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The U.S. Government's Global Hunger & Food Security Initiative



Regional Agricultural Trade Environment (RATE) Assessment: Summary

This document presents the findings of the Regional Agricultural Trade Environment (RATE) assessment conducted in the ASEAN region in 2012 by the Maximizing Agricultural Revenue through Knowledge, Enterprise Development, and Trade (MARKET) Project.



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Regional Agricultural Trade Environment (RATE) Assessment: Summary

USAID Maximizing Agricultural Revenue through Knowledge, Enterprise
Development and Trade (MARKET) Project

SUBMITTED TO
USAID Regional Development Mission for Asia

UNDER CONTRACT
486-I-01-07-00008-00
Task Order AID-486- T0-11-00009

SUBMITTED BY
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December 2013

On the cover: Spices and herbs in a market near Berastagi, on the island of Sumatra, Indonesia.
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Introduction

In 2012, the Maximizing Agricultural Revenue through Knowledge, Enterprise Development and Trade (MARKET) project completed work on the Regional Agricultural Trade Environment (RATE) assessment which was designed to examine the food and agricultural trade enabling environments of targeted countries.¹ In the development of its topical discussions, RATE considered the on-going and comprehensive efforts to create the pillars that will form the basis of the ASEAN community by 2015 and devoted special attention to opportunities for legal harmonization and institutional collaboration among the Member States. RATE adapted existing methodologies to capture information and provide initial analysis of the trade enabling environment faced by producers, processor, traders and consumers of agricultural commodities in seven of the 10 ASEAN Member States (AMS). The RATE methodology is explained in detail in the *RATE Introduction Report*.

The RATE assessments were undertaken in seven AMS with the goal of identifying constraints to trade, which impede progress toward achieving regional food security. The RATE assessment included a review of the status of food and agricultural trade in ASEAN in four areas: 1) legal framework, 2) implementing institutions, 3) supporting institutions, and 4) social dynamics. Questions centered on the presence of a formal legal, policy, and institutional framework for food security that is in step with international best practice, as well as on other aspects of food security, including the extent to which policies comply with regional commitments to free trade, ability to respond to food crises, and public-private dialogue on policy.

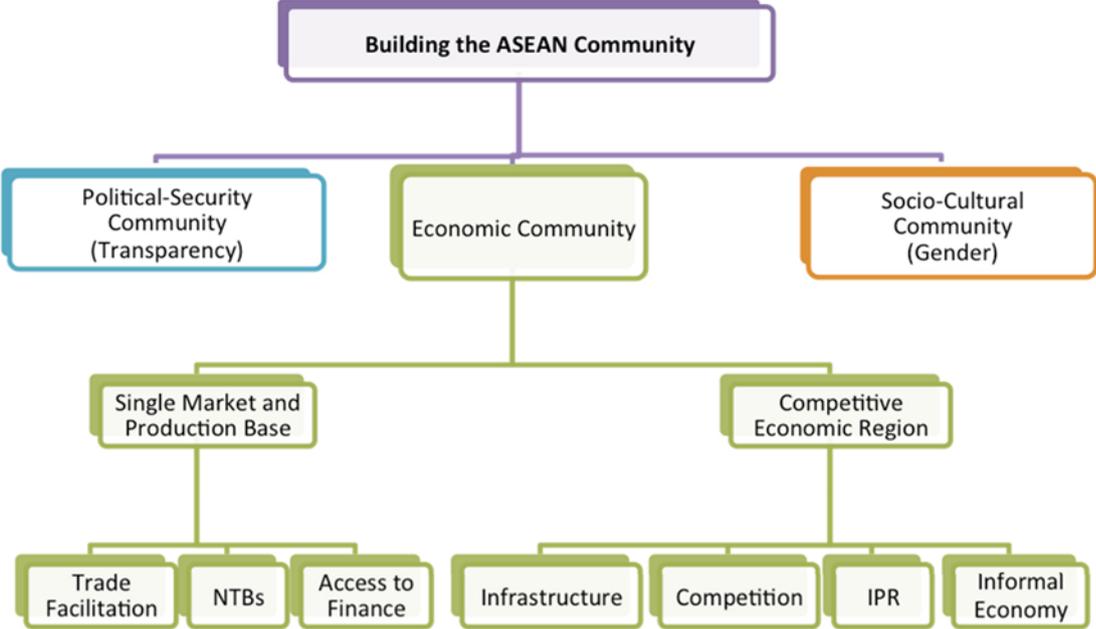
The RATE assessment resulted in 10 topical reports that present the information gathered during field investigations and other research. In addition to summarizing the state of key laws and institutions involved with agricultural trade and investment within ASEAN's Member States, RATE proposes a number of opportunities for action that may be considered by ASEAN's leaders as the ASEAN Community is fully developed in coming years. The RATE assessment has certain limitations which are discussed below.

This Summary Report condenses the information found in the 10 topical reports developed by RATE and groups the reports into major themes to match the broad outline of the ASEAN Community Blueprint. As highlighted in Figure 1, the ASEAN Community is founded on the formation and integration of three community pillars: 1) the ASEAN Political-Security Community (APSC), 2) the ASEAN Economic Community (AEC), and 3) the ASEAN Socio-Cultural Community (ASCC). It is

¹ The RATE methodology is drawn from USAID's Agribusiness Climate Legal and Institutional Reform (AgCLIR) diagnostic tool, a comprehensive approach to examining many country-specific aspects of starting and running an agribusiness, including in farming, processing, exporting, and other agriculture related enterprises. RATE has been adapted from AgCLIR as an efficient method for examining regional legal and institutional environments for trading in agricultural goods.

envisioned that each of the three community pillars will be established by 2015 and that the ASEAN Community will be fully integrated by 2015.

Figure 1: Building the ASEAN Community



As part of the ASEAN Community Building process, blueprints outlining measures and activities to be realized under each community pillar, serve as guides for the formation of each of the three community pillars. Each of the pillars is supported by relevant groups of Ministerial Bodies from the 10 ASEAN Member States. Keeping in mind the areas of focus of the three community pillars, the RATE investigations reviewed the trade enabling environment for food and agriculture products in the AMS and focused primarily on elements of the AEC that have direct relevance to the trade enabling environment. However, since trade issues also include subjects beyond the purely economic, the RATE assessment also considered other topics including Food Security, Transparency, and Gender.

This summary report first discusses Food Security and the cross cutting implications across the three ASEAN community pillars. Secondly, the report reviews the findings from the RATE Assessment topics that will affect the formation of the AEC. Thirdly, the report reviews the findings from the Transparency and Accountability topical report, which will influence the formation of the APSC. Finally, the report considers the findings on Gender, which will influence the formation of the ASCC. Figure 2 below lists the 10 RATE topical reports and their relevance to the ASEAN community pillars.

