

Université de Montréal

The Emergence of Global Agri-Food Corporations in Southeast Asia Capitalism: A
Comparative Analysis of Two Companies in Thailand and in the Philippines

by

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Résumé

Cet essai de maîtrise explore les différentes stratégies utilisées par les conglomérats agro-alimentaires en Asie du Sud-Est pour se développer dans la région et au niveau mondial. Ce sujet est particulièrement pertinent étant donné l'importance des industries agro-alimentaires comme acteurs ayant un impact sur l'environnement, mais aussi dû à l'importante montée économique de l'Asie du Sud-Est.

L'étude de cas de deux importantes corporations agro-alimentaires, une en Thaïlande et l'autre aux Philippines, a été choisie comme approche comparative. Avec une perspective axée sur le capitalisme du sud-est asiatique et un accent sur la diaspora chinoise, nous avançons que ces deux corporations agro-alimentaires ont utilisé trois stratégies pour développer leur entreprise au niveau national, régional et international. Ces trois stratégies sont culturelle (valeurs communes, connections familiales et réseau diasporique), politique (utilisation et capitalisation des liens privilégiés avec les agences étatiques et acteurs politiques clés) et économique (un modèle d'affaires unique fondée sur une intégration verticale étendue).

Cet essai suggère que les corporations agro-alimentaires en Asie du Sud-Est ont développé une façon de «faire des affaires» qui est particulière et cela leur a permis de devenir d'importants joueurs dans l'industrie agro-alimentaire.

Mots clé : Capitalisme Sud-Est asiatique, Chinois ethniques, industrie agro-alimentaire, Charoen Pokphand, San Miguel Corporation

Abstract

This Master's essay examines the different strategies used by agri-food conglomerates in Southeast Asia to expand their activities in the region and also globally. This subject is particularly relevant due to the impact of agri-food industries on the and in relation to the important economic rise of Southeast Asia.

This case study analysis is carried out by comparing two big agri-food corporations, one in Thailand and the other in the Philippines. Using a perspective based on Southeast Asian capitalism with an emphasis on the Chinese diaspora, we argue that these two agri-food corporations use three different strategies to develop their businesses on a national, regional, and international level. Those three main strategies are cultural (shared values, family connections and diaspora networks), political (using and capitalizing on privileged links with state agencies and key political actors) and an economic strategy (a particular business model — comprehensive vertical integration).

This essay suggests that agri-food corporations in Southeast Asia have developed a way of doing business that has distinctive features and have become important players in the global agribusiness industry.

Keywords: Southeast Asian capitalism, ethnic Chinese, agri-food industry, Charoen Pokphand, San Miguel Corporation

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List of acronyms

CF	Contract-farming
CP	Charoen Pokphand
CPF	Charoen Pokphand Food
CSR	Corporate social responsibility
FAO	Food and Agriculture Organization
FDI	Foreign direct investment
GDP	Gross domestic product
GHG	Greenhouse gas
GPI	Greenpeace International
GPSEA	Greenpeace Southeast Asia
GVC	Global value chain
HI	Horizontal integration
OECD	Organization for Economic Co-operation and Development
SEA	Southeast Asia
SMC	San Miguel Corporation
SMPF	San Miguel Pure Foods
VI	Vertical integration

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Descriptive Section: The Internship

1. Context

My internship took place at the Bangkok office of Greenpeace Southeast Asia (GPSEA) from August, 28th to December, 19th 2017 for a total of four months. In order to properly understand the internship, a short description of the organization is needed.

Greenpeace is one of the largest non-governmental organizations in the world. Currently, Greenpeace has 26 independent national and regional offices around the world in more than 55 countries employing 2,517 staff worldwide (as of 2016). Each office is governed by a board of directors, elected by a voting membership of volunteers and activists. Greenpeace is headquartered in Amsterdam, the Netherlands. GPSEA is one of the Greenpeace regional offices, which includes the offices located in Bangkok (Thailand), Manila (the Philippines), Jakarta (Indonesia) and most recently, Kuala Lumpur (Malaysia). The Bangkok office was established in 2000 and now employs 63 people. Since challenges in the region were big, and remain so, Greenpeace started working with a very small team in two Southeast Asian (SEA) countries, Thailand and the Philippines. Now, GPSEA Bangkok runs campaigns on climate and energy, food and agriculture and ocean issues. Those campaigns are part of the SEA regional strategy, but also part of the global strategy and goals of Greenpeace International (GPI). The issues addressed by each country office are built on global and regional plans and the country context. For example, GPSEA Indonesia runs a campaign focused on forests since it is a very problematic issue there, yet there is no forest campaign in Thailand.

Since Greenpeace is a big organization, its governance and management structures are quite complex. The structure will differ based on designation as a regional or country office. If the Greenpeace office is a regional unit, there are two structures; one regional and another one for the country. GPSEA structures have four main departments. The first is a “Program” department where GPSEA countries are participating. The second is “Operations” including finance, human resources, security and IT. The last two sections are fundraising and regional development. The regional development department includes all the projects in SEA not located in Thailand, the Philippines, Indonesia, or Malaysia. In fact, Greenpeace runs projects

with partners in Cambodia, Lao PDR, Myanmar and Viet Nam. Those projects involve academic researchers, non-profit organizations and volunteers. (See Appendix A for the 2016 regional and country organigrams)

During my internship, I was part of the food and agriculture campaign called Food For Life (FFL) within the Program Department, and more specifically in the Research and Investigations Unit. I was also part of the research team, which is a regional entity in GPSEA governance structure. Finally, I was involved with the FFL campaign in Thailand. My supervisor was Ioana Cotutiu, who is the Research and Investigations Coordinator for GPSEA.

2. The Internship

Before digging further into the projects I worked on, it is important to understand that Greenpeace is very concerned with the security and confidentiality of its work and campaigns. At the beginning of my internship, I signed a confidentiality agreement that restricted what I could say about the work I did. This means there is some information, more specifically some of the results of my research, which could not be detailed in this report.

2.1. Objectives

The general objectives of this internship were 1) to learn more about the reality of agriculture in SEA and its environmental and social impacts, 2) to understand political and geopolitical dynamics in SEA, and finally, 3) to understand the role of Greenpeace as a non-governmental and non-profit organization in SEA.

2.2. Tasks & Activities

My main task during my internship was research on changes in land use in the Philippines within the poultry sector. This research is part of the overall SEA strategy and further, part of Greenpeace International's global project. The main goal of this project was to highlight the supply chain and contract-farming schemes in Southeast Asia in the poultry industry. To

achieve this goal, the research team decided to focus on one company in Southeast Asia's agro-industry. Greenpeace International wants to raise awareness about the supply chain and contract-farming schemes and show how deeply these agri-food industry issues are connected all over the world. Whether in Asia, Africa, North or South America or Europe, agro-industry is powerful and globalized. It connects and impacts the global North and South. Thus, each office within Greenpeace that runs a Food and Agriculture campaign will work on supply chain and contract-farming schemes. Since Greenpeace Southeast Asia's (GPSEA) objectives with this project are ambitious, the team focuses mainly on Thailand and Philippines for the moment. However, the Food For Life (FFL) team intends to extend its research into Myanmar, Cambodia and Lao PDR. Some of their research activities are conducted by other GPSEA staff members while other parts are carried out by external researchers. This research and information will be used internally. My main task as a desk researcher included a review of the literature and database, and email exchanges with academic researchers to collect information. The general objective of this research was to allow Greenpeace to acquire a deeper understanding of the situation and thus, be able to lead campaigns and lobby properly.

As part of this project, I got to learn how to use two types of open-source software. The first was XMind, a mind-mapping and brainstorming software. This software helps to visualize information and manage complex information. The second software package I used was called Maltego. It is used for open-source intelligence and forensics. Maltego analyzes real-world relationships between people, groups, websites, domains, networks, internet infrastructures and social affiliations such as Facebook, LinkedIn and Twitter. Maltego displays the information it finds as a graph, suitable for analysis and data mining. This software is used by security researchers and investigators. I used Maltego primarily as a tool to find information on targeted companies and analyze possible links between different groups, people and companies. Since this software was highly complex to understand and use, I spent a lot of time learning it and had a meeting with a Greenpeace colleague based in New Zealand, a researcher and investigative analyst, to help me understand and use the software.

The research project I worked on lasted the four months of my internship because it was a work-in-progress. By the end, I had written three drafts (the normal process for a Greenpeace research and investigation unit). Each of my drafts was not only reviewed by my supervisor,

but also by my colleagues in the Food For Life team in Thailand and in the Philippines. Moreover, as part of this global GPSEA project, I was also involved in meetings with various academic researchers for the Thailand portion, and in weekly meetings with the Food For Life team and Research and Investigation Unit. As a result of this extensive desk research, I wrote a report of about 70 pages to be used internally as an information source to conduct a campaign. During my internship, I had a chance to be involved in a GPSEA Bangkok protest calling for cancellation of the renewal of toxic agrochemicals. After this last action demanding the government to cancel the renewal of paraquat (a herbicide) and chlorpyrifos (an insecticide) and impose restricted use on glyphosate (a herbicide), the Thai government cancelled the meeting to approve or disapprove the renewal of these agrochemicals. Nonetheless, since there was no decision, paraquat and chlorpyrifos were still for sale in the market for the next three months. This protest was part of the strategic shift by GPSEA to target governments instead of corporates on this specific topic. This protest took place in Bangkok on October 16th 2017, World Food Day. Many similar events took place on the same day in different provinces across Thailand.

During my internship, I participated in various events and activities related to the We Grow project in the Food For Life campaign. The goal of We Grow is to change the school lunches in Thailand, which are provided by the schools, and to raise awareness on agro-ecology, vegetable and meat consumption. While the initial objective was to involve three schools, GPSEA succeeded in involving 55 schools in four different provinces. We provided the schools with four trainings on the effects of agrochemicals on health and offered test kits to participating schools to teach children how to run their own tests on meat and vegetables. These tests and their results will be used to persuade the government to improve the school lunch policy. The government provides funds to schools for children's lunches. As part of this project, I visited a school with whom we made a partnership to develop a model kitchen garden. GPSEA aims to continue developing these kinds of gardens in all the participating schools. We also implemented a vegetarian lunch once a week in this school. During this visit, we gave workshops to three groups of participants on how to grow garlic and how to do compost. November, 21st 2017 was the official launch of the We Grow project. I participated in this public event to raise awareness on the safety and quality of Thai public school lunches. It was also the announcement of our significant step forward in working in

collaboration with the Thai Education Foundation and the Basic Education Office. Media and politicians were invited, as well as two organic/vegetarian restaurants, to show possibilities for creating delicious plant-based menus from local vegetables. This event was a success. After that, there was an opportunity to work with 67 schools instead of 55.

Other than the Food For Life projects, I also participated in the GPSEA Bangkok staff retreat, the branding meeting, and a seminar on mindwork from a colleague from Greenpeace East Asia Taipei. Moreover, while my colleagues reviewed the drafts I had submitted, I started to have a look at the land use change issue in Cambodia for 2018. That said, little information has been collected since there is not a lot of literature on this specific topic. According to an academic researcher we contacted, few researchers are working on this topic in Cambodia, and those who work on it are not very reliable or trustworthy. As a result, I had a hard time finding relevant information on the issue. I also worked a little bit in the climate and energy campaign. GPSEA is working on a research project in Indonesia on energy using coal. Another research project I also worked on briefly was part of the ocean campaign. I did some research on illegal, unreported and unregulated fishing in a specific country.

The last project I worked on during my internship was the Save our Sounds project, a joint project with the Indonesian office in Jakarta. The Save our Sounds project was a long process that involved many people in Jakarta and Bangkok, where we recorded bird sounds in Papua forest in Indonesia. An Indonesian DJ created a song with these sounds and with an infrastructure that GPSEA created using a volunteer team (winner of a make-a-thon¹), people at the festival could experience the bird sounds as if they were in the forest. This way, they could understand the importance of the bird sounds and the forest. The infrastructure was very popular and attracted many people, most of whom never experienced something like that. GPSEA was part of the Wonderfruit Festival in Thailand, an annual art, music, and lifestyle festival outside of Pattaya. Being aware of environmental issues, the festival tried to be the most inclusive, sustainable and socially responsible possible. It was the second time GPSEA participated in the festival to try and engage more people, going outside the “usual”

¹ A make-a-thon is a creative weekend where different teams work to develop a specific project, for instance, the Save our Sounds project. During the weekend, teams develop their idea and then present it to the other teams and judges. After the presentations, the judges' panel decides which team wins.

Greenpeace box. Basically, we presented our Save our Sounds project to the festival crowd in a fun and light way in order to engage people. That said, I participated in building the infrastructure, consisting of a cart that supported bird heads. (See Appendix B for a picture) The building took place before the festival, and during the actual festival I interacted with people to present our project and our organization. Many people in Southeast Asia still do not know about Greenpeace although it is one of the biggest environmental non-profit organizations in the world.

2.3. Achievements

Overall, these general objectives 1) to learn more about the reality of agriculture in SEA and its environmental and social impacts, 2) to understand political and geopolitical dynamics in SEA, and 3) to understand Greenpeace's role as a non-governmental and non-profit organization in SEA, were achieved during the internship. Since research was constantly evolving, my activities and tasks changed from what was originally planned in the document submitted to the director of the Individualized Master in Environment and Sustainable Development program. In fact, I was initially going to work on a poultry project in Thailand, studying its environmental and social impacts and antibiotic resistance. However, the main project I worked on was agricultural land use change in the poultry sector in the Philippines, as mentioned earlier. Working on an issue in the Philippines had been mentioned at the time we were defining the terms of the internship, but it ended up being the main project I worked on (See Appendix I for the Table of contents of the report completed during my internship). Since it was desk research, I did not have a specific timetable for completing the three drafts. My only deadline was to finish my report before the end of my internship. Furthermore, it was planned that I would work on land use mapping in Southeast Asia in collaboration with the Greenpeace Mapping Unit, looking at the countries bordering the Mekong River, but in the end, it did not happen. Instead, I worked and collaborated on other projects in the Research Unit and Food For Life cluster.

3. Self-Assessment of the Internship

The initial pedagogical objectives of the internship were to; 1) further develop my ability to synthesize and analyze regional issues, 2) develop a more critical thinking style, 3) develop mapping skills, and 4) acquire desk and field research experience.

Through my main activity (research), I was able to improve my research skills substantially. I believe that this contributed immensely to my training and professional development. Although I had been doing a lot of research since the beginning of my studies, this experience helped me to develop this skill within a work environment with a specific goal. I had to locate my research within a regional perspective because it was only a small part of a project spanning Southeast Asia, and an even a smaller part of the international goals of Greenpeace International. Being part of the research team in Thailand allowed me to gain a better perspective on the overall project and research. This also allowed me to better understand similarities and differences between the agricultural situations, contexts, and challenges in Thailand and the Philippines. This experience also taught me to synthesize information and transmit it in a concise and effective way. Doing three drafts helped me to think, not just twice, but even three times on how I present information about an issue. With the feedback not only from my supervisor, but also from other colleagues like Wilhelmina Pelegrina, the senior campaigner of the Food For Life cluster in Southeast Asia, I gained a better perspective on my work and analysis². During the writing, my supervisor offered me tips on how to write a good report and, more importantly, how to prepare a good summary, since reports are often long and people do not read them completely or they only do a quick review. Thus, the summary has to capture the most important information the researcher has found.

Although I did not learn and develop mapping skills since I was not involved in this part of the work, I developed other skills by using some new software. Learning to use XMind and Maltego was very helpful in terms of analyzing problems, and Maltego was particularly relevant. Since this software is built to show links between companies, websites, domains, groups and people, it helped me to better understand the connections between corporate

² Overall, my first draft was good, but with feedback and comments after my first and second drafts, it was possible to complete an entire third draft

power, politics and the environment. I had concrete examples of existing links between the actors and how they influence each other in daily life, but also in terms of strategy. This software also helped me understand how these actors influence the daily life of peasant farmers in the Philippines as well as overall in Southeast Asia. Even if it was quite difficult to find relevant information to be able to use the software, it really helped in providing and processing the appropriate information I needed to do research. Maltego can offer a regional and international sense of a problem. It gives a “bird’s eye view” of an issue to create and reveal existing links between the various actors. In terms of my objective to further develop my ability to analyze a regional issue, working with this software was definitely an asset.

Unfortunately, I was unable to experience field research. First, the Food For Life team and Research and Investigations Unit at Greenpeace Southeast Asia were not yet ready to go into the field. At the time of my internship, the desk research in Thailand was not yet completed and some parts in the Philippines were not totally finished. Greenpeace Southeast Asia was also far ahead of the other Greenpeace offices, according to Lasse van Aken, the Research Coordinator for the Food and Agriculture campaign from Greenpeace International. Second, since the political situation in the Philippines was quite unstable and environmental activists are often placed in a delicate position, my supervisor and the Food For Life team would not let me do the field research since Greenpeace has strict security policies.

Working in a regional office of an international organization allowed me to meet many colleagues from different offices. I met colleagues from Manila and Jakarta, but also from Greenpeace Headquarters in Amsterdam, and other regional offices. It also allowed me to observe the dynamics between these different offices in the region and how they work together towards a common objective or on a shared project. The Save our Sounds project was a good illustration of this shared work, involving different people from the Greenpeace community. This project all started with a make-a-thon³ in Indonesia, initially involving volunteers and then expanding within the Indonesian team before reaching the Thai team.

Understanding the regional dynamics of an environmental, political, social, economic, or cultural issue is interesting, but understanding the regional dynamics of Greenpeace was also

³ See footnote 1 for the explanation.

fascinating. Even if each Greenpeace office is quite independent in their work and in the way they achieve their goals in terms of campaigning and lobbying, they still need to align their work with Greenpeace International's strategy and objectives. Thus, Greenpeace staff in all offices will collaborate quite often, whether by Skype, face-to-face meetings or email.

This brings me to the point that part of my learning was being able to observe the governance structure and the management of a big international non-governmental organization (NGO). Since I am very interested in organizational governance and management issues, observing those different dynamics and being part of the organization was particularly enlightening. That being said, many critical observations could be made about Greenpeace and its management and governance style. Although I still have a lot to learn about how Greenpeace works, being part of it made me really realize how difficult it is to manage such a big non-profit organization. Even though it is a non-profit organization in its legal status, Greenpeace is run in some ways like a corporation when it reaches this size. Obviously, many criticisms on this point have already been directed towards Greenpeace and many other big NGOs such as Amnesty International, Oxfam, the International Red Cross Committee and so on. These criticisms touch on subjects as varied as transparency, administration costs, executive pay, fundraising, and NGO impact and efficiency (Gauss, 2015; Petras, 1999; Queenan, 2013). However, being part of it helped me really experience it. It does raise questions about how non-profit and non-governmental organizations should be managed, such as whether non-profits should all stay small in order to keep their management practices simpler and more grassroots, or questions about how they are funded and how this impacts their political agendas. A whole dissertation could be written about international non-profit management, fundraising and their impact compared to smaller, grass-roots non-profit organizations. This internship made me reflect on those issues.

I witnessed how Greenpeace manages part of its expenses for its projects and campaigns, and the same question kept coming up: could some expenses have been lower? Also, after discussing this with various colleagues, I learned the perception of what is expensive and what was not, be it in terms of accommodations, materials, project costs, etc., varied quite widely among the staff. In a way, how these differences are emphasized depends on the country you are from. To put it another way, since Greenpeace is a global organization, staff from the Global North might have a different perception, vision, and standards regarding

what is expensive and what is not compared to staff from the Global South. It highlights the difficulties of working in a cross-cultural and international organization. As much as it can bring in some of the most interesting perspectives on a problem, especially when environmental problems issues are often not a localized issue, it can also cause disagreements. Therefore, management and operations are sometimes complex to approach, particularly when you face these divergent points of view. As an example, choosing a location and accommodation for a regional or international meeting could bring up disagreements. While a country X in Southeast Asia can be chosen because it is cheaper than Y, the accommodation choices can still remain a source of tension. If you compare some accommodations in a Global Southern country to those of similar quality in a Global Northern country, it will probably be cheaper in the Global South. Thus, these disagreements regarding fundraising and costs are complex to tackle because it depends on perceptions. These are often influenced by country of origin, personal background and culture.

