

Advancing ASEAN-EU Relations in the 21st Century¹

Panel Three

Globalisation: Impact on EU and ASEAN

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Ambassador Kasit served as Thai ambassador to the Federal Republic of Germany. Mr. Karl-Heinz Heckhausen has long time been in Thailand and has been active in business sector. I think this is the first time today that we have someone from corporate sector to give us a talk. In Panel 3, the speakers will give us information about globalization: impact on EU and ASEAN. We are not talking about the fact of globalization but the impact on the EU and ASEAN and on their relations. I think both of our speakers are highly qualified to discuss.

H.E. Mr. Kasit Piromya
Former Ambassador of Thailand to the Federal Republic of Germany,
Ministry of Foreign Affairs, Kingdom of Thailand

Thank you very much Center for European Studies of Chulalongkorn University and the Konrad-Adenauer-Stiftung for this invitation and for allowing me to come back to the ASEAN-EU matters, which I have been away quite a bit. I would be more at home speaking Thai politics and political systems. We should have that in another session. I have been involved in the international side of Thailand. I hope what I am going to say would provide some sort of practical measures for ASEAN and for the EU to move forward.

Let me touch a bit on the globalization. What does it mean from my point of view in order to have some sort of basic understanding together? The impact and implications on both the EU and ASEAN will be talked about as well. I think a couple of points. Globalization is connectivity of the world. It makes the world smaller and it connects by electronic, internet, and advancement of technology. The connectivity not only makes the world smaller, but it also makes the world link to one another in one second. Anything that happens in one corner of the world is being acknowledged, known and reacted from the very far corner of the world. What is the implication? Any world leaders cannot run away and hide behind bureaucratic fortification. By implication, the world leaders must be quite a globalized man. He must know what is going on at any given time and at any given moment. Besides, the technology advancement that links the world together, I think, we don't have China wall or Berlin wall ideology. The world is really one because there is access and connection and the connection moves around the world 24 hours. It makes quality of life better and makes competition

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among corporations wilder. Each individual is fully connected at large not only through the government, corporations or through international networks and so on.

Globalization is asking the world to opens up: borderless, no barriers to the knowledge, to information or even to people. Everyone connects together. You cannot deny access and communication. The world becomes the big market. It provides both demands and as well as opportunities. Dr. Charit did mention about outsourcing at the global supply chain that anyone can now compete. The global supply chain has its own rule and it demands particularly good governance and social corporate responsibility. The social responsibility at large is very important. It is pre-requisite for any leaders for any organizations would have to adhere to.

On the political side, I think the request not only for the governance but also for the honor of human rights and human dignity of the individuals is becoming more pronounced and more important day by day. The discussion at PAD in the past three weeks in the new politics of Thailand, I think, it keeps popping up again. From now on, Thai citizens can to court and bring the case to the court directly without having to report to the police department or to the office of Attorney General. The European citizens could bring the matter to the judicial branch if the European Parliament or Commission wants to come out with law or directives on the infringement of the person's freedom and his individual rights and so on. That is globalization. I hope my understanding and your understanding on globalization are quite similar.

I would like to move to the second point, together with globalization, also confronting anti-globalization movement. There are two points. The anti-globalization is against the encroachment of western ideas and concepts of how to lead life and how to produce do things and so on. It is being perceived that globalization is part and hassle of imperialism and colonization and so on. This destroys the fabrics of the traditional belief and practices and the way of life and it even leads to the fact that globalization is being perceived by Islamic political movement which maintains the purity of Islamic belief. Fundamentally, there is no separation between church and states. To Islamic believers, God comes before material well-being. The second group of anti-globalization is the ones who believe they are going to be marginalized and globalization is not taking care of the less fortunate, the disadvantaged and so on. They have been fully exploited by colonization and they are now exploited by global demands of free economic activities and so on. This is where ASEAN and EU are standing. This is the context of globalization, the negative and positive elements of it.

What does globalization demand upon ASEAN and EU? I think the first point is globalization is demanding open society, liberalization, demanding good governance, transparency and accountability. Both private sector and government and as well as NGOs would like to have transparency and the country must be accountable for whatever it does. If you do not do, there are a lot of institutions whether the World Bank, IMF or OECD and so many consultant companies urge political analysts to make judgment out of you as a country, as an organization and as an individual inclusive of Amnesty International and Transparency International in Berlin so you are judged all the time that one must not misbehave and your are rated and that's where the world will perceive you. If you were to borrow money from international consortium and you are being perceived by Transparency International as number 80 in the world out of the first hundred countries, then the interest rate for Thai companies is 2 or 3 percent higher than your counterparts from Singapore or Malaysia or

Hong Kong so the investment cost becomes higher for Thai government entity or any Thai private sectors to go out to the world and try to get money, then you are charged higher or being refused because of too much corruption or bad governance or no transparency in the decision-making process and so on. Therefore, globalization is making a heavy demand on good practices and good behavior.

