced physical infrastructure development (physical connectivity), effective institutions, mechanisms, and processes (institutional connectivity), and empowered people (people-to-people connectivity).⁶

CRITIQUES OF THE ASEAN INTEGRATION PROCESS

The ASEAN is often touted as the Southeast Asian version of the EU. The EU and the ASEAN both have diverse member-states and core-states – the five founding ASEAN members – which can supposedly provide the basis for an equilateral regional grouping. However, unlike the ASEAN, when the EU integrated, its member states pooled economic and political resources to put themselves in a better collective position against the US and Japan's economic dominance. In contrast, majority of the ASEAN states are former colonies that identify their economic and security interests with one or more external big powers involved in ASEAN rather than with each other.

The Treaty of Amity and Cooperation (TAC) signed in February 1976, which carries the fundamental principles of mutual respect for independence, non-interference, peaceful settlement of differences, and non-use of threat/force to promote stronger ties, peace, and cooperation among the member countries, has somehow helped prevent full-blown regional wars in ASEAN. However, infighting is still not uncommon because of territorial disputes such as in the South China Sea, the Thai-Cambodian border, and the Philippine claim to Sabah. The TAC principles are applied or disregarded in line with protecting the interests of the

dominant economic and political elites in the region.⁷ When wielded, they legitimize state misbehavior and prevent the resolution of issues such as human rights violations of the former military junta in Myanmar.

ASEAN community building is constantly confronted by doubts on its supposed centrality and ability to act as a bloc. ASEAN has never taken a unified position in important multilateral negotiations such as the WTO, the UN climate talks, and in shaping the global post-2015 development agenda. ASEAN's repeated failure to act a bloc in regional issues, despite its supposed collective economic clout, is due to combined factors. Even though some of its members may occupy important positions in global and regional production networks, none of them can be considered a global economic power in its own right. ASEAN states are also dependent on, and compete with each other for, the entry of non-ASEAN FDI.

These factors, combined with differences in culture and governance systems, determine the ASEAN's character as a loose, politically non-binding organization that will encounter indecisiveness and difficulty in addressing sensitive issues of regional importance.⁸ For example, when faced with maritime dispute over the South China Sea, ASEAN nations (many of which identify their interests according to the competing interests of either China or US), were not able to form a unified position on the dispute.

The undemocratic tendencies in the ASEAN become evident in the fact that CSO participation is very limited to the point of non-existent, in shaping the policies and processes governing the integration. In the first place, ASEAN was borne out of a highly exclusivist process wherein the decision to join the ASEAN, or even just the drafting of the ASEAN Charter, was not subjected to national consultations or voting process with the people of the member-states. In fact, most of the ASEAN

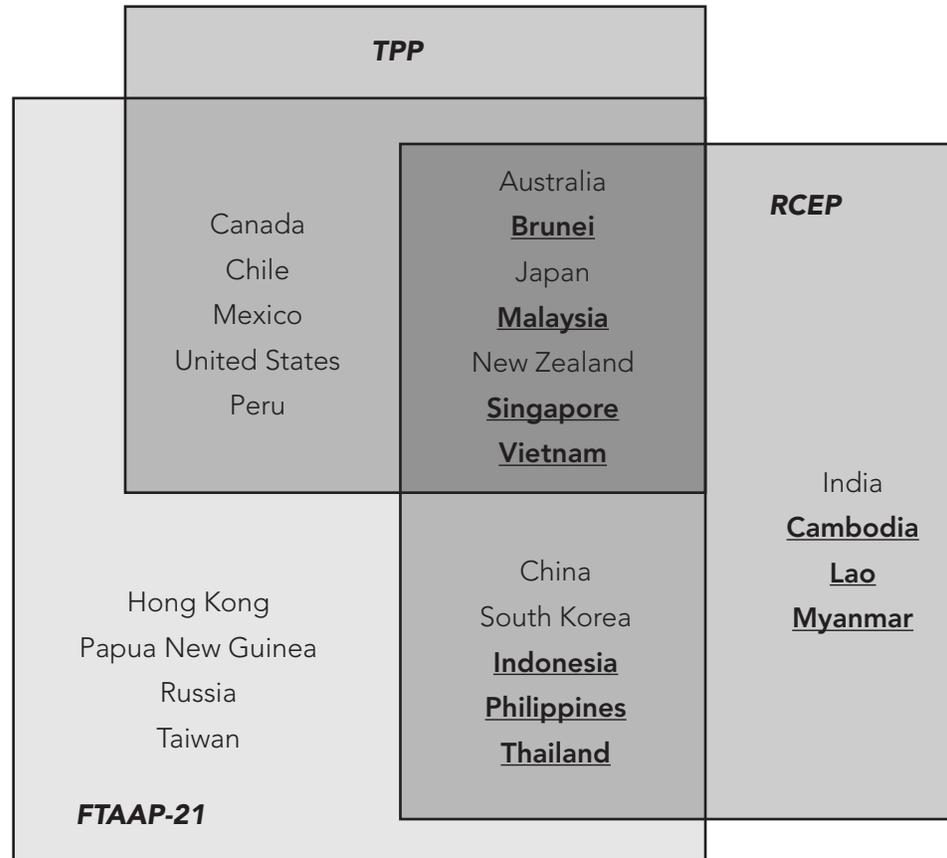
citizens are not aware of what is the ASEAN trying to do in the integration process.

