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# Snapshots of the ASEAN Story: ASEAN's Strategic Policy Needs and Dialogue Partners' Contributions

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From a simple organisation in 1967, the Association of Southeast Asian Nations (ASEAN) has significantly evolved into what it is today – the driving force behind the vision of a fast-growing, dynamic, and economically integrated region. To understand ASEAN's evolution into a regional and global force and the gradual emergence of a distinct ASEAN identity, we must delve into its history from an economic perspective. ASEAN's remarkable development has been supported by its Dialogue Partners – partner nations that have played an important role in the development of ASEAN over the past half-century.

This chapter presents snapshots of ASEAN's evolution and discusses the significant contributions of the Dialogue Partners; a history of ASEAN would be incomplete without an explanation of their role. Since the 1970s, ASEAN's Dialogue Partners have supported the emergence and success of ASEAN

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as an instrument for peace, stability, and progress in a region that had been known as ‘the Balkans of the East’. They have provided critical diplomatic support in times of crisis and supported economic, social, and cultural initiatives and, later on, integration efforts. This support has allowed ASEAN to play an increasingly central role in the economic and political–security architecture of East Asia. The success of ASEAN is due in part to the strong, timely, and continuing support of its Dialogue Partners.

## ASEAN’s First 2 Decades

### Strategic Policy Needs: The Pursuit of Political Stability and Regional Peace

ASEAN was established on 8 August 1967 by Indonesia, Malaysia, the Philippines, Singapore, and Thailand primarily to foster regional reconciliation, as its member states were involved in internal and bilateral conflicts. At that time, the vision did not yet include economic integration. The nations’ Foreign Ministers – not their heads of state – worked together to avoid and resolve conflict, and to sustain the conditions necessary for peace.

The Bangkok Declaration of 1967, which officially established ASEAN, states that the grouping’s aims are, amongst others:

1. To accelerate the economic growth, social progress and cultural development in the region through joint endeavours in the spirit of equality and partnership in order to strengthen the foundation for a prosperous and peaceful community of South-East Asian Nations;
2. To promote regional peace and stability through abiding respect for justice and the rule of law in the relationship among countries of the region and adherence to the principles of the United Nations Charter.

The decade following the establishment of ASEAN was a period of incubation, characterised by discussions amongst the Foreign Ministers. This talking process was successful to a certain extent in reconciling inter-state differences and conflicts, and resulted in improved relationships amongst the member states.

One remarkable achievement in this first decade was signing of the Zone of Peace, Freedom and Neutrality Declaration by ASEAN Foreign Ministers in Kuala Lumpur, Malaysia on 25–26 November 1971. It reiterated a commitment to the principle in the Bangkok Declaration:

... that the countries of South-East Asia share a primary responsibility for strengthening the economic and social stability of the region and ensuring their peaceful and progressive national development, and that they are determined to ensure their stability and security from external interference in any form or manifestation in order to preserve their national identities in accordance with the ideals and aspirations of their peoples ...

These foundations for stability and peace were cemented by the Declaration of ASEAN Concord and the Treaty of Amity and Cooperation (TAC), both signed by the ASEAN Heads of State during the First ASEAN Summit on 24 February 1976 in Bali, Indonesia. The Declaration of ASEAN Concord prioritises the pursuit of political stability and notes ‘... the stability of each member state and of the ASEAN region is an essential contribution to international peace and security’. The pursuit of political stability included the following objectives and principles:

- the elimination of threats posed to each member’s stability;
- establishment of the ‘Zone of Peace, Freedom and Neutrality’;
- the elimination of poverty, hunger, disease, and illiteracy;
- exclusive reliance on peaceful processes to settle differences;
- promotion of peaceful cooperation on the basis of mutual respect and mutual benefit; and
- the development of a regional identity and a strong ASEAN community.

**The ASEAN Way.** The TAC was signed on the same day as the ASEAN Concord, strengthening it further and laying out fundamental ASEAN principles that came to underpin the ‘ASEAN Way’, an expression used to describe ASEAN’s modus operandi of consensus decision-making, flexibility, and informality. These principles have shaped intra-ASEAN relations and, from the 1990s, ASEAN relations with non-ASEAN states. They are

- mutual respect for the independence, sovereignty, equality, territorial integrity, and national identity of all nations;

- the right of every state to exist free from external interference, subversion, or coercion;
- non-interference in the internal affairs of one another;
- settlement of differences or disputes by peaceful means;
- renunciation of the threat or use of force; and
- effective cooperation amongst themselves.

Adherence to these principles meant member states gave each other the space to focus on nation-building and mitigating domestic threats to national stability. Stable nations lead to a stable region, a focus of the first 10 years of ASEAN. (The Bangkok Declaration used the phrase ‘regional peace and stability’.) Adherence to these principles brought peace, notwithstanding some border problems, and built the foundations of the economic transformation and deeper linkages amongst member states that would develop in the decades to come.

## **Strategic Policy Needs: The Pursuit of Economic Resilience and Industrialisation**

### **First oil shock and food crisis and the call for greater ASEAN cooperation.**

ASEAN’s first test was the oil crisis of 1973, which threatened also to trigger a food crisis in the region. This crisis called for something more than partnership; it needed concerted action and a sense of togetherness.

Thus, in a speech at the 26–27 November 1975 meeting of ASEAN Economic Ministers (AEM), Indonesia’s President Soeharto highlighted the need for concrete regional cooperation. This occurred just 3 months before the First ASEAN Summit in February 1976. He said ‘... the aim of economic cooperation should be to facilitate the development efforts in enhancing national as well as regional resilience ... [T]he economic resilience of each member country should be strengthened in view of the world economic crisis in food. Cooperation in the supply and production of staple food should be accelerated in order to increase food production in the whole region.’ He further stated that these principles also apply to energy and that close cooperation in energy supply and production would enhance regional economic resilience in the face of the world energy crisis (ASEAN Secretariat, 1988a: 178). It is worth noting that resilience, mentioned by President Soeharto as early as 1975, is now a major concern for ASEAN.

In the face of unsettled international economic developments, at the First ASEAN Summit, the ASEAN Leaders decided that, in addition to the Foreign Ministers Meeting it was also necessary for the ASEAN Economic Ministers (AEM) to work together. The AEM Meeting was therefore established to foster closer economic cooperation amongst member states. In particular, it would assist during crises, such as disasters and shortages of basic foods and energy, and would cooperate on the production of basic commodities. The Ministers would also aim to cooperate on large industrial projects, preferential trading arrangements amongst member states, and the formulation of joint approaches to international commodity and economic issues.

The focus on large industrial projects and preferential trading arrangements amongst the member states stems from the volatility of international commodity markets and prices at that time, given that the region was largely a commodity exporter. In addition, the so-called North–South problem, a socio-economic and political divide, was prevalent at this time, even dominating discussions in the United Nations (UN). Under this unjust economic order, the north – North America, Western Europe, the developed countries of East Asia – produced industrial or manufactured goods, while the south – the developing countries of Africa, Asia, and Latin America – was used as a resource base providing agricultural and mineral inputs. Thus, the implicit bias was for an industrialisation strategy relying on the regional market and reducing dependency of the economies on the developed country markets.

