



1.

Forum for the 21<sup>st</sup> Century calls for quick finalization of the Doha Development Round. With the agriculture sector being one of the most problematic issues on the worldwide scale as well as in the Doha Development Agenda, the Forum sees the earliest possible agreement highly essential. By the year 2015, the tariff restrictions on agricultural products import from the developing countries should be lifted so that even the countries not being in the WTO's Generalized System of Preferences will have the access to the world agricultural markets without the current disadvantages. Already benefiting from extensive subsidies, agricultural production from developed countries holds twice the advantage on the world markets. As the world food prices soar, the suspension of subsidies and removing tariff restrictions must be gradually adopted in order to stop the steep increase in food price levels that endangers the already troublesome access to nutrition in the poorest regions of the world. Such an action would provide developing countries with vital incomes to spur their progress and at the same time cheaper food in developed countries. Moreover, according to research from organizations such as OECD, suspension of subsidies would greatly contribute to increase the world's GNP output.

Besides withdrawing from using free market-deforming instruments, the Forum calls for research activities to be carried out by participating countries in order to identify new means of aid to the countries suffering from the lack of food. The Forum expects the reports to be presented by the end of year 2013. Until the policies resulting from the research are adopted, participating countries should direct the development aid into the technical assistance, mainly the irrigation facilities that will enable developing countries to raise their food sovereignty.

**ASEAN support suggestion to bring the Doha round to an early conclusion with a comprehensive and balanced outcome consistent with its mandate, building on the progress achieved. While taking into account the provisions of Special and Differential Treatment for developing countries, ASEAN agree that all forms of trade protectionism should be rejected so that our markets will be opened and trade distorting measures introduced during the recent global financial and economic crisis are rolled back.**

**The member countries of ASEAN agree with tariff restriction due to historical reasons, as well as the development of factor endowment constraints in these countries. ASEAN countries have long had a large proportion in the export trade of agricultural products,**





agriculture, mining and other primary product. They are trying to eliminate import duties on all products to achieve a free trade area. This import duties elimination will mean for this region to be competitive with the rest of the world. The strategic goal of economic integration by 2020 is an ASEAN Community that is a single market and production base with a free flow of goods, services, labor, capital, and investment.

2.

Of the main imbalances present in the world economy, the Forum finds China's long-term trade surpluses and, on the other hand, US trade deficits the most pressing one. Yuan, China's national currency is still considerably undervalued compared to US dollar as well as other ones. Taking this into consideration, it is apparent that China's exports hold unfair advantage in the world trade. Moreover, the amount of Chinese monetary reserves in US dollars creates the unprecedented situation when the exchange rate of the main world reserve currency, that US dollar still remains, could be significantly influenced by the economic policy of China. Therefore, the Forum recommends that China, as well as other countries, namely Japan and South Korea; stop intervening in favour of keeping the exchange rates at artificially low levels and gradually level their present value with the real ones. This process should be finalized by the end of the year 2015 so that the domestic exporters will be given sufficient time for accommodation.

**After creating China-ASEAN Free Trade Area (1.1. 2010) play China' Yuan bigger role in regional trade in Asia. ASEAN members suffer due to China's exchange rate. For example Vietnam devalued its currency by five percent in 2009 and by two percent in august 2010, Singapore devalued its currency in 2008 as well to keep it competitive with China. In Thailand, manufacturers are openly complaining about their inability to match Chinese prices. So are the manufacturers in the Philippines. Because of this ASEAN welcome the proposal of stop keeping the exchange rate at low level by the end of 2015.**

**ASEAN also suggest institutionalize the regional fund, representing about 10% of Asia's foreign exchange reserves, that allow them effectively convert the existing bilateral currency swap agreement into a multilateral foreign exchange agreement. This is a course that all Asian countries should embrace as part of a new regional financial order.**





3.