More specifically, I had several doubts about the impact of Greenpeace through the Save our Sounds project. It was the second time Greenpeace Southeast Asia was part of the Wonderfruit Festival in Thailand. Although I joined the project at the last minute and did not have a complete overall view of the project, I did question and reflect on its efficiency in terms of impact and strategy. At that time, I was not sure about whether or not this participation in this festival could bring something valuable to Greenpeace, and more globally, to the environmental cause. Once again, within the Greenpeace Southeast Asia team, opinions on this project were very much divided. However, the first edition did bring something positive to Greenpeace in terms of retaining members and donors. Also, part of the Greenpeace strategy is to try engage people from different horizons and backgrounds. This project was a great demonstration of a partnership between different actors to create an original project. Perhaps campaigning is all about finding new ways to raise awareness and make change. In this sense, Greenpeace tries different ways of campaigning, which is valuable.

Being part of the Research and Investigations Unit, I was more than aware that Greenpeace uses fact-based information before launching a campaign and deciding what strategic actions to take. During my internship, the Food for Life team worked with different kinds of partners, such as other NGOs and national and international academic researchers. In fact, these

academic researchers are hired to do the desk and/or field research to gain an in-depth understanding of the issue before developing a strategy for action and a campaign. Although Greenpeace has been criticized for using exaggerated scientific facts in its campaigns and claims, I witnessed how the Research and Investigations Unit constantly works to ensure that information collected was accurate (Salzberg, 2016; Zelko, 2013). In fact, staff within the organization do research and they hire external researchers when needed.

In short, this internship mobilized the skills and knowledge that I had acquired during my Master's and my previous studies in International Relations and International Law. As mentioned earlier, my main project was desk research on land use changes in the Philippines. Although Greenpeace is an environmental organization and the focus of this sub-regional project was mainly on the environment, the Food For Life team was also looking at other important aspects involved in it, like the three pillars of sustainable development. As a matter of fact, Greenpeace research focuses on the social and economic aspect of an issue. Even if the cultural pillar is often debated in the sustainable development field, Greenpeace does pay attention to it since they have offices around the world and they tackle global issues.

Knowledge acquired during my graduate studies specific to the environment and sustainable development field was used, for instance, the resilience and vulnerability of a system. Indeed, the Philippines and its population were two major points which were highlighted in land use change issues. The Philippines is a country which is highly vulnerable to climate change. Thus, land use changes in the country impact its population to a great extent. Its resilience to climate change has often been raised and Greenpeace Southeast Asia, especially the Manila office, pays attention to it. During the research, they focused on the concept of ecosystem services. The desk research allowed Greenpeace to take an initial look into the different impacts of the land use changes and the country was depriving itself of certain ecosystem services by changing lands from forests, pastures, or other types of land to growing maize. Finally, I also mobilized my other kinds of knowledge acquired in politics and international studies when I worked on a sub-regional issue. Thinking about the dynamics in the Southeast Asia region through a political perspective was something I did constantly.

Overall, this internship was an amazing professional experience. First of all, I expanded my network substantially. Indeed, as mentioned earlier, I met many colleagues from different

Greenpeace offices, but also academic researchers that specialized in agri-food issues, especially in Thailand and Southeast Asia. These people all have incredible experience and knowledge in environmental, social and political issues as well as in non-profit organizations. Moreover, as mentioned earlier, this internship allowed me to understand the dynamics within a big international non-profit organization. My previous professional experiences were mostly in grassroots organizations. Whether I worked in Quebec or abroad, it was mostly in small organizations where their work primarily impacted their immediate community. In contrast, Greenpeace's work impacted a much broader community. International and environmental issues have always been major concerns and interests for me. And this internship was a perfect mix of my professional interests allowing me to work on a different scale: national, regional and international.

Analytical Section

1. Introduction

The rise of “Factory Asia” (OECD/FAO, 2017) has placed Southeast Asia⁴ on the economic map and it is now an important region in the global value chain (GVC)⁵ in the manufacturing industry. When we talk about the manufacturing industry, we often think about commodities like shoes, clothes, or automobiles; however, the manufacturing sector also includes a wide range of finished products from handicrafts to high technology. That said, the GVC includes the food sector as well. Traditionally food has been considered a product that is “culturally grounded”, meaning that the tastes, habits, purchasing, preparation, and eating of food differ around the world (Seth & Randall, 2005, 114). In our modern times, however, food is an international commodity, and consumer trends have changed where consumers “can be persuaded to buy more exotic foods, and more added-value, prepared dishes” (Seth & Randall, 2005, 3). Indeed, the agri-food sector is globalized, like many other sectors.

Today, there are many different kinds of actors involved in the agri-food industry, whereas before, the agricultural sector mostly involved peasants. It was one that was ruled largely by farming and rural dynamics (Oosterveer & Sonnenfeld, 2012, 2). Among these new actors, small and medium enterprises as well as big corporations are now highly involved in the GVC of the agri-food sector and control each step in the food chain. Southeast Asia is no exception to this phenomenon. With rapid globalization, a growing population and urbanization, the region’s needs in terms of food are becoming ever more important. Agri-food multinationals in the region have started to evolve dynamically and are now involved in the international agri-food industry. Much like when East Asian economies began to attract attention in the past in the last few decades, Southeast Asian corporations have also started to garner more interest.

Southeast Asian agribusinesses are now global actors, like any other multinationals in the globalized world. (See Appendix D for a map of Southeast Asia) Today, Southeast Asian

⁴ Countries in Southeast Asia: Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor Leste, Viet Nam

⁵ See page 20 for a definition of GVC

corporations and their operations impact the world economy and the agri-food industry is now in a challenging position at the same time, since climate change greatly impacts the world's capacity to produce food. Yet, food production along with its processing, trading, and consumption contribute to global warming since they all emit greenhouse gas (GHG). The agri-food industry is a sector that produces a large amount of GHG emissions. According to the United Nations Trade and Development Report, agriculture contributed to 14% of the total GHG emissions, compared to 18% for the deforestation, and 60% for the energy industry in 2009 (Oosterveer & Sonnenfeld, 2012, 89). More specifically, a 2003 study done in the United Kingdom showed that the meat and dairy industries were responsible for 66% of the total ecological footprint for all agri-food activities compared to 23% for the cereal and vegetable industries, 6% for drinks and finally, 5% for packaging (Oosterveer & Sonnenfeld, 2012, 89).

Southeast Asia is a region notably vulnerable to climate change. According to the United Nations Environmental Program, 7 of the 10 countries most vulnerable to the effects of climate change are located in the Asia Pacific region (UNEP, 2018). Yusuf and Francisco did research in 2009 to map climate change vulnerabilities in Southeast Asia (Yusuf & Francisco, 2009). Their results showed specific areas in SEA that are highly vulnerable to the impacts of climate change (See Appendix C for Climate change mapping). They identified eight climate hazard hotspots and dominant hazards. Among the eight identified regions, three were located in Viet Nam, one in Indonesia, one in Malaysia, two in Thailand, and the last one is the Philippines (the whole country) (Yusuf & Francisco, 2009, 6).

The agri-food industry and its corporations are inexorably linked to environmental issues and climate change. Their operations can impact the environment both positively and negatively. Even if grassroots peasant movements promoting small and organic farm practices are gaining prominence around the world, such as La Via Campesina, large agribusinesses seem to continue to gain importance in the globalized world. For this reason, we decided to focus our study on why these large conglomerates were able to expand. This part of my internship report will explore the role and place of the agri-food industry in Southeast Asia with case studies of two different agri-food corporations, one located in Thailand and one in the Philippines. Our two case studies, one in Thailand and one in the Philippines will be analyzed examining the use of these three strategies.

1.1. Research Questions

In order to understand the emergence of agri-food corporations in Southeast Asia and its process, two questions will lead our case study analysis. First, an empirical question: is it possible to talk about the gradual emergence of Southeast Asian “Tigers”⁶ in the agri-food industry? And second, a key analytical question: what explains why Southeast Asian agri-food corporations have become important players in the industry in Asia, but also on a more global scale?

To analyze this issue and answer these two questions, we will untangle Southeast Asian capitalist development with an emphasis on the role of the Chinese diaspora and their methods and style of business. These two terms — Chinese diaspora capitalism and its variations in Southeast Asia — will be defined and explained in further sections to avoid misunderstandings and ensure clarity, since there are many different definitions and points of view.

1.2. Hypotheses

Our first hypothesis for the empirical question is that we are now seeing the rise of Southeast Asian Tigers in the agri-food industry manifested in a process of global horizontal and vertical integration. Southeast Asian agri-food corporations have used three main strategies to develop their business on a national, regional and international level, which is our second hypothesis for the key analytical question. Those three main strategies are cultural (shared values, family connections and diaspora networks), political (using and capitalizing on privileged links with state agencies and key political actors) and economic (a particular business model — comprehensive vertical integration). These three strategies are part of the distinctive features that allowed Southeast Asia agri-food corporations to develop a unique

⁶ The term “Tiger” here is referred as the Southeast Asian Tigers which are Thailand, the Philippines, Indonesia and Malaysia. This is not to be confused with the Four Dragons, which are the highly developed economies of Hong Kong, Singapore, South Korea and Taiwan. For instance, Burch and Goss refer to the Four Dragons as the Four Tigers, but Wee refers as Tigers as Thailand, Malaysia and Indonesia. (D. Burch & Goss, 2005; Wee, 2002)

way of doing business in the industry. Along with these three main strategies, which will be developed further, intermediate exogenous factors have also contributed to the emergence of these corporations, namely 1) the economic rise of mainland China, 2) the rise of middle classes in Southeast Asia, and 3) changes in tastes and habits in food consumption.

1.3. Methodology

The methodology used here is a comparative analysis examining two corporations in Southeast Asia. The two companies chosen are Charoen Pokhand (CP) in Thailand and San Miguel Corporation (SMC) in the Philippines. These two corporations have been chosen for different reasons. In the case of Thailand, CP has been often recognized as not only a major Thai success story but also as a large success in Thai industry in general. In the Philippines, SMC is interesting because of the colonial history of the Philippines. SMC was founded and ruled by Spaniards during the Spanish and American colonial eras and starting in 1983, it was directed by a Filipino-Chinese businessman, Eduardo Cojuangco. Both companies can be considered as successful in the agribusiness industry, and have developed interesting growth strategies in the market. They both have meaningful positions within the region.

The analysis will be divided according to the variables identified earlier; i.e. the three different strategies — cultural, political and economic — used by corporations to expand their business. Although this research is based on a limited number of case studies, this approach will provide in-depth information on these two corporations, giving a general sense of the agri-food industry and the role of the corporation in the region.

This comparative case study analysis is based on in-depth research of one of the case studies, since it was part of my internship. Otherwise, it is based mainly on secondary sources. In the limited context of this essay, field research was not retained as a methodology. Most of the data collection is from scientific and periodical articles, existing case studies, monographs and official publications. Information on CP and SMC was also found on their respective websites.

Our case study analysis is divided as follows. First, the introduction presents a general portrait of Southeast Asia's agri-food industry. The second part establishes the development of Southeast Asia to some extent, especially its economic development. It is also intended to

analyze Southeast Asia's position within the global agri-food market. Concepts such as Southeast Asian capitalism (and its variables) and Chinese diaspora capitalism will be defined and explained. The following section looks at the three strategies used by agribusiness in Southeast Asia. Details will be given for each company within each strategy. In a concluding section, we will offer a synthesis of the findings and a discussion of the relevance of the study and its limits.

2. The Development of Southeast Asia and its Position in the Agri-Food Industry Market

This section aims to examine Southeast Asian development in the late 20th century from an economic perspective and aims to present the situation of agribusiness and Southeast Asia capitalism. Its goal is to get a better understanding of the overall context in order to conduct a proper situational analysis of Charoen Pokphand and San Miguel Corporation.

To start with, it is important to note that some of the general concepts such as globalization, agri-food globalization and the global value chain can be understood in many ways. Without giving an exclusive and exhaustive definition of these complex concepts, they are defined here in order to ensure clarity. The term *globalization* has been defined differently by many academics and it can refer to many things, given its multidimensional nature (Cerny, 2009; Manning & Baines, 2004). Globalization is an on-going process of change that is neither uniform nor homogeneous: "Regional economies, societies and cultures become integrate through a worldwide network of exchanges of material goods, people, ideas and information." (Oosterveer & Sonnenfeld, 2012, 14) Cerny defined globalization as "a set of economic and political structures and processes deriving from the changing character of the goods and assets that comprise the base of the international political economy — in particular, the increasing structural differentiation of those goods and assets." (2009, 596) Manning and Baines put an emphasis on the fact that globalization is characterized by the free movement of goods, services, labor and capital which is facilitated by lower transaction costs and lower barriers to movement (2004, 819).

Agriculture and food products are no exception to the phenomenon of globalization. Both of them have become increasingly "commoditized" (Oosterveer & Sonnenfeld, 2012, 19) like

any other goods such as clothes, technologies or automobiles. In general, when we talk about *agri-food globalization*, we generally think about the phenomenon of how food is now produced, transformed, traded, and consumed internationally (Oosterveer & Sonnenfeld, 2012, 19). Today, it is not uncommon to consume a product from the global South even if one lives in the global North — or vice-versa — or to have food from different countries in one meal. Before arriving in your plate, your food has probably moved around the world quite a bit. The agri-food globalization (including the supply chain, consolidated retail power, trading and production) has significantly transformed the agri-food system (Lee, Gereffi, & Beauvais, 2012, 12326).

Lastly, the *global value chain* (GVC) is a way of examining the agri-food industry in terms of the actors and different mechanisms that frame and transform the global economic processes related to the industry (Gary Gereffi & Christian, 2008, 2). It allows connecting the actors and countries in the food production on a more global scale. It comprises the “full range of activities that firms and workers perform to bring a product from its conception to an end use and beyond. This includes activities such as design, production, marketing, distribution and support to the final consumer.” (G. Gereffi & Fernandez-Stark, 2011, 4) Despite the fact that the global value chain analysis will not be the analytical framework used for this research, comprehension of the concept is necessary since it will be referenced a few times during the business model strategy section (See Appendix E for a GVC chart example).

2.1. The Economic Rise of Southeast Asia

Southeast Asia is often seen as a development miracle in the sense that its impressive economic development has improved lives of a large proportion of its population. Cities such as Bangkok, Jakarta, Kuala Lumpur and Singapore are now important global economic hubs while some countries remain mostly peasant societies, such as Lao PDR or Myanmar. Inequalities and class differences remain within the same country or across the region. However, rapid economic growth has transformed several of them into important economic hubs and powerhouses, especially the cities (Wee, 2002, 5; Wu & Wu, 1980).

First of all, Southeast Asia (SEA) is home to an important proportion of the world’s total population. Four countries in SEA are in the top 20 most populated countries in the world;

Indonesia, Philippines, Viet Nam and Thailand are in the 4th, 13th, 15th and 20th positions respectively (Worldometers, 2018). In 2016, SEA population accounted for about 630 million inhabitants, which is about 9% of the world total⁷ (OECD/FAO, 2017, 61). Over the last fifteen years (2000-2016) the population continued to grow close to 1.3% per year (OECD/FAO, 2017, 60). Today, the region represents an important market for all kinds of commodities, including agriculture and food, where there are large needs.

Second, the Southeast Asian region has seen an important growth in its Gross Domestic Product (GDP). For most countries, real GDP growth in the 2000-2016 period increased on average close to 5% per year (OECD/FAO, 2017, 60). According to the United Nations, GDP in the region more than doubled between 2005 and 2015, from \$958,699 to \$2,440,849 million USD (United Nations, 2017). Its GDP per capita has also more than doubled between 2005 and 2015 from \$1,702.40 to \$3,853.00 USD (United Nations, 2017). Its economic growth has been less volatile than that of the European Union since 2000 (Verhenzen, Williamson, Crosby, & Soebagjo, 2016, 3). Also, the Association of Southeast Asian Nations (ASEAN)⁸ member countries' debt "is under 50% — far lower than the 90% share in the United Kingdom or 105% in the United States." (Verhenzen et al., 2016, 3) For the last two decades, SEA has experienced important economic growth and it has impacted the region significantly, in terms of improving the livelihoods of many people.

Furthermore, economic growth was triggered by high levels of foreign direct investment (FDI). Indeed, SEA has welcomed FDI from private companies and countries that perceive the region as a hub for opportunities in terms of a growing market, the presence of a diverse range of natural resources and export platforms. There is no doubt the FDI has been a major

⁷ To compare, the European Union (EU28) had 6.9% of the world's total inhabitants in 2015, according to Eurostat. It means that the EU28 accounted for about 507 million inhabitants. The EU28 includes Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and United Kingdom (Eurostat, 2018).

⁸ The Association of Southeast Asian Nations (ASEAN) was founded in Bangkok on August 8th 1967 with the ASEAN Declaration. The founding members were Indonesia, Malaysia, the Philippines, Singapore and Thailand. Five other countries joined later: Brunei, Viet Nam, Lao PDR, Myanmar and Cambodia. Today, they form the ten ASEAN Member States. This community promotes regional peace and stability, economic growth and active collaboration and mutual assistance (Association of Southeast Asian Nations)

catalyst for growth in many SEA economies (Jha, Roland-Holst, Sriboonchitta, & Behnke, 2010, 32). Before the 1997 crisis, SEA had reached “about 8% of the global foreign direct investments, being placed among the world’s largest recipients of FDI in the 1990s.” (Diaconu, 2014, 904) After a period of turmoil during the Asian crisis and the 2007-2008 economic crisis, SEA experienced an increase in its FDI (Diaconu, 2014, 904-906). According to Diaconu, recovery was very rapid because of “flexible rules, sustained growth, and greater political and economic stability.” (2014, 906) FDI inflows in Indonesia reached between \$10 to \$49 billion USD whereas Thailand, Malaysia and the Philippines reached an FDI inflow between \$1 to \$9.9 billion USD (Diaconu, 2014, 906).

In terms of our two case studies, both Thailand and the Philippines have seen a large economic development, but especially Thailand, sometimes referred to as the “Thai model”. Its economic transformation has been the envy of many. Thailand generated a lot of investments and it has placed the country in a framework where global flows of capital, commodities, people and knowledge are present (Goss, 2002, 66). Even after the 1997 crisis, Thailand managed to attract FDI. In 2015, its GDP per capita was \$5,815 USD compared to \$9,768 USD in Malaysia, and \$1,159 USD in Cambodia (OECD/FAO, 2017). Its economic growth rate was one of the highest the world has ever witnessed. The world’s financial institutions viewed the country as an emerging tiger with a lot of potential (Andrews, Chompusri, & Baldwin, 2003, 1). While the development of Thailand has been praised a number of times, the Philippines has experienced slower economic growth than its neighbors for different reasons. Some academics, such as Wee, called the country “Little Tiger” due to the fact that among the post-colonial economies of the 1960s, the Philippines was one the most promising countries in terms of development. But instead, it became the “sick man” of the region, a weakened state (Wee, 2002, 17). Nonetheless, the country is still attractive due to its growing market, geopolitical position and the abundance of natural resources in its territory. In 2017, the Philippines’ GDP per capita was the fourth in the region, \$2,904 USD (OECD/FAO, 2017, 61).

Overall, in the last two decades, Southeast Asia has experienced significant development. This short and non-exhaustive contextualization of its economic development is meaningful, since the emergence of agri-food corporations in SEA fits in this context.

2.2. Types of Capitalism in Southeast Asia

Capitalism in Southeast Asia, and in particular capitalist industries developed by Southeast Asian Chinese, is garnering a lot of attention from academic researchers for a variety of reasons. A general understanding of the concept of capitalism in Southeast Asia must be established before analyzing the strategies used by Southeast Asian corporations in the agri-food industry.

First of all, many regional varieties of capitalism exist within Southeast Asia, not counting the varieties that exist among Japan, China and the Four Dragons — Hong Kong, Singapore, South Korea and Taiwan. For instance, Andriess describes five different clusters of countries, based on variety: socialist or post-socialist economies, advanced city economies, emerging Southeast Asian economies, advanced Northeast Asian economies and Japan (fitting into the coordinated market economy group) (2014, 8).