The second point is globalization is also demanding on ASEAN and the EU. You need to be a bit specialized in whatever you do to have some sort of a niche in order to compete in supply chains and outsourcing and economic activities. In doing so, not only the good governance that you have, you have to abide by international sets of rules and standard. The rules and standard that would protect consumers, the health of the consumers and the well-being of the consumers, the well-being of the youth, of the disadvantaged and so on. Humanitarian undertaking is part of the rule of the game. You are also to produce things that do not harm the environment so the EU is coming out with so many rules that many products must be recyclable. You cannot produce products that leave so much of the toxic waste and so on because you have obligations to humanity and environment as a whole.

Consequently, the demands on ASEAN and the EU are very strong and stronger day by day. Globalization also provides opportunity and that is the global market. The individuals also can compete not only the government or the companies so the competition is worldwide down to the home level. The opportunities also provide the venue for you to speak out and I just want to cite one example. We always complain about the encroachment of the western ways of life whether you wear jeans, have i-pod, or eat hamburgers or drink Coca-Cola or go for coffee, but the cultural things and the way of life is a two-way traffic. Not surprisingly, in Europe and in North America, there are more and more meditation centers of Buddhist style that is being exported from Southeast Asia. Many homes in Europe and in North America are decorated in oriental style. What is important, I think, is Asian food, which has become part of the international cuisine. It used to be Chinese or Japanese or Thai food but now Malaysian food and so on. It also provides opportunities and that is why Thailand has dream to become the kitchen of the world. It is not just simply the food, I think, it is the way of life and the consumption style and the sophistication of how you consume food and with not only food, but also the cultural practices that go with it.

Global opportunities do not confine to certain types of traditional production. I mean, for the past two hundred years, Thailand has been number one in exporting rice, antiques, rubber and tapioca, but with the globalization opportunities, any individual Thais can be scientists or advance in technology and compete worldwide.

It is inevitable that ASEAN, as an organization, must have ASEAN Charter. We cannot float along in the world without any rules or directions dealing with one another in consensus and to react to the world's situations. The ASEAN Charter is the need and it provides some sort of definite directions that we have to do together to charter the course. What is implicit inside the ASEAN Charter because of globalization is not only economic well-being. It is not the question of getting the political protection from the western world, but it is the upgrading the political standard and human rights standard and the respect for the freedom of the individuals, especially the needs for the ASEAN members to set up the human rights commission and to have the human rights commission at ASEAN level. I think the greatest impact of globalization particularly is on this point that we can no longer be different in terms of political regime.

I think ASEAN is going through fundamental changes. The role of the ASEAN civil society organizations are becoming recognized so the global impact on ASEAN is not on economic side, but I think it is on political and human rights sides. Now, ASEAN must upgrade itself and by implication, ASEAN would be closing the gap of political behavior and perceptions with the European Union. Without that, we can never come closer. By having the ASEAN Charter, it means we are changing for the better and the ideological belief of what the world would be, ASEAN would become closer to the European thinking. Unless we reach political achievement, then we can think about working closer with the European Union. Without that, there are still mental and physical blocks of getting closer together. The point I want to point out is the impact of both ASEAN and the EU is on the cross-border issue and crimes whether it is migration, human trafficking, and environmental erosion and so on. Another problem is public diplomacy. Whatever you do now, you have to inform the people. You have to tell them.

I think the European Union has made one major and important step and that is from now on any directives from the European Commission or any law to be issued by the European Parliament, they must consult the regional entities and they must consult the provincial government or municipality or local government and so on. I think a few years ago, the European Union set up the Regional Council based in Brussels and the Regional Council is represented by a mayor. Whatever that EU is going to do from now on, they first must consult the regional council and I think that is very important. This is to reflect the decentralization process. This is to reflect the power of people of the grass root level. We still haven't gotten that in ASEAN, but I think there is more recognition of the NGOs and the civil society side. I hope that the decentralization process of the ASEAN takes place, the representation coming forth from the local administration will be recognized by the respective governments of the ASEAN countries. Eventually, it will be recognized under the ASEAN Charter by the ASEAN Secretariat in Jakarta. I think this is something that the global impact will have not only on the public diplomacy, but the decisions of the regional body of the local government should be consulted and the decision must not be done by the central government only.

