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Dear Delegates,

It is our greatest pleasure to welcome you to London International Model United Nations 2020. We hope that this conference will be both an informative, rewarding, and exciting experience for you. After 20 years, LIMUN still continues to serve as a forum and simulation for internationally minded university students from around the world to discuss and debate the challenges which our common humanity faces. LIMUN continues to imbue in its participants an understanding of the principles of collaboration and cooperation.

This year, the ASEAN committee’s topics are ‘Bridging the development gap among ASEAN member states’ and ‘Implementing measures to tackle labour exploitation and challenges for businesses in the ASEAN region.’ We expect delegates to propose creative solutions to the two topics at hand, while staying in line with ASEAN’s core objectives outlined in the ASEAN Declaration.

This study guide has been designed to provide you with a framework for your research and highlight areas that we, as Directors would like to see discussed throughout committee sessions. We strongly encourage you to
use this guide to help you come up with relevant solutions that you can bring to the committee. In order to stand out and ensure the most productive committee session possible, we also recommend you read from various other sources and come up with creative solutions that we may not necessarily cover in this guide.

If you have any questions before or during the conference, whether your question concerns the procedure of the committee or the content of the topics themselves, please feel free to contact us.

We wish you the best of luck preparing for the committee and are excited for the fruitful debate that is to come.

Yours truly,

Lina Jeffcock & Francis Acevedo
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**Director -** Lina Jeffcock
Lina is a second-year History student at the London School of Economics and hopes to convert to Law upon completing her undergraduate degree. She is the President of the London School of Economics’ United Nations Society and loves the unique sense of community that Model United Nations brings.

Lina has had a somewhat nomadic upbringing moving back and forth from France, the USA, the UK and Japan. She is a serious foodie and starting a conversation on the topic of food could have her talking for hours!

Lina looks forward to hearing debate about all the solutions that she has considered, as well as ones she has not thought of herself. She loves a bit of creative thinking in committees! As the Director of the ASEAN Regional Summit, she hopes to ensure a high-quality and memorable learning experience and is excited to meet all the delegates of her committee.

**Assistant Director –** Francis Acevedo
Francis Acevedo is a Filipino second-year International Relations student at the London School of Economics. He is active in the UK MUN circuit and also is the Chief Design Officer for LSE’s United Nations Society. Francis grew up mostly in the Philippines but has also lived in Singapore, providing him great insight into life, culture, and politics in Southeast Asia. Outside of MUN, he is passionate about discussions on life, the pursuit of happiness, and the latest trends in aviation.

Francis is passionate about all aspects ASEAN and is interested to see what perspectives and solutions delegates bring forward during committee session. He is eager and cannot wait to meet the delegates of the ASEAN committee!
Introduction to the Association of Southeast Asian Nations (ASEAN):

“One Vision, One Identity, One Community” - ASEAN’s Motto

The Association of Southeast Asian Nations (ASEAN) was formed in 1967 by Indonesia, Malaysia, the Philippines, Singapore, and Thailand to help promote regional stability through political and economic cooperation.¹ Its creation was arguably driven by a common fear of communism from its founding members.² The ASEAN declaration of 1967 is considered to be its founding document and emphasizes ASEAN’s dedication to key principles of peace and cooperation. Other aims set out in the ASEAN declaration include the acceleration of economic growth, social progress, and cultural development in the region.³

At the end of the Vietnam War in 1975, the change in the regional power dynamic strengthened the organisation’s ability to coordinate. ASEAN’s joint response to Vietnam’s invasion of Cambodia in 1979 is a key example of this.⁴ In 1984, Brunei joined ASEAN as its sixth member,

² Ibid.
and Vietnam, Laos, Myanmar, and Cambodia joined the association in the 90s. The end of the Cold War brought a period of greater political independence in the ASEAN region and throughout the 1990s ASEAN’s influence in the global arena began to grow. On December 15th 1995, the bloc signed the **Southeast Asian Nuclear-Weapon-Free Zone Treaty**, which agreed that Southeast Asia would remain a nuclear weapon free zone in an effort to promote peace and stability in the region.\(^5\) The treaty became fully ratified and effective in 2001, sending a powerful message to the rest of the world.\(^6\)

In 2015, ASEAN formed **the ASEAN Economic Community (AEC)**, whose purpose is to form a common market similar to that of the European Union. ASEAN’s 10 members have since had discussions about creating common standards in agriculture and financial services, intellectual property rights, and consumer protection.\(^7\) Through such measures the AEC aims to work towards free movement of goods and services, skilled labour, investment and capital.

On June 23, 2019, the 34th ASEAN Summit was held in Bangkok. During the conference, ASEAN leaders asked the United States and China to resolve their trade war and warned the United States of the harm their protectionist policies would pose on ASEAN states and international trade more generally. A major point of discussion was China’s influence in the South China Sea and the way in which this could pose a threat to ASEAN members’ maritime rights.\(^8\)

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\(^6\) Ibid.