To support industrialisation in the region and to enhance intra-ASEAN cooperation for ASEAN security, the AEM adopted initiatives in line with UN recommendations, including the ASEAN Industrial Projects, ASEAN Industrial Complementation, and ASEAN Preferential Trading Arrangements. Unfortunately, these were not as successful as had been hoped partly because ASEAN Member States disagreed on economic priorities and because of political instability in the Indochina Peninsula.

**The dawn of the drive for foreign investment.** We must now turn our attention to China and to developments in the yen–dollar exchange rate that would eventually contribute to ASEAN’s drive for foreign investment and integration.

After Mao Tse Tung's Cultural Revolution ended in 1976, China realised and became aware that it had been left far behind in terms of economic growth and development. Over the next decade, the Communist Party studied advanced Western civilisations and modernisation techniques and tried to use foreign direct investment (FDI) to boost management skills and technology. China aggressively pursued FDI and gave it favourable treatment via special economic zones. This led to the China miracle of the 21st century. This miracle would eventually contribute to greater pressure for ASEAN's move towards integration.

The next development was the Plaza Accord of 1985, signed by the Finance Ministers and central bank governors of France, Germany, Japan, the United Kingdom, and the United States (US). It would also significantly impact the future course of ASEAN economies and regional cooperation and integration. For the 3 decades before the signing, Japan had been one of the world's fastest-growing economies. But it had also been experiencing severe trade friction with the European Community and especially the US, which had a huge trade deficit with Japan. The US and the Western world wanted Japan to embark on drastic and fundamental structural reforms. Thus, they decided to change the rules of the game through the Plaza Accord, which caused the floating yen to appreciate from ¥238 per US dollar in 1985 to ¥168 in 1986 and ¥128 in 1988.

This drastic currency movement meant that both Japanese investment and FDI, especially in the country's manufacturing sector, sought opportunity towards ASEAN, Europe, and the US. Japan consequently experienced a serious economic slump. But Japan's unique manufacturing ethos enhanced ASEAN's industrialisation and its economic competitiveness: the 'second unbundling', in which production is split into various components spread around different regions, began to develop in ASEAN around this time with the emergence of information technology and the Internet.

The Third ASEAN Summit was held on 14–15 December 1987 in Manila, Philippines. At this summit, an important policy change occurred that resulted in successes for the AEM and robust economic growth. It was decided to move from 'collective import substitution and resource development policy' to 'collective FDI usage and export promotion policy'. Essentially, this meant a shift towards export-oriented manufacturing based on the comparative advantages of each member state. The ensuing FDI and

exports served as catalysts for robust economic growth; the period from the late 1980s to the mid-1990s would become ASEAN's golden decade, the ASEAN Miracle.

To quote the joint communiqué issued at the 1987 Manila meeting:

Recognizing the role of foreign investments as an effective source of capital inflow and modern technology, the Heads of Government reaffirmed their commitment to promote investment opportunities in the ASEAN countries, to adopt measures that would attract direct foreign investments into the region, and to encourage intra-ASEAN investments.

## ASEAN–Dialogue Partner Relations

**The first decade: establishment and incubation.** During ASEAN's first decade, the system of ASEAN Dialogue Partners was not yet established.<sup>1</sup> ASEAN's relationships with international institutions and foreign governments were ad hoc, informal, and exploratory in the early 1970s. ASEAN Member States did their best work coping with political issues by themselves following a philosophy of decolonisation or racial self-determination, free from interference by outside powers. Given ASEAN's emphasis in its early years on freeing itself from interference by outside powers, it is perhaps unsurprising that the initial relationships in the early 1970s were with Australia, the European Community, Japan, and the UN, arguably none of which could be considered a major power at that time.

The UN was an important contributor to ASEAN during this first decade. ASEAN's relations with the UN began in the early 1970s as it worked with the United Nations Development Programme (UNDP). UNDP sponsored a 2-year programme to assist ASEAN economic cooperation, and this later provided the foundations on which ASEAN forged cooperation in industrial development, agriculture and forestry, transport, finance,

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<sup>1</sup> Under this system, relationships would range from regular cooperation consultations with a sectoral Dialogue Partner to full Dialogue Partner or strategic partner with a correspondingly greater scope of cooperation and level of engagement amongst government officials. The latter partnership is the most comprehensive and includes security cooperation.

and monetary and insurance services. In 1973, the UNDP team recommended three major policies that were the underpinnings of the ASEAN Industrial Projects, the Preferential Trading Arrangements, and ASEAN Industrial Complementation, the initiatives referred to in the section on 'Strategic Policy Needs: The Pursuit of Economic Resilience and Industrialisation'. The AEM accepted the UN policy recommendations and they became the centrepiece of ASEAN economic cooperation in the latter part of the 1970s and in the 1980s.

Dialogue with Australia, the European Community, and Japan in the early 1970s was largely informal and ad hoc. Informal meetings between ASEAN and the European Commission started in June 1972 and continued in September 1973. At the third informal meeting in Jakarta, Indonesia in September 1974, ASEAN and the European Commission agreed to intensify their dialogue and cooperation and to set up the Joint ASEAN–European Commission Study Group that would serve as the mechanism to explore all possible areas of cooperation (ASEAN Secretariat, 1988b). By November 1978 during the ministerial meeting of ASEAN and the European Union (EU), the Ministers acknowledged the work of the study group in strengthening relations between the two regional groupings, including via a study on the long-term cooperation between the two groupings that was still under way at that time (ASEAN Secretariat, 1988c).

Similarly, ASEAN–Australian economic cooperation started in April 1974 with a meeting of ASEAN national secretaries-general and Australian Senior Officials in Canberra, Australia. By the third meeting in Surakarta (Solo), Indonesia in May 1977, progress had been made on five joint projects – including in food, education, consumer protection, and trade – and the dialogue was renamed the ASEAN–Australia Forum (ASEAN Secretariat, 1988d).

Japan and ASEAN's first cooperation was the ASEAN–Japan Forum on Synthetic Rubber in November 1973, which resulted in financial assistance for a new type-testing and development laboratory and the strengthening of rubber research centres within ASEAN (ASEAN Secretariat, 1988e).

**The second decade: institutionalisation of the ASEAN Dialogue Partner system.** It was during the second decade of ASEAN that the ASEAN Dialogue Partner system was firmly established. The first meeting of the



ASEAN Heads of Government with the Prime Ministers of Australia, Japan, and New Zealand took place during the Second ASEAN Summit held in Kuala Lumpur, Malaysia in August 1977. Australia and Japan, and, to a lesser extent, New Zealand then dramatically expanded cooperation with ASEAN over the second decade of ASEAN's existence. The European Community and the US, and, to a lesser extent, Canada also expanded substantially their cooperation with ASEAN, but the heads of government did not meet.

In most cases, these Dialogue Partners also had bilateral relationships with ASEAN countries. But the support to ASEAN itself was a recognition of the vital and increasingly active role the grouping was playing in maintaining peace and stability and building prosperity in Southeast Asia, and in building regional cooperation. This was expressed by Australia, Japan, and New Zealand following meetings with ASEAN (ASEAN Secretariat, 1988f–h). Other Dialogue Partners echoed these sentiments.