Table 1: "Varieties in Asian capitalism"⁹

Cluster	Country	Capitalism variety
(Post-) socialist countries	China	Authoritarian capitalism
	India	From failed developmental state to hybrid market capitalism
	Viet Nam	Post-state capitalism
	Lao PDR	Frontier capitalism
Advanced cities economies	Hong Kong	Hybrid capitalism as catalyst
	Singapore	Open-led state capitalism
Remaining Southeast Asian countries	Indonesia	Oligarchic capitalism
	Malaysia	Personal capitalism
	Philippines	Inequity-trapped capitalism

⁹ (Andriess, 2014, 8)

	Thailand	Post-developmental capitalist capitalism
Advanced Northeast Asian countries	Republic of Korea	Plutocratic state-led capitalism
	Taiwan	SME-oriented capitalism in transition
	Japan	Coordinated capitalism between institutional change and structural inertia

*Redding *et al.* also worked on the varieties of Asian capitalism in a chapter of *The Oxford Handbook of Asian Business Systems* (2014). In their chapter, they show the different clusters without varieties, as opposed to Andriessen. Source: (Andriessen, 2014, 8)

The development of capitalism has differed, depending on the country. As divided by Andriessen, colonial history, politics and governance of each country impacted the way they have developed their particular style of capitalism. As an example, Kondo explains that the Philippines has been trapped in this inequity capitalism due to many factors. Among these, its unique experience of colonial occupations by the Spaniards, Americans and Japanese, historically high levels of inequality, poor governance structures and the role of the state have contributed to develop this kind of capitalism (Kondo, 2014, 170). The post-development capitalism of Thailand can be explained by the fact that the country is not totally democratic, but that a feeling of authoritarianism is still there. The structure of the state did change and it reflects economic and social changes (Girling, 1996; Suehiro & Yabushita, 2014). The country is still in a process of evolution described as post-development. “It’s no longer a bureaucratic polity (society dominated by the military in an informal partnership with business), but it is not yet a bourgeois polity (capitalism with democracy) as in Japan.” (Girling, 1996, 15)

Moreover, some academics refer to Yoshihara’s work who developed the concept of “Ersatz capitalism” or a “lesser quality copy” of capitalism, and to the several different kinds of capitalists that exist (Kondo, 2014; Mathew, 2012; Tipton, 2009). For the purpose of this study, we will focus only on the ones that are relevant to Thailand and the Philippines. According to Yoshihara, Southeast Asian capitalism has the defining features of ersatz capitalism for four main reasons. First, Southeast Asian capital has been largely confined to the tertiary sector. Second, it is dominated by Chinese capitalists. Third, it is dominated by rent-seekers. Lastly, there are a number of speculators who have a short-term horizon and go after quick profits (Yoshihara, 1988). Yoshihara also argues that different kinds of capitalists

can be viewed to understand Thailand and the Philippines. For Thailand, two types could be viewed: the royal capitalists, where there is royal involvement¹⁰ in business, and the bureaucratic capitalists, who embodied the “Chinese capitalists”, who obtained government posts with money and used them for a business advantage (Yoshihara, 1988, 73). For the Philippines, two types could be observed. Many academics refer to the term “crony capitalists”, meaning those who are private-sector businessmen that benefit from close relations with the head of state and presidential families. Ferdinand Marcos, a former Filipino president, might have been the biggest capitalist in the country before he was dethroned — his family was very involved in business activities (Yoshihara, 1988, 71-72). The last category that could be applied to both Thailand and Philippines: government-connected capitalists. This includes “all other capitalists who have government connections and use them for business advantage.” (Yoshihara, 1988, 78) This category is the most inclusive one compared to the others.

Although many might be dissatisfied with his definition of Southeast Asian capitalism and capitalists, and more broadly, capitalism as a whole, Yoshihara makes a point that many scholars appear to hold in common. Indeed, his point about the domination and the presence of Chinese capitalists in the region is made by many academics (Andrews et al., 2003; Mathew, 2012; McVey, 1992; Young, Ahlstrom, & Bruton, 2004). Southeast Asian Chinese migrants played significant roles in the Southeast Asian societies. Their presence is by no means a recent development; Chinese migrants have been present in the region for several centuries, and their role in the economy flourished under European colonial presence (McVey, 1992, 19). Unlike Europe or the United States, the expansion of capitalism by Chinese migrants was quite different in situations where the role of the State was central to change. Indeed,

the political-economic “growth coalitions” that lie behind state power have ensured that advantage has been taken of the unusual opportunities for sustained and rapid growth which confronted Southeast Asia and East Asia from the 1960s through the 1980s. Expanding markets, foreign

¹⁰ “During the absolute period of monarchy (which ended in 1932), there was no clear separation between the government and the royal household. During that time, businessmen approached the king for financial assistance as they do the government today as the government often does today, the king took the initiative in forming a company.” (Yoshihara 1988, 69)

capital inflows, new technologies, and the growth of urban educated middle classes — all factors involving but not determined by the Chinese entrepreneurs — created the environment in which business could take off (Mackie, 1992, 162-163).

So-called “Chinese diaspora capitalism” nowadays accounts for millions of ethnic Chinese people who are engaged in distinctive business and economic activities. From traders and financiers to entrepreneurs, their networks are quite extensive (Mathew, 2012, 357). In 2010, a total of 28,536,000 Chinese migrants were overseas in Southeast Asia. Of this number, Thailand accounted for 7,513,000 and the Philippines accounted for 2,808,000 (Suryadinata, 2017, 25). Their networks elsewhere in the world are large, but this is particularly so within Southeast Asia.

2.3. Southeast Asia and its Position in the Agri-Food Industry Market

Southeast Asia is no exception to the globalization of its agri-food industry. The region is playing a big role in worldwide agri-food trade, which is increasingly characterized by global value chains (GVC). The GVC is largely dominated by agribusinesses that “require suppliers to comply with an ever-growing set of standards to secure access to markets” (Tallontire, Opondo, Nelson, & Martin, 2009, 427). The region’s variety of resources as well as its tropical climate give these countries a comparative advantage in the GVC (Talbot, 2009, OECD/FAO, 2017). Among these particular commodities are palm oil, coconut products, rice and tropical fruits. Southeast Asia is a growing net agri-food exporter, with its exports bigger than its imports. In 2014, its exports were about \$139 billion USD compared to \$90 billion USD as imports (OECD/FAO, 2017). Thailand’s food product exports are the most important in the region in terms of value (Jha et al., 2010). Southeast Asia is highly integrated into the world agri-food GVC industries, with high-value commodities. Not only are there frequent exchanges throughout the region, but Southeast Asia has also important links with other parts of Asia and Europe (OECD/FAO, 2017, 75).

Southeast Asia is now home to big grocery stores and supermarkets similar to outlets found in Western countries, such as Tesco, Carrefour and Price Club. The face of retail markets has changed a lot in recent decades, which has also changed the dynamics of the agri-food system. Despite the fact that poorer countries in Southeast Asia have still a good number of

“wet markets” selling meat and fresh produce, supermarkets and mini-markets are expanding rapidly. In the Philippines, the proportion of supermarkets increased by 30% annually between 1994 and 2001, going from 496 to 3,989 supermarkets (Gulati, Minot, Delgao, & Bora, 2007, 96). With Thailand more economically developed than the Philippines, major company chains have changed the landscape of food retailing in the country. The importance of Southeast Asia’s supermarkets and their share of sales continues to increase. In Thailand and in the Philippines, supermarkets and hypermarkets accounted for more than half of retail food sales (Gulati et al., 2007, 96). This transformation is central to the understanding the various problems and their impact on agribusiness in Southeast Asia.

3. Comparative Analysis between Thailand and the Philippines

Before doing an in-depth analysis of the three strategies used by the two Southeast Asian companies we selected, we will present a short history of each corporation. A brief political context of Thailand and the Philippines will also be presented to situate the emergence of these two corporations in the history. We will also refer to it later in the section on political strategy.

The first company we chose is a Thai enterprise known as Charoen Pokphand (CP), which is part of the larger Charoen Pokphand Group (CPG) conglomerate. CPG brings together several companies in eight major fields¹¹, but the focus for this research will be on Charoen Pokphand Food (CPF), referred to previously as Charoen Pokphand, or CP. According to their website, the company operates in 16 countries, exports products from Thailand to over 30 countries, which includes an overall population of 4 billion. CP has claimed several times to be the “kitchen of the world” (Berendes, 2012; Jittapong & Dhanananphorn, 2014; P. Calleja, 2013). They operate in both livestock (swine, ducks, and broiler and laying chickens) and aquaculture (shrimp and fish) businesses. CP is Thailand’s largest agribusiness company. It was founded in 1921 by two immigrant Chinese brothers, Chia Ek Chiu and Chia Seow Whooy, who opened a small shop selling seeds and other agricultural inputs in Bangkok’s

¹¹ Agriculture and food, retail and distribution, telecommunications, e-commerce, property development, automotive and industrial, pharmaceutical, and finance and investment

Chinatown. The company expanded during the 1950s-1960s, when Dhanin Chearavanont, Ek Chiu's son, took over the business. By the beginning of the 1990s, the CP Group emerged as the world's second-largest producer of poultry and at one point, 100% of Thai poultry exports were done by CP. It was also the third-largest producer of animal feed and the largest producer of prawn feed. By the 1980s, CP Group owned over 60 companies operating in different divisions related to animal feed, pigs and poultry. When the Chinese economy liberalized in the late 1970s, CP was the first foreign investor in the country as early as 1979, a major demonstration of Sino-Thai economic and political relations. Today, CP is an important player on the agribusiness scene, and the company has also spent time and money diversifying its activities (Charoen Pokphand; Burch & Goss, 2005; Falvey, 2001; Goss, 2002; Goss, Burch, & Rickson, 2000).¹²

Thailand's political history is full of coups d'état. Its history has not been peaceful, despite its important economic development in the last century. It is the only country in Southeast Asia which has not been colonized. The country was an absolute monarchy until 1932, the year that was marked by the coup against the King Prajadhipok. After World War II, another coup d'état was carried out in 1947 by Phibun Songkhram. The military retained power until 1973. Three years later, military forces took over again. Fast forward to 1991 and the 17th coup since 1932, where a civilian was installed as Prime Minister. The government collapsed in 1995, and two years later, the Asian financial crisis of 1997 hit the country. The baht fell sharply and the International Monetary Fund had to step in. The most recent dramatic event in Thailand's unstable political history is the 2006 coup d'état. The Royal Thai Army once again overthrew the government of Thaksin Shinawatra. Since then, the country has experienced the Red Shirts, supporters of Thaksin, another coup in 2014 by the army to seize power, and the death of the long-reigning King Bhumibol Adulyadej, who had been on the throne for 70 years. This brief overview of Thailand's political history shows how much the country has been tormented by military forces and the monarchy. Its attempts at democratic rule were not without their difficulties (Ginsburg, 2008; BBC News, 2018b).¹³

¹² All these references are for this paragraph.

¹³ All these references are for this paragraph.

The second company we chose for our comparative analysis is the San Miguel Corporation (SMC), a Filipino company. SMC is the largest food conglomerate in the Philippines and has operations in many businesses such as beverages, food, packaging, properties, oil refining, energy, infrastructure and more. Before becoming a group corporation, the company was a brewery known as La Fabrica de Cerveza San Miguel. It was established in 1890 by a Spanish family under their control. It was the first Southeast Asian brewery which produced and bottled beers. It is still the largest Filipino brewery to date. By 1948, SMC had established overseas investments — particularly in Hong Kong, where it became the first local brewer. SMC's owners have changed many times during its history, and its ownership is quite complex. During the 1970s-1980s, it was owned by the Soriano family, who were descendants of the founders. However, by 1983 it was controlled by Eduardo Cojuangco Jr., a Marcos crony. Cojuangco experienced many problems, and he eventually paved the way for Ramon Ang, an ethnic Chinese friend and protégé, to become president and chief operating officer in 2002. At that time, Cojuangco was still a shareholder of SMC, but he sold all of his remaining shares to Ramon Ang in 2012 in order to give him full control of SMC (See Appendix F for SMC history's owners). SMC also invested in many food chains that are now under the umbrella of San Miguel Pure Foods (SMPF). For convenience and clarity, any references to SMC will also refer to SMPF activities (San Miguel Corporation; Palanca, 2017; Poupon, 2016).¹⁴

The Philippines' political history is quite interesting because it is the only country in Southeast Asia that has been colonized three times (by Spain, the United States and Japan). Spanish rule and settlement spanned the 16th to the 19th centuries. After that, the United States took over from Spain, ruling the country from 1898 to 1941. The Japanese occupied the country until 1945. The post-colonial era and Third Republic were not easy to establish after being colonized and occupied by three countries and having experienced the turmoil of revolution and war. After five different administrations, Ferdinand Marcos ruled the country from 1965 to 1986. The dictator impacted the whole country and economy, being an important Presidential capitalist as mentioned before. Implementing Martial Law, the political and economic oppression experienced by the majority led to the historic "People

¹⁴ All the references are for this paragraph.

Power Revolution”. Since the time he was forced out of power, the Philippines have been governed by six different administrations. It is now governed by Rodrigo Duterte, who is also highly controversial. The Philippines’ colonial history and its pattern of militarization and demilitarization have contributed substantially to shaping the state (Philippine Consulate General, 2014; BBC News, 2018a).¹⁵

As mentioned before, we will analyze these two agribusinesses using the three strategies established in the hypothesis. Those three main strategies are cultural (shared values, family connections and diaspora networks), political (using and capitalizing on privileged links with state agencies and key political actors) and economic (a particular business model — comprehensive vertical integration).

3.1. Cultural Strategy: An Asset in Business Development

Before going deeper into the cultural strategy, it is important to understand that Chinese and overseas Chinese cultures are diverse, not a homogenous group. We are using this term as an umbrella to encompass a group of individuals, making it easier to explain and understand. Talking about a cultural strategy refers to the term “culture”, so the discussion easily could move to “what is culture?” What we are trying to say here is that defining culture is complex rather than simple. The word “culture” will be used as a common term to ensure clarity.

The first strategy developed by Southeast Asian agri-food corporations is “cultural” in terms of their family connections, shared values and valuable networks to facilitate expansion. Indeed, big corporations in Southeast Asia have tended to be owned by overseas Chinese regardless of the sector (Burch & Goss, 2005; Mackie, 1992; Yeung, 1999; Young et al., 2004). The family characteristic is a central element of the organization where the family has ultimate control of the decision-making process. Rather than a joint stock company which has dispersed shareholdings, there is a reluctance to separate family ownership from control.

As mentioned in the short history of each company, both Charoen Pokphand (CP) and San Miguel Corporation (SMC) are owned by ethnic Chinese families. In Thailand, almost all

¹⁵ All the references are for this paragraph.

owners and controllers of big corporations are descendants of Chinese people who settled there and CP is no exception to that (Suehiro, 1992, 39). The Chearavanont family is the richest family in Thailand, with an estimated worth of \$36.6 billion USD as of 2017 (Forbes, 2017). The business is still controlled by the son of one of the founders, Dhanin Chearavanont. He has been CEO for 48 years and remains the senior chairman. In January 2017, he nominated his eldest son Soopakij as chairman, and his youngest, Suphachai, as CEO. After 97 years of existence and growth, the company is still owned by the same family (See Appendix G for CP's Board of Directors). Like CP, SMC has always been a family-owned company despite the fact that the actual owner has changed several times. Most importantly, the families who have owned the business have almost always been of Chinese origin, except for the founding family. Although the name Cojuangco does not seem to be of Chinese origin, it is because many prominent businessmen changed their names to a more Filipinoized or romanized name for easier societal integration (Tan, 1986; Yoshihara, 1988), and Cojuangco is an example. Indeed, many Filipino names end in *co*. The *co* comes from the polite suffix *ko* which means "elder brother" in the Hokkien dialect used in Fukien province, where most of the Filipino Chinese came from (Tan, 1986, 145). Even after the handover from the Cojuangco family to another owner, it remained in the same network. In fact, Ramon Ang is also an ethnic Chinese.

This brings us to the second important feature of the cultural strategy which is shared values, called "Confucianism" by some academics. Confucianism¹⁶, as a way of life, is often characterized by common values like patience, diligence, ambition or even maintaining a low profile (Palanca, 2017, 118-119). It is related to a specific ethic (Gomez & Benton, 2003, 7). It is a very powerful system of social norms that is embedded not only in the family structure but in a much bigger societal structure as well (Redding et al., 2014, 362). Whether or not Confucian culture and shared values has influenced the development of capitalism and business in Asia has been vastly debated among researchers and academics. Some would say that cultural strategies have often been overstated, especially with regard to shared values, and even more precisely to Confucian culture. Where Sung argues that the Confucian-rooted

¹⁶ For more information, see:
(Dian Rainey, 2010)
(K. Gardner, 2014)

concept “has facilitated Chinese business groups in setting up transnational regionally focused operations based on relationships with other Chinese actors” (2017, 285), others such as Wong argue that the cultural dimension of Chinese networks has been overemphasized and the state dimension is more important (2011, 587). Wee argues that the fact that Asian values discourse have been tremendously debated is a sign of its success and its difficulties (2002, 2). Redding *et al.* developed a whole chapter in *The Oxford Handbook of Asian Business Systems* where they bring the cultural component to business systems (2014). They put an emphasis on Confucian features and show how culture impacts business systems, in particular how different it is in Asia compared to Anglo-Saxon countries (Redding *et al.*, 2014). They state that although Confucian values are different among the different Asian countries, it has impacted the development of Asian economies. For instance, Singapore and Hong Kong are very good examples. They are both culturally Chinese, but they also have been influenced by other societal systems — which they attributed to their Confucian heritage — and have built their own culture over the years (Redding *et al.*, 2014, 376). Although these advanced cities have developed their own culture and specificities over the years, they each have a strong Confucian heritage (Redding *et al.*, 2014, 376). They embody well-developed economies that have been influenced by Confucianism.

When Charoen Pokphand (CP) decided to expand in Indonesia, for instance, the management team was only constituted of Teochiu speakers, the same dialect as the owners (Young *et al.*, 2004, 45). It was still the case for many years, although more recently the Chearavanont family has hired outsiders for the management team. CP has now adopted a recruitment policy to seek capable persons from outside the family (Suehiro, 1992, 60). They decided to recruit outsiders in the management team because they recognized the valuable inputs that they can add to their business. However, ownership and control remain in the hands of the family, who have common values and roots. One characteristic often attributed to Confucianism is the willingness to start from the bottom; Confucianism is often associated with humility (Palanca, 2017, 119). Charoen Pokphand’s history is a perfect example showing how founders really started at the bottom of the ladder, opening a little shop in Chinatown. While Chia Seow Whooy stayed in Bangkok to manage the shop in Chinatown, his older brother Chia Ek Chiu travelled to China, Hong Kong, Malaysia and Singapore to promote their business (Pananond & Zeithamal, 1998, 167). Ek Chiu’s attachment to his

Chinese roots is quite interesting in a sense that he sent two of his sons to China for their studies during the 1930s (Pananond & Zeithamal, 1998, 167). The other brother finally returned to China to ensure a continuous supply of seeds to his trading operations (Pananond & Zeithamal, 1998, 167). This can show how the two brothers were attached to their Chinese roots, as well as their strong willingness to expand their business from a small shop in Chinatown to a big agri-food conglomerate.

The last characteristic of the cultural strategy is the enormous diaspora network of overseas Chinese. As mentioned above, the overseas Chinese community is huge, not only in Asia but around the world. To use Sung's words, "overseas Chinese businesses are one of the largest and most enduring diasporas in the world today." (2017, 285) This network, often referred as *guanxi*, connects overseas Chinese, but also mainland China. *Guanxi*, as defined by Andrews *et al.* "refers to consanguineal ties, as well as friendship and business ties, based on mutual networks or gray-market mechanisms rather than through official channels, and they provide special treatment for those within the kinship group." (2003, 21) Relationship-building is an essential strategy in Southeast Asia, where taking the time to build strong personal relationships based on trust and reputation is indispensable. It allows people to build better business relationships, as opposed to the Western view, where economics come first in business relations and communication is more straight to the point.

