

Economic Concerns

Table 2 presents the major economic areas of concern relating to globalization. Although the organizations discussed broad economic concerns on globalization, this table contains the major economic issues affecting the organizations, which emerged from their responses and discussions.

Table 2. Results of Data (see annex for detailed matrix):

Area of Concern		Economic Issues	
Agriculture	Trade Liberalization	Asset Reforms	Fiscal/Monetary policies and foreign investments
WTO Agreement on Agriculture	Strategy for industrialization	Land reform	Fiscal policy
Tariffs and Quantitative Restrictions on Agricultural Products	Economic growth vis a vis liberalization	Urban land reform	Foreign exchange rate
Food Security	Open economy	Land conversion to eco-tourism zones	Revenue reforms
Chemical Farming	Employment	Access to land in urban areas	Employment, technology and financial benefits in foreign investments
Trade competition in agriculture and commercial fishing	Sectoral liberalization		Portfolio investments
Agricultural subsidy	Tarrification, quantitative restrictions and subsidies		

A. Agricultural Liberalization

Majority, if not all, of the organizations interviewed concentrate on the economic aspects of globalization particularly on the impact of the Agreement on Agriculture (AoA) in the country's agricultural sector. As signatory to the agreement, the Philippines have opened up the agricultural sector to the "vagaries of the international market and towards the attacks by commercial agriculture" according to Ibon Foundation, a policy research organization. Other groups like Bayan Muna, Pakisama, PRRM and Sarilaya expressed concern over the entry

of cheap and subsidized agricultural goods from abroad that disenfranchised the peasants of their livelihoods.

The reduction of quantitative restrictions of imported products and subsidy on agricultural development resulted in massive dislocation of domestic agricultural livelihood in the country. The Philippine Peasant Institute (PPI) and Pakisama particularly focused on the further tariff reduction of rice in 2004 warning of dire consequences when this happens. Reduction of tariffs on other sensitive agricultural products is resulting to a huge “food security problem and difficulty in sustaining agriculture in the country.”

Padayon, PRRM, FDC, SIKAT and Pamalakaya/NACFAR, among others, mentioned the unfair trade competition in agriculture and commercial fishing under the GATT-WTO trade regime. Subsidies in advanced and developed countries have decreased despite the full liberalization in the Philippines. Transnational corporations engaged in agricultural inputs (i.e. feeds, fertilizers) are dominating the global agricultural trade. PRRM particularly raised concern on how ordinary farmers are disadvantaged at the “farm gate” by using imported agricultural inputs and selling at a depressed price due to intense competition in the market.

Liberalization policies on agriculture have bred specific policies that are in the long run detrimental to the farm workers. DEMASKU cited the “Mobile Farm Worker” policy of the government which is a deterrent in the consolidation of their organization. As farmers move to find work and food to eat, their members have difficulty attending meetings. The situation gives more power to the landlords in controlling their lands as mobile farm workers become excluded from the stakeholders in agricultural production. The control and management of land by investors shows a growing transfer toward commercial land use from agricultural production leaving the farmers without livelihood to sustain their basic needs.

Other groups also scored the government’s lack of support to the agricultural sector and instead is advocating for chemical farming to increase productivity and promoting cash crops for export. Akbayan and other groups bewailed the lack of appropriate support and budget from the government in developing a self-reliant, productive and modernized agricultural industry. Ibon posits that the Agreement on Agriculture (AoA) do not help developing countries to industrialize their agricultural sector. It says that the “agreement has always been anti-agricultural development and anti-industrialization of Third World countries.”

The AoA provides access of imported agricultural products in the country. The Limcoma Multipurpose Cooperative which is engaged in feed milling draws attention to the impact of imported products on

livestock and poultry industry in the country. Aside from the influx of imported meat products in local markets, Limcoma particularly identified the incidence of meat smuggling as culpable factors in the loss of income and productivity of the livestock and poultry industry. The organization pointed out that the National Meat Inspection Commission, Bureau of Animal Industry and the Bureau of Customs are unable to stem the flow of smuggled meat into the country.

B. Trade liberalization and fiscal policies

As member of the WTO, the Philippines have drastically opened up the economy to comply with market access which encourages the mobility of goods, services and capital to gain growth and development. The market access component in the WTO agreements has resulted to tariff reduction of imported products, reduction of subsidies privatization and deregulation of the financial sector.