\(^7\) Ginsberg, Background: ASEAN: The Association of Southeast Asian Nations”

\(^8\) Ibid.
STRUCTURE AND FUNCTIONS OF THE ASEAN SUMMIT

As of December 2008, ASEAN principles such as non-interference, the importance of respecting democracy, the rule of law, and human rights have been codified in the ASEAN Charter. The ASEAN Charter sets out the mandate and function of different ASEAN bodies and made ASEAN a legal entity. These bodies include the ASEAN summit, ASEAN Coordinating

Council, and ASEAN Community Councils. The ASEAN body delegates at LIMUN will be simulating is the ASEAN Summit. The ASEAN Summit is the supreme policy-making body of ASEAN, comprised of the ASEAN Heads of State or Government. The ASEAN Summit meets twice a year, and the meetings take place over a period of three days. The meetings are hosted by the member state holding the ASEAN Chairmanship. The Chairmanship of ASEAN for 2020 is held by Vietnam. ASEAN Summit meetings observe ASEAN specific terminology, seating arrangements, and resolution structure. However, for the most part, ASEAN protocols are very similar to traditional UN General Assembly rules of procedure. Thus, the ASEAN summit at LIMUN will follow the standard LIMUN rules of procedure concerning procedural and substantive voting.

11 Ibid.
12 Ginsberg, Background: ASEAN: The Association of Southeast Asian Nations”
TOPIC A: Bridging the Development Gap among ASEAN Member States
Introduction

Undoubtedly, ASEAN has achieved impressive economic growth, and continues to develop at impressive economic growth rates every year. In 2018, ASEAN’s global GDP growth rate was 5.1% compared to the global average of 3.6%. However, this growth is not without its problems. A long-term challenge for the member states of ASEAN is posed by the developmental differences socially, economically, and politically. Even if economic growth continues in the region, a gap continues to persist between ASEAN’s most developed members and its least; Singapore's HDI of 0.932 is miles away from Myanmar's 0.578. And while ASEAN has made commitments to attempt to narrow this gap, the gap persists and the main plan, Initiative for ASEAN Integration (IAI) Work Plan III, is set to end in 2020. The development gap, if unaddressed, could threaten the process of further integration within the ASEAN Economic Community. If economic and developmental inequality continues to persist within the bloc, it presents the danger of dismantling any chance of cohesion in economic interests. Furthermore, the development gap has implications for regulatory harmonisation, intra-bloc trade, the possibility for free movement within the bloc, the region’s prosperity as a whole, and the reification of the ASEAN way. For this committee, delegates should address this topic by discussing and debating solutions to address the development gap amongst ASEAN members, and the factors that allow this developmental gap to persist.

**Definitions**

**ASEAN Economic Community (AEC):** Established in 2015, the AEC is the main framework within which ASEAN economic integration in trade, freedom of movement, and capital is meant to take place. The AEC, together, forms the seventh-largest economy in the world.\(^{17}\)

**Official Development Assistance (ODA):** A term first deployed by the OECD, it refers to any financial aid provided by governments, agencies, or international institutions to countries in order to promote economic development.\(^{18}\) Grants and loans are the two main forms of ODA.

**The ’CLMV’ Group:** A term to refer to Cambodia, Laos, Myanmar, and Vietnam. In discussions regarding ASEAN economic development, these four countries are often grouped together as they are transitioning between stages of economic development.\(^{19}\)

**ASEAN-6:** A grouping that includes the Philippines, Singapore, Indonesia, Thailand, Malaysia, and Brunei.\(^{20}\) A comparison of HDI levels reveals that the states of the ASEAN-6 are considerably more developed than those of the CLMV group.\(^{21}\)

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20 Ibid.
Timeline of Events

- **23 July 2001 – Hanoi Declaration on Narrowing the Development Gap:** In 2001, foreign ministers of ASEAN member states signed the Hanoi Declaration, one of the first agreements produced specifically on the development gap.22

- **29 July 2002 – IAI Work Plan I:** The first work plan was signed in Brunei at the 35th ASEAN Ministerial Meeting and covered 232 projects during its course.23

- **28 February 2009 – IAI Work Plan II:** Following the end of IAI Work Plan I in 2008, ASEAN member states agreed upon IAI Work Plan II in 2009. This plan covered 182 projects.24

- **22 November 2015 – Signing of the Declaration of the AEC:** During the 27th ASEAN summit, heads of government signed the agreement that brought the AEC into existence, a key event in ASEAN economic integration.25

- **6 September 2016 – Vientiane Declaration on the Adoption of IAI Work Plan III:** Heads of ASEAN member states met in Laos to jointly adopted the Vientiane Declaration to usher in IAI Work Plan III, which guides ASEAN’s efforts on the development gap into the future.26

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24 Ibid, 7.
26 ASEAN Secretariat, *Initiative for ASEAN Integration*, 3-4.
14 November 2018 – ASEAN-China Strategic Partnership Vision 2030: ASEAN member states and China made an agreement for further cooperation at the 21st ASEAN-China Summit in Singapore, with clauses 7 and 8 making specific mention of the development gap.27

