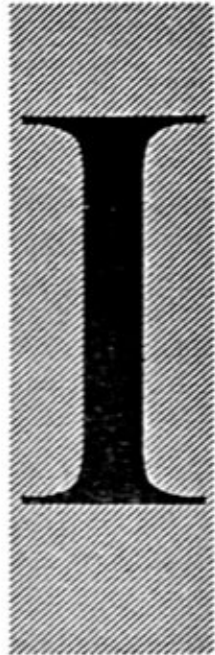


CHAPTER



INTRODUCTION

Regionalism or regional cooperation evolved out of the desire of nations to collectively find solutions to the complex problems besetting them. Problems of economic growth, social amelioration and cultural unification are enduring concerns of national and international communities. Their common concern has led to the formation of regional organizations intended to be the vehicle for regional cooperation. Not many regional organizations have survived, however. It is said that in the laboratory of failing experiments, the question is no longer "how far the existing regional schemes have succeeded in achieving their regional objectives, but how many are in active existence,"¹ The Association of Southeast Asian Nations (ASEAN) is one of those which have stood the test of time.

While the surviving regional organizations, e.g., European Economic Community, usually consider the voice of the professional associations in the private sector² in the process of decision-making toward the attainment of the goals of regional cooperation, ASEAN has gone one step further. It has institutionalized the participation of the private sector specifically in the pursuit of regional economic cooperation. In Southeast Asia, the significance of the private sector's involvement in regional cooperation, particularly economic cooperation, goes back to the time of the Association of Southeast Asia and the Economic and Social Commission for Asia and the Pacific.³

From ASEAN's experience, it is often difficult for the government sector to carry out regional projects alone, resulting in the slack cadence of economic cooperation. Recognizing this difficulty, the ASEAN governments tapped and encouraged the private sector to participate in the promotion of regional cooperation in general and economic cooperation in

particular. The role which the private sector can play in regional economic cooperation has been pointed out by government officials themselves.⁴ The leading and most important private organization in ASEAN is the ASEAN-Chambers of Commerce and Industry (hereafter referred to as ASEAN-CCI or ACCI). As an organization of the business community, it has been given a hand in the pursuit of ASEAN's economic goals.

However, ACCI has not been very consistent in actively working for the accomplishment of its regional objectives.

Statement of the Problem and Value of the Study

This work addresses the problem of attaining regional economic cooperation as experienced by an organization from the private sector within the larger context of regional cooperation in ASEAN. The problem is based on the assumption that the attainment of regional cooperation in general and economic cooperation in particular is influenced by factors which either constrain or facilitate such cooperation. These factors include, among others, the quality of relations between the private and the government sectors.

The general objective of this work is to look into ACCI's participation in the economic cooperation of ASEAN. Specific objectives include: to know the nature, role and function of ACCI; to determine the forms and scope of economic cooperation being carried out by it; to pinpoint the problems and difficulties it faces; and to present the working relationship between ACCI and the government sector.

The value of this work lies, firstly, in its modest contribution to the still developing body of works on the concept of cooperation in the field of international relations. The study of regional cooperation may be considered either a part of the study of regional integration or as a separate subject. Most works touching on the concept of regional cooperation treat the concept as part of the continuum in an integration process, with the concept of cooperation being merely tangential. This work, however, hopes to show that regional cooperation can be studied apart from the study of regional integration.

Secondly, this is perhaps the first systematic study of the role of the private sector in regional economic cooperation. Being considered a partner in the promotion of ASEAN regional economic cooperation, the private sector participation invites inquiry and documentation. Thirdly, the findings of this study with regard to the facilitating and constraining factors in economic cooperation will hopefully assist the policy-makers and the leaders of regional organizations. This way, they could avoid, reduce or solve constraints, and capitalize on the positive aspects. Fourthly,

written works on regional economic cooperation usually feature the initiatives of the government sector, with an identification of the problems and other factors infringing on this exercise. These works, however, lack extensive discussion on the private sector participation in the regional economic endeavor. Hopefully, this study will contribute to an in-depth consideration of this question.

Conceptual Framework

This study does not make use of any theoretical model. Instead, it applies the concepts of regional cooperation and more specifically, economic cooperation, in the analysis of the activities, accomplishments and problems of ACCI.

