ASEAN, AEC and Food Security

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Focus

ASEAN Initiatives on Food Security

AEC and Economic Access to Food

AEC, Trade Facilitation and Chokepoints to Intra-ASEAN Agricultural Supply Chain

ASEAN and Food Security

14th ASEAN Summit (2009): Food Security as permanent and high policy priority

1979: Agreement on ASEAN Food Security Reserve

ASEAN Summit 2008: ASEAN Integrated Food Security (AIFS) Framework and Strategic Plan of Action on Food Security in the ASEAN Region (SPA-FS) 2009-2013

SPA-FS Strategic Thrusts (1)

Strengthen food security arrangements

- Food sources diversification; food assistance programs to targeted vulnerable groups
- *ASEAN Plus Three Rice Emergency Reserve (APTERR)*

Promote conducive food market and trade

- ATIGA and food trade

Strengthen integrated food security information systems

- *ASEAN Food Security Information System (AFSIS)*

SPA-FS Strategic Thrusts (2)

Promote sustainable food production

- Agricultural innovation. Regional cooperation on technology transfer and adoption

Encourage greater investment in food and agro-based industry to enhance food security

- Public investment. Capacity building and regional cooperation on food safety standards, quality assurance and certification

Identify and address emerging issues related to food security

- Climate change

ASEAN Food Security Indicators

Country	Dietary Energy Supply Adequacy Index (A) and Prevalence of undernourishment (B & C, in %)			Domestic Food Price Level Index Volatility (Index)		Food Price Level Index (Index)		Global Hunger Index (A) and Global Food Security Index (B)	
	A 2010-12	B 2000-02	C 2010-12	2000-02	2010-12	2000-02	2010-12	A 2013	B
Brunei	143	< 5	< 5	11.9	14.1	1.5	1.6	< 5	N/A
Cambodia	111	32.8	17.1	28.2	446.3	1.7	1.2	16.8	33.1
Indonesia	123	17.4	8.6	165.2	41.2	1.7	1.9	10.1	46.5
Lao PDR	102	38.4	27.8	64.6	23.7	2.0	2.2	18.7	N/A
Malaysia	125	< 5	< 5	22.6	9.9	1.5	1.6	5.5	68.0
Myanmar	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	37.6
Philippines	118	21.0	17.0	17.1	21.3	1.6	1.6	13.2	49.4
Singapore	N/A	N/A	N/A	6.7	6.8	1.4	1.3	< 5	84.3
Thailand	120	17.4	7.3	20.5	16.9	1.6	1.9	5.8	59.9
Viet Nam	123	20.9	9.0	30.7	59.0	1.7	N/A	7.7	49.1
China	125	14.3	11.5	56.8	41.6	1.5	2.0	5.5	62.2
India	105	21.6	17.5	17.3	21.3	1.6	1.6	21.3	48.3
World	**121**	**14.9**	**12.5**	**11.5**	**11.9**	**1.3**	**1.4**		
All Developing countries	**117**	**18.2**	**14.9**	**23.7**	**22.0**	**1.5**	**1.7**		

Source: FAO Food Security Indicators (2013); IFPRI, Global Hunger Index 2013; EIU, Global Food Security Index 2014

ASEAN and Food Security

- **Most food secure AMSs**: Singapore, Brunei, Malaysia
- **Most food insecure AMSs**: Cambodia, Lao PDR, Myanmar
- ***Domestic food production self-sufficiency is NOT equivalent to food security.***
- Richest AMSs are most food secure AMSs.
- Most agriculture-dependent AMSs are most food insecure AMSs. But agri devt important to growth and poverty reduction in them.
- Most food imports-dependent AMSs have least food price volatility.

