Expert Group Meeting on the ASEAN Economic Community 2015: Opportunities and Challenges for Food Security

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EXPERT GROUP MEETING ON THE ASEAN ECONOMIC COMMUNITY 2015: OPPORTUNITIES AND CHALLENGES FOR FOOD SECURITY

REPORT

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Executive Summary

The ASEAN Economic Community (AEC) aims to build a single market and production base; a highly competitive economic region; a region of equitable economic development; and a region fully integrated into the global economy from 2015 onwards. The building of the AEC will involve integrating 12 priority sectors, including agriculture and fisheries, to create multiple forward and backward linkages for industries in ASEAN, and transform the region into an economically integrated market.

The global food crisis in 2007/8 highlighted the point that food insecurity threatens peace and stability, and is a key cause of conflict and possible violence. At the 21st ASEAN Summit held in Phnom Penh, Cambodia, in 2012, ASEAN leaders declared that 'food security remains a major challenge for ASEAN and the world as a whole, at a time of high commodity prices and economic uncertainty'.

As ASEAN moves to establish a single market and production base to generate greater intra-ASEAN trade from 2015 onwards, it becomes important to examine the impact of the AEC on the region's food industry, and on the various dimensions of food security, namely, food availability (with two aspects – primary production, and supply of food, including food reserves and trade); physical access (market supply chain and distribution); economic access to food (affordability/income); and utilisation (safety and quality or nutritive value).

While improvements in trade facilitation under the AEC through initiatives to promote physical, institutional and people-to-people connectivity are expected to enhance the region's economic and physical access to food, and lead to greater and more diversified regional trade, impediments exist. Trade protectionism and lack of product specialisation in the region, for example, partially explains the relatively low 1.3 per cent growth in intra-regional ASEAN agricultural trade over the last decade. This is in spite of the fact that six ASEAN countries, Indonesia, Thailand, Vietnam, Malaysia, the Philippines and Myanmar, rank among the world's top three exporters of several key food commodities.

Against this backdrop, the Expert Group Meeting on the ASEAN Economic Community 2015: Opportunities and Challenges for Food Security was held in June 2013. The Meeting was organised by the Centre for Non-Traditional Security (NTS) Studies at the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University (NTU), Singapore. It brought together representatives from government and international non-governmental organisations, as well as academic and think tank communities and civil society organisations in the region to share their assessments of how the AEC may offer both opportunities and challenges for ASEAN.

Food security as an AEC priority

Availability, affordability and safety of food are existential needs. As such, governments are well aware that food security is an issue of national security. At the same time, Southeast Asia's food systems are rapidly changing. Food demand and the channels for accessing food are shifting as per capita income increases and urban populations swell. Land competition in rural zones is becoming more acute as biofuel and other non-food or partial-food production increases. These challenges are extending at a time when environmental stresses such as water scarcity, soil erosion, agricultural and industrial pollution and climatic changes threaten agricultural productivity. Thus, a key message from the Meeting was that food security should be a top priority for the AEC. The Meeting thus offered four policy pointers, elaborated in the next section.

The key issues

- **While the AEC is likely to improve access to food and increase trade competitiveness, politicisation of the food sector and structural shortcomings could hinder progress.**

While freer trade could help to lower the cost of food and improve food accessibility in the region, food sectors in Southeast Asia are faced with a number of impediments. The high trade costs associated with intra-regional agricultural products affect competitiveness. These products are often bulky, perishable, have high shipping expenses, and face unique logistical and regulatory challenges. There are also growing concerns over food safety as consumers become increasingly affluent. Food safety regulations and standards will likely become an important determinant of trade and affect the growth of two AEC priority sectors, agriculture and fisheries. To add to the complexity of the challenge, these hurdles exist within the longer-term context of falling agricultural prices, reductions in investment, and shortcomings in regulatory harmonisation.

Politicisation of the food sector and structural shortcomings are expected to hinder the process of bringing about freer trade for agricultural products by 2015, and individual countries are expected to adhere to different trade liberalisation schedules. Tariff rates are higher for food products than in other sectors, and agricultural goods were not included in the Common Effective Preferential Tariff scheme of the ASEAN Free Trade Area (AFTA) because they were too politically charged. While agricultural trade has been liberalised gradually, many key commodities are still considered sensitive or highly sensitive and are not necessarily moving towards more open markets.

- **Coordination in pushing ahead with standardisation mechanisms and regulatory frameworks would help to maximise potential gains in intra-ASEAN as well as extra-ASEAN trade. Lessons from other regional integration processes can also be instructive.**

Despite a range of impediments and structural shortcomings, ASEAN food trade will likely become more important in the near term. Regional cooperation and national policies will determine how well the region responds to the changing regional environment and capitalises on opportunities to position ASEAN as a competitive exporter of food vis-à-vis the rest of the world. Realising the goals of the AEC in the food sector will require incremental steps at both the regional and national levels.

For sustained progress on regional integration, a number of cross-boundary issues that impede potentially beneficial integrative policies would have to be dealt with, including regulatory issues and concerns of food sovereignty. Existing activities such as seasonal labour movements across borders, shared ecosystem management and informal cross-border trade demonstrate that greater regional integration is possible. However, regulatory frameworks would need to be harmonised where possible and managed with greater continuity if such activities were to be legitimised. Standardisation mechanisms, in particular, could greatly promote trade if adopted consistently across the region. Single window policies, more harmonious safety standards and integrated transportation systems could prove to be the strongest drivers of regional food trade. Additionally, a closer examination of non-tariff barriers (NTBs) and an understanding of where the most significant barriers lie will contribute to a conducive trading environment.

These benefits can extend beyond the ASEAN market, as the region's exports are currently hindered by the difficulty of adhering to international standards set primarily by developed countries. Improving regulatory principles and practices region-wide may reduce some of these impediments. External lessons from other regional integration processes can also be instructive for ASEAN. The North American Free Trade Agreement (NAFTA) and Mercado Común del Sur (MERCOSUR) show that domestic agricultural policies that are not aligned with the interests of the wider region and the complexity of free trade agreements (FTAs) can influence market preferences and dynamics, and in turn, determine the winners and losers of trade. The Closer Economic Relations (CER), also known as the Australia New Zealand Closer Economic Relations Trade Agreement (ANZCERTA), however, brought about increased agricultural trade between Australia and New Zealand even though the two countries produce similar commodities. The prime lesson for ASEAN here is that shared visions, mutual trust, compatible policy frameworks, a commitment to detail, and the support of the business communities in the region would be all important in ensuring the success of economic integration.

Regional cooperation in intellectual property rights (IPR) has been minimal even though the protection of intellectual property is widely acknowledged to be a key factor of growth for businesses. Regional IPR frameworks can potentially encourage region-wide innovation as investments in agricultural R&D and commercialisation of production technologies are primarily undertaken by the private sector.

- **Regional food trade arrangements can benefit food security, but domestic policies and actions can potentially alter regional calculations.**

Intra-ASEAN food trade has increased partly as a result of moves towards the AEC. Current trends indicate that trade in processed food, for instance, has increased partly due to market integration efforts that see countries export raw agricultural goods and import processed derivations. The presence of informal and formal intra-regional production networks has also contributed to greater trade volumes. Furthermore, the liberalised foreign direct investment policies of Cambodia, Lao PDR and Myanmar, particularly towards other ASEAN members, help to play to the comparative strengths of different locations and reduce countries' propensity to rely heavily on domestic production for key food commodities.

NTBs continue to be high however. They contribute more to trade costs than tariffs, which account for just 6 per cent of total trade costs. Efforts to reduce NTBs have also been less than successful. Not even half of the strategic NTB reduction measures from 2009–2010 have been effectively implemented.

- **Public-private partnerships are necessary to enhance investments and R&D.**

Potential to create symbiotic relationships between the public sector and the private sector exists as governments seek to ensure food availability, accessibility and utilisation of food – a public good. To this end, the private sector could facilitate the access of smallholder farmers to the latest production methods and agricultural practices. Besides increasing overall yields, opportunities will open up for farmers to move up the value chain, and gradually, towards farm specialisation.

Given the implications of climate change and dwindling natural resources on agricultural production, cooperation with international agricultural research institutes and the development of new technologies will help both large and small farmers adapt to future challenges. Private-sector investments in post-harvest technologies and cold chain facilities could also help to support the storage and transportation of perishable food across the region.

