# Private investments and implications on labor – Asia perspective

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Private Sector Seminar in Lusaka, Zambia facilitated by ITUC
March 26, 2019

*Introduction*

In 2015, EILER published a module on capital mobility in Asia. In this module, we begin with the picture of Asia abundant with natural resources. Asian civilizations have flourished, its "Asian" way of productive and collective labor and agricultural work in communal lands predating Western civilizations and many developed countries. We also highlight a much recent trend: the increasing ability of private funds to move across national boundaries in pursuit of higher returns.[1]

This trend did not happen overnight. The changes brought about by the coming of colonialism driven by mercantilism and expansion of capital and resources have immense impact on Asian peoples' lives. We have been enslaved to neoliberal globalization, with monopoly capitalism replacing old form of colonial rule. Neoliberal globalization intensifies as Asian countries take a more critical stance in dealing with FDIs and capital mobility.

National and local industries in many developing Asian countries did not fully develop, hence the heavy reliance on official development assistance loans, foreign direct investments and private sector under the pretense of "harmonious business environment." In the labor perspective, we have a clear understanding of the historical relationship with the private sector as well as the indispensable role of the micro, small and medium enterprises (MSMEs) in job creation and inclusive economic growth. However, they are easily overtaken by multinational corporations, which have leverage when it comes to influencing national economic policies and agenda.

On behalf of CPDE Asia, I am grateful for the chance to highlight impacts of PSI in the region. Glimpses of corporate takeover of development tell us that core issues remain unaddressed. We must exhaustively expose how giving primacy to the private sector being an equal partner in development financing without strictly holding those that are most influential and powerful—the multinational corporations—accountable and to the highest ethical standards isn't socially just.

[1] "Workers Struggle Amidst Capital Mobility" (2015). EILER, Asia Monitor Resource Centre and Labour Action China Training Module on Capital Mobility published by Asian Transnational Corporations (ATNC) Monitoring Network.

*Deregulation and private sector in development work: business interest over peoples' welfare*

According to the World Bank, investment commitments in developing countries declined by 37 percent in 2016. Out of the 135 developing countries, only 34 sees significant private sector investment in infrastructure. This has increased in 2017 and 2018 to US$ 43.5 billion, due to volume of investments in China, Turkey, Vietnam, India and Brazil largely focused on infrastructure. The general trend notwithstanding sees a decline in average during the past decade. Interestingly, there is 43 percent increase in commitment in East Asia on renewable energy, with most projects focused on solar photovoltaic system, hydropower, and onshore wind technologies. Transport overtook energy investment by 2018. Climate change is acknowledged but climate justice is sidelined in the neoliberal green agenda, as main financing source remains to be commercial debt amounting to US$ 11.6 billion total.

The role of private sector investment in economic development and in shaping an enabling environment has gained prominence, but the most pressing concern is accountability. How do we ensure private sector due diligence and compliance to existing conventions on peoples' rights when on one hand, some corporations are actually more powerful than the states? So powerful that they can define a country's national policies or circumvent them. This we also raised as CPDE constituency during the Private Finance for Sustainable Development Week (PF4SDG) held in January in Paris, France. On the other hand, the rise of authoritarian regimes in Asia in relation to easing FDIs and prioritizing private sector also pose increased risks on trade union and human rights.

Corporations have also used their resources to deter regulation through agreements that are profit-oriented and largely advantageous to corporate elites. We reflect on how, for over two decades, people's movements in Asia and the Pacific have continued to resist mega-free trade agreements that over and over had threatened people's rights and welfare and the environment. In recent years, China-led Regional Economic Comprehensive Partnership (RCEP) was railroaded to intensify FDIs in the interest of global corporate elites in member countries. RCEP has wider targets and more resources, with its ASEAN+6 bloc holding almost half of the world's populations and nearly 40 percent of the world's economy. It clearly does not aim to genuinely address the legitimate demand of Asian peoples for an alternative global trading system and economic order that responds to people's needs.[2]

Asian governments view regulations as bad for business, that creating stronger mechanisms and legally-binding international treaties to effectively address corporate human rights abuses and debt crises, negatively impact FDIs. This has resulted to deregulation of labor market that fueled inequality and attacks on established trade union and human rights standards. Its grave effect on peace and labor dispute resolutions cannot be ignored.