One of the most significant diplomatic successes in ASEAN's history is the resolution of the Cambodia problem with the signing of the Paris Peace Agreements in 1991. The UN was of tremendous help with Cambodia, in addition to the entire Indochina problem, and this was greatly important to ASEAN's diplomatic–security development. The European Community was also strongly supportive of ASEAN with regard to Cambodia and the concomitant refugee issue.

In addition to Cambodia, ASEAN conversations with its partners in the 1980s, particularly with the European Community, invariably touched on the international economic environment, especially the commodity price drops that hurt ASEAN exporters. ASEAN–European Community dialogue deepened with the signing in 1980 of the ASEAN–European Community Cooperation Agreement. Joint initiatives occurred in investment promotion, human resources development, science and technology, energy, tourism, and issues surrounding illegal drugs. The European Community's generalised system of preferences, under which developing countries paid lower duties on their exports to the European Community, was also regularly discussed and a European Community–ASEAN Business Council was established.<sup>2</sup>

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<sup>2</sup> The information on the ASEAN–European Community dialogue and cooperation experience during the 1970s and the 1980s was drawn from ASEAN Secretariat (1988b).

ASEAN's relationship with Australia dramatically expanded in the second half of the 1970s. At the Second ASEAN Summit, in 1977, Prime Minister Malcolm Fraser deepened his country's support for ASEAN and its member states by announcing, amongst other items, funding for joint development projects and a tripling of bilateral aid to ASEAN Member States. This aid was also increasingly untied to allow for more procurement within ASEAN itself. Australia's financial support of ASEAN-related projects would grow steadily over the course of ASEAN's second decade; its funding commitment to ASEAN regional cooperation projects rose tenfold to about A\$100 million in 1986 from A\$10 million in 1977.

The Australia–ASEAN projects during the late 1970s and the 1980s focused on food, consumer protection, education, and population. Trade and investment promotion was emphasised, while market access, generalised system of preferences privileges, and aviation issues were also regularly tackled. An ASEAN–Australia Business Council for the private sector was established as an important complement to the governmental-level cooperation initiatives.<sup>3</sup>

Turning next to ASEAN–Japan relations over ASEAN's second decade, the meeting of Prime Minister Takeo Fukuda with the ASEAN Heads of Government at the Second ASEAN Summit in Kuala Lumpur in August 1977 was noteworthy on three counts. Japan pledged that it would never become a military power, that it would build close relations with ASEAN countries, and that Japan and ASEAN would be equal partners. These three commitments became known as the Fukuda Doctrine (Sunaga, 2017). Second, it offered US\$1 billion in concessional loans plus technical assistance for ASEAN Industrial Projects. And third, Japan proposed a joint study on cultural cooperation within ASEAN. This latter initiative eventually led to the establishment of the ASEAN Cultural Fund to promote intra-ASEAN cultural cooperation. Japan also provided scholarships for ASEAN youth.

Under the auspices of the ASEAN–Japan Forum, cooperation between ASEAN and Japan grew significantly in the fields of industrial development, trade and investment, science and technology, and human

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<sup>3</sup> The information on ASEAN–Australia dialogue and cooperation experience during the 1970s and 1980s was drawn from ASEAN Secretariat (1988d).

resources. High-level meetings involved ASEAN and Japan Foreign Ministers, Economic Ministers, and Ministers of Science and Technology, with discussions on the international economy, market access in Japan, human resources development, and technology transfer. An agreement to establish an ASEAN promotion centre for trade, investment, and tourism in Tokyo was signed in 1980.<sup>4</sup>

ASEAN also built on its partnerships with Canada, New Zealand, and the US during its second decade. ASEAN's relations with Canada started informally with two meetings in Manila in 1975, while the formal ASEAN–Canada dialogue process began in February 1977 with a meeting on economic cooperation. ASEAN and Canada then signed a cooperation agreement in 1981, which was implemented through the ASEAN–Canada Joint Cooperation Committee, a body established in June 1982. Most significantly, Canada gave financial support for a regional human resources development fund for nongovernmental organisations, a scholarship fund, and a feasibility study for an ASEAN satellite communication system. New Zealand's assistance to ASEAN began in 1975, continued throughout ASEAN's second decade, and was much more focused primarily on agriculture and forestry.

Dialogue with the US began in September 1977, exactly a month after the ASEAN Heads of Government had met with the Prime Ministers of Australia, Japan, and New Zealand. Again, this process continued in earnest throughout ASEAN's second decade. Discussions often concerned international economic issues and international trade talks, particularly the Multifibre Arrangement and the International Tropical Timber Agreement.

However, bilateral partnerships between the US and individual member states during the 1980s were more significant. US investment into ASEAN increased by more than 50% between 1980 and 1983 to about US\$7.3 billion. The private sector was brought into ASEAN–US talks following the establishment of the ASEAN–US Business Council in 1980.

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<sup>4</sup> The information on ASEAN–Japan dialogue and cooperation experience during the 1970s and 1980s was drawn from ASEAN Secretariat (1988).

Cooperation took place in agriculture, energy, public health, academic training and research, marine sciences, teacher training, control of narcotics, and support for small and medium-sized enterprises (SMEs). Bilateral policy issues revolved around generalised system of preferences privileges, the Caribbean Basin Initiative, and shipping and investment promotion.

Overall, the second decade of ASEAN was marked by a robust start to and expansion of a formal dialogue process with key partners. It is apparent that ASEAN's partners contributed significantly to the strengthening of ASEAN as a regional institution due to the expanding range of fields in which cooperation took place. ASEAN was also boosted by their support in the diplomatic arena during a decade of political–security uncertainty in Indochina.

However, it was the confluence of major international geopolitical and economic events at the beginning of the 1990s that drove ASEAN to raise regional cooperation to the next level: from cooperation to integration. As ASEAN moved into its third decade and beyond, integration would bring greater vigour to ASEAN's relations with a growing number of Dialogue Partners.

## ASEAN's Third and Fourth Decades

### Strategic Policy Needs: Adapting to Major International Change

**Landmark global and regional developments.** Several landmark global events marked ASEAN's third decade, which began in 1987. The Cold War ended in 1991, the EU was established in 1993, and the US set up the North American Free Trade Agreement as its own economic group in 1994. And notably, the first economic summit to take place without Europe was held by the Asia-Pacific Economic Cooperation forum in 1993.

This period also saw several developments that would directly affect the economies of ASEAN countries: the declaration of China's socialist market economy, the establishment of the World Trade Organization, and the second unbundling of production networks.

ASEAN by this time comprised six countries, now also including Brunei Darussalam, which joined in 1984. But all over the world, the advanced countries were creating very strong economic groupings. Although the increased FDI into ASEAN was spurring good economic growth, ASEAN Leaders realised that this was not enough; they needed to do something more lest ASEAN lose its own identity or economic position.

At this point, it is important to note what was happening in China at the time. Following the Tiananmen Square incident in 1989, China strongly pushed ahead with a large infrastructure programme, invited FDI, and, more significantly, in 1992 declared its new economic paradigm of a socialist market economy. This model strongly implied that foreign-owned investments in China would be protected by the Communist Party. China's emerging economic potential and the 33% decrease in the yuan rate attracted investors, and the country became a strong competitor to ASEAN for FDI.

