

ASEAN@50

Volume 1



The ASEAN Journey:

Reflections of ASEAN Leaders and Officials

Edited by

**Surin Pitsuwan, Hidetoshi Nishimura, Ponciano Intal, Jr.,
Kavi Chongkittavorn, and Larry Maramis**



Economic Research Institute
for ASEAN and East Asia



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OFFICE OF THE PRESIDENT
REPUBLIC OF THE PHILIPPINES

Special Message



My warmest felicitations and congratulations to the **Economic Research Institute for ASEAN and East Asia (ERIA)** for publishing **ASEAN@50: Retrospectives and Perspectives on the Making, Substance, Significance and Future of ASEAN**.

Fifty years ago, amidst socioeconomic uncertainties and geopolitical tensions around the world, five countries joined hands to form the Association of Southeast Asian Nations (ASEAN). They were bound by their common desire to share the future of the region into one of peace, stability, security and prosperity for the benefit of all their peoples.

Guided by the principles of mutual respect and non-interference in domestic affairs, ASEAN has since then built bonds of friendship in the region. This led to its peaceful expansion into the present-day ten-member ASEAN Community which today stands at the center of the future of the Asia-Pacific.

It is a privilege for the Philippines to assume chairmanship of ASEAN on its milestone 50th year. Together with our fellow member-states, we intend to build on the organization's rich history as we prepare our nations for the challenges that lie ahead. May we all be reminded that it is our shared responsibility to ensure that ASEAN continues to fully grow into the rules-based, people-centered and people-oriented community we envision.

Through this compilation of works by extraordinary individuals who helped shape ASEAN into what it is today, I am confident that we can further strengthen our ties and realize our shared dream and vision for our peoples. To be sure, this landmark publication will add substantially to ERIA's significant body of work from which East Asia can truly learn from as we strive together for a more peaceful, progressive and prosperous future for ASEAN and beyond.

Manila, July 2017

A handwritten signature in black ink, appearing to read "Rodrigo Roa Duterte".

Rodrigo Roa Duterte
President
Republic of the Philippines



Special Message



As we commemorate the 50th Anniversary of ASEAN this year, it is indeed timely to reflect on just how far we have come as a fledgling regional association all those years ago. Although my country has only been a member of ASEAN for 33 years, I have had the privilege of being the Sultan of Brunei Darussalam for the same length of time that the Association has been in existence.

Therefore, as a leader that had at first observed with great interest, and later on participated, in ASEAN's meetings and activities, I have had the pleasure of witnessing first-hand the remarkable geopolitical and economic transformation of Southeast Asia, which in my view has largely been aided by ASEAN's work.

It is remarkable to conceive that only half a century ago the region was blighted with ideological conflicts, hostile confrontations and a palpable atmosphere of suspicion. But now these circumstances have completely changed.

Our part of the world is a stable and economically vibrant community, in which our dialogue partners have placed their trust and confidence in us to lead the way in furthering and facilitating East Asian cooperation. And even though we are a grouping of only ten countries, ASEAN is a community of more than half a billion people with ethnicities, cultures and religions as diverse as the tropical rainforest that the region is shrouded in.

In light of all of this, it is difficult to downplay the significance that ASEAN plays in Brunei Darussalam's engagement with the international community. As one of the cornerstones of my country's foreign policy, we recognize that the Association gives us a platform where we are able to voice our views and concerns clearly and effectively.

However, I also acknowledge that it has not entirely been smooth sailing for ASEAN over the years. Whether it is managing territorial disputes, convening talks to reduce tensions brought about by regional flash points, or coordinating a response to transnational problems such as financial crises and haze, ASEAN has faced, and continues to face, its fair share of challenges.

But when my colleagues and I sought to address these problems collectively by leveraging on our respective strengths, we came to realize that our countries were able to grow stronger together. In this regard, my deepest thanks goes to the ASEAN ministers, senior officials and officers that have been an integral part in making this happen. It is important that we all continue to recognize that a robust region that is united in overcoming the challenges of tomorrow needs an ASEAN Community that puts the people at the heart and centre of its work.

As I read through the perspectives and views shared by such distinguished individuals on ASEAN's history and future, I am struck by the range of opinions and thought-provoking arguments made by my friends and colleagues. If you are interested in what lies ahead for ASEAN, I am positive that you will find such assessments valuable.

In this regard, I would like to wholeheartedly congratulate the Economic Research Institute for ASEAN and East Asia (ERIA) and the Government of the Philippines for putting together this five-volume publication on retrospectives and perspectives on the making, substance, significance and future of ASEAN.

This tremendous body of work is a testament to the valuable efforts and contributions made by ERIA in promoting ASEAN awareness and regional integration. I have no doubt that this publication will be one of the main reference points for ASEAN-related issues for years to come.

Sultan Haji Hassanal Bolkiah
Prime Minister
Brunei Darussalam





Foreword



I congratulate the Economic Research Institute for ASEAN and East Asia (ERIA), the Permanent Mission of the Philippines to ASEAN and the Philippine ASEAN National Secretariat for publishing this 5-volume publication on perspectives on the making, substance, significance and future of ASEAN. This valuable publication, forming part of the Philippines' commemorative activities in celebration of ASEAN's golden anniversary, highlights ASEAN as one of the world's most successful and enduring regional organizations.

It pleases me to note that this printed work equally supports the development priorities of President Rodrigo Duterte and the Philippine Chairmanship priorities – building a people-oriented and people-centered ASEAN, maintaining peace and stability in the region, cooperating in maritime security, advancing inclusive and innovation-led growth, promoting a resilient ASEAN, and establishing ASEAN as a model of regionalism and a global player. Consistent with President Duterte's pursuit of an independent foreign policy for the benefit of the Filipino people, the publication also affirms the ASEAN Community Blueprints in raising the profile and awareness on the ASEAN pillars of political-security, economic and socio-cultural communities.

We seek the aid of the Almighty and are hopeful that this publication will provide the reader with greater insights on ASEAN's history, will be used by decision makers, government officials, analysts, and the people of ASEAN, in charting the future course of the region.

Mabuhay!

Manila, August 2017

A handwritten signature in black ink, appearing to read "Alan Peter S. Cayetano".

Alan Peter S. Cayetano
Secretary of Foreign Affairs
Republic of the Philippines

Foreword



In this 50th year of ASEAN, much is being written about its achievements – and there is indeed much to commend. As the Association transits to become a set of Communities and an eventual One Community rather than a less tangible set of declarations, principles, and agreements, more than ever, ASEAN must be felt by its peoples to create emotional bonds.

But for some, these bonds already exist. Government officials from each ASEAN Member State, officials at the ASEAN Secretariat, and statesmen from both within and outside the ASEAN Member States have already dedicated years of their professional careers to make ASEAN the vibrant organisation it is today. This has required these different officials to work together closely over protracted periods, honing their skills in diplomacy, tact, and, above all, compromise in pursuit of the agreed ultimate objectives of this common enterprise.

In this volume, we are honoured to be able to share the memories and reflections of individuals who have given so much to shape the ASEAN we know today, and to bring about an ASEAN centred upon three pillars: the Political–Security Community, the Economic Community, and the Socio–Cultural Community.

A common theme to all contributions is the humble origins of the ASEAN project, linked only by an interwoven desire for ASEAN to push ahead and push ahead together. Key players in the ASEAN story were willing to learn from other models, but the product they have crafted is its own distinct model. By so doing, the Leaders of ASEAN have been able to ‘transcend elite arrangements, and engage the interests of ordinary ASEAN people’, with pillars able to adapt to the ever-changing pressures of regionalism and globalisation along the way.

In this volume, our knowledge of the ASEAN journey is enriched by the private thoughts and reflections of those who have given distinguished service and made an outstanding contribution to ASEAN. To all the contributors, I greatly appreciate your candour and willingness to share your memories and reflections with us and,

in so doing, shedding light on how your travails allowed us to get to where we are today. You are all a testimony to the effort that has gone into making ASEAN a community for its peoples, way beyond and above a set of frameworks.

In addition to the editors of this volume headed by Dr Surin Pitsuwan, former ASEAN Secretary-General, may I also extend my sincere thanks and appreciation to H.E. Elizabeth Buensuceso, Permanent Representative of the Philippines to ASEAN, for the support she has given ERIA to see this five-volume commemorative work to celebrate ASEAN at 50 come to fruition. I would like to also thank key officials of permanent missions to ASEAN and of the foreign affairs ministries of several ASEAN Member States for their support to the project, including H.E. Ambassador Norng Sakal of Cambodia, H.E. Ambassador Min Lwin of Myanmar, H.E. Ambassador Nguyen Hoanh Nam of Viet Nam, H.E. Ambassador Pengiran Hajah Faedah Pengiran Haji Abdul Rahman of Brunei Darussalam, H.E. Ambassador Chilman Arisman of Indonesia, H.E. Ambassador Latsamy Keomany of the Lao PDR, H.E. Ambassador Shariffah Norhana Syed Mustafa of Malaysia, H.E. Ambassador Tan Hung Seng of Singapore, and H.E. Ambassador Phasporn Sangasubana of Thailand.

ERIA is proud to have been able to work with ASEAN for this special tribute.

Jakarta, August 2017



Hidetoshi Nishimura

President

Economic Research Institute for ASEAN and East Asia

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2015

2,437

632

2010

1,976

595

1990

372

445

1970

37

281

GDP

POPULATION

*US\$ current price (billion)

*million



ASEAN MILESTONES

1967

ASEAN was established by the five original member countries – Indonesia, Malaysia, Philippines, Singapore, and Thailand – by signing the Bangkok Declaration on 8 August.

1992

Signing of the ASEAN Free Trade Area and Framework Agreements on Enhancing ASEAN Economic Cooperation.

1977

Second ASEAN Summit and First ASEAN Leaders' Meeting among Australia, Japan, and New Zealand were held.

1976

ASEAN held the First ASEAN Summit and issued the Declaration of ASEAN Concord (Bali Concord I).

Signing of the Treaty of Amity and Cooperation in Southeast Asia.

1984

Brunei Darussalam became the sixth ASEAN Member Country in January.

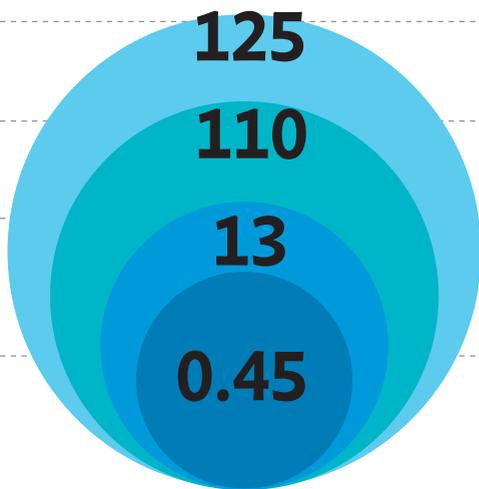
1994

The ASEAN Regional Forum was established.

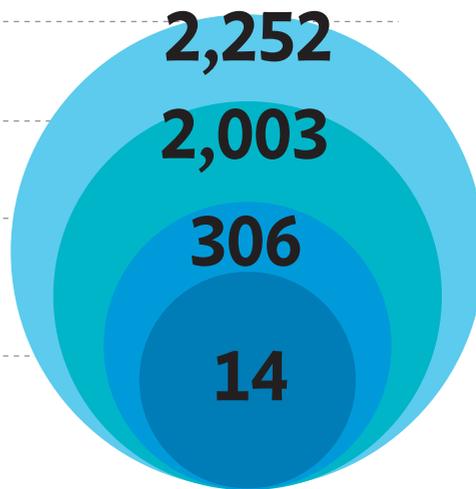
1995

Viet Nam joined ASEAN in July to become its seventh member country.

* Data are obtained from the United Nations Conference on Trade and Development Statistics (UNCTAD/Stat)



FDI INFLOWS
*US\$ current price (billion)



TOTAL TRADE
*US\$ current price (billion)/
merchandise only

1997

In July, the Lao PDR and Myanmar became the eighth and ninth ASEAN Member Countries, respectively.

1999

Cambodia joined ASEAN in April as its tenth member country.

2005

First meeting of East Asia Summit/ASEAN

2009

ASEAN approved the Roadmap for an ASEAN Community (2009–2015).

2017

ASEAN celebrates its 50th anniversary.

2003

ASEAN issued the Declaration of ASEAN Concord II (Bali Concord II).

2011

ASEAN issued Bali Concord III.

2007

Signing of the ASEAN Charter at the 13th ASEAN Summit

2015

Signing of the Kuala Lumpur Declaration on the establishment of the ASEAN Community on 31 December 2015 at the 27th ASEAN Summit Meeting



The ASEAN Way

Raise our flag high, sky high
Embrace the pride in our heart
ASEAN we are bonded as one
Look in out to the world.
For peace, our goal from the very start
And prosperity to last.
We dare to dream we care to share.
Together for ASEAN
We dare to dream,
We care to share for it's the way of ASEAN.

Lyrics:
Payom Walaidpatchara

Music:
Kitikhun Sodprasert and Somchai Traiudom



“ [A]t the time that Foreign Minister of the five states signed the Bangkok Declaration establishing ASEAN in 1967, ... regionalism and regional identity were new concepts which did not readily inspire public support. For we had long maintained strong political, economic, and cultural ties with others outside the region. We identified more with them than with ourselves of the region. But since then, there has emerged a new consciousness, and we have undergone fundamental and willful changes ... The Association has given our respective countries the framework within which to strengthen social, economic, and cultural ties, and to develop cooperation where, hitherto, none had existed.”

PRIME MINISTER KUKRIT PRAMOJ OF THAILAND
at the Opening of the Meeting of the Heads of Government
on 23 February 1976 at Denpasar, Bali, Indonesia



“ We have just put our signatures on very important documents [*Declaration of ASEAN Concord and Treaty of Amity and Cooperation in Southeast Asia*] ... They are the manifestation of our determination to promote peace, progress, stability and welfare of our peoples through closer cooperation in all aspects.”

PRESIDENT SOEHARTO OF INDONESIA

at the Closing of the Meeting of the Heads of Government
on 24 February 1976 at Denpasar, Bali, Indonesia

“ Up till yesterday, a favorite question posed by ASEAN-watchers was: “Has ASEAN a future?” When our officials follow up on the agreements we have reached at this meeting, their question will now be: “what kind of future is it be for ASEAN?” ”

PRIME MINISTER LEE KUAN YEW OF SINGAPORE

at the Closing of the Meeting of the Heads of Government
on 24 February 1976 at Denpasar, Bali, Indonesia



“ I am ... an ASEANist. I am deeply committed to ASEAN which has played such a critical role in turning what was an area of turmoil, antagonism, conflict – sometimes violent conflict, an area with no history of cooperation whatsoever, into a zone of cooperative peace and prosperity.”

PRIME MINISTER MAHATHIR MOHAMAD OF MALAYSIA

at the Asia Society Conference on
‘Asia and the Changing World’, Tokyo, Japan, 1993

“ As members of the ASEAN family, sometimes we give, sometimes we receive, and sometimes we must be considerate in reaching compromise. As I have said before, this is the beauty of ASEAN.”

PRESIDENT SUSILO BAMBANG YUDHOYONO OF INDONESIA

in his essay in this volume



“ At the 2002 ASEAN Summit in Phnom Penh, Cambodia, and against the advice that the idea would not fly, I floated the vision of an ASEAN Economic Community (AEC) for study by ministers and officials ... The AEC was an attempt to change the tenor of conversation on economic issues in ASEAN and put it on a more positive footing. My hope was that the ASEAN Member States would coalesce around this concept and recognise the opportunities presented by a shared community.”

PRIME MINISTER GOH CHOK TONG OF SINGAPORE

in his essay in this volume

“ More than just a regional community, [ASEAN] must be a dynamic force in Asia towards maximising the benefits of globalisation ... uplifting the poor in our region.”

PRESIDENT GLORIA MACAPAGAL-ARROYO OF THE PHILIPPINES

in her essay in this volume



“If the Southeast Asian peoples are to embrace ASEAN as their “Community” ... they must see it as a pervading, beneficial influence on their daily lives. They, as stakeholders, must regard the ASEAN vision as their very own.”

PRESIDENT FIDEL RAMOS OF THE PHILIPPINES

Address at the ASEAN Executive Management Programme for High Level Executives of Public and Private Sectors of Thailand, Bangkok, 8 August 2013

“A true community must be a community of people, a concept that should be at the heart of the ASEAN Community. ASEAN must strive to bring its member countries together and create a sense of shared destiny of peace and prosperity for all ASEAN peoples based on common ASEAN values with an ASEAN identity. Otherwise, ASEAN will continue to be seen as a loose grouping struggling to find its voice on the global stage.”

PRIME MINISTER ABHISIT VEJJAJIVA OF THAILAND

in his essay in this volume



THE SIGNING OF BANGKOK DECLARATION

THE ASEAN DECLARATION (BANGKOK DECLARATION)

BANGKOK, 8 AUGUST 1967

The Presidium Minister for Political Affairs/Minister for Foreign Affairs of Indonesia, the Deputy Prime Minister of Malaysia, the Secretary of Foreign Affairs of the Philippines, the Minister for Foreign Affairs of Singapore and the Minister of Foreign Affairs of Thailand:

MINDFUL of the existence of mutual interests and common problems among countries of South-East Asia and convinced of the need to strengthen further the existing bonds of regional solidarity and cooperation;

DESIRING to establish a firm foundation for common action to promote regional cooperation in South-East Asia in the spirit of equality and partnership and thereby contribute towards peace, progress and prosperity in the region;

CONSCIOUS that in an increasingly interdependent world, the cherished ideals of peace, freedom, social justice and economic well-being are best attained by fostering good understanding, good neighbourliness and meaningful cooperation among the countries of the region already bound together by ties of history and culture;

CONSIDERING 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;

AFFIRMING that all foreign bases are temporary and remain only with the expressed concurrence of the countries concerned and are not intended to be used directly or indirectly to subvert the national independence and freedom of States in the area or prejudice the orderly processes of their national development;

DO HEREBY DECLARE:

FIRST, the establishment of an Association for Regional Cooperation among the countries of South-East Asia to be known as the Association of South-East Asian Nations (ASEAN).

SECOND, that the aims and purposes of the Association shall be:

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;
3. To promote active collaboration and mutual assistance on matters of common interest in the economic, social, cultural, technical, scientific and administrative fields;
4. To provide assistance to each other in the form of training and research facilities in the educational, professional, technical and administrative spheres;
5. To collaborate more effectively for the greater utilization of their agriculture and industries, the expansion of their trade, including the study of the problems of international commodity trade, the improvement of their transportation and communications facilities and the raising of the living standards of their peoples;
6. To promote South-East Asian studies;
7. To maintain close and beneficial cooperation with existing international and regional organizations with similar aims and purposes, and explore all avenues for even closer cooperation among themselves.

THIRD, that to carry out these aims and purposes, the following machinery shall be established:

- (a) Annual Meeting of Foreign Ministers, which shall be by rotation and referred to as ASEAN Ministerial Meeting. Special Meetings of Foreign Ministers may be convened as required.
- (b) A Standing committee, under the chairmanship of the Foreign Minister of the host country or his representative and having as its members the accredited Ambassadors of the other member countries, to carry on the work of the Association in between Meetings of Foreign Ministers.
- (c) Ad-Hoc Committees and Permanent Committees of specialists and officials on specific subjects.
- (d) A National Secretariat in each member country to carry out the work of the Association on behalf of that country and to service the Annual or Special Meetings of Foreign Ministers, the Standing Committee and such other committees as may hereafter be established.

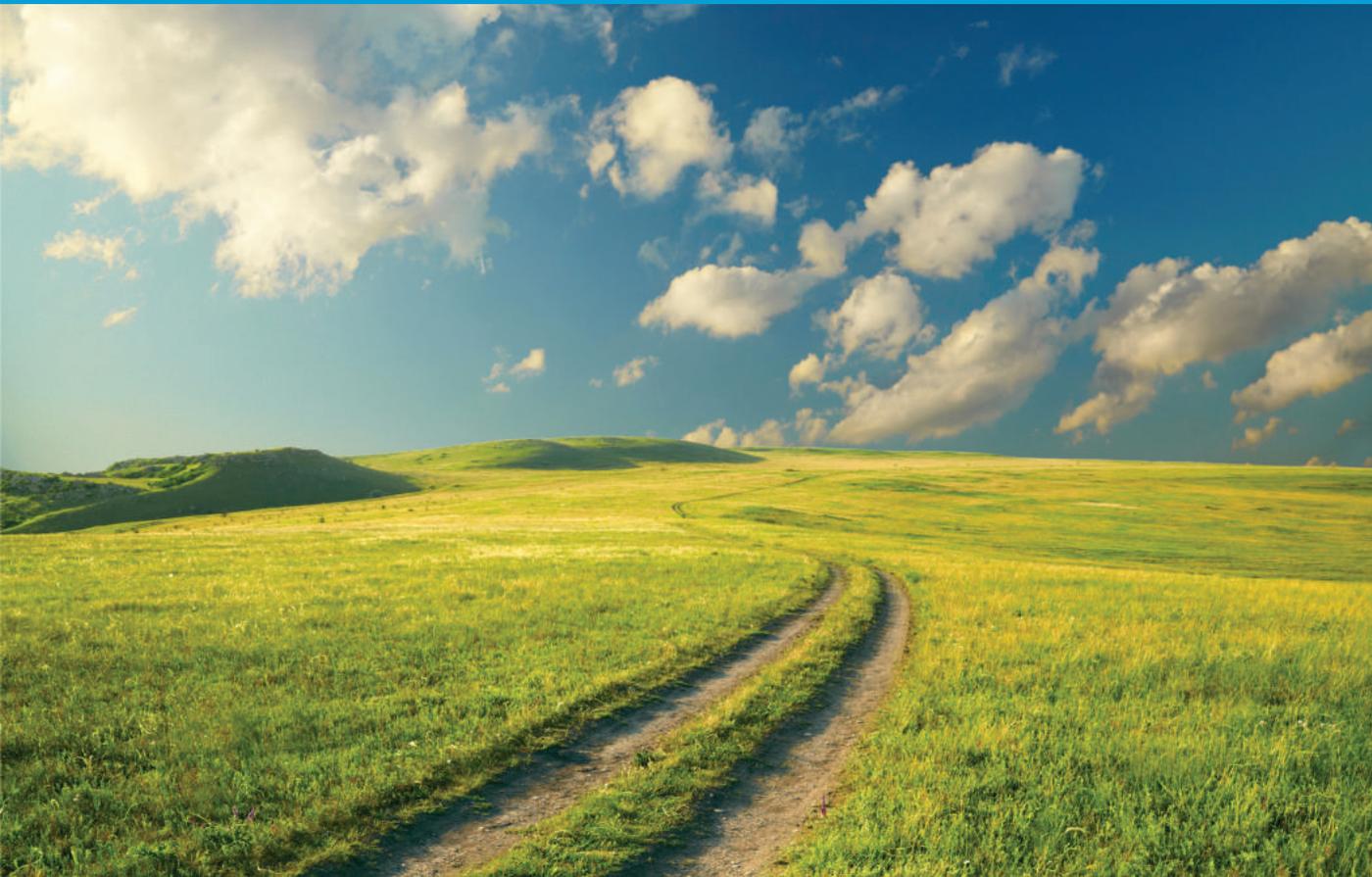
FOURTH, that the Association is open for participation to all States in the South-East Asian Region subscribing to the aforementioned aims, principles and purposes.

FIFTH, that the Association represents the collective will of the nations of South-East Asia to bind themselves together in friendship and cooperation and, through joint efforts and sacrifices, secure for their peoples and for posterity the blessings of peace, freedom and prosperity.

DONE in Bangkok on the Eighth Day of August in the Year One Thousand Nine Hundred and Sixty-Seven.



INTRODUCTORY CHAPTERS





ASEAN: Then and Now

Ponciano Intal, Jr.

Introduction

ASEAN has come a long way since its birth on 8 August 1967 in Bangkok, Thailand. ASEAN has grown into a vibrant and increasingly integrated economic region, an increasingly stronger socio-cultural community, and a significant force in East Asia's regional political-security and economic relations.

On the 50th anniversary of ASEAN, the Economic Research Institute for ASEAN and East Asia (ERIA) and the Government of the Philippines decided to publish a five-volume book set on ASEAN@50: Retrospectives and Perspectives on the Making, Substance, Significance, and Future of ASEAN. This volume, Volume 1 of the book set, presents the reflections of ASEAN Leaders, Secretaries-General, and Senior Officials on the making and evolution of ASEAN over the past 50 years and its significance in the past, at present, and in the future. ASEAN@50 Volume 2 – *Voices on ASEAN: What Does ASEAN Mean to ASEAN Peoples?* – presents survey results on the aspirations and expectations on ASEAN for 2025 in each of the 10 ASEAN Member States (AMSs). The gap between aspirations and expectations in several areas indicates the challenges for ASEAN and the 10 AMSs moving forward. ASEAN@50 Volume 3 – *ASEAN Member States and ASEAN: Transformation and Integration* – presents the perspectives of the AMSs on the impact of, and challenges for, ASEAN on each member state. The essays in ASEAN@50

Volume 4 – *Building the ASEAN Community: Political–Security and Socio-Cultural Reflections* – and ASEAN@50 Volume 5 – *The ASEAN Economic Community Into 2025 and Beyond* – provide specialists’ perspectives on the significance, challenges, and future of ASEAN. They may help illumine the paths forward for ASEAN moving into 2025 and beyond. In moving forward, it is worth noting that the overriding theme of the Philippine chairmanship of ASEAN in 2017, ‘Partnering for Change, Engaging the World’, encapsulates much the spirit of meeting the challenges and reaping the opportunities of ASEAN in a dynamic and fast-changing East Asia.

This chapter provides a brief overview of the remarkable transformation of the ASEAN region during the past half century.

Remarkable Transformation

When ASEAN was born, ‘Southeast Asian peoples hardly knew one another, having been cut off from one another by the colonial powers’ (Severino, 2006: 8). As Thailand’s former Foreign Minister Thanat Khoman put it, the birth of ASEAN ‘... was a unique achievement, ending the separation and aloofness of the countries in this region that had resulted from colonial times when they were forced by the colonial masters to live in *cloisons etanches*, shunning contact with the neighboring countries’ (Khoman, 1992: xviii). The former Thai foreign minister was the one who worked hard for the birth of ASEAN, having first broached to then Indonesia’s Presidium Minister for Political Affairs and Foreign Affairs Minister Adam Malik. Foreign Minister Thanat Khoman also hosted the meetings of the five Southeast Asian countries’ Foreign Ministers that included Secretary of Foreign Affairs Narciso Ramos of the Philippines, Deputy Prime Minister Tun Abdul Razak of Malaysia, and Minister for Foreign Affairs S. Rajaratnam of Singapore in the seaside resort of Bangsaen and his Bangkok residence. The Thai Foreign Office prepared a draft, which, after the discussions and agreements, ultimately became the ASEAN Declaration (Bangkok Declaration) that gave birth to ASEAN.

Twenty-five years after the birth of ASEAN, former Malaysian Prime Minister Mahathir Mohamad would proudly call himself an ASEANist. The results of a recent survey by the Institute of Southeast

Asian Studies show that the majority of the respondent students in key universities consider themselves ‘ASEAN citizens’. With a wider coverage of respondents (students, employees, business sector, government), the results of the survey on what ASEAN means to ASEAN peoples in each of the 10 AMSs show 46% consider themselves ASEAN citizens of varying positivity, 80% hold positive views about the future of ASEAN and its beneficial impact on their respective countries, and a remarkable uniformity of aspirations for ASEAN for 2025. ASEAN@50 Volume 2 presents in detail the findings from the survey and focus group discussions in each of the 10 AMSs and the consolidated report for the whole region. The results indicate the remarkable progress since the 1960s when the peoples in the region barely knew their neighbours in the rest of the region. But the results of the survey and focus group discussions also indicate that much remains to be done before ASEAN is deeply felt among the peoples. This is a challenge highlighted by former Thai Prime Minister Abhisit Vejjajiva in his essay in this volume calling for a greater focus on building the ASEAN Socio-Cultural Community.

Former Malaysian Prime Minister Mahathir Mohamad’s statement about being an ‘ASEANist’ highlights what is arguably the greatest success story of ASEAN over the past half century; i.e. the transformation of a region that was once bedevilled by mutual suspicions, tensions, and conflicts in the 1960s among the maritime countries of the original five members and into the 1980s for several of the new ASEAN members. Southeast Asia was a region of instability in the 1960s, portrayed as ‘region of revolt’, the ‘Balkans of the East’, or a ‘region of dominoes’ (Acharya, 2001: 4). During that decade, Southeast Asia was highlighted by Indonesia’s *konfrontasi* with Malaysia, separation of Singapore from Malaysia, disagreement of Malaysia and the Philippines over Sabah, domestic political upheaval of Indonesia, and the war between South and North Vietnam. The conflicts among several Southeast Asian countries were a key reason for the failures of the earlier attempts at regional groupings, specifically the Association for Southeast Asia founded in 1961 and consisting of Malaya, the Philippines, and Thailand; and the Maphilindo founded in 1963 and consisting of Malaya, the Philippines, and Indonesia. In fact, it was during the successful end of Thanat Khoman’s shuttle diplomacy between Jakarta, Kuala Lumpur, and Manila for reconciliation over the Sabah dispute that the idea was broached of a new organisation for regional cooperation that eventually became ASEAN (Khoman, 1992).

Indeed, the *raison d'être* for ASEAN was primarily about forging and ensuring peace and stability in the region in the light of volatile and uncertain geo-security in the region, not only involving the original five members (ASEAN 5) but also those impacting the five primarily as a result of the Cold War and independence wars in Indochina. ASEAN's unity was tested a year after its birth with two bilateral conflicts: between Indonesia and Singapore over the execution in Singapore of two Indonesian marines for sabotage, and between Malaysia and the Philippines over the revelation that the latter's Corregidor Island was being used as a staging area for invasion of Sabah and which led to the breakup of diplomatic relations between the two. Indonesia's President Soeharto played the crucial role in resisting domestic demands for military retaliation against Singapore and in encouraging Malaysia and the Philippines to have a cooling-off period in ASEAN activities (Anwar, 1995). As D.F. Anwar emphasised, in those early years, '... ASEAN was the effect of the members' commitment to maintain a forum for regional cooperation, so that harmonious relations between the members will develop and strengthen over time, rather than the actual cause for these friendly relations' (Anwar, 1995: 112).

ASEAN is now a zone of cooperative peace and prosperity. None of its original five countries have waged war against one another since the Association's founding. ASEAN has developed and followed a set of principles that engender peaceful settlement of disputes and non-use of force. This is best embedded in the Treaty of Amity and Cooperation with the principle of non-interference, underpinned by a Southeast Asia culture-based decision process and consensus building and sensitive handling of differences with overtones of kinship and common interests, embodied in the Javanese practices of *musyawarah* (consultation) and *mufakat* (consensus), and popularly described as the ASEAN Way. This ASEAN approach, combining both hard agreement and regional code of conduct and norms and culturally sensitised processes, has become sufficiently unique such that ASEAN has become almost an exemplar of the so-called 'security community' (as against the usual security alliance) among international relations experts.¹ Most importantly, ASEAN's success in engendering peace and its ASEAN Way have made countries in the Asia-Pacific region accept ASEAN as the nominal leader and institutional model for the first and

¹ See, for example, Acharya (2001).

pre-eminent multilateral regional security dialogue in the Asia-Pacific region (ASEAN Regional Forum) in the mid-1990s and the subsequent ASEAN Defence Ministers Meeting (ADMM), ADMM Plus, and East Asia Summit in the 2000s. In short, ASEAN has become the fulcrum of Asia-Pacific regional architecture, an arrangement itself unique in the world where the great powers dominate security arrangements.

The emphasis on peace and stability of ASEAN Leaders and Officials, especially in the first 25 years, is not surprising. Former Prime Minister Lee Kuan Yew of Singapore emphasised the primordial role of peace and stability during the First ASEAN Summit in Bali on 23 February 1976: ‘... 8 ½ years ago, in August 1967, the Foreign Ministers of our five countries signed the ASEAN Declaration. The first objective of this Declaration was and is to accelerate economic growth. But all objectives rested on the promise of regional peace and stability’ (ASEAN, 1978: 99).² The importance of peace and stability, as interwoven with development, was also emphasised by former President Soeharto of Indonesia in his opening statement during the First ASEAN Summit. He said: ‘In charting a prosperous future ... stability and peace along with development are equally important and intertwined ... It is ... quite unrealistic to speak about the future if we overlook the question of national and regional stability ...’ (ASEAN, 1978: 88).³

As in the political security arena, AMSs and ASEAN have made remarkable success in the economic arena during the past half century. At the time of ASEAN’s birth, Southeast Asia was characterised not only as unstable but also poor, albeit not among the poorest in the world. The famous Swedish social scientist Gunnar Myrdal, in his monumental *Asian Drama: An Inquiry into the Poverty of Nations* published in 1968, was pessimistic about the development prospects of the countries in Southeast Asia and South Asia because of ‘soft states’ and likely persistence of traditional power structures that would make an economic take-off highly unlikely (Lankester, 2004: 291). Indonesia, Myrdal’s exemplar for Southeast Asia, was just recovering from hyperinflation, economic collapse, and political upheaval when ASEAN was born and Myrdal’s *Asian Drama* was published.

² Statement by the Prime Minister Lee Kuan Yew of Singapore at the Opening of the Meeting of ASEAN Heads of Government on 23 February 1976 at Denpasar, Bali, Indonesia (in ASEAN, 1978).

³ Statement by President Soeharto of the Republic of Indonesia at the Opening of the Meeting of ASEAN Heads of Government on 23 February 1976 at Denpasar, Bali, Indonesia (in ASEAN, 1978).

The dim outlook in the latter 1960s contrasts sharply with the current performance and buoyant outlook of the ASEAN region. ASEAN is now the seventh-largest economy in the world (in nominal US dollars), if all 10 member states are viewed as one economy. Many AMS economies are among the fastest-growing in the world today. ASEAN is the leading destination of foreign direct investment in the developing world, alongside China and much ahead than India. At present, two AMSs have per capita incomes that are among the highest in the world; two AMSs are very much upper-middle-income countries with one nearing high-income status; the three most populous AMSs are growing very robustly and nearing upper-middle-income status; and the last three poorer AMSs successfully graduated to lower-middle-income status and are the fastest-growing AMSs during the past decade.

The economic transformation of the ASEAN region, especially in the past 30 years, occurred alongside the deepening of intra-regional economic linkages and relations during the period, transitioning from economic (mainly industrial) cooperation and tariff preferences in the 1970s and 1980s into economic integration in the 1990s and 2000s and thence to the ASEAN Economic Community (AEC) into the 2010s. ASEAN has emerged as the most successful regional economic integration initiative in the developing world. It is also considered a successful model of ‘open regionalism’ (Drysdale, 2017). As in the political security arena, ASEAN has become the fulcrum of regional economic architecture in East Asia, if not in the Asia-Pacific region, with its ASEAN+1 free trade agreements (FTAs), the forthcoming Regional Comprehensive Economic Partnership, and ASEAN’s very strong presence in the Asia-Pacific Economic Cooperation forum.

The statements preceding this chapter of eminent former ASEAN Leaders encapsulate the evolution and remarkable transformation of Southeast Asia, now known as ASEAN region, over the past century. Prime Minister Kukrit Pramoj talked about the lack of knowledge and cooperation among ASEAN’s founding members before and at the time of the founding of ASEAN. Prime Minister Lee Kuan Yew referred to the scepticism about the future of ASEAN during its early years of establishment. President Soeharto’s message showed the determination to make ASEAN succeed as an instrument for peace, stability, and progress in the region. And both Prime Ministers Pramoj and Lee echoed the positive expectations for the then young Association.

What has become the future of ASEAN is well expressed by Prime Minister Mahathir Mohamad; that is, the successful transformation of the ASEAN region from a region of instability to a region of peace and stability, from a region of mainly poor countries to a region of robustly growing and industrialising economies. President Yudhoyono provides a key cultural reason for the success of the Association; i.e. a familial and kinship feeling that was engendered by, and has been engendering, the give-and-take among the member states.

Nonetheless, big challenges remain and much remains to be done. As the statements of former President Fidel Ramos and former Prime Minister Abhisit Vejjajiva suggest, the stated goals during the past decade or so of ASEAN to be a ‘community’ remain a significant challenge for the Association and the region. Moreover, ASEAN’s success brings with it greater expectations on the role of ASEAN beyond its borders as reflected in the statement of former President Gloria Macapagal-Arroyo. Finally, in an increasingly uncertain world, former Prime Minister Goh Chok Tong advises for current and future ASEAN Leaders to always pull together.

The succeeding chapter brings out more of the insights from the reflections of ASEAN Leaders, Ministers, and Senior Officials plus three special friends of ASEAN who have contributed essays to this volume.

In summary, ASEAN, despite its success, is a work in progress and the goals that animated the Bangkok Declaration establishing the Association of Southeast Asian Nations remain compelling.

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Voices on the ASEAN Journey: Reflections and Insights from ASEAN Leaders and Officials

Ponciano Intal, Jr.

The Association of Southeast Asian Nations (ASEAN) is usually viewed as leaders-led. Broadly, this means that Leaders and government officials have played critical roles in the development and evolution of ASEAN. There is a large grain of truth in it. This volume presents the reflections of several Leaders, ASEAN Secretaries-General, Ministers, and Senior Officials who have played significant roles in ASEAN. In addition, three special friends from Australia, China, and Japan provided their perspectives and reflections on ASEAN. This chapter draws key insights from their reflections, retrospectives, and perspectives.

The Early Years and Beyond: Context, Friendship, and Rapport

‘ASEAN will survive because it is ours.’ Thus starts the essay in this volume of Ambassador Delia Albert, former Secretary (Minister) of Foreign Affairs of the Philippines. Ambassador Albert is referring to the statement of the

then Secretary of Foreign Affairs Narciso Ramos on the future of ASEAN after signing for the Philippines the Bangkok Declaration establishing ASEAN on 8 August 1967. Ambassador Albert is the only contributor to this volume who was personally involved in the preparations for the establishment of ASEAN in 1967, as she served Secretary Ramos as his social and appointments secretary at that time. Secretary Ramos' statement appears to reference the other regional groupings at that time, specifically the Southeast Asia Treaty Organization and the Asia-Pacific Council addressing security challenges in the region – two organisations that were initiated by non-Southeast Asian countries but involved a few Southeast Asian countries. At that time, as Ambassador Albert writes, the desire not to be held hostage by the competing ideologies of the prevailing Cold War was growing. She also describes the active concern about the growing peace and security challenges in Southeast Asia at that time that demanded collective action with other countries – so much so that while the Bangkok Declaration spoke of economic cooperation, what was foremost in the minds of the signers was ‘... collective action to face the escalating challenges to the peace and stability of the region’.

At the same time, ASEAN was not established solely for peace and security considerations even if that was the immediate concern. At its core, ASEAN was about ‘coming together’ as its title indicates, an association of Southeast Asian nations that were historically largely isolated from one another because of colonial rule. Former President Gloria Macapagal-Arroyo of the Philippines, in her essay, describes clearly this impetus in the dream of her father, President Diosdado Macapagal, of bringing together the three Malay countries – Indonesia, Malaya, and the Philippines – and for them to work together on ‘Asian solutions for Asian problems’. President Macapagal fleshed out these ideas, first with President Sukarno of Indonesia and later with Malaya's Prime Minister Tunku Abdul Rahman. The resulting Maphilindo (from Malaya, the Philippines, and Indonesia) was short-lived, however, a fate that similarly befell an earlier grouping, the Association of Southeast Asia, consisting of Malaya, the Philippines, and Thailand.

President Fidel Ramos of the Philippines is the third person amongst the contributors to this volume who has a personal and emotional link to the key players in the genesis of ASEAN. President Ramos is the son of Secretary Narciso Ramos. The title of President Ramos's essay includes

‘sports-shirt’ diplomacy in the establishment of ASEAN. This emphasises the role of friendship amongst the Foreign Ministers of the five founding members of ASEAN in the founding of the Association and their husbanding of ASEAN during its first decade before the holding of the first ASEAN Summit in 1976. The establishment of ASEAN was not at all a walk in the park. President Ramos writes of his father’s recollection of the difficulty of the negotiations that ‘truly taxed the goodwill, imagination, patience and understanding of the five participating ministers’. Relatedly, Ambassador Albert also writes that the five Foreign Ministers held numerous bilateral meetings even after the end of the Association of Southeast Asia and Maphilindo, culminating in the Bangsaen and Bangkok meetings that led to the Bangkok Declaration. And the friendship amongst the Ministers extended to their families and diplomatic staff, as shown in Ambassador Albert’s example of the friendship between Secretary Narciso Ramos and Malaysian Deputy Prime Minister Abdul Razak.

Deepening friendships while working together is well illustrated in the essay of Lim Jock Seng, Second Minister of Foreign Affairs and Trade of Brunei Darussalam. He writes about the lobbying missions on Cambodia in the 1980s that many officials of ASEAN Member States (AMS) undertook in many parts of the world. He recalls a mission with colleagues from Singapore and Thailand to Somalia, Swaziland, and Uganda, where they were stopped by armed boy soldiers at almost every junction because of ongoing civil wars in those countries. As Minister Lim writes, apart from getting votes of support for ASEAN at the United Nations with respect to the Cambodia issue, those missions also led to bonds of close friendship, understanding, and mutual tolerance. AMS representatives and senior officials at the United Nations evolved a culture of working together in the process of working on the Cambodia issue. Indeed, growing friendship arising from working together in the name of ASEAN is a common refrain in the stories of ambassadors of ASEAN countries stationed outside the AMS.

And arguably, the friendship and understanding that facilitated the formation of ASEAN are also the foundation of the ‘ASEAN Way’ of behind-the-scenes interpersonal interactions that underpin the process of consultation and consensus that defines the term. More than 1,000 ASEAN meetings are held each year. As Minister Lim writes, although such meetings cost time and money, they strengthen the ASEAN integration process, and

‘... more importantly, nurture and cultivate people-to-people bonds. In fact, the close personal rapport between ASEAN Leaders and Ministers and officials is a key component that has facilitated the success of ASEAN.’

Growing ASEAN Step by Step

Mari Pangestu, former Minister of Trade and former Minister of Tourism and Creative Economy of Indonesia, looks at ASEAN as a process in her essay. Viewed from a long-term perspective, ASEAN as a process starts modestly in terms of ambition and conservatively in timelines, but is often followed by increased ambition and even accelerated timelines when members are ready. ASEAN as a process also involves convincing key decision-makers towards higher ambition. The essay of Narongchai Akrasanee, former Minister of Commerce of Thailand, describes one special momentous case – the adoption of the ASEAN Free Trade (AFTA) and the element of fortuitous timing that went with it.

As he narrates, ASEAN created a task force in 1985 comprising three members each from the six AMS at that time. Their task was to make recommendations on how ASEAN could be made more competitive in the face of major international developments at that time, such as the fall of global oil prices and the global exchange rate realignments instigated by the 1985 Plaza Accord. Akrasanee was a member of the task force, while Anand Panyarachun headed it. One key recommendation of the task force was an AFTA. The recommendations were not presented during the Third ASEAN Summit in Manila because the summit was very brief due to the unsettled political situation in the Philippines at that time. Anand Panyarachun became Thailand’s Prime Minister in early 1991 during the time of dramatic global developments in both geopolitics and economic relations that led ASEAN economic officials to consider closer economic relations beyond the ASEAN preferential tariff arrangement. After a meeting with Prime Minister Goh Chok Tong of Singapore, Prime Minister Panyarachun set up a team to develop the AFTA concept and sought support for it from the ASEAN capitals. Seven months after the meeting with Prime Minister Goh, Prime Minister Panyarachun presented AFTA (underpinned by the Common Effective Preferential Tariff) during the Fourth ASEAN Summit in Singapore, and it was approved. It is worth

noting that Indonesia had agreed to it during the ASEAN Economic Ministers' Meeting 2 months earlier, although internal debate in the country continued. Also worth noting is the suggestion from the essay of Ambassador Albert that the choice of Prime Minister Panyarachun to present the AFTA proposal was deliberate and ideal (from the point of view of the national ASEAN directors-general) because of his stature and because he heads a 'neutral' country (i.e. one not inherently pro free trade, such as Malaysia or Singapore).

Cynics called AFTA 'Another Fairy Tale Agreement' and dubbed the Common Effective Preferential Tariff 'Can't Explain in Plain Terms', writes Ajit Singh, former ASEAN Secretary-General (1993–1997) in his essay. The cynical view of ASEAN at that time was due to ASEAN's poor performance in the area of economic cooperation since the late 1970s. Yet, the pleasant surprise was that the AMS made good with their commitments to such an extent that, as he writes, the time frame for AFTA was shortened from 15 years to 10 years during the succeeding ASEAN Summit in Bangkok in 1995. Moreover, the Leaders signed the ASEAN Framework Agreement on Cooperation in Services and called for the establishment of an ASEAN investment area. This is an example of what Minister Pangestu considers the ASEAN process of starting out with a modest ambition or a conservative time frame that later would be upgraded in ambition or accelerated in time frame as AMSs become comfortable and 'ready'.

Clearly, ASEAN economic cooperation in the 1990s was at a much higher level than it was in the 1980s. And as Ajit Singh writes, the ASEAN Secretariat was a hive of activity then. AFTA was the 'baptism of fire' for the staff of the ASEAN Secretariat, many of whom were new and had barely any knowledge of ASEAN. Nevertheless, they rose to the occasion despite limited resources. This included limited budget for research which was a big challenge for Suthad Setboonsarng, who joined the ASEAN Secretariat as the Director of Research in 1993 before being promoted to Deputy Secretary-General of the ASEAN Secretariat during 1997–2000. The ASEAN Secretariat was also busy helping provide assistance to the CLMV countries (Cambodia, the Lao People's Democratic Republic [Lao PDR], Myanmar, and Viet Nam), including English language training, attachment at the Secretariat, and even improving connectivity and communications with them. His essay illustrates the extent of the operational work and support needed to make ASEAN work and move forward step by step.

Given the gradual step-by-comfortable-step process in ASEAN, the cause of moving ASEAN forward is better served if there are long-serving Senior Officials and Ministers to influence the pace and scope of ASEAN internal discussions and agreements. Rebecca Sta Maria must have had the longest stint in ASEAN affairs, from 1981 until her retirement from service with the Government of Malaysia in 2016. She was a critical figure in the ASEAN High-Level Task Force on Economic Integration and the ASEAN Senior Economic Officials' Meeting during the pivotal years of preparation and approval of the ASEAN Economic Community (AEC) Blueprint 2015 and the AEC Blueprint 2025. At the ministerial level, Rafidah Aziz, Minister of Trade and Industry of Malaysia during 1987–2008, was a formidable figure in the ASEAN Economic Ministers' Meetings. Arguably, her leadership and influence in the ASEAN Economic Ministers' Meetings and of Rebecca Sta Maria in the Senior Economic Officials' Meetings and the ASEAN High-Level Task Force on Economic Integration contributed to the accelerated expansion and deepening of the measures embodied in the AEC blueprints. Minister Rafidah's essay highlights fundamental principles that shaped and underpinned the AEC blueprints, especially the 2015 blueprint. Rebecca Sta Maria's essay indicates the extensiveness of the technical work and consultations that had to be done to move from AFTA to the AEC, starting with the 2015 blueprint and then the 2025 blueprint. Her essay also brings out the discussion on, and the importance of, monitoring and review as well as of deeper engagement with the business sector in moving the AEC forward.

Forward-looking leadership has been, and will continue to be, critical in ASEAN's march towards progress. The essay of former Prime Minister Goh Chok Tong provides an example. During the 2002 ASEAN Summit hosted by Cambodia, and against advice that the idea would not succeed, Prime Minister Goh floated the vision of an AEC for study by Ministers and officials. Just a few years after the financial and economic crisis in the region, the AEC vision was '... an attempt to change the tenor of conversation on economic issues in ASEAN and put it on a more positive footing.' Prime Minister Goh's hope was '... that the ASEAN Member States would coalesce around this concept and recognise the opportunities presented by a shared community.'

'Leaders Matter' is the title of the essay in this volume of Ambassador Ong Keng Yong, former ASEAN Secretary-General. For example, in the aftermath

of the 1997–1998 crisis and worried about the loss of foreign investment and competitiveness compared with China and India, ASEAN Leaders commissioned a study on the region’s competitiveness. The study stressed the benefits of integration and warned of the danger of eventual loss of competitiveness to China and India if ASEAN did not integrate. The Leaders ultimately decided to aim for an ASEAN economic community, as suggested in Prime Minister Goh’s essay. The Leaders decided to aim for an ASEAN Community embodied in the Bali Concord II despite, as Ambassador Ong writes, ‘their respective preferences and national priorities.’ He further writes: ‘... The leaders persuaded each other into doing what was best for ASEAN as a collective entity. This demonstrated ... in stark terms that ASEAN is a leaders-led organisation. The ASEAN Leaders had the foresight and vision to do the strategic thing.’

In sum, the essays referred to above suggest that growing ASEAN step by step involves a process of political consultations and consensus; much technical work and review; agreements on basic principles that underpin the AEC measures; engagement with stakeholders, especially the private sector; and above all, forward-looking leadership. And as will be shown in the discussion below, growing ASEAN further would need even more technical work, more robust engagements with stakeholders, more extensive and regular reviews, and, in the face of a more uncertain global environment, continued forward-looking leadership.

National Contributions and Perspectives

Seeing ASEAN in terms of process, as Mari Pangestu’s essay suggests, could lead to a more sympathetic view of ASEAN. More importantly perhaps, seeing ASEAN integration in this way would highlight the interface of ASEAN and domestic reforms in AMS, including their positives and challenges. And, indeed, the AEC blueprints are as much reform agenda as they are integration agenda.

In addition to the internal dynamic of the work programmes of the various ASEAN bodies embodied in the blueprints, the annual rotation of the hosting of the ASEAN Summit amongst the AMS allows each national host to highlight issues or areas for ASEAN that are of particular interest to the country. Four of the essays in the volume elaborate further.

