

*The American University in Dubai's Model United Nations  
presents  
the*



**ASSOCIATION OF  
SOUTHEAST ASIAN  
NATIONS**

**Background Guide**

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## *Letter from the Dais*

Distinguished Delegates,

Greetings!

We would like to warmly welcome you all to the Association of Southeast Asian Nations (ASEAN) at the sixth edition of AUDMUN! We hope that each one of you will have an amazing and enriching experience, whether you are just beginning your MUN career or are an experienced delegate. We hope to create an environment for you to grow and push yourself to do better.

Model United Nations is a platform upon which young minds can aspire to be more — a forum where they can show what greatness they can achieve. It is a phenomenal simulation of the United Nations to discuss world issues propitiously and learn effectively, gain knowledge, and have a far-reaching impact on the future, our future. It is a platform to nurture the potential and efforts of the youth of today who aspire to be the leaders of tomorrow.

The agendas which will be discussed by the committee are immensely significant issues that are undoubtedly prevalent in today's time. As chairs, we are looking forward to the heated debates, conflicts, and fruitful resolutions that delegates create. We wish you all the very best and cannot wait to see you all in action!

Warm Regards,

Jisha Goyal, Muhammad Toofail, and Thenura Vichakshana Samararatne  
Chair and Co-Chairs of ASEAN



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# Introduction to the Committee

## *History*

Established on 8 August 1967 was The Association of Southeast Asian Nations (ASEAN) in Bangkok, Thailand, the ASEAN Declaration (Bangkok Declaration) signed by Foreign Minister S. Rajaratnam (Singapore), the Secretary of Foreign Affairs Narciso Ramos (The Philippines), Foreign Minister Adam Malik (Indonesia), Deputy Prime Minister Tun Abdul Razak Hussein (Malaysia) and Foreign Minister Dr. Thanat Khoman (Thailand) (History - ASEAN | ONE VISION ONE IDENTITY ONE COMMUNITY, 2020). They were collectively known as the five founding fathers of ASEAN. Brunei Darussalam joined on 7 January 1984, Vietnam on 28 July 1995, Lao PDR and Myanmar on 23 July 1997, and Cambodia on 30 April 1999, forming the 10 Member States of ASEAN that are currently represented in the committee we have today. The ASEAN Charter is a legally binding agreement between the 10 ASEAN member countries and came into force on 15 December 2008. It formalizes the norms, principles, rules, and expectations to be maintained in the pursuit of common objectives. Also, it offers the ASEAN a legal structure.

## *Function (ASEAN Policy Brief April 2020 FINAL)*

The Declaration of the Association of Southeast Asian Nations distinctly stipulates that the primary aims and functions of the Association are (listed as follows):

- (1) to effectively proliferate salient factors that profoundly contribute to the development of the region such as cultural development, substantial economic growth, and social progress. This is predominantly achieved through a sense of partnership along with an effective collaborative approach and efforts to consolidate further the essential substratum for a successful collaboration between the Southeast Asian nations.
- (2) to eminently promulgate and sustain security and stability by observing and upholding justice among countries that are present in the region by adhering to the powerful fundamentals and principles of the Charter of the United Nations.

Furthermore, as mentioned and affirmed by the Heads of States of ASEAN in 1995, the primary goal of ASEAN also focuses much on attaining ‘cooperative peace’ and ‘shared prosperity’ between the Member State

# Agenda 1: The Impact of the Novel Coronavirus Pandemic on Asian Markets

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## *Introduction*

From sectors such as logistics, office, residential, tourism, and retail being adversely affected, to the downfall in the economic sustenance and growth of nations due to issues, such as those in Asia, the COVID-19 pandemic has had a tremendous impact on the functioning of Asian markets across different fields. As production and consumption are scaled back down, some of the biggest economies in the Asian region have undergone serious ramifications as the global COVID-19 pandemic has distinctly represented an essentially unprecedented disruption to the global economy as well as world trade, which have consequently resulted in monumental losses to both trade and businesses.

These changes have also substantially disrupted the economic balance of Asian markets with regard to the import and export of goods. For example, the current pandemic has diminished the trade of Chinese goods in the overseas market leading to a downfall in the rates of exports of the country. This would have influenced the People's Republic of China to devalue its currency to minimize the deficit by increasing the demand for cheaper exports. Such shifts in the economic balance have proved to be detrimental to nations, particularly Lower Economic Developed Countries (LEDCs) and Middle Economic Developed Countries (MEDCs).

