



A Future-Proof ASEAN



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I was the Minister of International Trade and Industry of Malaysia when I first got directly involved with ASEAN, representing one of its five founding member countries.

At that time, as we were looking into the Preferential Tariff Agreement amongst the member countries of ASEAN, it was becoming clear that some of the group's decisions were not reflecting pragmatism and the realities of the ASEAN regional economy. For example, items such as snow ploughs and products that could not possibly be produced in any ASEAN country were being put into the Exclusion List.

Much has been done since then, with the economic facet of ASEAN evolving significantly into the operationalisation of the ASEAN Free Trade Area (AFTA) and the establishment of the ASEAN Economic Community,

one of the three pillars upon which the ASEAN Community is built and is being further developed. Indeed, much has been done, mainly through inputs from the stakeholders – the business sector, in particular – as it was understood early on that economic initiatives in ASEAN must be market driven and that certain basic elements must guide decisions that relate to business, trade, and investment. These elements, amongst others, should ensure that (i) the initiatives are pragmatic, doable, and with clear time frames; (ii) the initiatives are on a best endeavour basis; (iii) there are proper monitoring mechanisms with necessary flexibilities for adjustments; (iv) the ‘minus x’ principle applies to accommodate the different levels of development and the different capacities and abilities of ASEAN Member States to undertake particular obligations; and (v) there is collaboration in capacity building to enhance the ability of the lesser developed member countries to undertake their obligations.

It was clear then that the role of the ASEAN public sector was to facilitate and enable business to succeed, and that it was the responsibility of the ASEAN governments, individually and collectively, to create and continuously strengthen an economic ecosystem that allows business to flourish, and to attract both intra-ASEAN and foreign investment into the various economic sectors with potential.

What began as small steps in ASEAN economic integration have now evolved into full-fledged ASEAN integration, continuously expanding into extra-ASEAN economic integration involving the group’s immediate regional neighbours into the larger ASEAN+6 economic integration. Of course, the key element to that is that ASEAN must always be in the driver’s seat.

ASEAN will continue to require political will and commitment, and a clear vision of a forward-moving economic path to attain broader regional economic integration.

As things stand now, the business communities of ASEAN and the world at large need to be continuously convinced of the viability of ASEAN as a competitive production base and a profitable investment location capable of facing other emerging competitors within the larger region and in other regions. The ASEAN governments must always ‘think ASEAN’ and strive to dovetail domestic policies into the ASEAN regional agenda.

Certainly, the regional financial crisis of 1997 highlighted the need for serious collaboration amongst various ASEAN institutions to enhance regional economic resilience and the capacity to manage common issues. Today's phenomenon of global economic contagion warrants deeper and broader economic collaboration amongst the public and the private sectors of ASEAN.

Much has transpired in the regional and global economic environment since ASEAN launched its first economic initiatives almost 3 decades ago. ASEAN must sensitise itself to and manage well the developments and the dynamics of those changes. ASEAN cannot afford to be constrained by economic lethargy and political inertia.

Today, the three pillars of the ASEAN Community dictate that the ASEAN outreach goes well beyond the marketplace and the business sector.

Common and cross-border issues, such as security and terrorism, can have a negative impact on business. Any problem that can trigger instability in the region will hold back ASEAN's progress and its ability to undertake various obligations and commitments and could divert investors' attention elsewhere.

It is imperative that ASEAN be understood and accepted by ASEAN's grass-roots populace. The ASEAN Community must truly reflect the diverse faiths, cultures, heritage, and racial roots of the ASEAN peoples. It must be embraced by people in every ASEAN member country, at every level of the population, and in every category of the demographic structure.

This, by far, is ASEAN's most challenging task. There need to be comprehensive measures and initiatives to ensure inclusiveness, particularly amongst the youth in ASEAN. Such awareness must be pervasive amongst the ASEAN peoples, who must look beyond their national boundaries and see themselves as belonging to the region.

Certainly, to forge such an ASEAN Community, continuous efforts must be exerted to strengthen overall ASEAN resilience and ensure collective ability and capacity to successfully address the challenges in the region's economic, social, cultural, and political security spheres.

Although ASEAN's initiatives are planned and subsequently operationalised based upon particular timelines, the key to its success over the long term should be its ability to devise a strategy to make itself future-proof. A future-proof ASEAN must be able to face and overcome various challenges, and seize opportunities as well, within its environment.

Clearly, the alignment of global economic and political axes continues to shift as new economic drivers, such as China, rapidly wield influence over a wide range of business and investment decisions and activities. Political developments, including forging of political alliances, and their attendant ramifications will continue to be in a state of flux.

ASEAN cannot ignore nor adequately factor in the impact and effect of its various linkages and interdependencies within ASEAN and with the greater regional and global economic environment and network. Any and every change in that environment can either be a challenge or an opportunity, or both. This will be an ongoing process. As the saying goes, 'the only constant is change'.

Thus, ASEAN must look far into the future and plan realistically to pre-empt, input into, and effect change, while responding effectively to changes in the environment.

Every generation of leadership in the ASEAN public and private sectors and civil society must have the capacity, wisdom, and vision to see ASEAN continue to succeed well into the future – and ensure that ASEAN integration moves away from the realm of policies, projects, and programmes and into a new dimension that truly reflects ASEAN as one community.

ASEAN can learn lessons from the European Union experience and avoid the pitfalls as it continues to make the complementarities and diversities optimally work for it and realise its potential. Only then can ASEAN continue to benefit from globalisation and optimally integrate itself into the global economic network and infrastructure.

ASEAN must continue to identify and work on factors that unite and strengthen the region, and resolve amicably, and for the common good, any contentious issues that can set back the ongoing ASEAN integration.

ASEAN must simultaneously look inwards and outwards at the same time, and realise its potential through future-proof initiatives and policies that will further take it into the new millennium.

ABOUT THE AUTHOR

Rafidah Aziz is Adjunct Professor at the College of Business, University Utara Malaysia, and Chairman of AirAsia X, Megasteel Corporation, and Pinewood Iskandar Malaysia Studios.

From 1987 to 2008, she served as Minister for Trade and Industry (later redesignated Minister of International Trade and Industry). In 1980, she was appointed Minister of Public Enterprises, a post she held for 7 years. She served as Parliamentary Secretary in 1976 before being appointed the next year as Deputy Minister of Finance. She was a Member of Parliament for 35 years, for the Selayang Constituency in 1978–1982 and Kuala Kangsar Constituency in 1982–2013. She also worked as Tutor and then Lecturer in the Faculty of Economics, University of Malaya between 1966 and 1976. She won a seat in 1975 at the United Malays National Organisation (UMNO) Supreme Council where she served for 38 years. She was appointed Senator in 1974 and contested in the general elections in 1978.

She graduated from the University of Malaya with a BA degree in economics in 1966 and Master in Economics in 1970. She has been conferred honorary doctorates by Universiti Putra Malaysia, Universiti Utara Malaysia, Universiti Tun Abdul Razak, University of Malaya, HELP University, and Dominican University of California, USA.

She is patron of several non-governmental organisations such as the National Cancer Society of Malaysia and the National Association of Women Entrepreneurs (PENIAGAWATI). She is also advisor to the Sarawak Renewable Energy Corridor (RECODA).