President Susilo Bambang Yudhoyono's essay describes how the theme during Indonesia's chairmanship of ASEAN in 2011 was to emphasise the call for ASEAN to play a greater role in international affairs with a common voice. The essay also shows that what the chair country does during its chairmanship is also important for the region. Examples include Indonesia's mediation efforts between Cambodia and Thailand over the Preah Vihear Temple, its shuttle diplomacy amongst the AMS to reach a common position over the South China Sea issue, and its push to have Myanmar chair the 2014 ASEAN Summit. The Myanmar issue in particular illustrates Indonesia's quiet, low-profile diplomatic style. The essay emphasises that while Indonesia's efforts for Myanmar were bilateral, it was nonetheless critical work that needed to be done and ultimately served to strengthen ASEAN.

President Gloria Macapagal Arroyo's essay emphasises the major accomplishments during the Philippine chairmanship in 2007 under her administration. These include the acceleration of the establishment of the ASEAN Community from 2020 to 2015; the blueprint for the ASEAN Charter, which set the stage for its signing in the subsequent ASEAN Summit in Singapore; the Declaration on the Protection and Promotion of the Rights of Migrant Workers; the ASEAN convention on counterterrorism; and inter-faith dialogue. The varied outcomes illustrate the wide range of areas that host countries tend to bring to the table during their ASEAN chairmanship, thereby helping articulate the meaning, scope, and substance of what an ASEAN Community would be or needs to be.

The Lao PDR's theme in hosting ASEAN in 2016 was straightforward. It was to turn vision into reality in a dynamic ASEAN Community. The main outputs were important follow-through of major decisions related to ASEAN community building: the Master Plan on ASEAN Connectivity 2025, the Initiative for ASEAN Integration Work Plan III, and many strategic action plans that had to be developed after the approval of the AEC Blueprint 2025 in 2015. The Lao PDR example suggests that moving ASEAN forward does not necessarily entail opening new areas; follow-through actions of major initiatives and decisions are sufficiently weighty to advance the process.

Myanmar hosted the ASEAN Summit for the first time in 2014. The essays of former President U Thein Sein and Kan Zaw, former Minister of National Planning and Development and member of the ASEAN Economic Ministers'

Meeting, show the whole-of-government efforts required to ensure the summit's success. They also highlight the support provided by other AMSs, the ASEAN Secretariat, ASEAN Dialogue Partners, and the development assistance community, and the sense of pride felt by the bureaucracy and the people in the success of their summit hosting. Myanmar contributed substantively to the growth of ASEAN during its ASEAN Summit hosting through, for example, the Nay Pyi Taw Declaration on the ASEAN Community's Post-2015 Vision.

Nonetheless, it is the description of how ASEAN showed its solidarity with then-isolated Myanmar in the face of the devastation from Cyclone Nargis, and the extent of Myanmar's efforts to ensure the 2014 ASEAN Summit's success, that gives President Thein Sein's essay emotive pull and a sense of belonging.

President Arroyo's essay highlights another dimension at the national level that heavily influences ASEAN's progress: the implementation of the agreements and commitments. She is remarkably candid in stating that she expressly slowed the pace of tariff liberalisation in 2003 to what was required by AFTA because of the lingering effects of the 1997–1998 crisis, the fallout from the 11 September 2001 attack on the World Trade Center, and the resulting fall in tax revenue in the Philippines. This exemplifies the reality of decision-making and implementation of agreements. While the long-term goal remains adhered to, short-term exigencies sometimes necessitate some slowdown or slight backtracking, which can be recovered later. To some extent, this need is also accommodated by the flexibility clauses of some ASEAN agreements such as the ASEAN Framework Agreement on Services.

Making ASEAN Stronger

Several essays point to the significant challenges and to-do list for ASEAN to become stronger. Perhaps the most compelling messages relate to socio-cultural matters, such as those touched on by former Prime Minister Abhisit Vejjajiva of Thailand in his essay. He sees the ASEAN Socio-Cultural Community (ASCC) as critically important to the future of ASEAN. To him, at the heart of ASEAN Community is a community of people with a sense of shared destiny of peace and prosperity for all ASEAN people based on common values with an ASEAN identity. While raising awareness, especially

of the region's history and close cultural affinities, is important, it may be more important to look ahead and determine what kind of community ASEAN people would like to have. This includes deciding what kind of values and principles should characterise the ASEAN identity.

Prime Minister Vejjajiva asserts, '... we need to see how can we modify the ASEAN Way to drive the ASCC and the future of ASEAN forward ... [and thereby] ... make ASEAN meaningful to people's lives for them to truly care about ASEAN.' He suggests using the ASCC to redefine the ASEAN Way: '... the ASEAN Community must define itself by tapping into the region's characteristics drawn from commonality amongst the members and by framing its traditions and goals to conform to today's global challenges.' He also gives examples of how such traditions and goals can conform to today's global challenges, such as human rights or the environment. There is a lot more in his thought-provoking essay that challenges ASEAN, and specifically the ASCC, to define what ASEAN identity really is or what it stands for, and to help resolve a number of nagging regional problems (e.g. the haze). Then the ASCC can '... play a key role in strengthening ASEAN's future.'

The goal of making ASEAN more engaged with, and more meaningful to, the people is a constant refrain of several essays in this volume. Former Philippine President Fidel Ramos is equally emphatic in his essay that for the people to embrace ASEAN and its vision as their own, '... they must see it as a pervading, beneficial influence on their daily lives ... [through] ... reduce[d] ... poverty of their families and of their communities and ... better public health, housing, basic education services, and jobs as well as higher incomes for everyone.' This means that much of ASEAN's work in community building '... must focus on encouraging, assisting, and – if need be – pressuring the ASEAN members to promote good governance, strengthen the rule of law, build an inclusive economy, and defend human rights and representative democracy.'

In her essay, Alicia dela Rosa-Bala, former Deputy Secretary-General for the ASCC, also asserts that the ASCC is the heart and soul of ASEAN because the pillar deals with issues that directly affect the people. She gives examples of initiatives in the ASCC that have a potentially significant bearing on the region's people. Foremost amongst them was the ASEAN support for the rehabilitation effort after Typhoon Haiyan

hit the Philippines. Indeed, a number of the concerns above, such as the environment, engaging and benefiting the people, etc., are captured in the wide range of measures in the ASCC Blueprint 2025. The challenge posed by Prime Minister Vejjajiva and President Ramos on the ASCC blueprint seems to be how to communicate the cohesiveness (which also implies some element of prioritisation) of the various measures and prioritise implementation of the measures in a way that is consistent with the fundamental challenge of defining what ASEAN stands for as a community.

Deepening the unity amongst the AMS and their people in the face of past adversities and in the context of an increasingly uncertain global environment is a theme shared by several essays in the volume, especially those of the ASEAN Leaders. Prime Minister Abdullah Ahmad Badawi of Malaysia warns in his essay that ‘... global developments are testing ASEAN’s unity and cohesion ... [and] ... we must be steadfast in keeping our solidarity ...’ Similarly, Prime Minister Goh writes, ‘... given the geopolitical uncertainty, ASEAN must remain cohesive and not allow bilateral disagreements and regional disputes – which will surface from time to time – to divide them.’ President Ramos advises that ‘... for ASEAN, the imperative is to help maintain the strategic balance and not be drawn irrevocably into any one great power’s sphere of influence.’ Deputy Prime Minister Vu Khoan of Viet Nam writes, ‘... given the new changes in international politics and relations as well as the regional and global security architecture, ASEAN will not have an easy road ahead if it does not tighten its ranks and make necessary adjustments.’

Nonetheless, as Sultan Haji Hassanal Bolkiah of Brunei writes in his special message to this volume, ‘ASEAN has faced, and continues to face, its fair share of challenges. But when my colleagues and I sought to address these problems collectively by leveraging on our respective strengths, we came to realise that our countries were able to grow stronger together.’

At the same time, ASEAN Leaders and ASEAN as an organisation need to be cognisant of the opportunities offered by the shift in the centre of global economic gravity towards East Asia, and they need to make appropriate adjustments to capture the opportunities. Interestingly, but perhaps fittingly, it is Prime Minister Hun Sen of Cambodia who raises the point of opportunities most cogently amongst the essays in this volume. Cambodia has been one of the fastest-growing countries in the world for nearly 2

decades and, as he writes, it is increasingly recognised as a ‘new emerging tiger in Asia.’ He lists priority tasks to be accomplished if ASEAN and AMS are to achieve their full potential in trade and production and adapt to the new technologies. In addition, he emphasises that those priority actions must be reinforced by further support for the process of regional integration, and that ‘... we do not lose sight of some essential things that drive our cooperation: **ASEAN Identity, ASEAN Way, ASEAN in Unity and Diversity.**’

Investing in infrastructure is one of the priority tasks that Prime Minister Hun Sen says that ASEAN needs to undertake to benefit from a dynamic East Asia. In this regard, ASEAN Secretary-General Surin Pitsuwan makes an interesting proposal in his essay to support infrastructure investments in this fast-growing region. He asserts that given the more than US\$1 trillion in foreign reserves held by ASEAN countries, 10% of the combined reserves could be set aside into a fund (managed by a trusted institution such as the Asian Development Bank) to provide concessional loans to finance infrastructure projects. This could go a long way towards bridging the funding gap for infrastructure in the region. And he writes that there is no risk involved, there is so much to be gained.

‘Future proof’ is how Minister Rafidah of Malaysia would call an ASEAN that can ‘... face and overcome various challenges, and seize opportunities as well, within its environment.’ Herein lies the final key message from the essays on how to make ASEAN stronger: strengthen the ASEAN Secretariat. Minister Lim of Brunei is the most ardent on this issue amongst the authors in the volume. He asserts that the ASEAN Secretariat must provide symbolic leadership when a natural disaster strikes; it must be given human and financial resources to effectively coordinate the increasing number of projects, meetings, and research required in the future; it should prepare research papers necessary in all the political–security, economic, and socio-cultural work of ASEAN; and it should build up a core group of intellectuals and academics who are involved with and committed to ASEAN.

Minister Lim is conceiving of an ASEAN Secretariat that is very different from the current one. A main constraint at present is budget and funds. In this regard, Ambassador Ong seeks innovative ways of raising funds for the ASEAN Secretariat. One possibility he suggests is a token charge on each traveller passing through ASEAN airports. He also raises the possibility

of issuing an ASEAN postage stamp. The key point of his suggestions is to initiate serious discussions on expanding and strengthening the funding source for ASEAN and the ASEAN Secretariat rather than merely relying on the annual contributions from member states. The growing demands on ASEAN and of deeper regional initiatives amidst regional and global risks and opportunities almost certainly demand it. The funds should not solely come from ASEAN Dialogue Partners, however generous they may be.

Voices from Special Non-ASEAN Friends

The Economic Research Institute for ASEAN and East Asia (ERIA) invited three special non-ASEAN friends to each write an essay in commemoration of the 50th anniversary of ASEAN. They are special not only because they come from three of the closest and most important Dialogue Partners of ASEAN (Australia, China, and Japan) but also because of their individual contribution and support for ASEAN:

- Gareth Evans was Foreign Minister of Australia during a pivotal period in ASEAN's history (1988–1996). He worked very closely with ASEAN ministers in the creation of the Asia-Pacific Economic Cooperation forum and the ASEAN Regional Forum, and in negotiating peace in Cambodia culminating in the 1991 Paris Peace Agreements. He is currently Chancellor of the Australian National University.
- Zhang Yunling is a member of the Chinese People's Political Consultative Conference, a member of the Foreign Relations Committee of the Chinese People's Political Consultative Conference, and Director of International Studies at the Chinese Academy of Social Sciences. He has been China's representative on ERIA's Board of Governors since ERIA was founded. He is arguably the person with the most knowledge about ASEAN in China's policy circle and has provided valuable advice towards opening and building up China's relations with ASEAN.
- Toshihiro Nikai was Minister of Economy, Trade and Industry and is currently the Secretary-General of the Liberal Party of Japan and the chair of the Parliamentary League for ERIA in Japan. He is also the 'father' of ERIA because he proposed the establishment of ERIA and has been very supportive ever since of the founding of the institution.

Prof Evans' essay is suffused with warmth, as if from a member of the family. He tells us that he was most comfortable with and felt closer to his ASEAN colleagues during his stint as Australia's foreign minister. And his ASEAN colleagues reciprocated when they told him 'you are one of us'. As a member of the family, he is forthright in his reflections on ASEAN and his worries about the challenges facing ASEAN today. These include maintaining cohesion in the face of a newly confident and assertive China; maintaining balance in the face of great uncertainties about ASEAN and East Asia's relations with the United States under President Donald Trump; maintaining its economic momentum amidst geopolitical stresses and the global backlash against globalisation; and maintaining the ASEAN tradition of non-interference and addressing the patent human rights violations in the region, which in his view has been tarnishing ASEAN's image and soft power.

It is worth noting that his concerns about ASEAN are reflected in the essays of the ASEAN Leaders and Officials, albeit sometimes framed differently. Thus, for example, Prof Evans is concerned about the tension between ASEAN's primacy of sovereignty and non-interference on the one hand and the violations of human rights in the region on the other hand. This is echoed in Prime Minister Vejjajiva's call for a reframing of the ASEAN Way from the socio-cultural angle to address the issue and not solely on the political-security angle.

Like any family member, Prof Evans is nonetheless ultimately positive and optimistic about ASEAN. This is reflected in his query as to whether a non-ASEAN southern neighbour Australia could become a member of ASEAN. In reality, this is not explicitly about membership per se; rather this indicates a call for an even stronger and closer relationship between ASEAN and Australia in the face of an uncertain geopolitical environment. It is an entreaty '... to work together to build more collective strength, both economically and politically' with the mantra: 'More self-reliance. More Asia. Less America'. That is as much a challenge for ASEAN as it is for Australia.

The second part of the essay of Dr Zhang provides a relatively optimistic view of the future of ASEAN-China relations based on bilateral relations since the early 1990s and the broad congruence of the 'Chinese Way' and 'ASEAN Way'. Dr Zhang describes the bilateral relations of about 26 years in terms of greater focus on economic development 'based on

open and cooperative principles’, management of differences and disputes ‘with good will and a spirit of cooperation’, as well as support for regional cooperation and institution building. The key challenge is managing the South China Sea issue without damaging the widening and deepening bilateral cooperation. Perhaps more fundamentally, as Dr Zhang highlights, ‘... trust and confidence on both sides need to be further enhanced against the background of China’s rise and the building of the ASEAN Community building.’ He recommends that ‘... new opportunities for cooperation ranging from economic development to political, social, and security areas should be explored by setting up working groups under the ASEAN–China cooperation framework.’

Mr Nikai’s essay gives the historical context and an overview of Japan’s growing support of ASEAN. His essay suggests that the anti-Japanese riots in 1974 that greeted the then Prime Minister of Japan Kakuei Tanaka are seared into the consciousness of Japanese policymakers, including Mr Nikai. The immediate impact of those riots was the so-called Fukuda Doctrine, which was stated personally by Prime Minister Takeo Fukuda during his meeting with ASEAN Leaders during the Second ASEAN Summit in Kuala Lumpur in August 1977. This later translated into solid support for ASEAN initiatives over the years, including for the new ASEAN members by the Ministry of International Trade and Industry (MITI) and then Ministry of Economy, Trade and Industry (METI), as well as the Miyazawa Initiative in response to the 1997–1998 financial and economic crisis. That effort and the concurrent and subsequent policy discussions amongst ASEAN, China, Japan, and the Republic of Korea led to the Chiang Mai Initiative Multilateralization and the ASEAN+3 Macroeconomic Research Office.

Mr Nikai also explained in his essay the genesis of ERIA. Conscious of the beneficial effect on Japan of the Organisation for Economic Co-operation and Development (OECD) when the country joined it in 1964, and, considering the greater diversity amongst AMSs compared to the OECD, Mr Nikai thought ASEAN needed an institution similar to the OECD to help ASEAN with the ‘... enormous amount of survey work and research as well as policy recommendations’ needed as ASEAN drew up and implemented the blueprints for the ASEAN Community and its three pillars. He was able to convince then Prime Minister Junichiro Koizumi to provide 10 years of financial support at the establishment of ERIA. Mr Nikai has continuously and strongly supported ERIA over the years even after the 10-year initial

funding period had lapsed. He also established the Parliamentary League for ERIA in 2013 not only to support ERIA but also for the non-partisan committee of Japanese lawmakers to visit the AMSs and promote partnerships between Japan and AMS parliamentarians. Thus, Mr Nikai's essay indicates Japan's strong political support to ASEAN.

Concluding Remarks

The essays in the volume give us a flavour of and a chance to reflect on ASEAN's journey over the past half century and allow us to consider its future through the eyes of key players in ASEAN's evolution. Perhaps a way of ending this ASEAN journey is to quote the concluding paragraph of the essay in this volume by Ambassador Tommy Koh, the former chair of the High-Level Task Force on the Drafting of the ASEAN Charter:

‘A few years ago, the European Union was conferred with the Nobel Peace Prize for its contributions to peace in Europe. I believe that the Nobel Committee should consider conferring on ASEAN the Nobel Peace Prize for its contributions to peace in Southeast Asia, East Asia, and the Asia-Pacific.’



ESSAYS: LEADERS









ASEAN @ 50



Goh Chok Tong

I want to offer a ringside view of key developments in ASEAN between 1990 and 2004, when I was Prime Minister of Singapore, as well as share some thoughts on the future of ASEAN at 50.

Birth of ASEAN

ASEAN's original members – Indonesia, Malaysia, the Philippines, Singapore, and Thailand – were distinctly different from each other. They had different histories, political systems, aspirations, and external alignments. They all grappled with newfound independence against a backdrop of intra-regional disputes and Cold War competition for influence.

As then Foreign Minister of Singapore S. Rajaratnam put it, the ASEAN Leaders were concerned over the potential ‘Balkanization’ of Southeast Asia by external powers. Thus, they shared a vision of a Southeast Asia that could stand on its own and face common threats together to secure stability and improve the livelihoods of their peoples.

ASEAN largely succeeded in preventing intra-regional conflicts and member countries from being pawns of big powers.

Evolution of ASEAN

The next phase of ASEAN emphasised economic cooperation.

In 1984, ASEAN’s membership expanded to six with the inclusion of Brunei Darussalam. By 1990, ASEAN had a total population of 321 million with a combined gross domestic product (GDP) of US\$319.5 billion.

The income gap between the six ASEAN Member States was wide, with Brunei’s and Singapore’s GDP per capita at the upper end and Indonesia’s at the lower end by virtue of size disparities.

With different natural endowments, comparative advantages, and competitive strengths, the ASEAN Member States did not need economists to tell them that economic cooperation would raise the standard of living of their peoples, albeit at different rates. It only required political will.

ASEAN Free Trade Agreement

I witnessed that will in 1992 at the ASEAN Summit in Singapore. It was my first as Singapore’s leader. At that meeting, Thai Prime Minister Anand Panyarachun proposed that ASEAN negotiate a free trade agreement (FTA). It was accepted. By then, Indonesian President Soeharto was the only remaining founding leader of ASEAN. Given Indonesia’s protectionist policy then and the underdevelopment of its resource-based economy, I was impressed by his liberal attitude, his focus on developing the Indonesian economy, and understanding of the importance of a stable and co-operative ASEAN.

Frequency of ASEAN Summits

Prior to 1990, ASEAN Summits were held infrequently. In fact, there were only three Leaders' meetings between its founding in 1967 and 1990, a span of 30 years.

With the proposed FTA, however, Ministers and officials started to meet frequently to design the framework and negotiate the details of tariff reductions.

As impetus, the Leaders also agreed to meet more often, alternating between formal and informal summits. Formal summits were stuffy, with set speeches and cultural performances. They were media occasions.

Informal summits were more like Leaders' retreats. Leaders had plenty of conversations with one another. Ideas could be floated and tested, accepted, amended, or rejected without loss of face. Views were candidly exchanged. On several occasions, Leaders would override the advice of their officials. They trusted one another, knowing that no one was trying to best each other. They were working for the common good of ASEAN and its peoples.

When formal summits were later dispensed with, all summits became productive sessions, generating ideas and programmes. The ASEAN Leaders certainly kept their Ministers and officials busy until the next summit!

ASEAN Member States have developed the habit of consultation and cooperation. Two examples testify to this: the outbreak of severe acute respiratory syndrome in 2003 and the Asian financial crisis in 1997.

Expansion of ASEAN

After the Viet Nam War ended in 1975, ASEAN welcomed Viet Nam, Cambodia, the Lao People's Democratic Republic, and Burma (now Myanmar) into its fold in the 1990s. This was very much in keeping with the founding goals, vision, and values of ASEAN.

The older six members set up the Initiative for ASEAN Integration to provide technical skills to help the four new members integrate into and benefit from ASEAN. Singapore was among the more active members of this programme.

Today, ASEAN has a combined population of 629 million and a total GDP of US\$2.4 trillion, a sizeable force and market indeed.

ASEAN Plus 3 and Other Summits

ASEAN is outward-looking, unlike most other regional groupings. It needs foreign investments and trade with the rest of the world. Above all, it needs a stable and peaceful East Asia. Northeast Asia suffers from the historical legacy of World War II. Relations between China, Japan, and the Republic of Korea (henceforth Korea) remain testy.

ASEAN has sought to play a role in bringing about a peaceful and prosperous East Asia, including ASEAN, by creating frameworks such as the ASEAN Plus 3 (China, Japan, and Korea), the East Asia Summit, and the ASEAN Regional Forum, to give ASEAN's external partners a stake in the region and a platform to engage each other.

This is a key ASEAN contribution – enhancing regional integration and cooperation within and beyond ASEAN.

ASEAN Economic Community

With its sole focus on tariff reductions, I felt the ASEAN FTA, was too narrow. I felt that ASEAN should evolve into an economic community, a closely linked, flexible community, but not a supranational organisation like the European Union. No country would cede any aspect of its sovereign rights to an unelected Brussels-like bureaucracy.

At the 2002 ASEAN Summit in Phnom Penh, Cambodia, and against the advice that the idea would not fly, I floated the vision of an ASEAN Economic Community (AEC) for study by Ministers and officials.

They would report back to the Leaders at the following summit. As it was merely a proposal for study which would not bind the Leaders to the concept, they agreed.

The AEC was an attempt to change the tenor of conversation on economic issues in ASEAN and put it on a more positive footing. My hope was that the ASEAN Member States would coalesce around this concept and recognise the opportunities presented by a shared community. As I expected, the High-Level Task Force on ASEAN Economic Integration in 2003 found merit in evolving ASEAN into an economic community by 2020, which was a long period of time. The other member countries saw the merit of this economic pillar and later proposed two more pillars to support the AEC – namely the ASEAN Political–Security Community and the ASEAN Socio-Cultural Community. It is my hope that we will evolve an ASEAN Community where our peoples see themselves as ASEAN citizens, in addition to their own national identity.

The AEC was formally established in 2015, 5 years ahead of schedule.

The Future of ASEAN post 50

From 2004 to 2016, ASEAN continued to progress and strengthen with new initiatives. But it is for others to cover this period.

Here, I would like to share some thoughts on the future of ASEAN.

First, ASEAN's ability to remain relevant should not be taken for granted. It must remain outward-looking to be able to play a central role in the peaceful development of East Asia. As former Singapore Deputy Prime Minister S. Rajaratnam said presciently at the birth of ASEAN, 'it is necessary for us, if we are really to be successful in giving life to ASEAN, to marry national thinking with regional thinking ... we must think not only of our national interests but posit them against regional interests'.

Second, given the slowing economic growth and onslaught of disruptive technology, ASEAN needs to hold out hope for its peoples. When morale is high, people can achieve much. When it is low, they will despair even more.

The size of the middle class has grown to 24%, but this is still low. ASEAN needs to more than double this percentage by 2025. This is the hope to hold out to the peoples of ASEAN.

Third, given the geopolitical uncertainty, ASEAN must remain cohesive and not allow bilateral disagreements and regional disputes – which will surface from time to time – to divide them. ASEAN Leaders must focus on the big picture and forge a meaningful consensus that is in line with their national and regional interests. ASEAN must continue to speak with one voice on issues of common interest, including countering violent extremism, cybersecurity, and the need to keep sea lanes and trade open.

Lastly, ASEAN can learn from the Leaders' experiences in the period I have covered. We had differences of views but shared more common perspectives than disagreements. We built up trust and goodwill; we had a give-and-take attitude. We took bold initiatives, always for the common good and not only for our national interests. The last 50 years have shown that regional stability and prosperity are better served with cooperation to prosper one another, rather than pursuing selfish interests that will only beggar each other. Given the rise of populism and inward-looking nationalism across the world, present and future ASEAN Leaders need to pull together to face a more uncertain future.

ABOUT THE AUTHOR

Goh Chok Tong was Singapore's Prime Minister from November 1990 to August 2004.

He was first elected into Parliament in 1976 and re-elected in the nine subsequent general elections. He remains a Member of Parliament. Between 1979 and 1990, he served consecutively as Minister of Trade and Industry, Health and Defence. He was appointed Deputy Prime Minister in 1985, and succeeded Lee Kuan Yew in 1990 as Singapore's second Prime Minister. He relinquished the premiership in 2004 to pave the way for leadership renewal.

He remained in the Cabinet as Senior Minister and was Chairman of the Monetary Authority of Singapore (MAS) from August 2004 to May 2011. Upon leaving the Cabinet, he was given the title of Emeritus Senior Minister. He was appointed Senior Advisor to MAS, and effective April 2017, the Governing Board Chairman of the Lee Kuan Yew School of Public Policy.



From ‘Sports-Shirt’ Diplomacy to a Model Rules-Based Organisation



Fidel Valdez Ramos

On 8 August 1967, the five ‘founding fathers’ – Adam Malik of Indonesia, Narciso R. Ramos of the Philippines, Tun Abdul Razak of Malaysia, S. Rajaratnam of Singapore, and Thanat Khoman of Thailand – got together at the Ministry of Foreign Affairs building in Bangkok and signed a historic document, establishing the Association of Southeast Asian Nations (ASEAN), which would later be hailed as the most successful inter-governmental organisation in the world.

In his 1992 memoirs, former Thai Foreign Minister Thanat Khoman recalled:

When, as Foreign Minister, I was entrusted with the responsibility of Thailand’s foreign relations, I paid visits to neighboring countries to forge co-operative relationships in Southeast Asia. The results were, however, depressingly

negative. Only an embryonic organization, ASA or the Association of Southeast Asia, grouping Malaysia, the Philippines, and Thailand could be set up. This took place in 1961. It was, nevertheless, the first organization for regional co-operation in Southeast Asia.

Soon after its establishment in 1961, ASA or the Association of Southeast Asia ... ran into a snag. A territorial dispute, relating to a colonial legacy, erupted between the Philippines and Indonesia on the one hand and Malaysia on the other... The dispute centred on the fact that the British Administration, upon withdrawal from North Borneo (Sabah), had attributed jurisdiction of the territory to Malaysia. The konfrontasi, as the Indonesians called it, threatened to boil over into an international conflict as Malaysia asked its ally, Great Britain, to come to its support and British warships began to cruise along the coast of Sumatra. That unexpected turn of events caused the collapse of the fledgling ASA ...

... efforts continued to be made in Bangkok for the creation of another organization. Thus in 1966 a larger grouping, with East Asian nations like Japan and South Korea as well as Malaysia, the Philippines, Australia, Taiwan, New Zealand, South Vietnam and Thailand, was established and known as ASPAC or the Asian and Pacific Council.

However, once again, calamity struck. ASPAC was afflicted by the vagaries of international politics. The admission of the People's Republic of China and eviction of the Republic of China or Taiwan made it impossible for some of the Council's members to sit at the same conference table. ASPAC consequently folded up in 1975, marking another failure in regional co-operation.

With this new misfortune, Thailand, which had remained neutral throughout, turned its attention to the conflict brewing to its south and took on a conciliatory role. At that time, Thanat shuttled between Jakarta, Manila, and Kuala Lumpur to effect their reconciliation.

The Bangkok Declaration

Thanat broached the idea of forming another organisation for regional cooperation that would include Thailand as the fourth member, first with Malik of Indonesia, and then got the consent of two former ASA ministers, Ramos of the Philippines and Razak of Malaysia. In addition, Singapore sent Rajaratnam to join the new setup. After its first formal meeting in early August 1967, the group retired to Bangsaen, a seaside resort 105 kilometres southeast of Bangkok. The signatories would later delight in describing their decidedly informal manner as ‘sports-shirt’ diplomacy. Yet, it was by no means an easy process: each man brought into the deliberations a historical and political perspective that had no resemblance to that of any of the others.

But with goodwill and good humour, the gentlemen finessed their way through their differences as they lined up shots on the golf course and traded wisecracks on one another’s game, a style of deliberation that would eventually become the ASEAN diplomatic tradition of *musyawarah* (consultation) and *mufakat* (consensus). They spent 4 days combining work with leisure until the final language of an agreement was forged.

It was a short, simply worded document containing just five articles. It declared the establishment of ASEAN and spelled out its aims and purposes. These were about cooperation in the economic, social, cultural, technical, educational, and other fields, and in the promotion of regional peace and stability through abiding respect for justice and the rule of law and adherence to the United Nations Charter. It stipulated that ASEAN would be open for participation by all states in the Southeast Asian region subscribing to its aims, principles, and purposes. It proclaimed ASEAN as representing ‘the collective will of the nations of Southeast Asia to bind themselves together in friendship and cooperation and, through joint efforts and sacrifices, secure for their peoples and for posterity the blessings of peace, freedom and prosperity’.

United Action from ASEAN

After the signing of the Bangkok Declaration, the first to speak was the Philippines’ Narciso Ramos, my father, who recalled the tediousness of the negotiations which ‘truly taxed the goodwill, imagination, the patience

and understanding of the five participating Ministers. That ASEAN was established at all in spite of these difficulties ... meant that its foundations had been solidly laid.' He impressed upon the audience of diplomats, officials, and media people that a great sense of urgency had inspired the Ministers to go through all that trouble. He added:

The fragmented economies of Southeast Asia, (with) each country pursuing its own limited objectives and dissipating its meager resources in the overlapping or even conflicting endeavors of sister states carry the seeds of weakness in their incapacity for growth and their self-perpetuating dependence on the advanced, industrial nations. ASEAN, therefore, could marshal the still untapped potentials of this rich region through more substantial united action.

When it was Thailand's turn, Thanat concluded by stressing: 'The goal of ASEAN is to create, not to destroy.' ASEAN came at a time when the Viet Nam conflict was raging and the American forces seemed to be forever entrenched in Indochina. Thanat then asserted:

... The countries of Southeast Asia had no choice but to adjust to the exigencies of the time, to move toward closer cooperation and even integration ... Particularly what millions of men and women in our part of the world want is to erase the old and obsolete concept of domination and subjection of the past and replace it with the new spirit of give and take, of equality and partnership. More than anything else, they want to be master of their own house and to enjoy the inherent right to decide their own destiny ...

Elaborating on ASEAN objectives, the Thai Foreign Minister spoke of 'building a new society that will be responsive to the needs of our time and efficiently equipped to bring about, for the enjoyment and the material as well as spiritual advancement of our peoples, conditions of stability and progress'.

Defence against External Threats

The formation of ASEAN, the first successful attempt at forging regional cooperation, was actually inspired and guided by contemporary events in many areas of the world, including Southeast Asia itself. France and Britain, two Western powers that reneged on their promise of protection to Poland and Czechoslovakia against external aggression, were instrumental in drawing the attention of many countries to the credibility of assurances (or lack thereof) advanced by larger powers to smaller partners. The lesson drawn from such events encouraged weak nations to rely more on neighbourly mutual support than on stronger states that serve their own national interests rather than those of smaller partners. For Thailand, in particular, its disappointing experience with other aggrupations taught it the lesson that it was dangerous to hitch its destiny to distant powers who may cut loose their obligations with lesser and distant allies at any moment. Thanat recounted:

Another principle to which we anchored our faith was that our co-operation should deal with non-military matters... We resisted; wisely and correctly we stuck to our resolve to exclude military entanglement and remain safely on economic ground.

The leadership challenges ASEAN will face will be numerous and complex. Nowadays, ideology counts much less than it did 30–40 years ago. As the American policy intellectual George Kennan notes, ‘forms of government are forged mainly in the fire of practice and not in the vacuum of theory. They respond to national character and to national realities.’

I myself discern three constants of the modern political order: the first is a strong and capable state; the second, a state subordinate to the rule of law; and the third, a government accountable to all its citizens. The centre of global gravity is tilting away from the Atlantic – where it has been for the last 200 years – not so much because the West is weakening, either economically or militarily, but because other power centres are rising in relative strength in Asia, Latin America, and Africa.

By 2020, Asia should be home to three of the five largest economies. By then, China, Japan, and India will be competing with the United States (US) and the European Union. The ASEAN 10 – principally Indonesia – will be up front, too. India, like China, a population billionaire, is entertaining its own global ambitions. Over these past years, its economy has been expanding by an annual 7% on average. Already, India is a global force in information technology, business process outsourcing, and heavy industry. But it is still years behind China in efficiency.

The Big Two: China and the United States

The US and China are the ‘Big Two’ – the rival poles of this new global power balance. Although the US still wields the strongest military, economic, or cultural influence on global affairs, China has been growing much faster than the world had thought possible.

The US has regarded itself an Asia-Pacific power since the late 1890s when, impelled by President William McKinley’s concept of ‘Manifest Destiny’, it acquired Hawaii, the Marianas, Guam, Midway, the Philippine Islands, and other territories as naval strong points of the ‘forward defence’ in the Western Pacific.

Since the end of World War II, the US has been the fulcrum of the Asia-Pacific power balance. Over these last 7 decades, Pax America (American Peace) has given the East Asian states the breathing spell to put their houses in order (Japan and China especially), just as it is the American market that has enabled them to expand their economies at the world’s fastest rate. Since the end of the Cold War in 1989, Pentagon strategies have been shifting the weight of their overseas deployments from Western Europe to the Pacific, and from Northeast Asia broadly southward – towards Okinawa, Guam, the Philippines, and Viet Nam. The same is true of the ‘pivoting’ of US forces away from the Middle East to the Asia-Pacific area since 2011.

China itself has been redeploying its forces away from the Russian border southwards. Similarly, Japan is shifting its military attention from its Kuriles-Sakhalin Islands border with Russia towards China and North Korea.

In the last 2 years, the ‘double talks’ by China and ‘pivoting’ by the US (called brinkmanship between Beijing and Washington) have taken a serious turn towards military confrontation because of China’s extravagant claims to the South China/ East Sea/ West Philippine Sea (in which the national interests of Viet Nam, Malaysia, Brunei Darussalam, and the Philippines are critically involved). China’s proximate aim seems to be to limit American access to the China Sea in its entirety, erode the credibility of Washington’s security guarantees to its Asian allies, and ease out US military forces from East Asia altogether.

ASEAN and Strategic Balance

So where and when will it all end? I continue to be optimistic. Not only has the self-destructive force of nuclear weapons made war among the great powers obsolete these days but the capability of many nations now to strike, counterstrike, and counter-counterstrike ad infinitum with the press of a red button will also surely result in mass suicide and global obliteration. We must expect the South China Sea tensions to continue because the protracted contest to dominate this great global waterway, which is ASEAN’s ‘Maritime Heartland’, began years ago with the ASEAN countries as the individual targets of China’s charm offensive and ‘divide and conquer’ efforts.

The truth is that China is not just reshaping the global economy. Globalisation is also reshaping China. China today is connected to global realities more tightly than its communist leaders realised. Over the foreseeable future, we in East Asia must live with a China driving for great power status, a Japan nurturing a resurgent nationalism, and a US asserting its Asia-Pacific role.

What can second-rank states do to help keep the strategic balance in the Asia-Pacific region and the world during the dangerous transition we see as occurring in the next several years? For ASEAN, the imperative is to help maintain the strategic balance and not to be drawn irrevocably into any one great power’s sphere of influence. Within the grouping, the regional institutions, agreements, declarations, covenants, and treaties are the best tools in moderating the dominant influence of the US and China. The ASEAN-led free trade framework, known as the Regional

Comprehensive Economic Partnership (with members from ASEAN, China, the Republic of Korea, Japan, India, Australia, and New Zealand), has today acquired greater leverage in regional and global relations. That is why our 10 Southeast Asian states should put so much weight on their community building in an integrated way.

ASEAN Integration and Its Stakeholders

The ASEAN Community defines itself as a concert of nations that are outward looking; resilient; living in peace, stability, and prosperity; and bonded in partnership for sustainable development among a caring society. Our ASEAN Community builds on three ‘pillars’ – an economic community, a political–security community, and a socio-cultural community.

Indeed, Indonesia has set a security landmark for ASEAN to reach on its journey towards ‘Community’ with its proposal for an ASEAN peacekeeping centre and a regional peacekeeping force. Without minimising the difficulties of multilateral security cooperation, I do believe the proposed regional peacekeeping centre is absolutely necessary and within ASEAN’s capabilities. Our 10 members have changed a great deal over these 5 decades – gradually, but also basically and positively, which is the best kind of change there is. But those of us old enough to remember how things were when ASEAN was formed 50 years ago on 8 August 1967 can testify as to how positive an influence ASEAN’s sheer presence has already been for the stability of Southeast Asia and the Pacific.

As to our aspiration for an ‘economic community’ with its key concept of integrating priority sectors of the Southeast Asian economy – thereby making ASEAN a single market and production platform characterised by the free flow of capital, goods, services, investments, and skilled labour – ASEAN must still bridge many gaps between its more developed and less developed members before it can progress towards this objective. Compared to China, India, Brazil, and other emerging economies, Southeast Asia has higher labour costs, more complex policy uncertainties, and still-fragmented national markets despite AFTA, the internal free trade area ASEAN kicked off in 1993. To make up for our higher labour costs, the ASEAN economies must raise workers’ productivity and cut costs across the production value chains.

To achieve these goals, ASEAN needs further internal reforms and deeper national integration.

What national reforms are urgently necessary? Basically, the ASEAN members must dismantle home-grown barriers that raise costs, reduce competitions, and deter new investments. Unfortunately, we know that governments still protect favoured national corporations and family dynasties from competition. And they continue to keep small unproductive firms afloat by tolerating their evasion of taxes, labour rules, product regulations, and even bribery practices. Increased economies of scale and scope, heightened competition, higher productivity at the company level – all these reforms should stimulate higher investment, generate more intra-regional trade, and encourage the emergence of robust and globally competitive Southeast Asian enterprises.

Making ASEAN Institutions Stronger

The ASEAN Socio-Cultural Community is at once the easiest and the most difficult for the ASEAN Leaders to organise. The lesson of the European Union teaches us that elite arrangements – made over the heads of ordinary people – have limited effectiveness. There is no way an ‘ASEAN Community’ can be built without engaging the interests of ordinary ASEAN peoples. Hence, it is fitting that ASEAN should be organising a collective effort among its members to bring its vision and mission within the range of knowledge of everyday Southeast Asians, starting with schoolchildren.

If the Southeast Asian peoples are to embrace ASEAN as their ‘Community’ in its economic, socio-cultural, and political–security dimensions, they must see it as a pervading, beneficial influence on their daily lives. As stakeholders, they must regard the ASEAN vision as their very own. Furthermore, the economic growth they will experience must reduce the poverty of their families and of their communities and bring better public health, housing, basic education services, and jobs as well as higher incomes for everyone. Thus, a great deal of ASEAN’s work in building ‘Community’ must focus on encouraging, assisting, and – if need be – pressuring the ASEAN members to promote good governance, strengthen the rule of law, build an inclusive economy, and defend human rights and representative democracy.

If ASEAN is to achieve regional integration that would endure and lead to the desired ‘ASEAN Community’, it must build durable regional institutions. Right now, it has no regional institutions strong enough to expedite decision-making and – even more important – enforce compliance to ASEAN group decisions.

The ASEAN Secretariat in Jakarta has neither the power nor the resources to formulate and propose policies, coordinate their implementation, monitor compliance, impose sanctions, and settle disputes. ASEAN needs institutions that will represent not just the interests of the individual member states but also especially the interest of the group as a whole.

Without such stronger regional institutions, ‘ASEAN in effect grants a veto to any country that, for its own reasons, resists regional integration’, according to a McKinsey study. Thus, if regional ASEAN institutions remain merely administrative or coordinative as they are now, none of the ASEAN states need to comply with group decisions. This will result in the ASEAN again becoming neo-colonies of the superpowers instead of becoming the world’s model of an enduring regional partnership based on freedom and open markets.

ASEAN – A Future Superpower, If ...

ASEAN covers a land area of 4.4 million square kilometres, which is 3% of the total global land area. ASEAN territorial waters cover an area about three times larger than their land counterpart. The combined population of the region is approximately 642 million people, higher than either the European Union (510 million) or North America (565 million) to include Mexico and Central America.

In 2015, the organisation’s combined nominal gross domestic product had grown to more than US\$2.8 trillion. If ASEAN were a single entity, it would rank as the sixth-largest economy in the world behind the US, China, Japan, Germany, and the United Kingdom. It is also home to more than 200 world-class companies, making it the seventh-largest host of leading global corporations. By 2030, ASEAN could rank as the world’s fourth-largest economy. As the ASEAN Community enters its second year, it will continue to integrate and bring about all the best of all ASEAN members.

At the launching of the Philippine chairmanship, President Rodrigo Duterte declared:

This 2017, the Philippines has the task of steering our Association through the challenges ahead. During this period, we will place the spotlight on ASEAN as a model of regionalism and as a global player amid rising tensions among nations. This will require the cooperation and support of all ASEAN Member-States which is essential to the realisation of our goal of peace and harmony in the region. The interest of the Filipino people will remain at the core of ASEAN.

This has not been a negligible result. After 50 years, ASEAN has greatly benefitted from its record of pursuing durable peace and sustainable development. Today, ASEAN has become a well-established and highly esteemed international bloc.

Finally, we must transform the immense diversity of our home region from a source of weakness into a source of strength. Our ultimate objective must be to achieve unity in diversity because such cohesion begets national power and regional resilience. And even as we begin our journey towards ‘the ASEAN Community’, we must realise ours in ASEAN is a pilgrimage that may never end.

ABOUT THE AUTHOR

Fidel Valdez Ramos is the 12th President of the Philippines (1992–1998). He is known as the leader who ended the country’s economic crisis. Under his presidency, a comprehensive Social Reform Agenda was implemented to address the country’s long-standing problems, such as poverty, health and environment protection, resources development, and unemployment. In this period, the country’s gross national product averaged 5% annually.

He served as Secretary of National Defense in 1988–1991 and as Chief of Staff of the Armed Forces of the Philippines with the rank of General (4 stars) in 1986–1988. Prior to his post as Chief of Staff, he had also been active in the military since 1951. His decades of service brought him to lead the peaceful and non-violent People Power Revolution at EDSA in February 1986, which ended a dictatorial regime and restored the Philippines’ democracy.

After retirement, he has been focusing on creating a sustainable environment for citizens by pushing the ‘best practices’ of unity of purpose, solidarity in values, and teamwork in nation-building at every opportunity.

In the diplomatic field, he was awarded the highest civil award of Nishan-e-Pakistan by the President of Pakistan in 1997, and the highest award of the Most Exalted Order of the Crown – *Darjah Utama Seri Mahkota Negara* (D.M.N.) – of Malaysia in 1995. Both awards were given in appreciation of his effort in improving the lives of the people in the Philippines and establishing better international relations with the two respective countries.



Evolution of ASEAN Community Building: 50-Year Journey



Hun Sen

It is my great honour to be invited to contribute to write for the first volume of the commemorative publication *ASEAN@50: Retrospectives and Perspectives on the Making, Substance, Significance, and Future of ASEAN*.

Undoubtedly, this 50th commemorative anniversary marks one of the greatest milestones in the history of our ASEAN Community. Since its establishment in 1967, ASEAN has achieved a magnificent transformation of the region – now safer, wealthier, unified, and stronger than ever before.

ASEAN today has many friends, a much heavier weight internationally, and a strong voice that cannot be easily ignored. Over the years, ASEAN has been playing a role in the regional political and economic architecture by leading and driving various forms of dialogues, forums, and meetings to accommodate multiple dialogues with global and regional powers.

While maintaining regional peace and security, ASEAN also enhanced its image in the international community and strengthened its cohesion and unity.

Notwithstanding these important positive regional developments, the security and peace of the ASEAN region are now threatened not only by traditional security issues but also by much more unpredictable and disruptive threats such as terrorism, transnational crimes, human and drug trafficking, and global warming (increasing the frequency and severity of natural disasters), which are more difficult to address in both the short and medium terms. Nonetheless, the cooperation between the ASEAN Member States and their Dialogue Partners has been elevated in all areas – politically, economically, diplomatically, and socially. These growing interactions and cooperative arrangements have become a source of regional stability and security, creating an environment that will bring the region to a higher level of prosperity and well-being.

ASEAN Member States have significantly attained many economic achievements and improvements. From 2007 to 2015, the total gross domestic product (GDP) of ASEAN has doubled to US\$2.5 trillion while GDP per capita has increased over 80%, equivalent to US\$4,000. By the end of 2015, ASEAN had clearly become an economic community with remarkable influence; as a group, it constitutes the **third-largest economy in Asia**, and the **seventh-largest in the world** with the fourth-largest trading activities in the world after China, the United States, and Germany. ASEAN has also become an influential player in Asia and the world, widening markets regionally and globally and becoming an indispensable strategic partner of major countries and organisations in the world.

Currently, ASEAN is transforming itself into one of the world's most dynamic economic regions. ASEAN has a total population of over 622 million, with a rapidly growing middle class, which represents a huge market and production base in the world after China and India, while over 50% of ASEAN's population under the age of 30 constitutes a large and dynamic workforce. Regional growth has also contributed to a remarkable reduction of poverty. The poverty rate dropped from 40% in 1990 to about 15.6% in 2010, and about 13% in 2015, broadly corresponding to an increase of middle-class households from about 15% of the total population in 1990 to about 37% in 2010.

Over these years, ASEAN has constructed stronger institutional mechanisms, extended rules-based systems, and created cooperative frameworks that have created a more connected ASEAN. The adoption of the ASEAN Charter was a critical turning point for ASEAN to develop a concrete platform for collaboration, which is the stepping stone towards greater regionalism. ASEAN undeniably has achieved deeper integration in terms of institutional, physical, and people-to-people connectivity. In recent years, it has become apparent that ASEAN integration is more advanced and faster than other regions in Asia or other regions in the world. ASEAN has offered both economic and non-economic benefits to people in the region as a whole, simultaneously with improved political-security stability and socio-cultural harmonisation. All these have been achieved through the strong political commitment of the Leaders of ASEAN countries to come together for the good of the community, drawing on the synergies released by the framework for cooperation.

The Future of ASEAN and Cambodia

Looking ahead, ASEAN has adopted a vision embodying great ambition for transforming the regional economy by 2025 into a highly integrated and cohesive economy with four main characteristics: (i) a single market and production base, (ii) a highly competitive economic region, (iii) equitable economic development, and (iv) full integration into the global economy with all the Member States collectively identified as ASEAN.

In this fast-changing globalised world, while concentrating on the advancement of both subregional and regional architecture, we also need to keep our eyes open on rapidly changing global economic trends and technological developments in manufacturing, sometimes identified as ‘**the Fourth Industrial Evolution,**’ and changes in financial technologies in order to ensure that the enormous productive power of our region remains globally relevant. The current efforts of our region to establish a global production base or global factory will be confronted with another huge set of challenges in the future when this sort of evolution is realised. That challenge may be in the form of matching technology and training-driven productivity gains in other economies. We may need to reinvent our models of manufacturing, learning how to build ‘smart factories’

utilising new operating models and breakthroughs in technology. We also need to prepare ourselves ahead for the impact of these global megatrends.

Current global trends, however, present enormous opportunities towards both Northeast Asia and Southeast Asia in the coming decades. The shift in the centre of economic gravity towards East Asia is driven by the large rapidly growing economies in Asia. There are numerous factors in our favour: the new emerging middle class in Asian countries; a young and dynamic population; quick adoption of advances in information, communications, and computer technologies; a larger and better integrated market through free trade liberalisation; and vibrant connectivity in terms of soft and hard infrastructures through various initiatives, including the **One Belt and One Road** initiative and strong funding assurances. Our region has and will continue to benefit from its close proximity to the economies driving much of the world's growth. All these bode well for ASEAN and suggest further growth in influence in the global economy, trade, and geopolitics.

With robust growth, the countries of ASEAN have not only brought millions out of extreme poverty; this development has also created a large middle class whose expanding purchasing power is translated into higher demand for a wide range of consumer goods. ASEAN represents one of the most rapidly growing potential markets for many types of goods and services. However, for the region to achieve its full potential in trade and production and successfully adapt to the new technologies, we have a number of priority tasks that need to be completed. These include strengthening education and skills development, investing in physical infrastructure (particularly transport and communication), supporting research and development, and creating a favourable environment for inward foreign direct investment. These actions must be reinforced by further support for the process of regional integration. While meeting these modern challenges and seeking to create new opportunities, it is important that we do not lose sight of some essential things that drive our cooperation: **ASEAN Identity, ASEAN Way, ASEAN in Unity and Diversity.** These are the core unified goals which we must all strive to promote.

To thrive in the changing global marketplace, we must constantly adapt to new conditions and retain an open and flexible attitude to change. What sets us apart from many other groupings is a high level of trust and cooperation, and acceptance of new opportunities and a

willingness to review and reassess policies and strategies. Despite our successes, there is no room for complacency. Unless we move ahead with the Leaders, we will fall behind. One of the major concerns for Cambodia and other ASEAN Member States that share similar economic development status is the ‘**middle-income trap**’. Despite some increases in wages (that have been vital in giving people the incomes needed to satisfy basic needs), Cambodia’s overall competitiveness remains strong. Every effort is being made to make the investment environment even more attractive for investment (from ASEAN and beyond), and we expect to be able to sustain the strong growth rate we have enjoyed for the past 2 decades. Cambodia has embarked on new growth strategies through its **Industrial Development Policy (2015–2025)**, which reflects our ambitions to transform domestic economic structures and attract more skill-intensive industries as we gradually integrate into global and regional value chains, connecting with cross-border production networks. These policies have been combined with programmes to improve competitiveness through better economic governance and strengthened productivity growth.

As one among the eight champions of growth in the world increasingly recognised as a ‘New Emerging Tiger in Asia’, Cambodia stands on the edge of a new vista of growth and prosperity. Our identity as a member of ASEAN is a critical element of our future plans, as we draw on the economic strength of our association and the economic links and cooperation it has fostered. Our geographic position at the heart of ASEAN and the trading and investment opportunities that have opened up in recent years will help sustain our high rates of economic growth in the years ahead. As ASEAN moves from success to success, we recall with gratitude the courage and vision of the Leaders who initiated and guided this great endeavour. We owe them a debt of gratitude for their willingness to believe that our shared goals and principles would one day bind our countries together in an association that benefits us all.