Figure 2: RATE Topical Report Grouped by ASEAN Community Pillar

ASEAN Economic Community	
<i>Single Market and Production Base</i>	
Trade Facilitation	The Single Market can only exist if the procedures and controls governing the movement of goods and services across borders are well understood, and agencies charged with monitoring/enforcing the procedures are efficient.
Non-Tariff Barriers to Trade	Markets function better when trade is managed through transparent tariffs and legitimate health and safety measures.
Access to Finance	<ul style="list-style-type: none"> ➤ The availability of capital is necessary throughout the AEC to fund investments needed for economic growth and social advancement. ➤ Providing better access to credit in rural areas helps farms/businesses to cope with supply & demand risks, strengthens businesses, and contributes to greater food market stability in the region.
<i>Competitive Economic Region</i>	
Infrastructure	<ul style="list-style-type: none"> ➤ The integrated economies of the AEC need infrastructure investments – highways, railways, and ports – that facilitate the flow of goods, services, and skilled labor. ➤ Strong national markets need public facilities that support farms and businesses, such as roads, domestic markets, storage facilities, and access to information.
Competition	Markets function better and consumers are better served when they have choices and businesses compete under rules of fair, transparent, and efficient trade.
Intellectual Property Rights	Investment in a vibrant economy is enhanced by systems for registration, recognition and protection of patents, trademarks, and copyrights, for equipment, products, and services.
Informality/Formality	When producers, processors, and traders enter the formal economy, their businesses can grow and their goods can circulate more freely, within and across borders, enhancing food security.
ASEAN Political-Security Community	
<i>Cooperation in Political Development</i>	
Transparency & Accountability	Markets function better when transparency and accountability prevail in all legal and regulatory aspects of trade and agriculture.
ASEAN Socio-Cultural Community	
<i>Cooperation in Human Development</i>	
Gender	Empowering women to make key decisions about production, livelihoods, resource use, incomes, and time, and enjoy equal access to technology and markets strengthens rural economies.

Food Security

Food security exists when all people, at all times, have physical, social, and economic access to sufficient, safe, and nutritious food that meets their dietary needs and food preferences for an active and healthy life.² In a regional context, and importantly for ASEAN to form an economic community, the term “all people” expands, to include the approximate 600 million citizens of the 10 ASEAN Member States.

Improving food security in ASEAN is an important, over-arching concern that was highlighted by the food price spikes in 2007-2008. The price spikes were largely related to rice. At that time, the price of rice, the region’s important food staple, nearly tripled and both India and Vietnam banned rice exports. In response to the export bans, major importers, such as the National Food Authority of the Philippines, engaged in panic buying that intensified the crisis.³ Many countries then sought to boost domestic production to attain rice self-sufficiency.

However, one important outcome was the recognition that trade could be a positive influence on food security because food trade helps countries respond better to price shocks. Another outcome was an impetus for better inter-governmental cooperation. The governments of Indonesia and the Philippines established memoranda of understanding with exporting countries of Vietnam, Cambodia, and Burma (Myanmar) to stabilize trade expectations.

To achieve the more inclusive goal of food security for all the citizens of ASEAN, both the political will and the implementing mechanisms must be established and fortified. Working together to improve the food security situation has been a unifying theme for ASEAN over the decades for the formation of the ASEAN Community. Due to the broad nature of the issues influencing food security, its concerns and solutions have implications that span across the three community pillars of ASEAN.

How Food Security Relates to Other RATE Topics

Trade Facilitation. Promoting and facilitating trade in food and agricultural products can improve food security, increase income through exports, improve access to productivity advancements, and result in nutritionally varied diets.

Nontariff Barriers. Issues of food quality are part of ASEAN’s agenda for harmonization of food standards, which is also a significant issue in the regional discussion of NTBs.

Infrastructure. Strong infrastructure facilitates trade. Weaknesses in infrastructure may imperil access to safe and healthy food, particularly in times of emergency.

Access to finance. Agricultural producers, processors, and traders need access to a variety of financial services in order to maintain and grow their businesses.

Informal Economy. Most of ASEAN’s food-insecure people toil in the region’s informal economies.

Transparency and Accountability; Competition. The close association of corruption and poverty threatens the food security of ASEAN’s vulnerable populations.

Gender. A family’s food security is often linked to the resources women have to grow, purchase, and prepare food.

Intellectual Property Rights. ASEAN’s agricultural community can benefit from the incentives IPR provides to develop innovative approaches and practical tools that raise productivity.

² Food and Agriculture Organization of the United Nations (FAO) Declaration on world food security. World Food Summit (1996), Rome.

³ Tom Slayton. 2009. Rice Crisis Forensics: How Asian Governments Carelessly Set the World Rice Market on Fire. Working Paper Number 163. Washington, DC: Center for Global Development.

ACHIEVING FOOD SECURITY IN THE ASEAN COMMUNITY

Food laws and policies in many of the ASEAN Member States promote food production, in particular through protectionist self-sufficiency policies that are barriers to food imports. Moreover, food *security* is often equated with food *self-sufficiency* in the national policies of the Member States. Policies in some of the Member States raise prices and leave decisions on importing and storage management to public agencies.

Improving food security certainly involves enhancing food production, but achieving food security also involves improving trade. Seizing opportunities to improve farmers' knowledge of, and access to, technologies to raise yields to better husband existing land and water resources will be key to improving the efficient output of food in volumes sufficient to feed future populations. Improving farmers' access to up-to-date agricultural production inputs and technologies is the clearest example of why expanded trade is integral to efforts to improve food security.

Based on the issues identified during the RATE interviews, the following recommendations should be considered by the ASEAN Community.

Actions and Opportunities for the Emerging ASEAN Community

Continue to work with food security as a subject that promotes unity among ASEAN Member States. As the ASEAN Community emerges, mechanisms are needed to coordinate strategies and actions among the Member States, with local levels of government, and various stakeholders within the Member States. The mechanisms should build upon the existing ASEAN Integrated Food Security Framework and Strategic Plan of Action on Food Security to include frameworks for national and local dialogue on the design, implementation, and monitoring of food security and nutrition strategies, legislation, policies, and programs. Stakeholders include local governments, NGOs, agribusinesses, farmers' organizations, small-scale and traditional food producers, women and youth associations, representatives of the groups most affected by food insecurity, and donors and development partners.

Similarly, to improve food security planning in the ASEAN Community, inter-ministerial approaches are needed to address problems and opportunities that are broad and complex to deal with, and may likely involve, in addition to Agriculture ministries, Economic or Trade or Health ministries. The problems are complex and multi-faceted, and solutions will require creativity from multiple jurisdictions.

ASEAN's producers of agricultural goods, like farmers and livestock growers throughout the world, are increasingly aware that protectionist policies do not always benefit the farmers because such policies can reduce access to high-quality production inputs such as seed and fertilizer. To achieve better food security, the mechanisms making up the ASEAN Community must improve the ability of farmers in all parts of ASEAN to sell to markets throughout the region. In addition, all ASEAN farmers should have equal access to high quality seed, crop protection materials, and productive inputs that will boost productivity and make food more available and affordable.