Discussion of the Problem

The Current Situation
Narrowing and closing the development gap among ASEAN member states requires policymakers to make multiple considerations. From an economic development standpoint, ASEAN member states can be divided into two categories: the ASEAN-6 and the CLMV group.28 The goal of narrowing the development gap is contingent on the achievement of convergence among these two groups, utilising untapped economic growth potential in CLMV countries to achieve ‘catch-up’ growth.29

ASEAN’s official approach to addressing the development gap has, so far, been mixed. Most effort done by the organization to address the problem has been within the framework of ASEAN economic integration, with member states and the ASEAN Secretariat placing the issue within IAI work plans and AEC blueprints.30 However, despite the best efforts of member states and the numerous projects supported by these work plans, there are no strong commitments by ASEAN itself to provide direct assistance and aid to CLMV countries.31

28 Cuyvers, “ASEAN’s development gap.”
30 Cuyvers, “ASEAN’s development gap.”
31 Cuyvers, “ASEAN’s development gap.”
The **ASEAN Development Fund (ADF)** is an example of a prior ASEAN attempt at a solution to narrowing the development gap. The ADF was established in 1994 by an agreement signed in Bangkok and was funded by equal contributions from all member states equalling USD 1 million per year, in addition to any further voluntary contributions or contributions made by ASEAN dialogue partners.\(^{32}\) The ADF, however, fell out of relevance primarily because of a lack of professional control and limited scope in terms of the activities that it was able to undertake.\(^{33}\) This is especially so because of the minute USD 1 million contribution each state was required to make to the ADF, leading to a considerably small development fund.\(^{34}\)

**The Environment and Human Rights**

Plans to pursue development come also with certain complications. Many development projects both directly and indirectly contribute to a country’s carbon emissions. Large infrastructural projects can also impact entire ecosystems and environments. The Xayaburi Dam in Laos, for example, has dried up parts of the Mekong, affected fish populations, and impacted the livelihood of villagers who live along the river.\(^{35}\) This serves as an example of how certain groups like residents, fishermen, and farmers are typically negatively affected, often because of necessary relocation as a result of such infrastructural projects.

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\(^{33}\) Cuyvers, “ASEAN’s development gap.”

\(^{34}\) Ibid.

International Involvement

With the various developmental, economic, and infrastructural concerns among ASEAN member states, various governments have taken interest in helping fund projects across Southeast Asia. Many ASEAN member states are currently recipients of ODA from foreign government agencies, intergovernmental organisations, and international financial institutions. The funding for these projects come primarily in the form of loans and grants, with various conditions attached depending on the donor country or institution.

International institutions, such as the UN, the World Bank, and the Asian Development Bank (ADB), have played key roles in providing financial assistance for development projects. In partnership with ASEAN, the ADB established the ASEAN Infrastructure Fund (AIF) in 2011 to provide loans to fund infrastructural projects in energy, water, and transport by using savings in the region. World Bank investments in the region have specifically prioritized the development of human capital, with

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the institution committing USD 3 billion to projects on health and education.37

Western countries and groups, such as the EU and the US have also contributed to development projects in Southeast Asia. The EU has committed over EUR 200 million specifically for ASEAN integration and has provided a greater sum of EUR 2 billion in bilateral deals; more than half of this 2 billion goes to CMLV countries.38 The US, traditionally more a security partner than an economic one, has also acted through USAID to support the ASEAN Smart Cities Initiative and the US-ASEAN Connect plan.39

More recently, China has become a key player in providing ODA bilaterally to ASEAN member states. In total, China has provided close to USD 230 billion to Southeast Asia.40 The top three recipients being Indonesia, Vietnam, and Cambodia.41 Even the lowest recipient, the Philippines, is projected to acquire USD 14 billion from China which would usurp its traditional top-ODA partner, Japan, which also provides development loans and grants.42 China is helping fund large projects in ASEAN member states, such as the 600km-long East Coast Rail Link in

41 Jinny Yan, “The BRI in Southeast Asia,” in China’s Belt and Road Initiative (BRI) and Southeast Asia, (Kuala Lumpur: CIMB ASEAN Research Institute, 2018), 8.
Malaysia. China has heavily invested in some of the CLMV countries as well. In Cambodia, Laos, and Myanmar, China is effectively the largest foreign investor in these three economies. China’s involvement in economic development projects has raised the ire of many in Southeast Asia as they are concerned by the influx of Chinese investment. Non-administration political figures in the Philippines, for example, have raised concerns about the lack of transparency in many of these deals and the potential for debt-trap diplomacy endangering national sovereignty. Such opaque deals and agreements coupled with tensions with claimant countries, especially Vietnam, over territorial disputes in the South China Sea also threaten China’s ability to pursue BRI projects with Southeast Asia as a whole.