Conclusion

The AEC is expected to have a positive impact on food security through its efforts to harmonise regulatory standards, remove NTBs, liberalise tariffs, enhance connectivity and promote freer trade. Increased trade and market confidence can improve price stability and help to mitigate the rapid price fluctuations witnessed over the past decade. In addition to the AEC, regional food trade is likely to become more liberalised through measures taken by the Trans-Pacific Partnership, ASEAN Plus Six, the Asia-Pacific Economic Cooperation (APEC) forum and efforts within the World Trade Organization (WTO). However, these pathways will not solve many of the regional hurdles, and deeper cooperation in food security through the AEC will be needed. The Meeting identified several areas where the AEC will have the greatest impact and where specific policy action is required (see *Key recommendations*).

With the AEC envisaged to come to fruition in 2015, serious effort should go into making food security an integral part of the regional agenda in 2015 and beyond. The goal of becoming more food secure is a shared objective of all ASEAN member states. Given that ASEAN is home to some of the world's top agricultural exporters, the opportunity must be seized.

Key recommendations

The following summarises the key recommendations flagged by participants at the Expert Group Meeting on the ASEAN Economic Community 2015: Opportunities and Challenges for Food Security.

- **Eliminate tariffs and non-tariff barriers (NTBs) and harmonise food safety requirements.**
  - Eliminate tariffs and NTBs by establishing simple, efficient and transparent import settings, and through monitoring of non-tariff measures (NTMs).
  - Facilitate food safety certification processes by encouraging best agricultural practices and investing in regional certification mechanisms, e.g., focusing on traceability.

- **Improve connectivity within ASEAN and its External Partners.**
  - Merge independent economies through the Nautical Highway System in ASEAN (also known as the ASEAN Roll-on/Roll-off Network).
  - Increase connectivity of ASEAN and the Plus Three countries (China, Japan and South Korea) through implementation of the transport and connectivity agreements under ASEAN.

- **Initiate structural change and raise productivity through regional R&D cooperation.**
  - Establish a mechanism to promote technology sharing and innovation within ASEAN.
  - Establish a network of centres of excellence on agricultural R&D with specific regional responsibilities, facilitated by ASEAN working groups, with oversight from the ASEAN Ministerial Meeting on Agriculture and Forestry (AMAF).
  - Provide information on and increase awareness of ASEAN technical working groups on the strong linkages between intellectual property rights (IPRs), innovation and private-sector investment.

- **Increase private-sector investment in R&D and production as well as the supply chain.**
  - Leverage on technology and management expertise from the private sector to provide agricultural producers with the means to move up the value chain and become agricultural entrepreneurs.
  - Provide for greater private-sector control of the supply chain to attract investment.
  - Develop ‘smart’ partnerships between the public and private sector throughout the supply chain – input, output, processing, distribution and retail.

- **Manage shocks through regional surveillance mechanisms and cooperation.**
  - Tie the ASEAN Food Security Information System (AFSIS) to the ASEAN Plus Three Emergency Rice Reserve (APTERR).
  - Build on the AFSIS to establish an effective early warning system and a surveillance mechanism that is credible at the regional and national levels.

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Session 1: The AEC, Agriculture Trade and Food Security

This session identified the impact of the ASEAN Economic Community (AEC) on the four aspects of the food security ecosystem, in particular, intra-ASEAN agricultural trade and investment, logistics and distribution.

The AEC in brief

The AEC aims to build a single market and production base; a highly competitive economic region; a region of equitable economic development; and a region fully integrated into the global economy from 2015 onwards. The building of the AEC will involve integrating 12 priority sectors, including agriculture and fisheries, to create multiple forward and backward linkages for industries in ASEAN, and transform the region into an economically integrated market.

AEC measures are designed to encourage trade liberalisation, improve efficiencies, and reduce waste and graft, among others. In food sectors, these measures will seek to improve food quality, harmonise regulatory standards, reduce non-tariff barriers (NTBs) and create more robust trading relationships. Such approaches could significantly benefit regional food systems if a number of challenges can be overcome. Trade remains a main means for most countries to make food available, through imports of raw and finished food products, and of the inputs required to grow and process food.

Trade and regional food security

In Southeast Asia, as in regions the world over, availability, affordability and safety of food are existential needs. As such, regional food sectors are both heavily politicised and at times viewed as issues of national security. Within this context, food trade can create problems and solutions, as is readily observable in Southeast Asia. An example is the protection of domestic markets versus price competitiveness.

Southeast Asia's food systems are rapidly changing. Food demand and the channels for accessing food are shifting as per capita income increases and urban populations swell. Land competition in rural zones is becoming more acute as biofuel and other non-food or partial-food (e.g., oil palm) production increases. These challenges, moreover, are extending at a time in which environmental stresses such as water scarcity, soil erosion, agricultural and industrial pollution and climatic changes threaten agricultural productivity.

The role that trade will or should play in addressing such regional food challenges is open to debate. Should ASEAN pursue wholesale regional integration strategies similar to the European Union (EU)? This is unlikely given the high associated costs, the difficulties that have plagued EU approaches and the differing diplomatic cultures of the two regions. Will regional food trade become more liberalised through measures taken by the Trans-Pacific Partnership, ASEAN Plus Six, the Asia-Pacific Economic Cooperation (APEC) forum or efforts within the World Trade Organization (WTO)? Perhaps, but these pathways will not solve many of the regional hurdles specific to a centralised ASEAN approach. What is clear is that ASEAN food trade – while rife with impediments and structural shortcomings – will likely increase in relevance in the near term, and efforts to create and manage a regional economic community are pertinent to this process. That said, AEC efforts face a myriad of uncertainties and challenges.

Uncertainties and challenges

A number of hurdles impede freer trade in Southeast Asian food sectors. Intra-regional trade of agricultural products are associated with high costs. The products are often bulky and perishable, and as such incur high shipping expenses and face unique logistical and regulatory challenges. Such costs have been increasing, which impacts trade competitiveness. There are also growing concerns over food safety in the region, and consumer preferences over food sources will become increasingly relevant to the regional food trade. This is taking place within the longer-term context of falling agricultural prices, reductions in investment, and shortcomings in regulatory standardisation.

Realising AEC goals in the food sector will therefore be difficult and will proceed incrementally. Agricultural sectors are traditionally heavily protected around the world, and experiences in protracted WTO negotiations demonstrate the difficulty of liberalising trade in the food sector. Southeast Asia is no exception. Moreover, tariff rates in ASEAN are higher for food products than other sectors, and agricultural goods were left out of initial Common Effective Preferential Tariff mechanisms because they were too politically charged. Agricultural trade has been liberalised gradually but many key commodities – most pressingly rice – are still considered sensitive or highly sensitive and are not necessarily moving towards more open markets. The AEC will not bring about fully free trade for such products by 2015, and individual countries are adhering to different trade liberalisation schedules.

Beyond these foundational issues, the minutiae of AEC efforts to promote market integration will also prove difficult. Reducing NTBs provide a strong example. In the regulatory space, the contribution of tariffs to total trade costs is relatively low (approximately 6 per cent), with NTBs proving to be much more daunting. While some NTBs may be removed or circumvented fairly easily, others will require significant regulatory reforms and will have to overcome competing domestic interests – both of which can be difficult, time-consuming and expensive. Recent history does not inspire confidence: the AEC 'scorecard' shows that less than half of strategic NTB-reducing measures from 2009–2010 were effectively implemented; and even this picture might be overly optimistic compared to on-the-ground realities. The key to enjoying greater success in the food sector rests with an understanding of which NTBs are the most significant, and such assessments will vary with context.

Enter the AEC

More robust trade remains essential for regional food security despite these uncertainties. For one, greater trade and market confidence can improve price stability and help to mitigate the sharp price fluctuations witnessed over the past decade. This relates further to a second goal for regional food strategies, which is to facilitate new avenues for profit and job creation in multiple parts of value chains. Ensuring that farmers can exert some influence along value chains continues to be a work in progress, and at times firms – not farmers – have been the primary beneficiaries of agricultural progress. Trade liberalisation efforts need to be conscious of redressing rather than exacerbating such problems.

The AEC is a means to such liberalisation, but its potential impacts on the food sector remain murky. The share of agriculture is relatively small within the wider context of the AEC, with agro-based products representing less than 15 per cent of affected traded goods. This is consistent with longstanding development strategies throughout much of the region, where industrialisation is prioritised over agricultural progress. However, the AEC will affect the food sector through efforts to harmonise regulatory standards, erode NTBs, liberalise tariffs and promote freer trade.

Standardisation mechanisms in particular can greatly promote trade if widely adopted. Single window policies, more harmonious safety standards and integrated transportation systems could prove to be some of the AEC's greatest contributions to bolster regional food trade. Moreover, these benefits can extend beyond ASEAN, as the region's exports to external markets are currently hindered by the difficulty of adhering to international standards set primarily by developed countries. Improving regulatory principles and practices region-wide may reduce some of these impediments. To this end, there are external lessons on food standards harmonisation, such as those found in Australia and New Zealand, which can be useful for ASEAN.