ABOUT THE AUTHOR

Hun Sen was born on 5 August 1952 (officially on 4 April 1951) in Peam Koh Sna Commune, Stoeung Trang District of Kampong Cham Province. Upon completion of his local primary schooling, he moved to Phnom Penh in 1965 to continue his secondary education in the Lycée Indra Devi. He resided in Neakavoan Pagoda.

At the early age of 18, he had shown his nationalism as he joined the struggle movement that liberated the country on 17 April 1975. In 1977, he led a movement that liberated Cambodia and its people in 1979 from Pol Pot's genocidal regime.

His political career started in 1979 as Foreign Minister, then Deputy Prime Minister and Foreign Minister (1981–1991), and finally Prime Minister (1985) until the present. His political career was marked by significant achievements, which laid the basis for the attainment of peace, national reconciliation, and the development of the country. He likewise proved to be an indispensable architect of the Paris Peace Agreements on Cambodia. Under his leadership, Cambodia became the 10th member of the Association of Southeast Asian Nations (ASEAN).

For his great efforts and contributions to national reconciliation, peace, and the socio-economic development of Cambodia, he was conferred the title of Samdech by His Majesty the King Samdech Preah Norodom Sihanouk on 1 February 1994 and, on 12 October 2007, the title of Samdech Akka Moha Sena Padei Techo Hun Sen by His Majesty King Norodom Sihamoni.

Hun Sen has a BA in politics from the Cambodian Tertiary Education, a PhD in political science from the National Political Academy in Hanoi (1991), and two honorary doctorates – a PhD in politics from the Southern California University for Professional Studies, USA (1995) and a PhD in law from Iowa Wesleyan College, USA (1996). He also received the following honorary degrees: Doctorate Degree in Political Science (honoris causa) in Foreign Relations from the University of Ramkhamhaeng, Thailand (2001); Doctorate Degree in Political Sciences from the University of Cambodia (2004); Doctor of Philosophy in Political Science from the Irish International University of the European Union (2004); Doctorate in Political Sciences from the Graduate School of Dankook University in the Republic of Korea (2006); Doctor of Philosophy in Education for Locality Development from the Council of the Bansomdejchaopraya Rajabhat University, Thailand (2006); Doctoral Degree in Education (honoris causa) from the Ministry of Education and Training of Viet Nam and the Hanoi National University of Education (2007); Doctor of Economics (honoris causa) from the Woosuk University, Republic of Korea (2009); Doctoral Degree in Political Science from the Graduate School Committee of Korea University (2009); Doctorate Decree of Literature from China's Guangxi University

for Nationalities (2015); and Doctorate in Transformational Leadership from the Limkokwing University of Creative Technology of Malaysia (2015).

He was admitted as a member of the Academy of Natural Sciences of the Russian Federation in 2002 and was recognised for his leadership in bringing peace, stability, and socio-economic development to Cambodia. In 2004, he was accepted and sworn in as a member of the Bar Association of Cambodia. In 2007, the Association of Certified Commercial Diplomats (ACCD), London, England, the first independent international Professional Body of Certified Diplomats, accorded him the rank, privileges, distinction, and status of 'Chartered Diplomat' with perpetual right to append the letters 'C Dipl' because of his success and fulfilment of ACCD's prescribed requirements through integrity, commitment, and outstanding achievements in diplomacy and peace building. The ACCD also awarded him the Honorary Fellowship of Companion of Commercial Diplomacy. In 2008, the Universidad Empresarial de Costa Rica conferred him the title Honorable Professor of Diplomatic and International Relations. In 2010, His Majesty King Norodom Sihamoni of the Kingdom of Cambodia appointed him as a full member of the Royal Academy of Cambodia and, in 2011, as Honorary President of Academicians. In 2016, the European Tourism Academy awarded him the title of Academician Member of Honor.

He is also a recipient of numerous prestigious awards. He is the sixth person, and the first in South Asia, to be granted the World Peace Award by the World Peace Academy. His other awards are 'Lifting Up the Word with a Oneness-Heart' by Sri Chinmoy of the International Peace Center (2001); 'ASEAN Distinguished Honorary Fellow Member', the highest honorary title and the first one ever presented by the ASEAN Engineering Federation (2002); the U Thant Peace Award, the highest recognition granted by the Sri Chinmoy Centers International (2005); the Lao National Gold Medal, by Lao PDR President Choummaly Sayasone in recognition of Hun Sen's efforts in enhancing relations, creating good conditions, and developing economies, societies, and cultures between the Lao PDR and Cambodia (2008); Senator for Life and Ambassador-at-Large to the World Presidency, by the International Parliament for Safety and Peace (2008); Five (Gold) Star General of the Royal Cambodian Armed Forces by His Majesty King Norodom Sihamoni of the Kingdom of Cambodia (2009); Peace and Development Award by the Union Media of ASEAN (2016); ASEAN Lifetime Achievement Award by the Asian Strategy and Leadership Institute (2016); and IOC President's Trophy by the International Olympic Committee (2017).

He married Bun Rany on 5 January 1976. They have six children: (i) Hun Komsot (10 November 1976 – deceased), (ii) Hun Manet (20 October 1977), (iii) Hun Mana (15 September 1980), (iv) Hun Manit (17 October 1981), (v) Hun Mani (27 November 1982), and (vi) Hun Mali (30 December 1983).



My Retrospective on ASEAN



Gloria Macapagal-Arroyo

The Philippines hosted the ASEAN Summit in Cebu, Philippines, in January 2007, when I was President of the country. At that Summit, we declared our strong commitment to accelerate the establishment of an ASEAN community by 2015. It was a pivotal period in ASEAN's development.

Maphilindo

I would like to think that ASEAN had a forerunner in the brief Maphilindo union founded in a Manila summit in 1963 among Malaysia, the Philippines, and Indonesia, when my father, Diosdado Macapagal, was President of the Philippines. He was then reviving the dream of a united Malay race which went back much earlier, to Filipino heroes like Wenceslao Vinzons in our 1935–1940 Commonwealth period under American tutelage, and the father of Filipino nationalism himself, 'The Great Malay' Jose Rizal.

My father believed that after centuries of colonial rule, the three Malay countries should work together on ‘Asian solutions for Asian problems’, following the *Musyawah* principle of mutual consultation. Indonesian President Sukarno helped flesh out this vision during frequent trips to Manila, and Malaya’s Prime Minister Tunku Abdul Rahman later came on board.

At the Manila summit, the three declared that initial steps should be taken towards the establishment of Maphilindo by holding frequent and regular consultations at all levels, to be known as Musyawarah Maphilindo.

The summit statement also enunciated what might well have been ASEAN’s own tenets:

‘This Conference ... has greatly strengthened the fraternal ties which bind their three countries and extended the scope of their cooperation and understanding, with renewed confidence that their governments and peoples will together make a significant contribution to the attainment of just and enduring peace, stability and prosperity in the region.’

Though Maphilindo was short-lived, the dream lived on. Speaking before a million people in Bandung in February 1964, Presidents Sukarno and Macapagal again dwelt upon the idea of a pan-Malay union. After 3 years, their Asia-centric aspirations found fulfilment in the formation of ASEAN, with Singapore and Thailand in addition to the three Malay states as the founding five members.

Two Significant Agreements

The agreement establishing the ASEAN Free Trade Area (AFTA) was signed in 1992. The Agreement on the Common Effective Preferential Tariff (CEPT) Scheme entered into force in 1993. That was the heyday of globalisation. As manufacturers and labour groups pointed out, the Philippines was ahead of AFTA requirements. Commitment to regional trade liberalisation meant accepting and sometimes moderating some difficulties at the national level, for many people, certain industries, and a number of nations. But in the main, there was no better way.

Fortunately, the CEPT allowed a member state to temporarily delay the transfer of an excluded product to the Inclusion List, or to temporarily suspend its concession on a product already in the list, if to avoid grave problems, a window I later used when I became President of the Philippines.

Staying the course of globalisation like other ASEAN countries, the Philippines became party not only to AFTA but also to the treaty on the World Trade Organization (WTO), whose ratification in 1994 by the Philippine Senate was my task to sponsor as chair of the Senate Committee on Trade and Commerce.

A Reality of My Foreign Policy

A week after I assumed the Presidency of the Philippines in January 2001, at a *vin d'honneur* in Malacañang or the Presidential Palace, I outlined before the diplomatic corps the realities guiding my foreign policy. Among them was that Philippine decisions on foreign policy should have to be made more and more in the context of ASEAN. I reaffirmed our commitment to the CEPT–AFTA regional free trade agreement (FTA) signed in 1992, to the e-ASEAN initiative, and to the ASEAN Regional Forum (ARF) as the only real multilateral security forum for our countries.

We remained committed to opening our markets through gradual tariff liberalisation, with consideration to sensitive agricultural and other products needing time to adjust to a more competitive environment.

That year, the ASEAN Ministers approved the transfer of ASEAN sugar imported into the Philippines from the CEPT Temporary Exclusion List to the Sensitive List. Accordingly, the tariff rate was to be brought down gradually from 50% in 2001 to 5% in 2015.

The Philippines' growth into its ASEAN identity also affected the way we managed other realities of my foreign policy. For instance, our relations with the international Islamic community were importantly expressed through our relations with our Muslim-majority neighbours.

Although I am a professional economist, my view of ASEAN integration is rooted in pragmatism, not just economic theory. Speaking before the Institute of Policy Studies, in Singapore in August 2001, I acknowledged that large integrated markets, not small fragmented ones, are the ones that attract investment and economic activity. Together, ASEAN is a market with half the population of China and (at the time) about the same size of economy.

But I further said that with globalisation, free trade may be here to stay, but it must also be fair. That should be achieved through multilateral negotiations that were often arduous and uncertain. The ASEAN countries must resist attempts to erode our comparative advantage by the imposition of arbitrary labour and environmental standards, protectionist anti-dumping measures, and trade-distorting agricultural export subsidies that poorer countries cannot match. We must also take the positive actions necessary to make our industries globally competitive.

The world changed on 11 September 2001 with the terrorist attacks on the World Trade Center and the Pentagon. I began working with Indonesian President Megawati Sukarnoputri and Malaysian Prime Minister Mahathir Mohamad on a trilateral operational initiative against transnational crimes, including terrorist attacks. Other ASEAN members subsequently joined the initiative. The ASEAN Summit in Brunei Darussalam in November 2001 – my first as head of government – was shadowed by 9/11. Thus, its most important product was the ASEAN Declaration on Joint Action to Counter Terrorism, which the Philippines had the honour to draft.

Separately, I proposed to revitalise the somewhat neglected Brunei Darussalam–Indonesia–Malaysia–The Philippines East ASEAN Growth Area (BIMP-EAGA) subregional grouping. Besides security measures in BIMP-EAGA, we urged resuming air and sea transport services, as well as joint projects in fisheries and power. We called for harmonisation of customs, immigration, and quarantine procedures. The Asian Development Bank accepted the task to become BIMP-EAGA's adviser on regional cooperation.

In 2002, the ASEAN Summit in Phnom Penh prominently came out with a joint ASEAN–China Declaration on the Conduct of Parties in the South China Sea, which eschewed the use of force and sought to build an atmosphere of confidence-building and cooperation. Because of our unique geopolitical situation and frictions at Mischief Reef in 1995, the Philippines

fought particularly hard for this document, which has become a landmark in regional security and the basis of the Code of Conduct in disputed areas now being negotiated. It was also the inspiration for the joint seismic marine undertaking in the disputed areas that the Philippines initiated in 2004 among the Philippine National Oil Company, the China National Petroleum Corporation, and PetroVietnam.

In 2003, CEPT levies decreased again. By then, unbridled liberalisation was no longer in vogue, the 1997 Asian crisis and the 9/11 attack fallout had hit us, and our tax collections fell short. I adopted the policy to slow the programme phase only to the AFTA requirements, and to take full advantage of all exception windows allowed. I admonished our National Economic and Development Authority, Department of Trade and Industry, and Tariff Commission not to be married to the idea that our tariff programme could no longer be revised.

In January 2003, I suspended for 3 years the application of the 5% tariff-reduction scheme on petrochemical resins and several plastic products under AFTA-CEPT. Their tariffs were instead reduced to 10% from 15% for 3 years, after which they were reduced to 5%. In doing so, we took advantage of the Protocol Regarding the Implementation of the CEPT Scheme Temporary Exclusion List, which allowed temporary exceptions.

To explain these moves, let me put our overall trade policy into perspective. There is no more important benchmark of a nation's development than its engagement in the world trading system. And my administration stood four-square for the benefits of open trade and was committed to reducing barriers to entry of any kind to and from the Philippines.

But as developed and developing countries alike know to be true, the benefits of globalisation are not all apparent or positive. That poses a problem in a democracy like the Philippines. As the Philippines came down on the side of trade, we understood that at the same time, we had to manage the transition well with our poor to gain their political support for additional political and economic reforms down the road. Short-term necessities would be offset in the longer term by a strong Philippine economy able to completely dismantle its non-competitive sectors and fully join a fair global trading system. The action taken on tariffs on the petrochemical industry was one such example. The important point to note is that we lowered tariffs. We continued to lower tariffs but in a way that made sense.

We were committed to lifting our people out of poverty. We had to put food on the table then, not promises. Our economic plan would get us there – and our trade policy was an integral part of our growth plan.

The Bali summit of 2003 was noteworthy for the signing of an agreement to form a new ASEAN Economic Community before 2020. Eleven sectors were chosen for integration, with the Philippines assigned to ‘champion’ the electronics sector, which at the time comprised nearly two-thirds of our exports. The deadline for this initiative was moved up 5 years, to 2015, during the Philippines’ Chairmanship in 2007.

At the Vientiane summit in 2004, I was privileged to convey to the Myanmar Prime Minister, on the sidelines of the summit, the view that Aung San Suu Kyi should be represented in the ongoing reform of their political processes.

The Philippines continued to underscore its commitment to liberalised trade as it entered into other major agreements under the auspices of ASEAN, including the ASEAN–China Free Trade Agreement, ratified in July 2005, and the ASEAN–Korea Comprehensive Economic Cooperation Agreement, signed in December 2005.

The Kuala Lumpur summit of 2005 featured an extensive discussion of the proposed ASEAN Charter. That would feature prominently in the 2006 summit that we were scheduled to host in Cebu.

Philippine Chairmanship: 2006–2007

Myanmar opted to forgo its turn to chair ASEAN from August 2006 to August 2007, so the Philippines got to chair a year earlier than scheduled. As Chair, we performed three duties spelled out by the Institute of Southeast Asian Studies in Singapore: speaking for the organisation, chairing and facilitating official meetings and task forces as ‘chief executive’, and tabling new initiatives and programmes for regional cooperation.

Being ASEAN spokesperson in 2007, the 40th year of the grouping, allowed me to announce the ASEAN Leaders’ Declaration on the Acceleration of

the Establishment of an ASEAN Community resolve by 2015, wherein the Leaders decided to move up the original deadline of 2020 by 5 years and thus usher in a pivotal period in ASEAN's development.

The acceleration of the ASEAN Community was auspicious amidst growing concerns over a slowdown in the Doha Round of WTO trade talks. As ASEAN Chair, I led the Leaders' call for the revival of the Doha Round.

At that time when globalisation was under siege, ASEAN became an important driving force for globalisation, especially since developed nations let many of the developing nations down. When trade served their interests, it was a green light; when they might have to give up certain subsidies or markets, the yellow light of caution was up. It has threatened to turn to red before this is over.

So while we wanted a successful WTO, we did not just wait around; instead we went full speed ahead in ASEAN to strengthen our economic ties, regardless of what the WTO did or did not do.

I was also pleased to note the progress in finalising FTAs by ASEAN with China and the Republic of Korea (henceforth Korea), as well as the potential for similar FTAs with the European Union and Japan.

Another important outcome of our Chairmanship was the Blueprint of the ASEAN Charter. The Leaders endorsed the Report of the Eminent Persons Group as a basis for drafting the Charter, and further instructed the High Level Task Force to complete the Charter in time for the next summit in Singapore.

Those pivotal declarations were issued in the January 2007 summit which, as ASEAN chief executive for the year, I had the honour to host in the beautiful and progressive island of Cebu. Chairing the summit provided an opportunity to showcase the natural wonders of our country and the natural warmth of our people as well as the gains of our country under my administration.

The Cebu summit was originally set for 10–14 December 2006. Two days before the scheduled opening, however, we decided to defer the summit due to Typhoon Utor, which swept through Cebu island and other parts of Central Philippines, reaching peak intensity on 13 December.

When the summit finally pushed through on 12–15 January 2007, the Cebu Metropolitan Area – composed of the cities of Cebu, Mandaue, Talisay, and Lapu-Lapu – jointly hosted various ASEAN events. The Leaders’ retreat took place at the Shangri-La Hotel in Mactan Island, with the Shangri-La group owner Robert Kwok flying in the group’s best chef for the luncheon. The bigger meetings were held at the newly built Cebu International Convention Center in Mandaue City.

As Chair of ASEAN for the year, I tabled initiatives on issues important to the Philippines, such as counterterrorism, migrant workers’ rights, and debt-for-equity swaps to fund projects supporting the United Nations Millennium Development Goals (MDGs). We chose the summit theme ‘One Caring and Sharing Community’. It reflected our vision for ASEAN to grow as a community that values the common good of the region, truly cares for the welfare of its people and environment, and selflessly shares its resources for the benefit of all.

The ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers was a Philippine initiative, on account of the presence of so many Filipino workers overseas. In the Cebu summit, ASEAN recognised the contributions of our migrant workers to the region’s development and prosperity. We issued the declaration as a concrete measure towards that objective. We directed our officials to implement the declaration and to develop, as provided, effective mechanisms to safeguard our migrant workers, including an ASEAN instrument to protect and promote the rights of migrant workers, towards our vision of a just, humane, and democratic ASEAN Community.

The Cebu summit also adopted the ASEAN Statement calling on the Paris Club of donor nations to seriously consider the proposal raised by the Philippines at the ASEAN Inter-Parliamentary Assembly for debt-to-equity conversion to fund MDG projects. Under this proposal, liabilities to aid donors may be written off in exchange for equivalent or proportional government funds allocated to MDG projects.

On the security side, the initiative we worked hardest to achieve was the ASEAN Convention on Counter-Terrorism to enhance the region’s capacity to confront terrorism in all its manifestations, and to deepen cooperation on counterterrorism among our law enforcement and other relevant authorities.

Signed in Cebu, the initiative continued the Philippine proposal adopted in the 2001 Brunei summit on the ASEAN Declaration on Joint Action to Counter Terrorism.

It was also our initiative in the 2007 summit to recognise the importance of inter-faith dialogue in fostering greater understanding among our peoples, and to increase cooperation in this area.

Like other ASEAN Chairs during their term, I also hosted the East Asia Summit. Among other things, we welcomed Japan's proposal to set up the Economic Research Institute for ASEAN and East Asia, or ERIA – the very publisher of this book.

Among the primary realities of our foreign policy environment was the strategic importance of the relationship between Japan and China for the region. At a time of tensions between the two countries in 2007, the Cebu summit provided an opportunity for Japanese Premier Shinzo Abe and Chinese Premier Wen Jiabao to meet face-to-face on the sidelines. I was pleased to note afterwards from the Chinese newspapers that their meeting contributed to the easing of tensions.

In the interim between the Cebu summit and the upcoming Singapore summit that November, I hosted the ASEAN Ministerial Meeting in July 2007 at the Philippine International Convention Center. That gave me the opportunity to lay down what I felt were important themes for the future development of ASEAN.

First, I emphasised that the very rationale of ASEAN is economic integration, with focus on social justice and uplifting the poor in our region. More than just a regional community, it must be a dynamic force in Asia towards maximising the benefits of globalisation. The ASEAN states must strengthen economic linkages not just among themselves but also with their dialogue partners – importantly, China, Japan, and Korea.

Second, the rise of India and China as major powers, as well as continued stalling of the Doha Round, underscored the need to go beyond just ASEAN and build larger regional alliances that would stabilise the expansion of global trade. Some sort of East Asia community was called for, one that was not geographically based but would embrace all countries with an economic interest in East Asia.

As ASEAN Chair, we hosted the ARF in 2007. We attached value to the ARF, where major powers engaged ASEAN and one another at a high level on political and security issues. With 24 participating countries, the scope of this community was large enough to embrace meaningful arrangements for regional security as well as economic integration. The 2007 ARF took place amidst deep concerns about nuclear proliferation in the region, and ASEAN has always supported the peaceful denuclearisation of the Korean peninsula. Thus, it was our honour to host an informal session of the Six-Party Talks at that time, since the six parties were all members of the ARF. The issue of Korean peninsula denuclearisation has come back to haunt us as I write these words, with growing escalation again between the United States and the Democratic People's Republic of Korea.

The Protocol to Provide Special Consideration for Rice and Sugar was signed in August 2007 in Makati, Philippines, allowing a member state, under exceptional cases, to request a waiver from obligations under CEPT and its related protocols with regard to rice and sugar. In 2008 in Singapore, ASEAN Member States granted the waiver to the Philippines, which committed to bring tariff on ASEAN rice from 40% down to only 35% in 2015.

Continuing Commitment

I entered into a bilateral Japan–Philippines Economic Partnership Agreement, ratified in October 2008. Otherwise, our foreign trade policy was done more and more in the context of ASEAN, as in the case of the ASEAN Trade in Goods Agreement, ratified in August 2009; the ASEAN–India Free Trade Area, signed in August 2009; the ASEAN–Australia and New Zealand Free Trade Agreement, ratified in December 2009; and the ASEAN–Japan Economic Partnership, ratified in May 2010. The bilateral ASEAN agreements demonstrated our collective voice. They reflected our commitment to expanding global trade and investment for the benefit of all.

Like the rest of ASEAN, our country demonstrated its everyday commitment to regional and global engagement. Our policies and trade numbers told the story. The whole economy was free from quota except rice and fish. The share of duty-free imports was 46.2% in 2003. Trade in goods was 90% of gross domestic product in 2009. The Philippines was the world's 37th

largest exporter and the 29th importer of goods in 2010. In services trade, it ranked 27th among exporters and 36th among importers. Most important, as I stated earlier, it was during my Chairmanship that we declared our strong commitment to establish an ASEAN Community by 2015.

What ASEAN Has Given the World

ASEAN has had a vital 50 years of existence. The overarching goals, tenets, and initiatives expounded in the foregoing paragraphs – regional peace and unity, international understanding and mutual respect, open trade and economic dynamism, social welfare and inter-cultural dialogue, and the Asian identity and perspective in dealing with the world – are not only what ASEAN has sought to achieve for the region’s advancement. They are also its singular gifts to the world. We take pride in its contributions to world peace, security, and economic growth, starting in our own region, and, by example and influence, to other areas as well.

We have expanded our economies, and drawn closer together through trade, diplomacy, and cultural exchange. This unity has endured even if we are a very diverse, multi-ethnic, multi-religious region at different levels of social and economic development. It is remarkable that ASEAN unity has grown and deepened despite the temptation to drift apart. Instead, we remain on a steady arc of comity, cooperation, and community.

Our economic dynamism, trade liberalisation, and emergence as the fourth-largest economic entity – after Europe, America, and China – have been a driving force for global growth, trade, investment, and prosperity.

I believe in the value of trade to alleviate poverty and free people to live a better life. ASEAN, among other economic and trade platforms, provides the opportunity for economies to work together to lift up our poor, not just in the Philippines but all over the region.

While creating more cohesion within itself, ASEAN has also been integrating with all the major economic players in the region – China, India, Japan, and Korea – by forging individual economic partnership agreements and negotiating free trade areas with each of them.

ASEAN harmony and solidarity have helped diminish disputes and tensions among members, so that even former conflict adversaries are now united in common cause for regional peace and development. ASEAN has kept the peace among its members. None have been in conflict since they joined ASEAN. When the world's third most populous regional grouping has had nearly 4 decades of largely unbroken peace since Viet Nam's battles with Cambodia and China in 1978–1979, global harmony is greatly advanced.

Harmony and solidarity have also endowed ASEAN with geopolitical heft and stature. As symbolised by the 10 tightly bound rice stalks in its logo, ASEAN confers on member nations far greater international influence and clout than we can wield individually.

As it continues its world-pacing economic growth, now further buttressed by trade integration since 2015, ASEAN has become a major global hub of manufacturing and trade, as well as one of the fastest-growing consumer markets in the world.

Each ASEAN nation works to keep regional cooperation and solidarity advancing despite individual national challenges. ASEAN has proven that it can make a difference for peace and prosperity in Asia.

Today, as ASEAN Chair under President Rodrigo Duterte, the Philippines is advancing the regional agenda in tandem with its national interests. I am confident he will succeed.

ABOUT THE AUTHOR

Gloria Macapagal-Arroyo was President of the Philippines from 2001 to 2010.

She entered politics as a Senator in 1992 and was re-elected in 1995, topping the senatorial elections that year with nearly 16 million votes. In 1998, she was elected Vice President, garnering a record landslide majority of 7 million votes over her closest rival. She assumed the Presidency in 2001 and was elected for a fresh term in 2004.

She was Assistant Secretary of Trade and Industry in 1986 and Undersecretary of the same department in 1989 while also serving as Governor of the Board of Investments.

She authored or sponsored some 50 of the most important economic and social legislation in the country. These include the Long-Term Lease for Foreign Investors, Bank Liberalization, Export Development Act, Further Liberalization of Foreign Investments, the ratification of the General Agreement on Tariff and Trade, Official Development Assistance, An Act Replacing Quantitative Restrictions on Agricultural Products Except Rice with Tariffs, Expanded Build-Operate-Transfer Law, Mining Act, Oil Industry Deregulation, Investment House Act, the Legislative Development Advisory Council Law, Revitalizing the Bureau of Customs, Revising the Excise Tax Base, Extending the Life of the Asset Privatization Trust, Anti-Dumping Law, High Value Crops Law, Excluding the 13th Month Pay from Taxable Income, Anti-Poverty Law, Ancestral Domain Bill which became part of the Indigenous People's Rights, Anti-Sexual Harassment Law, and Assistance to Women in Micro and Cottage Enterprises.

As President, she led the country to 38 quarters of uninterrupted economic growth, even against the headwinds of a major global recession. Under her leadership, in the cities, office towers changed the skyline. In the provinces, she made massive investments on roads, bridges, and roll-on-roll-off ports. By the time her tenure ended, 85% of the people had access to public health insurance. She built over 100,000 new classrooms and created 9 million jobs. Her administration developed the call centre industry almost from scratch. By the end of her tenure, there were 500,000 call centre and business process outsourcing jobs, when only 5,000 existed when she took office.

She graduated from Assumption Convent, Philippines in 1964 as high school valedictorian, and as magna cum laude from Assumption College in 1968 with a bachelor's degree in commerce, with a major in economics. She attended college in the School of Foreign Service of Georgetown University in Washington, DC, majoring in international economic affairs, where she was consistently on the Dean's List of honour students. She obtained a doctorate in economics in 1985 from the University of the Philippines. During that period, she was Assistant Professor in Ateneo de Manila University and Senior Lecturer in the University of the Philippines.

She is currently Congresswoman of the second district of Pampanga. She is the daughter of the late Diosdado Macapagal, who was President of the Philippines in 1961–1965.



Viet Nam and ASEAN



Vu Khoan

Viet Nam acceded to the Association of Southeast Asian Nations (ASEAN) in 1995. However, it does not mean that the bond between Viet Nam and the ASEAN founding members is merely 22 years old. As nations living together in the Southeast Asian region, Viet Nam and other members of the Association have a lot in common in their cultural identity and historical destiny – the foundations for cooperation and integration.

President Ho Chi Minh, the founder of the independent Viet Nam in 1945, identified friendship, cooperation, and mutual support with other countries in Asia and Southeast Asia as the top priorities of foreign policy. In line with the tradition of Vietnamese culture that ‘a close neighbour is better than a distant relative’, he defined a succinct policy statement ‘... the attitude towards Asian countries is brotherhood’.

After gaining independence amid total isolation and a fierce war against foreign aggression, Viet Nam had sought to establish relations with Burma (now Myanmar), Cambodia, Indonesia, the Lao People's Democratic Republic, the Philippines, and Thailand. The first Vietnamese representative missions were opened in Bangkok and Rangoon.

Unfortunately, the Cold War and the confrontation and détente conjuncture between and among major powers divided countries in this region, and even brought the latter to confrontation. It is understandable then that the birth of ASEAN could not allay suspicions of the non-members, including Viet Nam, about the Association.

In the late 1980s and early 1990s, the bipolar world came to an end. After decades of war and confrontation in Southeast Asia, peoples in the region all had a desire for peace, stability, and cooperation for development. Globalisation and regionalisation had driven efforts to mend fences existing between Southeast Asian nations, enlarge ASEAN to embrace the entire region, diversify and strengthen intra-bloc cooperation, and enhance the Association's position in the international arena.

At the same time, Viet Nam launched the reform policy (*Doi Moi*) on both domestic and foreign fronts to meet the ultimate interest of safeguarding peace for development. To that end, the top priority of foreign policy was to restore and strengthen the cooperative relations with its neighbouring nations at all three levels, namely border-sharing, Southeast Asian and Asia-Pacific countries.

As a result, the six ASEAN founding members and Viet Nam came together sharing the same wish. Viet Nam became an observer in 1992 and a full member of the Association in 1995.

Viet Nam, though a newcomer, has actively participated in the work of the Association and played a dynamic role in promoting intra-bloc cooperation as well as ASEAN's cooperation with other partners. It could be said that ASEAN flourished in all aspects in the late 1990s and the early 2000s. Regarding its membership, ASEAN-6 became ASEAN-10. In economic terms, the ASEAN Free Trade Area was established. In security, the ASEAN Regional Forum was founded and the Southeast Asian Nuclear-Weapon-Free-Zone Treaty was signed, followed by the 1992 ASEAN Declaration on the South China Sea and the Declaration on the Conduct of Parties in the South China Sea 10 years later.

In international relations, ASEAN played a leading role in a number of institutions including, inter alia, the Asia-Europe Meeting and the East Asia Forum. Viet Nam can be proud of its direct contribution to major initiatives of the Association.

Those spectacular developments have created necessary premises for ASEAN to rise to a higher level with the ASEAN Community building on the political–security, economic, and socio–cultural pillars as well as the adoption of the ASEAN Charter. ASEAN’s prestige and role in the world, especially in the eyes of major countries, have been elevated more than ever before.

As one of the Vietnamese officials directly involved in ASEAN’s activities since the early 1990s, I have a few of my own reflections as follows:

First, from an objective view, the Southeast Asian peoples have a shared interest to maintain peace and stability for cooperation and development as long as they are not influenced by the external factors due to their own calculations.

Second, the stability and prosperity of each country as well as the intra-bloc solidarity and cooperation are closely intertwined.

Third, the role and prestige of the Association as a whole and each member in the international arena can only be sustained and enhanced if both factors are upheld.

Reality has shown that, at times, ‘unity’ and ‘diversity’, ‘nation-state interest’ and ‘the interest of the Association’, and ‘centripetalism’ and ‘centrifugalism’ are conflicting each other. Without a satisfactory solution, this will create difficulties for the Association and each member country.

ASEAN’s 50th anniversary is marked by major opportunities intertwined with no small challenges and difficulties. There are signs that the world economy is seemingly moving into a new period qualitatively different as a result of the fourth industrial revolution. The advantages from cheap labour and natural resources have diminished. The fierce competition in growth has triggered many urgent social issues, creating a fertile breeding ground for populism, pragmatic nationalism, and protectionism to expand, thereby resulting in profound changes in the countries’ political and social landscapes and international relations at large.

The accurate identification of and effective response to these new and profound changes are urgent demands for all countries, and ASEAN members are no exception. Given the shift in the global economic structure and signs of protectionism, ASEAN, without solutions to accelerate its economic restructure and rigorously promote intra-bloc cooperation, will face challenges. Given the new changes in international politics and relations as well as the regional and global security architecture, ASEAN will not have an easy road ahead if it does not tighten its ranks and make necessary adjustments.

In Vietnamese there is an old adage: ‘A single tree cannot make a forest’. In my humble opinion, should the 10 ASEAN Member States act together to make effective use of the lessons learned throughout its half-a-century history of development, a satisfactory solution to new challenges will certainly be found to lead the Community firmly into the future and maintain its status in the world.

ABOUT THE AUTHOR

As one of the most respected Vietnamese diplomats, **Vu Khoan** served in the foreign service for over 50 years in different capacities – from Attaché to Deputy Prime Minister in charge of foreign affairs. Throughout his career, he has been part of various milestones in Viet Nam’s diplomacy. These include, among others, Viet Nam’s accession to ASEAN in 1995, the conclusion of the Viet Nam–United States Bilateral Trade Agreement in 2002, and Viet Nam’s accession to the World Trade Organization in 2007. With regard to ASEAN, he played a major role in coordinating Viet Nam’s preparations to join ASEAN in 1995 and after that served as Viet Nam’s first leader of the ASEAN Senior Officials Meeting. During his term as Minister of Commerce from 2000 to 2002, he chaired the ASEAN Economic Ministers Meeting and related meetings held in 2001 in Ha Noi. From 2002 to 2007, as Deputy Prime Minister in charge of foreign affairs, he continued to oversee Viet Nam’s participation in and contribution to ASEAN at a time when regional community building was gathering speed. For Vietnamese youth, not only those working in the foreign service, his experiences, thoughts, and writings as being shared in numerous occasions such as his interviews, lectures, speeches, and books are valuable guides and sources of inspiration.

Born in 1937, he is married with two children. He speaks Russian and English fluently.



Thoughts on ASEAN's Success



Abdullah Ahmad Badawi

I join all the contributors in thanking the Government of the Philippines, the Economic Research Institute for ASEAN and East Asia (ERIA), and the ASEAN@50 Team for this opportunity to share my ASEAN experience with you.

The highlight of my ASEAN experience must be 20 November 2007 when I, together with nine other ASEAN Leaders, signed the ASEAN Charter and witnessed the signing of the three ASEAN Community blueprints. I knew we were making history. But it was at that moment when I put pen to paper that the meaning of what we were accomplishing hit home. I was overwhelmed!

Three years earlier, in 2004, as Prime Minister of Malaysia, I proposed taking ASEAN to the next level by having an ASEAN Charter. Since its formation on 8 August 1967, ASEAN had operated with little formality.

Its secretariat was established only in 1975. In 2004, when I made the proposal, the region was recovering from global slowdown. The environment was increasingly challenging from both the economic and geopolitical fronts. As such, I felt that it was appropriate for ASEAN to streamline its organisational structure, legalise and strengthen its decision-making process, and review existing institutions such as the ASEAN Summit so that the grouping would be in a better position to address the emerging global issues. In the true spirit of ASEAN consensus, the other Leaders agreed with me and my proposal became a reality.

The ASEAN Charter is indeed a key milestone in our ASEAN journey. It transformed ASEAN from a loosely organised regional body to a rules-governed international organisation. But we must not forget ASEAN is a child of its times and that its history mirrors global strategic developments.

In 1967, when ASEAN was formed, Southeast Asia was deeply divided in theory and in practice because our countries were then caught in the middle of the Cold War. We sided with either of two antagonistic blocs that espoused two different ideologies. The decision to band together was driven by the need to ensure peace and security in the region. This commitment was manifested in the signing of the Treaty of Amity and Cooperation in Southeast Asia at its first summit in 1976. For surely, we could not have focused on economic growth if we were not assured of peace and security in the region.

We have taken these decisions because we are committed to the enhancement of ASEAN's competitiveness. We need to ensure the ASEAN region remains attractive to investors. This is particularly necessary in view of the pressure of increasing competition, regionally and globally. Indeed, ASEAN has been making good progress in building the necessary foundation for a higher level of economic integration. ASEAN's best option is to continue building upon this foundation.

ASEAN Member States will need to address the balance between domestic and regional interests to achieve the broader goal of the region becoming a single integrated, seamless market, and serve as an international production base. Strengthening the economic base will facilitate the establishment of a truly ASEAN Economic Community.

This in turn will provide a good foundation for ushering into being the ASEAN Socio-Cultural Community and the ASEAN Political-Security Community.

As I reflect on ASEAN's achievements, I have to say that in the face of challenges ASEAN has been steadfast in our integration endeavour. Key to our success has been the observance of fundamental values and principles of mutual respect for national sovereignty, equality, and territorial integrity, as well as non-interference, peaceful settlement of disputes, renunciation of the threat or use of force, effective regional cooperation, and decision-making by consensus.

I know that many outside the region may find it difficult to comprehend the utility of the values and principles I have just outlined. But I would like to maintain that it is because of these shared values and principles that ASEAN has remained intact, united, relevant to the region, and is still going strong since its establishment in 1967. It has kept the peace between its members, enabling regional cooperation to flourish and contribute to the economic and social well-being of the people.

Further, in our own 'ASEAN Way', we recognise our cultural diversity: that we are at different levels of economic, social, and political development. So, our step-by-step approach, which is moving at a pace comfortable to all, has served us well.

Going forward, we have to be even more alert and remind ourselves to nurture ASEAN and keep it central to the lives of the people in Southeast Asia. Global developments are testing ASEAN's unity and cohesion. We must be steadfast in keeping our solidarity and remain focused on achieving our common mission of fostering greater regional integration.

In this context, I am pleased that the Philippines has chosen for its theme this year 'Partnering for Change, Engaging the World'. More than ever today, as we witness the rise of anti-globalisation and inward-looking policies by some major economies, ASEAN must work harder to engage our partners and keep our markets open.

Also, as we focus on regional peace, security, and cooperation, we must play a bigger role in addressing pressing international issues in order to stake our relevance. In the wake of troubles elsewhere in the world, we must jealously

guard and preserve the peace and stability we have in ASEAN and contribute to the fight against international terrorism. The strides we made in engaging our partners through the Treaty of Amity and Cooperation should encourage us to take a leadership role in ensuring security in our neighbourhood.

ASEAN has achieved much in the past 5 decades. Let us put our collective shoulder to the grind and continue our community building. For surely it is one of the best ways of building peace and keeping the peace. The measure of our success will be in our ability to not only deepen our bonds but also to leverage on our partnerships to further economic integration and prosperity for our peoples. I am confident we will be able to do this.

God bless ASEAN with peace and prosperity in the years ahead!

ABOUT THE AUTHOR

Abdullah Ahmad Badawi's career as a civil servant, political leader, diplomat, and statesman has spanned 45 years. He was born in 1939 into a prominent religious family in the northern state of Penang. Graduating in Islamic studies from the University of Malaya, he started in the Malaysian civil service in 1964. He left the civil service as Deputy Secretary General of the Ministry of Culture, Youth and Sports to become a politician in 1978, and rose to become Prime Minister of Malaysia 25 years later, in October 2003.

He held various positions in government, including Minister in the Prime Minister's Department, Minister of Education, Minister of Defence, Minister of Foreign Affairs, Minister of Home Affairs, and Minister of Finance. Excelling in diplomacy and international relations, as Prime Minister, he sought to improve bilateral and multilateral cooperation, actively leading (among others) the Association of Southeast Asian Nations, the Non-Aligned Movement, and the Organisation of Islamic Conference (OIC) when Malaysia assumed the chair of these international organisations.

As Prime Minister, he introduced the concept of Islam Hadhari to guide development efforts in Malaysia and the wider Islamic world. This move towards progressive Islamic civilisation seeks to make Muslims understand that progress

is enjoined by Islam. It is an approach that is compatible with modernity and yet firmly rooted in the noble values and injunctions of Islam. Islam Hadhari espouses 10 fundamental principles which Muslims and non-Muslims alike accept.

He focused on human capital development as a key pillar of his administration. This went beyond merely strengthening lower and higher education in Malaysia, to enhancing mindsets and infusing ethical, moral, and religious values. Science and technology was further promoted, while innovation and creativity was pushed to the fore.

As OIC Chair, he waged a war against poverty and the lack of knowledge and development in the Muslim world. Besides emphasising the enhancement of education in OIC countries, Malaysia sought to share its experience in national economy development. It initiated a series of self-help projects involving OIC members and the Islamic Development Bank to increase capacities in poor OIC member countries. The immediate purpose was to generate income and provide employment, while the longer-term intention was to assist the OIC countries upgrade their governance and development efforts.

He also sought to provide an economic face to the OIC in a bid to enhance trade, business, and investment linkages between member countries. The World Islamic Economic Forum (WIEF), of which he is the founder patron, continues to be an important gathering of government and business leaders from the Muslim world and beyond. International Halal fora and trade expositions, initiated by Malaysia, are now held regularly globally to advance Halal industries, for the benefit of the larger Ummah.

He married the late Endon Dato' Mahmood in 1965 and, after 40 years of marriage, lost her on 20 October 2005 after a prolonged battle with cancer. They have two children and seven grandchildren. He married Jeanne Abdullah on 9 June 2007.

He stepped down as Prime Minister on 3 April 2009. He remains committed to pursuing development, promoting progressive Islam, and enhancing understanding between the Muslim and Western worlds. He is Chair of the Malaysian Institute of Islamic Understanding (IKIM), and Patron of the International Institute of Advanced Islamic Studies in Kuala Lumpur which he established in 2009. He holds several government advisory roles, including in Malaysia's regional growth corridors and Malaysia Airlines. Internationally, he is the member of the InterAction Council, board member of Boao Forum for Asia and World Muslims Foundation, and Chair of the Commonwealth Eminent Persons Group.



Thoughts on ASEAN and Leadership



Susilo Bambang Yudhoyono

Our ASEAN Community is first and foremost one of solidarity, of give and take, and of supportive friends seeking unanimous solutions to difficulties, in order to build, via sustainable growth and poverty reduction, a peaceful, stable, and inclusive society.

ASEAN differentiates itself from other international groupings and organisations by the culture and values it applies in reaching wise agreements. As members of the ASEAN family, sometimes we give, sometimes we receive, and sometimes we must be considerate in reaching compromise. As I have said before, this is the beauty of ASEAN.

Due to Indonesia's position as ASEAN's most populous nation with the largest economy, expectations of its leadership were high during my tenure as President. We worked hard with our ASEAN family to carry out, with intellectual leadership, our duties using ASEAN statecraft and diplomatic skills and by building trust.

When Indonesia chaired ASEAN in 2011, our theme was ‘ASEAN Community in a Global Community of Nations’. This was an Indonesian initiative and I was happy for the opportunity to try to contribute in an area that is particularly close to my heart.

ASEAN wanted to reach out to the world and play a greater role in global affairs. We wanted ASEAN to speak with greater cohesion on global issues – at that time we spoke nationally or bilaterally – and set a 10-year goal to achieve this, although we had hoped to reach this sooner. Our 2011 summit resulted in the Bali Concord III.

I felt it was ASEAN’s duty to participate more deeply in global affairs. And to contribute jointly would mean we could contribute beyond our individual strengths in building a peaceful, just, and prosperous world. Such a global environment is also essential for Indonesia’s own continuing national development and security.

We have learned lessons from our recent achievements in Indonesia: our steady recovery from the Asian financial crisis, our resilience in the face of the recent global economic turmoil, and the building of democracy from the remnants of military rule. These achievements have strengthened Indonesia’s willingness and ability to play greater and more diverse roles: norm setter, consensus builder, peacekeeper, bridge builder, and voice of the developing world, both regionally and globally.

These global links and partnerships are also vital in promoting development, preventing famine, and supporting food security. In connection with the latter, as climate change is beyond national solutions, it is important for Indonesia and ASEAN to be proactive in reaching global solutions.

I also place great importance on the ASEAN–United Nations (UN) relationship. During Indonesia’s year as chair of ASEAN, we also signed in Bali the UN–ASEAN Comprehensive Partnership. I thought then, as I still do, that the two organisations should work together to strengthen ASEAN’s capacity to assist globally in conflict resolution, building on Indonesia’s own national commitment to UN peacekeeping operations.

It was important for us that Indonesia would exercise constructive leadership, not merely chairmanship, while chairing ASEAN. ASEAN's goals that year were not only these global aspirations but also, hugely important, regional aims, including driving real action and implementation of agreements to achieve the ASEAN Community 2015.

ASEAN also wanted to maintain regional peace. We of course strive for peace for its own sake, but we also recognise that peace and stability bring economic growth and prosperity.

In the conflict that erupted in 2011 between two ASEAN nations – Cambodia and Thailand – over the Preah Vihear temple area, Indonesia stepped up and took the lead in mediation, ably and proactively led by Marty Natalegawa, Indonesia's foreign minister at the time. We wanted to inject an ASEAN answer, an ASEAN narrative, into this crisis and resolve it by enacting ASEAN principles.

I remember, however, that despite the fighting and tragic deaths, Marty Natalegawa and I felt that there remained the will and the opportunity to defuse this complex conflict and solve it by peaceful means. After meeting the UN Security Council, Marty secured a UN mandate for an Indonesia-led ASEAN to pursue conflict-resolution efforts. Eventually, both sides withdrew their military forces from the area, and observers from Indonesia, by then a trusted third party in this conflict, moved in.

Although in the end an agreement was made on a bilateral basis between Cambodia and Thailand, regional support was vital in creating an environment in which constructive talks could flourish. I was delighted to see how successful ASEAN was.

I believe the situation demonstrated not only ASEAN's maturity but also Indonesia's leadership ability and credibility in facilitating a process of mediation and negotiation. I recognised that ASEAN should continue to build its abilities in preventing and resolving conflict, and in ensuring that ASEAN nations are comfortable in resorting to them. In 2011, backed by the ASEAN family, Indonesia proposed an ASEAN Institute for Peace and Reconciliation. The newly formed body held its first governing council meeting in December 2013.

The South China Sea is an issue that unsettled the region while I was President of Indonesia – and it continues to do so. Although the chairmanship of ASEAN had switched to Cambodia in 2012, Indonesia again played a role. Following the impasse at the July summit, ASEAN supported Indonesia in its diplomatic quest for members to reach a consensus. This resulted in the Six-Point Principles on the South China Sea.

A swift shuttle diplomacy was initiated by Indonesia to seek a common denominator among the ASEAN countries. Reaching agreement was not without obstacles and the result was criticised by some external parties, but ASEAN was successful in reaching consensus, again due in no small part to the efforts of Marty Natalegawa. We also continued to push for a code of conduct in the South China Sea, although unfortunately this has yet to come to fruition.

Indonesia's diplomatic style is quiet and low profile. In line with our active and independent approach to foreign policy, we were engaged for many years with Myanmar's military leaders and began to persuade them to loosen their hold on political power. Although this was done bilaterally, I believe it is critical work that ultimately served to strengthen ASEAN.

In Myanmar's move from military rule to democratisation, Indonesia recognised its own struggle of 1998. We took the view in government that countries in transition need encouragement and support, and we veered away from what we viewed as excessive embargoes. I visited Myanmar in 2006 to share Indonesia's experiences with the junta, and, at the same time, called for a tangible movement towards democracy.

By 2011, we tried to view the changes in Myanmar as a half-full, rather than a half-empty, glass. We felt that developments – not progress as such, but certainly developments – were significant, including the elections and the subsequent release of Aung San Suu Kyi in November 2010, the ability of the opposition to engage in political activities, and increasing openness to foreign international envoys.

This opinion led to our view in 2011 that Myanmar should chair ASEAN in 2014. ASEAN eventually reached unanimity on this matter and it was agreed Myanmar would take its turn. My final ASEAN summit was therefore a special moment for me because it took place in Nay Pyi Taw.

Stability and security in Myanmar is of course also important for the whole region as it is a prerequisite for economic progress and prosperity. Myanmar's problems became ASEAN's problems.

In addition, Indonesia has also tried to lead discussions on an Asia-Pacific regional architecture, to maintain regional peace and security, and to ensure that ASEAN remains at the centre of regional initiatives with external partners. We envisaged a broader East Asia Summit than was originally planned, and Russia and the US were also successfully admitted in 2011.

Of course, ASEAN will continue to face challenges in the future. We must continue to work towards sustainable regional integration and development. We must also work harder and faster to calm the situation in the South China Sea, particularly as China is reclaiming land, but we must proceed carefully and avoid missteps.

But my hopes for ASEAN's future are sincere. I wish for strong leadership and unified progress towards prosperity. I hope ASEAN is able to contribute in solving global and regional problems with moral courage and determination and for Indonesia to remain a responsible member of ASEAN. And above all, I hope we remember that despite all the rules and the structures, we are most importantly a family and a community.

ABOUT THE AUTHOR

Susilo Bambang Yudhoyono (known as 'SBY') is the sixth President of the Republic of Indonesia (2004–2014), and the country's first directly elected President in the democratic era.

During his two terms in office, he delivered what the World Economic Forum called 'Indonesia's golden decade', a period marked by democratic development, political stability, high economic growth and resilience, conflict resolution, and a robust international role. Under his leadership, Indonesia became an emerging economy, a regional power, and a G-20 member, and assumed important roles on issues ranging from climate change to the post-Millennium Development Goals, terrorism to geopolitics, inter-faith to architecture, and so on.

His life story has been nothing less than phenomenal: a military officer who became a four-star general, who became cabinet minister and then politician, who became President and then one of Asia's most respected statesmen. His time in office was hardly a breeze: he was faced with the destructive tsunami and a series of natural disasters, separatism, terrorism, financial crisis, and more. But he managed to overcome these challenges with a steady hand: the country recovered from the tsunami and other disasters; the conflict in Aceh was peacefully and permanently resolved in mid-2005; terrorist groups were disbanded and detained; and the economy rebounded. At a time when democracies around the world were in distress, Indonesia's democracy steadily moved from strength to strength.

With a PhD in agricultural economics, he relentlessly pursued his four-track economic programme of 'pro-growth, pro-job, pro-poor, and pro-environment'. His development mantra was 'sustainable growth with equity'.

As President of the country with the world's largest Muslim population, Yudhoyono has become a strong advocate for peaceful and moderate Islam, both internally and on the global stage. He devoted great efforts to develop closer relations between the Western and Islamic worlds. He also staunchly promoted and architected military reforms, and championed Indonesia's robust peace-keeping operations around the world.

He placed ASEAN as his top priority foreign affairs agenda. Through his commitment and the support of the ASEAN family, ASEAN was able to maintain overall peace and security which had brought economic growth and prosperity in the region.