AEC and Economic Access to Food

Poverty Reduction/Elimination Increases Economic Access to Food

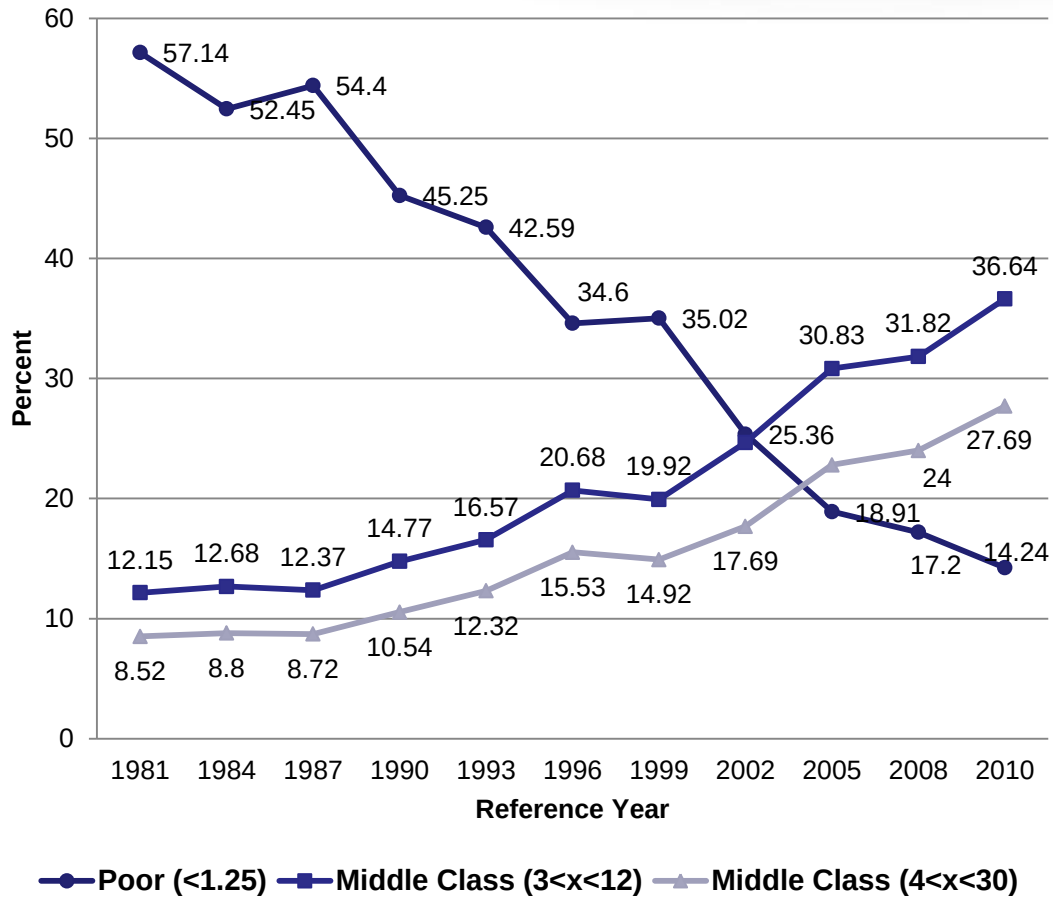
ASEAN countries moderately successful in reducing poverty over time

Challenge: Still huge number of poor and near poor in ASEAN

- About 40 percent of population in 2010

AEC can facilitate robust (and equitable) growth, eliminating abject poverty, raising middle class

ASEAN Progress



ASEAN - 7 Poverty Rate:

1990: 45%

2010: 14%

(15.6% incl Myanmar)

ASEAN - 7 Poverty Gap:

1990: 14%

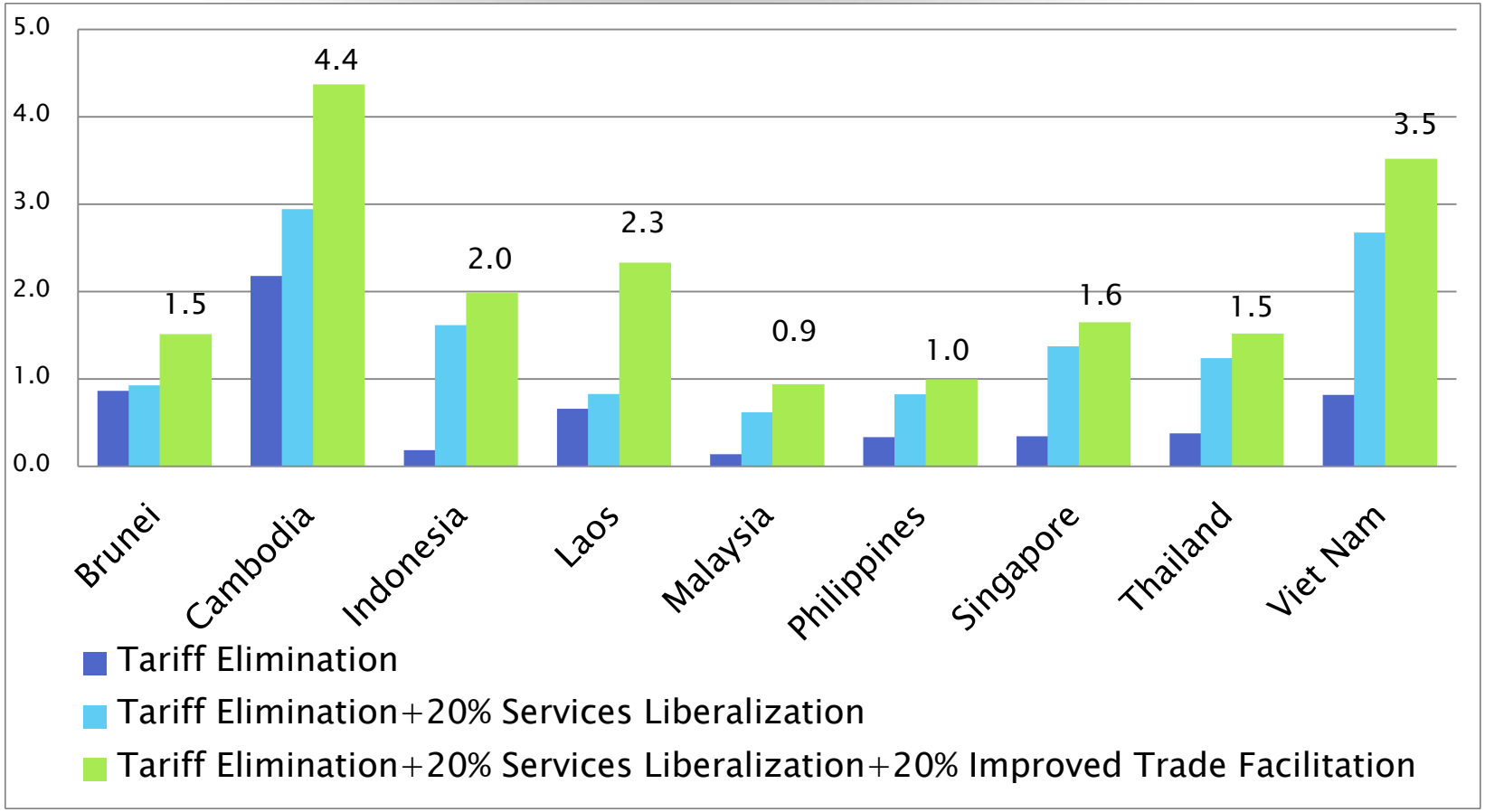
2010: 3%

ASEAN Middle Class:

1990: 15% (11%)

