

Protesting Globalisation

THE RECENT anti-globalisation protests in Quebec, and before that in Prague, Seattle, Davos and Chiang Mai, have given the impression that misgivings about globalisation are confined to long-haired, flower-power protestors, most of whom allegedly are misinformed or misguided, or both.

Not true.

Many governments of the PATA countries feel the same way but express their views more politely in diplomatic forums. Perhaps because they do not resort to violence, protests and table-thumping, their views get no coverage in mainstream media. Hence, it is assumed that everyone apart from the street protestors is gung-ho about globalisation.

The following is a compendium of views on globalisation expressed by a number of ministers and senior officials from several PATA governments and non-governmental organisations who gathered in Bangkok, April 23-25, 2001 for the 57th annual ministerial session of the UN Economic and Social Commission for Asia and the Pacific (ESCAP).

They indicate clearly that while governments want to take advantage of the immense potential of globalisation, they are wary about the way it is being pushed down their throats, regardless of whether they are economically prepared for it. They are also wary of the power of big companies and the effect on national sovereignty.

The comments are being reported here virtually unedited so that they may not be branded as having been taken out of context. Readers will also find it interesting that industrialised countries virtually ignore this entire issue. This only adds to the frustrations which, when further ignored, trigger violence and protests. It is then that they affect destinations and threaten the orderly and well-managed growth of travel and tourism.

The PATA region needs to understand this while globalisation is still in its nascent stage, all the more so because travel and tourism is very much a part of globalisation, and some of the same misgivings about its pace and processes are emerging within tourism itself. PATA policy-makers can make up their own minds about what position they wish to take.

Mr. Choi Sung-hong, Vice Minister of Foreign Affairs and Trade, Republic of Korea (ROK):

Ours is an age of globalisation, characterised by freer flow of capital and goods, and the spread of democracy and market economies. More open markets and freer trade have intensified competition, promoting economic growth on the one hand, while deepening the inequalities on the other, among as well as within nations, in particular between urban and rural areas. Unattended, the growing disparities are likely to pose a serious threat to social stability and national integration and hamper further economic growth. If we recognise globalisation as a trend of our time, we should make it more inclusive and equitable. Globalisation must be made to bring about the globalisation of benefits.

Mr. Koyohiro Araki, Senior Vice Minister for Foreign Affairs, Japan:

Although it is said that the ESCAP region has managed, by and large, to extricate itself from the effects of the 1997 Asian currency crisis and that the economies within the region are on a sound footing of recovery, it is still difficult to predict the future prospects of the region's economies, because of certain unstable factors such as the recent slowdown of the U.S. economy. Moreover, the growing economic disparities within the region and between various levels of society, environmental devastation,

and expanding populations all threaten the health and daily lives of people in the region.

In order to cope with this situation, today I would like to reiterate the importance of the concept of "human security," which the Japanese Government is advocating. "Human security" is the concept of strengthening efforts that place the central concern and focus on individuals, for ensuring the life, livelihood, and dignity of individual people, in dealing with the myriad problems that the international community is confronted with today, such as poverty, violations of human rights, poor health care, crime, environmental degradation, and so on.

Mr. Prabir Sengupta, Secretary, Ministry of Commerce and Industry, India:

Exchange rate volatility can play havoc with inter-country price competitiveness, in addition to other substantial adverse impacts on the fundamentals of an economy. It is, therefore, necessary to have greater policy coordination among the regional member countries to reduce the high level of fluctuations in exchange rates.

While the currency crisis-affected region has come out of this turmoil, it remains vulnerable to external shocks and in this regard, the ESCAP Secretariat should continue to monitor the recovery process and conduct a study to analyse the trade and investment implications for the region to avoid a possible future slowdown. There are issues pertaining to financial surveillance, monitoring and early warning systems which need to be addressed properly and these also call for international cooperation.

Dr. Makarim Wibisono, Head of Delegation, Indonesia:

(The regional economic) recovery cannot be sustained by merely singing the praises of the new economy, nor can the promise of globalisation be realised without persevering in economic reform. For the infirmities that brought the global economy to the very brink of recession in 1998-1999 continue to haunt us. Moreover, new fault lines have emerged, along which any unexpected movement could have disastrous consequences for all economies. For the developing countries, such a debacle could be particularly pernicious if the major industrial countries continue to draw up their policies without regard to repercussions on global trade and capital flows and on the plight of the developing countries.

