

TELECOMMUNICATION SECTOR IN ASEAN: “ASEAN ECONOMIC INTEGRATION AND ITS IMPLICATIONS FOR LABOUR IN THE REGION”

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This paper, which focuses on telecommunication sector, is part of a research project by the Global Union Federations (GUFs), the ASEAN Service Employees Trade Union Council (ASETUC) and the Friedrich Ebert Stiftung (FES), which attempts to investigate the impacts of ASEAN economic integration on workers and unions in the region in four sectors: telecommunication, construction, healthcare, and finance. The paper will delve into mapping and analysis of major telecommunication companies in ASEAN, ASETUC affiliates and trade unions presence in them, and ASEAN efforts to promote regional integration of telecommunication sector. From that, it reveals the impacts of economic regionalism on workers and trade union development. The paper also proposes some recommendations to deal with challenges that workers and trade unions are facing. Due to insufficient information, only six out of 10 ASEAN countries will be studied in this paper. They are Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam.

Regional economic integration as opportunities for ASEAN members to develop telecommunication sector.

ASEAN economic integration has significantly affected telecommunication sector in each and every country. Although the impact on any particular country is different, there are two trends of how the economic regionalism affects ASEAN countries can be seen obviously. First, due to economic integration, ASEAN members open its door to foreign investors and therefore there has been a strong inflow of foreign investments into telecommunication sector in ASEAN countries. Second, privatization in telecommunication sector has been adopted by all countries in the region. These two trends have made the telecommunication market in Southeast Asia more dynamic and competitive than ever before, and all countries have thus far benefited from it.

Indonesia has a very active mobile market, which was growing 60% in 2007; the subscribers also reached a record of 75 million (penetration 33%). Malaysia was even better when its mobile market saw penetration pass the 85% mark in the first half of 2007. Like Indonesia and Malaysia, the Philippines has also witnessed a rapid growth in telecommunication sector. The country's mobile penetration passed 50% in 2007 with the on-going annual growth rate of over 26%. Singapore is arguably the country which benefits the most from economic integration. Singapore was one of the first countries in the world to have a fully digital telephone network. Economic integration has allowed Singapore to enter neighbor markets. SingTel is a major telecommunication investor in many countries such as Indonesia, the Philippines and Thailand. Thailand is no exception for gaining from ASEAN economic integration. By early 2007, the country's mobile penetration peaked at 67% and the annual subscriber growth had lifted to 35%.

For Vietnam, economic integration has indeed transformed its economy in general and telecommunication sector in particular. Liberalization erased the monopolist status of the Vietnam Post & Telecommunications (VNPT). With new players in the sector, Vietnam's telecommunication market is more competitive than anyone could imagine a few years back.

ASEAN efforts to promote regional integration of telecommunication sector

The 33th ASEAN Ministerial Meeting in July 2000 emphasized challenges and opportunities for ASEAN members in information and communications technologies. The meeting affirmed “ASEAN countries must embrace technology, its development and use, if it is to remain competitive – not even to catch up with the industrialized world but simply to stay in the running. This is a call not for ASEAN necessarily to undertake basic, pioneering scientific research but to adapt, develop and utilize science and technology to strengthen the region's economies and improves lives of its people.”¹

Over the last decade, through the annual Chairmanship of the ASEAN Telecommunications Ministers Meeting (TELMIN) and the ASEAN Telecommunications Senior Officials Meeting (TELSOM), ASEAN has played a key role in:

- a) Developing, coordinating and implementing work plans to enhance cooperation in telecommunications and IT
- b) Providing a mechanism to promote participation from the private or business sector, regional/international organizations and non-governmental organizations; and
- c) Establishing working groups with clear terms of reference and specific time frames, assisting in the development and implementation of its policies and work plans.

Through those platforms, a number of agreements and declarations have been signed by ASEAN members such as: the e-ASEAN Framework Agreement, The Vientiane Action Program on Telecommunications and IT Sector, The ASEAN Sectoral Integration Protocol for e-ASEAN, the Brunei Action Plan: “Enhancing ICT Competitiveness: Capacity Building”, etc. ASEAN efforts to promote regional integration of telecommunication sector in general and these agreements and declarations in particular have made ASEAN become a dynamic and competitive telecommunication market, which has contributed a great deal to the economic integration and development of the region.

Challenges for workers and trade unions resulted from economic integration.

Regional economic integration, however, has also posed many challenges on workers and trade union development in ASEAN. Trade liberalization through Free Trade Agreements (FTAs) has

¹ Report of the ASEAN Secretary-General to the 33th ASEAN Ministerial Meeting, July 2007, <http://www.aseansec.org/6264.htm> (accessed on Dec 10th, 2009)

made telecommunication markets very competitive. Firms which fail to compete will have to exit the market and as a result, its workers will be unemployed. Tough competition requires high-skilled workers in telecommunication sector. Low-skilled workers will not be able to secure jobs and they will therefore become unemployed or working subcontracted work, which do not offer many of the rights and benefits that apply to regular employees. More demand for high-skilled workers also widens the wage gap between low-skilled and high-skilled workers. Telecommunication sector requires tech-savvy workers, and strong competition for high-skilled workers push female workers, who tend to be less tech-savvy compared to male workers, out of the market. Gender issues are definitely concerns when telecommunication industry is now increasingly competitive. Occupational health and safety is also another major concern for workers working in telecommunication sector as employers often refuse their responsibility when it comes to safety of subcontractors.

For trade unions, when employment is insecure as the telecommunication gets more and more competitive, it discourages people in trade unions to engage in wage bargaining or demand for improvement of working conditions.

Some recommendations about employment generation, income security, and skill development

ASEAN and its members' governments must have more institutions and policies to protect workers from losing their jobs when privatization expands. As majority of ASEAN members (if not all) do not have unemployment subsidy scheme, such scheme should be considered by ASEAN and governments to protect income security for workers.

More institutions and policies are also required to protect workers' freedom of association, dispute settlement, and social dialogue on labor issues.

ASEAN and its members should provide greater financial resources to strengthen education and training programs to order to have an advanced skilled labor force to compete more effectively with multinational enterprises. Education and training programs should targeted more at female workers to narrow the gender gap in telecommunication sector.

Social dialogue plays a critical role. Effective dialogue between workers, employers and governments is a critical ingredient to achieve mutual benefits. This is best done through trade union. A good environment for the development of trade unions is required.