## *History*

"The World Bank has allocated \$100 million to Bangladesh, \$5 million to Bhutan, \$7.3 million to the Maldives, \$29 million to Nepal, and \$128 million to Sri Lanka" (Devex Editor, 2020). The money was distributed to prevent dangerous, track, and adapt to the COVID-19 pandemic and improve many other South Asian countries' public health preparedness.

"The World Bank Group is taking broad, fast action to reduce the spread of COVID-19 and we already have health response operations moving forward in over 65 countries," said World Bank Group President David Malpass (World Bank Group Launches First Operations for COVID-19 (Coronavirus) Emergency Health Support, Strengthening Developing Country Responses, 2020). The Board of Executive Directors of the World Bank approved a first series of emergency relief operations for developing countries around the world using a dedicated, fast-track COVID-19 (coronavirus) response system. Nations profiting from COVID-19 pandemic Fast-Track Facility in Southeast Asia include Cambodia, obtaining \$20 million in loans to assist Cambodia's outrageous pandemic response; Myanmar, with \$50 million in emergency loans to help enhance hospitals and arrange for national emergencies; and the Philippines, accepting a \$100 million line of credit to protect the nation's recovery and response to COVID-19. The bank approved cooperation with the Asian Development Bank and the

Asian Infrastructure Investment Bank, which funded a \$7 billion loan to Indonesia. (World Bank Group Launches First Operations for COVID-19 (Coronavirus) Emergency Health Support, Strengthening Developing Country Responses, 2020)

From 19th May 2020, permission was obtained from the following countries in the Pacific and Southeast Asia to reconfigure funding totalling \$13 million to Myanmar, Pakistan, Cambodia, Bhutan, and Timor-Leste. Myanmar obtained the lion's share compared to the rest, including \$8.3 million for disease monitoring, personal protective equipment, community involvement, laboratory preparation, organized emergency response, and risk management (Devex Editor, 2020). Bhutan and Timor-Leste were also authorized to reconfigure financial resources for supply procurement, training, operating expenses, and logistics. (Figure 2)

### *Analysis*

The coronavirus pandemic created the most significant economic downturns in Southeast Asia. Lockdown measures have proven that economic activity in these countries has reduced and could become non-existent. Growth within the region has been hampered because of these economic repercussions. The economic growth pre-pandemic was averaged at around 5% for 2020-24(OECD Team, 2020) according to an Economic Outlook for Asia. With the growth of cases in the region, however, these prospects have changed.

This is an issue for member states such as Brunei who have asset dependent economies (oil). Without an ability to diversify their economy, they put their entire GDP at risk because oil prices have dropped in the past few years. These economic repercussions have resulted in high job losses in the country.

The Asia-Pacific stock markets have entered a red zone. The majority of nations in Asia have entered the Bear Market stage resulting in a mass selling of shares. The current trilemma shows that the investment and energy sectors are those facing the biggest downfalls. The trilemma of the industries has been divided and segregated by how risky, neutral, and resilient they are to the economy.

As of late February 2020, Shanghai markets experienced a 2.28% increase(Choudhury, 2020). Taiwan and New Zealand have maintained a less volatile market due to their low dependence on oil in the energy industry(Herrero & NG, 2020) as well as already having policies that have been proactive to the pandemic. These nations have a strong dominance in the resilient sectors such as communications and healthcare allowing them to maintain a steady yet persuasive market percentage continuing to attract foreign investment. The difference between countries is mainly due to where each economy is dominant in the trilemma.

South-East Asian nations only recently have begun experiencing a shift in the manufacturing sector of business. States such as China and Hong Kong have a long term understanding of the manufacturing sector making them better prepared to handle such situations in the long run.

### *Questions A Resolution Must Answer*

1. What measures should the government implement to boost the Asian market's economy?
2. What assurance does the ASEAN have that the economic debt of countries won't increase during the development of their economies?
3. How can ASEAN assist its member nations in developing a long-term plan for effectively sustaining their economies and avoiding such major recessions?

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## **Agenda 2: The Issue of Minimum Wages in South East Asia**

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### *Introduction*

Southeast Asia's economies see a change in an area full of promise and development that has outstripped predictions from years earlier. The minimum wage in these nations is a challenge being faced by the citizens over the years. When finding out how to earn a living with the ever-increasing living standard, a dissatisfied workforce is left to question their options.. With that in view, a rise in the minimum wage is required, and is gradually shifting from policy to action in the province. (Figure 6)

Southeast Asia is undeniably an appealing centre of production and manufacturing for international investors. One of several aspects that can be pinned would be that the nation's workers are usually expected to be paid a low salary for labor-intensive, and often back-breaking jobs. According to Daniel Kostzer, the International Labor Organization (ILO) senior regional wage specialist, the critical pulling factor is the professionalism and hard-working nature of employees in the field. Also, if wage rates are to be increased, these employees' integrity and durability will be sufficient to make international corporations want to invest in the province. Raising the minimum wage and keeping employees and staff satisfied might result in greater efficiency, and is potentially more cost-effective than relying on technology which might cost much more sustain.