With its value falling due to its long-term depreciation, the unique position of US dollar slowly but steadily deteriorates. The Forum proposes that the use of the International Monetary Fund reserve currency shall be augmented. The Forum recommends the SDR currency basket to be composed of five to six currencies based on the respective countries' share in the world trade as well as the amount of their currency reserves that would provide stability in the times of general monetary instability. Both these prerequisites would amount to 50% of SDR's value (based on the weighted average). At the same time, it should be revaluated every two years in order to reflect the economic reality with no currency being granted an automatic share. It is clear that even the augmented use of SDR cannot completely replace traditional currency reserves. Taking this into account, the Forum suggests that the currencies of regional economic leaders were to be used more on the intra-regional level. Besides diversifying monetary reserves themselves, this would lower foreign exchange losses.

**ASEAN suggests to use SDR currency basket as reserve currency in long term , because the position of US dollar in world trade and its position as world reserve currency is not nowadays so dominated as it used to be. ASEAN members think that reserve currency must be disconnected from economic conditions and sovereign interests of any single country. That's why we indicate to SDR as future reserve currency that will solve problems with US dollar or any similar "local" currency. Adopting the SDR as a reserve asset is technically feasible, but it will not reduce the dollar's role any time soon. US dollar has irreplaceable role in world trade and also in cross-board commerce.**

**Another step, that ASEAN members suggest is internationalization of the renminbi. . However, the renminbi has yet to become an international currency. It could become one much more quickly than many anticipate. The internationalization of the renminbi has the potential become an alternative to the US dollar—as did the euro—and help nudge the global reserve system toward a multi-currency reserve structure. Asian countries may also consider develop a basket of Asian currencies as the region's anchor currency.**





**China is also offering a wider use of the Yuan in ASEAN countries to settle trade transactions. The Yuan is mainly used in border trade, which accounts for only 10 percent of China-ASEAN bilateral trades. Alongkorn Ponlaboot, deputy minister of commerce of Thailand, believed this would play a more important role in bilateral trade between China and ASEAN in the future. He said Yuan was a very stable currency and expanding its use could help reduce risks faced by the ASEAN countries in using the U.S. dollar, which has become highly volatile as a result of the global financial crisis**

**4.**

As the examples from the past showed, countries' currencies, and thus countries themselves, can become victims to speculative capital originating from uncontrolled sources, such as hedge funds. As means of protection, the Forum advises countries to adopt legal provisions limiting the flow of their currencies. The amount of currency that could be bought and sold by a single investor, with the exception of national banks and Greenfield investments, should be restricted to 0.5% of a country's monetary base per month and 4% per year. This kind of precaution will prevent the speculative attacks on currencies and so protect countries' economies on the whole.

**ASEAN agree that the current system must be restructured for global financial stability. ASEAN member's countries must deter speculative capital inflows and understand this risk and their aim is to strengthen monitoring so as to restrain hedge funds and speculative capital from causing damage. Propose of restriction to 0.5% of a country's monetary base per month and 4% per year can ensure greater transparency to markets and stability.**

**To protect our economy, we suggest for our members cooperation together with China, Japan and South Korea to form the ASEAN plus Three financial grouping. This arrangement enables member countries to swap reserves if speculators again target their currencies**

**5.**

Similarly to the volume restriction of foreign exchange trade, the Forum calls for adoption of legal provisions in order to protect vulnerable countries against the outflow of speculative capital





in form of portfolio investment. To ensure protection, the outflow should be restricted to 5% of country's GDP.

**ASEAN agree with adoption of legal provision to protect the countries against the outflow of speculative capital and suggest solving this problem through currency and capital control. The authorities should not restrict on long-term foreign investment. The limit of outflow 5 % of country GDP is appropriate.**

**6.**

To counterbalance drawbacks caused by the “brain drain” phenomenon, the Forum recommends the adoption of measures that would guarantee the return of funds invested in education of individuals who do not contribute to the gross domestic product. As a possible solution, the Forum proposes using remittances to help the least developed countries in their progress. Remittances frequently represent the key component of income for people living in the least developed countries. On the other hand, gathering resources for the improvement or construction of infrastructure presents a difficult challenge for countries. Utilizing remittances as a source of funds provides a unique option to hasten the development. As income from remittances is mostly used for consumption and not supplementing much-needed investments. Imposing a 12% tax on them could be an adequate way to gather required financial resources. New funds under the supervision of the World Bank would be created to guarantee effective use of money, with each country being in possession of one. Funds could be used only for projects improving country's infrastructure (road network, construction of schools, sanitary facilities, research facilities etc.) that would create healthy and sustainable basis for future growth.