Japan, however, continues to be the region’s top ODA investor. Overall, Japan supports 240 infrastructural development projects throughout the Southeast Asian region, beating China by 30 projects, worth an estimated USD 367 billion. Many of the Japanese-funded projects are also high-profile, like the USD 58.7 billion high-speed railway between Ho Chi Minh City to Hanoi. Seeing as China’s economy already outsizes Japan’s and as Chinese projects begin to get more attention, competition between the two will continue.
Bloc Positions

The CLMV Group:
The less economically developed members of ASEAN, particularly the CMLV group, have a vested interest in ensuring that they are prioritized for projects related to narrowing the development gap. Of great importance is the acquisition of ODA, particularly of grants and softer loans with low interest rates. Furthermore, the CLMV group should seek to solicit greater support from ASEAN member states to pursue economic development objectives beyond regional economic integration. These states must be mindful as well of potential brain-drain that may occur as a result of policies that pursue human capital improvement and must balance this with policies that improve the overall economic condition in their countries.

ASEAN-6:
The ASEAN-6 must consider the needs of their respective states while also considering the greater objectives of narrowing the development gap, enhancing regional integration, and making Southeast Asia a more prosperous region. These relatively more economically developed ASEAN member states must first consider their individual foreign policy stances on providing more developmental support for less economically developed member states and whether they are capable of doing so. These member states must also consider their relations with ASEAN’s dialogue partners and should reflect on the political and economic implications of pursuing further relations with these external states. Lastly, seeing as economic development even within this group is not consistent, these member states must...
states should consider which sectors of their economies require further investment.

**Conclusion**

Conclusively, the issues of economic inequality and the questions surrounding how to narrow the development gap are great areas of debate and discussion. There are many sub-areas and topics that delegates could debate, namely how much the more developed members should help the less developed, if sustainability should be a primary concern, what sectors development should focus on, and whether ASEAN should seek help from external actors in financing development (namely China). The topic particularly calls upon the first, third, and fifth aims of the ASEAN Declaration. With the differing stances ASEAN member states hold on those questions, resolution blocs should form among delegates fairly naturally. Delegates should be aware of the relevant commitments made by their own countries and ASEAN-wide commitments as well.

**Questions a Resolution should answer:**

- How should ASEAN member states approach ODA from external actors (such as the EU, US, China, the World Bank etc.)?
- What place should concerns regarding maintaining environmental sustainability take in comparison to the goal of economic growth?
- If economic integration continues, particularly in movement of labour, what solutions can be in place to prevent ‘brain drain’ from less economically developed member states?
How should ODA be distributed among and within ASEAN member states; who and what should be prioritized?
Should ASEAN seek to revive the ADF or not?

Further Reading

- *China, Economic Statecraft and Policy Banks* provides a brief overview of how China has used its policy banks in other regional contexts: https://www.clingendael.org/sites/default/files/2018-05/Report_Hybrid_Conflict.pdf#page=32
- *Catching Up, Forging Ahead, and Falling Behind* is a core text in economic history on how countries can economically catch up: https://www.jstor.org/stable/2122171
- *Do CLMV countries catch up with the older ASEAN members in terms of income level?* Gives insight on recent trends with the CLMV group: https://www.tandfonline.com/doi/abs/10.1080/13504851.2018.1489494
- *How to keep the ASEAN economies growing for another 50 years* is a projection into the region’s future: https://www.weforum.org/agenda/2018/09/to-keep-growing-aseans-economy-must-adapt-heres-how/
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TOPIC B: Implementing Measures to Tackle Labour Exploitation and Challenges for Businesses in the ASEAN Region
Introduction

The Association of Southeast Asian Nations (ASEAN) is home to some of the world’s fastest growing emerging markets. ASEAN as a block ranks as the seventh largest economy in the world with around US$ 5.3 trillion worth of global trade passing through the region each year.50

As ASEAN member states continue to establish their manufacturing base and tap-into their rich resources, ASEAN’s economic performance is expected to outperform the global average. On top of this, ASEAN’s regional economic integration agenda of the ASEAN Economic Community (AEC) is likely to encourage further economic growth and cooperation between ASEAN member states.51

However, despite these promising signs for the region, ASEAN faces many challenges to realising their full economic potential. Firstly, this topic will focus on the business challenges that ASEAN member states and will require delegates to consider how ASEAN can approach these issues as a bloc. The other half of this topic demands delegates to consider what further measures ASEAN can take to rid the region of exploitative labour practices.

Business barriers delegates should consider include the lack of standardisation of legal and regulatory frameworks. This includes, varying tax, financial, and legal systems, as well as disparities in capital and exchange controls across ASEAN member nations. A lack of a regional

strategy means that ASEAN cannot take full advantage of its growth story, as businesses are often unable to overcome these barriers.52

Other challenges for businesses in the ASEAN region include dealing with the lower demand for workers following the rise of the digital economy as well as adjusting to the decline in the manufacturing sector as foreign industries have been moving to locations with cheaper labour outside of the ASEAN region.53. ASEAN member states must, therefore, consider progressive labour practices to enhance their competitiveness in the global market. The committee must also discuss these business challenges within the global context of rising protectionism. Seeing as one of the AEC’s main goals is to liberalise trade in services, the ASEAN committee must be prepared to take some bold measures to achieve this.