One last point is the financial discipline. I think the government regulators are not doing the work whether in Washington D.C or in London because once they retire from the financial ministry, they become advisor or consultants of the board of some firms. I think there is a total failure of regulation to be undertaken by the government side. Another problem is the lack of discipline. There is too much of greed by the CEOs and the presidents of various multi-national corporations. I think the big corporations must take care of the needs and interests of ordinary people. The big corporations should not only tell the legislator in Congress what to do and what not to do because at the end of the day when everything fails, the tax collected from farmers and small men would have to brought in to stimulate the survival of couples of companies around the world. Thank you very much.

Asst. Prof. Dr. Charit Tingsabadh

Next, Mr. Karl-Heinz Heckhausen has many things to say as someone coming from business sector. Please.

Karl-Heinz Heckhausen
Chairman, K.H.H. Consulting Co., Ltd., former President and,
CEO of DymlerChrysler Thailand

First of all, good afternoon everyone, I am very happy that I have privilege to be here on the stage. The topic you raised here, I would like to answer but the time is short and I would like to speak from my experiences in the past ten years. When I was living in Vietnam, I was running a company. In addition, I was in charge of a big company in Thailand.

I mentioned regarding my activities here. I would like to mention the following topics. Thailand enjoys a prominent and a leading position within various ASEAN countries. My experience was too many national interests of ASEAN have hindered the most success in this regard. I do not wish to mention all these problems; however, I would like to make some recommendations so the Konrad-Adenauer Foundation and to the European Union could play important roles to help and to find out solutions. Number one is strengthening the state's institutions within ASEAN. When we conduct meetings, we have to stick to the objectives even if sometimes national interests are not seen as priority number one. Building up public and private company partnership and network, it is important that associations should be built up within ASEAN and supported by the European Union.

Another important topic is to improve education. Universities and companies should have regular meetings or events to understand each other and know the requirements of the industries. It is also very important to have dialogues between universities and industries here in Thailand. We should sit together, discuss together and outline. Promoting ethical standard in business and good corporate governance, it is important that the companies have to stick to the regulations of their guest countries. It does not matter which country it is. Encourage programmes at national and regional levels and provide benchmark for best results, this is very important for business and industries relationships. Develop a comprehensive national and ASEAN strategies, I give you one example, if you are in charge of the large company, you have to reduce costs in order to be competitive worldwide. Since my company has a production facility in Indonesia, Malaysia, and in Thailand so we decided to split production facilities. In this regard, we have to work closer together.

Supporting freedom of information and protecting individual company's patent is a serious topic, especially in China. When you want to go into production, you have to supply, first of all, all the technical details to the government. Getting people and countries to work together on the basis of trust and I think this is important and the international business, either you win or you lose. I wish to refer to the decision of Nokia to close in Germany and it produced high profits and the factory was built up seven years ago from German taxpayers. This factory had been closed for a new production facility in Romania due to lower wages. In many European companies, the Union is scared that globalization is killing national jobs. Also in this regard, there are many powerful unions in Europe and hopefully businesses support the unions in Europe.

I was personally attacked when we built up a new production facility here in Thailand because the Union in Germany said "you take away German jobs" so it was very hard to explain if we are not willing to industrialize, then of course, we will lose the jobs because we are speaking about the mobile industry, Japanese is showing us how to do that. Lots of events

are necessary not just in Southeast Asia but also in Europe. More events should be conducted in Thailand with ASEAN countries. Thailand and ASEAN have to increase business relationships with Europe. Many European countries have also long-term relationships with Thailand such as Germany for 130 years. German is one of the most important trading partners of Thailand in the European Union.

I am convinced that Europe has a lot of space for improvement. Last but not least, let me make some recommendations. I think it is important that Thai government and Thai Parliament and Thai political institutions to bring about the changes. We must have open dialogues with the open requests. I am supporting the companies to come to Thailand to invest so I can only urge that we work together and make sure the international companies come to invest here and in ASEAN and we must have open dialogues. I have lived here for the last ten years and I will live here for the rest of my life. Believe me, Thailand has treated me nicely and I will treat Thailand nicely. Thank you very much for giving me the opportunity to talk to you.

Asst. Prof. Dr. Charit Tingsabadh

There are untapped potentials for the EU and ASEAN to improve and I think he has touched upon many areas. Practical things can be done from the perspectives of business sector. I think many things also require government's action as well as public participation. Thank you, both of you. Now it is time for questions.

Audience

Thank you very much Ajarn Charit. My name is Kittisak from Thammasat University. I am very convinced that we are very well-informed among the cooperation between ASEAN and the EU. The impact of globalization on free trade has been talked to such a length that we got enough. However, I am wondering whether we could talk about the fairness side of globalization. I think Dr. Surat has tried to make a point whether or not the cooperation for global human security or global social welfare could be established. However, I think among scholars or among political institutions, there is less discussion about the fair globalized world. We are talking the free globalized world. I think both our speaker might give us some new ideas about this. Thank you.