Create an ASEAN Farmers' Organization to Engage in Dialogue with the ASEAN Community on Food Security and Engage in National Policy Advocacy. In the ASEAN Community, government food security policies would benefit from public evaluation and comment, as is the custom in many Western governments. A regional farmers' organization that appropriately represents all Member States, could be beneficial for the policy formulation and evaluation process for the ASEAN Community. The organization would be able to provide rapid feedback on any proposed

regional economic policies that would affect growers and livestock producers. Certainly SOM-AMAF's and AMAF's⁴ regular consultations with regional and Member State-based private sector associations on strengthening and streamlining trade in agricultural and food products should continue, but be augmented by technical or "working group" meetings, including regular consultations with representatives of farmers and farmer organizations.

Harmonize Food Quality and Safety Standards. In 2009, with adoption of the Socio-Cultural Community Blueprint, ASEAN Member States committed to harmonizing their standards for food safety. With the establishment of the ASEAN Community and the three community pillars, this harmonization is imperative. For the formation of the AEC, economic integration will require harmonizing more of the standards for food safety, testing, labeling, plant health, sanitary and phytosanitary (SPS), and myriad others. International standards, such as those set forth through in WTO SPS Agreement, the Codex Alimentarius, the World Animal Health Organization, and the International Plant Health Convention, can provide a threshold for harmonization, and gradual phase-ins can account for the wide variety of production and testing capacities across the Member States. Initial efforts could focus on a few industries, such as aquaculture and livestock. Mutual recognition agreements pertaining to food standards would essentially achieve the same goal and support intra-ASEAN trade. The institutional framework for much of this work is already in place. The remaining challenge is to develop consensus among the Member States for the implementation of the blueprints.

Consider gender in developing and implementing food security plans. Through small changes in routine and practice, ASEAN committees and working groups should make explicit efforts to take into account the needs and preferences of both men and women when examining or promoting potential regulations for the ASEAN Community. The Member States should be encouraged to engage in similar practices.

⁴ Senior Officials Meeting for ASEAN Ministers of Agriculture and Forestry (SOM-AMAF) and ASEAN Ministers of Agriculture and Forestry (AMAF).

Forming the ASEAN Economic Community: Establishing a Single Market and Production Base

In the AEC Blueprint, the vision of a single market and production base includes free flow of goods, services, investments, capital, and skilled labor. Key sectors such as food, agriculture, and forestry are designated for priority actions leading to integration, and barriers to movement of goods, services, capital and skilled labor are removed.

The RATE reports covering *Trade Facilitation*, *Non-Tariff Barriers* and *Access to Finance* encompass issues that will be critical to the formation and satisfactory functioning of an economic community – creating the single market and production base. The reports indicate where collective action by ASEAN – working through the ASEAN Secretariat or the Ministerial Bodies of ASEAN – can, and should, be taken to develop common policies and regulations that will be necessary for the formation of a meaningful AEC.

- *Trade Facilitation* comprises collective actions necessary to override many current cross-border impediments that currently encumber trade among the Member States. If ASEAN expects to combine the ten Member States as a single market and production base, the obstructions must go. In terms of improving food security, facilitating trade by effective and efficient movement of foodstuffs from one nation to another is a fundamental premise of any functioning economic community.
- *Non-Tariff Barriers* simply cannot exist within an economic community. If ASEAN expects to combine the ten Member States as a single market and production base, the obstructions must be eliminated.
- *Access to Finance* defines the availability of capital, vital for both regional projects, such as construction of the physical infrastructure and telecommunications systems necessary to establish the single market and production base, and it is important for support to farms and businesses in each of the Member States.

ESTABLISHING A SINGLE MARKET AND PRODUCTION BASE: TRADE FACILITATION

The ASEAN Economic Community (AEC) will establish the ten Member States as a single market and production base. Efficient facilitation of trade promises myriad benefits for the citizens of the Member States, and is a critical component that is at the core of the push for formation of the ASEAN economic community. Within an economic community, the efficiencies and cost savings of allowing business-to-business linkages to operate unencumbered by delays in transit time are considerable. For trade in food and other agricultural products, the benefits include greater food security, increased income through exports, better access to productivity advancements, and more nutritionally varied diets.

Trade and Trade Facilitation among ASEAN Member States

Total trade in ASEAN tripled between 2000 and 2010, growing from \$759 billion to \$2.046 trillion.⁵ Intra-ASEAN trade expanded by about the same proportion over the same period, from \$166 billion to \$520 billion but intra-ASEAN trade became more significant in terms, increasing from about one-fifth to about one-quarter of total trade⁶ - reflecting significant progress on tariff liberalization.

According to the International Finance Corporation's *Doing Business* report, seven ASEAN countries⁷ rank in the top-half in the world in terms of "Trading across Borders". This ranking is one of the region's stronger showings, and one that highlights the great effort dedicated to improving trade facilitation services within ASEAN in recent years. However, compared with the OECD (high-income countries) average, all the Member States require 50 percent more documents and their cargo takes 60 percent more time to export and import than in OECD countries (although the estimated costs per shipment are lower than the OECD average).

By 2015, as described in the AEC Blueprint (2007), the AEC will establish the ten Member States as a single market and production base. The ASEAN Free Trade Area (AFTA), with its Common Effective Preferential Tariff (CEPT) scheme (1992), is implemented under the ASEAN Trade in Goods Agreement (ATIGA) (2009). ATIGA foresees the elimination of import duties on all products traded among Member States, implemented in two rounds: by 2010 for the ASEAN-6 and by 2015 (with flexibility to 2018) for Cambodia, Burma (Myanmar), Lao PDR, and Viet Nam.

Four different ASEAN Sectoral Ministerial Bodies are involved in harmonization of trade regulations within ASEAN. The bodies and their jurisdictions are shown in the table below.

ASEAN Sectoral Ministerial Body	Areas of Responsibility relating to Trade Facilitation in Agricultural Products
ASEAN Free Trade Area (AFTA) Council	Oversees the ASEAN Free Trade Area (AFTA), which has lowered intra-regional tariffs through the Common Effective Preferential Tariff (CEPT) Scheme.
ASEAN Economic Ministers (AEM)	Supports development of trade facilitation in close cooperation with other relevant initiatives in ASEAN and East Asia, such as the Asian Development Bank – Greater Mekong Sub-region (ADB-GMS) programs, the Master Plan on ASEAN Connectivity, the Comprehensive Asian Development Plan and the Asia Cargo Highway Initiative.
ASEAN Ministerial Meeting on Agriculture & Forestry (AMAF)	Supports ASEAN Integrated Food Security Framework & Strategic Plan of Action with commitment to promote conducive markets and trade; food safety standards; animal/plant health standards; and consideration of trade facilitation issues within sectoral working groups.
ASEAN Transport Ministers Meeting (ATM)	Addresses harmonization of cross-border transport mechanisms, including trucks, ships, and rail.

⁵ The Nation (Thailand), "ASEAN economic ministers voice concern about non-tariff barriers" (Aug. 29, 2012).

⁶ ASEAN Community in Figures (2011)

⁷ All but Laos and Cambodia, as well as Burma (Myanmar) which was not surveyed for the report.