Timeline of Events

- **August 8th 1967**: ASEAN was founded in Bangkok by Indonesia, Malaysia, Philippines, Singapore, and Thailand through the ASEAN Declaration.

- **February 24 1976**: The first ASEAN Summit takes place declaring ASEAN’s Fundamental Principles. The Principles include but are not limited to mutual respect for the independence, sovereignty, equality, territorial integrity, and national identity of all nations and the right of every state to lead its national existence free from external interference, subversion, or coercion.54

- **January 8th 1984**: Brunei Darussalam joins ASEAN.

53 Ibid.
54 Ginsberg, Background: ASEAN: The Association of Southeast Asian Nations”
• **July 28th 1995**: Vietnam joins ASEAN.
• **July 23rd 1997**: Laos and Myanmar join ASEAN.
• **January 1992**: ASEAN creates the Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area (AFTA). Both CEPT and AFTA were created to increase the region’s global competitive advantage as a production base.\(^5^5\)
• **April 30th 1999**: Cambodia joins ASEAN.
• **November 2007**: Signing of the ASEAN Charter, a constitution to serve as guiding principles and conduct for the 10 member states.
• **December 2008**: The ASEAN leaders met and addressed the need to turn ASEAN into a legal entity that will create a single free-trade area.\(^5^6\)
• **February 2009**: A Free Trade Agreement was undertaken between ASEAN, Australia and New Zealand. This is expected to boost GDP across all parties involved by US$48 billion from 2010-2020.\(^5^7\)
• **February 2013**: The first round of negotiations between ASEAN and its six major trading partners were held to discuss establishing a regional comprehensive partnership.
• **2015**: The ASEAN Economic Community (AEC) is put into place as a way to promote economic, political, social and cultural cooperation across the region.\(^5^8\)
• **January 2017**: On the third day of his Presidency, Trump signs an executive order withdrawing the US from the Trans Pacific Partnership Trade Deal.\(^5^9\)

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\(^5^5\) Ibid.


\(^5^8\) Ibid.

Discussion

The issue of Labour Exploitation in the ASEAN region:

The UN Guiding Principles on Business and Human Rights put into effect in 2011, states in its introduction that "business enterprises can profoundly impact the human rights of employees, consumers, and communities wherever they operate. These impacts may be positive, such as increasing access to employment or improving public services, or negative, such as polluting the environment, underpaying workers, or forcibly evicting communities.”

The International Labour Organisation reports that more than 1.1 million people die annually from work-related accidents and diseases in Asia and the Pacific. Among the less economically developed ASEAN nations, crime, corruption, exploitation of human rights, weak monitoring and implementation of rule of law set the environment for labour exploitation. The issue of labour exploitation is a particularly difficult to address due to the notion that the protection of human rights falls under the sole responsibility of the government and not the private sector. Labour exploitation can manifest itself in many ways including poor

working conditions and safety, low wages, the use of child labour, unfair land acquisition and gender inequality.  

Effectively combating extreme labour exploitation requires a collective effort from all stakeholders involved, seamless collaboration across countries, and policies to prevent further abusive treatments. Thus, the role of ASEAN in addressing this issue as a united group is significant.

**Past action taken by ASEAN to address labour exploitation:**

In 2015, the ASEAN framework was expanded to include the ASEAN Community, which covers the following three areas: Political-Security Community, Economic Community, and Socio-Cultural Community. The creation of the **Socio-Cultural Community** is particularly important for the discussion of this topic and reflects ASEAN’s emphasis on developing its human capital. With over half of ASEAN’s population being under the age of 30 it is an area of particular importance for ASEAN. So far, the ASEAN Socio-Cultural Community has succeeded in lowering the proportion of people living on less than US$1.25 per day from one in two to one in eight.

On the 12th December 2018, the ASEAN **Safe Migration Campaign** was launched to raise public awareness on safe labour migration that benefits all. The Campaign launch was supported by the ASEAN Secretariat and the International Labour Organization (ILO). The Campaign aims to

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64 ASEAN launches Safe Migration Campaign; top ASEAN, EU officials discuss safe labour migration - ASEAN | ONE VISION ONE IDENTITY ONE COMMUNITY. (2019), from
help achieve the goals outlined in the ASEAN Consensus on the Protection and Promotion of the Rights of Migrant Workers and has helped bring international attention to the issue of labour exploitation. While the dynamic picture of labour exploitation is on the decline, progress is far too slow. Thus, delegates must consider how ASEAN can take a more proactive role in addressing various forms of labour exploitation.