To cope with these structural changes in the world economy, ASEAN Leaders took two historic decisions: (i) they created the ASEAN Free Trade Area (AFTA), and (ii) they expanded ASEAN to 10 nations by bringing in the Indochina countries and Myanmar.

The decision to establish AFTA, which was formally signed at the Fourth ASEAN Summit in Singapore on 28 January 1992, proved to be the catalyst for deeper integration and community building from the 1990s through the 2000s and the 2010s, up to the present. It committed members to reducing tariffs to 0%–5% from 1993 to 2008. This was known as the Common Effective Preferential Tariff scheme. Related integration initiatives under AFTA – for example in investment, services, and standards and conformance – soon followed.

The joint statement of the Fourth ASEAN Summit stated:

Having reviewed the profound international political and economic changes that have occurred since the end of the Cold War and considered their implications for ASEAN, we declare that:

- ASEAN shall move towards a higher plane of political and economic cooperation to secure regional peace and prosperity;

- ASEAN shall constantly seek to safeguard its collective interests in response to the formation of large and powerful economic groupings among the developed countries, in particular, through the promotion of an open international economic regime and by stimulating economic cooperation in the region.

The historic decision to bring the Indochina countries and Myanmar into the grouping also proved a success story, despite challenges. Of the four, Viet Nam was the first to join in 1995, followed by the Lao People’s Democratic Republic and Myanmar in 1997, and Cambodia in 1999. The new members became growth leaders in ASEAN from the late 1990s until the mid-2010s due to domestic reform, which opened them up economically. This growth was facilitated by ASEAN’s economic integration agenda, support from donors, and a surge in foreign investment.

This expansion of ASEAN did, however, pose challenges, as the enlarged ASEAN was even more diverse and needed to consider the collective interest of countries at different development stages, while narrowing the development gaps. ASEAN addressed this during its fourth decade, in part through the Initiative for ASEAN Integration, which helped the newer ASEAN Member States adjust to the demands of ASEAN integration. More importantly perhaps, ASEAN’s Dialogue Partners provided substantial financial and technical help to the four newest members, both bilaterally and through ASEAN.

## **Strategic Policy Needs: ASEAN Miracle and Crisis**

When ASEAN Leaders decided in 1992 to establish AFTA, ASEAN was in the midst of the so-called ASEAN Miracle, the golden decade during which four of the six ASEAN Member States had growth rates amongst the highest in the world. At the turn of the 1990s, ASEAN held the highest share of FDI into the developing world; the region also had one of the highest shares of overall foreign trade in the developing world. Thus, to some extent, the decision to go for regional integration (and not regional cooperation) in response to the expected rise of the EU and North American Free Trade Agreement, amongst others, reflected also a growing confidence that the outward-oriented and liberalisation policies that had been embraced were bearing fruit.

An important contributing factor in ASEAN's success was the expansion of the second unbundling of production networks from the late 1980s, due to the information technology revolution and the Internet. As we have already seen, the Plaza Accord levelled out the production network across ASEAN, but triggered an economic slump in Japan, as investors chose to seek business opportunities elsewhere. The result was a surge in export-oriented FDI into ASEAN.

While Japanese investment into ASEAN was key, money from Taiwan and the Republic of Korea (henceforth Korea) also flowed into labour-intensive manufacturing. Investments from Western companies, especially in electronics, also flowed in as regional production networks deepened and expanded. The result for ASEAN was a surge in exports of manufactured goods and impressive economic growth – the exemplar of the ASEAN economic miracle from the latter part of the 1980s to the mid-1990s.

**Asian currency crisis and the rise of ASEAN identity.** But these golden years were followed by the Asian currency crisis of 1997 and 1998. The world criticised ASEAN, saying its economy collapsed because of crony capitalism. However, the collapse was caused by hedge funds from developed countries that attacked Thailand's fragile financial system. When the Asian currency crisis happened, the economic shock easily adversely affected the production network. For example, the Thai automobile industry was severely damaged and production plummeted. But ASEAN's severely damaged production networks proved their resilience by recovering after 3 years.

The year 1997 was also ASEAN's 30th anniversary and the year during which leaders declared Vision 2020 as the fundamental direction of ASEAN. ASEAN aimed to forge closer economic integration within a peaceful, outward-looking, and caring grouping. Vision 2020 was also ASEAN's way of affirming that its members are not crony capitalists and that they would cope with the currency crisis by accelerating economic integration via further liberalisation of trade and investment, building on AFTA. I call it 'the affirmation of the ASEAN identity'.

Actions plans were drawn up to achieve this vision. The first was the Hanoi Plan of Action, which was drawn up during the Sixth ASEAN Summit held in Viet Nam. This was the beginning of a more comprehensive strategy that ultimately led to the blueprints of the late 1980s and, more recently, the blueprints for 2016–2025.

## Strategic Policy Needs: Towards ASEAN Community and Centrality

One major effect of the 1997–1998 crisis was foreign capital outflow from ASEAN into other countries, particularly China and the US. This, and ASEAN's need to make itself attractive to foreign investors again, weighed into ASEAN's decision to build a community and then to accelerate the realisation of the ASEAN Economic Community from 2020 to 2015.

A more felicitous impact of the crisis was that three Northeast Asian countries – China, Japan, and Korea – were brought into closer orbit with ASEAN. The first ASEAN Plus Three Summit was held when these three nations were invited as the guests of Malaysia, the ASEAN Chair, for the 30th anniversary of ASEAN in December 1997. Following the Asian currency crisis, they supported the serious situation of ASEAN Member States at a time when the International Monetary Fund was requesting severe conditionality from them. It can be regarded a metamorphosis of the East Asia Economic Community.

On 3 October 1998, the New Miyazawa Initiative was announced. It was designed to support Asian countries hit by the currency crisis and to stabilise the international financial and capital market. The initiative comprised US\$15 billion in medium- and long-term money support for the recovery of the real economy of Asian countries, and US\$15 billion in short-term funds to promote economic reforms in those nations.

In addition, in 1999 at the Third ASEAN Plus Three Summit, the Leaders agreed to strengthen policy dialogue, coordination, and collaboration on financial, monetary, and fiscal issues of common interest, focusing initially on issues related to macroeconomic risk management, corporate governance, regional capital flows, the strengthening of banking and financial systems, reform of the international financial architecture, and self-help and support mechanisms in East Asia through the ASEAN Plus Three framework. This included the ongoing dialogue amongst ASEAN Plus Three finance and central bank leaders and officials, and led to the Chiang Mai Initiative Multilateralisation on 5 May 2000, at the Second ASEAN Plus Three Finance Ministers' Meeting in Thailand, and the eventual establishment of the ASEAN+3 Macroeconomic Research Office in October 2014 to undertake analyses on the macroeconomic status



and financial soundness as well as macroeconomic risks and financial vulnerabilities of member countries and to support the implementation of the Chiang Mai Initiative Multilateralisation.

The ASEAN Plus Three would jumpstart the ASEAN Plus One free trade agreements (FTAs) amongst ASEAN and Plus Six partners, thereby moving ASEAN to the heart of East Asia integration initiatives. ASEAN's closer relations with the Plus Three countries would also snowball at the political–security level into the East Asia Summit, initially involving the ASEAN Plus Six countries and, later on, including Russia and the US. Thus, the fourth decade of ASEAN, which began with a crisis, blossomed into the realisation of the ASEAN Community and the beginning of ASEAN centrality in East Asia.