In sum, regional food trade arrangements can be a boon for food security, but will always be only part of the story, as food security is complex and depends on domestic policies. This will not change. Domestic actions will retain the potential to alter regional calculations, and regional agreements will not always be able to foster win-win outcomes. Trade liberalisation through the AEC can therefore represent a valuable regional mechanism, but will likely alter key aspects of regional food systems gradually rather than fundamentally.

Discussion

The session made clear that domestic policies and conditions are critically important for food security throughout the region, which led to a guiding discussion question on how impactful the AEC would be for Southeast Asian food systems.

In this regard, there are some grounds for optimism on regional food security integration. Intra-ASEAN food sourcing has increased – partly as a result of moves towards the AEC. Such growth has come despite the presence of NTBs, which leads to questions about whether these barriers are poorly enforced, or whether many are really non-tariff *measures* (NTMs) rather than *barriers*. Actual NTBs are largely confined to highly sensitive products such as rice; and in fact, there exist within the region some borders with relatively low levels of control and few restrictions. There are also informal and formal production networks that transcend national boundaries, including those defined by symbiotic relationships. There are greater trade volumes in processed food, for example, in part because of progress on market integration that sees countries export raw agricultural goods and import processed derivatives. Moreover, countries with the most remaining land for development – such as Cambodia, Lao PDR and Myanmar – are also the most open to foreign direct investment (FDI) from other countries in the region. This situation could encourage countries to tap the comparative strengths of given locations and help reduce their propensity to rely heavily on domestic production for key food commodities.

Ultimately, continuing progress on regional integration necessitates dealing with a number of cross-boundary issues. Market integration requires a change of mindsets on regulatory issues and in attitudes towards food sovereignty, as these impede potentially beneficial integrative policies. This means that regional political economies would have to adjust in fundamental ways. Seasonal labour movements across borders, shared ecosystem management and informal cross-border trade demonstrate that Southeast Asia has the seeds for greater regional integration. However, regulatory frameworks need bolstering if such activities are to be legitimised, harmonised where possible, and managed with greater continuity. It is in these spaces that the AEC can have the greatest impact; and research and policy analysis in the coming years will have an opportunity to contribute to efforts in these areas.

Session 2: Experiences from Other Regional Integration Processes

This session provided an overview of existing agricultural commodity trade (food, industrial crops and fisheries) within and outside the ASEAN region. Lessons from existing regional integration processes were explored for their relevance to ASEAN.

ASEAN and trade of agricultural commodities

The ASEAN region is a global player in the trade of agricultural commodities. It trades in a range of agri-food products, from bulk commodities such as rice, palm oil, coffee, sugar, rubber and shrimps, to niche commodities such as cocoa, catfish, pepper and poultry.

As part of their food security strategies, most ASEAN member countries emphasise self-sufficiency in food through domestic production, with trade making up the rest of the supply equation where there is a deficit. While trade among ASEAN member countries is inevitable due to geographic proximity, the extent to which implementation of the ASEAN Free Trade Area (AFTA) and the ASEAN Economic Community (AEC) would lead to enhanced trade and market integration remains uncertain. While tariffs have been lowered for most goods, agricultural commodities such as rice, sugar and poultry are still considered sensitive or highly sensitive, and continue to be subject to high tariffs and technical barriers to trade (TBTs).

The difficult dynamics of agri-food trade within the region can be observed from intra-ASEAN trade of protected commodities. The rice sector is highly sensitive and non-tariff barriers (NTBs) are commonly used to safeguard the interests of domestic producers and markets. Thailand and Vietnam are net exporters of rice while the Philippines and Indonesia are net importers. The Philippines' preferential treatment for the local market is in the form of a 40 per cent in-quota tariff and quantitative restrictions on rice imports. For similar reasons, Indonesia imposes a tariff of IDR450 per kg (USD52 per ton) on imported rice, which is approximately 10 per cent of the current price of Thai rice.

In the case of sugar, Thailand is the main source for ASEAN member countries, with Indonesia, Malaysia and Vietnam being net importers. Indonesia has low tariffs on imports but employs TBTs to protect the domestic market. The sugar processing industry is allowed to import raw sugar only to meet domestic shortfalls, and imports are banned one month before and two months after the milling season. Imported raw sugar may be used only as raw material for production, while white sugar can be imported only by the four registered importers that also purchase sugar cane from local farmers to produce white sugar. In the case of the Philippines, under AFTA, there is an 18 per cent tariff on sugar in 2013, with the rate dropping to 10 per cent in 2014 and 5 per cent in 2015. The relatively high tariff has contributed to a lack of competitiveness in the Philippines' sugar industry and is in part responsible for the smuggling of sugar from Thailand.

Poultry is another protected commodity in the region. Indonesia imposes non-automatic import licences and quotas on imported poultry while the Philippines implements a 40 per cent tariff on chilled or frozen chicken. Despite these barriers to trade, the entry of low-value chicken from the US and Brazil prevails.

AFTA, the AEC and other regional integration processes

Currently, the volume of extra-ASEAN trade is significantly higher than that of intra-ASEAN trade. This is primarily attributable to the incentives and benefits associated with trading with non-ASEAN partners. For example, the Everything but Arms programme initiated by the European Union (EU) allows full duty-free and quota-free access to least developed countries (LDCs). With the implementation of AFTA, however, intra-ASEAN trade has increased. While the impact of AFTA has yet to be felt in intra-regional agri-food trade, it is unlikely to impact food security negatively.

AFTA was a result of a global push towards regional integration and the creation of free trade areas such as the North American Free Trade Agreement (NAFTA), Mercado Común del Sur (MERCOSUR), and the Closer Economic Relations (CER), also known as the Australia New Zealand Closer Economic Relations Trade Agreement (ANZCERTA). While there remain uncertainties regarding the specifics of AFTA and AEC implementation, the experience of these other regional integration processes can be instructive for ASEAN.

NAFTA and MERCOSUR, for instance, show that domestic agricultural policies that are not aligned with the interests of the wider region and the complexity of free trade agreements (FTAs) can influence market preferences and dynamics, and in turn, determine the winners and losers of trade. Under NAFTA, Mexican farmers were disadvantaged by the entry of cheap US maize due to heavy US subsidies for the grain. US poultry farmers also benefited from access to low-cost feed grain as a result of the subsidies. In the case of MERCOSUR, the exceptions sought by member countries for various FTAs eventually resulted in minimal intra-region trade.

The ANZCERTA, however, brought about increased agricultural trade between Australia and New Zealand even though the two countries produce similar commodities. The prime lesson for ASEAN here is that shared visions, mutual trust, compatible policy frameworks, a commitment to detail, and the support of the business communities in the region would be all important in ensuring the success of economic integration. The benefits of regional integration especially in agri-food trade can be maximised through the policies implemented by member countries. Regardless of the impediments faced in implementing AFTA and the AEC, the potential and opportunity to enhance the region's food security should not be ignored.

Issues of regional integration under AFTA and the AEC

Besides the trade impediments standing in the way of regional economic integration, a number of issues will need to be considered as the region moves towards the AEC in 2015. The growing middle class in the region, estimated to number 200 million, would likely be a strong driver of agri-food trade, given their increasing purchasing power and a shift towards increasing consumption of protein and processed foods. This emerging market would therefore be a key focus of the private sector.

With population in the ASEAN region expected to increase by about 27 per cent by 2050, the region will need to increase its supply of food and reverse declining agricultural production. The trend towards lower production would likely persist in the medium term; the region's agricultural areas will be affected by changing climatic conditions, which would have repercussions for agricultural production and productivity. In order to address this, governments could help foster an environment that facilitates private-sector investments in agriculture, R&D, agricultural extension services and infrastructure. Beyond efforts to increase agricultural production, the government would need to play the role of facilitator between farmers and private investors, both to safeguard the rights of the farmers and to assess the social and environmental impacts of proposed investments or land acquisition deals.

Discussion

The experiences of other regional integration processes indicate that while regional food trade arrangements can benefit food security, domestic policies and actions can alter regional calculations. The success of AFTA and the AEC is therefore dependent on the accompanying policies and adjustment measures implemented by ASEAN member countries. Besides enhancing cooperation and collaboration within the region, public-private partnerships should be encouraged to maximise the benefits of trade and minimise potential negative consequences on food security.