### *History*

In the past 50 years, Asia has become the most powerful continent in the world by economic gross domestic product (GDP). Since 2016, they account for a third of the global trade, 30% of the world's income and close to half of the world's manufacturing (40%). With countries like Japan & Singapore leading in technology, the South East Asia internet economy is considered to be worth nearly \$100 billion with over 360 million users in the region itself.

With this economic boom comes the rise in prices and living standards in the region resulting in inflation and labour unrest. To help reduce these effects, the national minimum wage of ASEAN Member States has continued to increase. Despite these actions, the minimum wages, when compared to other countries,

is still very low. Currently, the wage is set at \$4.3 in Indonesia while in China it is \$322 per month. This causes a low foreign direct investment into the country resulting in reduced demand for businesses to operate in the country(The ASEAN Post team, 2018).

With the increase in labour, prices make it less compelling for firms to open factories in these nations as they will have to pay higher wages to those they hire. This was the case for the textile industry in Cambodia. 60% of the national trade was contributed by textile due to many factories operated by companies in nations such as China (Onishi, 2020). Growing prices



made them sell the company to a Hong Kong-based firm because rising labour cost increased product prices.

In 2015, the ILO made a Wages in Asia and Pacific Policy Consideration to inform nations of the region of different steps they can take to combat the wage issues. They planned to provide technical and factual assistance with the aim of supporting national stakeholders of businesses and national bonds.

### *Analysis*

The economies of the nations in Southeast Asia have clearly observed significant changes in areas of immense development which has distinctly surpassed expectations from decades ago. As the region advances in terms of financial growth, one of the major issues which it faces is the minimum wage of its working force. Following discussions with members of the Association of Southeast Asian Nations (ASEAN) regarding the aforementioned, certain steps to obtain reforms in frameworks and policies have been adopted. However, to effectuate a more holistic and comprehensive approach to the matter, more action and cooperation within the member states of this region is immensely indispensable. As of now, it is difficult to have a standard minimum wage across all members of ASEAN. However, each nation, with assistance from other member states, national companies, as well as regional businesses, must ensure that the appropriate utilization of resources and research data is made to preclude the risk of negative impacts of increasing the minimum wage of workers.

Although there have been predictions of the minimum wage to increase across the region, the effect of doing so on employers and the workforce vary from nations depending on their respective economies. Appropriate measures need to be adopted to avoid issues such as inflation, and those related to reduction in production due to the financial pressure on companies and businesses resulting in shutdowns and massive lay-offs, peculiarly due to the current COVID-19 pandemic. It is also eminently important to take note of the fact that an increase in minimum wage also increases the productivity of workers. Along with this, nations must also recognize that minimum wages have to rise with change in economic conditions which incorporates the cost of living and economic growth, as also affirmed by the permanent secretary of Thailand's Ministry of Labour, Jarin Chakkaphark. Countries in Southeast Asia should continue to be on the right track in attaining the needs and interests of their people by increasing their minimum wages adhering to a number of key measures and policies, which are suitable for companies and businesses across the region as well. (Figure 7)

### *Questions A Resolution Must Answer*

1. What methods can workers resort to make sure they are paid on time (Hint: Trade Unions)?
2. What are some of the methods that can be implemented to reduce the inequality of income between people in nations?
3. How can the ASEAN member nations ensure that the needs of their public are catered to while also avoiding predominant issues such as massive lay-offs by companies?
4. To what extent can the ASEAN member nations support minimum wage workers in the case of inflation?