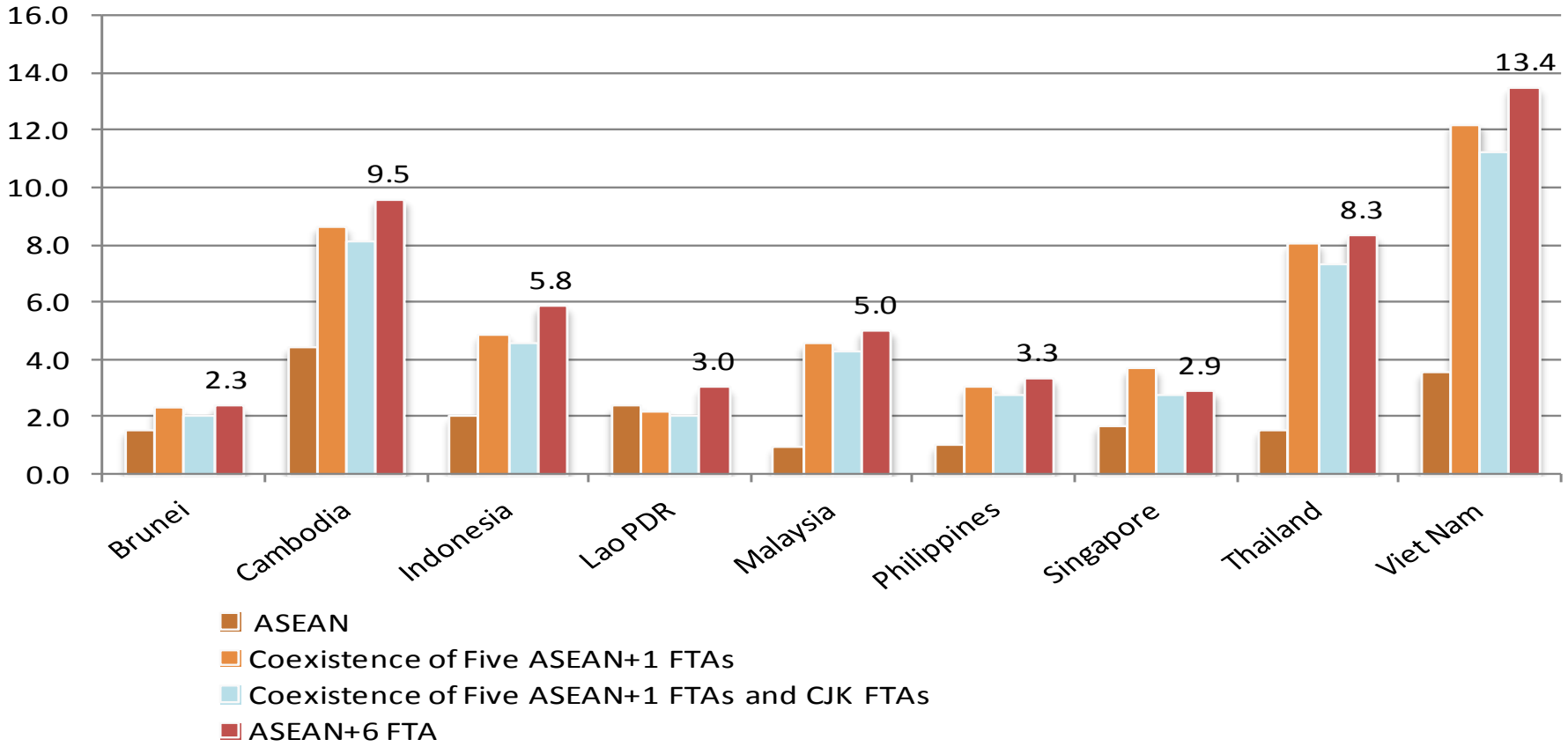
2010: 37% (28%)

ASEAN Integration Matters: Potential Economic Impact of AEC Measures on AMSs' GDP



Source: *Computed by Itakura for MTR project.*

East Asia Integration Matters: Potential Economic Impacts of Development of RCEP



Source: *Computed by Itakura for MTR Project*

ASEAN Economic Community

Pillar 1
Single Market and Production Base

Pillar 2
Competitive Economic Region

Pillar 3
Equitable Economic Develop ment

Pillar 4
Integration into the Global Economy

ASEAN Miracle:
Robust and Equitable Growth

Responsive ASEAN

One Strong Foundation and 4 Pillars

Framework of ASEAN Economic Community Post 2015

Integrated & Highly Contestable ASEAN
- Deeply Integrated Production Area
- One Huge Unified Market

Competitive & Dynamic ASEAN
- Deepening & Expanding Production Networks
- Robust Productivity growth & more Innovative ASEAN

Inclusive & Resilient ASEAN
- Sub-regional and Growth Center- Periphery Synergy
- Improving Policy Environment for SMEs
- Ensuring Resiliency

Global ASEAN
- Driving Further Regional Integration in East Asia
- Raising ASEAN Voice Internationally