ASEAN INTEGRATION AMIDST LARGER REGIONAL INTEGRATION

ASEAN is at the center of a battleground of two economic giants vying for influence and markets in the region. ASEAN integration is set amidst ongoing negotiations for larger economic integration in the Asia-Pacific through the China-led Regional Comprehensive Economic Partnership (RCEP) and the US-led Trans-Pacific Partnership Agreement (TPPA). These competing trade agreements are key to the achievement of the Asia-Pacific-wide integration envisioned by the members of the Asia-Pacific Economic Cooperation (APEC) through the Free Trade Area of the Asia-Pacific (FTAAP).

The APEC Business Advisory Council (ABAC) first floated the idea of an FTAAP in 2004 as a long-term vision for regional integration of the APEC economies to achieve the full global liberalization in the WTO and to minimize the complications brought by the complex web of regional trade agreements and free trade agreements in the APEC region.⁹ However, talks on the FTAAP did not progress due to member-economies' lack of interest to pursue a binding FTA, and because China and the US had difficulties agreeing on the provisions of an FTA. As the FTAAP talks are stalled, RCEP and TPP negotiations continue. APEC's 2010 summit released a communiqué stating that the FTAAP would be pursued by developing and building on ongoing regional undertakings such as the RCEP and the TPPA.

As part of its pivot-to-Asia strategy, the US is promoting the TPPA in the region and working fast to achieve its completion by 2015. The US-led TPPA is considered as a "gold standard" pact that deals

Figure 1. FTAAP, RCEP, TPPA, and ASEAN

ASEAN Countries are in boldface and underlined
Source: econfix.wordpress.com

with more “behind-the-border” issues such as investment, financial services, transfers, transparency, regulatory coherence, competition, state-owned enterprises, government procurement, intellectual property, most-favored-nation treatment, sectoral disciplines, supply chains, and more. The TPPA is considered restrictive, especially in its intellectual property rules (IPR) and ISDS provisions. As of 2015, 12 countries are involved in the TPPA talks: the US, Canada, Chile, Peru, Mexico, Australia, New Zealand, Malaysia, Brunei Darussalam, Singapore, and Japan. China is not included.

On the other hand, RCEP has a flexibility principle that provides relatively more consideration of each state’s development

needs than the TPPA would. The RCEP also aims to solve the “noodle bowl” problem of a complicated net of bilateral and multilateral FTAs with different rules, especially in ASEAN, by creating common rules and standards for the participating countries. Initially, China wanted an FTA only with the ASEAN, Japan, and South Korea. Japan, on the other hand, wanted to counterbalance China’s influence in the region while ensuring its interest in accessing the large market of China. It thus advocated for the inclusion of India, Australia, and New Zealand, the last two being close US allies like Japan.

ASEAN participation in the two agreements is key to the two superpowers’ success in their competition for influence in the

region's trade architecture and in leveraging their opportunities to exploit the region's vast resources. The US needs its ASEAN allies' cooperation in order to hold up the RCEP talks long enough for the TPPA to conclude earlier and thus be able to set the rules for trade and investment in the FTAAP. Through the TPPA and various bilateral economic and military deals with Southeast Asian nations, the US hopes to contain China's growing economic strength and political clout not only in Southeast Asia but also in the whole of Asia.