1. Regional Cooperation or Regionalism

Cooperation can be utilized in various fields of collective endeavor--socio-cultural, political, military, educational, technological and economic. Margaret Mead refers to the concept of cooperation as an act of working together toward an end.⁵ When nations cooperate with one another, they are engaged in a collaborative game. They win or lose together because they have similar preferences regarding the outcome. John Burton,⁶ like many other political thinkers, regards cooperation as synonymous with regionalism, whether or not formally structured, among states. He adds that a regional arrangement is inward-looking due to its concern for the interest of states within the region. According to Estrella D. Solidum, cooperation contributes to the building of mutual understanding and confidence. Cooperation among developing states is more realistic when dealing with "safe" projects, that is, non-political, which could yield collective efforts. Political and security matters are sensitive and thus, not susceptible to early cooperation.⁷ ACCI projects in the economic field harness the collective efforts of the private business community. They also widen the door for cooperation as they help shatter, through frequent interaction, the barriers emanating from varying psychological, political and cultural orientations which have bred distrust and suspicion among ASEAN peoples. From Solidum's findings on elite attitudes,⁸ ASEAN cooperation and decision-making are influenced by the concepts of brotherhood and kinship involving expectations of loyalty, reliability and behind-the-scene negotiations as well as *mushawarah* with the accompanying concept of *mufakat*. *Mushawarah* is characterized by the avoidance of hard or inflexible positions in a conference, thus preventing the "loss of face" among the participants. *Mufakat* or consensus enables the participants to reach decisions and there is no concept of opponent in such a discussion or decision-making process. Any binding decision is reached by

unanimity. In meetings between ACCI and government officials, as in their respective committee meetings, discussions are conducted many times until a consensus is arrived at. The dissenting party is allowed the amplest time to explain his position which is then discussed by the body until a consensus is reached. For instance, the decision to lower the 70% equity shareholding of ASEAN nationals on ASEAN industrial joint ventures resulted from a number of meetings and discussions conducted between ASEAN-CCI and Committee on Industry, Minerals and Energy. The 70% equity shareholding was reduced ultimately to 51% due to Singapore's strong appeal in view of her policy of minimum restrictions on foreign ownership operating in her territory. Further discussion on this matter is found in Chapter IV, specifically in the section on the formulation of agreements.

The framework of regional cooperation is also traced by Solidum. Each state is involved in a partnership and in a spirit of equality. Furthermore, no loss of sovereignty would be involved as a consequence of regional association.⁹ Hence, no ACCI member country can dictate on another what program to adopt, which activities to undertake and whose decisions to uphold. Leadership is shared by all, as exemplified by the rotation of Chairmanship or Presidency in the ACCI Council, Working Groups or Regional Industry Clubs. These concepts of equality, brotherhood, *mushawarah* and *mufakat* partly compose the ASEAN Way which consists of beliefs, responses, practices and values commonly shared in the region.¹⁰

Augustine Tan, a member of the Singapore Parliament, opines that regionalism in Southeast Asia should be evaluated in terms of its potential contribution to national objectives. He agrees with the statement of former Singapore Foreign Minister Sanathamby Rajaratnam that regionalism remains a convenient device for promoting national interests and for resolving national problems.¹¹ This perception is shared by Chung-Si Ahn, an authority on regionalism, who considers regionalism as co-existent with nationalistic efforts. As a consequence, regional arrangements are effective only when they operate within the boundaries set by nationalistic forces. He also states that nationalism in Asia reinforces interests in regional collective efforts and stresses the need for closer cooperation. The Asian leaders would refuse to accept any proposal for regional cooperation that may infringe upon the national sovereignty and independence. Therefore, the growth and vitality of Asian regionalism is to be understood primarily in terms of its linkage to internal development needs and aspirations of the people in the region.¹² As experienced by ACCI, a proposed project was shelved when found to be detrimental to the national economic program or policies of even a single member country. The market monitoring device of the panel products industry is one project which met such fate. This

project is elucidated on in Chapter V.