In 2011, he exercised constructive leadership while chairing ASEAN, not merely chairmanship. When he was the President, Indonesia stepped up and took the lead in numerous affairs, such as driving real action to achieve the ASEAN Community in 2015, settling the dispute between Cambodia and Thailand in Preah Vihear temple, managing any surfaced tensions in the South China Sea dispute, and helping Myanmar in the country's democratisation process.

He is actively engaged in social media. Today, he has around 10 million followers on Twitter and 6 million on Facebook.



ASEAN@50: Building on Past Achievements



Abhisit Vejjajiva

During my early political career (in the 1990s), ASEAN did not feature much in our work. Young leaders in the region would occasionally gather to discuss ASEAN. Much of the debate then mainly reflected the frustration and a sense of underachievement as far as our regional integration was concerned. We tended to look to Europe as a model and felt that ASEAN could achieve so much more. For those of us who grew up without a vivid memory of war and conflicts within the region, we overlooked the fact that ASEAN was founded in response to security threats, focusing instead on the economic goals of the region.

By the time I became Prime Minister (December 2008), ASEAN has made considerable progress. The new Charter had been approved.

The ASEAN Free Trade Area was on track and the region was moving towards establishing the ASEAN Community. Engagement with dialogue partners grew. The regular East Asia Summit and the ASEAN Regional Forum showed how ASEAN was also becoming a global player.

Thailand had the honour of being the Chair for longer than the usual 1-year term to start implementing the new Charter. Unfortunately, due to the political instability in Thailand, ASEAN meetings had to be called off during my predecessor's tenure. While we successfully hosted an ASEAN summit in Huahin, political violence disrupted the second summit in Pattaya in dramatic fashion. Leaders had to be evacuated. To this day, I remain grateful to all leaders and governments for their understanding of what happened and appreciate the commitments from all to try to make sure our work could continue.

And continue we did. Economically, when the whole world faced one of the biggest global financial crises, ASEAN's response was undoubtedly a model of success. With discussions on policy coordination and commitment to resist protectionism, the region's economy proved its resilience and recovered relatively quickly. Moreover, ASEAN completed free trade agreements with all our Dialogue Partners, moved to establish the ASEAN Macroeconomic Research Office and embarked upon the connectivity agenda to strengthen the upcoming ASEAN Economic Community. After my participation in the World Economic Forum where I met Gordon Brown, the former British Prime Minister and G20 Chair at the time, ASEAN was invited to attend the G20 meetings.

On other fronts, ASEAN was also making good progress. The United States and Russia joined the East Asia Summit. Myanmar's democratisation became more and more concrete due in no small part to ASEAN's encouragement in our closed-door meetings, thus removing obstacles to engagement with Europe. The South China Sea issue was dealt with in a sensible and moderate way where ASEAN would not get involved in the dispute but would help ensure that solutions would be sought through peaceful means according to international law and that there was safe passage.

We could all be proud of these achievements. To cap it all, towards the end of my tenure as Prime Minister at the Asia-Europe Meeting in Brussels in 2011, I could hardly hide my pleasure when several European leaders wanted their countries to engage with ASEAN, even to be part of the East Asia Summit, reflecting on how far we have come since those days when ASEAN was criticised as being unambitious and even irrelevant, especially by Europe.

Yet the sense that ASEAN can be so much more remains. As we celebrate ASEAN's 50th anniversary, it is clear that we face many important and fundamental challenges. For the ASEAN Economic Community's goals to be achieved and for the region to remain competitive, much remains to be done. We must increase intra-ASEAN trade and investment by removing non-tariff barriers and the need for greater harmonisation of regulations. Connectivity is proceeding too slowly. ASEAN must make use of China's One Belt, One Road initiative and the Asian Infrastructure Investment Bank.

Most importantly, as I have spelled out in a companion volume of this ASEAN@50 publication – Volume 4, entitled *Building ASEAN Community: Political-Security and Socio-cultural Reflections* – ASEAN integration and the ASEAN Community needs far greater participation from the peoples of ASEAN. Otherwise, ASEAN will only be meaningful to the elites made up of politicians, bureaucrats, and some from the business sector. We need to learn the lessons from past success of the European Union and the recent episode of Brexit. A sense of belonging on the part of citizens and accountability on the part of ASEAN are crucial as ASEAN moves ahead. While there is clearly greater awareness of ASEAN among the people, it is also clear that the level of engagement needs to be raised.

The reality is that doing so means we need to face up to one big challenge – overcoming the democracy deficit in the region. At the national level, ASEAN cannot sidestep issues concerning people's rights. The ASEAN intergovernmental Commission on Human Rights (established during Thailand's chairmanship) must have a bigger mandate and a greater role, including issues which are regional in nature, such as immigrants. Unless this happens, ASEAN's credibility will suffer in the eyes of both its citizens and the international community.

Engaging stakeholders must also be pursued vigorously. I witnessed first-hand how Thailand's attempt to allow civil society (along with parliamentarians and youth) to meet with leaders was resisted by one ASEAN Leader; so, a compromise had to be reached. This practice of engaging stakeholders was subsequently discontinued. It needs to be revived and expanded. Institutions such as the ASEAN Inter-Parliamentary Assembly, business councils, the Economic Research Institute of ASEAN, among others, must be integrated into the process of ASEAN's decision-making. Ultimately, a body of elected representatives from member states might be needed to drive the direction of ASEAN.

Other changes will also be required. Moving away from the rule of consensus, conducting meetings with Dialogue Partners with a single voice (not 10 individual statements which make such meetings so time consuming), admitting Timor-Leste, completing the Regional Comprehensive Economic Partnership, and creating a mechanism to bridge the development gaps among members should all be ASEAN's priorities.

There is much to be proud of as ASEAN turns 50. Let's build on past achievements and effect required changes so that the next 50 years will deliver peace, prosperity, and a global voice to ASEAN's people.

ABOUT THE AUTHOR

Abhisit Vejjajiva was Thailand's Prime Minister from 2008 to 2011. He is the current Leader of the Democrat Party in Thailand, a position he assumed after serving as Deputy Leader of the same party from 1999 to 2005. He was Leader of the Opposition in 2005–2006, 2008, and 2011–2013, Minister to the Prime Minister's Office in 1997–2001, Chair of the House Education Affairs Committee in 1995–1996, Deputy Secretary to the Prime Minister for Political Affairs in 1995, Democrat Party Spokesman in 1995–1999, Government Spokesman in 1992–1994, and Member of the Parliament in 1992–2006 and 2007–2014.

He holds a Master's Degree in Economics from Oxford University in the United Kingdom. He obtained a Bachelor's degree (first-class honours) in Philosophy, Politics, and Economics at Oxford University, and a Bachelor's degree in Law at Ramkhamhaeng University in Thailand.



The Critical Importance of Socio-cultural Community for the Future of ASEAN



Abhisit Vejjajiva

Half a century ago, when the founding fathers of five Southeast Asian nations signed the historic declaration creating the Association of Southeast Asian Nations (ASEAN), the region was mired in conflict and war. Peace and security were the motivations for the creation of the organisation. Its members were anxious that economic development in their respective countries was being threatened by the potential instability created by communism. Thus, regional cooperation and the mechanisms of it were deemed essential for the achievement of peace and prosperity.

Seen in this context, ASEAN can be judged to have been a success. Not only was peace and stability achieved, but the organisation has expanded to include 10 countries, with East Timor the only country in the region that has not joined the grouping.

The ‘success story’ did not stop there. The extent of regional integration has grown considerably. The setting up of a free trade area, the crafting of a new charter, and the establishment of the ASEAN Community with its three pillars reflect how far ASEAN has come. Moreover, with its engagement with dialogue partners; free trade agreements with Japan, China, the Republic of Korea, India, Australia, and New Zealand; and ASEAN centrality in key international forums such as the ASEAN Regional Forum and the East Asia Summit, one could argue that ASEAN now has a voice at the global level. Given that all this was achieved in the 5 decades that had seen much volatility (at least two major financial crises spring to mind), as well as threats in the forms of pandemics, natural disasters, and others, the progress ASEAN has made can seem remarkable.

Yet, there is always the other side of the coin. Five decades on, the world has also moved on. Compared with the integration or cooperation of other regions, it would be hard to make a convincing case that ASEAN has been more advanced than the other arrangements in other parts of the world. Given the degree of globalisation, the many challenges we face today that do not respect borders, and problems that require at least a regional solution, ASEAN has yet to demonstrate its readiness to tackle such issues. Given the generally recognised economic success of its members, one can also make a strong case that ASEAN has been punching below its weight, so to speak.

Many explanations have been offered. The intrinsic diversity between ASEAN members and the modus operandi or the ‘ASEAN Way’ necessary to conform to the culture of the region meant that there are limitations to the speed at which ASEAN can progress.

Whatever the case, a balanced assessment of ASEAN achievements can provide important lessons as we seek a path forward for the organisation.

ASEAN's Aspirations

In assessing ASEAN's future as it moves forward, we must begin with the vision set out for the ASEAN Community, which aims to create a region that is outward looking and living in peace, stability, and prosperity. From this, we may broadly conclude that ASEAN aspires to be economically competitive, with a peaceful and stable environment, and actively engaged with the global community.

There is no doubt that much attention and focus have been placed on ASEAN's economic goals. Building on the achievement of the ASEAN Free Trade Area (AFTA) and given the understandable dominance of economic concerns in all member countries, the ASEAN Economic Community (AEC) has almost become synonymous with the ASEAN Community itself. The desire to remain competitive and relevant as a market with giant economies to the north and west, in China and India, contributes to this emphasis on AEC.

Yet, expectations that the success of this pillar alone would provide the main driving force towards the creation of a true and single community in the region would be misplaced for the following reasons. Firstly, given the different stages of economic development amongst members, the blueprint for AEC will not lead to a rapid or high degree of integration. In the meantime, AEC's importance is being undermined by two important trends. Member economies, particularly the more economically advanced, continue to seek bilateral trade agreements with outside partners, many of which are deemed to be of higher quality. On top of that, many members have also joined some bigger multilateral economic agreements – the Trans-Pacific Partnership, for instance – which are of greater impact. Therefore, the importance of AEC in creating a single market continues to be diminished.

Secondly, despite the progress made on economic integration in terms of trade agreements, and despite the growth of intra-ASEAN trade, such trade as a proportion of the region's total trade remains small, especially when compared to those of other economic groupings, notably the European Union (EU). Of equal concern is the fact that in many member countries the take-up rate of the benefits from AFTA and other ASEAN agreements

remains low. This suggests that not enough effort has been made to encourage and facilitate intra-ASEAN engagements or that economic actors continue to look elsewhere for opportunities.

Thirdly, some pillars of AEC will require considerable changes in domestic laws that will be difficult to achieve unless strong political will is present at the national level. Some goals, such as equity, require much more than domestic policy and cross-border assistance to be attained.

Finally, there can be no escaping the fact that member countries will continue to have to compete in the economic realm.

Establishing a single community in the true sense of the word and attaining its vision, therefore, would require all of us to look beyond economic cooperation as the main driving force. At the same time, even AEC itself will find progress tough to achieve if the peoples of ASEAN are not brought closer socially and culturally. Issues such as foreign labour and common standards, to name but two, cannot be successfully tackled as part of a single market until greater social integration allows policymakers in member countries to place them high on their respective domestic political agendas.

The Role of the Socio-cultural Pillar

ASEAN therefore needs to work on social integration if it hopes to strengthen the organisation. The achievement of the ASEAN Socio-Cultural Community (ASSC), one of the three pillars of the Community, should be a key driving force for doing so. ASSC stipulates that its key elements are human development, welfare, rights and justice, environmental sustainability, narrowing the development gap, and building an ASEAN identity. The AEC Blueprint 2025 continues these themes with a vision encompassing participation and governance, inclusiveness, sustainability, resilience, and identity building. All these elements are clearly important goals for the Community to enhance its credibility and enable it to play a more global role. A review of their implementation would confirm that there has been steady and measurable progress on all fronts. Yet at least two aspects need to be addressed if the ASSC is to play a key role in strengthening ASEAN's future.

The first is that although much of the progress has surely been due to policies and progress at the domestic level of member countries, many regional problems remain unsolved. Two examples illustrate this. The annual haze issue has yet to lead to a concrete regional process dealing with the problem, let alone finding a solution to it. A true community would engage all member governments and multinational companies (many of them of ASEAN origin) to take responsibility and be held accountable for what is clearly a regional problem. Or take the issue of rights and justice. Despite the establishment of the ASEAN Intergovernmental Commission on Human Rights, its mandate remains limited and ordinary people have not seen its role whenever human rights in their respective countries are at stake, even in high-profile cases. The case of the Rohingyans, which caught the attention of the international community, as a regional problem did not produce an effective regional response from ASEAN. All this means that ASEAN is not seen to be helping countries attain the goals specified in the ASSC vision.

The second is that while a broad consensus supports the various goals set out in the vision, including the detailed initiatives and projects in the blueprint, ASSC lacks a clear underpinning principle that supports them. In other words, the blueprint itself has not set out in holistic term what kind of a community ASEAN wants to be. In short, it has not spelled out what the ASEAN identity is, or should be. This is the most important issue to which we must turn.

A true community must be a community of people, a concept that should be at the heart of the ASEAN Community. ASEAN must strive to bring its member countries together and create a sense of shared destiny of peace and prosperity for all ASEAN peoples based on common ASEAN values with an ASEAN identity. Otherwise, ASEAN will continue to be seen as a loose grouping struggling to find its voice on the global stage. Creating such an identity is possible despite the diversity in the region. But it must be done by looking back and by looking forward. For instance, raising awareness through education, particularly of the region's history, especially the affinities and close cultural ties amongst members, will contribute to building trust and a common sense of belonging. At the same time, we also need to look ahead and ask ourselves what kind of a community we would like to be. One natural starting point is revisiting the 'ASEAN Way'. But before we turn to that crucial issue, let us digress a bit to see what we might learn from the experience of the EU.

The EU, Grexit, Brexit, and Beyond: The Lessons

The progress and success of regional integration are often measured against the benchmark set by the EU, considered as the most successful and advanced integration arrangements, at least until very recently. With origins like ASEAN and motivated by the desire to avoid another war on the continent, European countries began their cooperation on coal and steel and subsequently established a free trade area, an economic community, a common currency, and an economic union. Membership was expanded to include countries that would lead to greater diversity. The organisation itself evolved into a system that would include a parliament, a commission on human rights, a central bank, and a large administrative unit (clearly much more advanced than ASEAN's comparable counterparts in the ASEAN Inter-Parliamentary Assembly, the ASEAN Intergovernmental Commission on Human Rights, the ASEAN+3 Macroeconomic Research Office, and the small ASEAN Secretariat). A tighter, even a full, political union is often seen as the logical next step for the EU, whereas ASEAN's institutions are better described as being intergovernmental.

There is no doubt that the EU has created a Europe with greater economic and political power and a bigger role on the global stage. In the context of our analysis of ASEAN integration, it is interesting to see the relative roles played by the economic dimension vis-à-vis the social one.

While much focus and attention are on the economic aspects, it becomes immediately clear that even economic integration needs social and political support. Once economic cooperation moves beyond the removal of tariffs, closer integration would require a strong political and social integration agenda to enable progress. For instance, a common currency requires the harmonisation of fiscal and monetary policies which, in turn, raises questions of economic and political sovereignty. With a single market requiring common standards and regulations, freedom of movement of labour and people becomes an important social challenge for all member countries. Even with all members having a well-established system of democracy and participatory politics, a system of elected representation at the EU level becomes necessary.

With the increasing pressures from the mounting requirements, real strain began to show on EU's member countries when the debt crisis struck a number of them, especially Greece, leading to speculations of 'Grexit'. The very severe austerity measures demanded of Greece and other debtor countries, on the one hand, and the financial burden on taxpayers in creditor countries in terms of bailout packages, on the other, were seen as a threat to the Union. Yet despite tension and some political and social turmoil, Grexit has not happened. Had a similar situation occurred in ASEAN, it would be hard to imagine governments and people of member countries being willing to endure such a painful adjustment process to remain part of ASEAN.

What kept the EU together was not so much the desire for economic integration or competitiveness per se. Rather, Europeans have come to accept that they have established a union with agreed common values offering the best guarantee of peace and giving them a strong voice on the global stage. These include democracy, rights, justice, and environmental protection that have become part of the European identity. It is important to note that such an identity could not have been created in a vacuum as this was clearly deeply rooted in European tradition. Also, the Union would push the envelope to make them more progressive over time.

The opposite case of 'Brexit' can also be seen in this light. Even during the days of speculations about Grexit, this writer had always suggested that Britain was the more likely to withdraw from the Union. This is because Britain and the British people had always felt different from the rest of Europe in terms of philosophy, culture, legal traditions, to name but a few. Hence, it had always been a reluctant member of the EU, refusing to join the eurozone and the Schengen Area (an area comprising 26 European states that have officially abolished passport and all other types of border control at their mutual borders). It is, therefore, not surprising that the older generations voted 'Leave' the most. It is also worth noting that the sentiments mentioned, exacerbated by the migration problem, dominated economic factors in the referendum. Despite the threats and part realisation of massive capital flight, a falling stock market, and a weakening currency on a huge scale, the majority who voted felt that the price and/or risk of all these was worth paying to 'regain control' of their own destiny.

While outsiders may question the wisdom of the judgment of the Brexit supporters, it would also be hard to say they did not have a point. Even the

British supporters of the EU owned up to the fact that the Brussels bureaucracy had become bloated, and EU processes and regulations were seen as cumbersome. The general complaint was the lack of enough accountability. People did not feel that the EU parliamentarians can truly represent their voice. Even with the benefits provided by the EU, the missing sense of ownership and belonging meant the people could not identify themselves with the Union.

The lessons are therefore clear. If ASEAN were to aspire to closer integration, the development of a widely accepted ASEAN identity (part of the ASSC vision), values, and principles is the most critically important factor. Of equal importance is that the process by which such an identity is developed needs to engage the peoples, not just political leaders and bureaucrats of member countries. Moreover, while such an identity needs to be progressive and forward-looking to provide the Community with aspirations, it cannot be seen to be out of line with the realities of the members' past and present. These are huge challenges faced by ASEAN, to which we now turn.

Revisiting the ASEAN Way I: The ASSC Building Process

For many decades, the debate over ASEAN's success or non-success has revolved around the 'ASEAN Way' idea. Without an agreed definition and with the term carrying both positive and negative connotations, it at least demonstrates what appears to be a unique way in which the business of ASEAN has been conducted. For this reason, revisiting this process should provide us with some foundations on which to build the ASEAN identity central to the vision of ASSC, which, we have argued, must drive ASEAN's future.

On the positive side, the ASEAN Way claims to be a way of addressing the challenges of the region while conforming to its cultural roots. The general sense is that there is that emphasis on cooperation, consensus building, informality, and the avoidance of causing someone's loss of face. Carried to extremes, this interpretation can also mean non-interference in members' domestic affairs.

These traits have allowed ASEAN to achieve some of its objectives, contributing, for instance, to ASEAN's ability to play a role, often a central or pivotal one, in managing conflict even outside the region. The ASEAN Regional Forum and the East Asia Summit, amongst others, have been able to play their roles partly because the ASEAN Way makes it easier for participants, including those outside the region, to build trust in each other.

Myanmar's case is illustrative of this. Had ASEAN followed the Western way and decided to alienate Myanmar, it would be hard to imagine the country achieving its tremendous progress today. The Western powers had probably mistakenly thought that ASEAN did not take the issue seriously. In reality, ASEAN always took up the issue at its meetings, encouraging Myanmar to change from within through constructive engagement and by letting it know the concerns of the outside world. No condemnation, public statements, sanctions, etc. were used. That this approach can be productive could be seen clearly when cyclone Nargis hit Myanmar. With the rest of the world unable to get into the country to provide assistance, ASEAN was able to serve as a bridge and was only able to do so because the ASEAN Way had built up trust and respect. ASEAN should learn from this experience to guide its way through current and future challenges such as the conflict in the South China Sea.

On the other hand, critics point to the fact that the ASEAN Way has led ASEAN to become too slow and unambitious on many issues. They say that the grouping's informality, flexibility, and the requirement of consensus are not suited to all issues. Certainly, a case can be made of how member governments exploit the ASEAN Way to sidestep important issues or how the lack of political will hinders regional progress.

With this analysis in mind, we need to see how we can modify the ASEAN Way to drive ASCC and the future of ASEAN forward. Clearly, the goal is to make ASEAN meaningful to people's lives for them to truly care about ASEAN. This can be done by ensuring engagement from the people at large and using regional initiatives to realise the vision of the Community. Decisions and implementation of the various projects must no longer be exclusively in the hands of government leaders and bureaucrats, both at the national and regional levels. A concerted effort must be made to create a new process of running ASEAN.

Compared with the EU, there is clearly a democratic deficit in ASEAN at all levels and this makes this endeavour all the more important and urgent.

With its goals on rights, justice, and engagement, ASSC must, at the national level, do more to encourage the progress of democratisation and public participation in the whole region. While it would be unrealistic to expect quick progress on this front, a much more proactive role must be played by ASEAN to gain the ASEAN people's confidence and trust it as a mechanism that could address their concerns.

Within itself, ASEAN must improve the level of participation of stakeholders in its work. An attempt in the past to have representatives from parliamentarians, youth, and civil society meet with leaders at the ASEAN summits indicates how ASEAN might move in this direction. Yet, even that is far from sufficient. Much more can and needs to be done to build partnerships and networks with institutions such as the ASEAN Inter-Parliamentary Assembly, various business councils, and non-governmental organisations.

It is also time to think about the possibility of a body of elected representatives from member countries driving much of the work of the organisation. Decision-making in ASEAN might also need to veer away from strict consensus (which effectively grants every country veto power). Informality can be preserved without allowing it to lead to inaction. Of course, given the diverse current political systems in member countries, all this would have to be done in a gradual, pragmatic, and possibly informal way. Whatever the means, it must be emphasised that all this is necessary to make the word 'community' in ASSC and the ASEAN Community become concrete and to create a sense of belonging so that ASEAN becomes an integral part of people's lives.

In short, the Community building process must engage the people with trust and confidence earned by ASEAN using a modified 'ASEAN Way'.

Revisiting the ASEAN Way II: Characteristics of the ASEAN Community

What about the underpinning principle that should drive the vision of the Community? What characteristics should the ASEAN Community have? We should begin by looking at the relationship between ASEAN and the global community for two reasons. First, ASEAN integration is based on a philosophy of open regionalism. The proof of this can be seen from the ever-increasing partnerships with countries outside the group, the free trade agreements with dialogue partners, and the ongoing negotiations on the Regional Comprehensive Economic Partnership (RCEP). Secondly, ASEAN aspires to be an important voice in global matters, as evident in its promotion of the idea of ASEAN Centrality in many international forums.

Clearly, for ASEAN to attain its goals, the world must see it not only as a united group of countries but also as an arrangement that stands for something in tune with global trends and values. This is why the goals of ASSC, from the issue of rights to the issue of the environment, very much reflect the global agenda.

Yet, ASEAN's current characteristics do not identify with these goals. Moreover, in many member countries a degree of discomfort can be felt as a result of pressure to conform to values seen as Western. It is time for the region to reconcile this with the redefined ASEAN Way by partly using ASSC. This means the ASEAN Community must define itself by tapping into the region's characteristics drawn from commonality amongst the members and by framing its traditions and goals to conform to today's global challenges. The following provides initial thoughts and suggestions.

For instance, on the issues of rights, justice, and welfare, which are not easily identifiable with the region, ASEAN might want to begin with the idea that it is a caring or a giving community. Even in countries in the region that are not wealthy, the degree of their sharing and giving is highly recognised. From this starting point, much of the work on the issues mentioned above can be framed in this way. The phrase 'We care to share...' is even part of the official ASEAN Anthem (also named the 'ASEAN Way'). A caring community will not allow its people's rights to be violated. A giving community will provide for the needy and the poor. The objectives remain the same but the new frame lends them an ASEAN identity and character.

Moreover, the ASEAN Way might even contribute in achieving these goals. The role of institutions such as the family, traditional thought leaders in local communities, etc. would play a role in contributing to these causes through informal channels, in line with how the region is already perceived.

Or take the issue of the environment and at least two important facts related to it that should draw attention. First, the region is rich in biodiversity and thus has a genuine interest in ensuring that its ecosystem is well protected. Secondly, the region is also most prone to natural disasters, events likely to be exacerbated by global warming, and hence must work together on issues that range from prevention to a concerted response to such events. Again, this would infuse the issue into the identity of the region.

At the same time, the region should seek to be a leader on some global issues. As a region whose economic success was only disrupted by the 1997 financial crisis, ASEAN should take the lead to demand global financial and economic reforms, seeing that the West in particular has not made much progress in this area. It might even go further by creating alternative development models. His Majesty the King of Thailand's 'sufficiency economy' springs to mind. Predominantly Muslim member countries can also contribute much to the issue of risk sharing and management by applying the principle of Islamic financing.

In the area of security, the region can lead the way in building a coalition of moderates to fight religious extremism and terrorism. Even the region's diversity can be turned into opportunities to create an identity. Interfaith dialogue in a region with diverse religious traditions could show the world the way to peaceful coexistence amongst people with differing beliefs.

It is important to reemphasise that in enhancing ASEAN's reputation, the more ASEAN mechanisms are used to drive these values, the better. So, if, for instance, ASEAN sets a minimum standard of living for its people so that a caring community leaves no one behind or marginalised, it must have a mechanism to ensure members would achieve the goals that have been set.

Likewise, issues that require a regional response such as migration or the haze problem must get one through an ASEAN mechanism.

Only by operating in this new ASEAN Way will ASEAN's future matter not just to ASEAN people but also to the world.

Leadership and the Road Ahead

So far, we have seen how the goals of ASSC are of critical importance to the future strength of ASEAN. In particular, the most important aspects of ASSC are the goals of participation or engagement and the creation of an ASEAN identity. This paper has suggested an approach that could be applied in the future. It means moving away from a vast number of projects to the primary aim of conceptualising the agenda to give a big picture of what the Community is about and what it deserves or aspires to be.

More specifically, ASEAN community-building and the goals of ASSC must encompass:

- the recognition that ASEAN as a community needs to move on to the next level, beyond narrowly defined goals and individual projects in order to find its identity and to gain an effective voice on the global stage;
- the acceptance that the issue of governance, both at the national and regional levels, is essential to the evolution of the Community;
- the increased engagement of all stakeholders and the people at large as the only way to make the Community meaningful to the people and to make people care about the direction and progress of ASEAN; and
- the modification and redefinition of the ASEAN Way both as a process and as a reflection of ASEAN identity to guide the next stages of ASEAN integration.

This leaves one last issue. How can ASEAN reorient the work of community building to this approach? While different stakeholders must all contribute to this process, the answer to this is the all-important political leadership by ASEAN Leaders. This does not mean we are advocating a pure top-down process and many of the suggestions here will be well served by bottom-up initiatives.

Yet, if we reflect on the past, had there been no top-down political leadership, ASEAN would not be where and what it is today. Indeed, it might not even exist at all. It took visionary leadership from our predecessors who recognised security problems and economic challenges that enabled ASEAN to evolve and respond to the needs of the day. We are facing new and perhaps more complex challenges now. If we believe that to overcome

the challenges of today we must move as a strong unified community with a clear purpose, then political leaders must provide the leadership. While technocrats and think tanks (ERIA included) can still make significant contributions, the hard part of the work is not of a technical nature. Political leaders, not bureaucrats, must take on the responsibilities to move things forward.

When we see the face of the EU reflecting the values it wants to project, we see political leaders. We might sometimes see the German chancellor or the French president or the political leaders in the European Commission or European Parliament. We do not see that face coming from the European bureaucracy. Indeed, even the most pro-EU people admit that the details, the bureaucracy, the regulations often bring out negative reactions against the EU.

ASEAN Leaders must therefore rise to the challenge. They must take the initiative, set out this vision, and give guidance. From there, we, the peoples of ASEAN, will create our identity and values that will steer ASEAN into the future. If there is to be a bottom-up support, it would be from a network of various stakeholders in all parts of our society who could pressure or encourage our respective governments and leaders to take up this important task. Success is more likely if leaders prioritise ASEAN matters in their domestic political agenda.

ASEAN has made considerable progress and achievements in its 5 decades of existence. But in this age of rapid global change, it cannot afford to be complacent. To remain relevant, to forge ahead and to be a true global player with a significant voice, and, indeed, to be a true community, ASEAN needs a big push now. And if the right approach is taken, ASSC can play a critical role.



The Golden ASEAN



U Thein Sein

ASEAN, initially established with five founding members on 8 August 1967, will celebrate its 50th anniversary this year. The Foreign Ministers of five countries – Indonesia, Malaysia, the Philippines, Thailand, and Singapore – signed the ASEAN Declaration, also known as the Bangkok Declaration, and announced to the world that ASEAN was successfully established on that auspicious day.

Over the years, other countries in the region joined ASEAN: Brunei Darussalam on 7 January 1984, Viet Nam on 28 July 1995, the Lao People's Democratic Republic and Myanmar on 23 July 1997, and Cambodia on 30 April 1999, making ASEAN a group that includes all 10 Southeast Asian countries. Most of the member countries of ASEAN were developing and newly independent countries. Countries around the world had witnessed the power struggles, political rivalries, and aggressive economic competition amongst the superpowers in the aftermath of the two World Wars of the 20th century.

The Southeast Asian region was no exception – the Cold War era saw the Korean War and the Viet Nam War, which not only caused tremendous loss of lives and livelihoods of the Korean people and the Vietnamese people but also affected the region as a whole.

The peace and stability of the region had been affected by the conflicts of the Cold War, while each and every developing nation of the region was struggling with their nation-building efforts concentrating on peace and development. Regional peace and stability became a prerequisite for the countries in the region in their endeavour to achieve political stability and economic development. Realising the fact that peace, stability, and sustainable development of the region could only be achieved through their collective efforts and solidarity rather than striving to realise their own goals individually, all the 10 nations of the region made a firm decision to be united as ASEAN.

After establishing ASEAN with the Bangkok Declaration, the member countries moved forward with the signing of the legally binding Treaty of Amity and Cooperation in Southeast Asia (TAC) in 1976 and the Treaty on the Southeast Asia Nuclear Weapon-Free Zone (SEANWFZ) in 1995.

The Kuala Lumpur Declaration on the establishment of the ASEAN Charter was signed at the 11th ASEAN Summit in 2005 in Kuala Lumpur, Malaysia. This decision had been ASEAN's initial step in building a community with 'One Vision, One Identity, One Community'. Accordingly, the ASEAN Charter was signed at the 13th ASEAN Summit in Singapore on 20 November 2007. As Prime Minister of Myanmar at that important moment, it was a great honour for me to be one of the signatories. The Charter was ratified by all member states and came into force on 15 December 2008. ASEAN had successfully established a firm foundation in achieving the ASEAN Community by providing it with a legal status and an institutional framework. Thus, the ASEAN Charter has become a legally binding agreement amongst the 10 ASEAN Member States.

ASEAN turned into a stronger, more inclusive, and rules-based organisation with the conclusion of these important treaties, particularly through enforcement of the ASEAN Charter in 2008 and the membership of all Southeast Asian countries. ASEAN became more vibrant and active by adopting clear objectives and concrete plans and by implementing these accordingly on a yearly basis.

Over the years, ASEAN has adhered to the practice of solving issues and problems in a peaceful manner, by encouraging all the stakeholders to come to the negotiating table in a friendly atmosphere to discuss issues frankly and candidly, thus creating a unique tradition of peaceful settlement of disputes in the 'ASEAN Way'. ASEAN has moved forward to consolidate the group more. The Cebu Declaration on the Acceleration of the Establishment of an ASEAN Community by 2015 was signed at the 12th ASEAN Summit in the Philippines in 2007, facilitating member countries' efforts towards establishing the three communities – the Political–Security Community, the Economic Community, and the Socio-Cultural Community.

Cambodia, the Lao People's Democratic Republic, Myanmar, and Viet Nam had to make concerted efforts to narrow the development gap between themselves and the other six members.

Myanmar appreciates and acknowledges the strong and determined political and economic support and encouragement given by its fellow ASEAN members while it was under tremendous economic sanctions and political pressure imposed by the Western countries during that time.

As it was the post–Cold War era, many countries around the world were also undergoing democratic transitions after the fall of the Berlin Wall. Myanmar became a member of ASEAN in 1997 as it was striving for peace and stability, economic development, and national reconciliation, which were the fundamental requirements for its political transition.

Myanmar is strategically located between the two most populous nations of the world – China to its east and India to its west – and situated between the Indian Ocean and the Pacific Ocean. Strategically, Myanmar can play a bridging role between ASEAN and the South Asia region as well as with the East Asia region.

Myanmar has been an active and responsible member of ASEAN during its 20 years of membership. Myanmar strictly adheres to the commitments and principles of ASEAN; respects independence, sovereignty, equality, territorial integrity, and the national identity of all member states; and exercises peaceful settlement of disputes and non-interference in the internal affairs of ASEAN Member States. Myanmar values and abides by the decision-making process of ASEAN based on consensus. The uniqueness

of ASEAN is the ASEAN way of finding solutions in a peaceful manner on any issue – be it bilateral, regional, or with countries outside the region. ASEAN tradition, built upon its shared values and norms, allows its decision-makers to consult both formally and informally until they reach consensus. The ASEAN way of decision-making enables ASEAN to make collective decisions or take positions to prevent outside interference or pressures.

ASEAN had supported the seven-step road map of Myanmar’s political transition, which started in 2003. As Prime Minister of Myanmar, I attended the ASEAN summits from 2007 to 2010 and I had the opportunity to update the Leaders of our fellow ASEAN Member States on developments in, and the progress of, Myanmar. Myanmar values the support and encouragement of the ASEAN Member States.

In 2008, Myanmar was hit by one of the worst natural disasters to have occurred in the ASEAN region. Cyclone Nargis hit Myanmar’s delta region and coastal areas on 2 and 3 May; more than 100,000 people lost their lives. It also destroyed the agriculture and livestock breeding sectors and caused great damage to the economy of the entire delta area. Infrastructure, such as road connections and river-crossing bridges, were also severely damaged. Even though the Government of Myanmar had made great efforts in their search, rescue, and recovery in the affected areas, the cyclone’s impact was too severe. This led Myanmar to seek assistance from ASEAN and the international community.

A Foreign Ministers’ meeting on post-Cyclone Nargis was convened on 19 May 2008 in Singapore. During the meeting, an ASEAN task force, led by Secretary-General Surin Pitsuwan and with the cooperation of the United Nations, was established to assist Myanmar. In a family spirit, ASEAN mobilised itself and came to the assistance of Myanmar. The Pledging Conference for Myanmar was convened on 25 May 2008 in one of the cities affected by the cyclone – Yangon. I, as the Prime Minister of Myanmar, together with Secretary-General of ASEAN Surin Pitsuwan and United Nations Secretary-General Ban Ki-moon led the conference, and the international community pledged to assist Myanmar in its rescue, recovery, and rehabilitation efforts. Representatives from 51 countries, 24 international non-governmental organisations, and 22 domestic non-governmental organisations attended the conference. The conference formed the Tripartite Core Group composed of Myanmar, ASEAN, and the United Nations, and

tasked the group with coordinating the early recovery process for the affected population and areas. The timely cooperation and coordination between the Tripartite Core Group and the international community, and the relentless efforts of Myanmar made the quick recovery and rehabilitation a success and protected the people from a second wave of disaster in the form of outbreaks of waterborne diseases and related health and humanitarian issues. The Tripartite Core Group set an example and became a model for dealing with large-scale natural disasters.

After Myanmar's successful free and fair multiparty democratic elections in 2010, I was elected President of the Republic of the Union of Myanmar and took office in 2011. The democratic transition of Myanmar has been conducted in a peaceful and orderly way, compared to contemporary countries that also tried to transform their political systems. Myanmar's transition towards democracy has been recognised as a model by the international community. At the same time, Myanmar has been actively participating in ASEAN as a responsible member throughout its years of membership.

As an active member of ASEAN, at the beginning of 2011, Myanmar expressed its readiness to chair ASEAN in 2014. All the ASEAN members endorsed Myanmar's proposal. In fact, 2014 was an important year for ASEAN in terms of its preparation for the ASEAN Community in 2015. While serving as Prime Minister from 2007 to 2010 and as President from 2011 to 2016, I had maintained Myanmar's active participation throughout its chairmanship, particularly in the final architecture of the Political-Security Community, the Economic Community, and the Socio-Cultural Community of ASEAN. At the same time, Myanmar coordinated effectively with other Dialogue Partners, and necessary statements and declarations were released through ASEAN's consensus decision-making process.

The year 2014 was a significant year for Myanmar and ASEAN. The theme of Myanmar's chairmanship 2014 was 'Moving Forward in Unity to a Peaceful and Prosperous Community' to welcome the ASEAN Community. The 24th ASEAN Summit was successfully held on 10 and 11 May 2014 in Nay Pyi Taw; it adopted the Nay Pyi Taw Declaration on Realisation of the ASEAN Community by 2015 – Nay Pyi Taw Declaration (1). The 25th ASEAN Summit and Related Summits were held on 12 and 13 November 2014 and adopted the Nay Pyi Taw Declaration on the ASEAN Community's

Post 2015 Vision – Nay Pyi Taw Declaration (2). The declarations set the framework, schedules, and programmes to move forward in the implementation and realisation of the ASEAN Community. The related summits included the Ninth East Asia Summit, and the ASEAN+3 and ASEAN+1 summits with Dialogue Partners. Important decisions for the future relationships with Dialogue Partners were taken at these summits, which further enhance and strengthen ASEAN’s role in regional and international relations.

During Myanmar’s chairmanship in 2014, important regional issues – such as the natural disaster caused by Typhoon Haiyan, the signing of the Comprehensive Agreement on the Bangsamoro, the tragic loss of Malaysian Airlines Flight MH370 and the terrorist attack on Malaysian Airlines Flight MH17, terrorist activities by extremist groups, the outbreak of Ebola pandemic disease, a military takeover, and the issue of the South China Sea – were discussed in a constructive and cordial manner to reach a peaceful resolution.

Myanmar as the Chair of ASEAN had maintained ASEAN centrality in dealing with these regional and international issues with the full cooperation of ASEAN Member States. The decisive role of ASEAN leadership was also maintained in finding solutions on matters related to the interest of ASEAN and its members, based on the unity of ASEAN. It is of utmost importance for ASEAN to keep ASEAN centrality at the forefront in every aspect. As some powerful actors consider they have interests in our region, the principle of non-interference in the internal or regional affairs of ASEAN should also be strictly adhered to, for the maintenance of peace and stability in the region.

As Myanmar is strategically located as a land bridge between Southeast Asia and South Asia as well as East Asia, it can contribute practically to regional integration and cooperation. The East–West Corridor Project and the North–South Corridor Project are important components of ASEAN connectivity. Myanmar stands ready to fulfil its bridging role in establishing the ASEAN Community and work towards the further development of the region.

ASEAN is becoming a community with the strength of harmony in diversity. ASEAN must play an integral role not only in its regional affairs but also in

international affairs as well as in the United Nations. ASEAN should actively participate and cooperate in the maintenance of international peace and stability, security, and development. ASEAN must be in the driving seat when it comes to dealing with all matters or issues concerning our region.

It is the responsibility of all ASEAN Member States to preserve ASEAN centrality and unity in our endeavours to further strengthen the ASEAN Community. ASEAN has achieved significant progress and development during the 50 years since its establishment. However, ASEAN's successes and achievements did not come about without difficulties and hardships; they were the result of building ASEAN in the ASEAN way, through a combination of goodwill, farsightedness and determination, mutual trust and respect, and patience and understanding. As ASEAN strives for the peaceful development of its people and the ASEAN Community as a whole, member states are bound to maintain the momentum of success ASEAN has achieved for the further progress of the community. Myanmar wishes ASEAN every success on its way to becoming a peaceful and prosperous ASEAN Community.

ABOUT THE AUTHOR

The illustrious military career of **U Thein Sein** started when he joined the army in 1963, achieved his Bachelor of Arts degree from the Defence Services Academy in 1967, and served as Second Lieutenant to General until 2010.

After he was appointed member of the State Peace and Development Council (SPDC) in 1997, he served as a senior ranking member of the SPDC in 2003–2004. He became Prime Minister of Myanmar in October 2008 and served until March 2011. In 2010, he retired from the army and became Chairman of the Union Solidarity and Development Party. In the same year, he was elected to the House of Representatives to represent Pyithu Hluttaw.

He took his oath as President of the Republic of the Union of Myanmar on 30 March 2011, after his election by the Presidential Electoral College of the Pyidaungsu Hluttaw (Union Assembly). He served in this capacity for the next 5 years.

He is currently the Central Patron, Central Leading Committee, the Union Solidarity and Development Party.

He is married to Daw Khin Win and has three daughters.



ASEAN: 50 Years After and Into the Future



Thongloun Sisoulith

At the outset, I wish to sincerely thank the Government of the Philippines, the Economic Research Institute for ASEAN and East Asia, and the ASEAN at 50 Team for inviting me to share my views and perspectives on ASEAN on the occasion of its 50th anniversary.

Since the inception of ASEAN 50 years ago and especially following the accession of the Lao People's Democratic Republic (Lao PDR) to ASEAN on 23 July 1997, I have observed how ASEAN has evolved. The following are some of my thoughts and perspectives on ASEAN.

Southeast Asia is a unique region characterised by diversities not only in cultures, religions, and languages but also in political systems and levels of economic development, among others. Looking back at the efforts

of countries in various parts of the world to form regional cooperative frameworks or regional organisations, with some succeeding and others failing, we can say that ASEAN is a uniquely successful one.

Over the past 5 decades, ASEAN has gone through many tests and challenges and has adjusted itself to the changing regional and international landscapes. By taking into account its diversities, it has gradually evolved into the ASEAN Community with a firm and strong foundation.

ASEAN has not only expanded its membership to cover 10 nations in Southeast Asia but has also deepened and broadened its intra-ASEAN cooperation to gradually include political–security, socio–cultural, and economic fields of cooperation. ASEAN has strengthened its external relations not only through strengthened partnerships with its dialogue partners that now include all major countries, but also through various appropriate forms and modalities of engagement with other external parties. ASEAN has initiated the ASEAN+1, the ASEAN Plus Three, the ASEAN Defence Ministers’ Meeting Plus, the ASEAN Regional Forum, and the East Asia Summit, which serve as key platforms for ASEAN’s engagement with its dialogue partners and external parties to discuss, among others, regional and international issues of common interest and concern that require collective responsibility. In the meantime, those same platforms also provide venues for these dialogue partners and external parties, including the major powers, to engage one another on issues of common interest and concern. All these have contributed to the enhancement of mutual understanding and strategic trust, and the creation of an environment conducive to the maintenance and promotion of peace, stability, and development cooperation in the region and the world. Most importantly, ASEAN’s centrality has been recognised in the evolving regional architecture that is being built upon the above-mentioned ASEAN-initiated mechanisms.

I am confident in saying that one of the most remarkable achievements of ASEAN is the peace, security, and stability in the region, which have served as a favourable condition under which the ASEAN Member States can develop their respective socio–economic status, deepen intra-ASEAN cooperation, and strengthen ASEAN’s external relations. As a result, the ASEAN Community was established on 31 December 2015.

Many people ask how ASEAN, with its diverse member states, has become a successful inter-governmental regional organisation. Different people may have different views, but my own is that ASEAN's achievements over the past 5 decades have been possible due to many factors. One of them is the 'ASEAN Way', a result of, among others, the due consideration given to the particularity and reality in the region as characterised by diversities among and between the ASEAN Member States, mutual understanding, and the adherence to the ASEAN fundamental principles enshrined in the Treaty of Amity and Cooperation in Southeast Asia, the ASEAN Charter, and other ASEAN instruments.

The Lao PDR is proud to be part of the ASEAN family as its membership in ASEAN since 1997 has been a milestone in the country's foreign policy. The Lao PDR has been proactive in pursuing the work of ASEAN through its participation in all areas of cooperation under the three ASEAN Community pillars, including ASEAN's external relations, and the fulfilment of its obligations. The Lao PDR had the honour to chair ASEAN twice in 2004–2005 and in 2016. Our third ASEAN chairmanship is expected within the decade.

The Lao PDR's ASEAN chairmanship in 2016 under the theme 'Turning Vision into Reality for a Dynamic ASEAN Community' concluded successfully, with many important outcome documents produced. These include the Initiative for ASEAN Integration Work Plan III and the Master Plan on ASEAN Connectivity 2025 which are an integral part of the ASEAN Community Vision 2025. Those outcome documents serve as frameworks for cooperation within ASEAN in further strengthening the ASEAN Community, and ASEAN's partnerships with its dialogue partners and external parties for the years to come. The success of the Lao PDR's ASEAN chairmanship in 2016 was made possible by the valuable assistance, kind support, and close cooperation of the ASEAN Member States, dialogue partners, external parties, friendly countries, and regional and international organisations.

The regional and international landscapes continue to evolve. Recent developments in various regions of the world are characterised by rapid and unexpected changes and uncertainty associated with risks and complexity. Against this backdrop, ASEAN, in moving forward as an inter-governmental regional organisation, should continue to adhere to its principles and the

ASEAN Way and further deepen regional economic integration within it and with the wider region. ASEAN should continue the pursuit of its outward-looking policy by further strengthening the ASEAN-led mechanisms and consolidating the momentum gained so far in the relations with all its dialogue partners. It is also imperative for ASEAN to continue to engage other external parties in appropriate and practical forms, and modalities of cooperation. ASEAN also needs to uphold its centrality and unity in its external relations and in the evolving regional architecture, among others. Most importantly, ASEAN, as a community and master of its own destiny, should continue to adhere to the fundamental principles enshrined in the ASEAN Charter, and move forward at a pace comfortable to all.

I am confident that under the Philippines' ASEAN chairmanship in 2017, with the theme 'Partnering for Change, Engaging the World', we can meaningfully commemorate the golden jubilee of ASEAN and further strengthen the ASEAN Community through the effective implementation of the ASEAN Community Vision 2025 and its integral documents, namely the three community blueprints, the Initiative for ASEAN Integration Work Plan III, and the Master Plan on ASEAN Connectivity 2025, coupled with the priorities introduced under the Philippines' ASEAN chairmanship in 2017, among others.

The Lao PDR is ready to fully support and closely work with the Philippines and other ASEAN Member States as well as ASEAN dialogue partners and other external parties to ensure the success of the Philippines' ASEAN chairmanship in 2017 and greater achievements of the ASEAN Community in the years to come.

I wish all a happy 50th anniversary of ASEAN. We, the ASEAN family, will continue to move forward together as one sharing and caring community.

ABOUT THE AUTHOR

Thongloun Sisoulith is the Prime Minister of the Lao People's Democratic Republic.

From 2001 to 2006, he held positions as Deputy Prime Minister, President of the Committee for Planning and Investment, President of the Investment Management Committee, President of the Lao National Committee for Energy, and member of the Lao National Assembly.

His professional career includes positions as Minister of Labour and Social Welfare in 1993–1996, Vice Minister of Foreign Affairs in 1987–1992, Director of Public Research Department of the Prime Minister's Office in 1985–1986, Secretary to the Minister of Education in 1979–1981, Professor at Vientiane University in 1978–1979, Senior Officer at the Office of the Representative of the Neo Lao Hak Sat (Lao National Patriotic Front) in 1969–1973, and Senior Officer of the Educational Department of the Neo Lao Hak Sat in 1967–1969.

He holds a PhD in history of international relations from the Academy of Social Sciences in Moscow, a Masters in linguistics and literature from the Gerzen Pedagogy Institute in Saint Petersburg, and a diploma from the Pedagogy College of Neo Lao Hak Sat in Houaphanh Province, Lao PDR.



ESSAYS: ASEAN SECRETARIES-GENERAL





ASEAN Revitalised: The Golden Years



Ajit Singh

For the first time in the 25 years of its history, ASEAN Leaders at the landmark Singapore Summit in January 1992 decided to set up a professional Secretariat headed by the Secretary-General of ASEAN with an enhanced status as a Minister, a term of 5 years, and an enlarged mandate to ‘initiate, advise, coordinate and implement ASEAN activities.’ The staff were appointed through open, direct recruitment. I was the first in the line of the Secretaries-General to work under the new system.

It so happened that 3 years prior to assuming the Secretary-General’s post, I was the Director-General of the ASEAN-Malaysia National Secretariat at the Ministry of Foreign Affairs. The assignment served as a kind of apprenticeship for the bigger role I was to play later and proved to be of invaluable experience in enabling me to familiarise myself with the issues

and the inner workings of ASEAN. It also gave me the opportunity to come to know the Leaders, the Ministers, senior officials, and others involved in the ASEAN process.

Member countries had taken a bold step in bringing about the changes in the Secretariat and I was aware that they would be watching me closely to see if I was worthy of their trust. My only advantage was that I was an ‘insider’, coming in from within the system, and that helped me tremendously to become operational almost immediately upon taking office.

This was not case with my new staff. The 20 of them were selected from over 4,700 applicants. They were of varied backgrounds, coming from the media, academia, civil society organisations, and United Nations agencies. Save a couple, none had any exposure to ASEAN. What comforted me most was that they were young eager beavers, quick learners, and raring to get their feet wet. Even though they had difficulties in being able to write minutes and reports the way we did in ASEAN, at least they could write and express themselves well. The ASEAN work culture would seep into them gradually as they became more familiar through practice. The mantra I kept drumming into them was that they should consider themselves as being ASEAN and to think and act as ASEAN. To their credit, we began working as a team and got a lot of work done.

The period of my stewardship of the Secretariat could not have come at a better time. ASEAN was into its third decade, a much more mature and self-assured organisation. It had given its peoples a peaceful and a stable region that enabled member countries time to build national resilience. Through export-led growth, ASEAN had become the fourth-largest trading region in the world, after the European Union, the United States, and Japan. Foreign direct investment flows were such that between 1980 and 2005, ASEAN was getting about 15% of the world’s total, with only 2% of the world’s gross domestic product (GDP). The World Bank used the term ‘East Asian Miracle’ to describe the phenomenal success of these ‘tiger’ and ‘tiger cub’ economies in ASEAN and East Asia. Politically, the peace dividend was at hand with the end of the Cold War and the final resolution of the long-vexing conflict in Cambodia. The region could now look forward to a period of reconciliation and reconstruction.