INTEGRATION FOR WHOM? IMPLICATIONS OF ASEAN INTEGRATION

ASEAN integration has been proclaimed as one of the means to sustain economic growth for poverty eradication and inclusive sustainable development in the region. However, this regional integration, as long as it follows the same old logic of the neoliberal model of development, is likely to worsen problems brought by the uneven and inequitable economic growth in Asia and will more likely create new problems, especially for the poor and marginalized.

The three community pillars are supposedly mutually reinforcing each other. Through the APSC and ASCC, the rights of ASEAN people are supposedly upheld and people are able to enjoy the benefits of economic integration as pursued by the AEC. However, the pillars are being built in a way that proves otherwise. The APSC and ASCC were not designed to protect the ASEAN peoples from the negative impacts of economic integration as envisioned by AEC.

The APSC is too much focused on state security instead of paying attention to people's security against the human rights violations and other social perils brought about by the pursuit of globalization. For example, state actions to suppress

the clamor of communities to stop investment projects that adversely affect them are justified by invoking national security and public interest. Such state actions are upheld by the AHRD provision "to meet just requirements of national security, public order, public health, public safety, public morality, as well as the general welfare of the peoples in a democratic society." (Article 8)

The ASCC's major flaw, on the other hand, is its premise that poverty is caused by the lack of access to education, health, food, jobs and capital, which can be remedied by providing access to these and providing social safety nets against the impacts of globalization. It clearly ignores the structural impoverishment of the people of developing countries caused by decades of colonialism and neo-colonialism, which until now continues to exploit the natural resources and labor of the people in favor of the big capitalist powers. Strengthening ASEAN's economic integration into the global market will merely reinforce such unequal relationships, as ASEAN becomes a vast supplier of natural resources and cheap labor to more developed economies.

Erosion of People's Sovereignty, Increase of Corporate Power

In principle, the ASEAN Charter protects the member-states' political independence. Historically, the principle of non-interference has been used by member-states to invoke sovereignty and avoid other states from meddling in domestic political and social affairs. However, the principle of non-interference is essentially void when it comes to building the AEC. In the process of transforming the region into a single market and production base, member-states are compelled to deregulate and liberalize trade, services, and investments to attract greater foreign direct investment (FDI) to the region. This process may involve legislation of reforms to change charters

and remove protectionist measures, which impinge on the people's sovereignty over their domestic policy space to direct the use of resources for their country's development.

A case in point is the ongoing debate in the Philippines on calling for charter change to allow 100% foreign ownership of natural resources, land ownership, strategic enterprises, public utilities, education, mass media and advertising. Proponents of charter change are using the impending establishment of the ASEAN Economic Community as the *raison d'être* for removing restrictions on foreign ownership to allow the country to reap the benefits of ASEAN integration. Nationalist Filipino legislators and grassroots movements are opposing charter change since this will undermine the Filipino people's control over the country's resources. Furthermore, there is no direct evidence proving that increased FDI and greater deregulation and liberalization policies have created a strong domestic economy that creates jobs and expands domestic capital on a sustainable basis, since foreign investors are by nature averse to developing the comprehensive domestic economy that will compete with them in exploiting and profiting from markets, labor power, and natural resources.¹⁰

Meanwhile, corporate power is further strengthened and people's sovereignty is further weakened through increased investment protection measures, of which the most notable is the investor-state dispute settlement (ISDS) provision of the AEC through the ACIA. The ISDS gives investors the right to sue government when their profits are in danger, through international arbitration including the International Center for the Settlement of Investment Disputes (ICSID) and the UN Commission on International Trade Law (UNCITRAL). This may prevent governments from legislating laws that are favorable for the people but detrimental to corporate profits.

Diminishing Access to Social Services

Liberalization of services strongly encourages big foreign-owned service providers to come in and take over social services. Private-sector efficiency and government budget limits are oft-cited reasons to privatize social services.

