

ASEAN: Priorities to make next big leap

by Raghavan ('Ragha') Sampathkumar



ASEAN could have been a more integrated and smoother block by now, had all the good intentions of the founders and those who joined later been backed by concerted actions on the ground.

It has been around for 50 years but still it is not where it must be mainly due to the inherent competitive mind set of the members and also unstable policy, regulatory and geo-political environments in both major economies (e.g. Thailand) and fast growing emerging economies (Myanmar, Cambodia and Laos).

ASEAN would have been a stronger and much freer group had it been supported by political will founded on the premises of transparency and mutual acceptance. One of the classic cases is the long pending issue of adopting harmonised CODEX standards and guidance for smoother and fair trade within the region. There are huge challenges for many industries from agricultural inputs to packaged foods. Although the region has done well in reducing malnourishment, halving poverty and improving other human development, much needs to be done holistically to expedite socio-economic development and that must be sooner than the political echelon in the region thinks. Still many governments keep several sectors including food and agriculture protected from freer trade under the ambit of strategic importance and nations' sovereignty.

In this context, several organisations including the Asian Development Bank and the newly created Asian Infrastructure Investment Bank are pushing hard for improving both the basic physical infrastructure (e.g. roads and telecommunication) and human capabilities. But intra-regional movement of resources particularly labour remains a greater challenge as some in ASEAN and many of its neighbours (e.g. Bangladesh) are flushed with low and unskilled workers and others are not able to find enough workers to cater to the rising demand from industries such as construction for blue collar jobs and those that require low skills.

Agribusiness including food processing and exports is also one of the most promising sectors due to its natural geographical advantages and diverse agro-climatic regions that can produce a wide variety of commoditised and specialty food crops. But there is a huge skill gap between what these industries want from the workforce and what is available. Hence, the other key area is skill building for the youth particularly from the rural areas that are forced to leave the farms as productivity is increasing as a result of industrialisation and mechanisation of erstwhile subsistence farming. But the region is fast changing as a consumption-driven economic block and already countries including Australia are investing heavily in augmenting their supply capabilities to produce safer and quality food to cater to the growing demand.

While trade is ever more important in today's world and there is huge potential, exporters need cultural sensitivity, perhaps the most important ingredient for success in overseas markets. It is all about understanding and appreciating the cultural nuances particularly in a vastly diverse region like Asia.

From religion to caste, social structures, institutions, hierarchy, traditions, customs, and taboos, Asia could be a nightmare for those who do not bother to learn and appreciate its diversity.

Next in this column, I will be sharing some examples that emphasise the need for greater and in-depth understanding of Asian consumers.

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