**Emerging China.** What was happening in China at this time? As China's foreign capital account was strictly regulated, hedge funds could not attack the country and the Asian currency crisis had no serious effect on its economy. To make use of this period, under the mantle of maintaining Asian currency stability, China declared it would strongly maintain its financial regulation. It vigorously invited FDI and thus became the world's factory.

A closer look reveals that China made full use of contract manufacturing order systems, wherein bought-in materials were processed for export in the special economic zones. At that time, nearly half of Chinese trade was done under such a scheme, and it helped the Chinese private sector to accumulate manufacturing know-how.

At this stage, nearly everything produced as a result of FDI was exported from China. Goods produced in the special economic zones via FDI could not legally be sold in the domestic market. It was only in later years that FDI was available for goods to be sold domestically.

The country was also seriously disconnected; trucks in the outer provinces could not enter nearby provinces, each province was independently regulated and FDI approved for one province was strictly restricted to that province. Even Chinese people could not easily establish companies; government approval was required for business activities needing FDI. In some sectors, FDI received privileges and better treatment than Chinese businesses.

But the situation dramatically changed. After the 2 golden decades for FDI that resulted in the accumulation of business know-how, in 2002 China's President Jiang Zemin declared that by 2020 China should be a comprehensively well-off society. By 2020, he stated, China's gross domestic product (GDP) would be around CNY4 trillion, four times the CNY1 trillion GDP of 2001. GDP per capita was targeted at around US\$3,000 by 2020, and the basis on which that target was to be realised was China's accession to the World Trade Organization, which had occurred in 2001.

**Towards the ASEAN Community.** After the Asian currency crisis and considering China's splendid achievements and goals, ASEAN Leaders realised it was necessary to upgrade ASEAN's institutions. The Seventh ASEAN Summit held in Brunei was significant in that it called for an annual ASEAN Summit.

Considering the changing international environment, ASEAN Leaders realised it was necessary to act swiftly and to act together. On 3 September 2003, the AEM declared (ASEAN Secretariat, 2003):

The regional integration process will remain an important influence on corporate consolidation, expansion and industrial adjustments. Regional production network will continue to play a role in this process and in supporting regional integration.

To cope with the challenges brought by the new international economic groupings, ASEAN adopted the fundamental concept of a single market and a production base. ASEAN is convinced that to reduce poverty, strengthening production networks, creating jobs, and building skills are vital. Thus, a single market and production base is a target or measure that is packaged into the concept of the ASEAN Economic Community.

On 7 October 2003 at the ASEAN Summit, Leaders signed the Bali Concord II. They pledged to achieve by 2020 an ASEAN Community that would rest on three pillars: the ASEAN Political-Security Community, ASEAN Economic Community, and ASEAN Socio-Cultural Community.

ASEAN is often compared with the EU, so it is worth noting that ASEAN is far more diverse than the EU in such areas as GDP per capita, religion, and political systems. Labour mobility is mainly an economic issue for the single market of the EU, but for ASEAN it is not only an economic but also a socio-cultural matter. The EU can aim for a single market due to its relatively manageable homogeneity, but that strategy does not offer a solution for narrowing development gaps in the case of ASEAN. Thus, there is internal logic to explain why ASEAN decided to build three communities.

**Towards ASEAN centrality.** The road to ASEAN centrality started on the political–security front. First, in 1987 at the Third ASEAN Summit, the TAC, ASEAN’s flagship peace treaty, was opened up to countries outside ASEAN. In 2003, China became the first non-ASEAN country to accede to the treaty and, in doing so, contributed greatly to the stature of the agreement. China was followed by India also in 2003, Japan and Russia in 2004, and New Zealand and Australia in 2005. The US acceded in 2009, a symbol of the US pivot to Asia, while the EU, the first regional group to join, acceded in 2012.

But it is the ASEAN Regional Forum (ARF) that can arguably be seen as the first major manifestation of ASEAN centrality; this is when ASEAN really became the hub for regional multilateral security talks and cooperation in East Asia and the Pacific. The establishment of the ARF followed ASEAN’s successful conclusion in 1991 of the Cambodian (Kampuchean) problem. At the first ARF ministerial meeting in July 1994, 17 countries plus EU Foreign Ministers gathered in Bangkok to discuss Asia-Pacific regional political security. The ARF continues and has spawned other security cooperation initiatives in the region.

At the height of ASEAN’s ‘golden decade’ in 1996, Bangkok hosted the first summit of the Asia–Europe Meeting (ASEM), which initially consisted of the then 15 members of the EU, the European Commission, the then 7 members of ASEAN, plus China, Japan, and Korea. ASEM has since expanded tremendously to include countries like India, Pakistan, Bangladesh, Russia, Mongolia, Australia, New Zealand, Switzerland, Croatia and Kazakhstan. At present, there are more than 50 member countries in ASEM plus two regional organisations – the European Commission and the ASEAN Secretariat.

A very important area in which ASEAN centrality in the region has emerged is the ASEAN Plus arrangements, which rested strongly on Malaysian diplomacy and on the regional response to the 1997–1998 crisis. Malaysia’s then Prime Minister Mahathir Mohamad proposed enlarging ASEAN in response to the large and powerful economic groups amongst developed countries. The idea of the East Asia Economic Caucus emerged, and its members were expected to be ASEAN, China, Japan, and Korea. The First ASEAN Plus Three Meeting of Economic Ministers was held in February 1996 in Osaka and, as discussed above, the First ASEAN Plus Three Summit was held in 1997.

In the aftermath and recovery from the 1997–1998 crisis, the Eighth ASEAN Summit in Cambodia on 4 November 2002 received various proposals from China, Japan, and Korea to support ASEAN’s community building. These included Japan’s Initiative for Development in East Asia, the East Asia Vision Group of Korea, and the Framework Agreement on ASEAN–China Economic Cooperation.

Aside from their accessions to the TAC, the ASEAN Plus Six countries – Australia, China, India, Japan, Korea, and New Zealand – have all signed diverse partnership agreements and plans of action for cooperation with ASEAN.

For example, in 2003 during the ASEAN–Japan Commemorative Summit, the Tokyo Declaration for the Dynamic and Enduring ASEAN–Japan Partnership in the New Millennium and the ASEAN–JAPAN Plan of Action 2004–2010 were unveiled. They reflect the elevation of the ASEAN–Japan dialogue relations into a strategic partnership.

In addition, all now have bilateral FTAs with ASEAN and negotiations are ongoing for the Regional Comprehensive Economic Partnership (RCEP). RCEP is at present (2017) the largest FTA being negotiated in the world and will be an improvement over the existing bilateral FTAs. The ASEAN Plus One FTAs and RCEP clearly establish ASEAN centrality, with ASEAN acting as both facilitator and as hub.

Further, the First ASEAN–UN Summit was held in Bangkok on 13 February 2000, on the sidelines of the 10th session of the United Nations Conference on Trade and Development.

All the ASEAN Plus summits and the East Asia Summit are now part of the regular annual ASEAN Summit and related summits. Thus, ASEAN remains the hub of the regional security, diplomatic, and economic dialogues and arrangements in East Asia.