Mr. Tan Sri Bernard Dompok, Minister in the Prime Minister's Department, Malaysia:

At the 56th Session of ESCAP, the theme on globalisation and trade liberalisation promised a better life for everyone. This ideology is preached to us as being full of glorious benefits. We have also learned from the past that there are a number of downturns and negative aspects of globalisation, which many of us have actually experienced. The pertinent lesson which we must learn in order to make progress in development is that the man on the street, the ordinary rural folks and a majority of the population may be oblivious to the forces of international events such as globalisation. Yet it will affect them as much, or perhaps more.

For years, we have discussed issues of poverty and unemployment in developing countries. As we deliberate the future growth and development, the results of our well-intended actions and deeds are slow or at best moderate (so) that it seems that economic change will always lag behind for the developing countries. The more our plans fail to achieve their targets, the more discussions we will hold to examine alternative actions. We should perhaps consider a more pro-active plan of action with an in-built assurance for immediate results, so as to hasten the course of change for the developing countries. We have to mobilise a more integrated rapid response system to coordinate our efforts and perhaps consider the possibility of establishing demonstration projects aimed at creating an integrated, rapid response capability targeted to the needs identified in the pilot projects and programmes in the economic development plans of developing countries.

Mr. Surakiart Sathirathai, Minister of Foreign Affairs, Thailand:

For the past three decades of economic and social development, Thailand has experienced an unbalanced development between urban and rural areas and, to a lesser extent, between regions within the country. We are concerned about the existing disparities in terms of incomes, access to essential infrastructure and services, and opportunities for socio-economic mobility among various population groups in different areas and regions. Moreover, the financial crisis has reversed the downward trend of poverty in Thailand. In 1999, the aggregate level of poverty had risen to 15.9 percent of the total population from 11.4 percent in 1996. Poverty alleviation is our priority. We hope to increase opportunities for the people to develop their potential. We hope to widen their choices in determining the path of development.

Mr. Jaafar Ebadi, Deputy Head of Economic and Cooperation Affairs, Management and Planning Organisation, Iran:

Disparities between urban and rural areas and among different regions are a result of unequal access to resources, education, infrastructure, social services and opportunities required for economic as well as social mobility. Emerging trends in the world economy and the growing pace of globalisation can reduce disparities if equitable access to opportunities is provided. It is suggested that ESCAP in its policies addressing impacts of globalisation on balanced development, take into consideration the probable consequences and adverse effects of globalisation, and make any endeavour to explore measures and approaches to minimise the negative impacts of globalisation and to take advantage of any opportunities.

Mr. Kim Hak-Su, Under Secretary General, United Nations, and Executive Secretary, ESCAP:

Developing countries are being increasingly marginalised through the process of globalisation, liberalisation and rapid advances in information technology. Government officials in many instances are not familiar with the substance and implications of global agreements, conventions and protocols. ESCAP, in cooperation with such bodies as the World Trade Organization, the United Nations Conference on Trade and Development and the United Nations Environment Programme, with whom we have institutionalised our cooperation, could organise training courses for developing country officials on access to trade agreements and environmental conventions.

Report of the Meeting of Eminent Persons on Integration of Asian Developing Countries into the International Trading System:

Globalisation is an inevitable and irreversible process accelerated by technological developments. While globalisation has created new opportunities for developing countries to make economic and social progress, it should not be a substitute for development. It also comes with significant potential costs unless managed effectively, as has been clearly shown by the recent Asian financial crisis. The challenge faced by developing countries is how to manage the free play of the forces of globalisation in the absence of global rules or regulations. In this context, constant dialogues between developing and developed countries may be useful to forge cooperation between the two groups to manage globalisation effectively.

There can be no universal prescriptions to guide developing countries in managing globalisation and in their integration into the international trading system. Cultural, social and economic differences among countries cannot be ignored. While some countries of the Pacific Asia region have been actively participating in the process of globalisation and liberalisation, some developing countries, particularly economies in transition and the lesser developed countries are threatened with increasing marginalisation unless a positive environment is created to facilitate their integration into the international trading system.