The strong neoliberal push for privatization and deregulation inherent in ASEAN integration is endangering the public's access to basic services such as electricity, water, health and education. Benefits from liberalization of services in developing countries will go to corporations loaded with foreign capital who take over the operations of these services, which are normally run by the government at subsidized rates. Public utilities and essential services are being transformed into lucrative profit-making businesses. That privatization does not necessarily lead to cheaper and more efficient services has been shown by many case studies. Privatized water services of Jakarta, for example, led to steep prices when the state-owned PAM Jaya signed contracts with two foreign companies – PT Pam Lyonnaise Jaya (Palyja) and PT Aetra Air Jakarta – to take over the operations delivering clean drinking water to Jakarta residents.¹¹

Worsening Inequalities Between and Within ASEAN Countries

According to a study conducted by the International Labor Organization (ILO) and the Asian Development Bank (ADB), although ASEAN integration can generate jobs and investment opportunities, it can also worsen existing inequalities between and within member countries. According to the study, "the gains will not be distributed evenly among countries, economic sectors or women and men. Unless it is decisively managed, regional integration could increase inequality and worsen existing labor-market deficits, such

as vulnerable and informal employment, and working poverty.”¹² The sectors that stand to gain across the region are construction and trade and transport – sectors that are prone to be informal and vulnerable, and wherein women are less employed compared to men.

As the ASEAN aspires to be a region fully integrated into the global economy, its combination of 10 small and medium-sized economies are pushed into an arena where they have no choice but fight each other for better positioning in the “global value chains” even as they seek to be a single market and production base. Reaping benefits from economic integration will depend on the resources and the level of economic development of each country.

Regional integration will benefit countries with higher levels of economic development and thus higher levels of technology and infrastructure, which enable them to maintain their position in the upper tier of the regional value chain where production of high-value goods and services are located. Only those countries with systems, infrastructures, and industries already in place will reap the benefits of the economic integration. Middle-income and more advanced economies such as Malaysia and Singapore can retain their positions specializing in semi-manufactures and research and development. Meanwhile, countries with less developed infrastructure and technology become locations for lesser-value production processes. The poorer, more backward economies such as the CLMV will continue experiencing distorted development as they continue to be the sources of raw materials and cheap labor for industries setting up business in the region.

Many Southeast Asian countries are already negatively impacted by bilateral free-trade agreements that swamp local markets with cheap foreign goods, which displace local producers and manufacturers. No special preparations or provisions were made to cushion local markets and similarly no

actions were taken to remedy the adverse FTA impacts. ASEAN integration will further aggravate this situation between and within member states. Integrating the ASEAN into the greater global economy means getting FTAs with the US and EU, in which industries and businesses in ASEAN may lose in the stiff competition with foreign monopolies allowed to invest in the ASEAN.¹³ This is especially true for small and medium enterprises, which compose 50% to 85% of domestic employment in many ASEAN countries.¹⁴ These SMEs remain as producers of low-value goods or provider of cheap contractual services in the whole scheme of the regional and global value chains. At the same time, their operations are threatened by global TNCs who have more capital and resources.

Skewed Labor Mobility, Job Insecurity

Regional integration will worsen the already lopsided migration of workers from poorer countries to more developed countries to seek better wages and better lives. Labor migration will become a huge issue as the freer flow of skilled professionals and students may lead to loss of skilled workers and professionals in the sending countries, where wages are typically lower. Integration can indeed provide job security to those who have the skills and mobility to exploit opportunities in global markets. But such skills and mobility arise from access to quality higher education and training – which are generally more available to people in developed countries than in developing countries.

Job insecurity can thus be worsened by economic integration despite the promised increase of job opportunities. Low/semi-skilled workers, who are more abundant in developing countries, are not equipped to exploit the opportunities offered by economic integration and are more prone to job insecurity and violation of their rights as workers. Their labor can be replaced with

cheap imports or shifted to other countries with low wages by TNCs, as Japan and South Korea did when they shifted their production to China to avoid rising wages in their own countries during the 1997 Asian crisis, and as corporations based in China are now moving to Vietnam and Cambodia to avoid rising Chinese wages. It may seem that low/semi-skilled workers benefit from integration as a result of corporations setting up shop and the relatively higher earnings. However, the most jobs created are in labor-intensive industries, where workers are often exposed to hazardous chemicals and required to work in extended shifts, often without additional benefits. Wanting to attract more FDI, governments engage each other in a race to the bottom in lowering labor, environmental and other regulatory standards and taxes, and in changing national laws to create a business-friendly environment.

Unskilled workers in higher-wage countries can experience marginalization as the need for skilled workers increases. Although there are efforts to popularize the ASEAN identity among individual member-states, long-standing ethnic and racial prejudices can still remain, and can worsen, when receiving-country workers feel that migrants are taking their jobs away.