Peace, stability, and strong economic growth were the essential mix for what I call the 'Golden Years', during which I was privileged to serve ASEAN. Things seemed to be going well for ASEAN at that time. ASEAN was a beehive of activity. ASEAN's success had acted like a magnet, attracting regional and subregional groupings in the South Pacific, South and Central Asia, the Middle East, Africa, and Latin America to its shores. They came eager to establish institutional links by which we could explore trade and investment opportunities, exchange experiences, and encourage the respective private sectors to play supportive roles in all these efforts. I visited Argentina and Brazil at their invitation to discuss establishing such links with the Mercosur countries (Argentina, Brazil, Paraguay, and Uruguay, and Venezuela). ASEAN Member States also played an active part in the Asia-Pacific Economic Cooperation forum and the Asia-Europe Meeting. I represented the ASEAN Secretariat, which was granted observer status, in both bodies.

The ASEAN Free Trade Area (AFTA) was launched to give ASEAN the competitive edge to turn it into becoming the production hub for the global market. It was to be completed within 15 years (by 2003), using the Common Effective Preferential Tariff (CEPT) scheme.

While AFTA was well on its way, ASEAN was also moving towards becoming a family of 10 by 1999, with the addition of the four CLMV countries, (ASEAN's term for Cambodia, the Lao People's Democratic Republic [Lao PDR], Myanmar, and Viet Nam), thus bringing to a reality the dream of our Founding Fathers. The ASEAN Secretariat was very much involved in preparing these countries to undertake the responsibilities and obligations their membership entailed.

There were, in fact, a number of other urgent issues before me, in addition to AFTA and the increase in ASEAN's membership, that also needed urgent attention and on which the Secretariat played a very active part. One of them was the elevation of functional cooperation to a higher plane. This involved social development, culture and information, science and technology, drugs and narcotics control, and the environment.

However, owing to space constraints, I cannot do justice to all of them here but shall concentrate on the first two so that I can elaborate a little bit more on the role played by the Secretariat.

Starting with AFTA, there was no doubt for us at the Secretariat that AFTA was our baptism of fire. The staff, inexperienced as they were, came into their own through the challenges posed by AFTA to the extent that they were able to coordinate and monitor its implementation. They were also able to analyse the impact of the data on the CEPT scheme and to project trends and directions for use by the Ministers and officials. The load they carried may be hard to believe but, literally, the data they handled would weigh as much as 10 kilos! They were enterprising enough to put out publications – giving regular progress reports on AFTA, statistical data on ASEAN and on the ASEAN Investment Area. The member countries even supported the establishment of an AFTA Unit in the Secretariat and national AFTA units to better handle the increasing amount of workload that was beginning to pile up.

When we started with AFTA, many cynics and naysayers doubted the seriousness of the governments in launching it.

The quips going around were that AFTA was ‘Another Fairy Tale Agreement’. The CEPT was termed as ‘Can’t Explain in Plain Terms.’ Such negative comments arose because ASEAN’s past record in promoting economic cooperation had been poor.

The seriousness of the intentions of the governments were clearly demonstrated when the first batch of the list of products offered for tariff reduction arrived and were analysed. It was a pleasant surprise to find that member countries, which had been given 3 years within which to start implementation, all opted to start on 1 January 1994, with the exception of Brunei Darussalam, which started 6 months later.

By all accounts, AFTA was making very good progress. Within a short span of 3 years – that is, by the time of the ASEAN Summit in Bangkok in December 1995 – the Economic Ministers were able to report that all the necessary mechanisms for implementing AFTA were in place, that the countries had completed their schedules of tariff reductions, and that legal enactments to implement those tariffs had been put in place.

Owing to the positive response and support, AFTA's time frame was cut from the original 15 years to 10 to accelerate the process. Even unprocessed agricultural products, which had been originally excluded, were brought into the scheme. So much for the fairy tale story!

To make ASEAN an even more attractive proposition for manufacturers and potential investors, the Summit Leaders signed the ASEAN Framework Agreement on Cooperation on Services, in recognition of the fact that the services sector had now overtaken the manufacturing sector in GDP growth terms for all ASEAN countries. They also called for the ongoing discussions on investments to move towards the establishment of an ASEAN Investment Area. Other agreements on intellectual property, a new industrial cooperation scheme, and an umbrella dispute settlement mechanism for all ASEAN economic agreements were also signed.

To speed up the work on trade facilitation measures, the Secretariat convened meetings of the Directors-General (DGs) on custom matters and on immigration separately to enlist their cooperation. They all played an important role in the efficient and speedy movement of people, goods, and services within ASEAN.

At the meeting of the DGs of Customs, my suggestion for introducing a Green Lane for the speedy clearance of CEPT products at customs checkpoints, especially at the ports where delays could be costly for the importers, was endorsed at the Bangkok Summit in 1995. The other suggestion to turn the Customs Code of Conduct into a more legally binding document also came to pass with the signing of the ASEAN Agreement on Customs in March 1997. It placed customs cooperation on a more legalistic basis and facilitated trade by addressing issues such as transparency, harmonisation of tariff nomenclature, customs valuation and procedures, simplicity, consistency of treatment, a system of appeals, and a dispute settlement mechanism, among others.

To the DGs of Immigration, I suggested ASEAN Lanes at immigration counters to give people a sense of identity and awareness of being ASEAN, visa abolition for nationals of ASEAN countries travelling within the region, and the introduction of smart cards, which could be used as a substitute for passports. I also suggested the standardisation of the arrival and departure forms. The suggestion for ASEAN Lanes at immigration counters

was taken up but on a rather ad hoc basis, with Thailand being the first country to introduce them when the Fifth ASEAN Summit convened in Bangkok in 1995.

By the time I was about to leave ASEAN, towards the end of 1997, AFTA had already reached the 42,250 tariff line mark (about 90.6% of all tariff lines in ASEAN). That meant that from the original set of tariff lines that ASEAN started off with in 1993, only less than 10% of all tariff lines would be left to be completed by 2003, the deadline set for the realisation of AFTA for the six member countries. The average tariff rates for products in the Inclusion List had fallen by half to 6.38% from 12.76% in 1993. All customs surcharges on the products in this list were abolished by the end of 1996, and the ASEAN Harmonized Tariff Nomenclature was completed and ready for implementation.

Going on to the expansion of ASEAN, it reached a significant milestone with the admission of Viet Nam as a member in 1995. The Lao PDR and Myanmar joined in 1997 on ASEAN's 30th anniversary, and Cambodia in 1999. Prior to that, all of them, as a requirement for membership, had to sign the Treaty of Amity and Cooperation in Southeast Asia before being granted observer status. This they did and subsequently the Lao PDR and Viet Nam became observers in 1992, Cambodia in 1995, and Myanmar in 1996. As observers, they were able to participate in the meetings of the ASEAN Regional Forum. They were also encouraged to attend meetings of the areas of functional cooperation to familiarise themselves with the ASEAN mechanisms, decision-making processes, and current issues in these areas; and to establish personal working relations with their ASEAN colleagues to get a sense of what the 'ASEAN Way' was meant to be. Observer status was thus a crucial transition stage towards membership in ASEAN.

The objective criteria for membership included the following:

1. Sign the Treaty of Amity and Cooperation in Southeast Asia.
2. Accept all the legal and other documents such as the communiqués, joint statements, declarations, etc. issued by ASEAN Leaders and Ministers.
3. Accept the obligations and responsibilities arising from the implementation of the CEPT for AFTA.

4. Accept all the financial obligations of ASEAN, including the equal sharing of the annual operating budget of the ASEAN Secretariat, which in 1996 was around US\$5 million, contribution to the ASEAN Fund (US\$1 million), and the Science Fund (US\$50,000).
5. Open up embassies in all ASEAN countries.
6. Facilitate travel of ASEAN officials and nationals to their respective countries.
7. Accept English as the working language of ASEAN.
8. Efforts to assist the CLMV countries started from the time they gained observer status. All parties in ASEAN, the member countries, Senior Officials, Senior Economic Officials, the ASEAN Standing Committee, and the Secretariat were very closely involved in meeting the requests for assistance from these countries.

The assistance revolved around the following issues:

1. Translating all ASEAN documents from English into their national languages so that they could understand what ASEAN was all about and the nature of the responsibilities they were about to undertake. The ASEAN Secretariat had to seek funding from the United Nations Development Programme (UNDP) and foundations from Germany and other sources for the translation and other printing costs. Myanmar did not need any help as English was widely used.
2. English language training for their government personnel to enable them to cover ASEAN meetings adequately. Member countries were very helpful and forthcoming in this respect. Their aid and assistance were both on an ASEAN basis and bilateral. I also spoke to some of our Dialogue Partners and India did respond by sending some English language training teachers.
3. Need to build a pool of English-speaking government officers and train them in international cooperation, diplomacy, and various areas of specialisation. Again, this aspect was also handled by member countries mostly on a bilateral basis.
4. CLMV officers on attachment courses at the ASEAN Secretariat. UNDP funding made it possible for us to train four Cambodian and five Lao PDR officials at the ASEAN Secretariat for 4–5 weeks each. Later, Myanmar officials were also brought in for similar training and attachment.

5. Attachment at ASEAN national secretariats of member countries to learn and understand how national secretariats were set up, functioned, and how coordination was carried out with relevant ministries and agencies.
6. Briefings on matters relating to economic and functional cooperation in ASEAN with particular reference to AFTA by Senior Economic Officials, the ASEAN Standing Committee, and the ASEAN Secretariat staff in the capitals of CLMV countries.

We in the Secretariat also had to help in improving the connectivity and communications among the different parties, the ASEAN Secretariat, the national secretariats, and the capitals of observer countries. I delivered a keynote address to the executive partners of Digital Equipment Corporation at their conference in Bali in April 1996. Out of this contact, I was able to get Digital to donate a client/server system comprising 30 personal computers valued at US\$2,000 each for Cambodia and the Lao PDR. The ASEAN Secretariat was also presented with such a system, enabling it to work with the latest in technology.

I also visited all these countries and met their Leaders and Ministers. Their interest in being part of ASEAN was evident and they welcomed all the assistance they were getting from ASEAN, the Dialogue Partners, United Nations agencies, and private foundations.

I would like to dwell a little on Myanmar as it was a special case. The country was already sanctioned by the United States and the European Union. As a result, great pressure was being brought to bear upon some ASEAN capitals for them not to proceed with Myanmar. I did not feel the pressure directly but faced intense criticisms from ASEAN non-governmental organisations and from the press, especially the foreign media, for my role in this. Their criticisms centred on what they claimed were human rights violations, political repression, and suppression of democracy. In the face of it all, ASEAN stood by its 'constructive engagement' policy with Myanmar, advocating dialogue rather than isolation.

Regarding Myanmar's membership in ASEAN, I spoke to Ambassador Nyunt Tin of Myanmar at a reception in Jakarta about Viet Nam and the Lao PDR being granted observer status in 1992 with a view to becoming members of ASEAN. I asked whether there was any thinking in Myanmar to follow

suit as it would fulfil the Bangkok Declaration's desire to see all countries in the region being part of ASEAN. He said that Yangon was appreciative of ASEAN's role in supporting Myanmar's re-entry into the Non-Aligned Movement in 1992 but did not go beyond that remark. This conversation could have taken place in 1993/1994. I also told him that if there was interest, I would be happy to help out in any way I could. After some time, when we met again, he told me that he had reported our conversation to Yangon; but Yangon's main fear was of getting its application rebuffed, which would result in loss of face for Myanmar. I repeated what I had said in our earlier discussion and added how Myanmar was invited at the time of ASEAN's formation in 1967 to join ASEAN as a founder-member but declined because of non-aligned status. At our next meeting, he said Yangon had enquired about the procedures entailed in applying for membership. I then briefed him on how Viet Nam and the Lao PDR had gone about it, suggesting that Myanmar, too, could follow the same steps. The rest, as they say, is history. I am sure ASEAN capitals and Yangon must have also shared some signals on this matter and that probably had a bearing on the outcome of my discussions with the Ambassador in Jakarta. The upshot of it all was that Myanmar had decided to become a part of ASEAN.

Myanmar invited me for an official visit to Yangon in November 1996, and during this visit, I saw how seriously the country was taking the task. Preparations were far more advanced than the CLV countries. An ASEAN department had already been set up in the Ministry of Foreign Affairs. Officials to run it were being trained, focal points for ASEAN in other relevant ministries were being identified, and a top-level coordinating council under the chairmanship of the Secretary of the State Law and Order Restoration Council was being set up. Myanmar had already begun attending meetings on functional cooperation relating to drugs and narcotics, agriculture and forestry, and the other sectors as well.

For the CLV countries, the immediate problem was English and I used to hear how the Ministers and Senior Officials were hard at work attending evening classes. Officials were told that their promotion in the service would depend on their English proficiency. Prime Minister Hun Sen of Cambodia told me, during a courtesy call on him, how students were agitating to learn English because it would open job opportunities for them.

On a lighter vein, the ASEAN Foreign Ministers, in their more casual moments during meals, used to ponder what ASEAN meetings would be like with the new members and whether they would play golf, karaoke, eat durian, and engage in lighted-hearted golf locker-room banter. But the newcomers to ASEAN surprised us. During the historic ASEAN Ministerial Meeting in Kuala Lumpur in 1997, at which both the Lao PDR and Myanmar were admitted as the eighth and ninth members, respectively, the usual golf game was arranged. Viet Nam's Foreign Minister Nguyen Manh Cam also showed up. I was paired with the Minister and we were the last to tee off. He laboured on valiantly over two holes and at the third hole gave up and excused himself saying he did not want to hold us up. How ironic it was, I thought. Here we were wondering whether they would fit into our ASEAN way of doing things and, on the other side, the newcomers were trying desperately hard to be one of us. From this incident alone, I saw that there was hope for ASEAN.

As I look back, I am struck by the coincidence of events during my term as Secretary-General beginning with the Golden Years and how both AFTA and the expansion of ASEAN kept pace. Here, implementation of AFTA started in 1993; there, expansion of ASEAN began when Viet Nam and the Lao PDR were granted observer status in 1992. In 1995, AFTA mechanisms and necessary enactments were in place and implementation was brought forward by 5 years, to 2003. There, Viet Nam became a member, Cambodia became an observer, and Myanmar became one the following year. In 1997, over 90% of total tariff lines were already in AFTA and average tariff rates were down by half to 6.38% from 12.73% in 1993. The Lao PDR and Myanmar became members of ASEAN in 1997 and Cambodia in 1999. The financial crisis then was gathering speed and the storm clouds were about to burst signalling the end of the Golden Years. How uncanny and yet wondrous the ways of nature.

Now, ASEAN is 50. What a remarkable achievement and what a great tribute to the Founding Fathers whose vision, faith, and courage were a constant inspiration to those who have built ASEAN to what it is today.

I feel privileged and very humbled that I was able to play a very small role in the evolution and development of ASEAN.

ABOUT THE AUTHOR

Ajit Singh was born and educated in Malaysia. He joined the Malaysian Foreign Service in 1963.

In a career spanning just over 30 years, he served in various positions in the Ministry of Foreign Affairs and at Malaysian Missions abroad in Canberra, Addis Ababa (Ethiopia), and New York. He was Malaysia's Ambassador in Viet Nam, Austria, Brazil (with concurrent accreditation to Bolivia, Colombia, Peru, and Venezuela), and Germany.

He was elected the first Secretary-General of ASEAN, which carries the rank of a Minister, and served a 5-year term from 1 January 1993 to 31 December 1997.

In recognition of his services, both the Lao PDR and Viet Nam awarded him their prestigious Friendship Medals in December 1997. He was also awarded the Panglima Setia Mahkota award, which carries the title of 'Tan Sri' by His Majesty the King of Malaysia at His Majesty's Official Birthday on 6 June 1998. The Government of Indonesia awarded him the 'Bintang Jasa Utama' in February 1999 in recognition of his work in ASEAN and in helping improve Malaysia-Indonesia relations.

After leaving the Secretariat, he joined the National Petroleum Oil Company, PETRONAS, where he worked as Director, International Business Ventures from August 1997 to October 1999. He left to help establish the Boao Forum for Asia in Hainan, China and was elected its first Secretary-General in February 2001.

Upon his return, he became the Advisor for India Business for IJM Corporation and is now a member of the Malaysia-India CEO Forum set up by the Prime Ministers of the two countries, the Advisor to the Malaysia-India Business Council, and Chairman of the Board of Trustees of Mercy Malaysia.

In early 2009, he was appointed to the then Indian Prime Minister's Global Advisory Council of Overseas Indians. In January 2011, the Government of India awarded him the Pravasi Bharatiya Samman Award, India's highest award recognition for an overseas Indian.



Leaders Matter



Ong Keng Yong

As ASEAN commemorates the 50th anniversary of its founding, it is timely to reflect on the not-so-commonly-discussed factors that brought about the accomplishments of this regional body in the last 5 decades. As has often been stated, ASEAN's achievements originated from the circumstances prevailing in Southeast Asia during the Cold War and the geopolitics of that time. In fact, a very important consideration in looking at the progress of ASEAN is the quality of the leadership in ASEAN and the vision of the leaders. It has been a remarkable interplay of respective national interests and the regional imperative.

The ideological underpinnings of the first generation of ASEAN Leaders, particularly their fear of being overwhelmed by the communists, moved them to come together and build a new organisation for the region to ensure their countries' political survival and economic development.

These leaders had calculated that having such a regional grouping would facilitate political support and material assistance from the United States to buttress its presence, which would contribute to the thwarting of the ambition of the Soviet Union in Southeast Asia. As Lee Kuan Yew, the founding Prime Minister of Singapore, put it, ‘every Southeast Asian would blanch at the prospect of having American influence displaced by the dominance of another great power. They assume that an American naval task force will continue to be in the region, a factor for regional stability, balancing the strength of the Soviet fleet in the Pacific and Indian Oceans, and safeguarding free access to the Gulf.’

From 1967 until the demise of the Soviet Union in 1991, the ASEAN Leaders of that era coalesced as a group to organise the nascent ASEAN into a useful body to preserve the nation states of Southeast Asia through an apparently neutral role in handling the intrusion of external powers with strategic interests in the region. The Vietnamese invasion of Cambodia in 1978 and the subsequent installation of the Heng Samrin regime in Phnom Penh pushed ASEAN Leaders into a concerted diplomatic initiative at the United Nations (UN). Their goal was to uphold the membership of erstwhile Democratic Kampuchea (DK) in the UN and to deny the Heng Samrin regime from usurping the DK seat at the UN. Speaking at an ASEAN meeting in Bali in June 1979, then Singapore Foreign Minister S. Rajaratnam argued: ‘Remember, if we don’t stand by the people of Kampuchea today, who will stand by us should we have to shout for help ourselves one day?’

The ASEAN Leaders gave different degrees of support in defence of DK, given the horrendous human rights violation of Pol Pot and his Khmer Rouge compatriots in the deposed regime in Cambodia. Yet, there was no doubt that the five founding members of ASEAN – Indonesia, Malaysia, the Philippines, Singapore, and Thailand – hung together for the collective strength to defeat Viet Nam and its proxies. Lee Kuan Yew was the first to write to then Thai Prime Minister Kriangsak Chamanan, also chair of ASEAN, to urge the organisation to stand united and steadfast in supporting DK and pressure Viet Nam to withdraw its troops from Cambodia. DK prevailed at the UN with ASEAN’s support.

Tackling the political and security threats faced by ASEAN was not enough. ASEAN Leaders realised this and soon started to concentrate on economic development to secure peace and stability in Southeast Asia. They articulated that for peace and stability to continue, it was essential to achieve economic growth, national prosperity, and increased links into the global value chain. In 1992, ASEAN Leaders signed the agreement to set up the ASEAN Free Trade Area. This was the formal beginning of ASEAN's persistent move to champion trade liberalisation and market opening as a key plank of the ASEAN agenda.

In the wake of the 1998 Asian financial crisis, ASEAN faced significant competition from the emerging economies of China and India. Foreign direct investment (FDI) into ASEAN shrank by two thirds, and aggregate economic growth dropped by 50%, in stark contrast to China's surging FDI, export, and gross domestic product (GDP) growth. Southeast Asia was seen as losing its competitive edge and ASEAN could no longer compete on low cost of production alone.

Against this backdrop, a few ASEAN Leaders persuaded their counterparts that it was necessary to do a well-researched competitiveness study. Cambodia, the Lao PDR, and Myanmar had newly joined ASEAN but believed that the leaders from Singapore and Malaysia were moving in the right direction by initiating this study. Subsequently, McKinsey & Company was commissioned to undertake the study on the region's competitiveness. To be sure, the ASEAN Leaders were ably assisted by their respective ministers and senior officials from the ASEAN Member States in this endeavour.

In essence, the McKinsey Report estimated that a fully integrated ASEAN could raise ASEAN GDP by 10%, while reducing the operational costs by up to 20%. The report stressed that Southeast Asia would lose out eventually as a result of the competition from India and China, and warned of dire consequences if ASEAN did not become competitive through economic integration. As a follow-up to the ASEAN Competitiveness Study by McKinsey & Company, a high-level task force was established by the ASEAN Economic Ministers to work on a set of recommendations on how to deepen regional economic integration. In fact, the task force recommended that the idea of an ASEAN Economic Community (AEC) be formalised as an end goal of ASEAN economic integration.

It was the Bali Concord II, adopted by ASEAN Leaders at the Ninth ASEAN Summit in October 2003, that marked the official start of ASEAN community building and ushered the grouping along an ambitious path towards creating the ASEAN Community. ASEAN community building did not stop in the economic arena. Different ASEAN Member States had different priorities and if there was to be any meaningful ASEAN community building, the different expectations of the diverse membership in the intergovernmental organisation had to be fulfilled. Indonesia saw itself as a significant leader in the Non-Aligned Movement and wanted more international security issues such as peacekeeping operations, non-proliferation of nuclear weapons, and ASEAN participation in tackling other global concerns to be included in ASEAN cooperation. The Philippines was concerned about social issues like movement of migrant workers and protection of vulnerable groups in the populations of ASEAN.

The 10 leaders who gathered at the Ninth Summit in Bali consisted of economists such as Goh Chok Tong and Gloria Macapagal-Arroyo, pro-business leaders such as Thaksin Shinawatra and Mahathir Mohamad, pro-development leaders like Megawati Sukarnoputri and Phan Văn Khải. However, they managed to overcome their respective preferences and national priorities to sign the Bali Concord II to launch ASEAN community building. The leaders persuaded each other into doing what was best for ASEAN as a collective entity. This demonstrated once again in stark terms that ASEAN is a leaders-led organisation. The ASEAN Leaders had the foresight and vision to do the strategic thing. Therefore, the two other pillars – ASEAN Political–Security Community and ASEAN Socio-Cultural Community – were added to the AEC. Among the three pillars, the AEC has attracted the most attention, with interest focused on the reason for its establishment and the feasibility of its realisation by the target date of 2020.

Goh Chok Tong, then Singapore's Prime Minister, remarked with regard to economic integration that 'we must have less talk, more action'. Along the same vein, then Thai Prime Minister Thaksin Shinawatra stated that 2020 was too far away for a more comprehensive integration plan: 'personally, I wish to see the ASEAN Economic Community[']s] achievements by earlier dates.' While Thaksin spoke of a very ambitious end date of 2012, Goh proposed 2015 as a more realistic target. Such a statement is indicative of the fact that Singapore and Thailand wanted ASEAN to move more quickly in the direction of economic integration. Eventually,

the competition for FDI was so intense that ASEAN Leaders decided in their summit meeting in the Philippines in 2007 to advance the goal of the ASEAN Community to 2015.

Then President Megawati of Indonesia spoke of the Bali Concord II as a 'watershed' in the history of ASEAN that would produce regional stability for the next two generations of ASEAN peoples. However, the road to community building was not one without obstacles. The implementation of the ASEAN Community was met with operational disagreement among ASEAN Member States. One such instance was when Indonesia proposed the establishment of a regional peacekeeping force to tackle situations of civil conflict and humanitarian crisis in the ASEAN Political–Security Community action plan. Indonesia's proposal was novel in the sense that ASEAN had never been a security body with military-to-military ties previously. As such, some ASEAN ministers voiced reservations about the regional peacekeeping force. To appreciate the difficulty encountered, it is germane to recall their key points of view.

Singapore's then Foreign Minister S. Jayakumar argued that ASEAN was the 'wrong entity to play a peacekeeping role', re-emphasising that ASEAN was not a security or defence organisation. These sentiments were echoed by Viet Nam's then Foreign Minister Nguyen Dy Nien who stated that it was 'too early' to consider establishing a peacekeeping force, and such a peacekeeping force would be fraught with difficulties because 'each country has its own policy about politics and the military.' Thailand's then Foreign Affairs Minister Surakiart Sathirathai also rejected the idea of a peacekeeping force. He was quoted by the Indonesian media as saying that it was unnecessary to form an ASEAN peacekeeping force because 'there is no conflict in the region which would need the mobilisation of such a force'. Then Philippine Foreign Affairs Secretary Blas Ople cited the failure of the Southeast Asia Treaty Organization and warned that it was important that the wider Asian community did not interpret the ASEAN Political–Security Community as a case of ASEAN 'ganging up against anybody'.

While the ASEAN Leaders were engaged in their vision of a community, they also minimised the potential of ASEAN becoming a supranational regional body. For example, they exercised deliberate caution in setting the mandate of the Secretary-General of ASEAN. The Secretary-General's role is not well defined even though there are several references in the

ASEAN Charter. Going forward, can we maintain this laid-back approach in institution building and stick to the limited role of the Secretary-General of ASEAN? To enable ASEAN to have a dynamic role in the rapidly changing regional environment and global situation, it is imperative to start thinking about how the role of the Secretary-General can be redefined in line with the need of the day. The Secretary-General must be able to respond quickly to the issue needing the attention of ASEAN Leaders and to initiate relevant partnerships with all stakeholders, such as non-governmental organisations, to rise to the occasion. Perhaps in the area of humanitarian assistance and disaster relief, the Secretary-General can be given more latitude to move fast in coordinating relief efforts across the region.

In terms of further developing ASEAN as an institution, the main issue is about budget and financial outlay. More innovative ways of raising funds for the ASEAN Secretariat should be considered. For instance, at the level of ASEAN tourism, anybody passing through ASEAN airports on international flights could pay a token surcharge incorporated into the cost of the air tickets. Another idea would be to issue ASEAN postage stamps so people can choose between buying the national stamp or ASEAN stamp. In case of the latter, money from the ASEAN stamp sales could stay within the ASEAN programmes of the respective member countries. Such proposals require further detailed deliberations. The point is to start the necessary discussions to provide more resources for the ASEAN agenda. ASEAN should not rely purely on annual contributions from its member states, and the generosity of ASEAN dialogue and development partners.

To conclude, the role of leaders in setting the ASEAN agenda is the key to ASEAN's success to date. There has been disappointment that the ASEAN leadership is late in responding to new challenges faced by the region. It is also unfortunate that initiatives to increase public awareness and support of ASEAN have been piecemeal and not too effective to date. Nevertheless, the fact is ASEAN has 10 diverse nations and views from them will always differ on various issues of ASEAN cooperation. At the same time, ASEAN Leaders have actually rallied together on threats against the existence of the organisation as an effective regional body. That has been the inherent strength of ASEAN since 1967.

ABOUT THE AUTHOR

Ong Keng Yong is Executive Deputy Chairman of the S. Rajaratnam School of International Studies at Nanyang Technological University in Singapore. Concurrently, he is Ambassador-at-Large at the Singapore Ministry of Foreign Affairs, non-resident High Commissioner to Pakistan and non-resident Ambassador to Iran. He also serves as Chairman of the Singapore International Foundation.

He was High Commissioner of Singapore to Malaysia from 2011 to 2014. He served as Secretary-General of ASEAN, based in Jakarta, Indonesia, in January 2003–January 2008.

He started his diplomatic career in 1979 and was posted to the Singapore Embassies in Saudi Arabia, Malaysia, and the United States of America (USA). He was Singapore's High Commissioner to India and concurrently Ambassador to Nepal from 1996 to 1998. From September 1998 to December 2002, he was Press Secretary to the then Prime Minister of Singapore, Goh Chok Tong. At the same time, he held senior appointments in the Ministry of Information, Communications and the Arts, and the People's Association in Singapore. From 2008 to 2011, he served as Director of the Institute of Policy Studies in the Lee Kuan Yew School of Public Policy at the National University of Singapore.

He graduated with a LLB (Hons) from the then University of Singapore and with an MA in Arab studies from Georgetown University (Washington, DC, USA).



ASEAN After 50 and Beyond: A Personal Perspective



Surin Pitsuwan

The world is now celebrating the Association of Southeast Asian Nations (ASEAN) at 50 with enthusiasm and high expectations for its continued prosperity and fulfilling its role as the fulcrum of the various parts of architecture of regional cooperation in the Asia–Pacific region. Politically and in terms of security, ASEAN has provided the wider region with a credible platform for consultations and exchanges amongst major players that have a direct interest in the stability and peace of the region once described as ‘the Balkan of Asia’. Over half of ASEAN’s 640 million people are now enjoying their ‘middle class’ status with rising purchasing power and sustainable growth with a total gross domestic product (GDP) of US\$2.5 trillion. They have participated in the production network for many industries relocated from around the world and have become lucrative markets for imported consumer goods. Their combined trade volume has

reached US\$2.6 trillion and foreign direct investment has been hovering around US\$130 billion–US\$150 billion a year. From its humble birth back in 1967, ASEAN has earned global recognition and contributed much to the cooperative evolution of the Indo–Pacific landscape.

Henry A. Kissinger observed that the Indo-Pacific region has many flashpoints and fault lines, but that there is no effective institution to manage looming crises if conflicts erupt. ASEAN is the only region-wide platform serving as a mechanism of consultation and reconciliation to avoid possible confrontations. This is precisely why power plays by major powers in this strategic landscape will inevitably play themselves out on the ASEAN stage. ASEAN’s challenge is whether it is willing or capable and ready to play that larger role.

In recent years, several factors have put much stress and imposed strains on the ASEAN platform. As such, the grouping would need to enhance capacity, streamline decision-making processes, reconfigure working processes, and adopt a new mindset of proactive engagement by moving away from the passive ‘ASEAN Way’ of the past 50 years.

Firstly, a more assertive China has undermined ASEAN’s long-held basic assumption that the grouping has always been solid on issues of external relations. In the past 2 decades, as a major ASEAN Dialogue Partner, China was courting ASEAN to gain trust and goodwill. ASEAN reciprocated with an olive branch, welcoming a peaceful rise of China. Maritime disputes with some ASEAN members were kept under wraps and economic relations developed in leaps and bounds. China now is the world’s second-largest economy and all ASEAN countries have become dependent on its market. With China having replaced the European Union, Japan, and the United States (US) as the grouping’s largest trading partner – as China has chosen to reconfigure its ties with its southern neighbours – ASEAN’s overall agenda has been frustrated, its normal practices have been altered, and its traditional solidarity has been disrupted.

Secondly, a seismic shift of emphasis in the global diplomatic landscape from multilateralism to bilateralism is challenging ASEAN and the ‘open regionalism’ approach it has practiced over the past 5 decades. ASEAN has grown from the original 5 members to all 10 countries of Southeast Asia, which has attracted attention and earned it respect from the international

community. The reason is simple: ASEAN is a multilateral entity, negotiating from a position of combined strength with one voice. It has enjoyed ‘convening power’ on strategic, political, security, trade, and other issues relevant to the regional agenda. The Trump administration has given strong signals to the international community that the rules of engagement with the US will be changed. The US preference would be for one-on-one bilateral deals, rather than for the ‘ASEAN Way’ of collective bargaining. Major powers will pick and choose when to engage with ASEAN either as a group or with each member separately. This new trend will have an impact on the grouping’s profile and bargaining power.

Thirdly is the recent anti-globalisation trend. ASEAN has benefited greatly from the waves of globalisation in the form of open trade, free flows of investment, relocation of manufacturing, effective transfer of technology, and human resource development. The ASEAN members are the star witnesses to the positive and productive gains of liberal trade rules and freer flow of capital. They have adapted and tamed the force of globalisation to their advantage. Over half of its population is now in the middle-income category, with a higher quality of life, consuming goods and services from abroad, and ASEAN Member States have become export-oriented economies. The recent phenomena of withdrawal from commitments on global trade deals, Western economies pulling back investment, rising protectionist trends, and an emphasis on ‘my country first’ are potentially damaging to the ASEAN approach of welcoming and accommodating trade and foreign investment. Foreign direct investment is likely to shrink and markets are showing signs of fatigue for foreign goods.

Fourthly, ASEAN has relied too much on foreign contributions to its own growth to the point that it has neglected development of its own science, technology, and innovation. This modality of economic development served ASEAN well with capital, management, and technology from abroad with eventual goods and services exported back to the countries of origin or the global market at large. But this could be an Achilles heel for ASEAN going forward. Except Singapore (spending around 2% of its GDP on research and development), none of the ASEAN Member States spend a significant amount on this critical area for future economic growth. All of the ASEAN Member States are at risk of being caught in the middle-income trap, as they are unable to progress to the high-income category due to their lack of a scientific and technological base.

Fifthly, the political vehicles that have brought prosperity and buoyancy to ASEAN are all in need of reform. Strong and personalised leadership bordering on authoritarianism and centralised bureaucracy are characteristics of all the ASEAN countries. Political stability and stable policies in older member states like Thailand, Indonesia, the Philippines, Malaysia, and Singapore have attracted foreign investment to help propel economic growth and industrialisation. Now that there is a higher level of economic complexity and political awareness amongst the population is rising, the political structures need to be reconfigured to allow greater participation, transparency, accountability, and the rule of law. Social media and the younger generation want more space for themselves to shape and mould the future of their countries in a way different from previous generations. If ASEAN has acquired its present status of respect and admiration thanks to strong leadership figures, the next half-century of the journey would require fuller participation by its people, which could prove problematic for some member countries.

Way Forward for ASEAN

The global community has changed dramatically after ASEAN's inception half a century ago. Competition with other emerging economies has become fiercer. In the past years, India, China, Africa, and Latin America have been diverting foreign investment from the region and the trend will continue. The force of globalisation has enabled all traders and investors from all corners of the world. For the ASEAN Community to prosper and promote the well-being of 640 million people, some constructive steps could be taken.

Firstly, all ASEAN members must deliver on the agreed commitments. ASEAN prides itself on having established most of the legal instruments set out in the Charter of 2007 and the various blueprints. But what is lacking is the will to implement those instruments at the national levels. In the past, we made do with accommodation and collegial compromises. This ASEAN way of procrastination and evading responsibility will not work in future. The global community would like to see promises delivered. As one integrated market without barriers, tariff or non-tariff, the ASEAN Community must provide access to all investments in member countries.

Frequent delays and missing of deadlines have reduced creditability of the ASEAN Community and the regional business community. Intra-ASEAN trade is around 24%–25% and trade with non-ASEAN countries about three times higher.

Secondly, there is an urgent need for solidarity in ASEAN's posturing towards external partners. There will be increasing pressure to divide the grouping, given the preference of external powers to deal with the ASEAN Member States on a bilateral basis as they would have more power to extract concessions. Whether in strategic and security matters, trade negotiations, or on other issues on the global agenda, ASEAN needs a more common and more solid front than it has shown so far. Signs abound that when East Asia has become more important to the world than before in all areas of global interactions, ASEAN as the fulcrum of power play will be coveted for strategic interest of external powers. If ASEAN succumbs to these pressures, it will lose all the global trust and confidence it has carefully cultivated over the past 5 decades. There is a common desire for ASEAN to develop and present one united response to the myriad global issues and challenges. Putting this into practice is now a matter of urgency.

Thirdly, the imperative of popular participation will gain wider support from an increasingly aware and prosperous constituency in ASEAN. The Charter calls for building a 'people-oriented organisation' with adherence to the principles of democracy and respect for human rights. So far ASEAN has been driven by leaders and diplomats, drawing bargaining power from the profile of the regional grouping. As each country has gone through its own evolution and transformation, more people from all levels of their societies would want to take part and contribute more to the future course of this regional body. They would sooner or later find out that some member states are benefiting more than others from the ASEAN Community. They would also inevitably find out that for them to benefit as much, some reforms of political governance and economic management would be required. Without such reforms – and some would be painful – inequity amongst member countries would remain. This would lead to demand for change and reform at the national level, which would be best managed by a more open democratic system. Some ASEAN members are still resisting this imminent trend emerging from the grass-roots level.

Fourthly, if anti-globalisation sentiment continues, liberal trade would be curtailed, foreign investment would shrink, most of ASEAN's traditional markets would turn inward with aversion to foreign imports, and the region would only have itself to rely on. This is why a widening of regional economic integration to include other larger economies, closer to us and important to our success and survival, will become another urgent agenda. The ASEAN Regional Comprehensive Economic Partnership (RCEP) with six other regional trading partners – China, Japan, the Republic of Korea, India, Australia, and New Zealand – must be the front runner with a sense of regional urgency, turning existing bilateral trade agreements into one encompassing trading entity. As protectionist tendencies grow outside the region, it is only prudent to consolidate the base for a closer economic community.

Fifthly, as the need for infrastructure financing increases, and with ASEAN having embarked on its own connectivity master plan with a view to facilitating transport of people and goods across the ASEAN landscape, there is a need for mobilising ASEAN's resources. The combined foreign exchange reserves of all the ASEAN members currently exceed US\$1 trillion. Indeed, a mere 10% of the combined reserves would go a long way in bridging the funding gap that now exists in the Master Plan on ASEAN Connectivity. This could be in the form of concessionary loans to member states who need to finance their own parts of the plan. Furthermore, if each country would agree to put a portion of its foreign exchange reserve into a fund for a trusted Asian Development Bank to manage, it would increase the chances of expanding connectivity in ASEAN. As such, ASEAN would be less dependent on external funding sources for its members' own infrastructure development.

Conclusion

ASEAN has survived many challenges to its resilience and existence over the past 50 years. But the next few decades will see formidable threats from the changing landscape of the global community. The only prescription for survival is greater cohesiveness in its community coordination and more innovation in managing its much-heralded past accomplishments.

Competing external powers will demand a high sense of solidarity amongst the ASEAN members. Only its combined resources and strength would enable it to survive in this uncertain and fractured world. There will be temptations for individual member states to pursue their self-interest in the face of contending pressures being piled upon the ASEAN platform. A phrase from the ASEAN Declaration heralding its birth back on 8 August 1967 could give inspiration to the current ASEAN Leaders deliberating on the road map for the next 50 years:

... the Association represents the collective will of the nations of South-East Asia to bind themselves together in friendship and cooperation and, through joint efforts and sacrifices, secure for their peoples and for posterity the blessings of peace, freedom and prosperity.

Much has been accomplished, but so much more remains to be done. The second half of the first century of ASEAN will require the full ownership, the active participation, and the meaningful contributions of all its peoples. For ASEAN, from its inception, has been a 'collective will' and a common aspiration of the peoples. It was meant to be a democratic construct. The next generation of leadership cannot deviate from that sacred path of the first 50 years.

ABOUT THE AUTHOR

Surin Pitsuwan is a native of Nakorn Sri Thammarat, Southern Thailand. He holds an MA and PhD in political science and Middle Eastern studies from Harvard University.

After completing his education in the United States, he returned to Thailand to assume a teaching position at Thammasat University. He successfully ran for Parliament 2 years later. As a Member of Parliament, he was appointed Secretary to the Speaker of the House of Representatives, Secretary to Deputy Minister of Interior, Deputy Minister for Foreign Affairs, and Minister of Foreign Affairs. He served as chair of the ASEAN Ministerial Meeting and the chair of the ASEAN Regional Forum. While ASEAN Chair, he led the efforts to get Southeast Asian governments to help restore law and order; that undertaking – supported by the United Nations and the international community – brought about peace and security in East Timor.

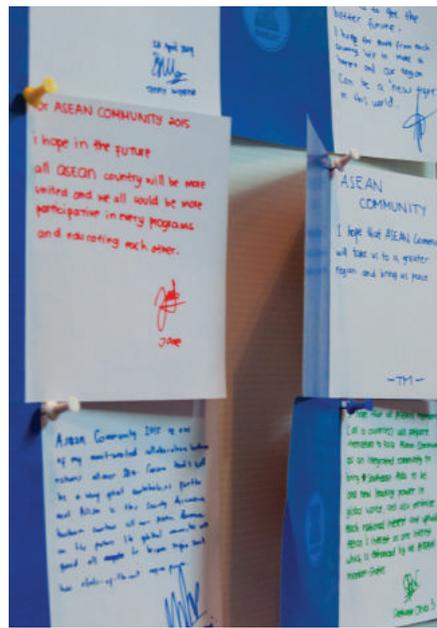
Upon leaving the foreign affairs portfolio in mid-2001, he was appointed Member of the Commission on Human Security of the United Nations. He also served as an Advisor to the International Commission on Intervention and State Sovereignty and on the International Labour Organization's World Commission on the Social Dimension of Globalization until 2004. He was appointed Member of the National Legislative Assembly before assuming his post as Secretary-General of ASEAN from 1 January 2008 until 31 December 2012. During that period, he was tasked to implement the ASEAN Charter and prepare the region to enter into the ASEAN Community in 2015.

He is now engaged in the promotion of regional integration in East Asia, and educational and political reform efforts in Thailand. He is also on the board and council of many international organisations concerned with human rights and democratisation, and a frequent speaker at various international conferences.



ESSAYS: MINISTERS AND SENIOR OFFICIALS







ASEAN Free Trade Agreement: A Major Milestone in the 50 Years of ASEAN



Narongchai Akrasanee

In its 50 years of existence, ASEAN has had a number of milestones. Its decision to adopt the ASEAN Free Trade Agreement (AFTA) in January 1992 was a major milestone that ASEAN reached, after which the process of ASEAN's becoming a community was accelerated, and was reached in 2015.

How ASEAN got to the AFTA milestone is the subject of this essay.

ASEAN was set up in 1967 mainly for political reasons. It was meant to be an institution to prevent communism from spreading to Southeast Asia. Economic cooperation was minimal at first.

At the end of the Viet Nam War in April 1975, with the Socialist North Vietnam having won the war, the ASEAN-5 held a summit in Bali, Indonesia, in 1976, followed by another summit in 1977 in Kuala Lumpur, Malaysia. At these summits, economic cooperation schemes were highlighted, as ASEAN was expected to be more unified by stronger integrated economies. The Preferential Trading Arrangements and the ASEAN Industrial Projects were two of the schemes adopted. But not much came out of these schemes after 1977.

Then the oil crisis hit the world in 1979, with most economies adversely affected by the high oil prices, particularly the United States (US) as it was the world's biggest importer of oil at that time. Most countries, including in ASEAN, experienced slow growth in the early 1980s. Drastic changes happened in the world economy, culminating in the major realignment of exchange rates – particularly between the US dollar and the Japanese yen and German mark – in what is known as the Plaza Accord of September 1985.

During this period, the ASEAN governments decided to strengthen ASEAN by means of cooperation, so it could be more competitive in terms of trade and investment. The ASEAN Task Force was created in 1985, composed of three members from each ASEAN country. I was part of a three-member team from Thailand. Another member from Thailand was Khun Anand Panyarachun, who was invited to head the task force.

The task force spent about 6 months conducting the study, travelling, and consulting with all parties and stakeholders before it came up with a report in 1986 with a number of recommendations. One of these was the proposal for an ASEAN Free Trade Agreement. The report was to be discussed at the ASEAN Manila Summit in 1987. But the People Power Revolution in the Philippines in 1986 resulted in the summit being the shortest ever, leaving no time to discuss the report.

From 1988 to 1990, the recommendations included in the Task Force Report were discussed, but not much action was taken.

Then a historical accident occurred in February 1991 in Thailand: a coup d'état to take over the power from the elected government of Prime Minister Chatchai Choonhavan. The coup d'état might not be an accident, but what followed could be viewed as an accident as far as ASEAN was concerned.

The junta, having taken power but not wanting to run the country, invited Khun Anand Panyarachun, the head of the ASEAN Task Force, to be the next Prime Minister.

In July 1991, Prime Minister Anand and Singapore Prime Minister Goh Chok Tong in a meeting came up with the idea of AFTA. At that time, ASEAN was in the process of liberalising trade by using the concept of the Common Effective Preferential Tariff (CEPT) and avoiding the use of the words 'free trade'.

Thailand was to lead the move to set up AFTA and Prime Minister Anand appointed a team headed by Minister of Finance Suthee Singhasaneh to do the job. The reason for his selection was that if the ministry he was heading did not agree with the idea of reducing tariff rates, then there would be no free trade.

The team first developed the AFTA concept paper before spending the month of September in 1991 travelling through ASEAN capitals to seek support for the idea. We met Deputy Prime Minister Lee Hsien Loong of Singapore, Trade and Industry Minister Rafidah Aziz and Finance Minister Anwar Ibrahim, both of Malaysia; Finance Minister Jesus Estanislao of the Philippines; and Trade Minister Arifin Siregar and Minister Coordinator Hartarto, both of Indonesia. Everywhere, the meetings were easy and smooth, except in Indonesia where a little bit of persuasion was needed. Minister Hartarto did not like the concept of free trade at first, preferring instead the CEPT. I then presented AFTA with the CEPT, by defining the CEPT rates of 0%–5% to be free trade rates. Member countries were to reduce their tariff rates to 0%–5% in 15 years with the option of timing. The ones starting late would have fewer years to go down to 0%–5%. Still, no one agreed to the use of 'free trade'.

The ASEAN Economic Ministers Meeting in Kuala Lumpur on 7–8 October 1991 was to make the final decision whether to accept AFTA. I was to present the proposal, with emphasis on the words ‘free trade’. After my presentation, Minister Rafidah, who chaired the meeting, asked Minister Hartarto for his comment, particularly on calling the agreement AFTA. After a brief but suspenseful moment, he answered, ‘Indonesia agrees’. The rest is history.

AFTA was entered into officially at the Singapore ASEAN Summit in January 1992, only 7 months after the initial meeting between Prime Minister Anand and Prime Minister Goh. When its implementation was started in 1993, AFTA’s time frame was eventually shortened from 15 to 10 years. Now AFTA is in full operation, with flexibility allowed for ASEAN’s new members, which are Cambodia, Myanmar, Viet Nam, and the Lao People’s Democratic Republic. The agreement became a unifying factor for the ASEAN-10.

In retrospect, AFTA came into being not just because it was a historical accident. The global trade environment was moving towards multilateral trade liberalisation at that time. The General Agreement on Tariffs and Trade–Uruguay Round which began in 1986 was approaching conclusion by 1991. So, ASEAN, having to go along with the Uruguay agreements, had to be prepared. AFTA was a natural testing ground for multilateral trade liberalisation.

Another factor for AFTA’s success was the ASEAN leadership at the time. It was the era of strong leadership in Indonesia. As I often observe, ASEAN can go only as far as Indonesia allows it to go. So, when Minister Hartarto said ‘Indonesia agrees’, the rest became history. But what made him utter those words on 8 October 1991 in Kuala Lumpur remains a mystery.

ABOUT THE AUTHOR

Narongchai Akrasanee, a Thai economist and technocrat, is known for his continuous involvement in the economic development of Thailand in many capacities, and in the affairs of ASEAN and the Asia-Pacific Economic Cooperation (APEC) forum.

He held a number of positions in the Thai government, including as Advisor to several Thai Prime Ministers, Minister of Energy, Minister of Commerce, Senator, and Member of the National Legislative Assembly.

He has worked on ASEAN and APEC affairs all along, being an initiator of the ASEAN Free Trade Area and the APEC Leaders Meeting. He has also served as the Chairman of the Thailand Committee for the Pacific Economic Cooperation Council.

In the private sector, he is on the board of several publicly listed companies in Thailand, including MFC Asset Management Plc. and Ananda Property Development Plc., and he is an Independent Non-executive Director of AIA Group Limited, Hong Kong.

He served as a member of the board of many Thai public institutions including the National Economic and Social Development Board, Board of Investment, Bank of Thailand, Securities and Exchange Commission of Thailand, and the Insurance Commission. He was also Chair of the Export-Import Bank of Thailand.

Holder of a PhD in economics from Johns Hopkins University, he has a keen interest in education and research. He is the founding member of the Thailand Development Research Institute and is Chair of the Khon Kaen University Council.



My ASEAN Story



Delia D. Albert

‘ASEAN will survive because it is ours.’ This was how the Philippines’ Secretary of Foreign Affairs Narciso R. Ramos, speaking to his immediate staff in the Department of Foreign Affairs (DFA), expressed his optimism on the future of ASEAN after signing the Bangkok Declaration that founded ASEAN in August 1967.

My own ASEAN story began in February 1967 when I joined the DFA as a foreign service staff officer. My first assignment was to serve as the social and appointments secretary to Secretary Ramos, one of the five ‘founding fathers’ of ASEAN. I was told that I was chosen to work in his office because of my ability to convey a diplomatic ‘No’ in different languages.

As such, I acted as ‘cordon sanitaire’, screening his callers and ensuring a productive, well-spent day for a much-sought-after official of the government. It was a privileged position as it gave me access to foreign policy issues of national and international relevance as well as into the thinking of a highly experienced diplomat as Secretary Ramos.

Moreover, it gave me a unique opportunity to learn how the foreign service of the Philippines worked and, more importantly, how foreign policy was crafted and implemented to serve the country’s interests. It was a unique experience which, in hindsight, prepared me to face and surmount the many challenges in the course of my 4 decades of diplomatic work, including my own term as Secretary of Foreign Affairs.

Soon after I joined the DFA, I found myself in the midst of active discussions among senior officials from relevant government entities, including the Office of the President, on the growing challenges to the peace and stability of the Southeast Asian region and the urgent need to address them jointly and collectively with other countries. From them I also learned that attempts were made earlier to address bilateral issues that arose between neighbours in the region following the end of colonial rule, the devastation wrought by World War II, and the complex and daunting challenges that individual countries faced after independence.

In efforts to address these bilateral issues, Malaysia, Thailand, and the Philippines created the Association of Southeast Asia (ASA) in 1961. In 1963, this was followed by MAPHILINDO (Malaysia–Philippines–Indonesia), which added Indonesia to the dialogue between Malaysia and the Philippines. However, the objectives of both groups were not responsive enough to the bigger and more threatening challenges of the time. The region was caught in the throes of the ideological division created by the ‘Cold War’ being played out at the doorstep of Thailand in the Indochinese peninsula as well as the impact of the revolution raging in neighbouring China. These were among the political and security imperatives that the leaders of the region agreed to address. Danger appeared to be too close for comfort and the DFA was in the forefront and a major player in the search for solutions.