Report of the Steering Group of the Committee on Regional Economic Cooperation:

The Committee observed that globalisation offers more challenges than opportunities for developing countries, and that the access of those countries to markets on a fair and equitable basis is imperative to enable all countries to benefit from that process. Developed countries need to open their markets to products from developing countries, reduce their demands on aspiring WTO member countries, increase their official development aid, reduce the external debt of developing countries, and eliminate indirect protectionism such as the abuse of anti-dumping measures. There is a need for a new international trading and financial system, which acknowledges the importance of national economic security.

The Committee expresses the view that the main characteristics of the East Asian Developmental model, including open markets and export orientation, high savings rates and public/private partnerships, has not lost its relevance but needs to be further reviewed in the light of the recent economic crisis. While continued economic liberalisation is important, in particular in the areas of trade and foreign direct investment, such liberalisation should proceed within the global context. In addition, the crisis has revealed the need for individual countries to restrict short-term capital flows. It was pointed out that each country has to follow its own development path in accordance with its own unique characteristics and national institutional capabilities.

Report of the Special UN Body on Least Developed and Land-locked Developing Countries:

The marginalisation of LDCs, including those in Asia and the Pacific, from the mainstream of a rapidly-globalising world economy is reflected in their low and declining share in world trade, investment and output. The poor trade performance of

those countries in global trade in the last two decades is a result of supply- and demand-side constraints affecting their trade and competitiveness.

The structure of exports of Asian and Pacific Less Developed Countries shows that more than half the exports come from food and agricultural raw materials and only about a third from the manufacturing sector. However, it is noted that a number of the countries depend heavily on foreign exchange earnings from the service sector. In order to reverse that marginalisation and ensure the meaningful and beneficial integration of LDCs into the global economy and the multilateral trading system, concrete action by those countries and their development partners is required to help strengthen the supply capacity of LDCs through the development of physical and institutional infrastructure, human resource development, unencumbered and improved market access and retained flexibility in the use of appropriate policy instruments to strengthen the competitiveness of sectors of strategic importance for the development of LDC trade.

Mr. Motamar Al Islami, Secretary General, World Muslim Congress:

In the last two decades of the 20th century, globalisation was presented as the most promising phenomenon, which by removing trade barriers and opening up markets around the world, would bring waves of prosperity for all nations, rich and poor, large and small. But this promise has not materialised.

It is now widely recognised that in the face of such major disparities in the economies of rich and lesser-developed nations, the benefits of globalisation have gone largely to rich industrialised countries and powerful business groups and the main burden of integrated markets has fallen on the fragile economies of low income countries in the form of dwindling exports and increasing imports.

The Asian region has borne the brunt of negative consequences of globalisation, particularly, those emanating from volatile capital movements. The Asian economic crisis of 1997-98 led to a drastic fall in the income levels of the affected countries, wiping out years of poverty reduction. (Since then) there has been a huge popular backlash against this unjust globalisation process in the form of widespread protest movements in civil society.

The recent slow down in the U.S. economy could further aggravate the negative consequences of globalisation and also the vibrant protest movement. In analysing the impact of globalisation, members of the Commission would no doubt

recognise that for all practical purposes, globalisation as a process is irreversible. But at the same time, it is important for all vulnerable developing countries to guard against its negative consequences. This can be done by inter-alia, curbing speculative short-time capital movements, protecting local industry and agriculture against unfair competition and avoiding indiscriminate privatisation of vital natural assets and entities under international pressure.

In the longer run, the real counter to the negative impact of globalisation will be a more balanced developed philosophy that gives equal, if not greater, weight to the principle of distributive justice, the preservation of the natural environment and the protection of indigenous resources.

Mr. Richard E. Hecklinger, U.S. Ambassador to Thailand:

The United States has emphasised support for agriculture and rural development in our foreign assistance programmes for many years. Ultimately, however, lasting solutions to balancing urban and rural development will come from member states themselves. ESCAP's theme report on this topic contains several good policy recommendations on encouraging balanced development. Namely, governments should create the necessary infrastructure to connect areas and regions to markets. They should improve urban management to allow for access to essential services and employment. They should decentralise decision making and promote good governance, empower the poor, invest in education, and put safety nets into place. Indeed, we strongly endorse democratic governance and decentralisation as the sound first steps toward "balanced development."

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