Several potential areas for public-private partnership were identified. First is in the domain of intellectual property rights (IPR). Regional cooperation on IPR has been minimal even though the protection of intellectual property is widely acknowledged to be a key factor for business growth. At the regional level, institutions and frameworks will be needed to encourage innovation and to spread the use of technologies that would improve agricultural productivity. Regional IPR frameworks can potentially encourage region-wide innovation as investments in agricultural R&D and commercialisation of production technologies are primarily undertaken by the private sector.

The second is in agricultural R&D. A symbiotic relationship between national governments and the private sector can be cultivated. Governments have the responsibility of ensuring food security, a public good, but may not have the resources to do so effectively. The private sector could fill the resource gap through investing in R&D. A positive example can be found in the development of the palm oil and rubber industries in ASEAN where research efforts led to new varieties that were widely taken up by the industries.

Third is in the area of farm specialisation. The involvement of the private sector in farm specialisation can contribute towards increased trade in agri-food products within the ASEAN region. Countries such as the Philippines successfully developed a comparative advantage in the banana industry as a result of farm specialisation. To this end, government partnerships with the private sector could help smallholder farmers gain access to the latest production methods and better physical infrastructure such as irrigation facilities, packing houses and roads. Apart from increasing overall yields, opportunities could also open up for farmers to move up the value chain to become agricultural entrepreneurs.

The fourth potential area for public-private partnership is in enhancing connectivity. Given the region's geographical features, connectivity is an important aspect of ASEAN regional integration. Increasing physical connectivity between member countries through an integrated regional transportation system will not only facilitate increased trade but also improve access to food by lowering the cost of transportation. Public and private investments in ports, roads and bridges will be necessary to connect independent economies, and this is happening under an initiative known as the Nautical Highway System in ASEAN, or the ASEAN Roll-on/Roll-off Network. Improvements in the transportation system must, however, be complemented with investments in supply chain and distribution, particularly in post-harvest technologies and cold chain facilities that support the storage and transportation of perishable food across the region.

Standardisation mechanisms are another potential area for partnership. Mechanisms that, for example, support the harmonisation of food safety standards and policies to facilitate food safety certification processes could greatly promote trade if adopted consistently across the region. By encouraging best agricultural practices and investing in regional certification mechanisms, both intra-ASEAN as well as extra-ASEAN food trade could be bolstered significantly.

Finally, ASEAN may also consider the utility of a futures market for agri-food commodities. A futures market could play a role in reducing price volatility through its ability to enable price discovery and price stabilisation. A key benefit of a futures market is the ability of market participants to shift future price risks that they currently take on themselves to a central clearing house. Concerns of excessive speculation in derivative markets may be addressed by providing appropriate financial supervision such as transparency regulations and through reporting requirements for acquired positions and upper limits to regulate market power. Success stories of futures markets and exchanges for commodities can be found in India and Thailand.

Session 3: Impact on Agricultural Products and Food Security

The discussion in this session centred on two pathways through which the ASEAN Economic Community (AEC) could improve food security, namely, by improving economic access to food through income growth, and lowering the price of rice and stabilising supply through trade.

Poverty alleviation and structural transformation through the AEC

Direct investments within the AEC framework are envisioned to boost the gross domestic product (GDP) growth of ASEAN member states. However, the overall impact on poverty will largely depend on the nature of the growth. A stronger poverty-reduction effect would be possible if programmes are targeted at smallholders who account for a large proportion of farms in ASEAN and largely depend on labour-intensive production.

Specific programmes that may help alleviate poverty in the short term include investments in the development and dissemination of productivity-enhancing technologies and the creation of stronger links between small farmers and markets through effective marketing infrastructure, improvements in value chains, and the development of a rural financial sector.

In the longer run, programmes that facilitate structural transformation will be needed to sustain income growth and reduce poverty. Economic expansion would shift the economic structure from predominantly agricultural to non-agricultural and rebalance the disproportionately large number of people employed in agriculture relative to the income generated from agriculture. While support for small farmers in the form of various subsidies may be beneficial in the short run, shifting intensive labour out of agriculture is ultimately the key to addressing chronic poverty. Although justifiable on the basis of social protection, it is important for governments to avoid excessive reliance on subsidies in poverty-reduction policies as doing so would slow down the process of structural transformation. Attaining sustainable food security and income growth would entail finding a balance between short-term and long-term policy strategies.

Impact of the AEC on the rice market

Turning to the rice sector, the 2007/8 food crisis had severely reduced confidence in the rice market and compelled countries to pursue self-sufficiency policies. The rice market thus remains thin and volatile; and the distortions in the rice trade (resulting from current policies) would likely inhibit appreciable increase in rice trade volume in the near future. However, regional initiatives on food, most of which are in their pilot phases, hold promise for building confidence in the rice trade and would gradually help to soften the ground for market integration. Meanwhile, the impact of the AEC on the rice trade may not be that significant.

Other factors that would affect the rice trade and the availability of rice include supply logistics and infrastructure, particularly in countries with good export prospects such as Cambodia, Myanmar and Lao PDR. For example, the poorly developed drying, milling, storing and shipping facilities in Cambodia have been a serious constraint on export expansion.

Given that India, Thailand and Vietnam account for over 60 per cent of the world's rice exports, the impact of the AEC on rice could be enhanced through increased trading links with India. This could be established under the broad umbrella of ASEAN-South Asian Association for Regional Cooperation (SAARC) collaboration.

While ensuring stable and affordable access to rice is important to Southeast Asia, food security strategies that leverage on regional market integration need to address more than rice. The current rice-centric approach to food security underplays the importance of nutrition. Improved nutritional outcomes require a balanced diet as well as better health and hygiene conditions. To achieve this, a broader set of social development policies will be needed, particularly given that the prevailing grain-centric approach neglects the needs of poor and vulnerable groups. The trend towards food basket diversification as populations become more affluent, and the shift from rice to protein-based food items such as meat and dairy for the middle-class, should also be factored in when thinking about the opportunities afforded by the AEC to improve food security in the region.

Lastly, climate change would also need to be taken into account. Climatic shifts would put additional stress on the rice market as the rice-producing areas in the region are highly vulnerable to higher temperatures, rise in sea levels, and extreme weather events. Yield loss in low-lying lands due to such trends may necessitate the use of high lands for rice production, in spite of a lower rice yield and compromises on the production of other food commodities, such as fruits, which are traditionally more profitable.

Discussion

While there is a need to stabilise rice prices and restore confidence in the rice market, rice price fluctuations are not always negative in their effects. Context is important in this regard. For example, while rice is a major export for Vietnam, the country is also ranked second among global producers of cassava. Thus, movements in rice prices are not necessarily a critical concern for the country.

The AEC also potentially provides opportunities for structural transformations in facets of food security (beyond food availability) such as nutrition, quality and safety standards. The approach to these aspects would necessitate policies that go beyond agriculture and call for broader social policies, including education campaigns.

The enlargement of the agricultural remit may invite the further involvement of a broader range of stakeholders. Private-sector engagement may facilitate efforts to increase farm size, open markets and introduce genetically modified (GM) crops, though the extent of such efforts would be dependent on domestic conditions and policies. The role that domestic regimes play in agricultural transformation is evidently critical and indispensable.

Countries would likely vary in terms of the pace at which transformation of the agricultural sector occurs but they will face several common challenges, among them, greater movement of labour, questions of how to maintain farmers' incomes, and the need to invest in food production, R&D and infrastructure to ensure food security. Southeast Asia, for example, runs the risk of being a net importer of yellow corn. This situation may be avoided if governments or the private sector are willing to invest in yellow corn production in the region. There is also potential for the region to reduce its strong dependence on soybean imports if there is sufficient commitment to invest in R&D to grow Brazilian soybean seeds on its soils.

In sum, the formation of the AEC incentivises the creation of an enabling environment for agricultural transformation, which can strengthen regional food security and alleviate chronic poverty.

Way Forward

On day two of the Meeting, participants had an open discussion where they deliberated on ways in which the ASEAN Economic Community (AEC) could help to mitigate issues arising from food insecurity. The discussion centred on the impact of the AEC on the region's food industry, and the various dimensions of food security, namely, food availability (with two aspects – primary production, and supply of food, including food reserves and trade); physical access (market supply chain and distribution); economic access to food (affordability/income); and utilisation (safety and quality or nutritive value).

Regional economic integration through the AEC is envisioned to improve intra-ASEAN as well as extra-ASEAN trade, which foreseeably improves food security by augmenting domestic food supplies and by increasing the availability of food. This is expected to lower the prices of food commodities and reduce variability in food supply. Additionally, through the promotion of economic growth, opportunities to improve farm income and economic access to food are likely to open up.