Asst. Prof. Dr. Charit Tingsabadh

Is the state of globalization fair as opposed to free?

H.E. Mr. Kasit Piromya

In management of everything, there are two sides on the same coin. One is power by law: the legal authorities and the other side is the moral authority. I think we can have the rules at the World Bank IMF, WTO and so on. Those are legal frameworks to provide freedom and must be coupled with fairness. You cannot run the entities without moral consciousness or you can

say business ethics. Whatever you do in the profit making, you have to think about the other stakeholders, the environment and the labor. We have to have moral ethics as the rule of the game in the government and the corporations as well. I think I am a member of the Moral Center of the Government House. I am aware that the committee for financial and banking sector has business ethics. I think the world is demanding on Thailand that whatever the country is doing, Thailand must have morality otherwise Thailand will be rated very low by Transparency International in Berlin. We have to improve. There is no choice. We cannot live by our own self but we have to live in the context of ASEAN and also to have roles together with ASEAN in the United Nations and WTO.

Karl-Heinz Heckhausen

You asked us about fairness. Job is the topic number one. I remember very well when we were modernizing our factory. Of course, I was pushed very hard to have more profits and not to employ too many people. I said absolutely not and I disregarded it and that is why I had three times more people than other factories of my colleagues. This means we have a better flexibility when market is going down and up. When you educate and when you train the people and take care of the people, then you get a much better output and high profits. Here, we have space for improvement. For universities, please push education with the industries. I recommend to invite sometimes Thai and international industry leaders to have dialogues with your students. This is what I recommend. Students and employees are more open-minded. That's the basic of fairness. Many big companies have educational programs to pay employees to go to schools, this is a very success story which we have in Germany since 1900s and I would love to see that it is possible here. Close dialogues not only with the government or political parties and parliament, but also the close dialogues with universities are very important.

Asst. Prof. Dr. Charit Tingsabadh

Time is really up. I would like to thank you all the speakers. I think we have had many works to work on in the future. Thank you very much.

MC

Thank you all distinguished speakers and chairs of all three panels. To end the seminar, I would like to invite Mr. Klaus-Jürgen Hedrich, former Secretary of State of Germany, to give us conclusion.

Klaus-Jürgen Hedrich Former Secretary of State, Germany

Ladies and Gentlemen, in Germany, we have a saying the last speaker can say anything. I appreciate very much to have the opportunity to listen to lots of comments because again discussion always helps to clarify points. I think the last panel, in my eye, is very outstanding.

I could say that we agree on necessity of integrating markets of the integrating society, especially we try to do that in a peaceful manner. Of course, I have to thank you our Thai friends to raise the issue of Myanmar because usually the question of Myanmar is raised by the Europeans or Americans. In the long-run, the problems in Myanmar can be solved in a democratic approach.

Globalization has been referred very often and I suppose it was clear that globalization is also a challenge but also a chance. When ambassador referred to different aspects of globalization, I remember as a young student, it was some kind of celebration that we celebrated the opening of an Indonesian restaurant in the city where I studied. That demonstrates that globalization has a lot of different aspects. In addition, speaking of morality, I believe it has to do with politics, economic and cultural things. I found it very interesting if you follow the development of ASEAN, they have been tremendous changes too. I had the opportunity to talk to the Prime Minister of Malaysia Mahathir, a very tough guy. We were talking about Asian values and he said the Asia value is that we respect the elderly and we dislike the disrespect for the elderly in Europe. I told him that to some extent we understand Asian philosophy, in Europe and America, before we send home the experienced people of age 55, but this has changed dramatically too. Values have something to do with universal aspect. For example, whatever government or political systems you have, no government has the right to send people to prison just because he has different opinions from the government. These are the points.

I discussed this with Suhato also and he told me if you want to develop society, his philosophy was that you need a broad basis of medium-sized entrepreneurs, you need a lot of educated people and researchers, you need the educated and legislators and as long as you believe you need these educated people, then you can't in the long-run exclude them from the decision-making process of the policy. In the long-run, he said we will have a democratic approach in Indonesia and it worked. I am definitely convinced that China more or less will be a democratic society. Of course, you cannot run a modern society or state without opening up society and that has something to do with democratic right. I have to thank the Center for European Studies and Konrad-Adenauer Foundation. I have the spirit behind the screen because they are doing the work. Without them, it is not possible to organize such a seminar. I have to thank you all. Thank you very much indeed.

MC

Thank you everyone for coming. It will be highly appreciated if you all can fill in the evaluation form and return it at registration table before leaving the venue. Once again, thanks for coming, we hope to see you all in the upcoming event.