The book *ASEAN Identity, Development and Culture* edited by R.P. Anand and Purificación V. Quisumbing focuses on the emergence of new cultural identity in the region.¹³ The book observes that inspite of the increased formality in its organization, ASEAN still prefers largely unstructured patterns rather than rigidly organized legal formalities in discussions. Moreover, member countries want ASEAN to remain as a forum for consultation and cooperation while they retain their individual identities. In the same manner, ACCI serves as a venue for consultation and cooperation among the private business community and likewise between the private business community and the ASEAN governmental bodies for economic programs. It resorts to unstructured patterns for consultation such as sending letters to give or gather opinions regarding certain issues of concern.

2. Economic Cooperation

In the economic field, ASEAN operates within the concept of regional economic cooperation. Chung-Si Ahn, in his article "Forces of Nationalism and Economics in Asian Regional Cooperation"¹⁴ concludes that regionalism in Asia emerged from the outset with a strong emphasis on economic nationalism, primarily impelled by underdevelopment and subjugation to foreign economic influence. This partly explains the current priority accorded to economic programs in the wide spectrum of ASEAN cooperation.

Efforts promoting regional welfare should be based on coordinated economic policies among countries composing the region. ASEAN appeared to be thinking along this line when it embarked on a regional economic cooperation program. In *Intra-regional Cooperation and Aid in Asian Countries*,¹⁵ economic cooperation refers to the regional coordination of policies for the economic development and growth of individual constituent members. It is the regional coordination of policy measures for improving economic conditions, with the ultimate goal of maximizing the welfare of the whole region. For regional economic development to succeed, according to this document, cooperation in trade should be carried out in concert with that of domestic economic policies of individual countries. It concludes that regional cooperative efforts in the field of trade policy-making will contribute highly to the promotion of economic development in Asian countries when they are combined into one effort devoted to a common purpose. In ASEAN, the regional economic policies are the extension of each member country's domestic policies and ACCI has helped formulate agreements which are in consonance with these policies. ACCI supports the initiatives of the governmental bodies in the coordina-

tion of national schemes in order to take full advantage of the possibilities of trade, exchange of services and technical skills, and of each country's comparative advantage, with a view to achieving industrial development in the region.

Regional economic cooperation includes the joint formulation and implementation of agreements as well as the negotiation of projects and products for intra-regional trade and investment in accordance with harmonized economic policies. It also involves collective approaches to international issues affecting the members and consultation and exchange of communication regarding common interests and concerns.

However, the scope and dimension of regional economic cooperation among the private sectors of regional organizations somewhat differ, to a certain extent, from those of the sovereign states or those at the government sector level.

"Private sector" refers to a sector in the economy which is non-governmental, encompassing such activities as commerce, industry, construction, shipping, air transport, tourism, banking, insurance, etc. While sovereign states can commit their respective national resources, the private sector can only commit their personal resources, if not the resources of the industries where they belong, as is done in joint ventures and in volunteering commodities for trade preferences. Coordination of national economic policies for regional development such as trade and investment policies falls within this ambit of cooperation at the governmental level. The private sector helps formulate working guidelines or agreements, coordinate plans and programs, and identify and recommend concrete projects within the framework of such coordinated national policies.

Cooperation in ACCI is carried out on three levels of activity - organizational, sectoral and third-country. Organizational level refers to the activities pertaining to structures, aims and objectives, linkages, membership and other related matters. Cooperative projects pertaining to a commodity, an industry or a combination of these fall under the sectoral level. This level also involves projects related to technology development and education. It covers training programs, seminars, researches, dialogs, conferences, etc., which are intended to provide, supplement or enrich knowledge and skills necessary for the promotion of ASEAN economic activities. The third-country level involves ACCI relations with non-ASEAN member countries, particularly its dialog partners such as Australia, Canada, Japan, the United States, New Zealand and the European Community. Thus, the first two levels cover the internal affairs of ACCI while the third-country level covers the external relations of the organi-

zation.

From these levels of activity, the accomplishments of ACCI are identified. Accomplishments refer to projects already completed or those stipulated in the ACCI Work Program and have been pursued to the finish. No matter how insignificant they seem to be, these accomplishments are considered by ASEAN-CCI as stepping stones that lead to the eventual attainment of ACCI objectives and, ultimately, ASEAN goals of economic cooperation. These accomplishments reflect the forms of economic cooperation being undertaken by the organization.