ASEAN Single Window (ASW)

Recognizing the importance of coordinated activity to help realize the AFTA vision, the Member States agreed in 2005 to establish an ASEAN Single Window and, the following year, signed a protocol to establish and implement the ASW. The Protocol defined the ASW as “the environment where National Single Windows (NSW) of Member Countries operate and integrate,” defining National Single Windows as systems with a single point of submission of trade data (i.e., documentation) and information, a single and synchronous processing of data and information, and a single decision-making point for Customs clearance and release of cargo. With USAID support, the ASW has advanced to the point of installation of ASW Gateway software, integration of NSWs and the ASW Gateway, and testing of pilot data exchanges between and among seven Member States, via the ASW Gateway.

ASEAN Member States aim to implement the full ASW architecture in 2013-14, including the incorporation of other data in the regional exchange, with full rollout envisioned by 2015. The ASW experience – which has included consensus-building and harmonized implementation at the regional and individual country level – has proven highly instructive with respect to how ASEAN may go about implementing other commitments to regional trade harmonization. In particular, the private sector has welcomed opportunities to discuss its perspectives on how the ASW could be most effectively implemented.

Actions and Opportunities for the Emerging AEC

Use a risk management approach to customs inspections at borders. This methodology defines a systematic approach to making decisions under uncertain conditions by identifying, assessing, understanding, planning, and communicating risk issues. Deployment of risk management means that a large proportion of international shipments can cross borders quickly with no inspection and minimal formal requirements. In addition, increased transparency and fewer inspections reduce opportunities for bribe solicitation and payment. The integration of risk management procedures into National Single Window systems is especially important to reduce the time spent at the border by perishable items.

ESTABLISHING A SINGLE MARKET AND PRODUCTION BASE: NON-TARIFF BARRIERS

The term “non-tariff barriers” (NTBs) encompasses a variety of government actions affecting trade, including quotas, health and environmental regulations, licensing requirements, and mandatory product inspections. Non-tariff barriers simply cannot exist within an economic community. If ASEAN expects to combine the ten Member States as a single market and production base, the barriers must be eliminated, to facilitate the free flow of goods and services. In October 2012, an independent midterm review of ASEAN’s progress on AEC Blueprint goals by the Economic Research Institute for ASEAN and East Asia identified a systematic regional approach to dealing with NTBs as a top priority.

Elimination of NTBs... is (or will be) central and foundational... (to) ASEAN economic integration and connectivity. Without major achievements in them, there cannot be AEC even if there is tremendous progress in the rest of the AEC measures.

Economic Research Institute for ASEAN and East Asia, Mid-Term Review of the Implementation of AEC Blueprint

NTBs can be roughly divided into “technical measures” (such as SPS standards) and “non-technical measures,” (such as bureaucratic restrictions). Both types of NTBs may have legitimate purposes, but both also present considerable potential for misuse by importing countries as NTBs are nontransparent

(disguised or unclear) obstacles to trade. As noted above (in the Trade Facilitation section), the ten Member States agreed in 2009 to eliminate NTBs in three phases⁸ and complete the process by 2015, with some flexibility to extend the process to 2018 for new entrants (Cambodia, Laos, Myanmar, and Vietnam). Notwithstanding these plans, ASEAN's progress in addressing NTBs has been slow. In August 2012, the AFTA Council found that the number and scope of NTBs has actually increased. Also in 2012, the European Commission reported that Indonesia had constructed the fourth highest number of new potentially restrictive import and export measures in the world.

Actions and Opportunities for the Emerging AEC

Reduce and eliminate NTBs in ASEAN Member States. In August 2012, at the meeting of ASEAN Economic Ministers (AEM), Member States were urged to reduce obstacles that might inhibit the free flow of trade and recommended establishing a single, region-wide set of technical standards for Member States similar to that in place within the European Union. ASEAN Leaders should address the AEM appeal, as actions are needed soon if the deadline for forming the AEC is to be respected.

Streamline and accelerate efforts to harmonize food standards. Through the ASCC Blueprint, the Member States committed in 2009 to harmonize their standards for food safety, an effort that aimed to go a long way toward reducing NTBs in the region. The Member States are working to align domestic food standards with both ASEAN standards and internationally recognized standards; but here too, progress is slow.

Encourage Public Participation in the process of approving GMOs. Member States have not yet developed a shared view of how Genetically Modified Organisms (GMOs) might be integrated into agricultural production and trade. The ASEAN Ministers of Agriculture and Forestry endorsed the *Guidelines on Risk Assessment of Agriculture-Related Genetically Modified Organisms* in 1999. But, more than a decade later, evidence-based policymaking, information sharing, and even scientific understanding of GMOs and their place in ASEAN's production base is not evolving on a schedule that matches the deadline of 2015 for forming the AEC.

GMOs are now integral to agriculture almost worldwide. Many staple crops have been bred or genetically modified to adapt to drier conditions, to increase yields, or to resist diseases or pests. In general, two schools of thought on GMOs have emerged. In the United States, policy allows that these crops and their end products are substantially equivalent to conventional crops, and there are few if any restrictions on GMO usage. In contrast, the European Union sharply restricts the import and use of GMOs.

ASEAN has yet to define the appropriate role for GMOs. Achieving consensus on this matter requires a number of steps:

- Commit to developing a science-based body of reference materials for use in all the Member States.

⁸ The ATIGA describes the process as:

(a) Brunei, Indonesia, Malaysia, Singapore and Thailand shall eliminate in three (3) tranches by January 1 of 2008, 2009 and 2010;

(b) The Philippines shall eliminate in three (3) tranches by January 1 of 2010, 2011 and 2012;

(c) Cambodia, Lao PDR, Myanmar and Viet Nam shall eliminate in three (3) tranches by January 1 of 2013, 2014 and 2015 with flexibilities up to 2018.

- Support evidence-based dialogue on the practical implications of GMOs through regional conferences, journals, television and radio programs, and other means that reach a wide range of stakeholders.
- Support scientific research from a regional perspective and develop consistent, well-maintained outlets for sharing and testing research results.

ESTABLISHING A SINGLE MARKET AND PRODUCTION BASE: ACCESS TO FINANCE

The availability of capital is important for both regional projects, such as construction of the physical infrastructure and telecommunications systems necessary to create the single market and production base, and is important for providing business credit, including providing better access to credit in rural areas targeting farms and businesses. Throughout ASEAN, credit will be required to fund investments needed for economic growth and social advancement within the AEC.

The AEC Blueprint includes a framework for promoting SME development, a key component of which is increasing access to credit to enhance SME competitiveness in ASEAN. The framework includes activities to establish an SME financial facility in each ASEAN Member State, conduct a feasibility study of SME credit systems, and set up a regional SME Development Fund. The ASEAN Insurance Training and Research Institute is a resource for insurance institutions focusing on developing insurance capacity in ASEAN's lower-income Member States.

Important Findings

The incidence of microcredit is widespread in the region, with varying degrees of success in gaining market share or membership in MFIs. When financial services are not available from formal financial institutions, producers, processors and traders in ASEAN often turn to other types of lenders, including buyers, suppliers, traders, pawn shops, and moneylenders. Some arrangements involve a formal contract, such as agreements between farmers and larger agribusinesses or processors.