Increased Land and Other Resource Grabs

Land and other resource grabs are projected to increase due to the liberalization of investments, as laws in ASEAN countries are made to accommodate both foreign and ASEAN investors. Projects in agriculture, mining, energy, and even tourism are seen to attract investors in ASEAN countries. In Cambodia, officials have transferred control of 2.6 million hectares of land to private business from mostly subsistence farmers, affecting 700,000 people and 73% of the country's arable land in the past decade. In the Philippines, 51% of the total land

area of the country has been approved for mining applications submitted by mining companies from Australia, Japan, and China. Oil palm plantations have been expanding not only in Malaysia but also in Indonesia and the Philippines.

The ASEAN has also prioritized the building of infrastructure to link all ASEAN territories to each other. Through the MPAC, the ASEAN prioritized the completion of the ASEAN Highway Network (AHN) Project, which consists of some parts of the Trans-Asian Highway Network and the Singapore Kunming Rail Link (SKRL). The Master Plan also contains the construction of inter-state power grids and pipelines to feed the energy needs of FDI in the region, such as Melaka-Pekan Baru Interconnection (IMT-GT, Indonesia) and West Kalimantan-Sarawak Interconnection (BIMP-EAGA, Indonesia). In the Mekong region, the construction of two of 11 long planned hydro-energy projects in the lower Mekong River, nine in Laos and two in Cambodia has started.¹⁵

Most of the areas where these infrastructure projects are being built are within the territories of indigenous peoples who are being dispossessed of their ancestral lands, livelihoods, and their right to self-determination. Aside from displacement, these investments also lead to the extrajudicial killings and other human rights violations against activists and indigenous people's leaders and community leaders who oppose the projects.

Undermining Local Small Holder Farmers and Food Sovereignty

Local smallholder farmers and food sovereignty are severely threatened by ASEAN economic integration. The opening of the ASEAN market will lead to the increase in cheaper agricultural imports and shift agricultural production away from meeting the country's food and industrial needs, towards producing

high-value export crops. US agricultural exports value amounted to USD 152 billion in 2014¹⁶, making it the world's top exporter of farm products – bulk of which go to other Asian countries. In 2014, the US exported USD 11.5 billion agricultural products to ASEAN countries.¹⁷ Local farmers, especially the landless women farmers, are typically vulnerable because they cannot compete with the entry of cheap agricultural products.

The AEC has provisions promoting agricultural cooperatives but does not mention anything on addressing landlessness of farmers and the concentration of land ownership in the hands of a few elite. Instead, it promotes direct partnership with private sectors in investment and joint venture opportunities, promotion of food safety, agricultural products and market access. This encourages the further entry of agri-TNCs, which lease lands for monoculture plantations that are geared for export production than rather than meeting local food needs.

TOWARDS A GENUINE PEOPLE-CENTERED REGIONAL INTEGRATION

Regional integration should primarily put the people's rights and needs at the core of policies and operations, instead of giving corporations more power and control over resources to amass greater profits. It should serve to lessen inequality within and among countries and enable the region's peoples to live in peaceful coexistence without threat of aggression. These aspirations call for veering away from the market-led path of neoliberal globalization that has only benefited local elites, TNCs, and the global powers led by the US, which also seeks to secure both its economic and military hegemony in the ASEAN.

Two frameworks for alternative regionalism that should be looked into are the 1955 Bandung Asia-Africa Conference and Bolivarian Alliance for the Peoples of Our America (ALBA).

The Bandung Conference was a meeting of Asian and African states organized by Indonesia, Burma (Myanmar), Ceylon (Sri Lanka), India, and Pakistan that took place on April 18–24, 1955, in Bandung, Indonesia. In all, 29 countries representing more than half the world's population sent delegates. The purpose of the meeting expanded beyond decolonization of the South towards developing rules of conduct in international affairs and exploring ideas and avenues for economic cooperation. The spirit of the Bandung Conference led to the demands of developing countries to create the New International Economic Order in the 1970s in order to reform the global economic system in favor of Third World countries.

While the Bandung Conference did not intend to form a "regional trading bloc", the formation of ALBA five decades later was established to counter the US-led Free Trade Area of the Americas (FTAA) and the WTO. The current membership, in order of accession, is composed of Venezuela, Cuba, Bolivia, Nicaragua, Dominica, Ecuador, Saint Vincent and the Grenadines, and Antigua and Barbuda.