Data Sources and Data Analysis

Official documents, key informants, journals and other periodicals were used to generate data for this study. Among the primary sources of data were interviews with both former and incumbent ACCI officials and with persons actively involved in this institution since its inception. The minutes of meetings of the Philippine ASEAN Council (PAC) and the records of proceedings of ACCI meetings, e.g., Council Meetings and Conferences were also consulted. Official reports of Plenary Meetings of the various Working Groups further add to the bulk of primary sources of data.

Secondary sources include *ASEAN Newsletter*, *Philippine Industry and Investment*, *ASEAN Economic Bulletin*, *ASEAN Yearbook*, *ASEAN-CCI Handbook* and other related materials and periodicals.

The pool of key informants came from the list of Philippine Chamber of Commerce and Industry's accredited national industry clubs (NICs) to ACCI. The active and inactive clubs were determined and out of 17 NICs, 12 were considered active, that is, being involved in a number of past and present activities of ACCI. It is assumed that an active NIC reflects an active industry club at the regional level or RIC. Hence, the status of involvement of a particular RIC can be drawn from the status of involvement of its component NIC, generally speaking.

A questionnaire was used as an instrument for data gathering. Ten of the twelve active NICs and two of the five inactive clubs were sent questionnaires. The primary concern for interviewing inactive clubs was to determine the causes of their inactivity which could be considered obstacles to cooperation. However, only seven out of 12 questionnaires were returned to the researcher. Some of those who failed to return the questionnaires were interviewed either by telephone or in person. Others, considered authorities on certain matters or issues, were sent letters requesting further explanation. The researcher resorted to official records

and documents for some questions left unanswered by the informants. Some detailed questions regarding organizational processes and structures of NICs/RICs have not been answered due to the unavailability of records. The respondents were mostly Chairmen, Executive Directors and former secretaries of NICs while some were officers of Working Groups at the regional level.

Informal interviews were conducted with five ACCI officers from Singapore, Thailand, Malaysia and Indonesia during the May 1985 ACCI Council Meeting in Manila. As there was no prepared questionnaire yet at that time, the interview focused on the problems perceived by these informants. Those no longer connected with ACCI but acted as "prime movers" during their ACCI days were likewise interviewed. To know the side of the government sector, representatives from Philippine COIME and Ministry of Trade were approached. A total of 21 key informants made themselves available to the writer either by telephone, through writing or through personal interview with or without the aid of the questionnaire.

This study uses a descriptive-historical-analytic approach. It describes the case of ACCI as a regional sub-organization and presents its activities and other situations as they occurred chronologically to show ACCI's gradual evolution and growth.

A profile of the ACCI's nature, role and functions was drawn from its official records and actual activities. The determination of the facilitating factors as well as the nature, forms and extent of economic cooperation was based on the institution's on-going projects and accomplishments. The interviews provided first-hand information on the problems encountered and the means used or suggested to solve or alleviate the problems which have been deemed obstacles to cooperation. In the discussion of activities and accomplishments, the major projects, participants, (as well as dissenters) and project status are identified, including the means applied to thresh out the differences. The discussion shows, in effect, the joint efforts of ACCI and the governmental committees to arrive at measures for economic cooperation. It likewise shows the working relations between ACCI and the government sector.

Organization of the Study

After the Introduction in Chapter I, a discussion of ASEAN regional cooperation is presented in Chapter II focusing on the dynamics of ASEAN cooperation and the participation of ASEAN governments in economic programs. This provides a background on the locus of the study. Chapter III deals with ACCI organizational features showing how the various structures came about, e.g., working groups, regional industry clubs, regional commodity clubs, and the functions of such structures. The activities of ACCI showing the forms of economic cooperation they undertake are discussed in Chapter IV. The project proponent, partici-

pants, dissenters, project status and the interaction between the private business sector and the governmental committees concerned are among the matters discussed in this chapter. The constraints to economic cooperation encountered by both the inactive and active clubs comprise the discussion in Chapter V. Finally, Chapter VI contains the summary and conclusion of the study. Notes and bibliography are provided at the end of the study.