- Non-Protective NTM
- More efficient and seamless trade facilitation
- Highly contestable services and investmen. Effective competition policy
- Facilitative standards and conformance
- Greater connectivity and transport facilitation
- Greater mobility of skilled labor

- Industrial upgrading and clustering
- Investment in R&D
- Enhancement of technology transfer in software and hardware
- Strengthening "visible & invisible colleges" for skills formation, human capital and entrepreneurship
- Strengthening IPR facilitation & protection

- Linking peripheries to growth centers
- Raising agricultural productivity & improving AMS's food security robustness
- Improving policy regime for SME development
- Energy policy towards resilient & green ASEAN
- Promoting disaster risk reduction & social safety nets

- ASEAN benefits more from East Asia integration
- RCEP needs to be more ambitious than ASEAN + 1 FTAs
- ASEAN centrality
- ASEAN institutional strengthening
- Growing ASEAN voice in global arena

Responsive ASEAN
- Ensuring Conductive and Attractive Business and Investment Environment

- Responsive to and address concerns of business in region
- Responsive regulatory regime
- Regulatory improvement & informed regulatory conversations

Pillar 1
Single Market & Production Base
- Free flow of goods
- Free flow of service
- Free flow of investment
- Free flow of skilled labor
- Priority Integration sector
- Food, agriculture and forestry

Pillar 2
Competitive Economic Region
- Competition policy
- Consumer protection
- Intellectual property rights
- Infrastructure development
- Taxation
- E-Commerce

Pillar 3
Equitable Economic Development
- SME development
- Initiative for ASEAN Integration

Pillar 4
Integration into the Global Economy
- Coherent approach towards external economic relations
- Enhanced participation in global supply network

Integrated and Highly Contestable ASEAN

Non-protective NTMs

More efficient and seamless trade facilitation

Highly contestable services and investment; Effective competition policy

Facilitative S & C

Greater connectivity and transport facilitation

Greater mobility of skilled labor

AEC Blueprint (Pillar 1) as Concerted Governance Reforms

Most of reforms toward AEC involve

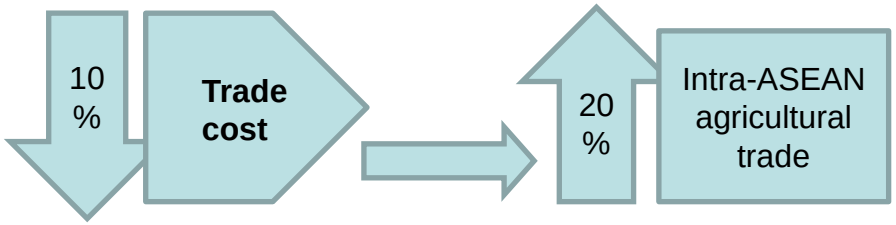
- changes in policies, practices and procedures,
- Institution and capacity building, and
- strengthening inter-agency coordination and collaboration.

In short, most would improve governance

Thus, **AEC Blueprint (Pillar 1) is essentially "concerted governance reform for deeper economic integration"**

Impact of Trade Facilitation and Domestic Competition

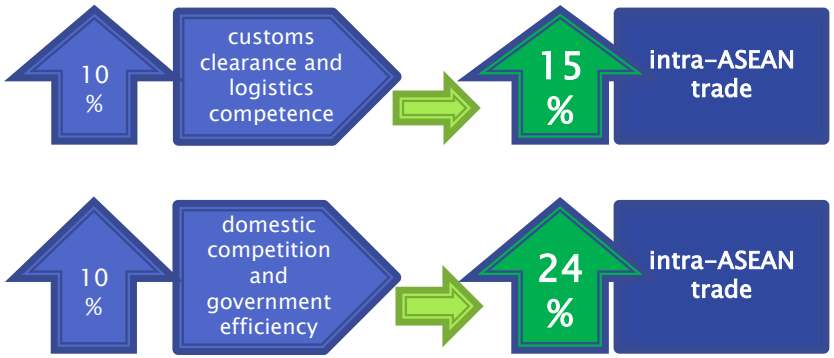
Impact on intra-ASEAN Agricultural Trade



Statistically Significant Factors:
Transparency of Border Admin
Availability & Use of ICTs
Regulatory Environment
Efficiency of import/export procedures
Availability & quality of transport infra
Physical security

Source: Okabe and Urata, 2013

Impact on Intra-ASEAN Trade



Source: Dee, Narjoko and Fukunaga, 2013

Chokepoints in intra-ASEAN agricultural (and food) trade

All AMSs face chokepoints in their supply chains in agriculture but AMSs differ in breadth and depth of their chokepoints.