The lack of adequate credit information reporting structures is acute in most of the region, and inhibits growth at the small and medium enterprise level. This is also the case with regulatory and institutional structures for innovative finance mechanisms such as crop insurance, and collateralization of crops, accounts receivables, and livestock.

Nonetheless, there are best practice models being used in some Member States:

- In Thailand, banks have traditionally accepted only land as collateral, but have become more flexible in accepting movable collateral, such as inventory or receivables, from qualified borrowers. In the Philippines, lenders expressed greater willingness to accept moveable collateral that is registered to the owner, such as vehicles, but resist unregistered items such as equipment, crops, or inventory.
- Thailand's credit registry includes microfinance loan histories, which means that women who start off borrowing small amounts of money can theoretically build a credit history and eventually get access to larger loans on more advantageous terms.
- Vietnam's Civil Code provided a structure for using fixed and moveable collateral to secure loans, but in practice, however, the use of agricultural collateral, particularly for farmers, was not working well. By 2009, the Ministry of Justice had implemented a number of those recommendations, including enactment of a new Secured Transactions Decree.

- Indonesia's public credit bureau (established in 2006) has strengthened data quality and infrastructure and given users wider coverage, but there is room for improvement, including reporting of micro-loans.
- Indonesia's Ministry of Agriculture is piloting a crop insurance program.

Actions and Opportunities for the Emerging AEC

Develop regional guidelines on the legal framework for collateral lending. The ASEAN Finance Ministers meeting, a regional meeting of Central Bank leaders, or even the regional association of banks and bankers, could lead an initiative to develop regional guidelines on the the legal and institutional framework for collateral lending. Regional guidelines should reflect input from SMEs, larger companies, financial institutions, local finance experts, donors and other stakeholders.

Develop regional guidelines on the role of state-funded agricultural development banks. Member States could benefit from guidelines on the appropriate role of state-funded credit programs that support SMEs in the agriculture sector. A number of entities could lead such an initiative, among them the ASEAN Ministerial Meeting on Agriculture and Forestry (AMAF).

Opportunities for Action by Individual ASEAN Member States – Promoting Regional Competitiveness and Equitable Development

- Streamline secured transactions laws.
- Create or strengthen collateral registries to reduce lenders' risks and improve the effectiveness of credit reporting systems.
- Expand access to microfinance services for SMEs.
- Improve collection of statistics on access to finance in rural area.
- Improve women's access to finance.

Encourage a regional discussion of agricultural insurance, leading to programs within the Member States.

Although agricultural insurance is not widely available in the region, many Member States are making plans to reform their insurance industries or promote insurance programs. Insurance for SMEs and for the agriculture sector is challenging to develop and there are few examples of such insurance in the developing world. Drawing on the expertise of the ASEAN Insurance Training and Research Institute, ASEAN or a private-sector led working group could build on the interest of Member States and opportunities for developing agricultural insurance in Member States. Private insurers and Member State officials should be invited to discuss their views on reforming their insurance industries to promote SME and agricultural insurance to share knowledge, and develop best practices for the region.

Building a Competitive Economic Region

The second thematic grouping of RATE reports includes issues that bear on the ability of each Member State to economically participate in, and contribute to, an economically competitive region. We include information taken from four topical reports – *Infrastructure*, *Competition*, *Intellectual Property*, and *Informal Economy*. ASEAN as an integrated economic community will have a role in leading ASEAN Member States, by developing ‘best practices’ or providing examples of model legislation, but near-term progress in these subject areas will come from the Member States governments acting individually. The governance of these factors, or their collective influence on the trade enabling environment, both economic and cultural, will remain within the purview of the Member States for the foreseeable future.

These four reports deal with national laws and regulations – the various “behind the border” challenges identified by RATE – that limit or could enhance the opportunity for greater regional trade or economic opportunity. However, these characteristics are intrinsically rooted in national or local laws. Land tenure laws, for example, are governed exclusively by each of the Member States. A “regional” jurisdiction in any of these areas is unlikely for a very long time to come.⁹

In the AEC Blueprint, these topics are generally in the area of “Competitive Economic Region. Viewed collectively, consumers and businesses in all the Member States face an enabling environment that is more similar than dissimilar. Hallmarks of a competitive economic region are a recognized competition policy, consumer protection laws and regulations are established, intellectual property rights respected, equitable taxation applied, and e-commerce being available.

BUILDING A COMPETITIVE ECONOMIC REGION: INFRASTRUCTURE

Providing infrastructure is one of the most fundamental responsibilities of any government, and as the AEC’s regional focus expands, the need for coordinated infrastructure investments will grow exponentially. The AEC Blueprint presents strategic visions and actions to be taken in transport cooperation; land, maritime, and air transport; information infrastructure; energy cooperation; mining cooperation; and financing of infrastructure projects. The AEC Blueprint also calls for the creation of a regional infrastructure development fund. In response, the ASEAN Infrastructure Fund, spearheaded by the Asian Development Bank, was launched in 2012.

Policymakers in the ASEAN region have strengthened their commitment to long-term infrastructure planning, which strengthens the confidence of investors and businesses. Considerable demand exists in ASEAN for infrastructure projects that more directly support agricultural value chains, including improvements in rural roads, electricity, water, and storage facilities. Better infrastructure can reduce

⁹ This distinction is discussed below. In brief, while ASEAN guidelines and information sharing may be helpful, the framework – the enabling environment – for Intellectual Property example, will be specific to, and governed by, the laws and customs in each ASEAN Member State for some time to come. Ideally, the laws and their implementation would be identical or very close to identical in each country over time, but the impetus for change will be from within each of the countries.

both transport costs and spoilage of products, and allow for greater producer access to extension services and other productivity-enhancing opportunities.

With reference to the RATE *Infrastructure Report*, some of the elements relate to that aspect of the AEC involving creation of the Single Market and Production Base, as well as the (national) investments that are largely directed at improving the productivity and output of the Member States. For example, physical improvements will be needed to integrate the economies of the Member States (ports, railways, and major roads), while other sorts of investments are needed to facilitate the production and regional marketing of goods, such as feeder roads linking farms to markets, small-scale community-managed irrigation projects, or electrical power generation capacity. Infrastructure planning – and funding – is a basic consideration for knitting together the Member States.

Infrastructure development is critical to ASEAN's economic integration. Across the region, there are visible, on-going improvements in transport facilities, especially roads, highways, ports and airports, as well as in dams and telecommunication networks. Some projects focus on sub-regional connectivity, such as a number of Mekong region transport projects.

Since 1996, the regular Meeting of ASEAN Transport Ministers (ATM) has generally overseen regional initiatives pertaining to infrastructure. The portfolio of this group is very broad, and includes all models of transport – by road, rail, water, and air. The Transport Ministers monitor regional initiatives arising from the Master Plan on ASEAN Connectivity which seeks to enhance physical (infrastructure) connectivity and improve institutional connectivity.

Many priorities are found under the ASEAN Strategic Transport Plan (2011-2015), which aims to create an efficient, secure and integrated transport network to increase attractiveness as a production and investment destination.