ASEAN centrality in terms of leadership is more mixed; indeed, it is perhaps best to view it as collective leadership, which may be the appropriate approach given ASEAN's relatively minor economic clout compared to countries such as China and Japan. Nonetheless, ASEAN's role as interlocutor amongst the participating and contending parties remains. Thus, to a large extent, ASEAN's centrality is still exercised, albeit in a more muted manner.

### Dialogue Partner Contributions: Third Decade and Beyond

Since the 1990s, ASEAN's relations with its Dialogue Partners have grown vastly in depth and breadth. Indeed, they are partners in region-building for peace, security, and prosperity. Arguably, the success of ASEAN so far in building the ASEAN Community is owed to some extent to the remarkable support the Dialogue Partners have provided, especially since the early 1990s alongside ASEAN's drive for economic integration and community building. The dialogue partnerships have matured from sectoral and functional cooperation in the early years to strategic partnership in the case of many of ASEAN's Dialogue Partners. Strategic partnership covers the wide gamut of political and security cooperation, economic cooperation, socio-cultural cooperation, and development cooperation capped by regular bilateral summits.

**Japan.** Japan exemplifies an ASEAN dialogue relationship that has become so deep and wide that Japan's Ambassador to ASEAN, Kazuo Sunaga, would title his May 2017 presentation on Japan-ASEAN relations 'beyond strategic partners', in effect a partnership almost like brotherhood (Sunaga, 2017). Japan looms large in ASEAN's integration and community-building efforts, in part because Japan is ASEAN's key trading partner and source of FDI, and because Japanese firms and their regional production networks have provided an important market impetus to economic liberalisation and integration in the region.

In economic cooperation, Japan's contributions to ASEAN have veered towards infrastructure (hard and soft) for connectivity, especially in the Mekong region, which is consistent with ASEAN's drive to narrow development gaps amongst its members. The infrastructure, which includes highways and ports, power, and industrial and economic zones, is mostly achieved via very long-term loans at very low interest rates to ASEAN Member States. The soft infrastructure investments include improvement in customs. Japan's contributions in connectivity follow the concept of regional economic, maritime, and air corridors, which support the advancement of regional production networks in ASEAN.

Japan and ASEAN have established a platform for cooperation on connectivity via the ASEAN Connectivity Coordinating Committee and Japan's Task Force on Connectivity since 2011 with Japan implementing 33 flagship projects to enhance ASEAN connectivity (ASEAN Secretariat, 2017a). In addition, a further 37 flagship projects were announced at the ASEAN–Japan Commemorative Summit in December 2013. Since 2015, Japan's infrastructure support to ASEAN has come under the Partnership for Quality Infrastructure for enhanced regional supply chains, seamless logistics, people mobility, etc. (ASEAN Secretariat, 2017a).

Japan's economic cooperation initiatives with ASEAN go beyond connectivity. They include a long list of initiatives on SME development in tandem with the ASEAN SME Agencies Working Group; on customs with the ASEAN Coordinating Committee on Customs; on energy under the purview of ASEAN Senior Officials' Meeting on Energy and Japan's Ministry of Economy, Trade and Industry; and on transport under the ASEAN and Japan Transport Ministers' Meeting. In most of these initiatives, regular meetings and coordination stretch back to the early 2000s.

Japan's consultations with ASEAN on economic cooperation started in the early 1990s. Indeed, one very good building block towards the Japan–ASEAN brotherhood is the relationship between the AEM and the Ministry of International Trade and Industry (MITI) of Japan, the forerunner of the Ministry of Economy, Trade and Industry. This has contributed to the shaping of Japan's contribution to ASEAN and to ASEAN's successful enlargement from 6 to 10 member states. The first AEM–MITI Ministerial Meeting was held in Manila over an informal lunch in 1992, but meetings

were later formalised. A key concern discussed in the early meetings was that the expected new ASEAN Member States – Cambodia, the Lao People’s Democratic Republic, Myanmar, and Viet Nam (the CLMV countries) – were lagging far behind the older members in terms of international shared common experience. ASEAN Leaders acknowledged that enlarging ASEAN membership to the Indochinese countries would necessitate establishing a working group to facilitate their accession and to support narrowing the development gaps seen between the new and the older members. The Working Group on Economic Cooperation in Indochina (renamed CLM-WG when Myanmar joined ASEAN) was therefore set up during the Third AEM-MITI Ministerial Meeting in 1994. The working group then became the AEM-MITI Economic and Industrial Cooperation in 1997, with a special focus on industrial upgrading in the ASEAN Mekong region, including Thailand. The industrial upgrading was strongly supported by AEM-MITI consultations, and would be a solid base for the second unbundling, forming a rich industrial agglomeration consisting of various tiers of supporting industries in the Mekong region, backed by strong policies.

Japan’s contributions to ASEAN in the socio-cultural arena are also important. One of the more prominent initiatives is the Japan–East Asia Network of Exchange for Students and Youths, an exchange programme for ASEAN youth. Under this programme, 30,000 young people from across ASEAN visited Japan and about 2,000 young Japanese visited ASEAN between 2007 and 2017 (Sunaga, 2017). This reflects the emphasis both ASEAN and Japan place on people-to-people contact to foster a sense of togetherness, mutual respect, and understanding. Another major initiative is the ASEAN University Network/Southeast Asia Engineering Education Development Network Project, which connected 26 top ASEAN and 14 leading Japanese universities as of mid-2017. It has been highly successful in building capacity for engineering education and research in ASEAN with nearly 1,300 master’s and doctoral scholarships, about 213 joint research projects, and more than 700 short visits of professors and researchers as of mid-2017. The project aims not only to build capacity and promote academic networking, but also to solve jointly common regional concerns and enhance industry–university linkages. The importance of high-quality engineering education and research for the region’s technological upgrading cannot be underestimated, nor can the increased people-to-people links amongst academics and scientists (Sunaga, 2017).

Other important Japan–ASEAN initiatives that have contributed to the ASEAN Socio–Cultural Community have taken place in disaster management, through support projects for the ASEAN Agreement on Disaster Management and Emergency Response, and cooperation with the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management. Public health, the environment, and climate change – primarily in the areas of biodiversity, sustainable cities, and environmental education – also feature, as well as culture, the arts, and programmes to increase awareness of ASEAN community building (ASEAN Secretariat, 2017a).

On political–security cooperation, apart from participating in ASEAN-led mechanisms like the ARF, the East Asia Summit, and the ASEAN Defence Ministers Meeting (ADMM)-Plus, Japan supports ASEAN’s fight against terrorism and organised crime, including cybercrime. Equally important are Japan’s contributions in defence capacity building and maritime affairs to member states such as Indonesia, Malaysia, the Philippines, Thailand, and Viet Nam. While most of the cooperation in defence is bilateral, Japan is proposing ASEAN-wide cooperation, although this is still under review.