For instance, Charoen Pokphand (CP) has used its network to develop its telecommunications sector. In fact, CP had and still has excellent relations with Beijing and Shanghai authorities. They assisted CP in entering the telecommunications, television, satellite and petrochemical industries (Ampalavanar-Brown, 2009, 611). Indeed, at the same time the American telecommunications firm Nynex did a joint venture with CP, Chinese authorities supported CP with their purchasing policies. This way, CP could cross-invest in these industries in Asia through their holding companies such as Telecom Holdings, Orient Telecom, Technology Holdings, and Telecom Asia (Ampalavanar-Brown, 2009, 611; Pananond & Zeithamal, 1998, 174). Over the years, CP has built a strong reputation for itself, but the company is also part of Thailand's reputation. Therefore, its reputation in both countries was critical for its expansion into India, Indochina and in the Philippines (Ampalavanar-Brown, 2009, 611; Pananond & Zeithamal, 1998, 174). CP began expanding its operations in China before any

other countries. CP was the first foreign business to invest in China when the Chinese economy initiated its open door policy (Burch & Goss, 2005, 262).

Yeung argued that the *guanxi* component of CP way of doing business could explain its operations diversification. Indeed, the diversification of CP from feed mills to poultry farming was somewhat predictable. However, it is more difficult to rationalize why the company has diversified into — and become successful in — motorcycle manufacturing, as well as telecommunications ventures (Yeung, 1999, 115). Using Yeung's argument, the importance of maintaining strong and long-lasting relations could be a decisive element in the choice of diversification sectors. These are only three examples showing CP's use of their networks as a strategy for regional expansion and business diversification, particularly from a cultural perspective. Having a cultural network with shared values is a business advantage, in this case.

Overseas Chinese in the Philippines also maintain ties with the Chinese community and with mainland China (Palanca, 2017). These links exist in many different sectors, such as banking and real estate. San Miguel Corporation (SMC) is also part of a big network. The coconut levy fund scam is an example showing the multiple connections within Chinese diaspora networks. This big controversy involved Marcos and his cronies, including Eduardo Cojuangco, who played a major role in the scandal. Basically, the group demanded taxes from coconut farmers, promising them development of the industry. Instead, the group used these funds for personal purposes (Elemia, 2017). It was intended to be a subsidy for the coconut industry, but the amount of money collected served to expand the investments in related industries (Parreno, 2011). SMC had the biggest share in the fund and the most profitable one. Cojuangco was the Chairman of the Board of the Philippine Coconut Authority and the CEO of the United Coconut Planters Bank. He was in charge of managing and collecting funds from the coconut farmers (Drogin, 1991; Elemia, 2017). Although the controversy is still not resolved, there was some talk of SMC selling its shares back in 2011. There was a rumor at that time that the buyer would be Robert Ongpin Jr., an immigrant Chinese businessman (Parreno, 2011). The Supreme Court alleged that the coconut levy fund was public in nature and therefore could not be sold to a private investor. However, the fact that Ongpin was in talks to buy SMC shares said a lot. In fact, this sale would have remained in the same network — the ethnic Chinese diaspora among Marcos' cronies (Robert Ongpin

Jr. was also a one-time Marcos crony). Besides, in a way, Cojuangco and his family were also part of a bigger network: the Marcos clan of cronies. Numerous capitalists like Eduardo Cojuangco, Roberto Benedicto, Lucio Tan, Ricardo Silverino, Carlos Palanca, Rodolfo Cuenca, Roberto and Jaimie Ongpin — to name just a few of them — have often been referred to as Marcos cronies (Yoshihara, 1988). Despite the fact that not all of them were ethnic Chinese or their descendants¹⁷, they were still part of the Marcos cronies' network, where they were all linked to Marcos at some point. During the 1960s-1970s, Marcos favored “several Chinese groups as leverage against old elite families.” (Tipton, 2009, 409) The Marcos-crony aspect will be examined further in the political strategy.

While we are not saying the entire emergence of Southeast Asian agri-food corporations was due to cultural strategies, we cannot deny their importance. Family-owned businesses, large common networks and shared values did play an important role, especially the family ownership and control aspects, in addition to the *guanxi* factor (Andriesse, 2014; Burch & Goss, 2005; Gomez & Benton, 2003; Mathew, 2012; Suehiro & Yabushita, 2014; Tipton, 2009; Yeung, 1999). These played and still play a role in business development of Southeast Asian agri-food corporations. The dominant presence of overseas Chinese in Southeast Asian business systems is considered more of a positive force rather than a negative one, in spite of everything (G. Andrews et al., 2003).

3.2. Political Strategy: Development of Close Ties with Political Power

The second strategy used by Southeast Asian agri-food corporations to expand their business in their respective countries and regions is political. This is where they use and capitalize their privileged links with state agencies and key political actors. Another advantage that will be examined is their ability to do business in unstable states, where there is an important informal economy with unclear — sometimes nonexistent — regulations, as opposed to Western countries.

¹⁷ Among them, the Palanca, Tan and Ongpin families were ethnic Chinese (along with the Cojuangco family).

The main point of this strategy: close relationships between corporations and political power in Southeast Asia has been mentioned and examined by numerous academics as a crucial factor in developing companies and economies in the region (Burch & Goss, 2005; Carney & Witt, 2014; McVey, 1992; Wong, 2011; Yoshihara, 1988). According to McVey, the state has been a vital capitalist ingredient in developing Southeast Asian capitalism concepts (1992). These strong relationships are manifested by privileged access to senior decision makers, state patronage in granting things such as monopolies, contracts, sinecures and subsidies, and tax concessions (Burch & Goss, 2005, 259). Scholars who have studied state political economies explain different types of states and their roles in Asian business systems using this perspective (Carney & Witt, 2014). We can find developmental, predatory, welfare, regulatory and interventionist types of states around the world. We will focus on the developmental state and the predatory state for the purpose of this study because they correspond to situations in Thailand and the Philippines. It is worth noting that these two types of states often oppose to one another.

The developmental state implies that the state is more independent or autonomous in its political power and in its control over the economy. Concretely, it means that the government is somehow free to plan the economy without being disrupted by short-term or narrow interests of the corporate or working classes (Carney & Witt, 2014, 548-549). A developmental state is often characterized as having strong control over the economy as well as substantial state intervention. Business-wise, the financial system is often heavily reliant on banking. Indeed, strategic industries grow quickly through over-borrowing and over-lending (Carney & Witt, 2014, 549). According to Carney and Witt, this way of doing things seems to be a crucial mechanism for these industries (2014, 549). This leads to concentrated corporate ownership rather than diversification. East Asian economies such as Japan, South Korea and Taiwan are all considered developmental states.

Historically, the developmental state has not been a concept linked to Southeast Asia except for Singapore (Carney & Witt, 2014, 549). Despite this fact, Carney and Witt argue that nowadays, it can be difficult to categorize states using only one system. This applies here, particularly since “many countries categorized as developmental do not fully belong in this category any longer, as they have largely completed their development phase, although institutional inertia means that many of the previous institutional arrangements persist.”

(Carney & Witt, 2014, 549) Therefore, some states have a mixed system such as Thailand, where bribes have been and are still being paid in exchange for policy measures to help businesses prosper (Carney & Witt, 2014; Suehiro & Yabushita, 2014).

On the opposite side, a predatory state is characterized as “being governed by elites who monopolize power through the use of opaque decision-making procedures, weak institutions, and a lack of market competition, so as to generate profits that benefit them rather than the society at large.” (Carney & Witt, 2014, 550) As with developmental states, corporate ownership tends to be concentrated but it is in the hands of families or states, thereby favoring an elite group. Members of these small groups usually have close connections to top political leaders on the basis of family or kinship ties (Carney & Witt, 2014, 550). Thailand and the Philippines can be both categorized as predatory states. As argued earlier in the cultural strategy, where the family component is important in the Chinese migrant capitalism, family characteristics are also present in predatory states. Carney and Witt say that although both Thailand and the Philippines have a more democratic governance than other countries in the region, they are not yet mature and well-functioning democracies. Patronage politics still play a decisive role in economic policy-making (2014, 550).

Another aspect that was briefly examined earlier in our discussion of the cultural strategy’s diaspora network feature is the nature of crony capitalism. Crony capitalists are one type of capitalist developed by Yoshihara. This type of capitalist is a private-sector businessman who benefits enormously from close relations with a head of state (Yoshihara, 1988, 71-72). In his book *The Rise of Ersatz Capitalism in South-East Asia*, he also conceptualized royal capitalists, for whom there was no clear separation between a government and a royal family during periods of absolute monarchy. Businessmen would approach the king for financial assistance, as they can do with governments today (Yoshihara, 1988, 69). The definition of a presidential capitalist is quite obvious, by its name: it is a president that is involved in business and has shares in a number of companies. Often, the president’s family is also involved in business activities (Yoshihara, 1988, 69-70).

Another type of capitalist is the capitalist-turned-politician. Once again, the definition of this type of capitalist is quite clear by virtue of its name. The last type of capitalist developed by Yoshihara that is important to our study is government-connected capitalists. This category

includes all other capitalists who have government connections and use them for business advantages. Even though some of the other categories have government connections in some ways, this category differs from them in a few ways. First, unlike presidential and royal families, these government-connected capitalists do not have an advantage based on blood ties. Second, unlike cronies, they do not enjoy very close relations with the head of state and the benefits are not necessarily long-lasting. Finally, unlike bureaucratic capitalists and politicians-turned-capitalists, they have never been professional bureaucrats or politicians, but rather started their careers in the private sector and developed government relations in non-official capacities¹⁸ (Yoshihara, 1988, 78-79). That being said, the different kinds of states and capitalists are important in a sense that there are numerous examples showing how Thailand and the Philippines fit into them. In turn, these show how privileged links between state agencies and key political actors have been decisive in the political strategy and the emergence of agri-food corporations in Southeast Asia.

Charoen Pokphand (CP) has strong and privileged links with both the Thai and the Chinese governments. Indeed, in terms of relationships with the Chinese government, this government has valued the CP conglomerate for a long time. The agri-food company has strong ties with the central government, Beijing, and the financial centre of Shanghai (Ampalavanar-Brown, 2009, 611). Chinese authorities supported CP with their purchasing policies when the group wanted to expand its operations into the telecommunications, television and satellite and petrochemical industries (Ampalavanar-Brown, 2009, 611; G. Andrews et al., 2003, 46). They are cross-invested in these Asian industries through their holding companies: Telecom Holdings, Orient Telecom and Technology Holdings, and Telecom Asia (Ampalavanar-Brown, 2009, 611; Pananond & Zeithamal, 1998, 174). Thus, it can be argued that not only is the large diaspora network part of the CP cultural strategy as mentioned earlier, but it is also part of the political strategy, and these longtime links with Chinese authorities can pay off.

¹⁸Yoshira gives the examples of Amphorn Bulpakd, Chin Sophopanish, and Sawang Laohathai. They all enjoyed government and/or financial assistance and protection. In the Philippines, Yoshihara gives as examples Amado Araneta and Jose Yulo, his brother-in-law, and Jose Marcela. They all had either government loans or low-interest loans from the Development Bank of the Philippines. This was after the Pacific War. When Martial Law came along, so did crony capitalists (Yoshihara, 1988, 79-80).

Indeed, an interesting feature of the diaspora network cultural strategy among Chinese immigrant businessmen is that it is also part of Beijing's strategy to expand its power, but as a political strategy. (Suryadinata, 2017). As mentioned before, the overseas Chinese community in Southeast Asia is far from new. Part of this is proven through the Overseas Chinese Affairs Office of the State Council of the People's Republic of China, established in 1949. Among its numerous responsibilities, the office is in charge of formulating guidelines, policies and regulations for overseas Chinese business affairs, to protect the legitimate rights and interests of overseas Chinese, and to maintain contact and support with them¹⁹. There is a strong willingness by the Beijing government to maintain ties with overseas Chinese. This strategy of being a big Chinese community is even reflected in Beijing's politics today. In January 2018, the People's Republic of China announced the development of a new policy to allow foreigners of Chinese origin to apply for multiple-entry visas valid for five years. In effect as of February 1st, it aims to encourage more overseas ethnic Chinese to participate in China's economic development (Zuo, 2018). This Chinese community diaspora network is therefore a political strategy for mainland China to expand its influence abroad. Nonetheless, it is worth noting that the younger generation of ethnic Chinese in Southeast Asia have less interest in China since it is often clear that they are well assimilated in their countries of residence. They often identify themselves that way. For instance, in Thailand and the Philippines we could argue in general that ethnic Chinese are well integrated, as opposed to other countries in the region like Indonesia, Cambodia, Viet Nam, Myanmar and Malaysia (Palanca, 2017; Suryadinata, 2017; Wu & Wu, 1980).

In terms of local authorities, the Thai government has been supporting the agri-food business and Charoen Pokphand (CP) for a long time. CP is known to be "the biggest contributor to all political parties, CP's connections in Thailand are both controversial yet impressive." (Pananond & Zeithamal, 1998, 181) They are assured to have some kind of government support from, no matter who is elected. Moreover, the fact that both the Thai government and CP share the same ambition to be the "kitchen of the world" (Berendes, 2012; Calleja, 2013) reflects how important they are to each other. Indeed, the agribusiness and agriculture sectors

¹⁹ To look at all Overseas Chinese Affairs Office of the State Council of the People's Republic of China's responsibilities, go see http://english.gov.cn/state_council/2014/10/01/content_281474991090995.htm.

still constitute an important part of the Thai economy, the country being a major exporter of agri-food products in the region. The agricultural sector constituted 8.3% in value added to that country's gross domestic product in 2016 (The World Bank Open Data). Since CP is the largest producer of prawns in Thailand and 80% of Thai poultry exports came from CP from 1975 to 1995 (Poupon, 2016, 51), it can be argued that there is also a strong wish by Thai authorities to maintain good relations with CP. The shared ambition shows the connections that the agri-food conglomerate has with the government. Expectations of the company are important. CP has used its privileged links with the government and other industry members to establish the Shrimp Culture and Agri-food Restructuring Research Development Company through a joint venture. This major research centre aims to advance work in genetic codes to increase shrimp production levels and greater disease tolerance (Goss et al., 2000, 522). Some senior members of CP also have direct links with state agencies and political actors; some senior CP members even figure among these agencies and political actors. A table summarizing the links among Thai political authorities and CP members appears below in order to clarify and simplify these connections.

Table 2: CP's relationships with Thai political authorities

Name	Position in CP	Linkages with state agencies or key political actors
Mr. Adirek Sripratak	Vice Chairman and member of the Corporate Governance, Corporate Social Responsibility (CSR) and Sustainable Development Committee. Chairman of the Executive Committee	-Former Senator at the National Assembly in Thailand
Dr. Ajva Taulananda	Vice Chairman of CP Group since 1992 and Executive Director	-Former Chairman of the Thai Chamber of Commerce -Chairman of Board of Trade of Agriculture from 2001 to 2004 -Former Deputy Minister of Ministry of Agriculture and Cooperatives from 1991 to 1992

Dr. Chajyawat Wibulswasi	Director, Chairman of the Audit, Corporate Governance, and CRS and Sustainable Development committees	-Chairman of the Chairman of The Stock Exchange of Thailand -Economic advisor to Deputy Prime Minister -Former Vice Chairman of Securities and Exchange Commission -Former advisor to the Deputy Prime Minister and Minister of Finance -Former Deputy Finance Minister and Acting Finance Minister
Dr. Kosol Petchsuwan	Independent Non-executive Director*	-Member of the National Legislative Assemble since 2014
Mr. Paron Israsena Na Ayudhaya	External independent*	-Former Senator and Member of National Legislative Assembly -Former Chairman in the committee on Economics & Industry of the Senate -Former Chairman at the Office of the Basic Education committee at the Ministry of Education
Dr. Kittipong Kittayarak	External independent*	-Former advisor to the Prime Minister from 2014 to 2015 -Former Permanent Secretary at the Ministry of Justice from 2008 to 2014 -Former Deputy Permanent Secretary from 2003 to 2008
Mr. Arsa Sarasin	Chairman of the CSR committee, former Vice Chairman	-Royal Secretariat, Office of His Majesty's Principal Private Secretary in 2000 -Ministry of Foreign Affairs in 1992
Mr. Athasit Vejjajiva	Former independent director*	-Father of Abhisit Vejjajiva, Thailand's 27 th Prime Minister and Democrat Party leader -Deputy Minister, Ministry of Health in 1992 -Senator appointed in 1995

*Terminology used by Charoen Pokphand

Source: (Charoen Pokphand Group)

This table highlights the obvious and acknowledged links that CP has with state agencies and key political actors. CP proudly shows the existing links between its senior management team and Thai authorities. These links, the *guanxi* characteristics, can be determinants of these privileged links. This concept values building strong relationships based on trust and shared

values. Moreover, it is worth noting that this table only presents some of the political links between CP members and Thai authorities. It does not show the various linkages all these senior management team members have with the financial sector or banking, as examples. This further widens their network to the extent that the role of the banking sector in Southeast Asian capitalism and in the emergence of big conglomerates have been highlighted several times by academics (Girling, 1996; Kondo, 2014; Suehiro, 1992; Yoshihara, 1988). Even if some CP members do not hold political positions within the Thai authorities any longer, their connections remain valuable to CP in the sense that their connections do not disappear once they leave their positions. As such, many CP members can be characterized as capitalists-turned-politicians and other government-connected capitalists, according to Yoshihara's definitions.

As demonstrated above, senior members of the company have or have had clear relationships with Thai political power. These privileged relationships are a major asset for the company to expand their operations in and their domination of the region. In the past, connections with Thai authorities were also made through the royal family during the era of absolute monarchy. The military situation in Thailand also influenced the development of capitalism and corporations. Indeed, the military shared power with politicians, many of whom were involved in business activities after the early 1970s²⁰ (Yoshihara, 1988, 78).

In the Philippines, links between the business world and political power have been acknowledged many times (Hawes, 1992; Palanca, 2017; Wong, 2011; Yoshihara, 1988). San Miguel Corporation (SMC) is no exception to that. Ferdinand Marcos, the former president of the Philippines, was defined as perhaps the biggest presidential capitalist in the country before his overthrow. His family had a vast involvement in business, including his brother, Pacifico Marcos, and his nephew, Mariano Marcos II (Yoshihara, 1988, 70). Many businessmen in the Philippines were associated with Marcos. One Marcos crony was Eduardo Cojuangco, former owner of SMC. Cojuangco is a member of one of the most prominent land-owning families in the Philippines. Before going in-depth into the links between Filipino

²⁰ The military has often changed the political landscape of Thailand - as briefly described earlier. However, since we have not found any other relevant source for the most recent years, we do not want to assume this statement is true after Yoshihara's publication, which was in 1988.

political authorities and SMC members, it is worth mentioning the policies involving overseas Chinese dealings in the Philippines. Indeed, although overseas Chinese have historically played a major role in the Philippine business system, discriminatory laws were introduced during the American colonial period, targeting ethnic Chinese. Among them, the Book Keeping Act mandated the use of non-Chinese languages in business accounting (Wong, 2011, 590). Later, in an attempt to correct a perceived pro-Taiwan stance, Marcos adopted the one-China policy in 1975. This policy forced all Chinese who wished to stay in the Philippines to apply for Filipino citizenship (Wong, 2011, 590). It provided the person with legal status equal to all Filipinos and determined their engagement in business and trade activities (Palanca, 2017, 108). Even though political ties between Filipino authorities and overseas Chinese have not always been in harmony, but they have been historically present. Nonetheless, after Martial Law, the top ethnic Chinese business families were further integrated into Filipino society (Palanca, 2017). Today's ethnic Chinese in the Philippines are well integrated, if not assimilated. The dynamics between ethnic Chinese Filipinos and Filipinos are a source of a low-level tension. Ethnic Chinese Filipinos have now accumulated an important amount of wealth and are key actors in Filipino business systems. This brief description of the political economy of crony capitalism in the Philippines is significant because SMC has evolved and grown in that context. A table summarizing the links between Filipino political authorities and SMCs appears below for clarity and consistency.