The AEC is expected to have a positive impact on food security through its efforts to harmonise regulatory standards, remove non-tariff barriers (NTBs), liberalise tariffs, enhance connectivity, and promote freer trade. Increased trade and market confidence would likely improve price stability and help to mitigate the rapid price fluctuations witnessed over the past decade. With the AEC envisaged to come to fruition in 2015, serious effort should go into making food security an integral part of the regional agenda by 2015 and beyond. The goal of becoming more food secure is a shared objective of all ASEAN member states. Given that ASEAN is home to some of the world's top agricultural exporters, the opportunity must be seized.

In addition to the AEC, regional food trade is likely to become more liberalised through measures taken by the Trans-Pacific Partnership, ASEAN Plus Six, the Asia-Pacific Economic Cooperation (APEC) forum and efforts within the World Trade Organization (WTO). However, these pathways will not solve many of the regional hurdles, and deeper cooperation in food security through the AEC will be needed. The Meeting identified several areas where the AEC will have the greatest impact and where specific policy action is required.

The following policy recommendations came out of the final discussion:

- **Removing NTBs in the agricultural sector**

Several ASEAN countries depend on trade as a way to augment domestic food production. For example, Vietnam is a major exporter of rice to the Philippines and Malaysia, while Thailand is a major exporter to Singapore. Although tariffs have been lowered, NTBs remain a serious impediment to trade for the ASEAN region. NTBs include trade-restricting measures such as quotas and technical barriers, including sanitary and phytosanitary (SPS) certification and technical barriers to trade (TBT) measures. They also encompass trade-promoting measures through the likes of export subsidies.

Non-automatic licences and technical regulations relating to labelling, hygiene, drug residues and toxins are used by most member states as a form of NTB in the agricultural sector. Food-importing countries in ASEAN tend to arbitrarily adopt a food inspection or control system under SPS measures despite the fact that ASEAN has several bodies dealing with food safety. These bodies include the ASEAN Expert Group on Food Safety (AEGFS), the ASEAN Task Force on Codex (ATFC), the ASEAN Consultative Committee on Standards and Quality (ACCSQ) and the ASEAN Sub-Committee on Food Science and Technology (SCFST). The problem is more pronounced for extra-ASEAN agri-food trade.

In order to encourage intra-ASEAN trade in food and agricultural products, a move towards a common regulatory and inspection system for SPS measures is indispensable.

A coordinated approach will enable member countries to resolve more efficiently food safety and quality issues that arise from intra-regional trade. At the national level, member states could invest in an effective certification mechanism, foster innovation through public-private partnerships (particularly in Myanmar and Cambodia), comply with good agricultural practices (GAP), encourage technical assistance in agriculture, and promote education and information sharing.

The challenge of NTBs is particularly urgent during an emergency, as countries tend to raise barriers to trade in times of crisis. This was observed during the 2007/8 food price crisis, when a number of ASEAN countries, specifically, Cambodia, Indonesia and Vietnam, banned exports of rice and imposed export quotas or taxes. In a bid to control spiralling rice prices, Thailand raised a proposal to establish a rice cartel, similar to the Organization of the Petroleum Exporting Countries (OPEC), but the idea was deemed unfeasible as major rice-producing countries such as India and Pakistan would have been excluded and the interests of rice-importing countries would suffer.

The ASEAN Single Window, a network of ten national single windows (NSWs), is envisaged to simplify trade documentation procedures, reduce trade costs and improve intra-regional trade. Currently, traders in exporting countries encounter delays and additional costs due to variations between countries in terms of trade and customs documents, inspections, and forms and regulations. Additional SPS certification is also needed to ensure safety and hygiene standards for agri-food products. Standardising electronic documentation, simplifying administrative formalities and harmonising SPS certification to a single entry point would significantly reduce paperwork and trade costs, and result in time savings. Thailand, for example, estimates cost savings of USD1.5 billion per annum with the introduction of the NSW.

On a broader level, a regional web-based facility to facilitate the monitoring and surveillance of NTBs and non-tariff measures (NTMs) would enhance ASEAN efforts to eliminate NTBs. The establishment of the ASEAN Trade Repository (ATR) is a step in the right direction. The details of the ATR model are still being worked out, but there is a suggestion to include an NTB notification system that allows policymakers, exporters/importers, traders and analysts to report discriminatory measures, and that provides easy follow-up on reported and identified NTBs and NTMs.

- **Improving connectivity in ASEAN**

Even where there is sufficient food available in a country, there is still the possibility that the food may not be distributed efficiently, for instance, in the event of a food shortage in a distant province. The efficiency of the supply chain between farmers, retailers and consumers is thus vital to food security. Strong connectivity is especially critical for ASEAN, with its substantial mainland as well as archipelagic areas.

Improving transport links, in particular, enhancing port efficiency and rail access at the regional and national levels, would improve supply chain connectivity, and in the process, reduce the costs of transporting food. A nautical transportation system would be important for ASEAN. Although the Master Plan on ASEAN Connectivity (MPAC) sets out plans for the ASEAN Roll-on/Roll-off Network, the challenge lies in financing the projects and expanding connectivity to ASEAN partners such as China, Japan and Korea.

Similarly, the region's logistics systems should not be neglected. More focus should be placed on achieving greater efficiency in the way food is transported, stored, marketed and distributed. For perishable foods, it will be important to implement clear operational guidelines for packaging, handling, storing and transporting fresh agricultural produce along the cold chain. Additionally, as parts of ASEAN are prone to disasters, decentralising food storage facilities would help to ensure quick deployment and provide a variety of transportation options to facilitate food distribution in emergencies.










Sushil Pande


Participants of the Expert Group Meeting
on the ASEAN Economic Community 2015: Opportunities and Challenges for Food Security

Front row: *Dr Viroj NaRanong, Ms Sanchita Basu Das, Dr Chia Siow Yue, Assoc. Prof. Mely Caballero-Anthony, Prof. Paul Teng, Dr Mia Mikic, Ms Amelia Menardo, Ms Maria Josefina P. Villena*

Second row: *Ms Tamara Palis, Ms Belinda Chng, Ms Margareth Sembiring, Dr Rolando Dy, Dr Ponciano S. Intal, Jr, Dr Vo Tri Thanh, Dr Sushil Pandey, Ms Amalia Agustina , Dr J. Jackson Ewing, Ms Maria Carmencita S. Morales*

- **Facilitating structural change and raising productivity**

While demand for grain has been rising, productivity has failed to keep pace. According to the UN Economic and Social Commission for Asia and the Pacific (UN ESCAP), the global average annual rate of growth in grain yield (production per unit of land per season) fell from 2.7 per cent in 1970–1990 to 1.2 per cent in 1990–2005. This decline is attributed to low investment in the agriculture sector. Government policies have focused more on industry and rapid urbanisation, compounding the problems of the rural farm sector. Structural constraints such as inequality in land ownership, inadequate rural infrastructure and low levels of R&D, education and health in the workforce further exacerbate the problem.

In order to address this situation, productivity-related schemes should be nurtured. These may be in the form of providing credit to enable small farmers to acquire organic agricultural inputs, or increasing R&D and the use of farm technology. In this regard, regional intellectual property rights (IPR) frameworks can potentially encourage region-wide innovation as investments in agricultural R&D and commercialisation of production technologies are primarily undertaken by the private sector.

The formation of a regional knowledge hub that pulls together agricultural expertise and the R&D capabilities of individual ASEAN countries would give impetus to the region's R&D efforts. For a start, a network of centres of excellence could be developed. These should focus on sharing information on existing patents and licences for agricultural technology; collating and exchanging information on indigenous agricultural knowledge and practices; and enhancing agricultural science, technology transfer, innovation and capacity building. It is notable that within ASEAN, Vietnam is strong in aquaculture R&D, Malaysia is strong in palm oil production and the Philippines is taking intellectual leadership through the formation of a university consortium focused on agricultural R&D. The centres of excellence could be given regional responsibilities as facilitated by ASEAN working groups and the ASEAN Ministerial Meeting on Agriculture and Forestry (AMAF).

- **Managing shocks**

Slow and ineffective management during a food crisis brings along the risk of social unrest, which has implications for national security. Furthermore, trading in staple food commodities may be less feasible when world prices are high or countries have low foreign reserves. Hence, a strategy that balances trade and the use of national food stocks is important for national planning purposes. This would enable countries to react quickly to situations of shortage or surplus and would allow for more efficient management of food stocks.

The idea of a regional food reserve for ASEAN was floated as a possible cooperative mechanism that consolidates the management of food reserves and mitigates the risks of operating food reserves at the national level. The feasibility of the idea, however, would depend on trust levels among member countries and clarity in the operational guidelines of the reserve.