CPDE Asia put emphasis on the critical significance of enabling development actors in developing countries in shaping development cooperation. More importantly, we recognize the state's fundamental role to provide development for the people.

[2] "Mega-FTAs and implications on Asian workers" (2017). EILER Briefer on RCEP rereleased by Asia Pacific Research Network.

*Asian workers struggle for decent work and living wages*

Amidst increasing momentum of private sector in development and the developing world, the situation of the Asian workers has remained dire and, in some countries, severely worsened. ILO findings indicate that 21 million people are working in slave-like conditions, majority of whom are exploited by private individuals or enterprises globally. More than half of them are living in Asia-Pacific region, with domestic work, agriculture, construction, manufacturing and entertainment are among the sectors as most concerned.

Labor participation of women workers remain as low as 18 percent in Afghanistan. A third of the migrants in OECD countries are from Asia, majority subjected to fixed-term contracts and low or semi-skilled occupations.[3] They come from China, India and the Philippines, where precarious employment has dramatically risen brought by corporate greed and easing of FDIs. Remittances from migrants meanwhile have served as the driving force that increases GDP in many Asian countries, even outweighing combined FDI and foreign aid flows. In Bangladesh, migrant labor's short-term employment remittances accounted for US$ 12.8 billion in 2017, equivalent to 6 percent of the country's gross national income.[4] In the Philippines, agricultural workers in a multinational corporation earn as low as US$ 3 per day after 16 to 20 hours of backbreaking work.

We take a closer look on the case of the Philippines, wherein Japan remains as top bilateral donor (65 percent of total bilateral aid)[5] and has pledged US$ 8.7 billion in aid and private investments to the Philippines over the next five years. In January 2017, Japanese Foreign Press Secretary Yasuhisa Kawamura said Japan would contribute to the Philippines' infrastructure development and be involved in peace and development in Mindanao (under martial law as of May 2017), stressing that Philippines will have to improve its business environment. Nine months after declaration of martial law in Mindanao, Japanese foreign minister Taro Kono affirmed Japan's support for peace and stability in Davao region, but was silent on the labor rights violations, red tagging, violent dispersals and murder of banana plantation worker Danny Boy Bautista in connection with Japanese multinational company, Sumifru Corporation. Serious damages being caused by Sumifru Corporation to the workers' communities and environment in Mindanao were not being addressed.

ITUC-affiliated Sumifru workers union namely Nagkahiusang Mamumuo sa Suyapa Farm (NAMASUFA)-Kilusang Mayo Uno went on strike on October 1, 2018 in Japanese MNC Sumitomo Fruit (Sumifru) Corporation in Compostela Valley, to demand union recognition, just wages, regular status of employment, and end of martial law in Mindanao. Sumifru Corporation controls 30 percent of the banana supply in Japan, employing more than 18,000 Filipino workers producing 19,000 boxes of banana daily. Thousands of the workers are only paid between PhP 150 to 365 per day (as low as US$ 3 to 6.9), in contrast to the company's PhP 19 million gross daily income (US$ 362,000).

[3] ILO South Asia Labour Governance Project
[4] Citizens Platform for SDGs dialogue on Challenges in migration in light of the SDGs: Context of Bangladesh. May 2018.
[5] IBON Foundation

*What we can do*

At the moment, we have to reflect on what composes the private sector, what is the role of international financial institutions, and impacts of multilateral donors on poverty eradication. At CPDE, we underscore the importance of effective development cooperation, enabling space for all development actors and stakeholders. We continue to work on advancing effective principles and guidelines for effective private sector engagement for sustainable development. These are richly discussed in the CPDE Manifesto.[6] ITUC in cooperation with CPDE as Labor Sector Representative has trade unions' Key Asks on the development effectiveness principle that acknowledges the indispensible role of trade unions in economic development.

The quest for a global framework is long and not without opposition. We at CPDE will work for a more inclusive, democratic participation of CSOs, trade unions and workers' communities in development cooperation that recognizes country-ownership and local values. We strongly support our labor sector constituency's call for prioritizing domestic resource mobilization, ensuring decent work and living wages for all towards the fulfillment of SDGs.

We welcome realistic development results and we are not against the private sector. We however, strongly oppose corporate plunder and takeover of development. Defend freedom of association and collective bargaining. Promote and respect human rights in all levels of development cooperation. More power to the unions!

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[6] Civil Society Manifesto for Effective Development Cooperation