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# Appendix

Figure 1



Figure 2

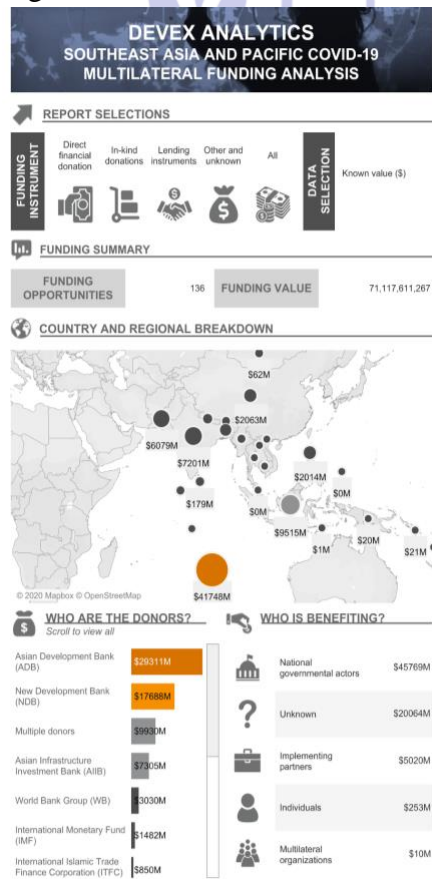


Figure 3

**Table 1. ASEAN 10 GDP growth forecasts for 2020**

Country	Initial Forecast		Revised Forecast		Source
<b>Brunei Darussalam</b>	1.5%	Sep 2019	2.0%	3 Apr 2020	ADB
<b>Cambodia</b>	6.8%	Sep 2019	2.3%	3 Apr 2020	ADB
<b>Indonesia</b>	5.3%	Official target, Aug 2019	-0.4% to 2.3%	1 Apr 2020	Ministry of Finance
<b>Lao PDR</b>	6.2%	Sep 2019	3.5%	3 Apr 2020	ADB
<b>Malaysia</b>	4.8%	Official target	3.2% to 4.2% -2.0% to 0.5%	Feb 2020 3 Apr 2020	Ministry of Finance Bank Negara Malaysia
<b>Myanmar</b>	6.8%	Sep 2019	4.2%	3 Apr 2020	ADB
<b>Philippines</b>	6.5% to 7.5%	Official target	-0.6% to 4.3%	19 Mar 2020	NEDA
<b>Singapore</b>	0.5% to 2.5%	Nov 2019	-4% to -1%	26 Mar 2020	Ministry of Trade and Industry
<b>Thailand</b>	2.8%	Dec 2019	-5.3%	8 Apr 2020	Bank of Thailand
<b>Viet Nam</b>	6.8%		6.09-6.27%	9 March 2020	Ministry of Planning and Investment