The example of the ASEAN Plus Three Emergency Rice Reserve (APTERR) is instructive. To improve its effectiveness, the APTERR must address: (1) technical issues regarding the volumes and timing of storage and release of emergency stocks; (2) issues of financial sustainability; and (3) institutional issues, such as an appropriate organisational structure and linkages with other agencies and organisations, whether public or private, and at the national and international levels. The ASEAN Food Security Information System (AFSIS) should also be linked with the reserve to improve its effectiveness as a regional early warning and surveillance mechanism.

- **Bringing together the private and the public sector**

Governments may facilitate the creation of symbiotic relationships with the private sector and attract investment to the agricultural sector by putting in place a liberal leasing structure for land holdings and taking steps to increase transparency in investment laws and regulations for the agricultural sector. Engagement between the private sector and agricultural cooperatives can provide small farmers with access to community banks of grain and seeds, working capital, and processing, packing, storage and marketing facilities, thereby strengthening their capacity to move up the value chain.

Importantly, what is needed is a 'smart' partnership between the public and the private sector. Governments need to continue to play the role of an intermediary between the private sector and farmers so as to address any kind of asymmetric power between the two. Also, farmers in the ASEAN region often lack the education or the necessary training to make the best use of the available resources. A change in the traditional farmer's mindset and an institutional structure to facilitate engagement between farmers and the private sector as well as to encourage competitive farming would be necessary.

Lastly, trade and economic liberalisation are often associated with temporary negative impacts on poor and vulnerable sections of society. Financial assistance and social protection schemes would therefore help cushion the impact felt by communities and households. For instance, cash transfers in the form of lump sum payments have been used successfully in the Philippines to supplement the income of farmers.

Summary of key problem areas and suggested policy actions.

	Problem areas	Policy challenges	Policy actions
1	**Trade liberalisation and facilitation**	1a. Eliminate tariffs and non-tariff barriers (NTBs).	– Establish simpler, efficient and transparent import settings. – Monitor non-tariff measures (NTMs). – Minimise transaction costs.
		1b. Manage domestic risks accompanying liberalisation.	– Introduce safety nets such as direct income support to farmers to address poverty and conditional cash transfers. – **Medium- to long-term**: Support the diversification of production away from protected crops so as to buffer farmers from the impact of the removal of tariffs on those crops as trade liberalisation kicks in.
		1c. Facilitate food-safety certification processes that are more cost-effective to farmers.	– Encourage ASEAN member countries to invest in effective certification mechanisms. – Push ministries to consider food safety and food quality as part of their mandate and facilitate measures such as traceability. – Encourage the development of laboratories through public-private partnerships, public-private collaborations and other forms of cooperation between the actors involved (to address, for example, the lack of laboratories in Myanmar and Cambodia). – Encourage public-private partnerships and technical assistance to improve food safety and quality. – Comply with best agricultural practices (e.g., good agricultural practices, or GAP), and promote technical assistance, education and information sharing in this area.
2	**Connectivity**	2a. Improve connectivity, within the ASEAN region, and between ASEAN and the Plus Three countries (China, Japan and South Korea).	– Push for implementation of the transport and connectivity agreements under ASEAN, including the Nautical Highway System in ASEAN.
3	**Structural change and productivity**	3a. Address the lack of a mechanism for transfer of technology and information sharing.	– Establish a mechanism to promote technology sharing and innovation in ASEAN. – Promote extension services for information sharing, transforming such services by encouraging a more client-focused outlook. – Establish a network of centres of excellence focused on agricultural R&D with regional responsibilities as facilitated by ASEAN working groups and the ASEAN Ministerial Meeting on Agriculture and Forestry (AMAF).
		3b. Entice the private sector to work with the public sector on intellectual property rights (IPR) issues.	– Encourage inter-regional collaboration between ASEAN and research institutions, for example, between ASEAN and the Brazilian Agricultural Research Corporation (EMBRAPA). – Encourage national initiatives to promote investment. – Conduct an inventory of patents and existing licences for agricultural technology. – **Medium- to long-term**: Increase awareness of ASEAN technical working groups on the role of the private sector in IPR.

	Problem areas	Policy challenges	Policy actions
4	**Supply and price shocks**	4a. Establish reserves as a buffer against shocks to the food security system.	– Make the ASEAN Plus Three Emergency Rice Reserve (APTERR) a credible confidence-building measure. This regional reserve should be in addition to the national reserves of ASEAN member countries. – Tie the ASEAN Food Security Information System (AFSIS) to the APTERR.
		4b. Develop an early warning and surveillance mechanism as part of measures to manage shocks to the food security system.	– Allot financial resources to the creation and maintenance of an early warning and surveillance mechanism. – Design a mechanism that is credible at both the regional and national levels. – Build capacity to collate data on production, reserves and stocks. – Promote improved, timely sharing of data on food stocks and production statistics.
5	**Role of the private sector**	5a. Provide an enabling environment to encourage the private sector to commit resources (investment / expertise) to the agricultural sector.	– Increase collaboration between private-sector entities from ASEAN and the Plus Three countries (e.g., hybrid rice developed through the joint effort of companies from the Philippines and China). – Introduce a more liberal leasing structure for land holdings in ASEAN member countries. – Increase transparency in ASEAN investment laws and regulations for the agricultural sector. – Allow the private sector greater control over the supply chain to entice them to invest.
		5b. Encourage farmers to work with the private sector, and tap private-sector strengths in management, marketing and technology.	– Ensure that government continues to play its role of moderator and intermediary between the private sector and the farmer, helping to address the asymmetry of information between the two. – Change the mindset of farmers and give them resources to work with the private sector. – Change institutional structures linking farmers and the private sector and facilitate open, cooperative arrangements that bring together smallholders and the private sector in order to increase competitiveness.
		5c. Encourage 'smart' partnerships between the public and private sector.	– Develop different mechanisms for public-private partnerships.

Programme

Day 1
3 June 2013 (Monday)
Crowne Plaza
Manila, Philippines

09:00 **Welcome Remarks**

Associate Professor Mely Caballero-Anthony
Head
Centre for Non-Traditional Security (NTS) Studies
S. Rajaratnam School of International Studies (RSIS)
Nanyang Technological University (NTU);
and Secretary-General
Consortium of Non-Traditional Security Studies in Asia (NTS-Asia)
Singapore

09:10 **Meeting Background, Format and Objectives; Introductions**
Framing the issues: Linking elements of the AEC to the food security ecosystem

Professor Paul Teng
Senior Fellow and Advisor (Food Security)
Centre for Non-Traditional Security (NTS) Studies
S. Rajaratnam School of International Studies (RSIS);
and Dean
Graduate Studies and Professional Learning
National Institute of Education (NIE)
Nanyang Technological University (NTU)
Singapore

and

Ms Sanchita Basu Das
Lead Researcher, Economic Affairs
ASEAN Studies Centre
Institute of Southeast Asian Studies (ISEAS)
Singapore

10:20 **Session One: The AEC, ASEAN Agriculture Trade and Food Security**

Moderator

Associate Professor Mely Caballero-Anthony
Head
Centre for Non-Traditional Security (NTS) Studies
S. Rajaratnam School of International Studies (RSIS)
Nanyang Technological University (NTU);
and Secretary-General
Consortium of Non-Traditional Security Studies in Asia (NTS-Asia)
Singapore

Panellists

Dr Chia Siow Yue
Senior Research Fellow
Singapore Institute of International Affairs (SIIA)
Singapore

Dr Mia Mikic
Chief, Trade Policy and Analysis Section
ARTNeT Coordinator, Trade and Investment Division
UN Economic and Social Commission for Asia and the Pacific (UN ESCAP)
Bangkok
Thailand

Dr Vo Tri Thanh
Vice President
Central Institute for Economic Management
Hanoi
Vietnam

Questions:

- How will the AEC and other agriculture sector cooperation in ASEAN address the four aspects of the food security ecosystem? What is the current state in terms of production, intra-ASEAN agriculture trade and investment, reserves, logistics, ease of movement of agriculture goods and poverty? How far is the current state of agriculture production, distribution and trade satisfying the issue of food security in the region?
- With the AEC by 2015, what are we going to observe in terms of structure (i.e., change in structure of production), policies (in terms of standards, fertiliser and seed subsidy, labour markets and others) and dynamics (in terms of intra-ASEAN agriculture trade and investment, ease of goods movement and other changes)? Is this going to affect food security in the region?
- How much is ASEAN's agricultural trade with the rest of the world? Is it causing 'trade diversion' for ASEAN, and in the process, is the region losing on potential revenue and employment? [This is because, many times, the low-tax import sources from outside the region can be cheaper than the high-barrier import sources from within the region. A weak agricultural sector for ASEAN with significant food trade deficit and food insecurity has to be avoided.]
- With the AEC by 2015, what would be the impact on (1) ASEAN's trade with the rest of the world and (2) foreign direct investment into ASEAN's agriculture sector?