**Family-owned conglomerates and state-linked enterprises:**

ASEAN is home to a wide range of business models including multiple family-owned conglomerates and state-linked enterprises such as the Central Group in Thailand, the Salim Group in Indonesia, Singtel in Singapore, and Vinamilk in Vietnam. However, small and medium-sized enterprises, typically referred to as **SMEs** combined with entrepreneurs make up around **89% of business activity** in the ASEAN region yet receive little support from the AEC. Widespread corruption amongst some ASEAN member states in addition to entrenched interests of large conglomerates means that the region’s business environment is

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65 "7 key challenges for the future of ASEAN - Business - EBR", (2019)  
66 Ibid.  

compromised. Therefore, the committee must consider policies that will benefit SMEs and tackles said issues.

**What efforts has ASEAN made to promote the growth of SMEs?:**

The ASEAN Coordinating Committee for Micro, Small, and Medium Enterprises (ACCMSME) and the Economic and Social Commission for Asia and the Pacific (ESCAP) have promoted a forum for policy dialogue on transforming SMEs in Southeast Asia. The forum allows stakeholders in the region to share good practices on how to realize the transformation of SMEs. The two key areas of focus they have outlined are fostering access to digital techniques and promoting the acceleration of high-growth enterprises. Delegates must therefore carefully consider ASEAN’s past actions on this issue and look at how they can be improved upon.

**Next steps for the ASEAN Economic Community (AEC):**

Despite the fact that the AEC is primarily a form of state-level cooperation, the inclusion of the private sector in integration is a key factor in the implementation of AEC. The ASEAN and member countries’ attempts to promote and accelerate AEC implementation beyond government and academic research have been insufficient. The lack of information dissemination, and the AEC’s poor governance as a supranational institution has been widely recognised since the implementation of the ASEAN Free Trade Agreement (AFTA).

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69 Ibid.
71 "ASEAN Achievements and Challenges in Regional Integration", (2019)
Only slightly over 50% of ASEAN businesses have made use of tariff reductions set out in the AFTA. While on the whole the use of tariffs in ASEAN are in decline, the use of non-tariff measures such as licenses and quotas are on the rise and need to be addressed. In addition, ASEAN must encourage greater intra-regional trade to reduce the region’s vulnerability to external shocks. To incentivise greater intra-regional trade, delegates must consider ways to address infrastructure gaps and simplify administrative policies and regulations across the ASEAN region.

**Comprehensive Progressive Agreement for the TPP:**

When the United States withdrew from the Trans-Pacific Partnership (TPP) agreement in January of 2017, the rest of the eleven TPP members proceeded forward without the United State’s participation to form the Comprehensive Progressive Agreement for the TPP (CPTPP). The four ASEAN member states that are part of the CPTPP are Brunei, Singapore, Vietnam, and Malaysia. The TPP with the United States was set to be the largest regional trade agreement in history with a combined GDP of US$38 trillion. While more liberalized access to the US market through the TPP would have generated far greater economic growth than what the CPTPP can currently provide, the CPTPP leaves the option for other members such as China to join at a later date. Thus, it is evident that while the United States might have taken the road of protectionism, the remaining TPP members did not follow suit. Some benefits and requirements outlined in the CPTPP include requiring members to adopt the following benefits and requirements:

72 Ibid.
73 Lehmacher, (2019)
75 Ibid.
• Establishing a committee to help developing country members take full advantage of the agreement opportunities.
• Cooperating to ensure international standards do not create unnecessary barriers to trade.
• Requiring members to adopt, maintain and apply national competition laws that outline anticompetitive business conduct.
• Providing a system to settle disputes for areas covered under the agreement.\textsuperscript{76}

Only four ASEAN member states are part of the CPTPP. However, delegates should consider the viability of an \textbf{all-inclusive partnership agreement} between all ASEAN nations and the remaining CPTPP members. Would the standards of uniformity enforced in the CPTPP promote business activity in the ASEAN region?

**The Digital Economy:**

The digital transformation provides a range of opportunities for small and medium-sized enterprises (SMEs). SMEs play a significant role in Southeast Asia by contributing to employment and inclusive growth, however, they face barriers related to access and use of digital technologies that prevent them from achieving their full potential.\textsuperscript{77} In particular, many ASEAN member states lack countrywide broadband-based services, which would increase productivity, improve social welfare and promote regional integration.\textsuperscript{78} \textbf{The Organisation for Economic Co-operation and Development (OECD)} has conducted a project called “\textit{Going Digital}” which identifies seven key policy areas that need to be improved on to usher in the age of digital transformation in the

\textsuperscript{76}“The economies of ASEAN and the opportunities they present”, (2019)
\textsuperscript{78}Ibid.
ASEAN region. These seven areas include: enhancing access to communication services and related technologies; increasing the use of digital services and applications; unleashing digital innovation; ensuring good jobs; promoting social prosperity; strengthening trust; and fostering market openness. The digital transformation has the potential to completely reform how people live and work by facilitating new services, products and applications. Thus, the digital economy is an important area for delegates to focus on when thinking of ways to promote business activity in the ASEAN region.