The AEC Blueprint specifically presents strategic visions and actions to be taken in the areas of transport cooperation, land transport, maritime and air transport, information infrastructure, energy cooperation, mining cooperation, and financing of infrastructure projects. In terms of land transport, the Blueprint names the completion of the Singapore-Kunming Rail Link (SKRL) connecting Southeast Asia with China, and the ASEAN Highway Network (AHN), as priorities.

Given that the railway networks and operations are largely deficient in the region, the execution of the SKRL project is expected to have a large impact in terms of increasing efficiencies as an alternative mode of cross-border cargo transportation. The railway line would span 7,000 km and link major cities in Thailand, Cambodia, Vietnam, Laos, Burma, Malaysia, Singapore, and China.

The AHN aims to construct and upgrade roads connecting the Member States and China. Part of the AHN overlaps with the Trans-Asian Highway network. Unfortunately, time targets for the completion of certain stages have not been met to date.

Actions and Opportunities for the Emerging AEC

Prioritize funding to infrastructure activities that will connect ASEAN Member States. Within the ASEAN Infrastructure Fund and other funding sources, there is the opportunity to give priority funding to infrastructure activities that will connect the Member States. The Infrastructure Fund can also be used to invest in infrastructure projects that result in a higher volume of intra-regional trade. Special attention is needed for the contractions of roads and cold storage facilities that will facilitate trade of agricultural products. Important opportunities remain to build transportation, power

generation, and communication networks across ASEAN. Integration is well underway in telecommunications and banking systems.

Formulate a regional transportation policy and establish transnational corridors. The ASEAN Strategic Transport Plan 2012-2015 is an important first step toward regional economic integration and the development of a competitive economic region. As the AEC emerges, ASEAN leaders should formulate a regional transportation policy, incorporating to-be-established transnational corridors, which will link centers of agricultural or industrial production. These corridors will both increase trade and attract investment to their surrounding areas.

In terms of land transport, in addition to prioritizing the SKRL and the AHN, plans are underway for high speed trains operating between Kuala Lumpur and Singapore, and between Bangkok and Phnom Penh, with improved train transport available throughout the region. Thailand is reportedly considering an investment of 2 trillion THB (over US\$65 billion) to upgrade rail capacity throughout the Kingdom.

The Greater Mekong Cross-Border Transport Agreement is an important step toward regional transport coordination. ASEAN could sponsor a discussion of the development of transnational corridors, ultimately for implementation within the AEC. Pursuant to international best practice, proposed corridors should be created for the purpose of increasing trade flows and attracting investment along the corridors. Ultimately, a regional transport policy would need to be coupled with gradually reduced regulatory, legal, and institutional barriers between nations, as the Blueprint for the AEC anticipates.

Focus on infrastructure improvement that will foster farm-to-market efficiencies. As the AEC takes form, ASEAN should continue to coordinate infrastructure investments to integrate the production and marketing of goods. Specific to food security, funding of physical infrastructure that will benefit agricultural production and trade should have a high priority and include the following:

- **Feeder roads linking farms to markets.** While likely to be funded from national budgets, upgrading rural pathways to connect to main roads will decrease high trucking costs and commodity load losses, improving value chain efficiencies and productivity. Similarly, river transport can offer important alternatives to road transport for agricultural commodities. (Consider the importance of the Mekong River for goods transportation.) Credit from the ASEAN Infrastructure Fund or other sources could make private sector investment in inland waterway infrastructure viable.
- **Small-scale, community-managed irrigation projects.** Small-scale water systems contribute to agricultural production in many locations across ASEAN, but their number remains small because of financial constraints. Again, much of the investment will likely come from national budgets, but a regional fund managed by an ASEAN working group could assist in providing credit where national budgets cannot meet the demand for investments in viable economic projects.
- **Power.** Electricity for on-farm production activities, from pumping water or aerating fish ponds to developing storage facilities, will be increasingly necessary to boost output. Along the marketing chain, rural markets would benefit from the availability of electricity that is likely to come from small-scale power projects such as village hydroelectric projects or even solar panels.

BUILDING A COMPETITIVE ECONOMIC REGION: COMPETITION

Free and fair competition among enterprises promotes economic efficiency, consumer choice and welfare, and economic growth and development. Competition impels companies to work as efficiently as possible and to offer the most attractive price and quality options in response to consumer demand, rather than conspiring as cartels, for example, to fix prices or to block market entry. Government control and interference in domestic enterprises is significant in most of the Member States, particularly with respect to agricultural production, processing, and trade. Promoting competition generally involves removing the legal authorities for favored enterprises to engage in anti-competitive practices. A common situation is one wherein state-owned enterprises are the only legal buyer of a commodity.

Since 1999, five of the Member States have enacted competition laws and endeavored to integrate competition policy into their economies. Specific competition challenges vary among the Member States, given differing degrees of state engagement in the economy and varied roles of large private actors. The enactment of competition policy and law signals a government's commitment to promoting improvements in price, quality, and variety of products in markets. The impact of competition policy and law is undermined, however, when the same government enacts (or fails to repeal) laws and regulations that directly interfere with free and fair competition, including in the agriculture sector.

The AEC Blueprint anticipates that, by the time the AEC formally emerges in 2015, all the Member States will have established a competition policy, jointly created a network of competition authorities or agencies, and developed regional guidelines on competition policy. To this end, the ASEAN Experts Group on Competition facilitates information exchange and cooperation on competition policy.

Actions and Opportunities for the Emerging AEC

Assist the Member States to enact or amend competition laws that incorporate international best practices, issue policy directives that reflect the law and its principles, and monitor the enforcement of the laws and directives. In most of the Member States, the RATE assessment found a range of legislative and regulatory interventions that, irrespective of the formal competition policy and law, sharply diminish competition in domestic agricultural markets.

- Institute a process wherein private-sector perspectives are systematically included in policy dialogue on competition. There remains enormous opportunity in ASEAN to coalesce around the key values of competition, beginning with outreach to farmers, private businesses and civil society organizations that are stakeholders in a competitive – or uncompetitive – economy.
- Seek international assistance to improve human capital skills for the purpose of implementing competition laws and regulations. Through its ASEAN Competition and Consumer Protection Program, USAID has facilitated capacity building and it would be advantageous for foreign competition authorities to continue to assist with training.
- Provide conditions and resources for harmonizing existing or draft competition laws. Establishment of substantive consistency among laws is never a simple task. Competition, however, is one area in which international best practice is clear, examples of successful implementation abound, and technical assistance from market-based economies is in good supply. The five Member States that have not yet enacted competition laws can “get it right the first time.”

BUILDING A COMPETITIVE ECONOMIC REGION: INTELLECTUAL PROPERTY RIGHTS

A robust and carefully enforced legal and institutional regime supporting intellectual property rights (IPR) is critical to ASEAN's economic community, and will shape how competitive the Member States will become. Respect for and enforcement of IPR will lead to innovative approaches and practical tools that enhance productivity and provide economic incentives needed for SMEs and independent inventors – which may include farmers themselves – to develop innovative solutions, secure investors, and make new solutions available to others. The ultimate benefit is a thriving domestic market and ability to compete internationally.