13:00 **Session 2: Experiences from Other Regional Integration Processes and Policy Discussion (Food, Industrial Crops and Fisheries)**

Moderator

Dr Ponciano S. Intal, Jr
Senior Researcher
Economic Research Institute for ASEAN and East Asia (ERIA)
Jakarta
Indonesia

Panellists

Dr Viroj NaRanong
Research Director
Health Economics and Agriculture
Thailand Development Research Institute (TDRI)
Bangkok
Thailand

Dr Rolando Dy
Executive Director
Center for Food and AgriBusiness
University of Asia and the Pacific (UAP)
Manila
Philippines

Questions:

- Given the state of agriculture sector liberalisation by 2015, what kind of policies, investment and technical assistance will be needed both regionally and in each ASEAN country by 2020 and 2030 so as to maximise the 'trade creation' effect within ASEAN and to minimise food insecurity in the future? This may involve raising farm productivity, building up farm specialisation, addressing tariff and non-tariff barriers, and building better physical and institutional connectivity.

- What lessons can ASEAN draw from other regional integration efforts (WTO at the global level, European Union, Closer Economic Relations [Australia-New Zealand] or other regional initiatives)?

15:00 **Session 3: Impact of the AEC on Key ASEAN Agricultural Products and the Issue of Food Security**

Moderator

Professor Paul Teng
Senior Fellow and Advisor (Food Security)
Centre for Non-Traditional Security (NTS) Studies
S. Rajaratnam School of International Studies (RSIS);
and Dean
Graduate Studies and Professional Learning
National Institute of Education (NIE)
Nanyang Technological University (NTU)
Singapore

Panellists

Dr Sushil Pandey
Independent Researcher
Previously, Senior Agricultural Economist, International Rice Research Institute (IRRI)
Manila
Philippines

Questions:

- Given that ASEAN countries are major producers of important agricultural products like rice (Thailand, Vietnam), fresh vegetables (Thailand, Malaysia), fish (Vietnam, Thailand, Indonesia) and corn (while white corn is a major food grain of the poor, yellow corn is a major feed grain), how will the AEC affect production (including input suppliers), processing, distribution, trade and investment (both intra- and extra-ASEAN) and food safety of these individual products?
- What policy implications may potentially arise from the anticipated effects of the AEC on ASEAN production and distribution of these important agricultural products? How will they contribute to the food security issue by 2020 and 2030?
- What would be the policy implications for trade and investment (both intra- and extra-ASEAN) of these agricultural products with the AEC in 2015? How will it contribute to the food security issue by 2020 and 2030?

16:45 ***End of Day One***

Day 2
4 June 2013 (Tuesday)

09:00 **Session 4A: Moderated Discussion and Recap of Day One**

Moderator

Ms Sanchita Basu Das
Lead Researcher, Economic Affairs
ASEAN Studies Centre
Institute of Southeast Asian Studies (ISEAS)
Singapore

- Identification of unanswered questions; information gaps.
- Potential collaborative network on AEC/ food security impact assessment and policy innovation.

10:15 **Session 4B: Debating Ways Forward – Views on Priorities**

Moderator

Associate Professor Mely Caballero-Anthony
Head
Centre for Non-Traditional Security (NTS) Studies
S. Rajaratnam School of International Studies (RSIS)
Nanyang Technological University (NTU); and Secretary-General
Consortium of Non-Traditional Security Studies in Asia (NTS-Asia)
Singapore

11:50 **Closing Remarks**

Associate Professor Mely Caballero-Anthony
Head
Centre for Non-Traditional Security (NTS) Studies
S. Rajaratnam School of International Studies (RSIS)
Nanyang Technological University (NTU); and Secretary-General
Consortium of Non-Traditional Security Studies in Asia (NTS-Asia)
Singapore

13:00 ***End of Meeting***

List of Speakers and Moderators

(in alphabetical order according to last names)

1. **Dr Chia Siow Yue**
   Senior Research Fellow
   Singapore Institute of International Affairs (SIIA)
   60A Orchard Road
   #04-03 Tower 1
   The Atrium@Orchard
   International Involvement Hub
   Singapore 238890
   Email: chiasy@singnet.com.sg

2. **Dr Rolando Dy**
   Executive Director
   Center for Food and AgriBusiness
   University of Asia and the Pacific (UAP)
   Pearl Drive
   Ortigas Center
   1605 Pasig City
   Philippines
   Email: rdyster@gmail.com

3. **Dr Ponciano S. Intal, Jr**
   Senior Researcher
   Economic Research Institute for ASEAN
   and East Asia (ERIA)
   Sentral Senayan 2, 6th Floor
   Jl. Asia Afrika 8
   Gelora Bung Karno, Senayan
   Jakarta Selatan 10270
   Indonesia
   Tel: +62 21 57974460 ext. 303
   Email: ponciano.intal@eria.org

4. **Dr Mia Mikic**
   Chief, Trade Policy and Analysis Section
   ARTNeT Coordinator
   Trade and Investment Division
   UN Economic and Social Commission for Asia
   and the Pacific (UN ESCAP)
   The United Nations Building
   Rajdamnern Nok Avenue
   Bangkok 10200
   Thailand
   Tel: +66 (0) 22881410
   Email: mikic@un.org

5. **Dr Viroj NaRanong**
   Research Director
   Health Economics and Agriculture
   Thailand Development Research Institute (TDRI)
   565 Ramkhamaeng 39
   (Thepleela)
   Wangthonglang
   Bangkok 10310
   Thailand
   Email: viroj@tdri.or.th

6. **Dr Sushil Pandey**
   Independent Researcher
   Previously Senior Agricultural Economist
   with the International Rice Research Institute (IRRI)
   IRRI Headquarters
   Los Baños Research Center
   Mailing address: DAPO Box 7777
   Metro Manila 1301
   Philippines
   Email: s.pandey@irri.org

7. **Dr Vo Tri Thanh**
   Vice President
   Central Institute for Economic Management
   68 Phan Dinh Phung Street
   Ba Dinh District
   Hanoi
   Vietnam
   Tel: +84 4 37338930
   Email: votrithanh@mpi.gov.vn

List of Discussants and Participants

(in alphabetical order according to last names)

1. **Ms Amalia Agustina**
   Technical Officer
   Agriculture Industries & Natural Resources Division
   Finance, Industry and Infrastructure Directorate
   ASEAN Economic Community Department
   ASEAN Secretariat
   70A Jl. Sisingamangaraja
   Jakarta 12110
   Indonesia
   Email: amalia.agustina@asean.org

2. **Dr Enrico L. Basilio (Henry)**
   President
   Research, Education and Institutional Development
   (REID) Foundation
   1701 Tycoon Centre
   Pearl Drive
   Ortigas Center
   Pasig City 1605
   Manila
   Philippines
   Email: hlbasilio@yahoo.com; info@reid-ph.org

3. **Ms Amelia Menardo**
   OIC-Assistant Director
   National Economic and Development Authority
   (NEDA)
   12 Saint Josemaria Escriva Drive
   Ortigas Center
   Pasig City 1605
   Philippines
   Email: aamenardo@neda.gov.ph

4. **Ms Tamara Palis**
   Project Development Officer
   National Economic and Development Authority
   (NEDA)
   12 Saint Josemaria Escriva Drive
   Ortigas Center
   Pasig City 1605
   Philippines
   Email: tcpalis@neda.gov.ph

5. **Dr Maripaz L. Perez**
   Regional Director for Asia
   WorldFish Center, Philippines Office
   Southeast Asian Regional Center for Graduate Study
   and Research in Agriculture (SEARCA)
   College, Los Baños
   Laguna 4031
   Philippines
   Tel: +63 4 95369246
   Email: ma.perez@cgiar.org; worldfish-philippines@
   cgiar.org

6. **Mr Aristeo A. Portugal**
   Assistant FAO Representative (Program)
   Food and Agriculture Organization of the UN (FAO)
   Philippines Office
   29th Floor, Yuchengco Tower
   RCBC Plaza
   6819 Ayala Avenue
   Makati
   Philippines
   Email: aristeo.portugal@fao.org

7. **Dr Mercedita A. Sombilla**
   Director of Agriculture Staff
   National Economic and Development Authority
   (NEDA)
   12 Saint Josemaria Escriva Drive
   Ortigas Center
   Pasig City 1605
   Philippines
   Email: mercysom@yahoo.com