**Australia and New Zealand.** The leaders of Australia and New Zealand also met ASEAN Leaders during the Second ASEAN Summit in Kuala Lumpur in 1997 and have stepped up tremendously their contributions to ASEAN. The deepening of relations is best expressed by Australia’s term ‘comprehensive engagement’. In the case of Australia, comprehensive engagement included reframing the ASEAN–Australia Economic Cooperation Programme (Phase III) to focus on a few large and strategic long-term projects with substantial economic and commercial potential, and smaller projects facilitating private sector involvement. This reframing was appropriate given the surging ASEAN economies and expanding trade and investment relationships between ASEAN and Australia during the early and mid-1990s. The ASEAN–Australia Economic Cooperation Programme morphed into the 7-year ASEAN Australia Development Cooperation Program (AADCP) 2002–2008 with a budget of A\$45 million for the first phase. One of the AADCP’s primary aims was to develop better knowledge and evidence for regional policymaking on the road to the ASEAN Economic Community. This emphasis on high-quality economic research and evidence-based policy advice continues under phase II of the AADCP (2008–2019). The policy focus is on services, investment,



consumer protection, agriculture, connectivity, and financial integration. As of April 2017, 49 projects have been completed and 20 projects are ongoing under AADCP II (ASEAN Secretariat, 2017b). The AADCP is jointly undertaken by the ASEAN Secretariat and Australia.

With the signing of the ASEAN–Australia–New Zealand Free Trade Area (AANZFTA) in 2009, Australia and New Zealand established the AANZFTA Economic Cooperation Support Programme 2010–2018. This was designed to help ASEAN nations maximise the benefits they took from AANZFTA and to assist with regional integration. In early 2017, work was under way to prepare a new 10-year cooperation programme to replace the AANZFTA Economic Cooperation Support Programme. A related activity is the ASEAN–CER (Closer Economic Relations) Integration Partnership Forum, which aims to advise ASEAN and its members based on the experiences of Australia and New Zealand as economic relations between the two countries deepened.

Like Japan, both Australia and New Zealand have also undertaken programmes with a special focus on the CLMV countries. These projects aim to support integration and narrow development gaps. Australia has programmes to make financial services available to low-income women, strengthen regulation to boost the private sector, improve cross-border trade and transport, and enhance capacity of policymakers. New Zealand provides English language training for officials, as well as training on project proposal formulation (ASEAN Secretariat, 2017c). The programmes are relatively modest compared to those of Japan, but are important complements to the infrastructure and systems projects on which Japan focuses in the Mekong region.

On socio-cultural cooperation, both Australia and New Zealand provide financial support for disaster risk management under the ASEAN Agreement on Disaster Management and Emergency Response and, in the case of New Zealand, support for the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management. Australia and ASEAN also have a major joint education programme and, in 2016 alone, Endeavour Scholarships and other awards and grants were given to more than 900 ASEAN students to study in Australia, and to more than 2,000 Australian students in the ASEAN region. In addition, 42 Australian students were granted scholarships to study in ASEAN. About 1,500 scholarships are

expected to be awarded to ASEAN students for studies in Australia in 2017 (ASEAN Secretariat, 2017b). Australia also provided support to the development of the ASEAN Qualifications Reference Framework and ASEAN's health development agenda.

On the political–security front, both Australia and New Zealand have been strong supporters and partners of ASEAN in the ARF, ADMM-Plus, and the East Asia Summit. They also support ASEAN against terrorism, violent extremism, and transnational crime, including human trafficking.

**European Union.** The EU has been an ASEAN Dialogue Partner since 1977 (then as the European Economic Community), and is ASEAN's first region-to-region Dialogue Partner. Joint activities are naturally focused on integration and the relationship has deepened tremendously since the early 2000s, particularly since the Nuremberg Declaration on an ASEAN–EU Enhanced Partnership was signed in 2007. This agreement focuses on joint activities that contribute to the goal of achieving the three ASEAN communities.

The ASEAN Regional Integration Support from the EU (ARISE) programme was the most significant joint venture between the EU and ASEAN. It has been succeeded by ARISE Plus, which runs until 2020. Both are good examples of the responsiveness of Dialogue Partners to ASEAN's specific needs. ARISE focused on the need to develop initiatives that would form part of the ASEAN Economic Community Blueprint 2025 measures, and contributed greatly in areas that smooth cross-border trade. ARISE Plus focuses on the challenge of implementing these measures.

In terms of socio-cultural cooperation between ASEAN and the EU, joint action has taken place in areas such as education, science and technology, disasters, migration and borders, and statistical capacity building (ASEAN Secretariat, 2017d). But in the near future, greater focus will be on climate change and disaster management.

The EU's accession to the TAC is its most important political–security cooperation with ASEAN. It also participates in the ARF and the ASEAN Post-Ministerial Conference 10+1 sessions, and gives financial support for institution and community building.

**United States.** ASEAN–US dialogue relations started in 1977, shortly after the Second ASEAN Summit and the ASEAN–Australia, ASEAN–Japan, and ASEAN–New Zealand Leaders’ meetings. As with ASEAN’s other partners, the relationship with the US has grown steadily since the 1990s. It was, however, the accession of the US to the TAC in July 2009 under the Obama administration that signalled a strong pivot to Asia. In early 2010, the US became the first Dialogue Partner to establish a mission to ASEAN with a resident ambassador (ASEAN Secretariat, 2017e).<sup>5</sup>

Political–security cooperation has loomed large in the ASEAN–US relationship and regular meetings have taken place at various levels to discuss the role of the US in maintaining regional peace, stability, and security. Topics addressed have included maritime security, nuclear non-proliferation, cybersecurity, and transnational crime.

But despite the substantial support across many areas, there are concerns surrounding the Trump administration’s commitment to ASEAN. The uncertainty surrounding its view on ASEAN and on the region’s multilateral economic and political–security agenda is aggravated by the increasingly more assertive China.

Economic cooperation has focused on trade facilitation, SME development, and harmonisation of standards and conformance. The US has also been ASEAN’s primary partner in the development and testing of the ASEAN Single Window, a project to expedite cargo clearance; there is also a 5-year joint energy programme (US Mission to ASEAN, 2015). In addition, the yearly meeting of the ASEAN finance and central bank deputies with the US Treasury deputy is useful for ASEAN, given the global effects of US monetary and macroeconomic policies.

The Young Southeast Asian Leaders Initiative is the highlight of US–ASEAN socio-cultural cooperation. It aims to strengthen leadership development in ASEAN, deepen engagement with young leaders on regional and global issues, and enhance people-to-people ties between the US and ASEAN. The US has also worked to promote women in ASEAN; address transnational challenges, particularly climate change and transnational

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<sup>5</sup> This section on ASEAN–US relations draws heavily on ASEAN Secretariat (2017e).

crime; and conduct training in natural resources management, biodiversity conservation, and counterterrorism. It has also provided financial support for disaster response.

**China.** ASEAN–China dialogue relations began in July 1991 when Foreign Minister Qian Qichen of China attended the 24th ASEAN Ministerial Meeting in Kuala Lumpur. By July 1996, China had become a full (as against sectoral) Dialogue Partner of ASEAN. Since then, ASEAN–China relations have grown dramatically, although there are also persistent concerns at the political–security level.

There is no better exemplar of the dramatic expansion of ASEAN–China relations than on the trade and investment front. China has become ASEAN’s largest trading partner and the ASEAN–China Free Trade Area is the largest in the developing world. China’s Ambassador to ASEAN states that ASEAN–China trade and ASEAN–China investment have expanded 56 times and 355 times, respectively, from 1991 to 2016 (Bu, 2017).