Agricultural producers, processors, and traders can make effective use of IPR to market their goods, while effective laws on trademarks and geographical indications allow producers to gain a reputation for their product's quality. Protection of intellectual property is also important to food safety, as giving consumers confidence in the reliability of labeling helps prevent counterfeit, substandard, and sometimes overtly dangerous goods from entering the market; and enforces prohibitions against unfair and dishonest practices such as alteration of expiration dates.

In 1995, Member States agreed to the ASEAN Framework Agreement on Intellectual Property Cooperation. In 1996, they established the ASEAN Working Group on Intellectual Property Cooperation “to develop, coordinate, and implement all IPR-related regional programs and activities in ASEAN.” However, the legal frameworks of Member States increasingly integrate international best practice pertaining to IPR, but national law and policy continue to vary, as evidenced by widespread copyright and trademark piracy. In addition, concerns over brand dilution and theft keep many entrepreneurs from creating trademarks. Unresolved, the AEC will face significant obstacles to trade and growth.

The ASEAN IPR Action Plan 2011-2015 (Strategic Goal 2) calls for greater participation in global IPR systems, and calls for regional participation in the international IPR community (Strategic Goal 4). Still, given the number of agreements available and the success of these agreements, the ASEAN region has some way to go before claiming adequate participation in the global IPR community. Notable exceptions are Singapore and the Philippines. Singapore is a member of 11 substantive international agreements on intellectual property and one classification agreement.¹⁰ It is also a negotiating partner for the proposed Trans-Pacific Partnership and is a signatory to the Anti-Counterfeiting Trade Agreement. The Philippines has enlisted in nine substantive international agreements on intellectual property.¹¹

¹⁰ Substantive agreements include the Berne Convention for the Protection of Literary and Artistic Works; Brussels Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite; WIPO Copyright Treaty; WIPO Performances and Phonograms Treaty; Paris Convention for the Protection of Industrial Property; Singapore Treaty on the Law of Trademarks; Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure; Patent Cooperation Treaty; Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks; Hague Agreement Concerning the International Registration of Industrial Designs; and the 1991 Act of the International Union for the Protection of New Varieties of Plants.

¹¹ Berne Convention for the Protection of Literary and Artistic Works; Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms; Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations; WIPO Copyright Treaty; WIPO Performances and Phonograms Treaty; Paris Convention for the Protection of Industrial Property; Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent

Actions and Opportunities for the Emerging AEC

Join major IPR conventions. The AEC should call on all the Member States to join major IPR conventions. Additionally, model legislation should be developed to guide amendment or enactment of appropriate legislation in all Member States. Joining the conventions and complying with international agreements will greatly improve the competitiveness both of the AEC and the region.

IPR conventions and model laws abound because trade depends on IPR frameworks; all people involved in trade and innovation should understand these frameworks and how they function in harmony in this complex area of regulation. Member States should adopt all relevant treaties. AEC should encourage all Member States to become members of, at a minimum, the following conventions:

- Budapest Treaty on International Recognition of Deposit of Microorganisms
- Paris Convention for the Protection of Industrial Property Patent Law Treaty
- Patent Cooperation Treaty
- Strasbourg Agreement on International Patent Classification.

Procedure; Patent Cooperation Treaty; and the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Madrid Protocol).

BUILDING A COMPETITIVE ECONOMIC REGION: INFORMAL ECONOMY

Businesses that do not, or cannot for whatever reason, register as official entities are called informal. Informal businesses, whether large or small, have less chance to survive and grow, compared to businesses that are registered and licensed to operate.

There is no single definition of “enterprise informality” used among the Member States nor a reliable measure of “informality”. In fact, small agricultural producers and workers are often excluded from official counts of informality, which tend to include industrial and service-oriented work but expressly exclude agricultural activity.¹² Agricultural enterprises often do not register as businesses because the process is burdensome and costly, and the benefits too meager.

Governments are hurt when most enterprises remain informal, because the state is unable to collect taxes and other revenues that could be used to fund better education, roads, or health facilities. And, where most enterprises remain informal, governments cannot enforce rules efficiently – such as those pertaining to fraud, environmental protection, or public safety – to the detriment of the entire society.

Trade in goods produced by informal enterprises will be increasingly restricted as consumer protection laws shape trade regulations that demand traceability and other rigorous monitoring and reporting requirements. Informal businesses will be ineligible to participate in the wider market.

Though there is no ASEAN body or working group that addresses informality directly, a number of ASEAN’s sector ministerial bodies are charged with supporting the micro- and small business segments and with addressing issues pertaining to informal labor in agricultural economies. These include Agriculture and Forestry (SOM-AMAF); Rural Development (SOM-RDPE); Social Welfare and Development (SOM-SWD); and Labor (SOM-ALMM). These ministerial bodies can help with the formation of an effective AEC by directing or supporting information gathering, beginning with the adoption of a shared definition of “informality” that will facilitate information gathering.

Actions and Opportunities for the Emerging AEC

Gather additional information. Information is lacking about the needs of the informal agricultural community, as well as the various approaches the Member States are taking to informality. Any number of regional institutions – universities, research institutions, business associations, or even ASEAN itself – can contribute to better understanding of the issue developing a database of standardized information, statistics, and commentary about the informal economy. Beginning with the establishment of a region-wide definition of informality that captures the portion of the agricultural economy that is most limited by the burdens of informality, ASEAN can then compile information on at least the number of informal agricultural participants and the estimated GDP generated by the informal economy.

¹² According to the U.N. Economic and Social Commission for Asia and the Pacific, “It is much easier to describe the informal sector than to provide an exact definition of it. The informal sector can be seen on streets, sidewalks, and back allies of cities and includes petty traders, street vendors, coolies and porters, small-scale artisans, and shoeshine boys.” UNESCAP, Meeting of the Committee on Poverty Reduction, Third session, “Poverty and the Informal Sector/Role of the Informal Sector in Poverty Reduction” (29 November-1 December 2006). In addressing informality in Asia and the Pacific, the International Labor Organization defines “informal economy” as “all economic activities by workers that are—in law or in practice—not covered (or insufficiently covered) by formal employment arrangements” and states that 60 percent of the workforce in the region is covered by this definition. ILO, Informal Economy in Asia and the Pacific, available at <http://www.ilo.org/asia/areas/informal-economy/lang--en/index.htm>

Model legislation should be developed. The AEC can provide model regulations and assist in sharing best practices leading to faster, fairer, and cheaper business registration. There are many sources of ideas for how to strengthen the business environment for MSMEs in ASEAN and beyond, beginning with the Doing Business international and sub-national reports, which address not only business registration, but other issues associated with formality, including licensing, taxation, and enforcing contracts.

Building the ASEAN Political – Security Community: Transparency and Accountability

Formal and informal mechanisms of transparency and accountability encourage officials to act in the public interest, or in the case of companies, in the interests of their shareholders. In an effective and conducive agricultural trade environment, producers require transparent governmental systems for establishing clear procedures of land titling and transfer, for example, and consistent, predictable treatment by officials charged with licensing, inspecting, or otherwise regulating their work. Processors and traders require clarity and consistency in how they are regulated by government, as well as accuracy in the information provided by government. Potential suppliers, customers, and investors need to trust the representations of firms with which they do business to equip themselves adequately to trade on world markets.