Table 3: SMC's relations with Filipino political authorities

Name	Position in SMC	Links with state agencies or key political actors
Mr. Eduardo M. Cojuangco Jr.	Chairman and CEO, Chairman of the Executive committee, company officer	-Former Presidential aspirant in 1992 -Former member of the Philippine House of Representatives from Tarlac's 1 st District from 1969 to 1972 -Former Philippine ambassador
Ramon S. Ang	Vice Chairman, President and COO, member of the Executive, Nomination & Hearing committees, company officer	-Duterte's friend (Financial support during the 2016 Presidential campaign)

Source: (San Miguel Corporation; Dela Paz, 2017)

Numerous examples exist and have been reported to show the level of closeness between Cojuangco and Ferdinand Marcos. However, as was the case with Charoen Pokphand, we

were not able to show the extent of linkages between several members of SMC management and Filipino political authorities. Under Cojuangco control and leadership, SMC became one of the most profitable corporations in the Philippines (Palanca, 2017, 111). What is interesting about the case of the Philippines is how both the presidential capitalist Marcos and the crony capitalist Cojuangco have used each other to achieve their personal goals. One of the most relevant examples is the coconut levy fund, which started under Marcos in 1971. The Filipino president and his cronies wanted to impose taxes on coconut farmers' products. These taxes collected from the farmers were supposed to benefit the farmers. Instead, the money collected was used to the benefit of Marcos and his friends, Cojuangco among them (Elemia, 2017). Cojuangco served as Chairman of the Board of the Philippine Coconut Authority, which was in charge of managing and collecting funds from the farmers. He then became CEO of the United Coconut Planters Bank (Drogin, 1991; Elemia, 2017). This is a perfect example showing how SMC used its privileged links with a key political actor, in this instance, Marcos, to develop its business. In fact SMC stated openly their goal to monopolize the coconut oil production industry at that time (Elemia, 2017). Eduardo Cojuangco used his extensive privileged links, network and influence to accumulate an enormous amount of money and expand his business. These close ties with Filipino authorities still exist despite the fact that Marcos is no longer president of the Philippines and that Cojuangco has sold his holdings to Ramon Ang. Having been Cojuangco's protégé for many years, Ang had been immersed in his mentor's business ways. As such, Ang was used to involving politics in business operations. Since starting work for SMC, he experienced the tenure of six different presidents, starting in 1986 when Eduardo Cojuangco Jr. fled the country after the People's Power Revolution that toppled the Marcos regime. Today, Rodrigo Duterte is the President of the Philippines; Ang gave financial support to his 2016 presidential campaign (Dela Paz, 2017). Clearly, Ang seems to understand the dynamics of political power and business development. Duterte has ambitious objectives for the country in terms of agriculture. He wants to improve the manufacturing agricultural sector in order to increase economic growth (Ballaran, 2017). Duterte also approves the Department of Agriculture's self-sufficiency goal (PTV News, 2017). He openly praised former Filipino president Marcos for being the most "enterprising President" Filipinos ever had (Gonzales, 2017). We could argue that both Duterte and Ang have interests in maintaining their close relationship to achieve their goals.

As such, the San Miguel Corporation's political approach to business in the Philippines seems to remain the same as when Eduardo Cojuangco Jr. was the Chairman and CEO, given that Ang still uses the same political strategy for business purposes.

The SMC case illustrates quite perfectly the strong and privileged links between Filipino government authorities, political actors and business. The use of political influence has benefited both SMC and Filipino authorities since "the chairmanship was manoeuvred to serve the interests of the country's president. As of 2009, the government still controls about 27% of the company and is authorized to name five nominees to the company's board out of the 15-members board." (Palanca, 2017, 112) Among the different types of capitalists defined by Yoshihara, SMC management team members, and especially Cojuangco, are seen as crony capitalists and capitalists-turned-politicians.

Several criticisms can be levelled against the privileged links between political power and agri-food corporations in Southeast Asia, and more broadly, against any business. Lack of transparency and elitism are only two of them. However, the political strategy has lent an undeniable advantage to agri-food corporations in Southeast Asia expanding their businesses and operations.

The ability to do business in unstable political environments and in developing countries has been an asset to companies in the region. Agri-food conglomerates in Southeast Asia have had an advantage in understanding markets in developing countries where politics were often quite unstable (Pananond & Zeithamal, 1998). This stands in sharp opposition to Western conglomerates, who were less accustomed to working in insecure political contexts. According to Aharoni, the emerging-market multinational enterprises, like Thailand and the Philippines, have exploited their "late-comer and peripheral status" in order to move ahead (2015, 22). Aharoni suggests that contrary to the traditional multinational enterprise, these multinationals have the ability to deal with "unstable governments in their home country, thus, they are able to succeed in foreign countries characterized by a weak institutional environment." (2015, 22) Indeed, multinational enterprises in developing countries have developed and expanded themselves in an often unstable political context. As Aharoni suggests, it is easier for them to expand their businesses and succeed in foreign countries where the political environment is also uncertain and perhaps weak. Palanca also argues that

ethnic Chinese businessmen are active in business and they are willing to take risks in the midst of a country's instability (2017, 112). Moreover, the fact that Asian capitalism involves a substantial degree of informality impacts the way business is done in the region. In fact, informal economic activities are still seen to have more impact than formal regulations and law, or contracts and agreements (Andriess, 2014, 3).

Again, in addition to large diaspora networks, Andrews *et al.* argue that the Chinese diaspora is highly resilient owing to their informal and flexible networks (*guanxi*) (2003). They also argue that on a broader level, Southeast Asian business culture tends to be more flexible than its Western counterpart as they are more adroit at adapting their business to local environments. Perhaps they adapt themselves more successfully than those who use the "arm's-length approach" favored in the West²¹ (Andrews et al., 2003, 21-23). While this is only one part of their political strategy, it has contributed to their status as part of the country's economic elite.

Big conglomerates from Thailand and the Philippines have both evolved in uncertain political contexts as described earlier in the brief outline of each company and their country. Charoen Pokphand and San Miguel Corporation skillfully managed their operations and their development and became successful in the agri-food industry. Although Thailand is one of the most developed countries in the region, its authoritarian past, the monarchy and military power have influenced the country's policies and development. The military regime dominated Thai society for half a century by intervening with numerous coups d'état. And "once in control, the military junta tends to give first priority to the maintenance of power by advancing and protecting corporate interests." (Girling, 1996, 25) Furthermore, the business community, dominated by ethnic Chinese, has shown interest in cooperating with the military (Girling, 1996, 25).

Today, the country is once again largely under military control as there are still remnants of authoritarianism revealing that the country is not entirely democratic (Girling, 1996; Suehiro & Yabushita, 2014). The Fund for Peace, a US non-profit and non-governmental research centre and think tank, and Foreign Policy magazine have developed a Fragile State Index.

²¹ An approach where all parties involved in a transaction are independent, unrelated and well-informed of the situation. All parties are looking out for their own individual interests.

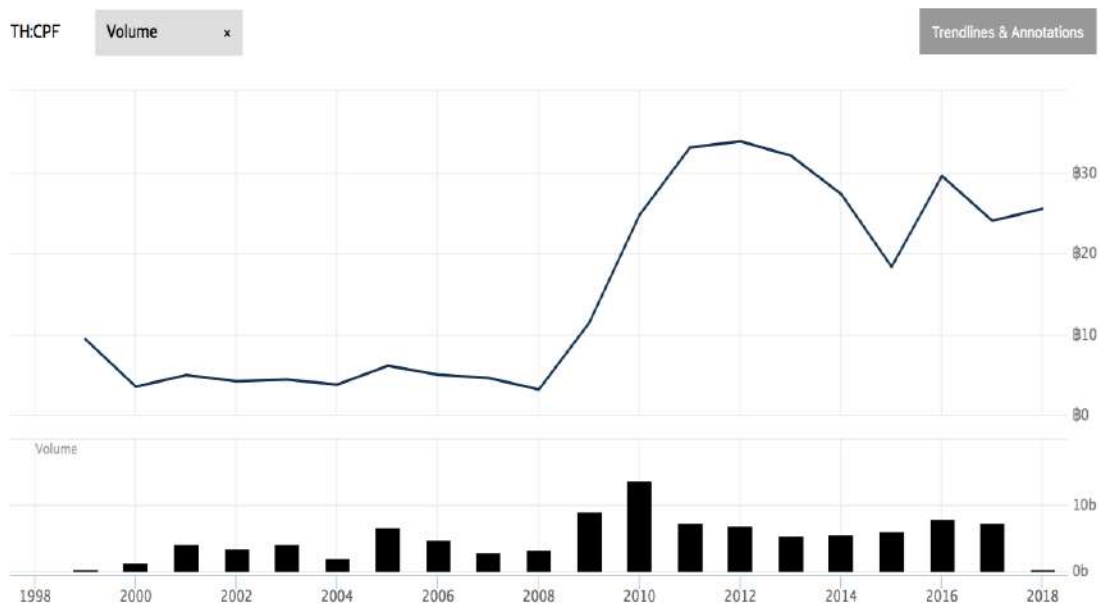
This index aims to assess a country's vulnerability to conflict or collapse. The maximum score is 120, meaning that the country is under alert, while 0 means the country is stable. According to The Fund for Peace, Thailand was ranked 82nd out of 178, with an index of 76.2 out of 120 (The Fund for Peace, 2017). It means that 96 countries are more stable than Thailand. It is thus even more difficult to develop a business in a country where the national business system is not entirely coherent, or even absent (Andriesse, Beerepoot, Van Helvoirt, & Van Westen, 2011, 172). Charoen Pokphand had to manage its business in this political context to expand their operations. Suehiro and Yabushita advance that, historically, Thai people and business appear to be quite flexible in responding to changing domestic and international environments (2014, 266). This can be seen in Thai development, where it is fair to say that certain businesses and the national economy have continued to develop in general, no matter what has happened in politics or the amount of influence on the government exerted by democratic infrastructures, military forces or the monarchy.

A major example of CP's expansion despite Thailand's uncertain political environment occurred in 2006, when the country experienced a big coup staged by the military. In 2006, CP started producing ready-meals, launched their own retail business with CP Fresh Mart, and they invested in Russia and Laos. The year 2009 was also marked by anti-Thaksin forces in power; meanwhile, CP acquired 32% of shares issued by a company listed on the Taiwan Stock Exchange. In 2011-2012, the Red Shirt movement began building up while CP opened a quick-serve restaurant called "CP Kitchen" as well as a retail business concept called "CP Fresh Mart Plus". CP also acquired 99.99% shares of Chester's Food, started the food court CP Food World, and acquired shares in a company based in Hong Kong and another based in Malaysia. What is interesting is that they acquired 25% of shares issued in a company based in Cambodia in 2011 during a period of important tensions between Thailand and Cambodia. The year before, the Thai government had resumed diplomatic ties with its neighbor right after Phnom Penh announced that Thaksin was no longer its economic advisor (Charoen Pokphand Group; BBC News, 2018b).²² These are only a few milestones of CP business operations expansion demonstrating that the company had managed to expand its activities despite the fact that the country was often facing political difficulties. If we look at Charoen

²² All these references are for this paragraph.

Pokphand Foods performance on the stock exchange since 1999, the value of their shares in baht was quite stable from 1999 to 2008. Until 2012, the company experienced a high increase in the value of their shares and then they experienced a sharp drop until 2015 (The Wall Street Journal, 2018a). Their important increase in value from 2008 to 2012 took place during the troubling Red Shirt period.

Figure 1: Charoen Pokphand CPL Data Market



Source: (The Wall Street Journal, 2018a)

The Philippines case is also similar in a way to that of San Miguel Corporation, which had to develop its business in a complex political context marked by three colonial regimes and a dictatorship. As explained earlier, the country is characterized by fragile democratic institutions led by powerful and ambitious political and military leaders (Girling, 1996). Kondo argues that the government lacks the capacity to regulate business activities, enforce laws, collect taxes, invest in infrastructure, or provide services to its people (2014). In the case of the Philippines, the 2017 Fragile State index ranked it 54th out of 178 countries, with an index score of 84.4 out of 120 (The Fund for Peace, 2017). This means the country's stability is worse than Thailand's, whereas 124 countries are more stable than the Philippines. Even if the country is not on the lowest global ranking, the Philippines can still be considered

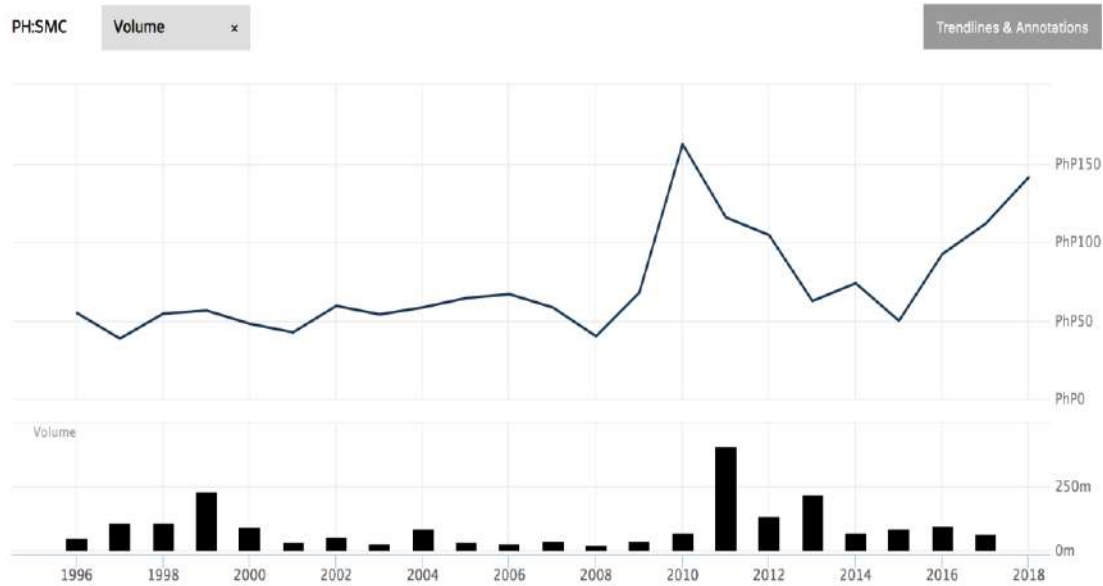
a fragile and unstable state. Despite this fact, we have seen the emergence of several successful companies.

Like Charoen Pokphand, the San Miguel Corporation (SMC) has managed to expand its business quite widely despite political instability. SMC was established during the Spanish occupation. Despite that occupation and subsequent rule by the Americans and the Japanese, SMC made their entry in the food industry with Magnolia Ice Cream in 1925, and they later launched B-Meg Feeds in 1953. During the 1990s, SMC acquired Monterey Farms, Star and Dari Crème²³, three major assets in their expansion. SMC also did meaningful transactions and further expanded their business during the 1990s and early 2000s while the political climate was tense. The impeachment of President Estrada and the tensions with the Moro Islamic Liberation Front all occurred during that period. SMC entered the flour milling business in 1991 and they ran a joint venture with Hormel Foods in 1999. In 2003, they acquired a Viet Nam hog farming and feed business. SMC moved up another step in their vertically integrated operations when they opened their first Hungry Juan store in 2010. Two years later, they opened the first San Mig Avenue convenience store (San Miguel Corporation; BBC News, 2018a).²⁴ These milestones in SMC business operations development show that the corporation managed to expand despite the country's political instability. San Miguel Corporation's stock performance was quite stable from 1996 to 2008. The value of their shares in PHP increased significantly from 2008 through 2010. The company later saw an acute decline, followed by another increase starting in 2015 (The Wall Street Journal, 2018b).

²³ In 1998, SMC sold their ice cream and dairy business, but they later re-launched it in 2004.

²⁴ All these references are for this paragraph.

Figure 2: San Miguel Corp. Data Market



Source: (The Wall Street Journal, 2018b)

Briefly, Charoen Pokphand and San Miguel Corporation have both used political strategies in order to expand their businesses. Their privileged linkages with the state agencies and political actors have highly contributed to the emergence and expansion of Southeast Asian agri-food corporations. Their ability to deal with an unstable political situation in their home countries also helped them manage operations abroad.

3.3. Economic Strategy: A Particular Business Model using Extensive Vertical and Horizontal Integration

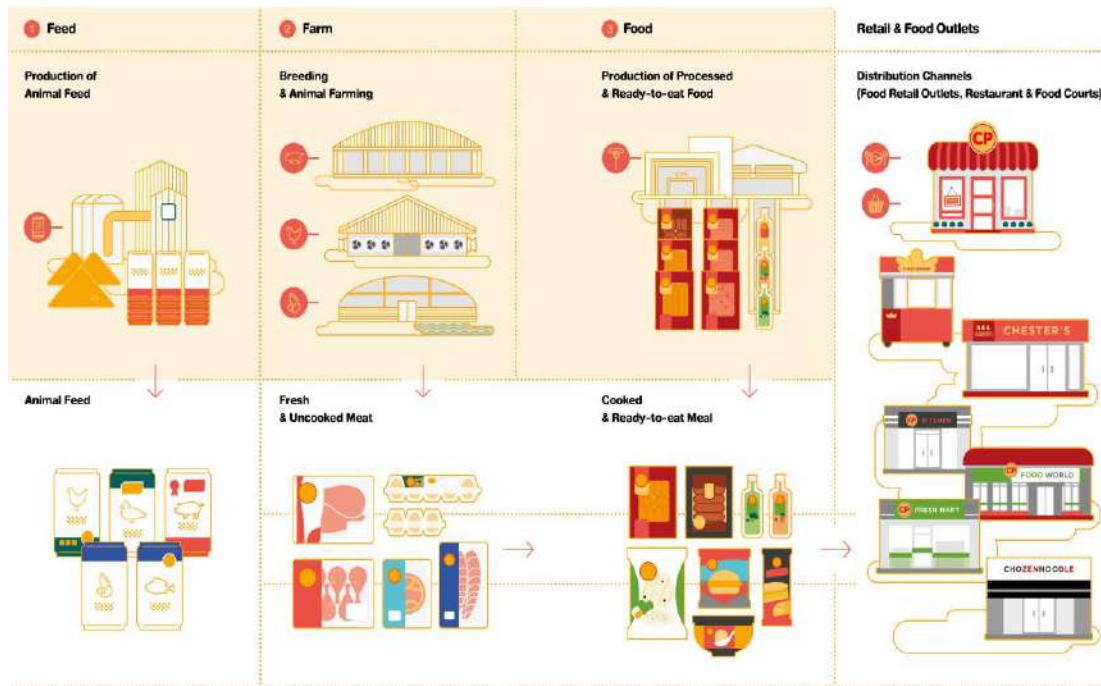
Charoen Pokphand (CP) and San Miguel Corporation (SMC) have developed a particular business model using extensive vertical integration to expand their business operations in Southeast Asia, but also on a more global scale. It will be argued here that their economic strategy is a shining example of vertical and horizontal integration that an agri-food company can develop. As part of the global value chain, vertical integration (VI) is a strategy where a company will expand its business operations to incorporate different steps on the same production path (The Economist, 2009). An example would be a company that owns several publishing houses subsequently acquiring a paper mill. On the other side, horizontal

integration (HI) is a strategy wherein a company will diversify its operations on the same level of the value chain, but not necessarily in the same industries (The Economist, 2009). CP and SMC have successfully managed a complete vertical integration of their business operations. This particular business strategy is part of what makes them distinct from other big agri-food conglomerates, especially when compared to Western agri-food companies. VI brings many advantages to corporations, such as being able to control the whole chain. It can help reduce costs and improve efficiencies by decreasing transportation expenses and reducing turnaround time (The Economist, 2009; Manning & Baines, 2004). In that way, corporations can keep an eye on all their operations. It allows them to maintain full control over the quality of their products because they control all activities from farming to retailing (Gulati et al., 2007, 103). VI also allows companies to manage risks throughout the entire supply chain. There are two ways VI can move: backward and forward. Backward integration allows a company to control the manufacturing side of business operations, whereas forward integration means that companies will expand their activities to control the distribution side. Both CP and SMC include backward and forward integration in their activities. They control the power relationships within their chain. Moreover, VI has benefits consumers, when it can lead to lower prices along with higher and more consistent quality.