However, the digital economy also poses challenges for some businesses in the ASEAN region. The rise of the digital economy has in some instances resulted in a lower demand for workers and the decline of the manufacturing sector as foreign industries have been moving to locations with cheaper labour outside of the ASEAN region. ASEAN member states must, therefore, consider progressive labour practices to enhance their competitiveness in the global market. These may include helping the younger generation prepare for the demands of an integrated economic region as more and more people move to cities such as Manila or Jakarta in search of better opportunities.

**Bloc Positions**

Looking at the ASEAN’s economy only through a regional lens, omits the fact that ASEAN economies vary dramatically. ASEAN economies range from the high-value knowledge economy of Singapore to the resource-

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80 Ibid.
81 "Economic Outlook For Southeast Asia, China And India 2018 FOSTERING GROWTH THROUGH DIGITALISATION" 2019
82 Ibid.
83 "ASEAN Achievements and Challenges in Regional Integration", (2019)
focused industries of Myanmar. Thus, it is evident that while ASEAN aspires to be an increasingly integrated single market, the reality is that there are significant disparities between ASEAN member state economies.

**Brunei**

Brunei has one of the world’s highest standards of living and per capita GDP. Furthermore, Brunei’s combined history of political and economic stability along with its abundant natural resources is an ideal environment for businesses to prosper in. However, much of the country’s wealth comes from the hydrocarbon industry so Brunei must diversify their economy in the long term to stay competitive. The government recognizes the need to move the economy beyond exports of oil and gas and thus welcomes economic and technical cooperation, as well as pro-business policies that fit into Brunei’s long-term development plan, “Wawasan Brunei 2035”.

**Cambodia**

Cambodia possesses relatively small-scale domestic investment opportunities, but has captured a great share of global manufacturing and has been successful at attracting global investors. Cambodia has a large young workforce, and they have used this to their competitive advantage with multinationals seeking a lower cost base. Consequently, labour exploitation has been an issue in Cambodia. Thus, some areas the government will need to focus on include the lack of transparency in the legal system, as well as reforming working conditions and poor wages. In

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84 "Economic Outlook For Southeast Asia, China And India 2018 FOSTERING GROWTH THROUGH DIGITALISATION" 2019
85 Ibid.
87 Ibid.
addition, providing greater access to financing for small and medium-sized enterprises (SMEs) will be crucial for Cambodia’s continued economic growth. Furthermore, the Cross-Border Transport Agreement (CBTA) made up of six countries, Cambodia, Laos, Myanmar, People’s Republic of China, Thailand, and Vietnam has played an important role in improving Cambodia’s soft and hard infrastructure.88

**Indonesia**

Indonesia, the largest country in Southeast Asia is rich in natural resources such as coal, minerals, oil and gas, making it an attractive country for foreign investors.89 Indonesia’s fertile land has allowed it to become a significant agricultural producer and it has experienced impressive economic growth since its resilience during the 2008 financial crisis.90 Reforms since 2015 include greater investment in public infrastructure and opening new areas of the economy to the private sector. Over 50% of the population is below the age of 30 and are thus likely to be highly adaptive to new technology.91 Indonesia needs to promote reforms that can help narrow the skills gap between workers by expanding vocational training opportunities for example.92

**Laos**

Laos has welcomed foreign investment that encourages infrastructure-led growth, including major projects under **China’s One Belt One Road Initiative (OBOR)**. Furthermore, the Cross-Border Transport Agreement (CBTA) made up of six countries, Cambodia, Lao PDR, Myanmar, People’s Republic of China, Thailand, and Vietnam has played an important role in

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89 "Economic Outlook For Southeast Asia, China And India 2018 FOSTERING GROWTH THROUGH DIGITALISATION" 2019  
90 "The economies of ASEAN and the opportunities they present", (2019)  
91 Ibid.  
92 Ibid.
improving Laos’ soft and hard infrastructure.\textsuperscript{93} Laos looks to make their energy and tourism sectors more attractive to foreign investors to boost growth. In recent years, unfavorable weather has affected Laos’ agricultural sector for the worse.\textsuperscript{94}

**Malaysia**

In Malaysia ethnic policies have too often hindered state institutional capacities to support economic growth. Nonetheless, Malaysia has a multi-sector economy and boasts liberal, market-oriented policies. Malaysia aims to become a high-income developed country by 2025.\textsuperscript{95} It has been focusing on innovation and knowledge-based activities and is one of the most technologically advanced countries in Southeast Asia. The World Bank ranks Malaysia as one of the top performing economies in the Asia Pacific region.\textsuperscript{96} Thus, Malaysia can play an important role in increasing ASEAN economic influence.

