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MNCs and ASEAN Development in the 1980s

Proceedings of a Conference on

**MNCs and ASEAN Development
in the 1980s**

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Foreword

The Institute of Southeast Asian Studies, in the course of its research and other professional activities, has always felt that, whatever the controversies and pros and cons about the whole question of multinational or transnational corporations and their operations in the region, they, together with the host governments and the local business groups, have key roles to play in the development of Southeast Asia. Also, differences and difficulties notwithstanding, contacts between MNCs and ASEAN governments and societies are likely to expand over a wide spectrum of fronts in the future, irrespective of the national origins of the individual MNCs concerned. At the same time, it would appear too, that whilst there is a shortage of information about the interfaces and interactions between and amongst the foregoing principal actors in the development process – that is, the MNCs, the ASEAN governments and the local industrialists – there is a glut of often emotionally charged misconceptions. In short, there is a clear and discernible communication gap if you like.

Conscious of such a state of affairs, and also of the need for better and more effective working relations between MNCs and local interests (and aspirations), the Institute, in conjunction with the Centre for Strategic and International Studies, Jakarta, organized a closed-door seminar on “ASEAN and the Multinationals” in Singapore in March 1977. Participation was limited to a small select group of senior ASEAN government officials, representatives of MNCs, and prominent local industrialists and businessmen. It was the consensus of that gathering that any significant economic development of the ASEAN countries requires capital investment as it is only by providing capital investment to labour that significant increased productivity can be achieved. Secondly, it was generally accepted that the major sources of capital are governmental agencies and private companies which are national or multinational. Thirdly, the responsibilities and criteria for making investment differ substantially between government bodies and private enterprises. These differences, criteria, objectives and responsibilities must be reconciled if foreign investment is to be attracted. Fourthly, such reconciliation can best result from understanding the problems of the various elements involved; and finally, this understanding can only be achieved through meaningful and frank discussion and dialogue on a continuing basis between representatives of the MNCs and the host governments, and local entrepreneurs and businessmen. Towards this end, and as part of a concrete follow-up to consolidate the gains made, the Institute of Southeast Asian Studies, together with other like-minded institutions, was asked to undertake studies of specific problems involved in MNC-host country relations, that is, relations as reflected in the Southeast Asian context. Additionally, it was proposed that a conference be organized around the theme of MNCs and ASEAN Development in the 1980s.

Whilst details of a meaningful research programme to be based at the Institute are still being worked out, the idea of a conference was acted upon in September 1980, and the proceedings were processed for publication in the form of the work that follows.

The key issues discussed during the conference are outlined in the Summary Report. I would just add that the ASEAN countries have only recently begun, by design or otherwise, to participate in international meetings as a body. This in turn is beginning to have all kinds of beneficial spin-offs, as the members come to know one another, and to understand each other's position better. ASEAN is also beginning to approach third parties as a collective organization; for example, in negotiations with individual countries like Japan, Australia and the United States. They are seeing that there is more to gain if they act in unison. It would appear only natural that these gains develop a momentum of their own and in time to come have beneficial ramifications for other aspects of the region's life too. We should not, however, on the basis of such developments, jump to the conclusion that a removal of customs barriers and the emergence of an ASEAN free trade area or a common market is around the corner. This will be a long process. On the other hand, ASEAN does have political stability and the possibilities of gains from ASEAN acting in unison internationally. In short, the possibilities and opportunities for those interested are there in ASEAN.

Within this context, there is no doubt that as long as the economies of ASEAN are open, there will be the presence of outside capital. That this capital will interact both with the host governments and with local industrialists is an established fact. Given this, are there ways of studying more closely the interactions and interfaces amongst and between these three factors so that such contacts may be made more effective? Needless to say, there is little sense in wasting energy or investment capital in acrimonious quarrels or misunderstandings. The fact that so many cabinet ministers and other governmental policy makers, informed academics and prominent businessmen took four days off to participate in the conference is an indication of their concern with the role of multinationals in the region.

As is usual with major conferences of this nature, we could not have managed this meeting without the generous support and encouragement of a number of individuals and private organizations. We are particularly grateful to our co-organizers – the Asia Foundation, Bank of America, BP, Esso, IBM and Mobil. We are also grateful to the Honourable Dr. Tony Tan Keng Yam, the then Minister of Education and currently Minister for Trade and Industry, Singapore, for declaring the conference open. We would also like to thank all the participants and observers for their valuable contributions. In wishing them and the publication that follows all the best, it is clearly understood that responsibility for facts and opinions expressed in the proceedings and reports rests exclusively with the individual authors concerned.

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