A huge number of events and initiatives have supported this massive expansion. Since 2004, there has been an annual expo in Nanning, China showcasing products from ASEAN and China, as well as an annual business and investment summit. China has supported training in agriculture, and has worked with ASEAN on technology, particularly human resources, infrastructure, and regulation, as well as sanitary and phytosanitary issues, standards and conformance, and transport. Demonstrating just how deep this relationship goes, an air transport agreement signed in early 2017 has connected 37 cities in ASEAN with 52 cities in China via nearly 5,000 direct flights per week (ASEAN Secretariat, 2017f).

China has also been involved in the development of the CLMV countries, efforts that build towards the goal of narrowing development gaps within ASEAN. China’s assistance here comes primarily under the Greater Mekong Subregion, initiated by the Asian Development Bank in 1992 after peace was restored in Cambodia. China has offered grants, low-interest loans, and other support for infrastructure, including railways, electricity grids, and Mekong River navigation (Cheng, 2013).

On the political–security front, as noted above, ASEAN–China relations have been more complex. The South China Sea issue has been contentious since the early 1990s. ASEAN and China signed the Declaration on the Conduct of Parties in the South China Sea in November 2002 to promote a peaceful, friendly, and harmonious environment in the South China Sea. But a 2016 tribunal decision that went against China heightened the tension; thus, the issue remains. ASEAN and China continue to try to reach agreement on a code of conduct for the area.

In other cases, China has provided key diplomatic support to ASEAN. It assisted ASEAN during the 1997–1998 financial crisis by not devaluing the yuan. China was also the first Dialogue Partner to accede to the TAC in 2003, thereby raising the stature of the agreement. In 2003, China also jumpstarted the ASEAN Plus One FTAs by offering ASEAN firms early access to China’s booming market. The resultant surge in ASEAN’s exports to China, particularly of commodities, aided the recovery from the 1997–1998 crisis.

ASEAN and China also continue to strengthen their relations in other areas. In the socio–cultural arena, joint work has taken place in public health, education, youth exchange and cooperation, culture and arts, environmental protection, disaster management, the media, and science and technology (ASEAN Secretariat, 2017f).

**India, Korea, and Russia.** India, Korea, and Russia are more recent Dialogue Partners.<sup>6</sup> In the case of Korea, sectoral dialogue began in 1989 and full dialogue status was achieved in 1991. In the case of India, sectoral dialogue began in 1992 with full dialogue status in 1995. For Russia, the official links began when the Deputy Prime Minister attended the ASEAN Ministerial Meeting in July 1991. Full Dialogue Partner status was granted in 1996.

**India.** On the political–security front, India participates in ASEAN–led meetings and dialogues, such as the ARF, ASEAN Post–Ministerial Conference 10+1 sessions, ADMM–Plus, and the East Asia Summit. India also participates in the Mekong–Ganga Cooperation and the Bay of Bengal Initiative for Multi–Sectoral Technical and Economic Cooperation.

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<sup>6</sup> The section draws heavily on the ASEAN Secretariat’s information papers (2017g–i).

ASEAN–India economic cooperation has focused on engendering greater business linkages through business fairs and conclaves, and on highway projects, green technology, collaborative research and development, agriculture, and forestry.

Socio-cultural cooperation between ASEAN and India has also been expanding on a wide range of topics, including human resources development, science and technology, people-to-people contacts, education, agriculture and food security, biodiversity, disaster management, and energy. The ASEAN–India Fund and the ASEAN–India Green Fund finance all cooperation projects. Other initiatives include regular student, media, and young farmers’ exchanges, and a network of think tanks. India has also supported the implementation of the Initiative for ASEAN Integration with projects on entrepreneurship and English language training.

**Korea.** On political–security cooperation, apart from accession to TAC, Korea has been an active participant of the ARF since its inception in 1994, as well as in ADMM-Plus. Korea has also supported ASEAN on international terrorism, transnational crime, and in anti-narcotics operations. Korea has also engaged in ASEAN Plus Three and the East Asia Summit.

To address economic cooperation, ASEAN and Korea established a working group which, through the ASEAN–Korea Economic Cooperation Fund, has approved 60 projects for implementation as of early 2017. ASEAN and Korea also cooperate in transport, connectivity (with possible support for the construction of two missing links of the Singapore–Kunming Rail Link and regional inland waterways), information and communications technology, and science and technology. Business links are facilitated by the ASEAN–Korea Business Council.

Socio-cultural cooperation between ASEAN and Korea has blossomed markedly in a wide range of areas, including a media exchange programme, a new ASEAN–Korea film community, training for ASEAN children’s libraries, scholarship programmes for Korean studies in the ASEAN University Network, the establishment of an ASEAN–Korea cyber university, and the 22 flagship projects of the ASEAN–Korea Centre, including the ASEAN Trade Fair and the ASEAN Culinary Festival. Equally important are ASEAN and Korea’s cooperation in social welfare and development, the

restoration of degraded tropical forest ecosystems, and the promotion of a science-based disaster management platform. Korea has also provided financial support for the Initiative for ASEAN Integration.

**Russia.** Russia also participates in ASEAN-led dialogues and meetings, including the ARF, Post-Ministerial Conference 10+1 sessions, ADMM-Plus, and the East Asia Summit. It has completed economic cooperation road maps and work plans in trade and investment, energy (with joint collaboration on renewable energy in 2015–2016), agriculture, and food security (with two projects planned for 2016–2017), and in science and technology (with several projects being developed). There have also been consultations and fora on tourism.

ASEAN–Russia socio-cultural cooperation has focused on arts and culture, and youth summits. Cooperation has also begun on disaster management, and the potential for collaboration in other areas – food security, climate change, SMEs, education, and technology – is being explored.

Finally, it must be pointed out that many more countries and institutions – for example, the UN, the Asian Development Bank, the Organisation for Economic Co-operation and Development, and the Economic Research Institute for ASEAN and East Asia – have helped ASEAN, albeit less comprehensively than ASEAN’s major Dialogue Partners. In summary, the past two-and-a-half decades have seen an explosion of cooperation initiatives that have undoubtedly helped ASEAN grow and move forward.

## Concluding Remarks

In its 50 years of existence, ASEAN has matured from an organisation of five members working together to ease regional conflicts into a diverse 10-nation grouping building a multifaceted regional community. ASEAN’s growth has been shaped by events both inside and outside its borders, and these events have caused it to examine and reassess its role, its aims, and its future. As ASEAN responded to the challenges it faced, it developed the capabilities needed to be able to shape events itself, rather than merely respond to them, and to realise its increasingly ambitious goals.

ASEAN's journey has been driven not only by the determination of its members but also by the many contributions of partner nations from across the globe. These partners have responded to ASEAN with generosity, and have contributed to the changing needs and goals of ASEAN in many different ways. Relationships have deepened and strengthened over the years, and as ASEAN gained respect and credibility, it was able to take on a central role in regional developments.

ASEAN is committed to carving out a prosperous and sustainable future for all its citizens, and strives to consider their diverse needs as it develops common goals and strategies. ASEAN has many highly skilled and motivated people working to deliver these goals. With their commitment and the support of the partners, ASEAN will overcome challenges and will continue to build successfully towards its vision of economic, political–security, and socio-cultural community.

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