**Myanmar**

As a developing country, Myanmar holds a lot of economic potential through its abundance of natural resources and large workforce. Myanmar needs to continue to develop itself in terms of infrastructure, easing legal restrictions, and ensuring a strong education for its workforce. In 2016, Myanmar experienced the fastest economic growth in the world following the relaxation of sanctions after a peaceful election. Myanmar is expecting major investment from China, the US, Japan, India, and Singapore in the coming years as they have improved bilateral relationships with these

\textsuperscript{93} Ibid.
\textsuperscript{94} "The economies of ASEAN and the opportunities they present", (2019)
\textsuperscript{96} Ibid.
countries. Furthermore, Myanmar’s low-cost of labour is a key asset to growing its manufacturing base.97

Philippines
The Philippines boasts cultural ties from more than 10 million Filipino living overseas, making it a popular choice for international business and investors.98 GDP growth has been outpacing population growth, leading to rising household incomes and stable inflation.99 As a result, consumption spending has been the main driver of economic expansion. The Philippines is one of the five best-educated ASEAN countries, according to the United Nations Development Programme (UNDP). Looking forward, the Philippines should look to improve the business climate for SMEs.100

Singapore
Singapore boasts one of the most livable cities in the world. Access to efficient public transport, healthcare services, and education, makes Singapore an attractive place to work. Singapore has a well-developed market economy and has continued to grow and attract foreign investors.101 Singapore is thus considered a first-class business environment and is an ideal base for companies seeking access to emerging markets in the ASEAN region. Looking forward, Singapore looks to deepen digital capabilities, develop promising industries, and continue to support a pro-business regulatory environment.102

97 "The economies of ASEAN and the opportunities they present", (2019)
100 Ibid.
101 "Economic Outlook For Southeast Asia, China And India 2018 FOSTERING GROWTH THROUGH DIGITALISATION" 2019
102 "The economies of ASEAN and the opportunities they present", (2019)
Thailand
Thailand is actively seeking to strengthen relationships with trading partners, including ASEAN countries to remain competitive. For the past few years, Thailand has retained its spot as one of the top 50 economies on ease of doing business.\textsuperscript{103} Thailand has made it easier to start a business by reducing the time needed to obtain a company seal and by creating a single window for registration payment. The Thai government is looking to shift the country from a production-based to a service-based economy.\textsuperscript{104} Thus, promoting technology and innovation in business will be a key area of focus for Thailand in the coming years.

Vietnam
Vietnam has one of the fastest-growing economies in the world yet ranks low for ease of doing business due to its bureaucratic regulatory environment.\textsuperscript{105} However, as labour in China becomes more expensive, Vietnam has become the go-to-destination for manufacturing in textiles and electronics. Going forward, the government will need to push on with market liberalization to stay competitive and reform the State-Owned Enterprise (SOE) sector. Other reforms Vietnam will need to focus on include labour representation, intellectual property rights, e-commerce and the digital economy.\textsuperscript{106} In addition, while the Vietnamese education system produces a high level of literacy, additional training of workers will be necessary to reduce the skills gap.\textsuperscript{107}

\textsuperscript{104} "The economies of ASEAN and the opportunities they present", (2019)
\textsuperscript{106} Ibid.
\textsuperscript{107} "The economies of ASEAN and the opportunities they present", (2019)
Conclusion

The scope of this topic is large seeing as delegates must consider measures to tackle both labour exploitation and challenges for business in the ASEAN region. However, the two issues are closely intertwined. While cheap labour can be beneficial for the growth of businesses, the focus of this topic is to ensure that businesses grow sustainably and do not hinder the rights of its citizens. For this reason, delegates should be careful to address both parts of the topic at hand.

Questions a Resolution should answer:

❖ How can ASEAN take a more proactive role in preventing poor working conditions and safety, low wages, the use of child labour, unfair land acquisition and gender inequality throughout the region?
❖ Keeping ASEAN’s past efforts to tackle various types of labour exploitation in mind, how can ASEAN ensure greater collaboration between all stakeholders involved to prevent further abusive treatments?
❖ What steps can ASEAN take to prepare the younger generation for the demands of an integrated economic region as more and more people move to cities in search of better opportunities?
❖ How can ASEAN help reduce digital barriers for businesses, in particular the lack of countrywide broadband-based services?
❖ What measures can ASEAN take to narrow the skills gap between workers, particularly among the young working population?
❖ What stance should ASEAN take on foreign investment that encourages infrastructure-led growth, including major projects under China’s One Belt One Road Initiative (OBOR)?
❖ How can ASEAN simplify administrative policies and regulations to incentivise greater intra-regional trade?
❖ What policies can the ASEAN Economic Community (AEC) introduce to support SMEs and counter entrenched interests of large conglomerates?

Further Reading

• KPMG’s “ASEAN Business Guide: The economies of ASEAN and the opportunities they present”. A useful resource for finding out more about various ASEAN member states’ business climate. Available at: https://assets.kpmg/content/dam/kpmg/vn/pdf/publication/2018/ASEAN_Business_Guide.pdf

• OECD: “Southeast Asia Going Digital: Connecting SMEs”. A guide to how the digital transformation can be used to the advantage of SMEs. Available at: https://www.oecd.org-going-digital/southeast-asia-connecting-SMEs.pdf

Bibliography - Introduction to the Association of Southeast Asian Nations:


November 29, 2019, from https://asean.org/?static_post=treaty-on-the-southeast-asia-nuclear-weapon-free-zone

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