Other groups initiated by countries outside the region, like the Southeast Asia Treaty Organization (SEATO) and the Asian and Pacific Council (ASPAC), also met to address brewing challenges to the security

of the region. However, the growing desire not to be influenced nor held hostage by either of the competing ideologies was gaining ground in the region, particularly in the wake of the historic Bandung Conference of nonaligned nations that Indonesia hosted in 1955.

Meanwhile, the five Southeast Asian Foreign Ministers – Adam Malik of Indonesia, Tun Abdul Razak of Malaysia, Rajaratnam of Singapore, Thanat Khoman of Thailand, and Narciso Ramos of the Philippines – continued to meet bilaterally even after the end of ASA and Maphilindo. I monitored closely and with great interest their numerous meetings as I had to ensure that the Secretary met all scheduled appointments. These meetings culminated in the momentous gathering in Bangkok, Thailand where they signed the agreement to form the Association of Southeast Asian Nations or ASEAN. They highlighted the need to work together, build stronger political cooperation, and draw the peoples of the region closer to each other through economic and other forms of cooperation. There was comfort to be gained in numbers. While the Bangkok Declaration spoke of economic cooperation, what was foremost in their minds was collective action to face the escalating challenges to the peace and stability of the region.

Secretary Ramos returned from Bangkok fully convinced that the effort to widen and tighten the circle of friendly nations surrounding the Philippines was the best strategic option for the country. His statements following the signing of the declaration signalled his deep belief that ASEAN would be the core of Philippine foreign policy, a vision that has held true to this day and which has guided me consistently in my own diplomatic career. However, he also recognised the importance of addressing existing territorial boundary issues if ASEAN were to move forward. For the Philippines and Malaysia, this meant their overlapping claims over the territory of Sabah. The Indonesians had their *konfrontasi* with Singapore while the southern border between Thailand and Malaysia posed some problems.

In an effort to find a solution that would be acceptable to the Philippines and Malaysia, Secretary and Mme Ramos invited Malaysian Deputy Prime Minister Tun Abdul Razak (who was concurrently Foreign Minister), his wife, and immediate diplomatic staff to visit Baguio City, which happens to be my hometown. Baguio was a congenial setting; it reminded the guests of the Cameron Highlands in Malaysia because of its cool and invigorating climate. The friendship that grew between the two ministers extended to

their spouses and staff, making discussions over the highly controversial subject of Sabah constructive and less confrontational. Witnessing and participating in the friendly dialogue between Secretary Ramos and Deputy Prime Minister Razak was indeed a unique opportunity and privilege for me. It left me with a tremendous impression that personal relationships play an important role in international relations. It was a lesson I tried to practise throughout my diplomatic career.

It was also my first exposure to the ‘golf diplomacy’ in ASEAN, which I later realised was a hallowed practice in most ASEAN meetings, especially among the men. In time, I had to take up the game myself in order not to miss the important discussions that took place on the golf course. In a sense, the game provided the space for colleagues to get to know and feel comfortable with each other and made discussions more constructive at formal meetings. Golf sessions were enjoyed mainly by the senior officials during the so-called ‘documentation day’ when the working-level staff were hammering out documents to record the minutes of the meetings.

Soon after the retirement of Secretary Ramos, I was posted at the Philippine Mission to the United Nations (UN) in Geneva where I first experienced being in the working group of the ASEAN Missions to the United Nations Conference on Trade and Development (UNCTAD), where ASEAN ambassadors played leading roles in the Asian Group in the Group of 77 developing countries.

The growing attention of the UN to ASEAN became evident in a 1972 UN report recommending to intensify intra-ASEAN economic cooperation. Based on the UN study, the Philippines and Singapore suggested to ASEAN Leaders at their 1976 Summit in Bali the creation of an ASEAN common market. However, due to the big differences in the levels of economic development among the ASEAN members, the idea failed to prosper. It was only in 1992 that ASEAN Leaders finally agreed to create the ASEAN Free Trade Area. Due to the sensitivity of the issue, it was decided that a highly respected leader make the proposal to avoid strong objections. It was a timely decision reached in the proverbial ‘ASEAN Way’.

In 1974, the Philippines made a strategic decision to open diplomatic relations with countries ‘behind the Iron Curtain’ in Eastern Europe. I was sent to pave the way for the move. It was heart-warming for me to find

the well-established Indonesian embassies in Romania, Hungary, and the German Democratic Republic, who, treating us like long-lost relatives, were most helpful and welcoming. The shared spirit of ASEAN helped us to get over the many challenges we faced in establishing diplomatic posts in centrally planned economies, a system which was completely foreign to us at that time. It was a good example of regional cooperation transported beyond the geographic limits of ASEAN.

On my return from my European posts, I was appointed Assistant Secretary for ASEAN Affairs in the DFA (1992–1995), an office that served as the ASEAN National Secretariat of the Philippines. As provided for in the ASEAN Declaration, the national secretariat in each member country was led by a director general, generally referred to as DG, and charged ‘to carry out the work of the Association on behalf of that country and to service the Annual or Special Meetings of Foreign Ministers, the Standing Committee and such other committees as may hereafter be established’.

I value those 4 years as the most professionally educational period in my diplomatic career. I learned not only to think of narrow national interests but also to consider what was right and good for the region. To do this, I closely studied the history of each member country in an effort to understand and ultimately appreciate the country’s culture and why its people think and behave the way they do. It was inspiring that we in the region shared many interests, seriousness of purpose, and a keen desire to contribute as much as we could in building ASEAN. I nurtured close ties with the DG of Thailand, Laxanachantorn Laochapan. By strongly and consistently supporting each other, we managed to succeed in attaining most of our initiatives, sometimes to the consternation of our male colleagues, as we represented the ‘majority of two’ in our group of six DGs.

This was one of the many negotiating skills I learned in a multilateral setting. One had to think both vertically, about one’s own national position, and horizontally, by considering the views of the others, and to cultivate the support of like-minded persons whose country shared with us similar interests.

I admit there were inevitable differences that surfaced which the DGs had to surmount. This was to be expected. The diversity of interest, historical background, culture, language, and even eating habits surfaced now and then. But a larger interest – the greater good for the greater number – ultimately won the day.

The meetings did not always deal with solemn matters but even these had the value of fostering familiarity and ease among us. We even had serious discussions on changing the logo of ASEAN which then consisted of six rice stalks bound together. There was a thought that with membership extended to 10, the stalks would make the logo look like a fat lady tightening her belt. Fortunately, reason won the day and we retained the original rice stalks.

In time, I experienced something of what Professor Estrella Solidum of the University of the Philippines wrote in an article when she described how each of the original ASEAN members would react to an agenda item during an ASEAN meeting.

Typically, she said, in the spirit of cooperation, everyone would initially agree to the tabled agenda. The Philippines, known to be ‘legalistic’ in its approach to issues, would ask for the ‘legal basis’ of an action. Indonesia would ask for the ‘principle’ behind the action, bearing in mind the *panjasila* principles that are the philosophical basis of the Indonesian state. Malaysia would ask for time to refer the matter to the ‘home government’. Thailand would prefer to refer the issue to ‘committees’, while Singapore would ask, ‘What do we get from it anyway?’

During my term as DG of ASEAN Philippines, I coordinated ASEAN–European Union (EU) and ASEAN–New Zealand relations during the chairmanship of the Standing Committee of the Philippines. The rotating chair in ASEAN wields a certain amount of influence over group decisions. I had, for instance, the opportunity to initiate ASEAN–EU projects for the Philippines, such as the Centre for Biodiversity now located in Los Baños, Laguna.

The growing importance of ASEAN was eventually recognised by China which in 1992 invited us, the ASEAN DGs, to start the dialogue relationship with projects in science and technology. It was my introduction to a China that was making great strides in addressing socio-economic challenges as it systematically and consistently opened itself to the world. Twenty-five years later, I was privileged to participate in one of the many activities to celebrate the anniversary of the ASEAN–China Dialogue partnership.

I also participated in the opening of ASEAN relations with India following rather difficult discussions with other members of the South Asian Association for Regional Cooperation (SAARC).

In 2003, to my great surprise, I was appointed Secretary of Foreign Affairs of the Philippines after a 36-year career in diplomacy. This made me the first woman career diplomat to become a Foreign Minister in ASEAN and in the rest of Asia. I then joined the Foreign Ministers in the ASEAN Standing Committee, which was the link or ‘neck’ that connected the ASEAN body to the Heads of State.

Having witnessed and experienced the early, albeit crucial, formative years of ASEAN gave me the confidence to take over the leadership of the DFA. I was familiar with most of the ASEAN colleagues not only in the region but with ASEAN’s Dialogue Partners, having met them in hundreds of ASEAN meetings.

In the intervening years, I served as Ambassador to Australia, a strong, active, and dedicated partner of ASEAN, where the Canberra ASEAN Committee connected very well with the host country. Individually, we addressed our bilateral interests; collectively, we effectively promoted our regional interest.

In Germany, where I served in the capitals of Bonn and Berlin, I had the opportunity to work closely with German Foreign Minister Hans-Dietrich Genscher, to whom I had the honour of giving the title ‘Father of ASEAN–EU relations’ in recognition of Germany’s initiatives in supporting ASEAN–EU relations at all levels.

As ASEAN celebrates its 50th anniversary, I feel it is time to share with the wider Filipino community the knowledge and experiences of Filipinos who were privileged to serve not only in the ASEAN Secretariat in Jakarta but also of the hundreds of Filipinos who have participated in ASEAN-related activities. To this end, I have initiated the formation of the ASEAN Society of the Philippines to serve as public space to raise the level of awareness of ASEAN among the population as well as serve as a link to connect the three pillars of the growing ASEAN Community, the building of political–security, economic, and socio-cultural cooperation in our home region.

It is my way of celebrating the much-valued peace dividend that has given the member countries of ASEAN the space to evolve as an Association of Energetic and Ambitious Nations.

ABOUT THE AUTHOR

Delia Domingo Albert is the first woman career diplomat to become Secretary (Minister) of Foreign Affairs in Asia. She represented the Philippines in Switzerland, Romania, Hungary, the Federal Republic of Germany, and the Commonwealth of Australia.

As Chair of the United Nations Security Council in 2004, she introduced the agenda ‘The Role of Civil Society in Post-Conflict Peacebuilding’.

She attended the University of the Philippines, the Institute of International Studies in Geneva, the Diplomatic Institute in Salzburg, Boston University Overseas in Bonn, and the J.F. Kennedy School of Government at Harvard University, among others.

The Philippine Women’s University conferred on her an honorary Doctor of Humanities for building a gender-fair society and was awarded ‘Most Distinguished Alumna of the University of the Philippines’ in 2012.

For her exceptional service to the country, she was conferred the Order of Sikatuna rank of Datu and the title of *Bai-A-Rawatun sa Pilimpinas* for assisting Muslim women in their search for peace and development. She received the Knight Commander’s Cross of the Order of Merit with Star (*Bundesverdienstkreuz*) from the Federal Republic of Germany and the single award to celebrate 70 years of Philippines–Australia relations from the Government of Australia.

She is a member of the advisory board of the Institute for Cultural Diplomacy in Berlin, the Asian Institute of Management, the Global Summit of Women, the Business and Professional Women Philippines, and other women’s groups.

Currently she is Senior Adviser to SGV & Co/Ernst & Young Philippines.

She is married to Hans Albert, and is mother to Joy and Arne Jerochewski and grandmother to Oskar.



A Future-Proof ASEAN



Rafidah Aziz

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).



Working with the ASEAN Secretariat: A 3-Year Journey



Alicia dela Rosa-Bala

When I reported to the ASEAN Secretariat as Deputy Secretary-General for the ASEAN Socio-Cultural Community (ASCC) Department in September 2012, it was 3 years before the official launch of ASEAN integration. Prior to my posting, I was the Philippines' focal point for the Senior Officials for the Socio-Cultural Community and the Senior Officials for Social Welfare and Development.

The ASCC is the heart and soul of ASEAN as the issues and concerns under the different sectors of this pillar directly affect ASEAN people. The sectors include health, education, environment (which covers climate change, transboundary haze pollution, biodiversity, peatland, etc.), labour and migrant workers, civil service, disaster management and humanitarian

assistance, rural development and poverty eradication, social welfare and development (which include children, the elderly, persons with disability, among others), women, youth, science and technology, information, arts and culture, and sports.

One of the most challenging concerns confronting the region is its vulnerability to natural disasters (typhoons, floods, earthquakes, landslides, draughts, tsunamis, etc.) and impacts of climate change. In 2013, the Philippines experienced the fury of Typhoon Haiyan (locally named Yolanda), the strongest typhoon to hit the country and the strongest ever recorded in the world. Although the regional body has the ASEAN Agreement on Disaster Management and Emergency Response, the typhoon was a test for it. Prior to the typhoon's landfall, the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management (AHA Centre), which was tracking and monitoring the movement of Haiyan and providing updates to the members of the ASEAN Committee on Disaster Management, fielded two of its staff in Tacloban City, Philippines, to set up an office and a communications system.

As a result of ASEAN's experience when Cyclone Nargis hit Myanmar in 2008, the Secretary-General was designated by the ASEAN heads of state as the body's humanitarian assistance coordinator. We later defined the Secretary-General's terms of reference for this designation which were adopted by the ASEAN Summit.

In the light of disasters affecting ASEAN peoples, the Assistance for the Recovery of Yolanda-Affected Areas project was conceptualised to bring ASEAN closer to the people. Thus, for the first time, the ASCC Department, in coordination with the Committee of Permanent Representatives to ASEAN, convened in Jakarta a pre-conference with Dialogue and Development Partners to mobilise resources in support of the rehabilitation efforts in the Philippines. This was followed by a national conference in Manila with ASEAN, the Department of Foreign Affairs of the Philippines, and the Office of the Presidential Assistant for Rehabilitation and Recovery as co-convenors. Participating were Dialogue Partners, development organisations such as United Nations (UN) bodies, the Asian Development Bank, the World Bank, regional non-governmental organisations, local chief executives, and members of the diplomatic corps of ASEAN Member States. One component of the recovery project was 'Adopt a Municipality

for Resilient Recovery’. It was implemented in four areas each in Leyte and Iloilo provinces. With the local governments and the support of a team of consultants, this component produced documents on a comprehensive land use plan that integrated disaster risk reduction management, the first-ever plan in the Philippines with the said feature. As the first ASEAN project carried out directly with the local communities, it facilitated the enhancement of systems, infrastructure, and capacities of the communities through the integration of the concept of ‘building back better, safer, and smarter communities’, and served as model for resilient recovery efforts in the region and in the world. Moreover, the Senior Officials Meeting for Culture and Arts (as an initiative to concretise the Hue Declaration on Culture for ASEAN Community’s Sustainable Development) also mobilised its funds to support the restoration of a church and the livelihood of indigenous groups under the School of Living Traditions, also the first of its kind. In 2015, the ASEAN Summit adopted the Declaration on Institutionalising the Resilience of ASEAN and Its Communities and Peoples to Disasters and Climate Change, acknowledged globally as the first regional initiative in response to the Sendai Framework for Disaster Risk Reduction 2015–2030 adopted at the Third UN World Conference on Disaster Risk Reduction in Sendai, Japan, in March 2015.

To protect ASEAN peoples from the impacts of financial crises, disasters, health concerns, and other factors, the ASEAN Summit adopted the Declaration on Strengthening Social Protection in the region, a cross-sectoral effort involving the following sectoral bodies: finance, development planning, labour, health, agriculture, social welfare and development, disaster management, rural development and poverty eradication, and women. Supporting this is the Regional Framework and Action Plan to Implement the ASEAN Declaration on Strengthening Social Protection in the region, adopted during the 27th ASEAN Summit in 2015.

In the area of women and children, all ASEAN Member States are party to the Convention on the Elimination of All Forms of Discrimination against Women and the Convention on the Rights of the Child. To fully concretise the said commitments of the member states, the ASEAN Commission on the Promotion and Protection of Rights of Women and Children formulated the Declaration on the Elimination of Violence against Women and Elimination of Violence against Children which was adopted at the ASEAN Summit in 2013.

In the area of health, the ASEAN Member States are very proactive in responding to emerging concerns such as Ebola virus, re-emergent malaria, communicable and non-communicable diseases such as HIV/AIDS, and anti-smoking. Other continuing challenging concerns under the ASCC are transboundary haze pollution and migrant workers. A number of areas are not covered here due to space limitations of this paper.

Let it be said that we acknowledge the support of our Dialogue and Development Partners in all our initiatives under the ASCC.

As we were preparing for the end of the ASCC Blueprint 2019–2015, my team conducted a midterm review in 2013 to determine the extent of the implementation of the action lines. We completed the review through the support of Brunei Darussalam as the ASEAN Chair in 2013 and the mobilisation of the ASEAN Development Fund. The results showed that almost 86% of the actions were achieved, although some salient findings revealed low awareness among government officials of the ASCC, limited financial and human resources to implement plans and projects at the national level, and lack of coordination among sectoral agencies. In hindsight, the challenge in the conduct of the midterm review was the lack of a monitoring and evaluation framework design in the blueprint. Henceforth, the study limited its scope on determining the extent of implementation of the action plans based on the six characteristics of the ASCC blueprint: human development, social welfare and protection, social justice and rights, environmental sustainability, building an ASEAN identity, and narrowing the development gap. The good thing about the midterm review is the involvement of all national agencies in a number of ASEAN Member States in the implementation of the blueprint, which signalled the start of cross-sectoral collaboration. The midterm review report was the only one among the reports of the three pillars that was adopted by the ASEAN Summit.

In 2014, a high-level task force on strengthening the ASEAN Secretariat was created and a review of the ASEAN organs was conducted. I saw this as an opportunity to strengthen the ASCC Department which has two directorates. Under the Cross-Sectoral Cooperation Directorate are four divisions: health and communicable diseases, disaster management and humanitarian assistance, environment, and science and technology. The Socio-Cultural Cooperation Directorate includes social welfare, women, labour and migrant workers, education, youth and training, and culture

and information. A staff of 39 provides technical assistance to the sectoral bodies and secretariat services and serves as resource persons during meetings of the sectoral bodies, which account for almost 50 organs, ranging from ministerial and sub-ministerial officials, senior officials, ASEAN+3 ministerial and senior officials, technical working groups, and expert groups to project management teams. People in the ASEAN Secretariat spend much time travelling to attend meetings or facilitate workshops, among others. The current department has renamed the Cross-Sectoral Cooperation Directorate the Sustainable Development Directorate and the Social Cultural Cooperation Directorate the Human Development Directorate. Also, the ASCC Analysis and Monitoring Directorate, a new creation, has been approved.

For greater cross-sectoral collaboration on cross-cutting issues in ASEAN, our department has also strengthened the coordinating mechanism for Socio-Cultural Matters (SOCCOM). Its terms of reference were revised specifically on introducing cross-cutting thematic areas among the different sectoral bodies under the three ASEAN pillar communities and allowing the participation of the concerned sectoral bodies, other ASEAN organs such as the Committee of Permanent Representatives to ASEAN, the ASEAN Foundation, the ASEAN Centre for Biodiversity, the AHA Centre and other centres, the private sector represented by the ASEAN Business Advisory Council, and regional civil society organisations.

Again, in support of the recommendations of the high-level task force, the ASCC Department has followed up on the policy directives/instructions of the ASEAN Summit. We revisited and consolidated all declarations pertaining to the ASCC and requested the concerned sectoral bodies to provide updates on actions taken and presented to ASCC council meetings for their information and further actions.

In 2014, another high-level task force was organised to work on the ASEAN Vision 2025 and the blueprints. The ASCC Department organised a 1-day workshop to identify the basic elements of our vision and, at the same time, define a people-oriented and people-centred ASEAN. In crafting the ASEAN Vision 2025, we considered the results of the midterm review of the ASCC Blueprint 2009–2015. The central elements of ASCC Post 2015 that the task force adopted is an ASEAN socio-cultural community that engages and benefits the people and is inclusive, sustainable, resilient, and dynamic.

We then convened a weekend workshop of directors, division heads, and senior officers and extended invitation to the Senior Officials Committee for the ASCC (SOCA) leaders of Malaysia and the Lao People's Democratic Republic to chair SOCA for 2015 and 2016, respectively, and the Economic Research Institute for ASEAN and East Asia. Probably one of the best features of the new blueprint was the participation of civil society organisations and non-governmental organisations at the national level consultation. Another first in the ASCC Department was the engagement of the Economic Research Institute for ASEAN and East Asia to help us in framing ASCC 2015. We were very happy for its support and mobilisation of almost 50 regional and global experts.

The new feature introduced in the blueprint is a results-based management framework to ensure that ASEAN will be able to measure the outcomes and not just the outputs of its initiatives and its impact on ASEAN and its peoples.

On the other hand, to ensure support for the ASCC Department, we paid courtesy calls to the Committee of Permanent Representatives to elicit thoughts, views, and suggestions regarding the priorities of the ASCC and its strengthening. As we do yearly, we presented a report card on the accomplishments of the ASCC and its department, as well as issues and concerns. Our recommendations were acknowledged as enlightening and were in fact adopted as they encouraged the other three departments of the ASEAN Secretariat to do the same. During budget deliberations, we presented our accomplishments vis-à-vis our targets for the previous year, reasons for not achieving targets, and the rate of utilisation, and, for the current year, the regional situations, targets, outcomes, and budget utilisation for the past 3 years and the proposed budget for the year. In appreciation of our presentation, the Sub-committee on Budget approved our request for additional staff and increased budget. To some extent, the ASEAN Secretariat adopted the format.

To strengthen women and gender awareness by the ASEAN Secretariat staff, the ASCC Department initiated the conduct of gender sensitivity seminars for officers and staff of the ASEAN Political-Security Community Department, ASEAN Economic Community Department, Community and Corporate Affairs Department, and the ASCC Department. One of the results was the conduct of a study on the impact on women on ASEAN economic integration.

As ASEAN celebrates its golden year, I can say that it is a model of regional cooperation in the world. Consensual decision-making, persuasive negotiations, and respect for diversity are among the qualities that define ASEAN. I am proud to have been part of ASEAN as an organisation. Most importantly, I am proud to be an ASEAN citizen.

ABOUT THE AUTHOR

Alicia dela Rosa-Bala is Chairperson of the Civil Service Commission, the central human resource body of the Government of the Philippines.

Prior to her appointment, she was Undersecretary for Policy and Plans of the Department of Social Welfare and Development (DSWD) which she served for past 39 years. She was Deputy Secretary-General of the ASEAN Socio-Cultural Community Department in Jakarta, Indonesia, from 2012 to 2015. Said department covers the sectors of civil service, environment, science and technology, health, women, youth, social welfare and development, disaster management, among others.

In 2004, she was DSWD's First Best Manager Awardee, and in 2012 she was awarded Outstanding Career Executive Service Officer by the Career Executive Service Board.

In 2010, she was appointed first child rights representative of the Philippines to the ASEAN Commission on the Promotion and Protection of the Rights of Women and Children. She was head of the first session of the Commission on Social Development, United Nations Economic and Social Commission for Asia and Pacific in 2008.

She received her Master of Social Work from the University of the Philippines and her bachelor's degree in social work from the Centro Escolar University.

She was born on 11 May 1952 in Vigan, Ilocos Sur. She is married to Victorino S. Bala; they have three children.



Why I Believe in ASEAN



Tommy Koh

Introduction

On 8 August 2017, ASEAN will turn 50. The difficult circumstances prevailing at the time of ASEAN's birth had pundits predicting that it would fall victim to infant mortality. Given the differences existing among its five founding members, sceptics thought that ASEAN would amount to nothing more than a venue for talking shop. Miraculously, ASEAN has survived many challenges to become the world's second most successful regional organisation after the European Union. My good friend, Kishore Mahbubani, thinks that ASEAN is even more successful than the European Union. I set out here the reasons for my belief in ASEAN.

Reason No. 1: From War and Conflict to Peace and Stability

The first reason for my belief in ASEAN is that ASEAN has transformed Southeast Asia from a region of war and conflict to a region of peace and stability. Let me invite you to travel back in time with me to 1967. What was the situation in Southeast Asia in 1967? The situation in the region was very unstable. The Viet Nam War was raging and threatening to engulf Cambodia and Laos. Several countries in the region were fighting against communist insurgencies or regional rebellions. As most of these countries had been ruled by different colonial masters and had been isolated from one another, there was a huge deficit of trust and understanding between them. Some western pundits thought so poorly of the region's prospects that they called these countries the Balkans of Asia.

Fast forward to 2017. What is the situation today? The region is peaceful and stable. Except for the border skirmishes that took place between Cambodia and Thailand, the good news is that no two ASEAN countries have gone to war with each other since 1967. War between two ASEAN countries is yet to be unthinkable, but has become more unlikely with every passing year. The bottom line is that the region is at peace with itself and with the world. There is a deep commitment by all the ASEAN countries to peace and to the peaceful settlement of disputes in accordance with international law.

Reason No. 2: From Poverty to Prosperity

My second reason for believing in ASEAN is that it has helped its members achieve enormous social and economic progress. In 1967, the region's economic prospects were dim. Its countries were uniformly poor and backward. Most of its people were engaged in subsistence farming. Its natural resources were extracted and exported to the West with very little processing and value added. Manufacturing for export to the world was yet to start. In 1967, our economic prospects were not bright.

Fast forward to 2017. Today, all ASEAN countries have made impressive progress, with some enjoying high and middle incomes. Taken together, the ASEAN economy is the seventh-largest economy in the world. We are the

fastest-growing region in the world. If we continue our present trajectory, ASEAN will soon become the fourth-largest economy in the world. ASEAN has embarked on a historic journey to merge our 10 economies into a single market and production platform. We are down to the last mile. With political will, we will complete the journey.

Reason No. 3: Building a New Regional Order

My third reason for believing in ASEAN is the indispensable role ASEAN played and continues to play in building a new regional architecture. The first step was to unite the 10 countries so they could speak with one voice and act with the collective strength of the community. ASEAN has been able to act as the region's convener and facilitator because it is united, independent, and neutral. The moment we become disunited or partisan, we will be disqualified from occupying the driver's seat of regional institutions.

The 1997 Asian financial crisis demonstrated that the fortunes of Northeast Asia and Southeast Asia were intertwined. ASEAN took the initiative to convene ASEAN+3 (China, Japan, and the Republic of Korea [henceforth Korea]). ASEAN's initiative prompted these '+3 countries' to meet by themselves and negotiate for a trilateral free trade agreement.

After founding ASEAN+3, ASEAN soon realised that other powerful countries also have a stake in the region. This led ASEAN to convene the East Asia Summit, composed of ASEAN+3, India, Australia, New Zealand, the United States, and Russia. The East Asia Summit has become a very important political forum.

ASEAN has also used its free trade area policy to promote cooperation and economic integration. ASEAN has concluded free trade agreements or economic cooperation partnership agreements with China, Japan, India, Korea, Australia, and New Zealand. ASEAN is also driving the ongoing negotiations for the Regional Comprehensive Economic Partnership (RCEP) Agreement, involving ASEAN, China, Japan, Korea, Australia, New Zealand, and India.

By Way of a Conclusion

A few years ago, the European Union was conferred with the Nobel Peace Prize for its contributions to peace in Europe. I believe that the Nobel Committee should consider conferring on ASEAN the Nobel Peace Prize for its contributions to peace in Southeast Asia, East Asia, and the Asia-Pacific.

ABOUT THE AUTHOR

Tommy Koh is currently Ambassador-at-Large at the Ministry of Foreign Affairs, Special Adviser to the Institute of Policy Studies, and Chairman of the Governing Board of the Centre for International Law at the National University of Singapore (NUS). He is Chairman of the International Advisory Panel of the Asia Research Institute (NUS) and Chairman of the Advisory Committee of the Master's Degree on Environmental Management (NUS). He is also Co-chairman of the Asian Development Bank's Advisory Committee on Water and Sanitation. He is Rector of Tembusu College at NUS and Chairman of the Board of Directors of the SymAsia Foundation of Credit Suisse.

He was Dean of the Faculty of Law of NUS, Singapore's Permanent Representative to the United Nations (UN) in New York, Ambassador to the United States of America, High Commissioner to Canada, and Ambassador to Mexico. He was President of the Third UN Conference on the Law of the Sea and Chairman of the Preparatory Committee for the Main Committee of the UN Conference on Environment and Development. He was founding Chairman of the National Arts Council, founding Executive Director of the Asia-Europe Foundation, and former Chairman of the National Heritage Board. He was also Singapore's Chief Negotiator for the US-Singapore Free Trade Agreement. He acted as Singapore's Agent in two legal disputes with Malaysia. He has chaired two dispute panels for the World Trade Organization. He is Co-chairman of the China-Singapore Forum, the Japan-Singapore Symposium, and the India-Singapore Strategic Dialogue.

In 2006, he received the Champion of the Earth Award from the UN Environment Programme and the inaugural President's Award for the Environment from Singapore. He was conferred with honorary doctoral degrees in law by Yale and Monash Universities. Harvard University conferred on him the Great Negotiator Award in 2014.



Retrospectives and Perspectives on the Making, Substance, Significance, and Future of ASEAN



Lim Jock Seng

Brunei Darussalam joined ASEAN on 7 January 1984, after resuming its full independence at the beginning of that year. As a relatively small country, it was important to ensure that Brunei was accepted as a fully independent state in the community of nations. Back then, it was all about political and economic survival.

Brunei's foreign policy was, and still is, based on extending a hand of friendship to everyone, and built upon mutual respect, recognition, and non-interference in the internal affairs of each other.

As an observer before joining ASEAN, Brunei concentrated its initial years on learning. During this period, the cooperation and understanding of the original five members of ASEAN were invaluable. Bruneian officials, many of them recruited from other departments, soon learned the ASEAN Way and the intricacies of diplomacy and protocol.

We soon started to contribute to ASEAN and see the benefits gained from our membership. We attended ASEAN dialogue meetings with Japan, Australia, Canada, New Zealand, Europe, and the United States of America. These meetings provided our officials exposure and experience in dealing with external partners.

In 1989, Brunei hosted the 22nd ASEAN Ministerial Meeting, the first ASEAN annual meeting hosted by the country. It was opened by His Majesty Sultan Haji Hassanal Bolkiah, Sultan and Yang Di-Pertuan of Brunei Darussalam, and chaired by His Royal Highness Prince Mohamed Bolkiah, the Minister of Foreign Affairs.

In the years that followed, Brunei contributed in its own way to ASEAN's initiatives, including the expansion of dialogues with partners such as China, the Republic of Korea, and India; the creation of the ASEAN Regional Forum and the East Asia Summit; and the expansion of ASEAN to the present 10 members.

Since 1984, Brunei has witnessed and participated in many ASEAN developments. One in particular, which touched many of us, was the efforts to resolve the Cambodia issue in the 1980s and 1990s, which galvanised ASEAN as one united and politically adept organisation, and enhanced its status as an organisation in the international arena.

In addressing the Cambodia issue, ASEAN produced many initiatives such as the Jakarta Informal Meeting (JIM) and 'Baby' JIM, which involved many of our Leaders, Statesmen, and Officials. Indonesia's Ali Alatas is one such individual, whose leadership during this time cannot be forgotten.

Of the many ASEAN initiatives, the lobby missions on Cambodia in many parts of the world were a brilliant idea as they brought together many officials from ASEAN member countries in lobbying other countries, a task that sometimes put us in difficult and dangerous areas. I recall one such

mission with Singapore's Barry Desker, Malaysia's Dato Amir, and Thailand's Dr Praport, where we travelled to Somalia, Uganda, and Swaziland, in the midst of ongoing civil wars, and were stopped by armed boy soldiers at almost every junction.

Apart from getting votes for resolutions at the United Nations, what these missions had achieved might not have been recognised. The officials on these missions developed bonds of friendship, understanding, and tolerance for each other, and have remained close later in life.

At the United Nations, our Permanent Representatives and Senior Officials were actively lobbying on the Cambodia issue. Through this process evolved a culture of working together as one, and ASEAN's prestige was notably enhanced.

After the Cambodia issue was resolved, some of us wondered what other issues could unite ASEAN.

Aside from political–security cooperation, ASEAN also began moving forward on the economic track. In the 1980s, many ideas and projects were mooted such as the ASEAN Industrial Projects, which resulted in the Aceh urea fertiliser project in Indonesia.

Incrementally, but slowly, and rather than competing, the ASEAN Member States were trying to build up their cooperation in the economic field. The economic landscape at that time, however, was also evolving. China's economy was beginning to loom as a competitor for investment and trade, with India's economy closely following. The two economic giants were even viewed by some as threats to ASEAN's economic prosperity.

This prompted ASEAN to get its act together. If they were to compete with China and India, the idea of 10 individual economies was no longer feasible. Thus emerged the idea of a single ASEAN economy with limited integration.

While the intent to compete with China and India at the time was challenging, the move to establish a single ASEAN economy was exceptional. Between the 1980s and 1995, the economies of ASEAN Member States grew at an incredible rate, with some more than doubling their gross domestic

product. Importantly, competition transformed into cooperation, with China and India becoming among the top 10 trading partners of ASEAN.

By the time the Asian financial crisis struck in 1997, ASEAN was a collective market of around 500 million people with a combined gross domestic product of US\$600 billion. Defying calls to protect their economies from the fallout of the crisis, ASEAN Leaders met in Kuala Lumpur and announced the ASEAN Vision for 2020. This marked the beginning of what we now know as the ASEAN Community, embracing three pillars: political–security, economic, and socio-cultural cooperation.

As we travelled down the road towards a community, we also needed to relook at what ASEAN was. We then agreed on the idea of a charter, and appointed a group of eminent persons to come up with some recommendations. By 2006, they had completed their work and a special task force was appointed to draft the ASEAN Charter. It was finally signed by Leaders in Singapore in 2007, giving ASEAN, for the first time, a legal personality.

Although much has been said about the ASEAN Charter, my view is that this is a process with the charter as the beginning. It contains many good elements but not all the recommendations of the eminent persons appointed for the job. This is to be expected, and it is important that we move on with what is in the Charter.

This takes me to the present. It has been 50 years now since the Bangkok Declaration, over 30 years of Brunei’s experience in ASEAN, 26 years since the Paris Peace Agreements on Cambodia were signed, 10 years since we signed the ASEAN Charter, and 1 year of calling ourselves a Community.

Considering the diversity and divisions that have existed in the region, the ASEAN Community 2015 is a remarkable achievement. Today, Brunei’s population of over 400,000 people very much benefit from their access to the US\$2.4 trillion ASEAN market, which is made up of more than 629 million ASEAN citizens.

However, community building is a process that must continue. The environment in the region itself continues to change, what with the speed of technological advances and the rapid pace of globalisation

taking place. We are now entering what some call the Fourth Industrial Revolution. The use of artificial intelligence, autonomous vehicles, and the Internet-of-things is changing the very way we live and work. Meanwhile, globalisation, long viewed as inevitable, is now being rejected by some of the very societies that were originally expected to reap its benefits the most.

What about the future of ASEAN? Some see ASEAN integration as an illusion, while others see it as a modern miracle. ASEAN will face many political–security and economic challenges in the coming years. How should ASEAN respond to these?

ASEAN today is trying to better position itself for tomorrow. The ASEAN Community Vision 2025, which includes an economic component, aims to take advantage of this Fourth Industrial Revolution and move ASEAN up the global value chain, into higher technology and knowledge-intensive activities, where competition and innovation can thrive.

At the same time, however, competition between member states is holding back ASEAN’s economic potential. Businesses still say the regional market is fragmented because of behind-the-border non-tariff measures. If member states could raise intra-ASEAN trade from 24 % of total trade to around 60% (like the European Union), the region as a whole would prosper and be more resilient.

Aside from the benefits of economic cooperation, people have also experienced the positive impact of ASEAN in other fields. ASEAN cooperation now covers almost everything from disaster relief to coordinating health responses to epidemics. The extensive network of cooperation between ASEAN Member States involves summit-level meetings all the way to working groups on technical aspects of cooperation.

In all, over 1,000 ASEAN meetings are held each year. Although meetings cost time and money, they also help strengthen the integration process within ASEAN and, more importantly, nurture and cultivate people-to-people bonds. In fact, the close personal rapport between ASEAN Leaders and Ministers and officials is a key component that has facilitated the success of ASEAN.

As ASEAN's cooperation grows, so do the demands placed upon its Secretariat. Currently, ASEAN is implementing recommendations of a high-level task force to strengthen the Secretariat. Still, some believe these changes are too modest.

Firstly, the ASEAN Secretariat must provide symbolic leadership. When a natural disaster strikes, its Secretary-General should be the first to fly the ASEAN flag by responding quickly and appropriately. This is the same logic that has convinced ASEAN Member States to fly the ASEAN flag at their overseas missions.

Secondly, the Secretariat should be given human and funding resources so it can truly coordinate the increasing number of projects, meetings, and research required in the future. Only with more resources can we task the Secretariat to do more in terms of coordinating and monitoring programmes.

Thirdly, the Secretariat should prepare the research papers necessary in all aspects of ASEAN's political-security, economic, and socio-cultural work. In particular, this should include providing early warning to member states on economic matters.

ASEAN can use some of the best research institutes available, such as the Economic Research Institute for ASEAN and East Asia, the Institute of Southeast Asian Studies – Yusof Ishak Institute, and the ASEAN Institute of Strategic and International Studies (ISIS) network, which includes the Centre for Strategic and International Studies Indonesia and ISIS Malaysia. Also, the Secretariat should look at building up a core group of intellectuals and academics who are involved and committed to ASEAN.

Looking forward, ASEAN Member States would very much benefit from greater research and forecasting of future trends and challenges. These are particularly important as recent trends in international politics have reminded us that 'certainty' is no longer the norm. Even if we believe that this is the Asian Century, the future is unpredictable.

For many countries in the region, this is a difficult and complex situation. In Brunei's case, charting these waters in the future means it would need friends and supporters. Here, together with ASEAN, we give each other the confidence to move forward.

ASEAN itself is affected by external dynamics, specifically on how to manage major power relations. Relations between the United States and China, as global powers, will continue to influence the direction of regional affairs. Both countries have contributed to the region's peace and prosperity and, in this regard, ASEAN has a stake and a part to play.

ASEAN has created several institutions that contribute to regional affairs. We are perceived as fair and neutral, and our institutions are built in such a way that trust is given to us as a small organisation that is non-threatening. In other words, ASEAN can be used as a 'sounding board' and can provide a venue or environment where participants can openly and candidly discuss issues. Such initiatives include the ASEAN Regional Forum, the ASEAN+1, the ASEAN+3, the East Asia Summit, and the ASEAN Defence Ministers' Meeting Plus.

In particular, the East Asia Summit is a Leaders-led process. The whole idea is to allow Leaders to discuss openly and reach consensus. Rather than a debating forum, it is about consulting and promoting confidence. As we move to the future, it is important to have platforms such as the East Asia Summit to allow us to discuss openly and reach consensus over any particular issue. This would contribute to confidence building and the promotion of peace and prosperity in the region.

At the same time, the East Asia Summit should deal with practical projects where we can cooperate for tangible results. One example is joint humanitarian relief exercises, which bring in militaries and civilian agencies from 18 countries to work together.

Pulling all these efforts together is a big challenge for ASEAN Member States and requires a strong unified ASEAN at the centre of regional cooperation.

To achieve this, it is important that ASEAN build the community based on understanding, trust, and tolerance by developing a habit of moving together as a group, as we have done so well in the past. In this way, we enhance the centrality of ASEAN and reaffirm it as a cornerstone. For us in Brunei, it is the main pillar of our foreign policy, as some have suggested.

ASEAN's programmes and initiatives must address issues, create awareness, and, most importantly, benefit our peoples. This would enhance regional development and promote a greater sense of belonging to the ASEAN Community.

In my view, ASEAN's work in socio-cultural cooperation is perhaps the most complex yet crucial aspect of its community building. Here, the underlying objective is to instil mutual trust, confidence, and a sense of belonging. It is thus the most challenging because a lot of time and resources are required before we see actual results.

While a difficult one, it is also the most fundamental. The question of trust among us is crucial in moving cooperation forward. If you can trust each other, half the battle is won. Enriching a culture of trust and understanding must be repeatedly emphasised. It is important to get the people involved, especially women and the youth, to achieve this objective.

The youth (those below age 35) represent over 65% of ASEAN members' combined population. This is an amazing number of young people, which can build and shape our region.

In the future, more needs to be done to foster community building in a practical sense such as building on the Young Entrepreneurs Forum and the Youth Volunteer Corps.

Brunei has also emphasised education. ASEAN should have a curriculum of studies to inculcate the idea of the region's rich historical, cultural, social, religious, and ethnic diversity. Essentially, this means learning how to reach cohesion or 'unity in diversity' as Indonesia has emphasised. It is also important to include the mass media to spread the positive messages and good values of ASEAN.

We should encourage and expand the process by involving the youth in schools, sports, business, and governments. In this way, a web of relationships can be spun. Out of ASEAN diversity, the youth can help promote understanding, tolerance, and trust, and contribute to the future.

I know the process is long and the path ahead is full of pitfalls. But the destination is an ASEAN that we have been working for over all these years.

If the past was about political and economic survival and the present is about preparing for the unknown, then the future is about people, especially the youth. And through all this, it is about the understanding and friendships that keep us united and strong together.

ABOUT THE AUTHOR

Lim Jock Seng received his Bachelor of Science (BSc) in sociology/social anthropology at the University of Swansea and Master of Philosophy (MPhil) in social anthropology from the London School of Economics and Political Science, United Kingdom.

He started his career at the Brunei Museum as Deputy Director and Director and was subsequently transferred to the Ministry of Foreign Affairs of Brunei Darussalam as Director-General of ASEAN-Brunei Darussalam in August 1983. He was then appointed Brunei Darussalam's High Commissioner to New Zealand in February 1986. In May 1986, he became the Director of Politics at the Ministry of Foreign Affairs, and was promoted to the post of Permanent Secretary at the Ministry of Foreign Affairs in the same year.

He was appointed by His Majesty Sultan Haji Hassanal Bolkiah as a member of the Privy Council in 2003 and as an official member of the Legislative Council in 2004. For his services, he was conferred the title of Pehin Menteri and Dato Seri Setia, as well as other meritorious awards by His Majesty. He was appointed Second Minister of Foreign Affairs and Trade in May 2005. He is currently a Minister in the Prime Minister's Office.



ASEAN at 50: Looking Back and Looking Forward



Mari Pangestu

Looking Back

I have spent most of my professional career, which spans over 3 decades, starting when I was a student, on the Association of Southeast Asian Nations (ASEAN). This journey has made me realise that the greatest value, and the reason for its sustainability, is to evaluate ASEAN as a process. There are many papers in this and other volumes to celebrate ASEAN at 50 with in-depth and serious analysis, including facts, figures, and models. Allow me to take a different approach by using my own personal journey through the different phases of ASEAN's development – in the area of economic integration – to give insights on the importance of ASEAN as a process and how both internal and external context played a role in the process.

The First 10 Years: Testing the Water with a Preferential Trade Agreement

I was first exposed to ASEAN in my international economics and development classes, and ASEAN economic integration at the time was still at its limited stage of a preferential trade agreement (PTA). In class, the discussion centred around the lack of seriousness of the PTA agreed on in 1977 by the then five original members of ASEAN (Indonesia, Malaysia, the Philippines, Singapore, and Thailand). The narrow list of products included for tariff reduction was the focus, and the example of snow ploughs was invoked! Recall that at the time the five ASEAN members were all mostly still in the import substitution phase of industrialisation, using tariffs as the main instrument. European integration at the time had already reached a common market stage, and we debated the path of ASEAN – as to whether it would go to the next stages of economic integration such as a wider free trade agreement and common market.

In 1982, I came back for a brief period during my PhD studies and worked on an ASEAN research project on protection in the ASEAN region. I did the paper with Pak Boediono who was with the Indonesian Planning Agency then. The study at the time showed the high levels of effective protection and had various import licensing and local content regulations. The allocation of privileges was linked to various vested interests and state-owned enterprises. Indonesia was at the time not ready for reforms and economic integration, even though a number of the ASEAN projects had been launched.

The First Step: A Comprehensive Free Trade Agreement at 25 Years

After I completed my studies and came back to Indonesia in 1986, the lack of economic integration was still a major part of the discussion. But the mid-1980s ushered in a series of major reforms in Indonesia in the wake of the fall in oil prices. The Government of Indonesia pursued an export-oriented strategy to reduce the country's dependence on oil through a series of regulatory and institutional reforms, including currency adjustments, which reduced the barriers to entry for goods and investment.

Indonesia's non-oil exports surged and investments flowed in. Indonesia became confident about its capacity to compete internationally, and using the phrase 'free trade' was no longer seen as a reflection of 'liberal values' that needed to be avoided. In other words, as Dr Narongchai Akrasanee, the envoy to Prime Minister Anand, would relate, the words of Minister Hartarto at the time – 'Indonesia agrees' – were the signal that led to the ASEAN Free Trade Area (AFTA) being signed off in 1991 by the Leaders and began to be implemented in 1992. The vision was to make ASEAN competitive as a region and as a regional production base.

This was a comprehensive free trade agreement that covered a wide range of goods whose tariffs would reach 0%–5% by 2008, which was brought forward to 2001 and had two tracks between the six members and the CLMV countries (Cambodia, the Lao People's Democratic Republic, Myanmar, and Viet Nam), and allowed for a minimum number of sensitive lists and exclusions. One positive aspect of AFTA was also its simple rules of origin, which were based on 40% value added and not complex. The minus X principle was already practised when Malaysia opted out on automotive because of their national car project, Proton. Malaysia would later include automotive in its agreement within the ASEAN Economic Community (AEC), but only after negotiating its re-entry on automotive with the other ASEAN countries. ASEAN opted for a free trade area rather than a common market with common external tariffs.

The first feature of seeing ASEAN as a process is evident: the consensus principle meant that progress is slow, especially if the 'readiness' factors of members are not there; as such, the process is a sequential one of building blocks – going deeper, faster, and wider. This will be evidenced in other instances in the ASEAN process. In other words, it is difficult to evaluate whether there is a low level of ambition and slow progress due to consensus, without understanding ASEAN as a process.

The 1992–1996 period marked an important period for ASEAN and the reforms that each country undertook due to the AFTA commitments, the confluence of other international commitments, and the 'competitive liberalisation' model, which meant reforms were necessary when your competitors were carrying out reforms. Various ASEAN countries reduced their tariffs on a most-favoured-nation basis in line with their AFTA schedules. The Asia–Pacific Economic Cooperation (APEC) forum and

its strategy of concerted unilateral liberalisation mode influenced reforms of the hosting economy. For instance, this had an impact on Indonesia in 1994 and the Philippines in 1996. In 1994, Indonesia deregulated its foreign direct investment to allow for 100% ownership, something which had up to then been a 'sacred cow' after the anti-Japanese riots in the 1970s protesting the dominance of Japanese investments in the country. Furthermore, it was in Indonesia that the Bogor Goals of APEC for free trade and investment in the region by 2010/2020 came about, again in a country where the phrase 'free trade' is difficult to get acceptance. The Philippines also undertook several reforms; and the model of reaching critical mass on an issue, which was then taken to the World Trade Organization (WTO) for negotiations, was also achieved with the Information Technology Agreement. ASEAN members that were part of APEC played an important role in achieving this, notably the countries with competitive advantage in the electronics sector, such as Malaysia.

Most importantly, in 1994, the Uruguay Round of multilateral trade negotiations was completed; with the WTO created in 1995, the ASEAN countries that were members of the WTO also had to fulfil several commitments in terms of reducing and binding their tariffs, eliminating local content, aligning subsidies, addressing services and agriculture for the first time, and eliminating textile quotas. The ASEAN countries that were not members of the WTO – that is, Viet Nam, Cambodia, and the Lao People's Democratic Republic – also began a process of acceding to the WTO. All these shaped and informed the reforms undertaken in each ASEAN country and made them more 'ready' to pursue deeper and faster economic integration.

This is why we see a number of interesting subsequent developments related to these events that provided the 'ready' conditions and confidence to continue with deepening integration as part of the overall process of opening up and implementing reforms. This process was not held up by the Asian financial crisis of 1997–1998 for a combination of reasons – being under International Monetary Fund programmes (Indonesia, Thailand, and the Philippines), the need to restructure and be competitive (Malaysia), and the need to start the process of development and acceding to the WTO and market economy (Viet Nam and Cambodia).

Interestingly, the ASEAN Vision 2020 was launched in 1997 and ‘a stable, prosperous and highly competitive ASEAN Economic Region in which there is a free flow of goods, services and investments, a freer flow of capital, equitable economic development and reduced poverty and socio-economic disparities’ was expected to be completed by 2020. The Vision was endorsed by ASEAN Leaders at the end of 1997, in the midst of the Asian financial crisis. Another response to the crisis was that ASEAN Leaders agreed to bring forward the deadline for completing AFTA by 5 years to 2002. ASEAN Leaders and countries showed collective will in sending this important signal that reforms and continuing development were important.

The second important insight into the process is the interaction between internal and external processes and shocks, which underpinned the political will and commitments to undertake reforms.

Deepening and Widening Economic Integration: From 2003 to the Present

Throughout this period, I was involved in policy-based research on international economic issues, including on economic integration. A lot of this research fed into track two, whereby think tanks would meet with governments, the private sector, and civil society to discuss the vision of ASEAN in the various spheres. One of the interesting periods was that leading up to the 2003 vision for an ASEAN Community, when we were all involved in a series of analyses and dialogues to provide input on how to create an ASEAN Community.

The third important insight is the importance of involving the thought processes of track two and the interaction between all the stakeholders in track two. This includes the private sector, civil society, and government representatives. For instance, the involvement of the different business sectors and associations was important in defining the impediments to doing business and how it is no longer about reducing tariffs but more about non-tariff measures and standards.

Being assigned Trade Minister of Indonesia (2004–2011) and to be involved in the process of implementation of the AEC was a great opportunity for me. I believe we achieved a lot in terms of creating a framework, which is known as the AEC Blueprint. Let me just reflect on the learning experience and transition from an economist and track two policy activist to an actual policymaker as Trade Minister for 7 years during a crucial period of the formulation of the AEC and the wider regional agenda.

There were processes that had started before I joined the government which fell upon our terms in government to implement. Both involved the vision that we had always held regarding open regionalism – deepening and broadening economic integration, not as a closed bloc but as one where regional integration serves to harness the resources and different comparative advantages of the ASEAN countries, so we can become more competitive as a region vis-a-vis extra ASEAN markets. The mandate for the latter came from the AEC. It was also a model of integration that sought to engage more and more partners. This was started in 2001 with the initiative to explore the ASEAN–China free trade agreement (FTA) and the launch of the process of negotiations.

