

PRIVATIZATION AND DEREGULATION IN

ASEAN and **the EC**

Making Markets More Effective

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Edited by

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Preface

The Association of Southeast Asian Nations (ASEAN) and the European Community (EC) have gradually extended their co-operation since the first high-level political meetings of the two groups began more than ten years ago. One element of this extension consists in the so-called *human resources development co-operation programme*, especially directed at high officials working in the public sector. Sponsored by the Community, the programme offers a framework of co-operation to facilitate the mutual exchange of experiences and ideas with respect to public policies, their execution, administration and management. It includes intensive training where and when it is mutually agreed to be appropriate, or seminars and conferences, where the value-added is expected to be in the reflection and the testing out of ideas. The public policy issues may be at the member-state level within both groups, or at the group level, that is, related to economic co-operation or integration.

The present ASEAN-EC co-operation agreement assigns the implementation of the human resources development co-operation programme to the European Institute of Public Administration. In line with this, a symposium on "Privatization: Lessons from Europe and ASEAN" was organized jointly by the European Institute of Public Administration (EIPA) and the Institute of Southeast Asian Studies (ISEAS) and held in Singapore from 16 to 18 February 1989. This volume comprises the proceedings of the symposium.

In preparing this joint effort ISEAS and EIPA had in mind the objective of added value right from the start. They had expected no added value from yet another conference and publication on privatization as several such conferences had been held in ASEAN and a great many in Europe as well. Moreover, ISEAS had attempted to deepen the comparison among ASEAN countries by opting for an ambitious research project, the first results of which are already available (Ng and Wagner 1989). After widespread consultations in the region, it was concluded that most value-added could be expected from an approach concentrated on specific sectors. The selection criterion for the sectors was "market failure", that is, markets

which when left entirely on their own fail to function “properly”. Economic analysis, both theoretical and empirical, is, however, less straightforward. The key issue is competition, or potential competition, and the means to bring it about as well as to maintain it in the public interest — that is, the performance of the economy at large. Here, our target group, the civil servants dealing with privatization, will be interested in the state of the art of thinking in economic analysis, about experiences in Europe, in the debates in the respective EC and ASEAN countries and in the lessons from failures, drawbacks and successes that can be drawn from a comparison of specific, difficult sectors in the various countries.

Of course, in comparing Europe and ASEAN, one has to be conscious of the major internal differences within the two groups. To wit, the experience of Singapore clearly cannot automatically be imitated, as both the level of development and the role and strength of the private sector differ greatly among the ASEAN countries. In ASEAN circles, however, it is perhaps not fully realized that, to a large extent, the same applies to the EC. The United Kingdom is not Greece, and Luxembourg is not Spain. Yet, despite this fact, the Community is the most interesting laboratory for comparing many different experiences. This is particularly appropriate since a privatization wave is sweeping all of the European Community, not just the United Kingdom. Different combinations of deregulation and privatization are debated or implemented in the various member states, and one might learn at least as much from the study of alternative modes of privatization and deregulation throughout the EC as from the mere focus on the vanguard role in the United Kingdom.

The EC is also interesting for a different reason. Since about 1983 the EC has regained enough political backing to reiterate its strict policies on containing public aid to industry, whether private or public enterprise. In addition, the Community has set ambitious targets for completing the reorganization of its internal market by 1992, including a radical opening up of public procurement policies precisely in the sectors discussed in these conference proceedings.

Furthermore, the 1992 momentum has engendered decisions or debates on telecommunications, utilities, land and air transport, questioning the fragmentation of the EC market for these services. The intertwining of all this privatization and deregulation at member-state level will make for a fascinating set of experiences, even beyond what the conference and these proceedings could hope to address.

The conference on “Privatization: Lessons from Europe and ASEAN” was made possible through the financial support of the European Community, which we gratefully acknowledge.

We would also like to thank the writers who contributed to this volume and thus to a fruitful dialogue between ASEAN and the EC. Our gratitude is also due to Mrs Rita Beuter of EIPA and Ms. Anne Yeo of ISEAS for their

assistance in the preparations for the conference and in the publication of these proceedings.

It is our hope that this volume will deliver the added value it set out to generate and contribute to “Making Markets More Effective”, both in ASEAN and in Europe.

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