The perceptions from the organizations interviewed on this aspect can be ranged in three positions of debate that: (1) industrial and fiscal policies are dominated by monopoly capital; (2) lack of coherent industrial and fiscal policies result in lack of protection on sectors; and (3) lack of free competition in industrial and fiscal sectors results in irregularities.

There are organizations that heavily caution against the full liberalization of the economy due to its negative consequences on the domestic economy. For example, Bayan Muna, described the industrial policies of the government as “obsessed with import-intensive enclave production for exports” and determined by “monopoly capital and domestic elite.” On the financial sector, Bayan Muna perceives that the foreign investments coming in have not translated into “employment, technological and financial benefits.” APL also pointed out the phenomenon of “jobless growth” arguing that while liberalization is “creating more wealth for the few, it is not generating new jobs that will absorb surplus labor.”

For Akbayan, the lack of a long-term strategy for industrialization and coherent fiscal policy in the economy has resulted in the government relinquishing the initiative to protect vital industries for development based on performance targets. Based on this analysis, Akbayan emphasized as well the lack of protection of the fiscal sector from transient capital brought in by fiscal deregulation. In the same vein, AER expressed concern particularly on the country’s fiscal policy on the foreign exchange rate. The “bias for high interest rate for a strong peso contributed to the financial crisis in 1997,” AER stated. The organization also pointed out the government’s lack of focus and coherence on its fiscal thrust to increase tax collection.

However, FEF believes that the Philippine market is not fully free and competitive because it is tied down by protectionist policies. The group stressed that in liberalizing the market, responsive policies

on the “transition costs” from a protectionist economy to a liberalized one should be provided. FEF believes in sound financial management with focus on “revenue reforms and civil service reforms.”

Reduction of industrial tariffs in compliance to Philippine commitments to the WTO has resulted in the closure of many companies according to SPFL. The influx of industrial products from Malaysia, Taiwan and China has “toughened competition” for our local industries resulting to closures and unemployment. The privatization of GOCCs SPFL said contributes in the increasing unemployment in the country.

With regard to the trade liberalization policies that were formalized in 1994 through the GATT, the Alternate Forum for Research in Mindanao (AFRIM) raised its implications on the Mindanao Development Agenda of 1993. AFRIM is particularly concerned about the implications of liberalization and deregulation policies of the government on the provision of basic social services to the grassroots such as the peasants and workers.

While most of these issues are within the scope of the General Agreement on Tariffs and Trade (GATT), a re-examination of policies related to regional cooperation, such as relationship with the Asia-Pacific Economic Cooperation (APEC), the ASEAN Free Trade Agreement (AFTA) and the CAIRNS Group has also been of special interest.

The organizations interviewed are also keen in questioning GATT policies related to trade liberalization, specifically the Most Favored Nation and National Treatment Obligations, the Agreement on Sanitary and Phytosanitary Measures, the Technical Barriers to Trade Agreement, Trade-Related Intellectual Property Rights Agreement and the Dispute Settlement Mechanisms. They argue that these agreements advance the role of developed countries in the global economic order, at the same time, limit the capacities of developing countries to take advantage of the reduction of tariffs and trade in the global market.

C. Asset reforms

The entry of the Philippines in the WTO brought infrastructure developments to facilitate entry of investments and trade. These developments impact on communities and basic sectors dependent on the country’s land assets. Foundation for the Development of the Urban Poor (FDUP), an urban poor advocacy group and Gabriela, a women organization, raised the issue of displacement of the urban poor and local communities in the conversion of lands for development. On the same note, Pamalakaya claims the conversion of land into eco-tourism zones has restricted fishing communities to stay and earn a living in coastal areas – “*pinagkait nito ang kalayaan sa pangangisda at pagtira sa baybaying dagat.*”

The Community Organizing of the Philippines Enterprise Foundation (COPE) scored the problem on the access of land. COPE believes that access to land is a basic human right but that “in big cities like Metro Manila, the price of land follows the movement of market forces.” In this respect, Akbayan seeks the re-distributive mechanisms and consciousness on the impact of policies on agrarian, urban land and tax reforms.