Figure 4

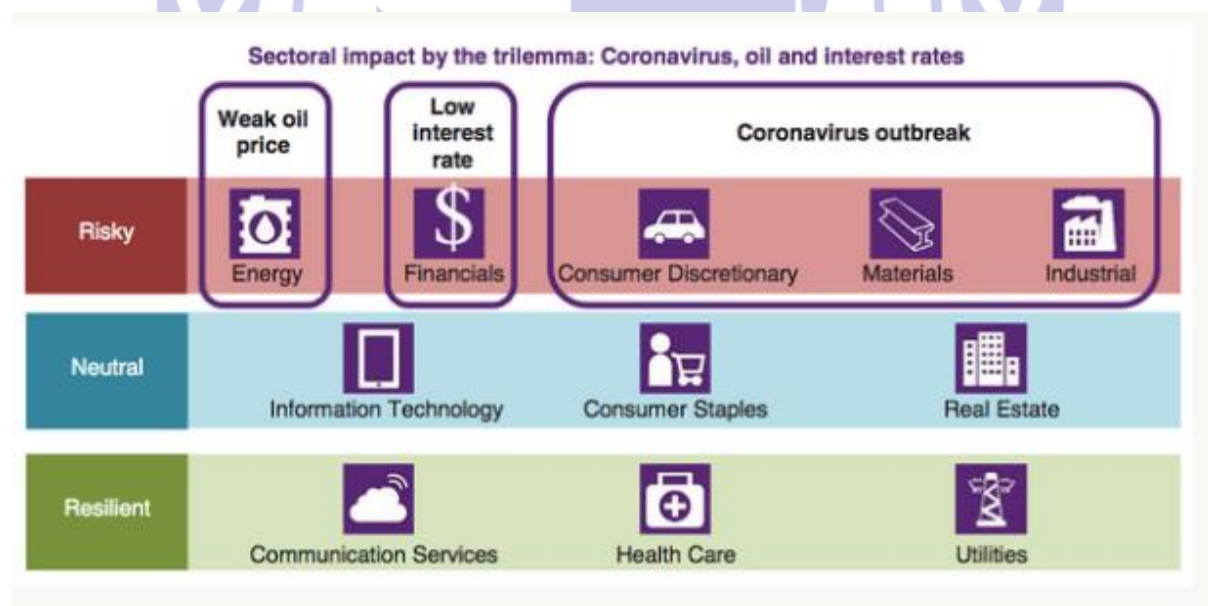


Figure 5

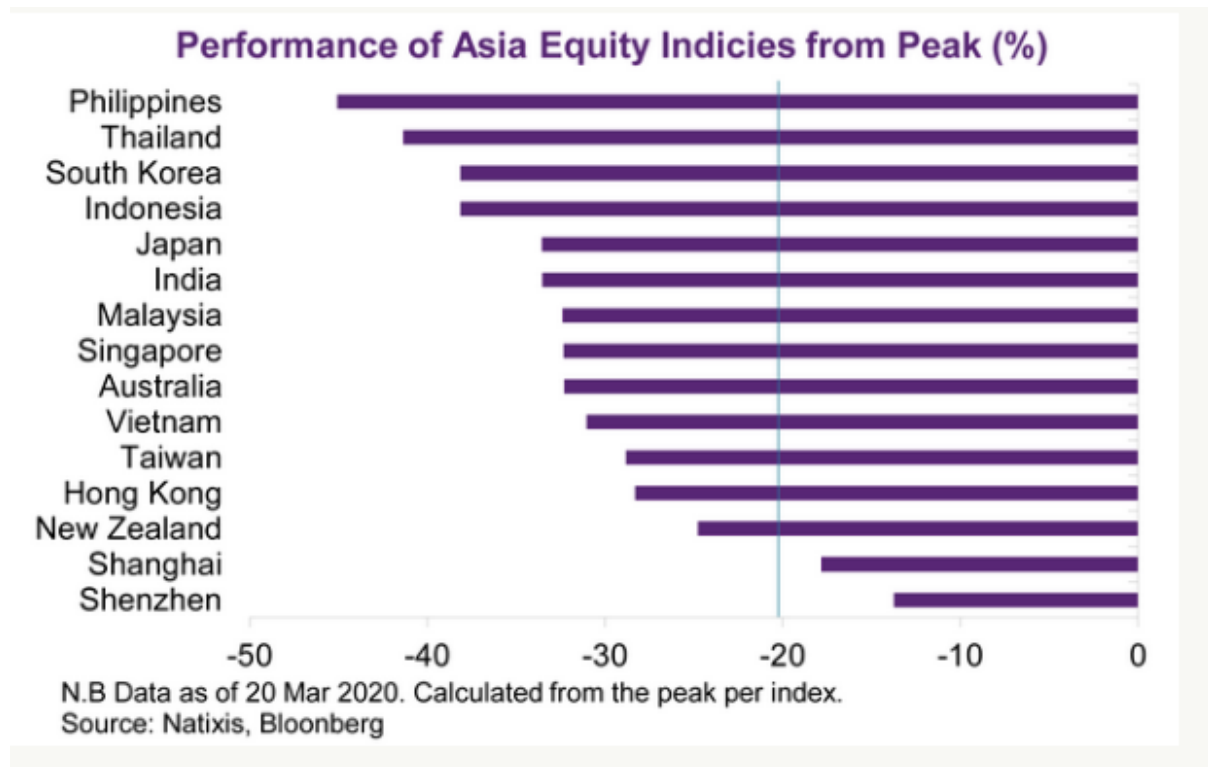


Figure 6



Figure 7

<b>WAGE EQUALITY BETWEEN THE SEXES</b>		
	<b>WAGE EQUALITY</b>	<b>WORLD RANK</b>
<b>Philippines</b>	<b>0.755</b>	<b>21</b>
<b>Thailand</b>	<b>0.763</b>	<b>18</b>
<b>Malaysia</b>	<b>0.782</b>	<b>12</b>
<b>Vietnam</b>	<b>0.646</b>	<b>68</b>
<b>Cambodia</b>	<b>0.730</b>	<b>28</b>
<b>Indonesia</b>	<b>0.706</b>	<b>35</b>
<b>Lao PDR</b>	<b>0.741</b>	<b>24</b>
<b>Myanmar</b>	<b>No data</b>	<b>No data</b>
<b>Singapore</b>	<b>0.810</b>	<b>4</b>
<b>Brunei</b>	<b>0.782</b>	<b>11</b>



*This background guide has been reviewed and inspected by: 1) The AUDMUN's executive Department of Committees & Research (Ali A. Kurukçi, Sidra Rahimy). 2) AUD's Department of International & Middle Eastern Studies (Dr. Elham Seyedsayamdost, Omar Bortolazzi). 3) The Criminal Investigations Department, Abu Dhabi (CID).*