That being said, CP is fully vertically integrated, meaning they produce animal feed, breed animals and farm animals, but they also process the meat they produce, as well as manufacture it in semi- or fully-cooked meat or ready-meal products. Under the CP brand, products include Kitchen Joy, 5-Star BK and BKP for Thailand operations, as well as 5-Star, Taste Inc. and Bellisio Foods²⁵ for their international operations (Charoen Pokphand Group). They have also important deals in the retail food sector and restaurants. CP produces fertilizers and pesticides for their meat production (Falvey, 2001; Goss et al., 2000). Their complete vertical integration is part of company pride. On their website, CP claims that this business strategy allows them to track and oversee all their operations, and it is safer to operate this way (Charoen Pokphand Group).

²⁵ Bellisio Foods includes brand like Michelina's, Boston Market, Atkins, Chili's, Eat! and Eating Well.

Figure 3: Charoen Pokphand Operations



Source: (Charoen Pokphand Group)

SMC is also well integrated vertically, wherein their food subsidiary has products and services across the entire value chain. They produce animal feeds, fertilizers, and they process fresh meat. Their business activities range from plantations, breeding, and contract growing to processing and marketing of chicken and hogs. SMC also operates in the retail and restaurant sectors (San Miguel Corporation). Like CP, SMC proudly mentions their vertically integrated operations on their website.

Agri-food conglomerates can control the production of seeds, fertilizers, feeds, pesticides, and stock breeding with something called a “contract-farming” (CF) scheme. CF has a broad presence in Southeast Asia, where many agri-food corporations operate using this scheme. Singh defines contract-farming as

the production and supply of the agricultural produce under advance contracts, the essence of such contracts being a commitment to provide an agricultural commodity of a type, at a time and a price, and in the quantity required by a known buyer. It basically involves four elements: pre-agreed

price, quality, quantity or acreage (minimum/maximum), and time (2005, 217).

According to Singh, a clear understanding of the concept of CF as well as a need for it among the participants are two factors that contribute to the success of CF (2005, 221). The physical proximity between production and processing areas, strict adherence to high-quality standards as well as honesty, sincerity and transparency of all parties involved are also key factors in CF success (Singh, 2005, 221). Conversely, a CF scheme can bring on a lot of disagreements between local farmers in cases where they often become dependent on big agri-food conglomerates. The model ensures that farmers are dependent on external financiers and traders to get seeds and other necessities, such as fertilizers and pesticides. Moreover, they often have little bargaining power. As a result, they need to borrow money from private money lenders and traders with a high rate of interest²⁶ because they lack sufficient capital for their farm operations. This can lead to the loss of ownership of their lands, as they sometimes use their land titles as collateral (Afidchao, Musters, Wossink, Balderama, & de Snoo, 2014; Gerpacio et al., 2004; MASIPAG, 2013). Combined with vertical integration, it can lead to an imbalance of power that can harm both consumers and contract-grower producers (Manning & Baines, 2004, 824).

That being said, it is not only CP and SMC who use contract-farming schemes to produce their products; the CF scheme is common in both countries, regardless of the company. The country is a leader in CF schemes within Southeast Asia and it was introduced by Charoen Pokphand in the poultry industry in the early 1970s. By the late 1990s, almost 100% of its commercial poultry production was done under the CF scheme. Its production was mainly targetted to export frozen chicken (Singh, 2005, 219). From 1975 to 1995, the poultry industry was almost a monopoly completely owned by CP. They accounted for 80% of the market (Poupon, 2016, 53). According to Gulati *et al.*, all commercially produced broilers are generated under contract in Thailand and the Philippines (2007, 100).

In the Philippines, the CF scheme in the poultry industry represents 80% of total production (Gulati et al., 2007, 100). Although SMC is an important player in the agri-food industry, its

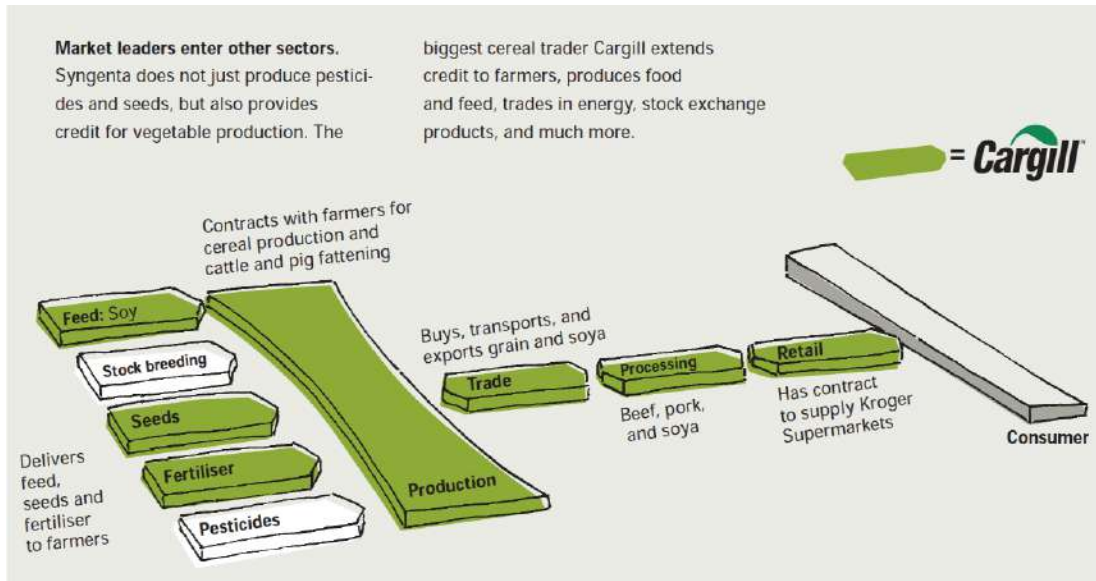
²⁶ For example, corn farmers in the Philippines have to borrow money at a 10-20% interest rate (Gerpacio, Labios, Labios, & Diangkinay, 2004).

monopoly did not grow in the meat industry like CP, but rather in the beer industry. For almost a century, from 1900 to 1980, SMC had a monopoly in the beer industry, with 100% of the market (Poupon, 2016, 51). They were the most important player in Asia. Both CP and SMC use the CF scheme extensively for their agri-food operations. At some point, each of them had a monopoly in a sector of the agri-food industry.

That said, the most important point in vertical integration for each of them is their distribution and retail market. Indeed, contract-farming is not new to Southeast Asian corporations, nor it is for Western agri-food corporations. What makes Southeast Asian agri-food businesses stand out from their Western competitors is their distribution and retail strategy. In contrast to their Western competitors, Southeast Asian corporations have long used an economic strategy that makes them completely vertically integrated. For instance, Nestlé's activities are not completely vertically integrated, but it is a major player in the agri-food industry with a global presence. This well-known company is a food-processing leader, accounting for about 7% of the world market (Gura & Meienberg, 2013, 15). While it might be hard to avoid consuming Nestlé products to some extent, they do not have operations in the production phase, nor in retailing. Instead, Nestlé will sell their products to other supermarket corporations like Walmart, who accounts for 2.7% of the world's market (Gura & Meienberg, 2013, 16). Big supermarkets corporations such as Tesco and Carrefour do not have production activities either. Despite the fact that consumers are well aware of the existence of these corporations relative to CP, whose brand is less visible, CP has more extensive vertical integration.

Another example is Cargill, one of the biggest agri-food corporations in the world. Cargill operates in agriculture services, crops and livestock, food, health and pharmaceutical, industrial and financial management as well as raw materials. Despite the fact that Cargill is the world's biggest grain trader and they control a large part of the agri-food value chain, their vertical integration is not as extensive as CP or SMC. Cargill does have activities in the retail sector, with contracts to supply Kroger supermarkets, but they do not own or have ownership of any supermarkets or restaurants (Gura & Meienberg, 2013).

Figure 4: Cargill: An example of partial vertical integration



Source: (Gura & Meienberg, 2013)

Charoen Pokphand (CP) and San Miguel Corporation have carried vertical integration further, investing in the retail and restaurant sectors. Not only do they have contracts to supply supermarkets with their products, but they also have their own retail distribution network. For instance, CP has ownership of or owns franchises for Lotus Superstores, Makro, 7-Eleven and Kentucky Fried Chicken (KFC) (Burch & Goss, 2005; Goss & Burch, 2001; Vandergeest, 2005). In 1997, CP operated 106 of 160 KFC outlets in Thailand, which means CP had a quarter of the fast-food market (Goss, 2002, 101). In 1996, CP owned 800 7-Eleven convenience stores and 32 Chester's Grill restaurant chain outlets (Goss, 2002, 101). Their retail sector includes CP Fresh Market, CP All PLC and Shanghai Kinghill. Abroad, they own CP SEF (a retail store in Turkey) and Chosen Noodle in the United Kingdom. CP added a key link to its vertical integration with its ability to supply its different franchises with their poultry products. The company has become a major integrator, engaged in the full cycle of its business operations from inputs to the marketing phase of its products. As mentioned earlier, one operation among CP activities is the telecommunications sector, with True Crop. This business diversification has allowed CP to even further integrate their operations vertically since customers are able to pay their CP telephone bill or their TelecomAsia bill through a 7-Eleven (Burch & Goss, 2005, 262-272). With this, CP makes it even more difficult to avoid

7-Eleven, since you can find these convenience stores in every corner of Thailand and they are open 24/7. The profits along the supply chain stay in the same corporation whether you buy food products or not, since the company owns 7-Eleven.

Like Charoen Pokphand, San Miguel Corporation (SMC) also has extensive vertical integration of their operations. Under SMC, they own several brands linked to the agri-food business that are well known in the Philippines and in Southeast Asia. Their most famous product is their beer, which is known not only in Asia but all around the world. SMC exports their beer to more than 50 countries in Europe and North America, as well as Africa. Among their range of food brands²⁷, they own several franchise brands; Hungry Juan (a fast-food restaurant chain), Kambal Pandesal, Tender Juicy Hotdog Cart Business, Magnolia Carito Business, Monterey Meatshop and San Mig Food Avenue, a convenience store. Although it is more common to see 7-Eleven in the Philippines, San Mig Food Avenue still represents an important retail market for SMC, selling a wide range of food and non-food products such as beverages, ice cream, bread, biscuits, toiletries, newspapers and so on. The convenience store is associated with Petron Corporation. Petron operates in the oil and gas industry and is the largest oil refinery industry in the Philippines. The key point in that business model is that SMC is now a majority owner of the oil and gas company (San Miguel Corporation). Thus, whether the customer buys food, non-food products or gas at one location, profits stay within the same corporation. Also, having numerous fast-food franchises — like Hungry Juan, which serves mainly chicken and meat meals and on-the-go snacks — allows SMC to supply their restaurants. All meat is made from Magnolia Chicken and Monterey Meats, which are company products (San Miguel Corporation). SMC claims that supplying the food chain with their products guarantees the best value and a safe product.

Hence, increased value is added to their products as you go further along the vertical supply chain, making CP and SMC very profitable. The profit margin is higher in the processing and retailing phases than the production phase. This is why the last step of their vertical integration is what makes this business model remarkable because they actually dominate the distribution and retail sectors. Western agri-food conglomerates such as Cargill only have

²⁷ B-Meg, Magnolia, Monterey, San Miguel Mills, Pure Foods, Tender Juicy, Pure Foods, Magnolia, Dari Crème, Star, Great foods, San Mig Coffee and La Pacita.

contracts with other agri-food corporations that specialize in the distribution and retail sector; they do not own anything related to this sector. Thus they rely on contracts, which is less stable in terms of renewal than ownership of retail markets and restaurants.

Both CP and SMC have niche products which place them in a distinctive market. This way, they can dominate the market. For instance, Thailand's agri-food conglomerate is the largest producer and exporter of prawns in the world and leads the market in most Asian countries in terms of the value chain (Gura & Meienberg, 2013, 6). CP prawn aquaculture activities involve about 10,000 farmers (Falvey, 2001, 7). The agri-food company has developed comprehensive knowledge in the prawn aquaculture industry, putting them in a niche position. It is important to note that as part of their economic strategy, CP did a joint venture with Mitsubishi to provide the company with the initial technological requirements for production (Goss et al., 2000; McVey, 1992). This kind of joint venture strategy was also done in the poultry industry, where CP partnered with China North Industries Group, Continental Grain Company (both in China) and Arbor Acres in Thailand (Ampalavanar-Brown, 2009; Falvey, 2001; Goss et al., 2000). CP also did a joint venture with Nynex to enter telecommunications, television and satellite operations and the petrochemical market (Ampalavanar-Brown, 2009, 611; G. Andrews et al., 2003, 46). As for SMC, they remain the top brewery in Southeast Asia although there are now other competitors in Asia's beer industry (Poupon, 2016, 51). SMC had a monopoly on the beer industry in Asia for almost a century, putting them in a niche position. One example of SMC's strategic alliances involves Nestlé and dairy products, and another is their joint venture in the infrastructure sector with Northern Cement Corporation, a Filipino company founded by Eduardo Cojuangco. As a result, a number of companies abroad lost their leadership role in the agri-food industry in the country (Digal, 2010, 7). These joint venture strategies allow CP and SMC to acquire know-how for their operations. The joint venture strategies also allow agri-food corporations to integrate their operations horizontally, diversifying and expanding their activities.

Another interesting point about their economic strategy is their adaptation to consumer needs. For instance, Charoen Pokphand (CP) has developed vegetarian and organic products and ready-meals to respond to customers' needs and critiques. The company produces their own certified-organic and sustainable products. On their website, they proudly mention their membership to the Dow Jones Sustainability Indices, and that they have participated in the

United Nations Global Compact since 2003 (Charoen Pokphand Group). Through this, CP increases its market share tremendously and improves public perception of their role in the agriculture industry, and their input in providing organic and safe food. San Miguel Corporation (SMC) has also expanded their product portfolio and largely increased consumer perception of the business. Indeed, San Miguel Foundation Inc. has an environmental program that covers protection of land, air and water. One of their projects produces environmentally-friendly packaging materials for the local food and beverage industries. SMC invested 6.7 billion PHP in this project (San Miguel Corporation). Since the company has packaging operations, they can expand their market share by providing an alternative to their clients.

Economic strategies used by CP and SMC have heavily contributed to their expansion and success in the region, but also to their successes on an international level (See Appendix H for CP and SMC internationalization). They have succeeded in integrating all of their operations, from the inputs to the retail and marketing sector, which is quite unusual. There are no processing companies from developed and industrialized countries that have moved into retailing, supermarket chains and fast-food outlets (Burch & Goss, 2005, 271-273). This is an enormous advantage for agri-food corporations in Southeast Asia. Extensive vertical integration allows greater flexibility and control over the various agencies along the supply chain. As Burch and Goss argue, full control and ownership of food retail outlets and the supply chain means that companies are able to rely on a valuable cash flows at any point in the chain during a crisis (2005, 274). This was demonstrated during the Asian economic crisis of 1997, where food remained a considerable part of the budget despite the fact that consumers were generally spending less (Burch & Goss, 2005, 274). Moreover, they have developed niche products and they are responding to critics regarding climate change, thus expanding their market share. Their horizontal integration has also allowed for wide diversification in their operations. CP and SMC have developed a particular business model in which their operations are largely horizontally and vertically integrated. Their vertical integration is more comprehensive than that of similar players in the industry, such as Cargill and Nestlé. Their vertical integration is the quintessence of what an agri-food corporation could have, with the full control of their operations and keeping profits within their business.

3.4. Exogenous Factors: Catalysts in the Emergence of Charoen Pokphand and San Miguel Corporation

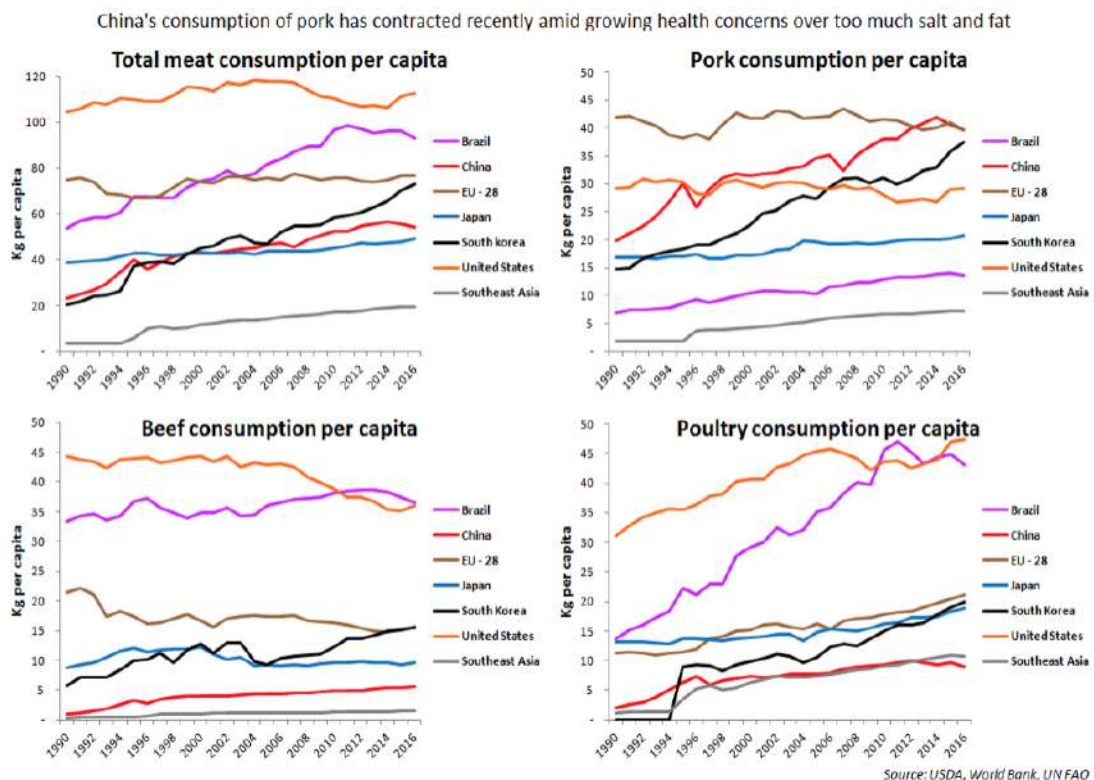
We mentioned in the conceptual framework that other factors have also contributed to the emergence of agri-food corporations in Southeast Asia (SEA) as intervening variables. In this section, we will further examine their importance, because although these factors are not controlled by Charoen Pokphand (CP) and San Miguel Corporation (SMC), both businesses did benefit from them. Three factors will be explored: first is the economic rise of mainland China, second the rise of middle classes in SEA, and third, the changes in tastes and habits in food consumption.

First of all, not only has China played an important role in the strategy of ethnic Chinese businessmen as mentioned earlier, but the rise of China's economy has also played an important role in SEA. China has been both an opportunity for Southeast Asian businesses and a strong competitor. As Yeung argues, the emergence of the greater China economic zone has facilitated the regionalization of ethnic Chinese corporations from SEA (2006). An emerging China provided new sites for production and increased consumption for agri-food products from SEA (Burch & Goss, 2005, 276). For instance, CP moved their feed mill operations in Shenzhen in 1981 and later expanded their activities in poultry, pigs and the aquaculture sector — specifically fish and prawns — into the Chinese countryside and Inner Mongolia (Ampalavanar-Brown, 2009, 624; Goss et al., 2000, 516). As of 1997, CP operated feed mills in 27 out of 30 provinces in China, starting in 1997 (Pananond & Zeithamal, 1998, 175). SMC also has production sites in China and Hong Kong, a special administrative region of China. CP and SMC are thus maximizing their returns by integrating their production and retail activities in China. Indeed, China's market opportunities are gigantic for agri-food conglomerates from SEA. Apart from being the most populated country in the world, middle-class incomes are increasing; tastes and habits are changing. As a result, big agri-food companies can dramatically increase profits. As Gura and Meienberg put it, "large food corporations make their huge profits particularly by focusing on the expanding middle-classes in emerging economies like Brazil, China, India, and Indonesia as well as the market segment of extensive branded goods." (2013, 15) As Tijaja explains it, the rising middle class in emerging economies like China experience an increase in spending power. As a result, it

alters their food preferences in a way that, combined with the growing urbanization, leads to a greater demand for meat, dairy and aquaculture products (Tijaja, 2016, 41).