The ASEAN–China negotiations proceeded rapidly and were influenced by external events. It was the first of the ‘ASEAN+1’ FTAs that ASEAN would negotiate and formed part of the growing geo-economic presence of China. China was not directly affected by the Asian financial crisis; in fact, the country played a cooperative role by not devaluing its currency at the time when all the currencies in the region were in free fall. As the ASEAN economies were struggling with recovery from the severe economic and institutional breakdown, and in some countries political turmoil, China was forging ahead with its development programme resulting in double-digit growth of its economy and a dramatic increase in its exports. One important feature of the ASEAN–China FTA was the ‘early harvest’, which allowed access for a certain group of products prior to the completion of the whole FTA. This was seen as a concession by China in a very uncertain world situation after the 11 September 2001 World Trade Center terrorist attack. This was just as the Doha Development Round of WTO trade negotiations came about.

The negotiations were completed in 2004 and signed by the incoming government of Susilo Bambang Yudhoyono. Thus, even though I was not the Trade Minister responsible for the negotiations with China, I did sign the agreement on behalf of the Indonesian Government witnessed by our two leaders. Subsequently, Japan, the Republic of Korea (henceforth Korea), Australia, New Zealand, and India would follow with different nuances for each negotiation, which reflected the different approaches, level of readiness, and other considerations.

More importantly was the progress made with ASEAN. I would just focus on economic integration because other things were happening as well, most importantly the ASEAN Charter, which was finally concluded in 2009 and provided the legal basis for ASEAN. On the economic integration front, Leaders committed in 2003 to achieving an ASEAN Community made up of the economic, political–security, and socio-cultural pillars by 2020. Leaders called for the end goal of economic integration to be the AEC, although it was unclear what this entailed exactly. It was only when Leaders, during the summit in early 2005, called for an acceleration of implementation that ASEAN Economic Ministers, with the officials and the energetic Secretary-General of ASEAN Ong Keng Yong, worked intensively to come up with an AEC Blueprint.

The AEC Blueprint was then endorsed by the Leaders in 2007 and marked a fundamental shift in the ASEAN process to one with clearly defined goals and time frames. It is an agreement and thus, in essence, is a binding commitment by all members. The AEC Blueprint became the architecture for the implementation of the four pillars of the AEC: a single market and regional production base, a competitive economic region, equitable economic development, and integration with the world economy. The AEC Scorecard was the monitoring mechanism, which in the original conception was to be used to ensure timely implementation.

Much analysis has been undertaken on the merits and weaknesses of the AEC Blueprint and the AEC Scorecard in terms of lack of real progress because of vagueness or flexibility of the goals, and lack of transparency in the scorecards. In this essay, I would like to just focus on the merits viewed from the ASEAN process and its impact on domestic processes. The main advantage of the blueprint and scorecards in my view was the way they ‘shaped’ coordination within the ASEAN process itself as well as

within countries. The different components of the blueprint were coordinated at the ASEAN Economic Ministers level, but finally at the council level of Ministers at the AEC. This in turn also shaped a coordination mechanism domestically.

In the case of Indonesia, the council minister was the Minister for Coordination of Economic Affairs and this allowed myself, as the Minister of Trade at the ASEAN Economic Ministers level and for internal coordination, a means to call for coordination and division of tasks and decide who was responsible for delivery. A matrix of a plan of action based on the blueprint of deliverables and timelines was drawn up, and Ministers/Ministries in charge were listed. This matrix of action was in the Indonesian structure of government and was also then passed as a Presidential Instruction outlining what Ministers had to do and by when.

While there was, of course, the predictable resistance and slowness in progress, it allowed a process domestically to know who was delivering or not delivering. It was also linked to domestic reforms. One example was the recognition that to achieve the target of an ASEAN Single Window, it was important to have a National Single Window. This led to a coordination process led by the Ministries of Finance, Trade, and Transportation to coordinate the 25 or so agencies involved in import and export regulations and procedures to be lined up, harmonising the business procedures, and creating the necessary infrastructure. There were other examples in air transport regarding open skies, advocating visa-free travel within ASEAN, and the issue of standards for professionals in various sectors.

The third part of the ASEAN process is how it became more structured and moved one step forward with clear processes that were binding, but still with unclear consequences if the commitments were not made and there was lack of transparency in the process of monitoring.

Another relevant experience that I want to relate is the reaction to the ASEAN–China FTA, not just in Indonesia but elsewhere. The notion that cheap and mass-produced Chinese goods coming into our countries and leading to the demise of our small and medium-sized enterprises which resulted in greater unemployment was becoming a hot issue around 2010.

The completion of the commitments under the ASEAN–China FTA in 2010 led to surprised reactions domestically in Indonesia and a strong reaction regarding the ASEAN–China FTA, including political pressure to ‘renegotiate’ the agreement. Fortunately, this was averted but not without a lot of effort to explain that this was a process that had started in early 2000 and what was needed was to address our own issues of competitiveness, including with small and medium-sized enterprises, and cooperate with China to increase their investment in Indonesia.

The lessons learned here are about the importance of the domestic process of increasing understanding regarding FTAs, the potential opportunities and preparing for any potential negative impact on sectors or segments of the population, and that this is an ongoing effort that should be undertaken not just by the government but also by other stakeholders. I believe this is still one of the challenges today – how to tell the story of the benefits arising from an FTA and anticipate its effects. I continue to believe that the answer lies in ensuring on the domestic side the continuation of reforms and national complementary policies to enhance competitiveness (e.g. infrastructure) and inclusiveness (e.g. an effective empowerment programme for small and medium-sized enterprises). On the external side, the way we negotiate the FTAs and, with the support of other international partners, effective capacity building and economic cooperation within these agreements, or as a complement to these agreements, is crucial. If we do not get these two things right, it will be difficult to get domestic political support for continued reforms and continuation of economic integration.

The final point that I wanted to raise in the process of ASEAN relates to the widening of ASEAN. Between 2001 and 2008, there was a process of negotiations involving ASEAN with six of its Dialogue Partners to have a trade agreement. Each one differed in level of ambition, process, and nuance. I believe it was an important process for ASEAN and the compromises that had to be made reflect the consensus principle, the struggles to ensure ASEAN centrality and cohesion, and showed the stages of how to move forward on the path of open regionalism.

Let me just give a flavour of the main takeaways for me. The first was the China–ASEAN FTA which was the first FTA for China and introduced an early harvest in lowering tariffs to zero for trade in goods, allowing some sectors to enjoy early benefits as a buy-in for domestic constituents

of all partners. This was followed in a sequential manner for all goods and began to be implemented because of the early harvest in 2005 and completed in 2010. ASEAN was successful in maintaining the more liberal 40% value added rule of origin. The negotiations were sequential, starting with goods, then services and investment.

The second was the ASEAN–Korea FTA, which followed along the lines of the China FTA model. It was also one of the rare instances of the ASEAN minus one principle with Thailand opting out temporarily while the rice issue between Korea and Thailand was being settled. The idea that this difference should not delay the ASEAN–Korea FTA because of the consensus principle was an important development for the ASEAN process. Thailand was able to join the ASEAN–Korea FTA a few years later.

Third was Japan, and the difference was that Japan started with bilateral agreements with each of the major ASEAN countries and was the first to attempt introducing the capacity-building component – changing the name to Comprehensive Economic Partnership Agreement (CEPA). This was evident in the bilateral and the eventual ASEAN–Japan CEPA that was negotiated.

This was followed by Australia–New Zealand and India. The former was negotiated as Closer Economic Relations and, given the more developed status of these countries, their level of ambition was high in terms of scope and coverage in goods, services, and other areas, notably including issues regarding the environment, and was a single undertaking.

The last bilateral FTA was with India, which was the most difficult to negotiate due to its size and level of development, so that necessary compromises had to be made in line with a lower scope and more complicated rules of origin. The negotiations were sequential with the services negotiations, including movement of natural persons being the most difficult.

I should also mention the attempt to negotiate an ASEAN–European Union FTA. Discussion on the possibility of an ASEAN–EU FTA began in 2004–2005 and originally the idea was that the FTA would be region to region rather than with individual countries. Given the issues that Myanmar had with the European Union at the time, there were requests to have a

minus one approach, but ASEAN in this case stood firm that Myanmar had to be included. In the end, the European Union negotiated bilaterally with a number of ASEAN countries, with talks with Viet Nam having been concluded just recently and the others still in the process of negotiations.

The last piece of the widening of regional economic integration was the consolidation of all the bilateral ASEAN FTAs into one East Asian economic integration. This had become an imperative in the aftermath of the collapse of the WTO Doha Development Agenda negotiations in 2008. In the discussions between ASEAN and its Dialogue Partners in the subsequent years, there was a long debate about whether the consolidation should be ASEAN+3 (China, Korea, and Japan) or +6 (including Australia, New Zealand, and India). There were differing views amongst the Dialogue Partners and in the end ASEAN devised a way that was in line with open regionalism by achieving agreement by Leaders to consolidate the agreements into an East Asia Regional Comprehensive Economic Partnership (RCEP) Agreement. This framework agreement was achieved in 2011 when Indonesia was chair of ASEAN and incorporated a number of principles – informed by all the processes ASEAN had already undergone.

The main principles were open accession in that the first set of negotiations would be with countries ASEAN had FTAs with, but was open to other partners. Second, it was not limited to three or six in the consolidation, but the first round would be with the countries that we had FTAs with – so it could be six, five, or three, depending on the negotiations. In the end, the process of negotiations, which started in 2012, was with six of the FTA partners; but in principle, if one or two decided that they were not ready for the consolidated agreement, they could opt out until they were ready. This readiness principle is intended to avoid progress being impeded if one or two partners could not agree on the negotiations. The third principle in negotiations was also to go towards best practices and ratchet up. In other words, the consolidated agreement should converge upward to the best practice out of the six ASEAN+1 FTAs. Furthermore, the components of the agreement are comprehensive, and it is a single undertaking as the sequential components have already been there as building blocks.

Conclusions: Looking Forward: The Next 50 Years?

The intention of this essay is to portray ASEAN as a process. Whatever criticism we have of ASEAN regarding its slow progress, low ambition, and lack of legally binding commitments that are enforceable, we have to appreciate that the process did lead to agreements, which influenced the reform processes that took place in each country. Most importantly, it is still ongoing in this world of uncertainty regarding trade policy, and there is already a sense of an ASEAN Community. Given the main elements of the process highlighted above, how should these processes continue, evolve, and even transform to ensure the sustainability of the AEC and economic integration in the future?

First and foremost is the political will that must come from political leaders and their ministers to see ASEAN and its wider integration as a political imperative. One important feature of most of the last 50 years is the creation of an ASEAN ‘community’ as reflected in the close relationship and high degree of comfort level that Leaders and Ministers have with each other. This sense of community emerged from ASEAN as a process, by having faced the same external challenges and crises, and by often being able to come up with an ASEAN response. With a new generation of Leaders that have less history with each other and with a number of Leaders ascending national leadership from regional leadership positions, how the sense of community and realisation of the strategic importance of ASEAN is maintained is key. One important existing forum that could be re-energised to this end is the Leaders’ Retreat for ASEAN Leaders held at the first ASEAN Summit of the year. Leaders need to use it to sit down and talk openly to strengthen the political will on ASEAN and the importance of ASEAN centrality in facing the economic and political–security challenges we are confronted with. This should also filter down to the ministerial and then officials levels. Otherwise, the process will be reversed – a bottom-up process where officials and bureaucrats drive the agenda in the absence of the bigger strategic vision and objectives. This is one of the recommendations made by the ASEAN Institutes of Strategic and International Studies (ISIS).

Second, as has been demonstrated in the past, the external situation has led to a commitment and collective will to move forward together towards a strengthened common position. The time now is one of great uncertainty in trade policy with the retreat of the United States and advanced countries in support of the multilateral trading system, a tendency towards protectionism, and a lack of progress in other mega regional agreements, such as the withdrawal of the United States from the Trans-Pacific Partnership. In addition, the trend towards bilateral agreements is not beneficial for ASEAN, given that rise in the costs of doing business from a plethora of scope, schedules, rules, and standards. ASEAN and East Asia have benefited from an open world economy, and thus they have the greatest stake compared with any other region in fighting protectionism and ensuring that a rules-based trading system is maintained. Continuing to deepen the AEC and completing negotiations on the RCEP framework would send an important signal to check protectionism and provide more certainty about the direction of trade policy. After all, RCEP comprises 30% of world trade and the world economy, and half of the world's population – so what happens in RCEP will matter.

As was the case with the ASEAN process, RCEP serves to buttress regional trade reform, which will be needed to bring Asia's growth potential to its next stages of development. The benefits of RCEP will not just come from market access but will also make ASEAN the centre of the global value chain and will generate investments, which will boost exports.

Third, taking a longer-term perspective on ASEAN as a process reveals that agreements in ASEAN tend to start with low or modest ambition and conservative timelines. However, more often than not, it is followed by an increase in ambition and scope as well as a shortening of timelines when members are 'ready'. This may be part of the sustainability of ASEAN to date and, while ideally there should be a deeper integration exercise within the AEC as well as in the scope of RCEP, we must see it as a process that will be ratcheted up. Thus, while the current state of deepening the AEC and the pace and scope of negotiations with RCEP are deemed to be slow and have low ambition, it is nevertheless ongoing. It is important to conclude a framework agreement and include the existing issues of deepening market access, services, and investment, while at the same time begin to deal with the new issues such as e-commerce.

RCEP was designed to deal with the challenges of the 21st century so that a minus x formula is possible. This should, of course, be the last resort, but neither should there be a blockage due to political demands back in the countries although, of course, this should be the last resort. The minus x formula is not about exclusion; it is more about opting out until one is ready. Furthermore, there is the possibility to add issues in the future components of negotiations. The issues in trade agreements must now take into account the evolution of global value chains and the technological disruptions that will mean continuing to tackle the old issues in trade agreements, as well as handling new issues.

Fourth is really addressing the issue of an equitable ASEAN, between ASEAN countries and within ASEAN countries. This will necessitate a combination of a programme of targeted capacity building, including integrating small and medium-sized enterprises into the regional integration process, and well-planned infrastructure building that will ensure connectivity within and between countries. In fact, in 2011 the Asian Development Bank created an ASEAN Infrastructure Fund of US\$500 million to support economic integration, but it has not been disbursed nor utilised effectively. There is opportunity in cooperation and collaboration under the Master Plan on ASEAN Connectivity, and in proposing 'ASEAN integration' projects to multilateral agencies, such as under China's Belt and Road Initiative or other programmes. Education and training could be another big area of cooperation and collaboration that will be important.

Fifth, trade agreements today go beyond tariffs and goods, and the AEC as well as RCEP have included issues related to non-tariff measures, services, investment, and even the environment. The movement of skilled professionals, even though part of the ASEAN vision, is still more on paper than in implementation. This will be the next big challenge and, given demographic changes, it may also require us to revisit the movement of unskilled and semi-skilled workers. Rather than dealing with the issue bilaterally, there may be great scope for ASEAN cooperation and collaboration in this area. Another very important area relates to the technological disruption that is already happening and transforming the way we produce and trade goods. It will be key that the AEC and RCEP continue to deal with the traditional issues as well as at the same time, if they are to remain relevant, address the new issues.

Sixth, how does ASEAN go beyond government-to-government and really involve the people? Technology will make this easier, and the battle will be to get young people involved. For ASEAN to be people centred, the youth offer the biggest potential and allow for more people-to-people movement as well as enhance the cooperation in the creative economy sphere.

In conclusion, you may think that I am too much of an optimist and painting a rosy picture of ASEAN. I do recognise the criticism of ASEAN as slow and not ambitious in making progress because consensus means the lowest common denominator. Also, businesses still face traditional barriers to entry, especially non-tariff measures and other restrictions. Surveys of citizens of various ages in ASEAN countries tend to show that they know about ASEAN but do not know exactly what it does for them. Is this causing the lack of political will and concern regarding the benefits of ASEAN and free trade agreements? I do not know the full answer, but I do think we have our homework ahead of us to have the right narrative that will resonate economically, politically, and for the people, of the benefits of openness for development and that there is a way forward which is going to be more inclusive. I do believe ASEAN will be there for another 50 years because it is unthinkable to live in a world without ASEAN. Let us not wait to realise the importance of ASEAN when it is no longer with us.

ABOUT THE AUTHOR

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She served as Indonesia's Minister of Trade from 2004 to 2011, and as Minister of Tourism and Creative Economy from 2011 until October 2014. As Minister of Trade, she led all the international trade negotiations and cooperation for Indonesia. She worked with Jeffrey Sachs on the UN Secretary-General Millennium Development Goals (MDGs) Review (2003–2005), was the World Trade Organization (WTO) Group-33 Chairperson (2005–2011), and was nominated as a candidate for the WTO Director-General (2013). In December 2014, she was awarded the 'Lifetime Achievement in Leadership' during the World Chinese Enterprise Forum in Chongqing, China.

She obtained her BA and MA from the Australian National University (ANU), and her PhD from the University of California, Davis.



ASEAN's Next 50 Years



Suthad Setboonsarng

As ASEAN celebrates its 50th year as the region's pre-eminent institution for cooperation, it is a time for reflection and evaluation. The ASEAN we see now is a result of constant assessment of areas where the benefits of ASEAN outweigh its costs, a dynamism that gives strength to and defines what ASEAN is: not the best but an appropriate regional institution. As ASEAN embarks on its next half century, its resolve will be tested to the limit as it encounters a completely different pace of changes in the regional and global environment. ASEAN has made major contributions to regional and global economic growth and political stability. In its next 50 years, ASEAN needs to be more proactive and take hold of its future. It can achieve this by assessing and allocating fairly the benefits from integration, anticipating and preparing for the changes in population and demographics, and adapting to new technologies.

In its first 2 decades, ASEAN bolstered the region with stability, trust, and confidence, thus allowing the five original members to focus on nation building. Brunei Darussalam's accession in 1984 illustrates this benefit. After the Uruguay Round of the World Trade Organization in 1986, the ASEAN Member States started to intensify their use of ASEAN as a common platform in engaging foreign partners on economic cooperation via trade liberalisation and attractive investment incentives. My first task at the ASEAN Secretariat in 1993 was to help establish the ASEAN Free Trade Area (AFTA), which was the foundation of the ASEAN Economic Community. Between 1995 and 1999, four new members joined ASEAN and became a part of this undertaking. ASEAN also grew stronger together as the member states strengthened their bonds through the Asian financial crisis. It was also in 1997 that ASEAN embarked on the journey towards Vision 2020, which culminated in the creation of the ASEAN Community in 2015.

The benefits of ASEAN cooperation are clear. On the political security front, peace and stability reign in the region. Sporadic skirmishes around border areas are peacefully resolved. The more visible benefits are the achievements in economic and social development. Most member countries have made good progress towards the Millennium Development Goals. Foreign direct investment has created jobs, transferred technical knowledge, and improved manufacturing capacities across the ASEAN countries. ASEAN has moved from a lower-income economy to a middle-income economy. From 2007 to 2015 alone, ASEAN's per capita gross domestic product grew by 80% to about US\$4,000. By 2015, all its new members (Cambodia, the Lao People's Democratic Republic, Myanmar, and Viet Nam) had graduated from low-income to lower middle-income economy status, as per the World Bank's definition.

It is important to note, however, that the much larger benefits created by ASEAN accrue outside the region instead of within it. The mechanism to manage peace and security issues for ASEAN has included all major world powers and has become the premier forum for the peace process for Asia. The ASEAN Regional Forum convenes ministers of foreign affairs from over 26 countries and representatives from regional and international organisations to discuss disputed issues. The East Asia Summit holds consultations on security, economic, and social development issues among 18 world leaders and key international organisations. High-level dialogue and multilateralism of this magnitude in Asia is only possible because of ASEAN.

The external economic benefit of ASEAN is more tangible. Corporations in non-ASEAN countries get the lion's share of economic benefits created by ASEAN. Illustrating this reality is the oft-cited trade statistic that intra-ASEAN trade accounts for only about 25% of the region's total trade. This means that 75% is trade with non-ASEAN countries. An example is when AFTA comprehensively reduced automobile tariffs for auto manufacturing. In theory, a reduction in the cost of production should result in the reduction of the consumer price. But no ASEAN country has experienced a reduction of car prices in the past 20 years. The value added accrued to ASEAN is only a portion of the net export value. The major beneficiary of AFTA was the foreign auto industry.

The challenge here is that ASEAN countries have limited information and understanding of how economic benefits and gains are distributed. The inequality in the allocation of benefits between ASEAN and non-ASEAN entities across all industries sits on top of the widening income-level gap between the rich and the poor in each ASEAN country and among ASEAN countries. If this issue is not addressed, the uneven allocation of benefits will lead to resentment from governments and the public, which can undermine the development process.

As we assess the benefits of ASEAN, we must also consider its costs. The immediate and direct costs are on senior government officers and the ASEAN Secretariat who organise meetings and work on the details of agreements. These costs are small when compared to the benefits we gain. But the growing number of meetings and the expansion of agendas have been draining the small pool of government officers, especially in small countries and the small ASEAN Secretariat. The equal allocation of costs without proper allocation of benefits is not a sustainable practice.

Since the past decade, ASEAN has assumed more roles and responsibilities as other countries and organisations institutionalise relationships with ASEAN. However, the large multilateral forum is also overstressing the ASEAN countries. Fourteen to fifteen meetings take place over 3 days during an ASEAN Summit. The number of partners, issues, and business councils that ASEAN Leaders and officers have to manage is rapidly outpacing the number of officers and budget of each member country assigned to ASEAN. The ASEAN Secretariat, the key coordinator of these important matters, remains underfunded.

As one of the professionally recruited staff under the new structure and mandate, I joined the ASEAN Secretariat as director of economic research in February 1993. We were expected to support the implementation of the new economic cooperation initiative, the Common Effective Preferential Tariff–ASEAN Free Trade Area, and the transforming of other areas of economic cooperation to ‘... strengthen their (ASEAN) economic cooperation with an outward looking attitude ...’.¹ I tried to look for research funding to help position ASEAN in the regional and global market. But almost all available funding was from external sources, all of which had recommendations for ASEAN. There was no funding for strategic planning and outward-looking research from the member states. Without appropriate strategic information and intelligence, ASEAN could not ‘think’ properly. The economic cooperation staff was occupied with preparing meetings, keeping records, and doing follow-up work on decisions.

We were all aware that ASEAN cooperation benefitted third parties, but only a few knew about the enormity of these benefits. When we discussed and agreed on the issue of ‘third party invoicing’,² we fully acknowledged that a portion of the benefit was accrued to a third party, but could not tell the size of the benefit for the third party. To make this information more transparent, we need to understand cross-border business models of key players in each industry. Strategic policy research can help forge a win–win solution among member countries and the private sector to benefit ASEAN as a whole.

In hindsight, I think that if decision-makers in ASEAN had been better equipped with appropriate information, the quality of decision would have massively improved, and economic and social development would have been a few times greater compared with what this region has accomplished, which, to be fair, has been quite good. But ASEAN as a group could have achieved higher growth, distributed wealth more equally, and weathered economic crises or avoided them all together.

¹ First principle of the Framework Agreements on Enhancing ASEAN Economic Cooperation, 28 January 1992.

² Third party invoicing is when goods are moving from country A (exporter) to country B (importer) and the invoice to collect the payment comes from a third country, country C (ASEAN or non-ASEAN). Hence, the entity in country C collects the money from country B, pays country A, and turns a profit.

Today, ASEAN is operating in a new regional and global environment where the major source of growth is centred in Asia as developed countries are recovering slowly. The global financial system is being reshaped, tectonic shifts in population and demographics are swiftly under way, and advancement of new technologies are disrupting traditional industries. The formation of the ASEAN Community lays down a concrete foundation for closer cooperation. ASEAN has accumulated a wealth of knowledge and experience in diplomacy, negotiations, and strategic thinking in the last 50 years. ASEAN should apply its expertise and make the necessary preparations in the face of these growing challenges and opportunities.

In the new global economy, ASEAN's biggest asset is its geographical location. ASEAN sits at a critical trade junction of the global economy – at the intersection of China's 'One Belt, One Road' and India's 'Look East' policies. ASEAN will reassume its place as a global business hub of the ancient Silk Road. As history tells us, the kingdoms in Southeast Asia were created to maintain stability, offer protection, and manage economic activities passing through the region. To revive those for the 21st century, ASEAN must deliver efficient services in logistics, finance, and rule of laws. Goods and services should flow through the region seamlessly with minimum cost and maximum certainty. An ASEAN trading hub should uphold the principles of good governance, transparency, and efficiency. The private sector should take the lead as the public sector provides general direction and necessary institutions.

To thrive in this new environment, the ASEAN Member States should continue working together to avoid competing with each other and work more effectively with their external business partners. A thorough and transparent examination of the allocation of benefits should be conducted before proceeding with new arrangements. The costs associated with new initiatives should be allocated with external partners. For example, the costs and benefits of building and maintaining regional infrastructure such as roads and rail networks should be shared through new inclusive business arrangements. ASEAN and non-ASEAN governments and the private sector can undertake research and studies to create new appropriate and acceptable business models and arrangements that will allocate costs and benefits. This is the major lesson from the last 50 years of ASEAN integration.

Without appropriate information and understanding of the overall cost and benefit and how these are allocated among local and external partners, it is possible that countries become resentful. Already, overtures of protectionism, economic nationalism, and resentment are being sounded in the region because of imbalanced allocations in the past. The progression of ASEAN integration should be based on a sound, well-studied, and well-planned strategy.

A clear and imminent challenge for ASEAN is the burgeoning demographic imbalance between Northeast Asia (increase of 50 million by 2021 plus ageing) and South Asia (increase of 296 million). This will have considerable implications on agricultural production, food security, and labour migration. Urbanisation will draw down food production capacity in the rural areas, while an ageing population will need to find new sources for social security support. These issues need a concerted policy response because inward-looking solutions will only worsen the problem. The policy response will need to be based on critical studies and strong regional commitment. A non-threatening ASEAN is the ideal platform for this vital exercise.

ASEAN also has to respond to the advent of new digital and disruptive technologies. Just as e-commerce is changing how we do business, new applications and innovations are instantly changing the entire finance, transportation, and hospitality sectors. ASEAN governments have to balance the roles of enabler of innovation and guarantor of public interest and security.

Finally, ASEAN needs to take a scientific approach to develop a long-term strategic position of the region in key areas such as food, energy, finance, logistics, and communication securities; enhance the core strength of the region in location and services; and manage the exit of losing sectors. ASEAN should invest in understanding both the internal and, especially, external benefits created by integrating the region, how to allocate them, and the costs to appropriate parties. This is a prerequisite for ASEAN to chart its way forward to a more prosperous ASEAN Community for its citizens in the new global and regional landscape.

ASEAN had come a long way since I left the ASEAN Secretariat in the year 2000, but it has much more to offer. Interest in regional integration and ASEAN cooperation has declined. The next generation of leaders, diplomats,

and entrepreneurs should make ASEAN central to their policy and business focus and as a tool to address the challenges of their time. While much has changed, one truism remains: the only way we can face major global challenges and maintain long-term growth and stability is through enduring cooperation in ASEAN. The next generation of ASEAN Leaders and citizens should learn from missteps of the past and build on success.

I wish them and ASEAN a successful future.

ABOUT THE AUTHOR

Suthad Setboonsarng is a Board Member of the Bank of Thailand and the Banpu PLC, a Board Trustee of the International Rice Research Institute, and a Board Member of the Cambodia Development Resource Institute.

He was chairman of the Sub-committee on International Economic Relations, National Reform Council of Thailand (2014–2015); Advisor of the National ASEAN Summit Committee, Brunei Darussalam (2013); Member of the East Asia Vision Group II (2011–2012); Thailand Trade Representative (2009–2011); Partner at PricewaterhouseCoopers (2000–2008); and first Thai Deputy Secretary-General of ASEAN (1997–2000).

Prior to that, he was Director of the AFTA Unit, ASEAN Secretariat; Associate Professor at the Asian Institute of Technology; Research Fellow at Thailand Development Research Institute; Research Fellow at East-West Resource System Institute; and Lecturer at the Faculty of Economics, Thammasat University.

He received his Bachelor of Arts degree in economics from Thammasat University, Thailand, and his Master of Arts degree in agricultural economics from the University of Hawaii. He completed his PhD in economics at the University of Hawaii under a scholarship from the East-West Center, Hawaii.



My ASEAN Experience



Rebecca Sta. Maria

In December 1981, when I took up my post at the then Ministry of Trade and Industry, my first assignment was as rapporteur for the ASEAN meeting of Senior Economic Officials. At that time, there were only five ASEAN Member States (Indonesia, Malaysia, Singapore, the Philippines, and Thailand). ASEAN was then just 14 years old, but work to deepen economic integration was already under way.

Fast forward to 2015 and we witnessed the fruition of years of work towards creating an ASEAN Community. Yet, despite those years of existence, it seems that ASEAN remains a well-kept secret. Walk up to anyone on the street and ask them what ASEAN is and I am sure most would not be able to articulate what it means to them.

My ASEAN experience has been enlightening as I have watched this grouping's growth. Brunei Darussalam became its sixth member on 7 January 1984 and Viet Nam the seventh on 28 July 1995. The Lao People's Democratic Republic and Myanmar were admitted into ASEAN on 23 July 1997, while Cambodia became the tenth member on 30 April 1999.

While the impetus for the establishment of ASEAN may have been political, the progress of the grouping has, to a large extent, hinged on its economic integration. Right from their first meeting in Jakarta in 1975, the ASEAN Economic Ministers have focused on economic integration, although it was largely limited then to trade and tourism. The steps to integration took the form of providing trade preferences through the Preferential Trading Arrangement. In a sense, this was a confidence-building measure as the five members of the region were fledgling economies, pretty much focused on commodities.

At the Fourth ASEAN Summit, in Singapore in January 1992, the ASEAN Leaders signed the Framework Agreements on Enhancing ASEAN Economic Cooperation that laid the groundwork for the ASEAN Free Trade Area through the Agreement on the Common Effective Preferential Tariff.

To be sure, the ASEAN Member States did not just look at integration through trade in goods. Recognising the growing importance of services in the global economy, the Ministers guided the process for the implementation of the ASEAN Framework Agreement on Services, signed on 15 December 1995 in Bangkok, Thailand. This agreement aimed at enhancing cooperation to improve efficiency, competitiveness, and supply of services, and liberalise further the trade in services among the ASEAN Member States.

Also realised was the importance of direct investment in sustaining the pace of economic, industrial, infrastructure, and technology development in the region. To achieve this, the ASEAN Investment Agreement was signed on 7 October 1998 in Makati, Philippines, aimed at attracting higher and sustainable levels of direct investment flows into and within the region through a more liberal and transparent investment environment.

These developments illustrate a thoughtful, deliberate process towards economic integration. Often, ASEAN is criticised for the slow pace of development, a situation that makes some of us impatient for bolder, faster integration of the region. But it is not the ASEAN way to take quantum leaps or big bold steps. Rather, ASEAN's journey towards economic integration is through gradual comfortable steps, perhaps akin to the measured, conscientious steps of the fabled tortoise who in the end beat the hare to the tape!

It was only when measures towards the ASEAN Free Trade Area were progressing well did the Economic Ministers take the next step, in 2006, of deepening economic integration by drawing up the ASEAN Economic Community (AEC) Blueprint 2015. The ASEAN Economic Ministers, chaired by Tan Sri Rafidah Aziz (Malaysia's then Minister of International Trade and Industry), decided that ASEAN was ready for the next important step.

In early 2006, the ASEAN Senior Economic Officials were challenged by their Ministers to craft the economic future of the grouping by establishing an economic community not by 2020, as stipulated in ASEAN Vision 2020, but by 2015. Thus began the work towards hastening ASEAN economic integration.

As Chair of the ASEAN Senior Economic Officials Meeting in 2006, I led the drafting of the AEC Blueprint 2015, which served as the guiding framework for further economic integration. Included in the process were measures for the implementation of the blueprint, which we were able to draw up after consulting our business community and engaging various sectoral groups to ensure that we were taking a holistic approach to economic integration. We also had discussions with our counterparts from the European Union as part of our own learning. However, it must be stressed that the final document was not modelled after any other regional bloc. We crafted the ASEAN economic integration in our own mould, taking on board the development concerns of each member state.

While our blueprint was built on the achievements of the ASEAN Free Trade Agreement, the ASEAN Framework Agreement on Services, and the ASEAN Investment Area, we did not see ASEAN as a customs union or an economic community in the mould of the European Union.

In the spirit of inclusiveness, the principle of special and differential treatment was core in the AEC Blueprint 2015.

For us, more important than the blueprint itself was the ASEAN Economic Community Scorecard, which tracked the implementation of the measures. As this was the first attempt at a candid assessment of our progress, we experienced some apprehension, even anxiety. We went through a fairly intense discussion about what form of reporting the scorecard should assume. Were we ready for a public ‘naming and shaming’ document? Should we have two versions of the scorecard: a ‘sanitised’ document for the public and a detailed version for the Leaders? We decided to produce a summary for those who wanted a quick take on our work, and a detailed version, both of which would be made available on the ASEAN Secretariat website.

Despite this attempt at candour and transparency, we were criticised more than once because the scorecard was seen merely as a compliance measure and not one of impact. I took the criticism in stride. For me, it was an important first step for ASEAN.

The impact of the AEC Blueprint 2015 was far-reaching for the region as it was, in effect, the impetus for the ASEAN Community 2015. Because the economic pillar moved the deadline of AEC’s establishment from 2020 to 2015, the political–security and socio-cultural pillars had to follow suit.

The implementation of the AEC Blueprint 2015 included a thorough review and updating of key economic agreements: from the ASEAN Free Trade Area to the ASEAN Trade in Goods Agreement, the ASEAN Investment Area to the ASEAN Comprehensive Investment Agreement, and the ASEAN Framework Agreement on Services to the ASEAN Trade in Services Agreement. These three core agreements are the foundation for making the region the ‘single market and production base’ that we have espoused.

As we approached 2015, the High-Level Task Force on ASEAN Economic Integration, which I chaired from 2011 through 2016, began the process of the next phase of economic integration. This took the form of the AEC Blueprint 2025, the starting point of which was AEC 2015. We critically assessed our achievements and limitations and confronted the unfinished business of AEC 2015.

The AEC Blueprint 2025 was drawn up in collaboration with the ASEAN Secretariat, the sectoral working groups, and the Economic Research Institute for ASEAN and East Asia. More importantly, this blueprint saw a deeper engagement with the business community, with the ASEAN Business Advisory Council playing a key role in ensuring that the concerns of the business community were taken on board and addressed in this phase of ASEAN economic integration.

The AEC Blueprint 2025 envisages ASEAN as (i) a highly integrated and cohesive economy; (ii) competitive, innovative, and dynamic; (iii) an economy with enhanced connectivity and deeper sectoral cooperation; (iv) resilient, inclusive, people-oriented, and people-centred; and (v) global.

The lofty rhetoric aside, this means that the ASEAN economic integration is ongoing. Mainly, AEC 2025 will make it easier, faster, and cheaper to do business in ASEAN. The focus will be on reduction, if not elimination, of non-tariff barriers and non-tariff measures. Equally significant is the stress on inclusive growth and sustainable development, and creating an enabling environment for ASEAN's small and medium-sized enterprises to be integrated into the regional and global supply and value chains.

AEC 2025 is laying the foundation for yet another important chapter in the region's economic integration. I am grateful for the opportunity to be directly involved in both AEC 2015 and AEC 2025.

As I look back from where we came in 1967, the region has indeed much to be proud of. We must ensure that the ASEAN spirit continues to permeate our society, such that we feel and think ASEAN. This is the next big challenge for all of us.

ABOUT THE AUTHOR

Rebecca Fatima Sta. Maria began her career in the Malaysian administrative and diplomatic service in 1981 and retired as Secretary-General of the Ministry of International Trade and Industry in 2016. In that post, which she held since 2010, she provided oversight in the formulation and implementation of Malaysia's international trade and industrial policies, and negotiations in bilateral and regional free trade agreements, including the Regional Comprehensive Economic Partnership between ASEAN and its six free trade agreement partners.

She had a key role in the economic integration of ASEAN and chaired the ASEAN Senior Economic Officials Meeting as well as the High-Level Task Force on ASEAN Economic Integration.

She is Senior Policy Fellow for the Economic Research Institute for ASEAN and East Asia and serves on the Board of Trustees of MyKasih Foundation, a non-governmental organisation that focuses on alleviating urban poverty, and Council Member of the Institute for Democracy and Economic Affairs.

In the academic field, she was awarded the Malcolm Knowles Award by the American Academy of Human Resource Development for the best PhD dissertation in 2000 in the field of human resource development.



Looking Back on Myanmar's Chairmanship of ASEAN in 2014



Kan Zaw

The year 2014 was a milestone in Myanmar's history as it was the year that two ASEAN summits were held in the country, after 17 years of its membership in ASEAN. It was also the year when the ASEAN Community was established, an epic milestone for peoples from ASEAN Member States who are enjoying the blessings of peace, freedom, and prosperity.

Myanmar as Chair made two declarations: the Nay Pyi Taw Declaration on Realisation of the ASEAN Community by 2015, adopted on 11 May 2014 by the 24th ASEAN Summit held in Nay Pyi Taw, and the Nay Pyi Taw Declaration on the ASEAN Community's Post-2015 Vision adopted on 12 November 2014 by the 25th ASEAN Summit in Nay Pyi Taw.

Both declarations, the result of a series of debates and deliberations among the ASEAN Member States, were needed to finalise the ASEAN Post-2015 Vision and its central elements and were to lead to the establishment of the ASEAN Community by the end of 2015.

The Nay Pyi Taw Declaration was made after full consensus from the ASEAN Member States and is considered the very first step in realising the post-2015 road map that ASEAN had envisioned during Brunei Darussalam's ASEAN chairmanship in 2013 during which a high-level task force on strengthening the ASEAN Secretariat and reviewing the ASEAN organs was created. The task force held several rounds of meetings in ASEAN cities and made recommendations. After consolidating all recommendations, the ASEAN Coordinating Council Working Group on the ASEAN Community's Post-2015 Vision also identified central elements of the three pillars of the post-2015 ASEAN Community.

In hosting events under Myanmar's chairmanship, the major tasks were planned, organised, and conducted primarily by the government and the public sector. The major events were held in government buildings, and relevant government departments took leading roles in hosting meetings in several places. This gave public servants involved in such activities a great opportunity to gain valuable experience in holding such events. The government's hosting and conducting of meetings not only reduced the cost but also increased the confidence and heightened the pride of civil servants. To overcome obstacles in providing logistic support and conference and event management, for example, the Myanmar National Secretariat learned from fellow ASEAN Member States who shared experiences and good practices from ASEAN-related meetings.

The union-level steering committee was chaired by the Vice-President and composed of union ministers, deputy ministers, and senior officials from the ministries representing the three ASEAN Community pillars. Organisational and administrative matters were supported by 17 subcommittees. For the ASEAN Political-Security Community and ASEAN Economic Community pillars, several preparatory and coordination meetings were held before the summits. Sideline events were arranged and programmes were set in selected venues. Programmes showcasing the culture and tradition of Myanmar were shown prior to most of the events.

Myanmar hosted over 250 ASEAN-related meetings throughout 2014, including the 24th ASEAN Summit, the 25th ASEAN Summit, the 9th East Asia Summit, and the 47th ASEAN Ministerial Meeting.

The success of the 2014 ASEAN chairmanship was due to the great contribution from representatives from the ASEAN Member States who had shared their experience as former ASEAN Chairs in addition to the study tours in Indonesia, Singapore, and Viet Nam to inspect and study the venues of the previous summits. The governments of China, the Republic of Korea, Japan, Germany, and the United States assisted in capacity building and providing materials before and during Myanmar's chairmanship year while the ASEAN Secretariat dispatched a team to support it, thus enabling Myanmar to host the events smoothly and successfully. Myanmar's ambassadors in ASEAN countries also contributed through their presence.

Myanmar's chairmanship of ASEAN was historic and was a benchmark for attracting regional and global attention. The successful hosting of summits and other meetings showed that Myanmar could manage and conduct the events very well. The outcome documents of the summits also reflected their substance and relevance to the ASEAN Community. In our 17 years of ASEAN membership, the very first time we chaired ASEAN, we gained the trust and confidence of ASEAN Member States, dialogue partners, and the international community. Myanmar's success is also the ASEAN region's success. The motto of 'One ASEAN, One Community' was proved by the unity of member states and their helping hand for Myanmar's chairing of ASEAN. The self-confidence and pride of civil servants of Myanmar increased and the Myanmar people felt proud to be the host. Myanmar chose 'Moving Forward in Unity to a Peaceful and Prosperous Community' as the theme for its chairmanship. Since Myanmar would be at the threshold of the ASEAN Community in 2015, it called for ASEAN to promote solidarity, effectiveness, and competitiveness to overcome internal and external challenges and maintain ASEAN's centrality and unity.

ABOUT THE AUTHOR

Kan Zaw is President of the Myanmar Academy of Social Sciences.

Before his retirement, Kan Zaw was Union Minister at the Ministry of National Planning and Economic Development and Rector at the Yangon University of Economics. He was the founder of the Monywa Institute of Economics and pioneered executive-level master courses for development studies, public administration, and business administration, and PhD programme at the Yangon Institute of Economics.

He holds a master's degree in development studies from the International Institute of Social Studies, The Hague, The Netherlands; a PhD in economics from the Yangon University of Economics; and the title Doctor of Business Administration from Victoria University, Switzerland. He worked as a Visiting Research Fellow at the Institute of Developing Economies, Tokyo, in 1996. His over 30 years' experience in research, consultancy, and capacity building in economics and regional planning included work in ASEAN and neighbouring countries.

Kan Zaw has worked on several research projects; published in international journals; and written conference papers, book chapters, and development reports. He participated in several research projects on socio-economic development and industrial development as well as programmes funded by the United Nations Development Programme and other organisations.



ESSAYS: ASEAN PARTNERS





MYANMAR, 2014

ASEAN - AUSTRALIA 40th ANNIVERSARY COMMEMORATIVE SUMMIT

Nay Pyi Taw, Myanmar, 12 November 2014



Our People, Our Community, Our Vision
MALAYSIA 2015

18th ASEAN-Japan Summit

Kuala Lumpur, Malaysia 22 November 2015



19th ASEAN-China Summit to Commemorate the 25th Anniversary of ASEAN-China Dialogue Relations

7 September 2016, Vientiane, Laos





ASEAN at 50: Reflections from Australia



Gareth Evans

As Australia's foreign minister from 1988 to 1996, I had no counterparts anywhere in the world with whom I felt closer and more comfortable than my ASEAN colleagues, despite the multitude of cultural and historical factors notionally dividing us. As close partners on such initiatives as the creation of the Asia-Pacific Economic Cooperation (APEC) forum and the ASEAN Regional Forum and negotiating peace in Cambodia, there grew among us an enormous sense of camaraderie and a sense that, working together, we really could look forward to a future of sustainable peace, prosperity, and social justice.

There were things about some of those ministerial meetings that I would prefer to forget, above all the acute embarrassment of being called upon to perform some musical number – me, whose voice is so tuneless I was even

banished from my kindergarten choir! And no doubt there are a number of things that my colleagues would prefer to forget about me, such as my occasional infection with what was dubbed (I suspect by my Singaporean friends) as ‘initiative-itis’. But there were many experiences also that I would never want to forget, one occasion in particular. Early in 1990, during a break in one of the big Jakarta meetings on Cambodia, looking for a quiet place in which to make a phone call, I inadvertently stumbled into a room where half a dozen ASEAN ministers were chatting over coffee. My profuse apologies were overborne by calls to stay and join them, with one colleague saying ‘Come on in. You’re one of us.’

If I – an outsider from a non-ASEAN country – could feel that sense of camaraderie, how much greater must it have been for my ASEAN colleagues with each other? That, of course, is at the heart of what makes ASEAN the great success story it has been for the last 50 years, not only in achieving the kind of political cooperation that has enabled deadly cross-border conflict to be effectively banished from the region – thus fully realising the primary dream of its founders – but also in creating a cooperative open trading environment that has generated a level of prosperity unimaginable 5 decades ago.

Milestone anniversaries are properly an occasion for celebration, and there is much to celebrate looking back, but they should also be an occasion for reflection about what lies ahead. And it does seem, at least to this outsider, that there are some challenges with which ASEAN does now need to seriously grapple.

One is maintaining cohesion in the face of the challenge from a newly confident and assertive China. Beijing seems only too happy to create, or re-create – if it can do so without violent conflict – some kind of hegemonic, tributary relationship with its southern neighbours. For China to be able to succeed in dividing and neutralising ASEAN’s reaction on the South China Sea issue, to the extent it has in recent ministerial meetings and summits, does not bode well for the future. Consensual diplomacy – traditional ASEAN style – is all very well, but sometimes, when the vital national interests of so many of its members are manifestly involved, some collective pushback is needed.

A second challenge is to keep ASEAN's balance in the face of the almost complete uncertainty about how the United States (US) under President Trump will behave in the region, with at least the possibility now of everything from a US trade war with China to a serious dilution of traditional US alliances and partnerships long seen by ASEAN as a force for regional stability. The best way for ASEAN to maintain its own balance in this uncertain environment may be for it to make a major new effort to give real content and substance to the regional economic and security policy-making architecture which it has, for so long, played a central part building – including APEC, the ASEAN Regional Forum, and now, most importantly, the East Asian Summit. The potential for creating a really cooperative, common security environment in the region that can withstand political shocks – even on the scale of a Trump-driven Amexit – has always been there, but never fully realised.

A third challenge for ASEAN is maintaining its economic momentum, including job creation, in an environment where there are not only the geopolitical stresses and uncertainties already mentioned, but a backlash everywhere against globalisation and a fear, thoroughly justified, of the unskilled and less-skilled being left completely behind by digitalisation. These economic problems – and the social justice problems inexorably associated with them – are of course not ASEAN's alone, but they are going to require a huge amount of intelligent, united policy commitment, including through the new ASEAN Economic Community mechanism, to begin to resolve. This is not a time for erratic, beggar-thy-neighbour, populist nationalism.

A fourth challenge is how to balance ASEAN's traditional, and understandable, desire to continue to give primacy to state sovereignty and non-interference against the need to address unacceptable violations of universally recognised civil and political rights. Those violations, of which we have seen too many graphic examples in recent times from too many ASEAN Member States, are very destructive of ASEAN's international reputation. They seriously limit any soft power it may otherwise be able to exercise and diminish ASEAN's claim to continued 'centrality' in the operation of those regional organisations which are so crucial to the whole region's future.

There are plenty of other challenges which ASEAN will need no prompting from any outsider to recognise, not least how to begin to take forward a regional organisation of 625 million people with a Secretariat with few teeth and a budget of only US\$20 million. But let me conclude with one more from an Australian perspective: is it thinkable that ASEAN would ever be willing and able to admit its non-Asian southern neighbour to its membership?

In the new uncertain geopolitical environment created by both G2 members (the US and China), it has never been more important that all the other countries of the region work together to build more collective strength, both economically and politically. A new mantra – ‘More self-reliance. More Asia. Less America.’ – is as applicable for Australia as it is for ASEAN members and for the countries of North East Asia and South Asia as well. Australia is the 13th largest economy in the world and, despite our much smaller population, ranks alongside Indonesia, Viet Nam, and Thailand in military firepower. Bonds between Australia and ASEAN are quite strong already – you are collectively our second-largest trading partner, after China; we are a major supplier of education, with some 120,000 of your students enrolled in our universities; and we have close security ties with a number of you. But it would be in both our interests for those bonds to be very much stronger still. It is probably premature for both sides to be talking about actual Australian membership in the organisation. But if ASEAN is to be as effective and influential in the next 50 years as it has been in the last, it is something we should both be thinking seriously about.

ABOUT THE AUTHOR

Gareth Evans is Chancellor and Honorary Professorial Fellow at The Australian National University, and President Emeritus of the International Crisis Group which he led from 2000 to 2009. He was a member of the Australian Parliament for 21 years, and a Cabinet Minister in the Hawke and Keating governments for 13, including as Foreign Minister from 1988 to 1996. He played prominent roles in initiating APEC and the ASEAN Regional Forum, and the United Nations peace plan for Cambodia.



ASEAN at 50: A Valuable Contribution to Regional Cooperation



Zhang Yunling

The Association of Southeast Asian Nations (ASEAN) celebrates its 50th anniversary on 8 August 2017. Among the most important achievements of ASEAN at 50 are that as a regional organisation, it has gradually brought all countries in Southeast Asia together to achieve unity, stability, and peace. Another major accomplishment is that it has established an open and integrated regional market and promoted economic development and prosperity. The core value of the ‘ASEAN Way’ is its inclusiveness. All members of ASEAN participate in and benefit from regional cooperation by giving the new members time to adjust and accommodate themselves to the process. Unlike the European Union approach, which emphasises regional governance based on the legal

establishment, the ASEAN Way tries to provide a comfortable environment for all members to implement the agreements by adjusting and reforming their policies and legal systems. The backbone of ASEAN is the members' shared spirit of amity and cooperation for living in peace, stability, and prosperity by bonding together in partnership.

The establishment of the ASEAN Community in 2015 was a big step forward by ASEAN. Guided by the ASEAN Charter, the ASEAN Community consists of three pillars: the Political–Security Community, the Economic Community, and the Socio-Cultural Community. The building of the ASEAN Community follows the ASEAN Way with 'One Vision, One Identity, One Community' as a gradual process with continuous efforts and progress. Thus, 2015 was not a deadline but a new starting point towards progressive community building. The ASEAN Political–Security Community aims to promote peace within ASEAN and with the world. It aims to achieve this by developing a just, democratic, and harmonious environment and by insisting on a people-oriented ASEAN with respect for diversity, equality, and mutual understanding, rather than by means of a strong ASEAN governing body in political affairs and a common ASEAN security force. The ASEAN Economic Community intends to build a highly integrated and cohesive economy that is competitive, dynamic, resilient, inclusive, people-oriented, and people-centred. It seeks to create a more globalised ASEAN by facilitating the seamless movement of skilled labour, goods, and services within ASEAN through progressive programmes and agendas, but avoiding an exclusive, inward-looking customs union and single currency. The ASEAN Socio-Cultural Community aims to achieve a committed, participative, and socially responsible community that uplifts the quality of life of the ASEAN people through cooperative activities. It emphasises multi-sector and multi-stakeholder engagement; deepening the sense of ASEAN identity; and enhancing the commitment, participation, and social responsibility of the ASEAN people while avoiding a conditioned common value or culture.