8. **Ms Maria Josefina P. Villena**
   Senior Economic Development Specialist
   National Economic and Development Authority
   (NEDA)
   12 Saint Josemaria Escriva Drive
   Ortigas Center
   Pasig City 1605
   Philippines
   Email: mjvillena@neda.gov.ph

Information on Organiser

RSIS CENTRE FOR NTS STUDIES
Website: www.rsis.edu.sg/nts
Secretariat of the Consortium of Non-Traditional Security Studies in Asia (NTS-Asia): www.rsis-ntsasia.org

Faculty

1. **Associate Professor Mely Caballero-Anthony**
   Head
   Centre for Non-Traditional Security (NTS) Studies
   S. Rajaratnam School of International Studies (RSIS);
   and Secretary-General
   Consortium of Non-Traditional Security Studies in Asia (NTS-Asia)
   Nanyang Technological University (NTU)
   Block S4, Level B4
   Nanyang Avenue
   Singapore 639798
   Tel: +65 67905886
   Email: ismcanthony@ntu.edu.sg

2. **Dr J. Jackson Ewing**
   Research Fellow; and
   Coordinator
   Climate Change, Environmental Security and Natural Disasters Programme
   Centre for Non-Traditional Security (NTS) Studies
   S. Rajaratnam School of International Studies (RSIS)
   Nanyang Technological University (NTU)
   Block S4, Level B4
   Nanyang Avenue
   Singapore 639798
   Tel: +65 65922531
   Email: isjjewing@ntu.edu.sg

3. **Professor Paul Teng**
   Senior Fellow and Advisor (Food Security)
   Centre for Non-Traditional Security (NTS) Studies
   S. Rajaratnam School of International Studies (RSIS);
   and Dean
   Graduate Studies and Professional Learning
   National Institute of Education (NIE)
   Nanyang Technological University (NTU)
   1 Nanyang Walk
   Singapore 637616
   Email: paul.teng@nie.edu.sg

Resource Person

4. **Ms Sanchita Basu Das**
   Fellow and Lead Researcher-Economics
   ASEAN Studies Centre
   Coordinator
   Singapore APEC Study Centre
   Institute of Southeast Asian Studies (ISEAS)
   30 Heng Mui Keng Terrace
   Pasir Panjang
   Singapore 119614
   Tel: +65 68704511
   Email: sanchita@iseas.edu.sg

Research and Operations

5. **Ms Belinda Chng**
Coordinator, Food Security Programme; and
Programme Development Manager
Centre for Non-Traditional Security (NTS) Studies
S. Rajaratnam School of International Studies (RSIS)
Nanyang Technological University (NTU)
Block S4, Level B4
Nanyang Avenue
Singapore 639798
Tel: +65 67906249
Email: ishkchng@ntu.edu.sg

6 **Ms Maria Carmencita S. Morales**
Associate Research Fellow
Centre for Non-Traditional Security (NTS) Studies
S. Rajaratnam School of International Studies (RSIS)
Nanyang Technological University (NTU)
Block S4, Level B4
Nanyang Avenue
Singapore 639798
Tel: +65 63168782
Email: ismcmorales@ntu.edu.sg

7. **Ms Josephine Ng**
Administrative Executive
Centre for Non-Traditional Security (NTS) Studies
S. Rajaratnam School of International Studies (RSIS)
Nanyang Technological University (NTU)
Block S4, Level B4
Nanyang Avenue
Singapore 639798
Tel: +65 67905889
Email: islyng@ntu.edu.sg

8. **Ms Margareth Sembiring**
Research Analyst
Centre for Non-Traditional Security (NTS) Studies
S. Rajaratnam School of International Studies (RSIS)
Nanyang Technological University (NTU)
Block S4, Level B4
Nanyang Avenue
Singapore 639798
Tel: +65 65132037
Email: ismsembiring@ntu.edu.sg

About the RSIS Centre for Non-Traditional Security (NTS) Studies

The **RSIS Centre for Non-Traditional Security (NTS) Studies** conducts research and produces policy-relevant analyses aimed at furthering awareness and building capacity to address NTS issues and challenges in the Asia-Pacific region and beyond.

To fulfil this mission, the Centre aims to:

- Advance the understanding of NTS issues and challenges in the Asia-Pacific by highlighting gaps in knowledge and policy, and identifying best practices among state and non-state actors in responding to these challenges.

- Provide a platform for scholars and policymakers within and outside Asia to discuss and analyse NTS issues in the region.

- Network with institutions and organisations worldwide to exchange information, insights and experiences in the area of NTS.

- Engage policymakers on the importance of NTS in guiding political responses to NTS emergencies and develop strategies to mitigate the risks to state and human security.

- Contribute to building the institutional capacity of governments, and regional and international organisations to respond to NTS challenges.

Our Research

The key programmes at the **RSIS Centre for NTS Studies** include:

1) Internal and Cross-Border Conflict Programme
   - Dynamics of Internal Conflicts
   - Multi-level and Multilateral Approaches to Internal Conflict
   - Responsibility to Protect (RtoP) in Asia
   - Peacebuilding

2) Climate Change, Environmental Security and Natural Disasters Programme
   - Mitigation and Adaptation Policy Studies
   - The Politics and Diplomacy of Climate Change

3) Energy and Human Security Programme
   - Security and Safety of Energy Infrastructure
   - Stability of Energy Markets
   - Energy Sustainability
   - Nuclear Energy and Security

4) Food Security Programme
   - Regional Cooperation
   - Food Security Indicators
   - Food Production and Human Security

5) Health and Human Security Programme
   - Health and Human Security
   - Global Health Governance
   - Pandemic Preparedness and Global Response Networks

The first three programmes received a boost from the John D. and Catherine T. MacArthur Foundation when the RSIS Centre for NTS Studies was selected as one of three core institutions to lead the MacArthur Asia Security Initiative in 2009.*

Our Output

Policy-relevant Publications

The **RSIS Centre for NTS Studies** produces a range of outputs such as research reports, books, monographs, policy briefs and conference proceedings.

Training

Based in RSIS, which has an excellent record of post-graduate teaching, an international faculty, and an extensive network of policy institutes worldwide, the Centre is well-placed to develop robust research capabilities, conduct training courses and facilitate advanced education on NTS. These are aimed at, but not limited to, academics, analysts, policymakers and non-governmental organisations (NGOs).

Networking and Outreach

The Centre serves as a networking hub for researchers, policy analysts, policymakers, NGOs and media from across Asia and farther afield interested in NTS issues and challenges.

The Centre is the Coordinator of the ASEAN-Canada Research Partnership (2012–2015) supported by the International Development Research Centre (IDRC), Canada. It also serves as the Secretariat of the initiative.

In 2009, the Centre was chosen by the MacArthur Foundation as a lead institution for its three-year Asia Security Initiative (2009–2012), to develop policy research capacity and recommend policies on the critical security challenges facing the Asia-Pacific.

It is also a founding member and the Secretariat of the Consortium of Non-Traditional Security Studies in Asia (NTS-Asia).

More information on our Centre is available at www.rsis.edu.sg/nts

About the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University

The S. Rajaratnam School of International Studies (RSIS) was inaugurated on 1 January 2007 as an autonomous School within Nanyang Technological University (NTU), upgraded from its previous incarnation as the Institute of Defence and Strategic Studies (IDSS), which was established in 1996.

The School exists to develop a community of scholars and policy analysts at the forefront of Asia-Pacific security studies and international affairs. Its three core functions are research, graduate teaching and networking activities in the Asia-Pacific region. It produces cutting-edge security related research on Asia-Pacific Security, Conflict and Non-Traditional Security, International Political Economy, and Country and Area Studies.

The School's activities are aimed at assisting policymakers to develop comprehensive approaches to strategic thinking on issues related to security and stability in the Asia-Pacific and their implications for Singapore.

For more information about RSIS, please visit www.rsis.edu.sg

NOTES

Centre For
Non-Traditional
Security Studies

S. RAJARATNAM SCHOOL
OF INTERNATIONAL STUDIES
A Graduate School of Nanyang Technological University

Centre for Non-Traditional Security (NTS) Studies
S. Rajaratnam School of International Studies
Nanyang Technological University, South Spine, Blk S4, Level B4
Nanyang Avenue, Singapore 639798
Tel. (65) 6790 6982 • Fax. (65) 6793 2991 • Email. NTS_Centre@ntu.edu.sg

www.rsis.edu.sg/nts • www.rsis-ntsasia.org • www.asicluster3.com