Zhangyue *et al.* did a study on food consumption in China focusing on 1978 to 2010 (2012). They showed that both in rural and urban areas of China, grain and vegetable consumption decreased during that period. On the contrary, consumption of meat, poultry, eggs and aquatic products increased, especially in the urban areas. For instance, poultry consumption increased fivefold, while poultry, egg and aquatic product consumption almost doubled in urban areas (Zhangyue et al., 2012, 3). These changes in food consumption are mainly due to the rising middle class incomes. Although demand for vegetables seems to increase as Chinese consumers are more concerned about their diets and their health, China still consumes a lot of meat, especially pork (Patton, 2017).

Figure 5: "Meat consumption by type & country"²⁸

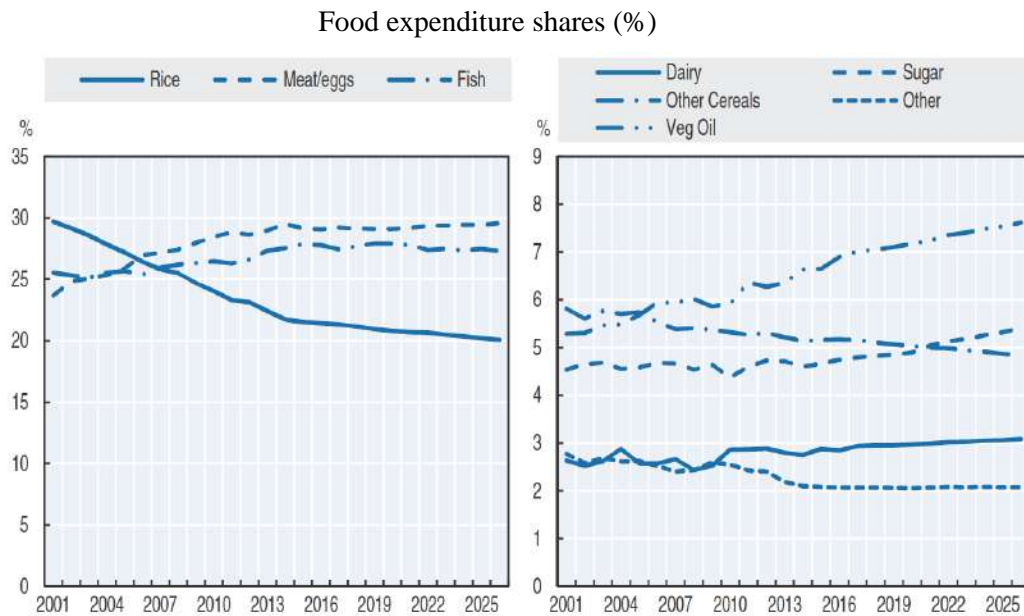


Source: (Patton, 2017)

²⁸ (Patton, 2017)

These changes in food consumption are also visible in Southeast Asia. A study conducted by the Organization for Economic Co-operation and Development (OECD) and the Food and Agriculture Organization (FAO) shows that income has an effect on the consumption patterns. For example, wealthy households consume less rice than poorer ones (OECD/FAO, 2017, 83).

Figure 6: Changes in consumption in Southeast Asia



Note: Apparent food consumption of modelled products valued at estimated retail prices in USD in 2010.

Source: (OECD/FAO, 2017, 83)

The figure above clearly shows that the meat and dairy consumption has increased significantly, while the rice consumption has decreased. Since Charoen Pokphand (CP) and San Miguel Corporation (SMC) both produce poultry, meat and dairy products, these changing consumption patterns can impact their sales. For instance, CP dominates market share of ready-made and frozen meals in Thailand. In 2017, they had 42% of the total share of sales values (Euromonitor International, 2017). SMC also dominates the meat market in the Philippines. Their 2015 revenues were estimated at 70,848 million PHP. In comparison, their biggest competitors combined — Bounty Agro Ventures, Jollibee and McDonald's — shared a total of 16,504.3 million PHP (Tomacruz, 2017). SMC revenues were four times bigger than those of their competitors, combined.

These changes in diet, not only within Chinese population but worldwide, but they create an environment conducive in which business can expand. Indeed, consumption habits across the middle class have changed significantly. These days, new forms of convenience foods such as ready-meals are popular and very much in demand (Burch, Dixon, & Lawrence, 2012, 216). CP and SMC have both positioned themselves in a niche market where they produce and distribute ready-meals and on-the-go snacks as part of their supply chain. As mentioned earlier, those convenience stores like 7-Eleven and San Mig Avenue are difficult to avoid in Thailand and in the Philippines, and they compete with traditional street food. As Burch, Dixon *et al.* argue, “with growing involvement in matters of quality and food safety, supermarkets are emerging as ‘food authorities’. They now have a powerful new role as gatekeeper of food standards.” (2012, 216) This shows the power of total vertical integration. CP and SMC argue that they can provide safe and nutritious food, as opposed to traditional wet market or street food. It is important because, as Gulati, Minot *et al.* argue, part of the changes in consumption patterns is that “higher-income households tend to buy more processed food, pay more attention to food safety issues and prefer to buy branded, labelled and packaged products whose quality they can trust.” (2007, 98) Therefore, CP and SMC have taken advantage of these changing consumption patterns, as well as the rise of middle classes in China to increase their growth in the agri-food industry.

At the same time, the emergence of an economically powerful China can also be viewed as a challenge. Due to its potential during the 1990s through the early 2000s, China was the world’s largest recipient of foreign direct investment (FDI). Yeung and Mathew argue that these major investments could have possibly diverted some of the foreign investment flow from Southeast Asia (2012; 2006). This increased the competition that Southeast Asian firms faced in mainland China. Yeung argues also that this competition meant that ethnic Chinese businesses could experience a growing influx of manufactured goods from mainland China (2006, 237). Although competition is not new to Southeast Asian corporations, and is part of the usual business, these cheaper imports can affect the steady profits that ethnic Chinese manufacturers used to enjoy via advantageous positions in their home countries (Yeung, 2006, 237). Even if this argument is more appropriate to the traditional manufacturing sector, it is worth noting that China remains an important receiver of FDI that might have affected Southeast Asian corporations as possible receivers of FDI. Mainland China appears to be a

strong competitor, but also an important stimulant for the rise of agri-food businesses in Southeast Asia. Thus, the dynamism created by the Chinese economic zone, the rise of the middle class and the changes in taste and consumption patterns may have been profitable to CP and SMC.

Conclusion

Our study asked two questions to explain the emergence of agri-food corporations in Southeast Asia and their processes. Our first question, an empirical one, was: is it possible to talk about the gradual emergence of Southeast Asian Tigers in the agri-food industry? At first glance, the term “Southeast Asian Tigers” might seem big for the industry when we compare Southeast Asian corporations to other Western corporations or even the Four Dragons agri-food corporations (Hong Kong, Singapore, South Korea and Taiwan). They have developed a unique path with distinctive features in agribusiness. However, saying that they have reached the scale of giants like Cargill and Nestlé would probably be an exaggeration. On a worldwide scale, Charoen Pokphand and San Miguel Corporation are still less well-known compared to their Western competitors. Their position in the agri-food industry remains interesting in a way that Southeast Asian agri-food conglomerates have widely developed their business without attracting a lot of attention from Western corporations and the public. It is fair to say that the names Charoen Pokphand and San Miguel Corporation are less universally known and visible than some of their competitors. It is especially the case for the distribution and retail sectors, where Western brandings are perhaps more powerful than those of our two case studies. When we think about those two sectors, Nestlé, PepsiCo, Coca-Cola, Wal-Mart, Carrefour and Tesco are better known on an international scale because of their branding. Even in the production sector, Charoen Pokphand and San Miguel Corporation remain less well known in the eyes of the public than both Cargill and Monsanto, for instance. Nonetheless, it is worth noting that the San Miguel brand may be better known than Charoen Pokphand because of their brewery activities. Therefore, Southeast Asian agri-food corporations have emerged and have a powerful position in their market, without being the centre of attention.

Our second question, the key analytical one for this research, was: what explains how Southeast Asian agri-food corporations have become important players in the industry in Asia, but also on a more global scale? We argued that their emergence was the result of three main strategies. We suggested that Southeast Asian agribusinesses used cultural, political, and economic strategies on a national, regional, and international level to expand their

operations. To analyze these three strategies, the analytical lens we used was the idea of a Southeast Asian capitalist development path, with a focus on the impact of the Chinese diaspora. Through an analysis of the Thai and Filipino capitalism styles with their unique features, we have shown that CP and SMC mobilized their shared values, family connections and diaspora networks to develop activities abroad, especially in mainland China. Both Charoen Pokphand and San Miguel Corporation have been governed and managed by ethnic Chinese businessmen, continuously maintaining their links with the Chinese diaspora community. We revealed extensive links for CP, where they used to only hire people who spoke the same dialect for their senior management team, and have always maintained good relations with the Chinese community. Demonstrating the same extensive links between SMC and the overseas Chinese community was more difficult. The main manifestation was the transfer of the company ownership to Ramon Ang from Eduardo Cojuangco Jr., both ethnic Chinese businessmen. In our study, we suggested that Confucianism and *guanxi* characteristics were quite distinctive forms of the Chinese diaspora style of capitalism. But we are not saying that the emergence of Southeast Asian agri-food corporations is entirely due to the cultural strategy. Chinese capitalists and their networks did play an important role, without playing the only role. As Yeung mentions, overseas Chinese in Southeast Asia represent one of the most important regional economic forces (1999, 104), and it seems to be more an advantage than a disadvantage. We have demonstrated widely how politics and business are intrinsically connected in Southeast Asia.

The second strategy that we developed is political: one where agri-food corporations use and capitalize on their privileged access and linkages with state agencies and key political actors. The Charoen Pokphand management team has privileged links with Thai and Chinese state agencies. As demonstrated, their links with Beijing and Shanghai authorities have helped to diversify their operations in the telecommunications, satellite, television and petrochemicals industries. Moreover, many of their senior members have occupied political positions within the Thai government. As for San Miguel Corporation, numerous academic researchers have reported its links with the government. We have shown that when Cojuangco headed the corporation, he was closely linked to Marcos and characterized as a Marcos crony. Ang, his successor, seemed to follow the same path with Duterte. This political strategy has been widely used by actors both of our case studies to expand their activities in Southeast Asia.

Lastly, we argued that Charoen Pokphand and San Miguel Corporation both used economic strategies that contributed to their emergence on a large scale. They both developed particular business models where they became largely vertically and horizontally integrated. In this study, we showed that despite the fact that vertical integration and contract-farming schemes were not new to the agri-food industry, Charoen Pokphand and San Miguel Corporation pushed these practices much further. Their distribution and retail sectors were extensively developed. Today, both companies own several retail stores and restaurants.

Through a comparative analysis, we demonstrated that Southeast Asian agri-food corporations, especially Charoen Pokphand and San Miguel Corporation, became major players in the industry within the region and on a larger, global scale. It would be interesting to study the potential for success of these three strategies outside of the Southeast Asia region. Today, Charoen Pokphand has expanded their operations and/or has acquired holdings in Russia, the United States, the United Kingdom, Belgium, Poland and Turkey, but their primary activities remain in East, Southeast and South Asia. The agri-food conglomerate acquired shares of Belgian and Swedish companies. It is similar for San Miguel Corporation. They expanded their operations in Australia, Spain, Switzerland, United States and Qatar, but like Charoen Pokphand, their primary activities remain in Asia. If we can argue — and have shown — that Charoen Pokphand and San Miguel Corporation are regional forces, well on their way to becoming an international forces, we can ask ourselves whether these cultural, political and economic strategies will succeed in a further expansion of their operations worldwide?

1.1. Relevance and Limits of this Case Study

Our hope is that this study has been able to contribute to literature on agribusiness in Southeast Asia. Although many academic researchers have already written about agri-food industries, Southeast Asian capitalism and overseas Chinese capitalism, we aim to add to the literature with these comparative case studies. We especially hope to highlight the importance of their particular business models in terms of their comprehensive vertical integration. Few researchers have focused on the importance of their distribution and retail positions in the market. This has contributed significantly to their unique way of doing business compared to

other agri-food conglomerates. Few researchers have highlighted the economic strategy used by Southeast Asian agri-food corporations. Among the literature reviewed, Burch and Goss (2005) seem to be the only ones who really highlighted this important feature.

As for the limits, since this comparative analysis was based on only two agri-food corporations among many others that exist in Southeast Asia, our findings may not apply perfectly to other corporations. As mentioned at the beginning, they were chosen because of their importance, their position in the market and their history, but not all agri-food corporations in Southeast Asia are that big²⁹. Furthermore, less developed countries in Southeast Asia like Lao PDR, Myanmar and Cambodia do not have agri-food corporations that are unique or important. It is thus difficult to generalize our findings to all agri-food businesses in Southeast Asia, and the three strategies identified may not properly apply to them.

The second limit of this study is that it was based mainly on secondary sources. Although some in-depth observation has been done on one of the case studies, no direct interviews with members from Charoen Pokphand or San Miguel Corporation were conducted. Also, more information was available for Charoen Pokphand because it is a well-known, successful business in the industry. Academic researchers have studied the company extensively, and their business is more transparent than San Miguel Corporation, where most of the information is found on their website.

These two case studies have been chosen because the main topic of my internship was agri-food corporations in Southeast Asia. I wanted to explore another side of what I worked on while I was at Greenpeace. It allowed me to get a good overview of agri-food corporations in Southeast Asia from an environmental, political and economic perspective. This research also allowed me to further explore Southeast Asian capitalism and its features. However, as mentioned in discussing the limits of this research, more research could be done on agri-food corporations. The Salim Group in Indonesia and Sime Darby in Malaysia are two big agri-food conglomerates that are comparable to Charoen Pokphand and San Miguel Corporation in terms of their importance in the region. Research could also be done on whether smaller

²⁹ Among other big agri-food conglomerates in the region are the Salim Group in Indonesia and Sime Darby in Malaysia.

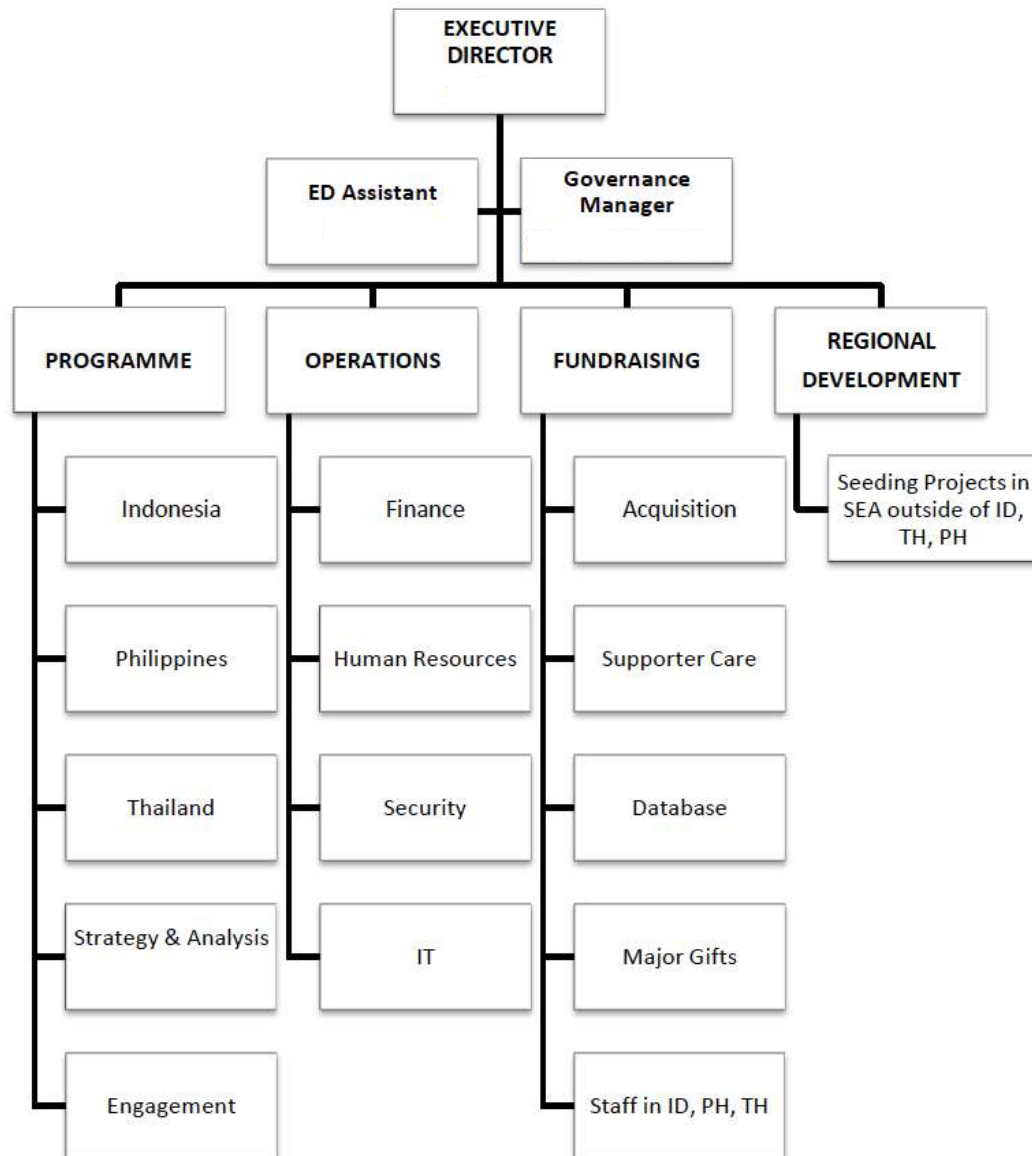
agri-food corporations in Cambodia, Viet Nam, and other countries in Southeast Asia are emerging.

That being said, in-depth research is crucial for non-profit, non-governmental and/or civil society organizations such as Greenpeace. It provides them with meaningful information for their campaigns, lobbying and activism. Research can also help influence government policies. In this particular research, data on agri-food issues can be very useful for consumer associations. Indeed, these types of associations provide meaningful information and advice to help consumers make decisions. In the future, our hope is that more research would be done about agri-food corporations and agriculture, thus non-governmental and civil society organizations could use these to do campaigning.