**ASEAN member's countries problem that was highlighted is the fact that there is still a “Brain drain” from Asia to North America and Europe where most innovations and most RnD happens. Because of this ASEAN support guaranty of returning the funds invested in their education and using this money for projects to improve countries of origin infrastructure. To avoid taxation in both countries we suggest taxing system on nationality rather than residence. ASEAN member's countries also see a teleworking, repeat visits and channelling remittances to income and employment generating**





activities in the country of origin as additional instruments to limit brain drain in developing countries. Good example for limiting Brain drain is a „Reverse brain drain project“ in Thailand. RBD project sets up connections among highly-skilled Thai migrants and links this diaspora to universities and other institutions within Thailand for the exchange information and knowledge. Other countries can be inspired by this project.

In the future, a job creation in ASEAN led by the region's economic growth will reduce numbers of interregional labor migration whilst the ASEAN migrant labors are going to work more in their own countries or within the region. Two important constraints are the limitation of intraregional labor flow treaties and the use of native languages in professions.

7.

Forum for the 21<sup>st</sup> Century recommends that, in the global dispute over the sources of energy, greater space is given to scientists who oppose pessimistic scenarios concerning the depletion of conventional sources of energy. Existing scientific studies, which question the pessimistic scenario accepted worldwide without contradicting voices being heard, provide us with a different perspective regarding the future use of energy resources. Using financial resources and scientific capacities to further improve efficiency of already existing facilities is substantial. Funding the development of alternative sources of energy should be done based on both environmental and economic arguments.

ASEAN recognizes the critical role of an efficient, reliable and resilient electricity infrastructure for stimulating regional economic growth and development. Around 66% of the ASEAN people have access to electricity. Electricity is produced through a mix of oil, gas, coal, hydro, geothermal and other renewable energy sources. Reaffirming this, ASEAN is trying to increase cleaner coal use and trade that can bring economic benefits towards regional energy security. One of our strategies is to strengthen of Institutional and Policy Framework. One of the ways is to adopt an ASEAN Agreement on Coal





**Supply and Trading. We suggest conducting regional energy policy works with other countries. We support using financial resources to improve already existing facilities.**

**8.**

The Forum suggests that the countries re-evaluate their spending on the economically ineffective energy sources and, by the end of the year 2012, prepare reports measuring the efficiency of the particular sources in their respective conditions. Based on these reports, the countries ought to ensure that the share of the most efficient energy source, except the ones producing greenhouse gases, will rise by at least 10% by the end of the year 2020. The Forum regards reopening the debate on the use of nuclear energy highly essential. To make nuclear energy even safer, creating a scientific team consisting of the world's best experts is advised to be done by the end of the year 2011 with its focus being to find environment-friendly way of disposal of the nuclear waste which remains one of the few negative sides to the nuclear energy.

**During the 2010-2015, renewable energies are needed to increase the diversity of energy supply and to reduce the environmental impact of energy use in the ASEAN region. Although there is no operational nuclear power plant in ASEAN today, all countries except Brunei and Laos have active plans for adding nuclear power into the electricity generating mix. Vietnam plans to build eight plants by 2030, producing 15,000 to 16,000 megawatts (MW) of electricity. Atomic power will become one of the nation's key energy sources. We agree with creating a team of experts who will focus on finding the best environmental-friendly way of disposal of nuclear waste, but the year 2011 is too soon for our members countries. We suggest at least two more years to have enough time to select the best experts. We see the problem in people's opinion about using the nuclear energy. In this area we suggest educating people through training, workshop, seminar and information exchange about nuclear power plants and building a positive image of nuclear use to strengthen the positive attitude.**