ALBA offers, as alternative to the FTAA and the WTO, a platform of political, economic and social integration based on solidarity, complementarity, justice and cooperation, premised on the goal of eradicating inequality through a people-centered development model. ALBA's "cardinal principle" is that of the "widest solidarity" among the peoples of Latin America and the Caribbean.

ASEAN integration must be drastically slowed down (if not postponed indefinitely) and at the same time must be subjected to general rethinking and more democratic review processes in order to avoid

worse violations of people's rights and sovereignty that is already happening in the region, and to prevent more aggressive foreign corporate takeovers of the region's resources. Becoming an economic superpower that would benefit local elites and TNCs while impoverishing the people should not be the end goal of ASEAN integration. Rather, integration must transform the ASEAN into a region that is truly people-centered by abandoning the market-led growth strategy and focusing more on people's concerns such as food sovereignty, climate change, and respect for human and collective rights. ASEAN states must ensure the following principles and recommendations for regional integration to benefit the people:

- **Uphold people's sovereignty and human rights.** The people of each nation are the source of sovereignty, from which national governments must derive and continuously validate their authority. Governments are thus entitled to sovereign rights as the legitimate representatives of the people only as long as they fulfill their duties to them, including the duty to protect and fulfill the people's rights, both individual and collective rights, among others. ASEAN states must end policies, laws and institutional practices that violate the people's rights and especially those that work against poor, marginalized and disadvantaged groups, against CSOs that work among them, and against social or political movements calling for reforms. The freedom of speech, a free press, the right to assembly and association, and the right to vote and be elected to public office must be fully guaranteed.
- **Inclusiveness and democratization of decision-making** recognizes the equality and sovereignty among nations and peoples. Token or merely procedural participation should be replaced by truly democratic and substantial participation of the people through civil society, grassroots organizations, and social movements, at all levels of policy-making, implementation, monitoring, and review. States must actively engage full citizen participation in policy formulation, implementation and accountability at local and national levels, and ensure the inclusion of traditionally underrepresented groups such as women, basic sectors (workers and farmers), youth, disabled persons, ethnic minorities and indigenous peoples.
- **Solidarity, cooperation and complementarity among states** should be pursued instead of economic competition. In so doing, a productive, efficient and competitive specialization may be promoted in ways that are compatible with each country's balanced economic development, strategies for eradicating poverty, and people's cultural or ethnic identities. Economic cooperation and integration should value, respect, protect and fulfill people's rights; economic, social, gender ecological and climate justice; self-determination and self-sufficiency. ASEAN can learn from ALBA, for example, in addressing the need for "special and differential treatment which takes into account the level of development of the various countries and the dimension of their economies, and which guarantees the access for all the nations that take part in the benefits that stem from the process of the integration". Cooperation and solidarity are translated into special plans for the least developed countries to maximize the benefits of integration.
- **Friendship and peaceful coexistence** recognizes the right of states and their peoples to live in peace and harmony with other nations and peoples, without threat of aggression. It also recognizes the right of states to self-defense when their sovereignty is attacked. Settlement of all international disputes by peaceful

means must be institutionally upheld and supported, such as by negotiation, conciliation, arbitration or judicial settlement as well as other peaceful means of the parties' own choice, in conformity with the UN Charter.

- **Environmental sustainability** recognizes the right of the people to live in a healthy environment and the importance of safeguarding the Earth's carrying capacity as key to sustainable development. Pursuing environmental sustainability should be directly linked to economic activities, should go into the direction of eliminating wasteful and pollutive patterns of production and consumption, and should be integral to

and enforceable within the institutions of the ASEAN and its member states.

- **Accountability of governments and private sector.** The huge lack of effective mechanisms in place or being set up in the regional integration plans to ensure accountability from both governments and private sector must be urgently addressed both by the ASEAN and its member states. Accountability mechanisms are important to make governments and private sector accountable to their commitments and actions. Likewise, civil society must have meaningful participation in these accountability mechanisms.

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3/F IBON Center, 114
Timog Avenue, Quezon
City, Philippines

Tel +632 9277060 to 62

Fax +632 9276981

Email

editors@iboninternational.org

Web

iboninternational.org