Appendix

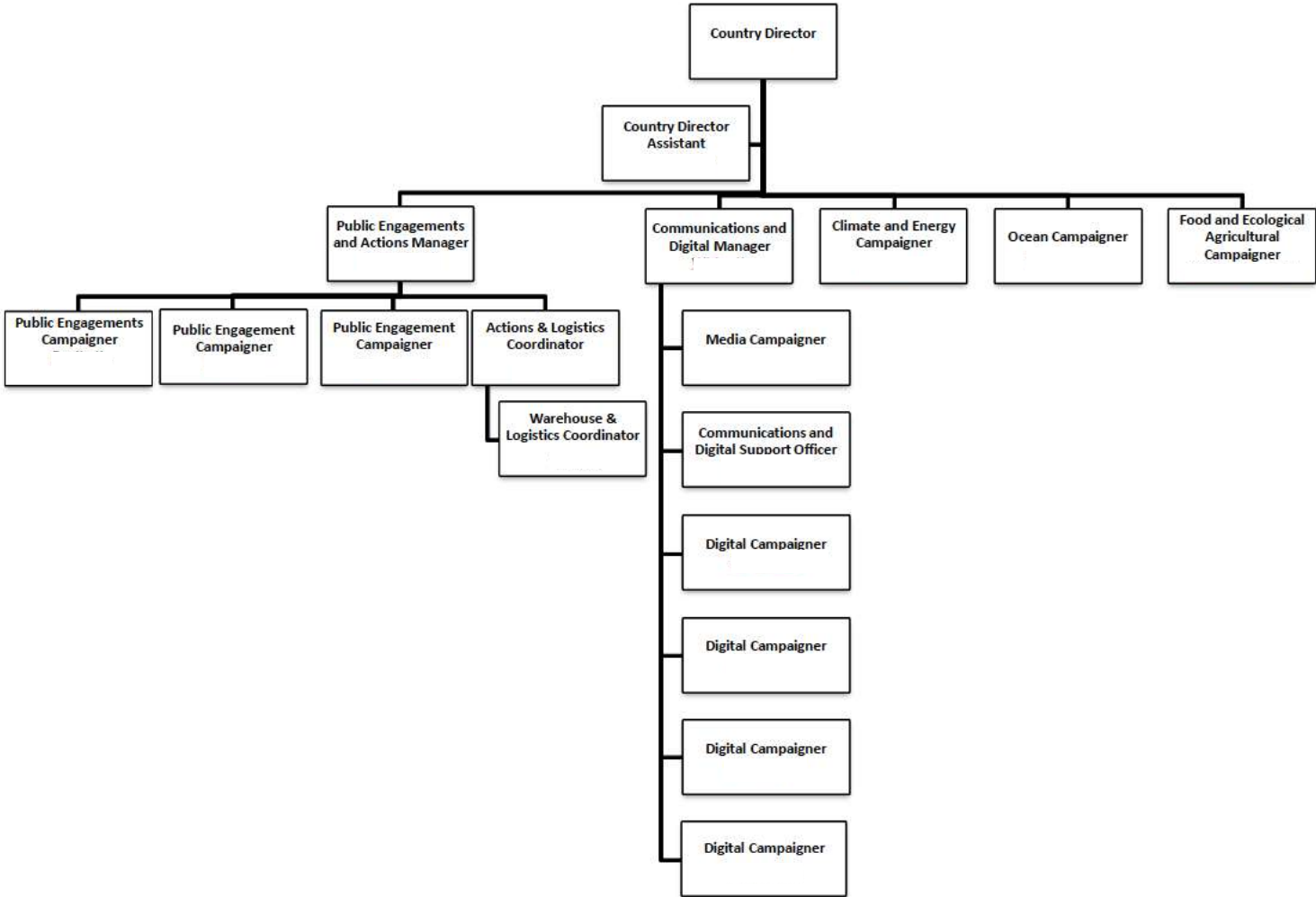
Appendix A

Greenpeace Southeast Asia Overview Organigram 2016



Source : Greenpeace

Greenpeace Southeast Asia Thailand Organigram



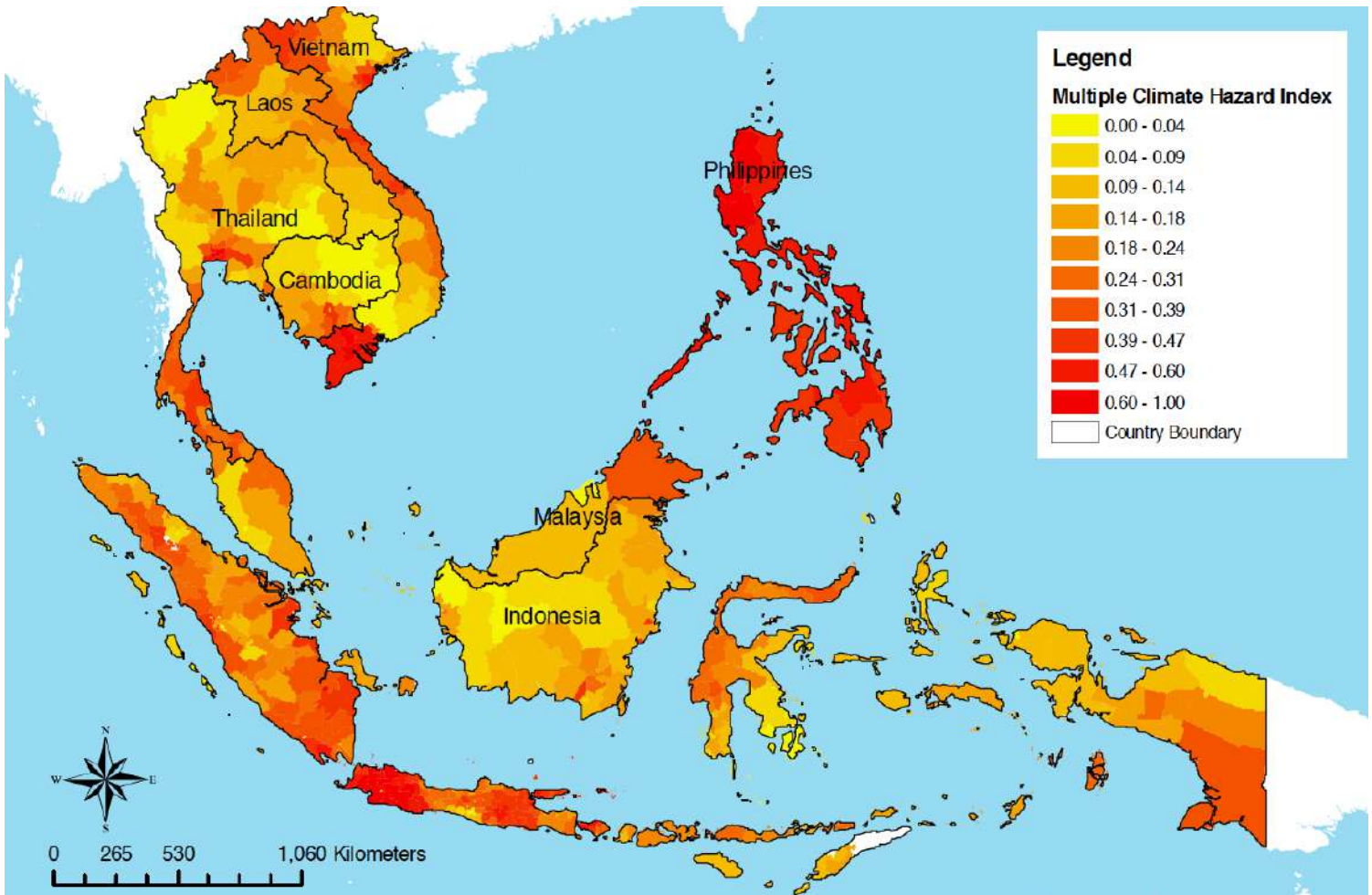
Source : Greenpeace

Appendix B: Save our Sounds project



Credit: Biel Calderon

Appendix C: Multiple climate hazard map of Southeast Asia



Source: Yusuf & Francisco, 2009

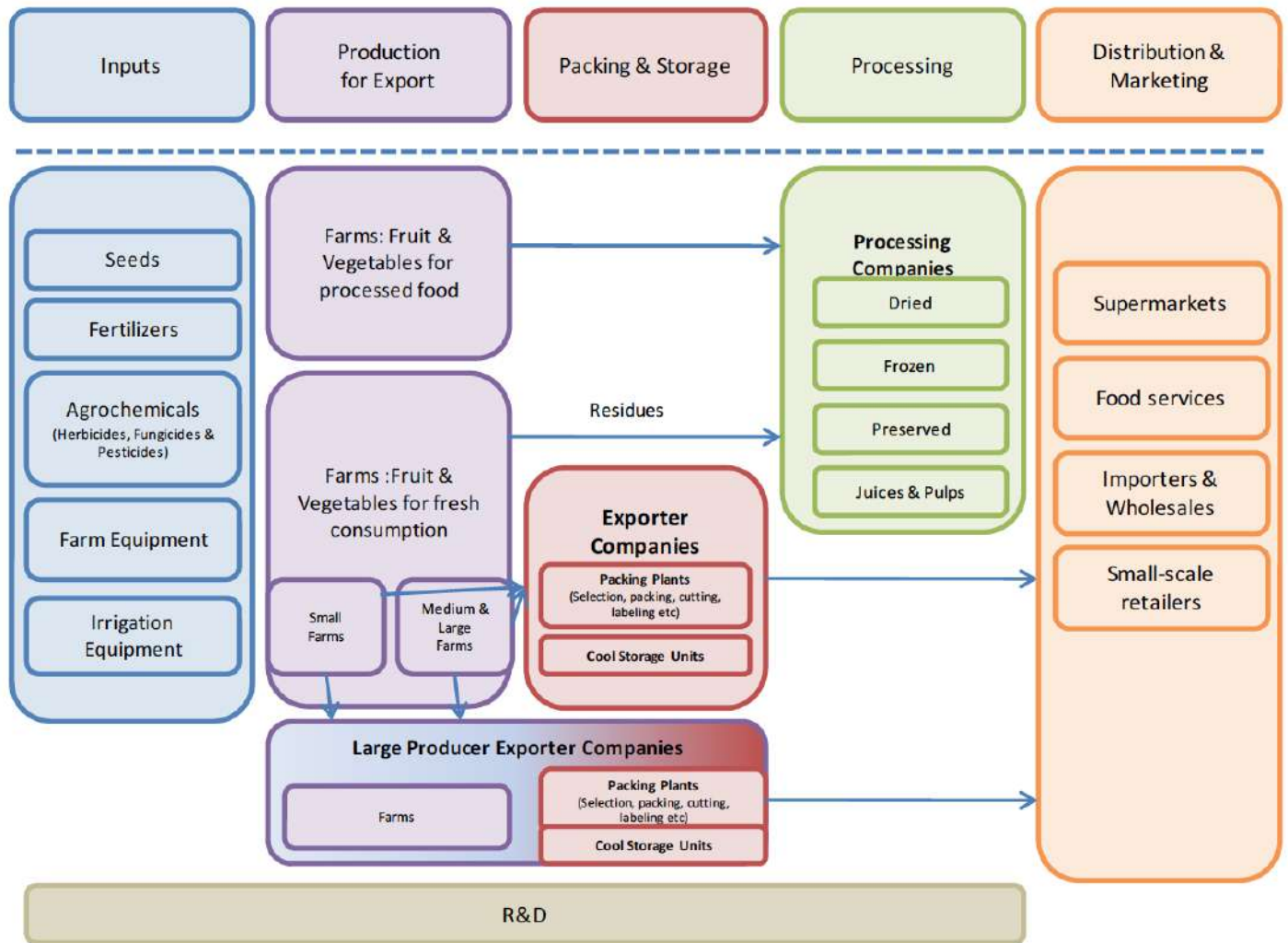
Appendix D: Map of Southeast Asia



Source: <http://www.geographicguide.com/asia/maps/southeast.htm>

Appendix E: Global Value Chain Chart

Fruit and vegetable global value chain



Source: Lee et al., 2012, 7

Appendix F: San Miguel Corporation Ownership History

Date	Ownership
1890	Enrique Maria Barretto de Ycaza Y Estaban obtains the right from the Spanish authorities to brew beer in the Philippines. Pedro Pablo Roxas bought shares to take control of the business.
1980-1998	Roxas Family propriety.
1983-1986	Turbulence period for the Roxas Family.
1983	Eduardo Cojuangco Jr. took control of the company during the turbulence period. From the 1970s, Cojuangco started buying San Miguel Corporation shares.
1986	Roxas Family takes over of control of the company.
1998	Eduardo Cojuangco Jr. again took over of control of the company.
2002	Ramon Ang became the president and chief operating officer of San Miguel Corporation.
2012	Cojuangco sold his remaining shares to Ramon Ang in order to give him full control of the company.

Source: Poupon, 2016

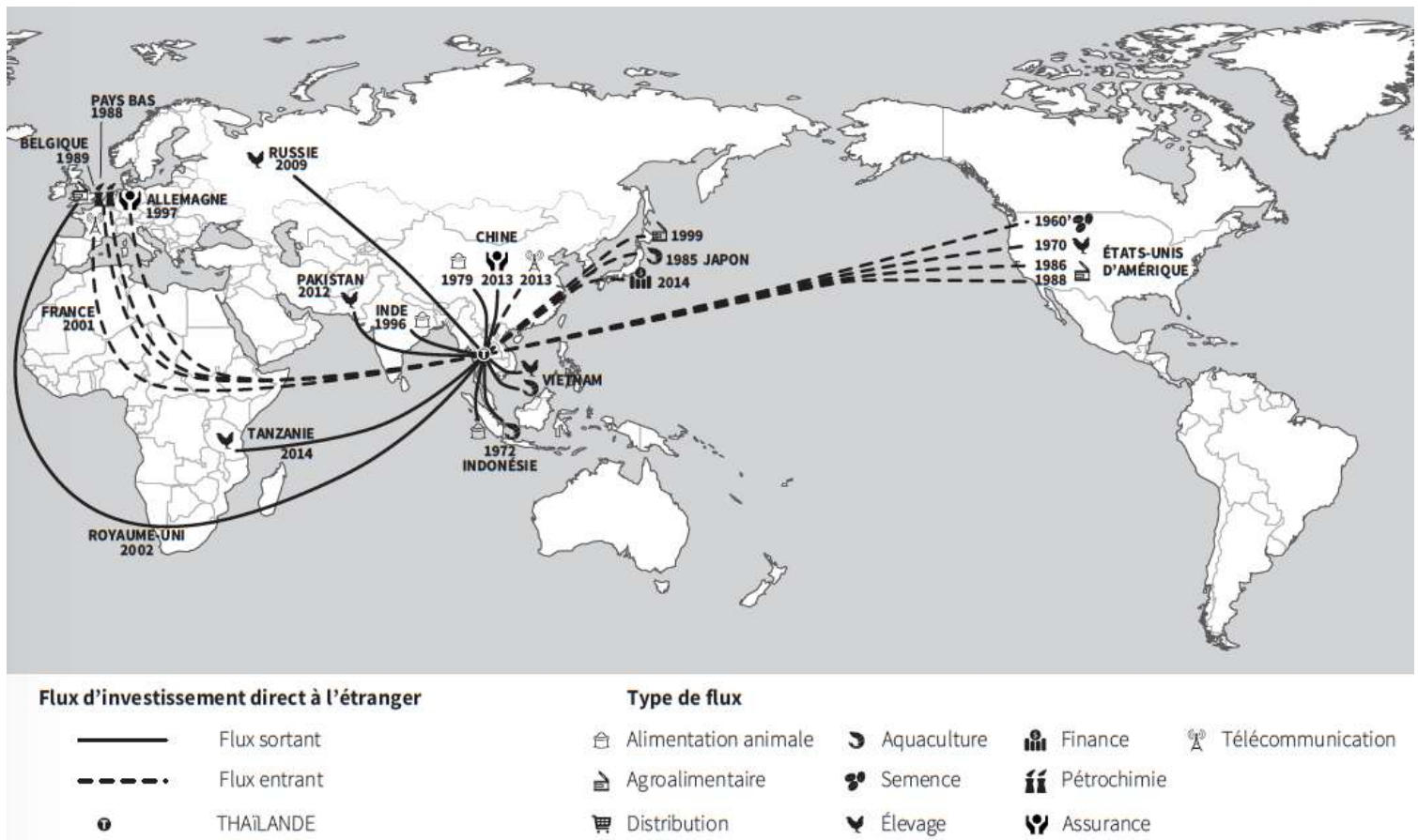
Appendix G: Charoen Pokphand Board of directors

Mr. Dhanin Chearavanont Chairman			
Mr. Prasert Poongkumarn Vice chairman Member of remuneration and nominating	Mr. Min Tieworn Vice chairman	Mr. Chingchai Lohawatanakul Vice chairman	Mr. Adirek Sripratak Vice chairman Member of Corporate governance, CSR and SD
Emeritus Professor Supapun Ruttanaporn Director Member of Audit	Professor Dr. Pongsak Angkasith Director Member of Audit, remuneration and nominating, CSR and SD	Mr. Rungson Sriworasat Director Member of Audit and Corporate governance	
Pole Gen. Phatcharavat Wongsuwan Director Chairman of Remuneration and nominating	Mr. Phongthep Chiaravanont Director	Mrs. Arunee Wacharananan Director	
Mr. Sooksunt Jiumjaiswanglerg Director member of CSR and SD	Mr. Sukhawat Dansermasuk Director		

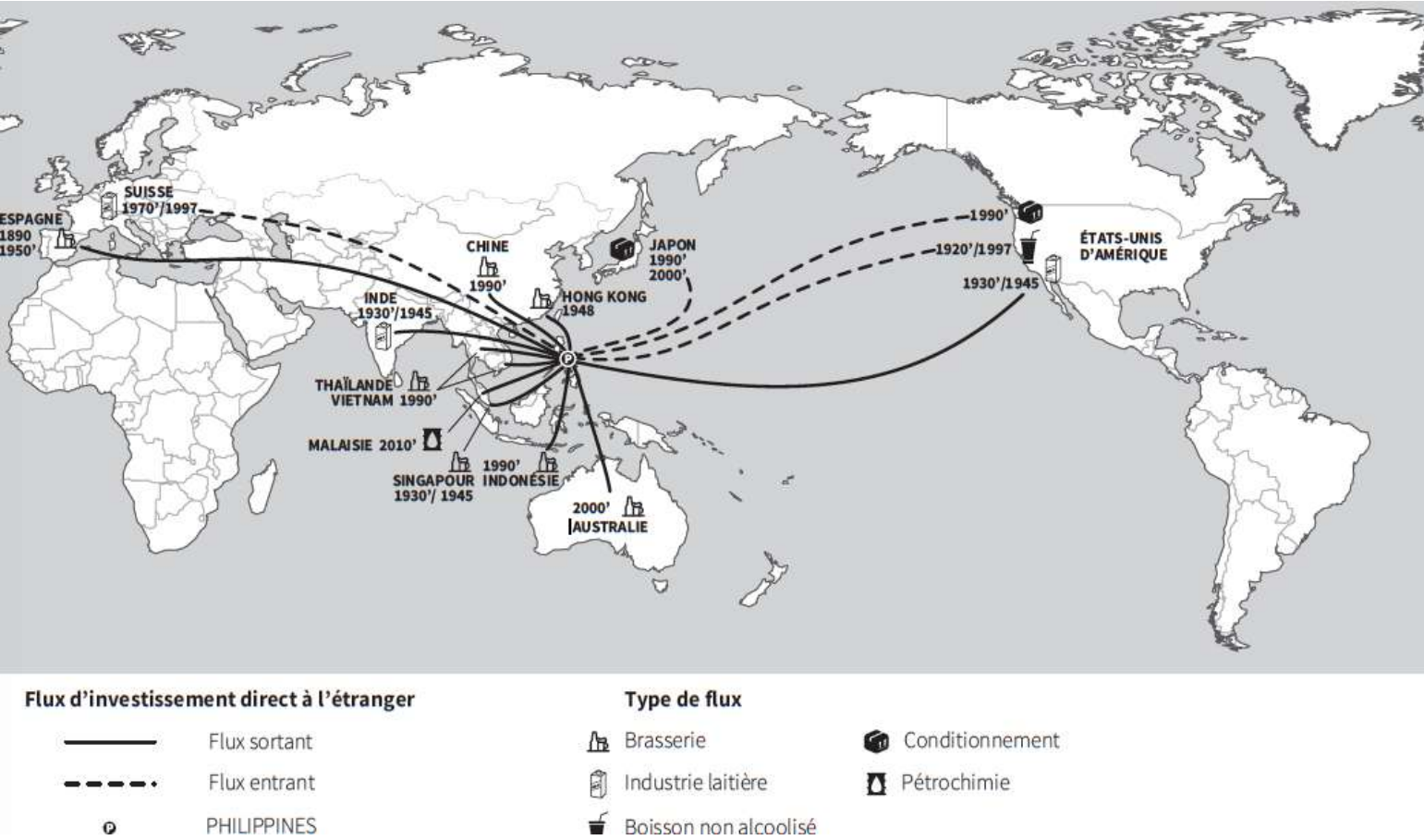
Source: Charoen Pokphand Group

Appendix H

Charoen Pokphand internationalization



San Miguel Corporation internationalization



Source: Poupon, 2016, 29

Appendix I

(Please note that the layout has changed through copying and pasting the table of contents)

Draft 3

Southeast Asia Poultry Sector Analysis Land Use Change in the Philippines

Prepared by: Sonia li Trottier

Research Coordinator: Ioana Cotutiu

Project Leader: Leonora Lava

Campaigner: Virginia Benosa-Llorin

December 2017

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