- **Myanmar** has most chokepoints
- **Malaysia** has least
- **Rest of AMSs** fall in between the Myanmar-Malaysia continuum

Key take- aways from the ERIA Project country level interview results, 2013 (1)

Customs clearance

- ***Disputes on classification and valuation*** a major source of delay and key concern for stakeholders in at least 3 AMSs.
- ***Problems of coordination with other government agencies*** an often occurrence in at least 3 AMSs.
- *NSW is perceived to have reduced customs clearance time and corruption.*
- In **border posts**, ***congestion in terminal and on access road***, the need to ***transfer cargo*** between vehicles, and the need for physical inspection and security checks are the major sources of delay. ***Lack of border crossing coordination*** with regional neighbors a serious concern in at least 3 AMSs.

Key take- aways from the ERIA Project country level interview results, 2013 (2)

Transparency

- ***Access to and quality of information*** on regulations, licenses, standards and certification, etc. a serious concern in at least 3 AMSs.
- ***Inconsistent interpretation of rules*** a serious- to- critical issue for 4 AMSs.
- ***Irregular enforcement*** and allowance for discretionary behavior a serious concern in at least 4 AMSs.
- Problems of ***informal payment, excessive fees, and/or corruption*** a serious- to -critical concern in at least 4 AMSs.

Key take- aways from the ERIA Project country level interview results, 2013 (3)

Infrastructure, Transport and Logistics Services

- Domestic roads, ports, trucking, domestic logistics providers, and cold chain are rated **unsatisfactory** in at least 3 AMSs.
- Inter-island shipping is deemed **inadequate** in at least 2 AMSs and **very unsatisfactory** in adequacy, cost and quality in one AMS.
- Other concerns:
  - Congestion of roads going to ports; shallow ports; poor facilities in secondary ports; inadequate bays in border posts; unreliable electricity; inadequate road capacity and quality; poor cargo handling in ports.
  - Lack of internet banking and electronic transfer (Myanmar)

Some Key Recommendations (1)

E-customs/ NSW

- Automation, further ICT application for import/export clearance, permits, etc., finalization of NSW (ALL)
- Simplify procedures (PHL)
- Total quality management of processes and procedures (MAL)

Engender greater competition in logistics system

- Encourage participation of foreign logistics providers domestically (Myanmar)
- Encourage greater competition in logistics service, port services, provision of cold storage and/or warehousing (IDN, PHL, VN, CAM)

Some Key Recommendations (2)

Improve supporting infrastructure facilities

- Improve roads leading to border checkpoints and ports (ALL)
- More testing laboratories/encourage more private sector provision (ALL)
- Bigger border posts and/or more service bays at border (THA, MAL)
- Need for reliable electricity in border posts (C,L,M)
- Increase port investments (PHL, IDN)
- More equipment in ports to improve clearance efficiency—scanners, computers, lift on lift off, etc. (Cambodia)
- Rehabilitate railway and access by private sector at competitive rate (Cambodia)
- More computer equipment and/or effective management of equipment to ensure smooth operation of automated clearance system (MAL, Lao PDR)
- Provide adequate infrastructure across the board (Myanmar)

Concluding Remarks

AEC contributes to food security:

- SPA-FS; Emergency rice reserve; etc.
- *Enhanced economic access to food*
- *Improved trade facilitation and connectivity. Etc.*

Significant progress in AEC Blueprint implementation but much remains to be done

- Tariff elimination. Trade facilitation. Services and investment liberalization. Agriculture and food security initiatives. Etc..

What matters is not AEC 2015 but maintaining ambition and continued momentum in AEC post 2015.

Thank You

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