The RATE evaluation on transparency centered on the negative effects of corruption. Perceptions of corruption in ASEAN, as measured by the 2012 Transparency International Corruption Perceptions Index (CPI) range from nearly the most positive in the world (in Singapore) to the most negative (in Burma). The CPI rankings on perception of corruption indicate a striking correlation between perceived corruption and per capita GDP, illustrating the long-documented relationship between poverty and corruption. Four of the Member States - Singapore, Brunei, Malaysia, and Thailand - rank in the top half of the countries surveyed. Four of the Member States showed improvement over their 2011 CPI rankings (Malaysia, Philippines, Cambodia, and Burma); five diminished in rank (Brunei, Thailand, Indonesia, Vietnam, and Laos), and one, Singapore, stayed the same. The rise in the Philippines' ranking - 24 places - is noteworthy, as is Indonesia's loss of 18 places. These divergent movements illustrate the significant differences among the Member States.

The incorporation of anticorruption policy into ASEAN's regional agenda began in December 2004, when anticorruption agencies from Brunei, Indonesia, Malaysia, and Singapore signed the Memorandum of Understanding for Preventing and Combating Corruption, thereby establishing the foundation for cooperation in combating corruption in Southeast Asia. As of December 2012, all the Member States except Laos and Burma had signed the MOU, pledging to work together through information sharing and capacity building.

In the 2009 APSC Blueprint, ASEAN encouraged its members to take a series of actions to promote transparency of institutions, generally taking the form of anti-corruption and pro-corporate governance activities, including sharing of best practices. The AEC Blueprint does not specifically reference anticorruption efforts, but instead flags ASEAN's various efforts to promote transparency in regional and international trade, including with respect to non-tariff barriers, trade facilitation and standards and technical barriers to trade.

Actions and Opportunities for the Emerging ASEAN Political – Security Community

Harmonization of the Member States anti-corruption laws. The incorporation of anticorruption policy into ASEAN’s regional agenda began in December 2004, when anticorruption agencies from Brunei, Indonesia, Malaysia, and Singapore signed the Memorandum of Understanding for Preventing and Combating Corruption, thereby establishing the foundation for cooperation in combating corruption in Southeast Asia. As of December 2012, all the Member States except Laos and Burma had signed the MOU, pledging to work together through information sharing and capacity building.

Enact clear laws, based on model legislation, and provide an open review of progress. ASEAN’s goals for combating corruption are spelled out in Section A of the 2009 APSC Blueprint, through which all ASEAN members are encouraged to take action. The practical result of the ASEAN MOU for Preventing and Combating Corruption is that, on occasion, representatives of participating countries convene to discuss issues of mutual interest.

Building the ASEAN Socio-Cultural Community to enhance regional competitiveness: Gender

Gender has been a part of ASEAN's formal agenda since the 1988 Declaration of the Advancement of Women in the ASEAN Region. The ASCC Blueprint calls for increasing the participation of women in the workforce by enhancing their entrepreneurial skills, particularly to contribute to national development and regional economic integration. The work plan of the ASEAN Committee on Women aims to continue work on gender equality and women's advancement. Gender matters, however, have not been significantly incorporated the AEC Blueprint or other major regional economic initiatives, including with respect to such matters as trade in goods and services and competition. Similarly, ASEAN's Integrated Food Security Framework does not refer to the strategic contributions of women to food security or discuss the effects of distinct gender roles in the agricultural economy.

In the context of food security, addressing gender can reduce hunger, improve food security and nutrition, and reduce poverty. The Food and Agriculture Organization has found that "giving women the same access as men to agricultural resources could increase production on women's farms in developing countries by 20 to 30 percent,"¹³ thereby potentially raising total agricultural production in developing countries by 2.5 to 4 percent. At the same time, changes in agriculture and trade policy often affect women and men differently, both on the farm and in other sectors. Institutions that plan for such distinct impact tend to better serve their stakeholders as a whole.

The inclusion of women in business, the public sector and civil society varies among Member States but is an issue in all of them. The Philippines is the best example of gender inclusiveness within the region. The Philippines has numerous laws in place to provide safe working conditions for women; protect their rights to land ownership, an equal share of farm produce, and representation in advisory decision making bodies; grant women equal access to government and private-sector programs for agricultural credit, loans, and nonmaterial resources; and ensure all government bodies reflect gender concerns in annual budget proposals, work plans, and financial plans. Despite the many tools available to ensure gender equity and inclusion in the Philippines, women in minority areas tend not to share the equal access available to women in other areas.

Women's networks in the agricultural economy in the Member States abound and some efforts to more bring women into the formal economy are notable.

- In Thailand, associations support women's economic participation and business networks. These associations include the Business and Professional Women's Association of Thailand, and multiple cooperatives, some of which (but not all) are comprised of women only.

¹³ Food and Agriculture Organization, *The State of Food and Agriculture 2010-2011: Women in Agriculture: Closing the gender gap for development* (2011).

- Vietnam has a very active Women's Entrepreneurs Council in the Vietnam Chamber of Commerce and Industry. In Vietnam, the national Chamber of Commerce and Industry, comprised of all registered enterprises and with nine branches, has a very active Women's Entrepreneurs Council.
- In Malaysia, Women's Service Centers in states and districts provide business-related training and counseling. In Malaysia, women are well represented in local and regional associations dedicated to agricultural enterprises, including cooperatives and farmer associations. However, Malaysia's Constitution provides for Sharia law, which discriminates against women in regard to inheritance. At least two women have been appointed to the Sharia judicial bench in Malaysia, but they are not allowed to rule on family law.

Actions and Opportunities for the Emerging ASEAN Socio-Cultural

Consider gender in all planning. Place gender equality in the mainstream of the ASEAN Community, through small but important changes in routine and practice. ASEAN committees and working groups should make explicit efforts to take into account the needs and preferences of both men and women when examining or promoting potential regulations for the AEC. Member States should be encouraged to engage in similar practices.

Gather more information about gender roles. Information about how to create opportunities for women should be shared in public conferences, where regional women's organizations to share lessons learned.

CONCLUSION

The RATE assessment provides a broad overview of the trade enabling environment at a key point in the formation of the ASEAN Community and points to areas where more thought and work will be needed. The formation of the ASEAN Community is a process that dates back more than half a century and will continue for many more as the final structure of the community emerges. While the broad outlines for that structure are in place, a significant amount of work will be needed to create the complete the construction of the Community. The workings of the various parts of the Community will be tested in the early years and almost certainly revisions and changes will be needed. The findings from the RATE assessment can hopefully assist ASEAN's leaders to identify those changes.

RATE provides a broad overview of the trade enabling environment. A more focused and specific investigation would yield more detailed information. The use of RATE's findings should take into account several mechanical aspects of conducting the assessment. Interviews with key government officials and private sector stakeholders in certain Member States could not be arranged because of time and scheduling constraints. For the same reasons, the interviews with some private sector stakeholders were opportunistic and a wider pool of interviews might yield different information, highlighting issues of concern to the different interviewees.