While there may be differences of opinion as to the value and model of ASEAN, there is widespread agreement that ASEAN as a regional organisation has made great contributions to leading Southeast Asia towards progress and prosperity and helping to create relations for peace and cooperation with other partners in the region and the world.

The most important characteristics of the ASEAN Way nurtured in the past 50 years may be summarised as follows:

- **Non-interference, inclusiveness, and harmony.** While they have learned from other regions' experiences with regional cooperation, especially those of European cooperation, Southeast Asian countries have worked hard to forge their own way, drawing from their traditions, values, and cultures. The ASEAN process of regional integration always gives special emphasis to the principles of non-interference, inclusiveness, and harmony. This does not mean that ASEAN takes a laissez-faire approach to its programmes and agendas; rather it intends to provide a suitable environment to guide all members towards the goals. ASEAN at 50 offers valuable experience for other regions in Asia and the world on how to forge regional integration while safeguarding diversity and on how to fulfil obligations for implementing the commitments while maintaining independent and sovereign decisions and defending the members' basic interests. ASEAN plays a leading role in forging East Asian cooperation in two ways. First, ASEAN has become a key player in bringing other East Asian partners together under the 'ASEAN+' framework with ASEAN at the centre. This has led to the creation of groupings such as the ASEAN+1 free trade agreements (FTAs); ASEAN+3, comprising ASEAN, China, Japan, and the Republic of Korea; and the East Asia Summit and the Regional Comprehensive Economic Partnership. Second, the ASEAN experience plays a guiding role in providing the direction of regional cooperation, especially East Asian community building. Although East Asia needs to define a framework and regime for regional cooperation that is distinct from ASEAN, the ASEAN experience is a valuable reference for East Asian cooperation.
- **Liberalisation, cooperation, and community building.** ASEAN insists on an open development doctrine by promoting market liberalisation and economic cooperation. This started from the Common Effective Preferential Tariff, which led to the creation of the ASEAN Free Trade Area, and subsequently the ASEAN Economic Community with its goal of increasing the region's competitive advantage as a production base. Unlike the European Union, the ASEAN Free Trade Area eliminated internal tariffs but does not apply a common external tariff, and the newer members – Cambodia, the Lao People's Democratic Republic, Myanmar, and Viet Nam – were given more time to implement the

arrangement schedules. Gradual and differential arrangements moving towards higher standards of market liberalisation in accordance with the capabilities of the members are essential for the success of ASEAN market liberalisation, integration, and community building. Considering its limited resources, ASEAN manages to build an open and friendly market environment that attracts outside investors, enabling it to become a centre for production networks and thereby enhance the level of economic development and the living standards of its people. Furthermore, with its experience and advantage as an integrated regional organisation, ASEAN plays a central role in developing FTA frameworks, especially the integrated regional FTA framework, the Regional Comprehensive Economic Partnership, which aims to bring 16 countries together. This regional agreement will create the largest FTA in the world and will provide a dynamic new engine for the sustainable economic development of the region.

- **ASEAN centrality and a leading role.** ASEAN defends its centrality in regional relations and the regional order. This does not mean that ASEAN is only inward-looking and ignores the interests of the others. Rather, ASEAN uses its central position to invite other partners to conduct dialogue and cooperate to build new partnerships and promote peace. The ASEAN Regional Forum (ARF) is the most constructive dialogue scheme. It was initiated by ASEAN in 1994 with 28 members from the Asia-Pacific region and the European Union. ARF aims to foster constructive dialogue and consultation on political and security issues of common interest and concern, and to contribute to confidence-building efforts and preventive diplomacy. Unlike the traditional military union or security bloc, ARF adopts the security concept of peaceful solutions to differences and disputes through dialogue, consultation, and cooperation. ARF is not a place for bargaining, but a framework for working on common agendas. One may question ARF's soft approach to dealing with crises. However, it demonstrates its special value in improving understanding and confidence in facing the complex and risky political and security situation in the Asia-Pacific region. The East Asia Summit is another example of ASEAN's constructive role in building new partnerships for regional cooperation and peace. Before joining the East Asia Summit, all countries must sign the Treaty of Amity and Cooperation. The treaty, drafted by ASEAN, calls for parties to respect and implement the principles of the ASEAN way. The treaty was signed in 1976 by

ASEAN members and was opened for accession by outside states in 1987. The treaty's purpose is to promote perpetual peace, everlasting amity, and cooperation within ASEAN and with other countries.

We are living in a fast-changing world and are facing many challenges ranging from economic development and social stability to international relations. Poverty, conflicts, and even wars are affecting many parts of the world today, ASEAN stands out as having been instrumental in turning Southeast Asia into the stable, prosperous, peaceful, and cooperative region it is today, and in nurturing a spirit of amity and cooperation with other partners.

Relations between China and Southeast Asian countries have a long history, but they became troubled in modern times for complex reasons, like the Cold War. Diplomatic relations between China and Southeast Asian countries were only normalised in early 1990. China and ASEAN began their engagement in 1991 and soon became Dialogue Partners. The most valuable experiences from the 26 years of China and ASEAN relations have been 'seeking common ground while reserving differences' and promoting cooperation. Differences are to be expected in any international relationship; the key is to manage them and not let them become obstacles to the development of cooperation. As their relationship has developed, China and ASEAN have worked hard to let the 'Chinese way' and 'ASEAN way' connect with each other. As both approaches emphasise sovereignty and non-interference, respect for diversity, and harmony, China-ASEAN relations have developed successfully in general and achieved a great deal of progress. China always supports ASEAN unity and its central role in regional affairs. It was the first country to initiate and negotiate an FTA with ASEAN as a group, the first to make the strategic partnership, and the first non-ASEAN member to sign the Treaty of Amity and Cooperation with ASEAN.

The main principles and experiences of China-ASEAN relations are as follows:

- **To prioritise economic development based on open and cooperative principles.** The China-ASEAN FTA opened a new phase in their economic relations. The two sides worked out a unique approach to conduct the negotiations, including the early harvest arrangement, gradual and differential arrangements for liberalisation starting with trade in goods, then services and investment, and allowing less-developed countries more time to implement the agreement. Economic cooperation

is an essential part of China–ASEAN economic relations. Cooperation ranges from agriculture to industrial capacity and infrastructure. China has set up several special funds, including the ASEAN–China Cooperation Fund and the ASEAN–China Maritime Cooperation Fund, to support cooperation. ASEAN companies have invested in many projects in China, and China has significantly increased its investment in ASEAN and will continue to do so. Within the East Asian Community and Regional Comprehensive Economic Partnership frameworks, China and ASEAN will move towards an integrated economic area based on an open market environment and improved connectivity.

- **To manage the differences and disputes prudently with goodwill and a spirit of cooperation.** China and Viet Nam successfully completed negotiations on a land border agreement and an agreement on the North Bay maritime area. The South China Sea dispute involves several ASEAN members. It has a long history and is complicated by modern factors, and it is not possible to reach an easy solution. China proposed a two-track approach of negotiating directly with the relevant countries to define the sovereignty issues, while cooperating closely with ASEAN to preserve regional peace and stability. China and ASEAN issued a Declaration on the Conduct of Parties in the South China Sea in 2002 with the aim of establishing the norms of behaviour in the dispute and to ensure a peaceful solution and regional stability. The results of the negotiations have been encouraging. Sovereignty disputes are always sensitive and risky and require patience, goodwill, and wisdom from all parties. However, the challenges are still substantial and will need to be met by both China and ASEAN in a manner that does not disturb the course of their main areas of cooperation.
- **To support regional cooperation and institution building.** China respects and supports ASEAN’s central and leading role in the region. However, China also makes initiatives of its own. China’s rapid rise has led to concerns over the scale of the country’s power and how it uses it in ASEAN. Chinese leader Xi Jinping advocates a doctrine of ‘community of common destiny’, which means China will live together with the outside world based on common interests and responsibilities. In this spirit, Xi has proposed a treaty of good neighbourliness and friendliness with ASEAN aimed at building a stable and peaceful relationship based on rules. China has no aspirations to dominate regional affairs and assert its will over ASEAN. It is expected that the two sides will start negotiating the treaty of good neighbourliness and friendliness soon.

Looking ahead, trust and confidence on both sides need to be further enhanced against the background of China's rise and the building of the ASEAN Community. New opportunities for cooperation ranging from economic development to political, social, and security areas should be explored by setting up working groups under the ASEAN–China cooperation framework. The parties need to complete and sign a code of conduct by the end of 2017 and work out a maritime cooperation agenda under China's Maritime Silk Road Initiative. Peace and development will remain two major issues and concerns for China and ASEAN. It is reasonable to be optimistic for China and ASEAN together to forge a better future.

ABOUT THE AUTHOR

Zhang Yunling is currently Professor, Academy Member, and Director of International Studies of the Chinese Academy of Social Sciences (CASS); Director of the Center of Regional Security, CASS; Member of the National Committee of the Chinese People's Political Consultative Conference (since 2002); and President of the China Association of Asia-Pacific Studies. He is also Vice Chairman of the China Committee of the Pacific Economic Cooperation Council (PECC), Vice President of the China-Republic of Korea Friendship Association, and Board member of the Economic Research Institute for ASEAN and East Asia (ERIA).

He was Director of the Institute of Asia-Pacific Studies in 1993–2007. He served as Member of the following: East Asia Vision Group in 2000–2001 and in 2012–2013; the Official Expert Group on China–ASEAN Cooperation (2001); the Asia-Europe Meeting Task Force (2003–2004); China–Japan 21st Century Friendship Commission (2003–2008); and the Joint Expert Group of the Comprehensive Economic Partnership in East Asia (CEPEA) (2006–2009). He was Chairman of the Joint Expert Group for Feasibility Study on East Asia Free Trade Area (2005–2006) and Executive Chairman of the China–Republic of Korea Joint Expert Committee (2010–2013).

His latest publications include *China and Asia Regionalism* (in English, 2010); *China and World: New Change, Understanding and Identification* (in Chinese, 2011); *Seeking a Benign Relationship between China and the World* (in Chinese, 2013); *Between the Ideal and Reality: Thinking of East Asian Cooperation* (in Chinese, 2015).

Zhang Yunling was born on 8 May 1945 in China.



OECD-ERIA 覚書 改訂署名式



SIGNING CEREMONY OF THE RENEWED MOU BETWEEN THE OECD AND THE ERIA

14 April 2017 Tokyo, Japan





Celebrating the 50th Anniversary of the Foundation of ASEAN



Toshihiro Nikai

It gives me great pleasure to celebrate the 50th anniversary of the foundation of the Association of Southeast Asian Nations (ASEAN). Since its inception, ASEAN has played a major role in the development of Southeast Asia under its banner of ‘peace and prosperity’. I have the utmost respect for the wisdom and industry of the men and women of Southeast Asia who established ASEAN and spurred its development. In what follows, I wish to offer a few insights on Japan’s relationship with ASEAN since its foundation, as well as some ideas about the Economic Research Institute for ASEAN and East Asia (ERIA), an international organisation I was closely involved in setting up.

After the end of World War II, national independence movements began to gain momentum in the United States-occupied Philippines, the British colonies of Burma and Malaya, and the colonial territories of

French Indochina and the Dutch East Indies. This led to the formation of the 10 states that now constitute ASEAN's membership. While some of these countries gained independence through peaceful negotiations with their respective imperial powers, others did so by waging wars of colonial independence. Differences in status vis-à-vis the former imperial powers, in perception as to where national boundaries should be drawn, or in terms of their respective positions in the global Cold War structure after World War II, left a variety of lingering resentments among these young nations. Although ASEAN took shape in 1967, Southeast Asia at that time was an area fraught with considerable volatility, and subject to frequent outbreaks of local conflicts. In 1956, as these nations pursued their struggle for independence and peace, Japan published an economic white paper which declared '*Mohaya sengo dewa nai*' ('The post-war period is over'). Over the 18 years from 1955 to 1973, albeit with some occasional dips into recession, Japan was to achieve an annual average economic growth rate exceeding 10%.

As Japan was celebrating the peace following the war and achieving this high level of growth, the ASEAN founding states of Indonesia, Malaysia, the Philippines, Singapore, and Thailand – to overcome the scars of war and colonial administration as well as the lingering unhappiness brought about by the subsequent changes in the global situation – set up ASEAN in 1967. It was conceived as a body that would work proactively to prevent its members from harming one another, as well as to foster more meaningful interpersonal exchanges and deepen mutual understanding in the region through comprehensive dialogue. I wish to express my sincere respect for the wisdom brought to bear by my fellow citizens of these Southeast Asian nations to overcome their suffering.

Following the promulgation of its post-war constitution in 1946, Japan made a concerted effort to rejoin the international community. After having joined the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development in 1952 and becoming party to the General Agreement on Tariffs and Trade (GATT) in 1955, Japan was finally able to join the United Nations in 1956. The countries of Southeast Asia warmly welcomed Japan's rehabilitation.

With the aim of expanding its income through industrialisation, Japan sought to protect and develop domestic industries by attempting to cultivate import-substitution-type industries in the 1950s. However, with its return

to the international community in 1963, Japan soon moved to ratify Article XI of GATT, which prohibited quantitative restrictions on imports for international balance of payments reasons. Similarly, it moved to ratify Article VIII of the IMF's Articles of Agreement in 1964. This provided backing for Japan's readiness to work towards achieving full-scale export-led economic development. Japan subsequently focused on promoting its heavy-chemical industry, to this end deploying an export promotion and development strategy. In 1964, the year of the Tokyo Olympic Games, Japan was finally permitted to become a member of the Organisation for Economic Co-operation and Development (OECD). Thus, like other developed countries, Japan began pushing for full-scale liberalisation of capital, bringing all its efforts to bear on the enhancement of its international competitiveness. In addition, its accession to the OECD also served as an opportunity for Japan to further contribute to the development of Asia as a whole.

Japan rapidly expanded its trade, investment, and aid provision to ASEAN Member States, contributing significantly to ASEAN's development. Consequently, Japan was able to build a close relationship with ASEAN. Meanwhile, however, Japan's rapid expansion of trade investments and foreign aid also led to various misunderstandings throughout Southeast Asia. A lesson I will never forget was given by the anti-Japanese demonstrations that were held in many of the countries visited by Prime Minister Kakuei Tanaka, a man whom I respect as a political mentor, during his tour of Southeast Asia in 1974, as well as the anti-Japanese riots that took place at the time of his visit to Indonesia. Prime Minister Tanaka made these ASEAN visits following careful preparations aimed at overcoming the then current anti-Japanese sentiment as well as the negative image formed about Japan, and the reactions in these ASEAN countries were beyond our expectations.

Prime Minister Tanaka's visit to the ASEAN countries took place amid signs pointing to the end of Japan's period of high-speed economic growth, such as the occurrence of the oil crisis a year earlier, at a time when it had also become urgent for Japan to revisit its own strategies for economic development. The strong opposition expressed by the ASEAN countries signalled an opportunity to seriously reconsider Japan's relationship with ASEAN nations, which were both valuable trading partners and important suppliers of energy resources. From this time, Prime Minister Tanaka devoted his full efforts to promoting a better understanding of Japan among the people of ASEAN countries. While Prime Minister Tanaka was someone

who responded positively to constructive criticism based on factual data, he was also a man who regarded people's hearts as important. And this regard for others is something that he also taught me. I find it wonderful to think that in 1977, only a year after the first Japan–ASEAN Summit, Prime Minister Takeo Fukuda delivered a lecture in Manila outlining how our peaceful nation of Japan could link its 'heart to heart' and mind with those of the ASEAN Community as a collaborative partner on an equal footing.

ASEAN convened the First ASEAN Summit in 1976, 2 years after Prime Minister Tanaka's visit. At this time, the establishment of its constituent institutions, such as the ASEAN Economic Ministers' Meeting and the ASEAN Secretariat, was decided. Amid concerns about oil and food crises, strong emphasis was also placed on ASEAN's resilience when confronted by these critical situations. While I have worked to promote comprehensive policies to strengthen Japan's national resilience, I was afforded the opportunity by the United Nations General Assembly's adoption of my 2015 proposal to designate 5 November as World Tsunami Awareness Day to devote my efforts to promoting resilience on a global scale. This is due in part to the deep sympathy I have for the decisions taken by ASEAN Leaders since that time to undertake comprehensive measures to strengthen their own national resilience.

I believe that ASEAN's true merit lies in its pragmatism – that is, its basis in reality. I have devoted my own career to improving relations between Japan and China and between Japan and the Republic of Korea. When specific images of countries take shape, these tend to form the basis for certain prejudices to which we cling when engaging in discussion – a process that is likely to yield nothing but barren results. It is my belief that, first of all, people need to get to know each other and have ongoing and substantive exchanges as this is the best way to prevent the formation of these distorted images. Cultural and tourism exchanges and the like also represent important means of achieving this end. And then, afterwards, engaging in constructive fact-based discussions and striving to compensate for each other's weak points are essential. ASEAN has been designed and has been put into operation as such an organisation.

For most of the next 20 years, just as Japan had done after the war, ASEAN emphasised the development of its manufacturing industry. It achieved impressive growth from the 1980s to the 1990s through various

comprehensive policy measures that included policies to protect and promote domestic industries, as well as introduce an export promotion development strategy that made active use of foreign capital. The Japanese government drew on the lessons learned under Prime Minister Tanaka's administration to give solid support to ASEAN initiatives. These included providing aid for hard infrastructure and contributing to ASEAN's development in cooperation with the private sector through cultural exchanges and human resource development as well as policy development in the industry, trade, energy, and small and medium-sized enterprises. Thus, Japan has reaped the benefits of being one of ASEAN's closest national partners.

With the end of the Cold War as a key impetus, mainland Southeast Asia finally achieved peace, with Japan playing a major contributing role together with the other nations of the world. When Cambodia, the Lao People's Democratic Republic, Myanmar, and Viet Nam became ASEAN Member States, soon followed by the accession of Brunei Darussalam, ASEAN became a giant economic zone comprising 600 million people, a unified whole that began moving towards the realisation of its magnificent vision. This was a wonderful prospect, and Japan's Ministry of Foreign Affairs and Ministry of Economy, Trade and Industry (METI) began working earnestly to support preparations for the accession of new member nations. I feel immensely proud in the knowledge that Japan could be even a little helpful in this regard.

Our world is always in flux. The Asian financial crisis of 1997 raised the spectre of all the prosperity that had steadily been built up by ASEAN vanishing in a very short time due to exchange rate fluctuations. But the Leaders of ASEAN, who had already overcome many crises, resolved to overcome this one not by turning inward but by cooperating on reform initiatives and working to build up the ASEAN Community. We cannot help but admire the supple resilience of this collective wisdom, striving to move forward steadily. Japan's contribution is particularly noteworthy in that Finance Minister Kiichi Miyazawa took the lead in partnering with China and the Republic of Korea and in collaborating with the ASEAN Member States to suppress the volatile exchange rate fluctuations and stabilise the foreign exchange market. This is an effort that was and remains today keenly appreciated by ASEAN Leaders. This effort also led to the establishment of the ASEAN+3 Macroeconomic Research Office.

In the early 2000s, when Japan also had the prospect of resolving its own bad loan problems, Prime Minister Junichiro Koizumi decided to throw Japan's full support behind ASEAN. This was an attempt to overcome the Asian financial crisis and pursue further development through the establishment of the ASEAN Community. Although in my capacity as Minister of Transport under Prime Ministers Keizo Obuchi and Yoshiro Mori I was engaged in actively promoting tourism exchanges to foster interactions between our nations' peoples, in my new position as Minister of Economy, Trade and Industry, I began to develop Japan's relationship with ASEAN. I assumed the office of METI minister on two separate occasions – under Prime Ministers Yasuo Fukuda and Taro Aso.

In 2015, 5 years before the expected completion of the ASEAN Community in 2020, ASEAN had drawn up blueprints for the simultaneous three-part completion of the ASEAN Political–Security Community, the ASEAN Economic Community, and the ASEAN Socio–Cultural Community. This involved an enormous amount of survey work and research as well as policy recommendations. I felt that an organisation much like the OECD, which has had a positive influence on Japan in its development, would be necessary to support the undertakings of the ASEAN countries, which are so much more diverse than the OECD member countries in terms of their cultural and religious backgrounds, state systems, and levels of economic development. Moreover, I also felt that Japan should play a leading role in establishing an 'East Asian version of the OECD' that could make an intellectual contribution to economic development premised on the recognition of such diversity. To this end, I was able to secure Prime Minister Koizumi's assent that a support of 10 billion yen over 10 years would be the minimum necessary. OECD Secretary-General Angel Gurría also agreed with this initiative and committed his support. In 2007, Prime Minister Abe proposed this initiative at the Second East Asia Summit, where it was welcomed by the participating nations. The economic ministers of the ASEAN countries also came together to support the realisation of this vision. Finally, at the Third East Asia Summit in November of that year, Prime Minister Fukuda was able to obtain the consent of all Summit Leaders to establish the Economic Research Institute for ASEAN and East Asia, known as ERIA.

ASEAN, based on a detailed timetable, emphasised the strategy of fully establishing the ASEAN Economic Community in 2015, aiming at a single market and single production base. I believe that this strategy represents a

stunning success. ERIA has played a key role in formulating measures to deal with the global financial crisis triggered by the collapse of Lehman Brothers in 2008 in the form of the Comprehensive Asia Development Plan and the Master Plan on ASEAN Connectivity. Even before the start of negotiations, it had also been a driver of East Asian energy policy and played an important role in detailed studies of the ASEAN Free Trade Area and the Regional Comprehensive Economic Partnership. In these ways and others, it has functioned effectively as an international organisation, supporting the ASEAN Chair country based on its official mandate from the East Asia Summit. I find it very gratifying that the success of the ASEAN Community in 2015 was made possible due in no small part to ERIA's contribution. Moreover, I am also pleased that ERIA has carried out studies that have served as the building blocks of timetables for the further formation of the ASEAN Economic Community and the ASEAN Socio-Cultural Community scheduled to be completed by 2025.

In 2014, when Prime Minister Abe delivered his keynote address before the meeting of the OECD Ministerial Council in Paris, a memorandum of understanding (MOU) on broad-based cooperation was signed by Secretary-General Gurría of the OECD and Professor Hidetoshi Nishimura, then Executive Director of ERIA (now President). It was deeply moving as this was the moment when ERIA took its first step towards becoming an East Asian version of the OECD and further expanded its ability to contribute to ASEAN.

In 2013, the Parliamentary League for ERIA was formed as a non-partisan committee of Japanese lawmakers who would visit ASEAN Member States and promote partnerships between Japan and ASEAN at the level of political actors as well. As a result, at the ASEAN Inter-Parliamentary Assembly (AIPA) convened by ERIA in Nay Pyi Taw, Myanmar, in 2016, the General Assembly resolved to enter into an MOU to promote collaboration between ERIA and AIPA. This MOU was signed later that year in December at the AIPA Secretariat in the office of the legislature in Jakarta, Indonesia. It is my earnest wish that the Parliamentary League for ERIA can be organised at the Pan-Asian level.

The year 2016 marked the 10th year since I asked Prime Minister Koizumi for his support. In September, I took advantage of the opportunity afforded by questions allowed to each party's representatives in response to Prime Minister Abe's policy speech opening the 192nd extraordinary session

of the Diet. As Secretary General of the Liberal Democratic Party and as chairman of the Japanese Parliamentary League for ERIA, I asked how the Government of Japan plans to use ERIA in its future partnership with ASEAN. In closing, I would like to quote the official response delivered by Prime Minister Abe:

ERIA has been producing valuable studies and making useful recommendations on a range of topics including the deepening of economic integration, reducing development gaps, and sustainable economic growth, and I would like to reaffirm my respect for Mr Nikai, who has supported these activities on the part of ERIA.

Currently, ERIA, under the ERIA 2.0 Programme, as well as engaging actively in making policy recommendations that will contribute to East Asian integration, is also strengthening its dialogue with individual state governments.

Japan will continue to take advantage of ERIA's policy advocacy, working together with ASEAN Member States to deepen integration and correct disparities within ASEAN, as well as to resolve problems that affect ASEAN as a whole.

ABOUT THE AUTHOR

Toshihiro Nikai is Secretary General of the Liberal Democratic Party of Japan.

He served as Minister of Economy, Trade and Industry of Japan, traditionally one of the most highly valued cabinet portfolios. He graduated from the Faculty of Law of Chuo University.

Born in Wakayama on 17 February 1939, he began his distinguished political career during his freshman year as secretary to the late Saburo Endo, a former member of the House of Representatives. In 1983, he was elected to the House of Representatives, where his career continuously rose to be elected Chief Director of the Standing Committee of Rules and Administration in Parliament. In over 20 years as member of the Liberal Democratic Party, he served as chair of several committees, such as the Special Committee of Tourism, the Diet Affairs Committee, and the General Council.

BACKGROUND PAPERS



The Future of ASEAN Political and Security Cooperation

Kavi Chongkittavorn*

When the Association of Southeast Asian Nations (ASEAN) was established in 1967, its leaders knew their weaknesses very well. The five founding members – Malaysia, Indonesia, the Philippines, Singapore, and Thailand – realised that they must band together to wield greater bargaining force and a stronger voice against the external powers. Failure was not an option given the previous unsuccessful efforts to set up regional organisations that would unify the newly decolonised countries. To keep the nascent organisation moving forward, the founding members set forth specific goals that covered the whole gamut of cooperation – accelerating economic growth, social progress, and cultural development; promoting regional peace and stability, and Southeast Asian studies; and collaborating for mutual assistance and trade.

Since then, the promotion of regional peace and stability has become the dominant ASEAN agenda. The regional environment in the early years was tense with a high-powered Cold War conflict looming large on which ASEAN had no influence. Furthermore, ties between newly independent countries in the region were still fragile and their leaders lacked mutual trust. Thailand's Foreign Minister, Thanat Khoman, understood the region's vulnerability and the potential that would emerge if only leaders could trust each other.

* Kavi Chongkittavorn is editor-in-chief of *Myanmar Times*, Senior Fellow at the Institute of Security and International Studies, Chulalongkorn University, and Senior Communication Advisor at the Economic Research Institute for ASEAN and East Asia.

He believed that if the Southeast Asian nations could learn to find the ways and means to band together and cooperate with one another, they might eventually be able to shape and implement a positive and concerted policy without ‘being squeezed or crushed by the weight and pressure of larger countries’.

That was exactly what the ASEAN founders have done together in standing up and engaging with the outside powers. In 1971, ASEAN declared a ‘Zone of Peace, Freedom and Neutrality’ to ensure the organisation was well-protected from outside intervention. During the first 3 decades, rapport and longstanding relations among leaders helped a great deal in determining policy directions. To lay the groundwork for regional peace and stability, in terms of dialogue and policies, ASEAN first had to strengthen their political and security cooperation to manage and avoid conflicts that once plagued their bilateral relations. Despite border disputes, the ASEAN Leaders successfully engaged with one another without jeopardising their common objectives of unity and solidarity. A ‘mind your own business’ attitude, which ensured they would not enmesh themselves in the domestic politics of other members, was the unwritten rule of engagement. Such mutual accommodation gradually took root in the leaders’ psyche. As the grouping entered its second decade, strengthening the internal environment was the top priority for all members given that the threat of communism remained high on the ASEAN agenda even after the Viet Nam War had come to end. In Bali in 1976, the ASEAN Leaders signed the Treaty of Amity and Cooperation (TAC) in Southeast Asia, the first regional code of conduct aimed at preventing conflicts and war from within and outside.

Three years later came the 13-year Cambodian conflict (1978–1992), which would test the grouping’s unity and commitment as well as its determination in dealing with imminent threats to its members and the relations with external powers. Thailand, which was at the front line of the conflict, played crucial roles in formulating the ASEAN policies and strategies in the beginning because of the direct border security threats posed by Vietnamese troops occupying Cambodia at the time. Thailand’s key ally, the United States (US), came to their assistance with increased military aid. China, which established ties with Thailand only in 1975, joined in with broader support to Thailand and ASEAN after its border war with Viet Nam in 1979.

The material and diplomatic efforts of China and the US helped boost the grouping's bargaining power in various international fora. However, they also complicated relations among ASEAN Member States as disagreements gradually surfaced. Preceding the Cambodia crisis, political discussion and decisions in ASEAN were made informally and confidentially. As the conflict heightened, the member states became more proactive and open in engaging Dialogue Partners. Indonesia and Malaysia were suspicious and distrustful of major powers' involvement in the conflict. The two countries wanted to have a resolution that relied on a region-driven process, without outside interference. Indonesia's brainchild, the Jakarta Informal Meeting in 1988 and 1989, as well as the Malaysia-initiated Kuantan Principle in 1980, were the outcomes of the same earlier efforts.

The ASEAN desire to strengthen political and security cooperation with major powers intensified after the Paris Peace Accords were signed in 1991. ASEAN needed the international community to help in the reconstruction of war-torn Cambodia. Most importantly, ASEAN viewed the peaceful resolution of the Cambodia conflict as its biggest achievement in promoting stability and prosperity in mainland Southeast Asia. In many ways, the Cambodia conflict enabled ASEAN Leaders to reconcile their national interests with larger looming regional threats. At the time, they had two options: to preserve their collective power or dilute it by pursuing separate tracks. As the past 3 decades of ASEAN's handling of external threats and pressures has demonstrated, the grouping's Leaders preferred the first choice.

With the end of the Cambodia conflict and the rise of China in the 1990s, ASEAN moved assertively to expand its ties with all major powers. The new strategy called for a region-wide security dialogue platform known as the ASEAN Regional Forum, in 1994, that would allow countries in Asia and the Pacific to raise and discuss their security concerns under an agenda set forth by ASEAN. Fervent support from Dialogue Partners, especially Australia, Japan, and the US, made the ASEAN Regional Forum process possible. Earlier fears that such a forum would weaken existing bilateral security ties that the US had carefully built since the end of World War II almost derailed the first ASEAN-led regional mechanism. Within the first decade, the ASEAN Regional Forum allowed ASEAN to engage all major powers as equal partners. Today, ASEAN has retained the prerogative to set forth the agenda for discussion. As part of this process, ASEAN has succeeded in bringing

China in to engage with the forum members. This has helped to mitigate fear of China's perceived security threat to Southeast Asia. After all, the forum was China's first foray into any security platform.

Confidence among the ASEAN Member States increased following the democratisation of the grouping's largest member. Indonesia's role has gone through a dramatic transformation since the fall of former President Soeharto in 1998 to becoming the first among equals. With the First and Second Bali Concord in place, enshrining the ASEAN norms and values of peaceful coexistence, Indonesia sought a deeper commitment among ASEAN Member States to strengthen shared norms and values that would expand the grouping's commonalities. With its fresher profile and new enthusiasm as the world's third-largest democracy, Indonesia propelled ASEAN to further accelerate progress towards a more comprehensive integration. Indonesia's initial idea of establishing a security community burgeoned to encompass economic, social, and cultural communities. To form the ASEAN Community, its members must adopt a new attitude and fully comply with verbal and signed ASEAN commitments. At the end of 2008, the ASEAN Charter was ratified and put into force, turning this regional organisation into a legal entity. Gone were the days of voluntary actions. As a rules-based organisation, all ASEAN Member States must abide by and fully comply with the same rules and regulations. The charter has strengthened the members' resolve and determination to stay relevant in the ever-changing global security environment.

This essay attempts to explain the recent development of ASEAN Member States' political and security engagement amidst challenges arising from its members and Dialogue Partners. Pragmatic ASEAN approaches continue to serve as a foundation for crucial decisions within the grouping as well as with its Dialogue Partners.

New Dynamic ASEAN Engagements on Internal Conflicts

On 19 December 2016, 3 weeks before ASEAN turned 50, Myanmar State Counsellor and Foreign Minister Aung San Suu Kyi held a meeting in Yangon to brief her regional counterparts on recent developments in the northern region of Rakhine State. She voluntarily called for the special session to

provide first-hand information on her country's troubled northwestern region. Myanmar thus became the first ASEAN country to officially host a ministerial-level retreat to discuss sensitive internal matters – something that was once taboo in ASEAN. Previously, ASEAN had used retreats to exchange information on issues member countries were reluctant to put on the official agenda. Such gatherings served as a template to prevent external interference in domestic issues.

According to Singapore Foreign Minister Vivian Balakrishnan, the Myanmar retreat went well with open, frank, and constructive discussions on the complex situation in Rakhine State, including the provision of humanitarian aid. The ASEAN Ministers also discussed ways to help Myanmar solve the problem of ethnic conflict waged by Buddhists against the Muslim minority in Rakhine State. State Counsellor Aung San Suu Kyi stressed the importance of clearing up differences among ASEAN Member States through friendly consultation. In October 2016, Malaysian Prime Minister Najib Razak had urged Suu Kyi to respond to reports of violence committed by the Myanmar armed forces against the Muslim community in Rakhine State. Kuala Lumpur's tough stance reflected calls within the ruling United Malays National Organisation for Malaysia to help the Muslim community in Myanmar. Islamic groups in Indonesia were also demanding similar action by Jakarta. However, despite Malaysia's efforts to bring in the Organisation of Islamic Cooperation, ASEAN has maintained a neutral and non-interventionist approach. Indonesia's moderating role has kept Myanmar engaged with ASEAN on this turmoil.

If the Rakhine crisis remains unresolved in the long run, it threatens to create polarised positions within ASEAN. Both Cambodia and Thailand – two major ASEAN Buddhist nations – have made it clear that Myanmar should be allowed to address the Rakhine issue without outside interference. Their position contrasts with that of Malaysia, which vigorously tries to seek the involvement of outside organisations, especially the Organisation of Islamic Cooperation. To prevent further politicisation of the Rakhine situation, Indonesia has continued to undertake shuttle diplomacy and consultations with Suu Kyi to engage with ASEAN on the issue, which led to her calling for the retreat. In October 2016, the Jakarta-based ASEAN ambassadors also moved quickly to prevent the ASEAN Rohingya Center, a new non-governmental organisation established by Malaysia, from using the ASEAN name and emblem, which could inflame the conflict further.

Non-interference Does Not Mean Silence

Suu Kyi's handling of the Rakhine crisis and the regional response serves as a good case study of how ASEAN's political and security culture and cooperation have evolved in the past 5 decades. One cardinal rule – non-interference in the domestic affairs of member countries, established as part of the code of conduct enshrined in the TAC of 1976 – has remained sacrosanct throughout ASEAN's history. But gone are the days when a mere mention of a domestic issue would be immediately labelled as interference. As such, ASEAN has come a long way in interpreting and implementing the non-interference principle.

The December retreat in Yangon marks a breakthrough in the way ASEAN Member States can deal with domestic issues. Even before the establishment of ASEAN in 1967, there was tacit agreement among ASEAN Leaders that they would discuss their problems in a discreet manner to avoid public disagreements. Such an understanding was pivotal for such key founding members as Indonesia, Malaysia, and the Philippines, which were emerging from years of civil conflict. This has also led to many ASEAN meeting documents being labelled 'confidential,' whether they contained sensitive information or not.

Engagement between ASEAN Member States on issues affecting peace and security has become more open since the enforcement of the ASEAN Charter, although this has not been acknowledged officially. Outsiders often question the members' level of commitment on compliance with rules and regulations. But member states are still reluctant to be seen as succumbing to peer pressure when they make policy. This has allowed a high degree of flexibility among member states when they want to raise sensitive issues.

There had already been indications since the late 1990s that some ASEAN Member States were willing to push the limits of the non-interference principle. Former ASEAN Secretary-General Surin Pitsuwan recalls that when he was Thailand's Foreign Minister in 1997, he raised the issue of Myanmar's political development at a ministerial retreat in Kuala Lumpur to the surprise of some of his colleagues. This followed a proposal by Anwar Ibrahim, the then Deputy Prime Minister of Malaysia, to promote 'constructive engagement' to facilitate discussions on sensitive issues within ASEAN.

Later on, Surin came up with the concept of ‘flexible engagement’. That concept did not last long following an intense debate among the ASEAN Foreign Ministers. But their desire to speak more frankly eventually prevailed and they agreed on ‘enhanced interactions’, following the suggestion of then Indonesian Foreign Minister Ali Alatas, who wanted to make discussions more informal and non-committal.

Another milestone was the request by Indonesian President B.J. Habibie for ASEAN to dispatch some troops to join the United Nations (UN)-sponsored international peacekeeping forces in East Timor. He wanted to include ASEAN troops instead of relying entirely on soldiers from non-ASEAN countries. After several rounds of shuttle diplomacy and negotiations, four ASEAN Member States – Malaysia, the Philippines, Singapore, and Thailand – contributed troops.

Indonesian President Abdurrahman Wahid also breached the non-interference principle in November 1999. Surin recalls that Wahid voluntarily offered to informally brief his anxious ASEAN colleagues about the situation in Aceh and East Timor at an ASEAN Summit in Manila. Surin believed that Wahid’s willingness to update the other ASEAN Leaders laid the foundation for other ASEAN Member States to follow suit. Over the decades, ASEAN Leaders have gradually opened up the scope of discussions on domestic issues.

During the November 1999 summit, the chair’s statement issued by Philippine President Joseph Estrada referred to Wahid’s briefing on the latest developments in Aceh. It said that the ASEAN Member States reiterated ‘their full respect for the sovereignty and in territorial integrity of the Republic of Indonesia’. The statement was meant to assure all ASEAN Member States that the principle of non-interference was still intact. After that, Jakarta was more willing to raise domestic concerns with other member states and even requested their help with the situation in Aceh and East Timor.

Since then, Indonesia has felt more comfortable in proposing initiatives that touch on domestic affairs. When Indonesia served as the ASEAN Chair in 2011, its universal periodic review of the human rights situation in Indonesia for the UN Human Rights Council was circulated to all ASEAN Member States. This voluntary action by Indonesia could serve as a catalyst

for future discussions about human rights-related and other sensitive intra-ASEAN issues. Evidently, Myanmar's initiative to brief ASEAN on Rakhine has been the outcome of Indonesia's good practice.

New Modus Operandi for Political and Security Cooperation

In establishing a new modus operandi, Indonesia and Myanmar are seen as among ASEAN's most dynamic democratic members. Indonesia is the world's third-largest democracy and its biggest Muslim nation. Myanmar, since its dramatic transformation in 2011, has embarked on simultaneous political and economic progress that is without regional precedent. Their growing willingness to initiate discussion on domestic challenges could be traced back to Thailand's frequently dramatic shifts of decisions. A decade ago, for example, Thailand's Prime Minister Thaksin Shinawatra threatened to boycott the 2005 ASEAN Summit in Vientiane if Kuala Lumpur put on the ASEAN agenda the security situation in the three southern provinces of Thailand that border Malaysia. But nearly a decade later, his sister, Yingluck, when she was Prime Minister, reversed the trend urging her ASEAN colleagues to support her government's efforts to promote democratic developments in Thailand when political tensions were mounting in the country. It was an unusual move by a member state. After a lengthy debate, a statement on the situation in Thailand was released alongside the chair's statement at a special ASEAN–Japan Summit in Tokyo in 2013.

A year later, just before her government was toppled by a military coup, the Government of Thailand again called on the ASEAN Member States to issue a statement specifically addressing Thailand's political development. The statement said ASEAN continued to follow closely the developments in the country and emphasised its full support for a peaceful resolution to the political conflict through dialogue and the full respect of democratic principles and the rule of law.

In addition, the statement repeated another statement made by ASEAN Leaders on 14 December 2013 underlining 'the importance of democratic process in restoring law and order, promoting national

reconciliation and the return of normalcy in Thailand, in accordance with the will and interests of the people of Thailand.’ They also expressed readiness to ‘extend all appropriate support based on the principles provided in its Charter.’

Indonesia, Myanmar, and Thailand share a willingness to engage ASEAN colleagues on their sensitive domestic issues. The evolution of such interactions from being taboo to greater openness has taken a long time. It remains to be seen how high-level exchanges can further promote unity among the member states and help them mitigate the negative effects of local problems. The comfort level that exists within the ASEAN framework has played an important role in facilitating discussions on sensitive issues despite the lack of familiarity among the grouping’s newly elected leaders. However, questions remain regarding the next step that ASEAN as an organisation must take to help strengthen members’ resilience as the ASEAN Community moves towards closer integration.

Dynamic Engagement with First-Tier Dialogue Partners

A decade after ASEAN was established in 1967, the ASEAN Leaders had enough confidence to engage with outsiders, but they were highly selective. The first batch of dialogue countries comprised the major rich and industrialised countries – Australia, the then European Economic Community, Japan, New Zealand, and the US. The rationale behind their decision was threefold: ASEAN wanted to promote economic development, gain access to Western markets, and attract capital and technological know-how.

These elite Dialogue Partners have been the major export destinations for ASEAN products for decades. As ASEAN commemorates its 50th anniversary in 2017, these industrialised countries are also marking their 40th anniversary of serving as the organisation’s prime movers in multiple roles. In retrospect, there was a division of labour among these industrial countries. As always, the US was responsible mainly for providing a security umbrella and protection in the region to ensure peace and stability. It remains to be seen how the administration under President Donald Trump

will change the nature of ASEAN–US relations. Despite all the uncertainties and rhetoric caused by Trump’s behaviour and diplomatic conduct, one strategic aim persists: ASEAN is the US’s most important strategic partner and it serves a moderating force in Southeast Asia.

For the US, ASEAN was considered at its inception an effective bulwark to counter the rise of communism after the end of the Viet Nam War. The reunification of Viet Nam in 1975 raised the spectre of the domino theory, which envisaged one mainland Southeast Asia country after another falling to communism. ASEAN was the only body that had survived as a collective regional organisation after the failure to set up new, smaller regional organisations in previous years. All along, the continued US support has been pivotal, particularly with China’s growing political and economic clout as a key strategic partner of ASEAN.

Alongside the US, both Europe and Japan took the lead to ensure that Southeast Asia would move towards economic progress and while strengthening the nascent community. Japan has been the only Dialogue Partner with a clear policy recognising that economic development would be the pathway for ASEAN to promote unity and bridge the gap between the communist and non-communist countries. Japan’s 4 decades of continued financial and economic engagement has helped ASEAN modernise and industrialise its economy.

Throughout these earlier years, Japan was the most active partner due to its historical link and its desire to forge closer ‘heart-to-heart’ cooperation with ASEAN. The desire to create production chains in ASEAN allowed Japan to take a long-term approach in terms of investment and human resources development. In the early 1970s, before Japan became a Dialogue Partner, the country was a target of demonstrations and political protests throughout Southeast Asia. But through its strategies, Japan’s assistance effectively helped reduce the gap between the core ASEAN members and the Indochinese countries – Cambodia, the Lao People’s Democratic Republic, and Viet Nam.

In response to dramatic political and strategic shifts in the region after China became the world’s second-largest economy, Japan has embarked on a new approach to ASEAN that places more emphasis on non-economic matters.

Prime Minister Shinzo Abe has made it clear that Tokyo would like to cooperate more with ASEAN on strategic and security matters. Since he came to power in 2015, substantive progress has been made in maritime security cooperation with Indonesia, the Philippines, and Viet Nam. Other countries, such Malaysia and Thailand, also have benefitted from programmes to increase maritime security cooperation, capacity, and surveillance.

In the future, strategic and security cooperation with ASEAN will increase and diversify. In addition, specific ASEAN Member States will seek extra assistance and capacity building from Japan to strengthen specific areas of competence. The Philippines and Thailand, as the only ASEAN Member States that are US treaty allies, have already signed a memorandum of understanding with Japan for military equipment transfers. Under this framework, Japan will be able for the first time to provide used military hardware or spare parts to re-equip the military of these common allies of Japan and the US.

Closer ASEAN Relations with Europe

For the past 4 decades, ASEAN's ties with what has become the 28-member European Union (EU) bloc could be best described as a roller-coaster ride. Despite being one of the oldest Dialogue Partners, ties have not been fully developed and maximised due to different viewpoints on values and norms. For more than 2 decades, the political situation in Myanmar was the main stumbling block to increased cooperation. Since Myanmar began its political and economic reform programme in 2011, EU-ASEAN ties have improved and progressed substantially.

Before the Trump administration came to power in January 2017, the EU often acted in unison by pursuing policies in support of the US objectives in Asia. On top of its anti-globalisation attitudes, Washington's sudden withdrawal from the Paris Agreement and the Trans-Pacific Partnership have eroded confidence in American leadership in Europe and affected the foundations of US-EU relations and cooperation. For the first time, leading EU members have cast doubts on US leadership. German Chancellor Angela Merkel was succinct when she said Europe must 'take our fate into our own hands'.

This new realisation has prompted the EU to adopt proactive engagement policies with ASEAN, concentrating on shared interests rather than focusing on divergent values and norms. While issues related to human rights and democracy are still pivotal, efforts to promote multilateralism, combat climate change, and develop EU–ASEAN free trade agreements and maritime security cooperation have quickly become the rallying agenda to boost bilateral relations in the years to come. At the 50th ASEAN Foreign Ministers’ Meeting in August 2017, ASEAN and the EU even issued their first joint statement on climate change and restated their commitment to the Paris Agreement, much to the chagrin of the American counterparts. Their common plans of action reflect future closer collaboration and cooperation.

Taking advantage of the new shift in the global order, ASEAN has responded quickly and positively to the fresh EU outlook. The Philippine Chair, despite EU criticism of President Rodrigo Duterte’s drugs policy and the extrajudicial killings, took the dramatic step of inviting the EU to the 12th East Asia Summit to be held at Clark Air Base in November 2017. President of the European Council Donald Tusk is scheduled to attend the Leaders-only strategic forum. If this momentum continues, the EU will soon be given the status of a strategic Dialogue Partner of ASEAN, joining Australia, China, India, Japan, South Korea, New Zealand, and the US.

Australia and New Zealand are among the elite ASEAN Dialogue Partners. They have provided ASEAN with much-needed development assistance, capacity development, and foreign investment. In particular, Australia’s profile in ASEAN has stood out due to the unconventional approaches adopted by the Labor Government of former Prime Ministers Bob Hawke and Paul Keating in the 1980s and 1990s. Keating’s strong leadership and Foreign Minister Gareth Evans’s conviction helped link Australia with the regional economic and security architectures that made Canberra a key player in creating the new economic cooperation framework known as Asia-Pacific Economic Cooperation (APEC), as well as facilitating the peaceful settlement of the 13-year-long Cambodia conflict. After the failure to launch a new, more comprehensive regional security architecture in 2003 under Prime Minister Kevin Rudd, Australian Foreign Minister Julie Bishop in August 2017 reiterated Canberra’s support of ASEAN centrality in the security schemes in the region.

In 2016, New Zealand was given the status of becoming ASEAN's sixth strategic partner in recognition of its goodwill and contributions to ASEAN's many development and capacity-building projects related to the three pillars of political-security, economic, and socio-cultural development. The ASEAN–New Zealand action plans serve as a model for long-term cooperation with other Dialogue Partners.

Second-Tier Dialogue Partners

Nearly 15 years after the first group of Dialogue Partners was admitted, ASEAN included the second group of Dialogue Partners – China, Russia, South Korea, and India – in the 1990s. These countries had bright economic prospects to match those of the first set of advanced industrial countries due to their rapid economic growth and development. In retrospect, none of the ASEAN Member States thought that China would advance so rapidly to become the world's second-largest economy less than 2 decades after it became a Dialogue Partner in 2003.

China has emerged as ASEAN's most important Dialogue Partner not only in terms of trade and investment but also on security matters. The current disputes in the South China Sea have already transformed ASEAN–China relations into one of the biggest challenges. Both sides need to find exit strategies so that the maritime quagmire will not damage future relations, which would bode ill for their diplomatic cooperation at the regional and international levels. Both sides have agreed to expedite the process of drafting the code of conduct for the South China Sea. This will serve as a new pillar for future political and security cooperation. If this process drags on or is completed without any legal commitment, the future of ASEAN–China relations will remain shaky. It would also impact on Beijing's One Belt One Road Initiative. Today's efforts to synergise the initiative with the Master Plan on ASEAN Connectivity 2025 remain elusive. Without sufficient progress on the political and security front, the grouping's endorsement and full support of the Belt and Road Initiative will be further delayed. Only individual ASEAN Member States would take up proposals put forward by China, and these might or might not fit into ASEAN regional connectivity plans.

Other Dialogue Partners include India and South Korea. After decades of a Korean-Peninsula-centric approach to ASEAN, in July 2017 the new government of President Moon Jae-in formulated for the first time an ASEAN-centred foreign policy. Within weeks of his presidency, Seoul dispatched a special envoy to visit key ASEAN countries. South Korea wants to ensure that peace and stability will be maintained in the region given the increased economic cooperation and the rapid rise of investment in ASEAN. With intertwined security concerns in Northeast Asia and Southeast Asia, the Moon government has already urged ASEAN to play a role in reducing tensions on the Korean Peninsula and to find new ways to engage North Korea using existing ASEAN-led platforms. South Korea is no longer pressuring ASEAN to condemn North Korea's behaviour at every turn, and instead has asked ASEAN to persuade Pyongyang to engage in peaceful dialogue.

North Korea is one of the 27 members of the ASEAN Regional Forum, which encompasses all countries belonging to the now stalled Six-Party Talks to end Pyongyang's nuclear weapons programme – China, Japan, North Korea, South Korea, Russia, and the US. Seoul's fresh attitude will encourage ASEAN to take bolder steps to explore ways of increasing trust and confidence among concerned parties using ASEAN's diplomatic practices. ASEAN's active cooperation on the Korean Peninsula would also mitigate fears that some ASEAN Member States have not followed UN Security Council resolutions calling for economic and financial sanctions against North Korea. It is an open secret that despite sanctions, some ASEAN countries continue to trade and provide financial services to Pyongyang.

India is a security and economic Asian giant that ASEAN has targeted as a countervailing force among the leading Northeast Asian powers. India's economic growth has been impressive, especially under the leadership of Prime Minister Narendra Modi, who has intensified cooperation with ASEAN. The 10 ASEAN Leaders have been invited to attend the 2018 Independence Day parade in New Delhi, a goodwill sign indicating the importance of ASEAN in India's new diplomacy. New Delhi's Act East policy also fits well with the ASEAN development agenda of broadening its economic bases. India and China were the first batch of signatories of the TAC in 2003. In the long run, India hopes that land connectivity with ASEAN, especially through its ambitious India-Myanmar-Thailand trilateral

highway project linking eastern India to Viet Nam's seaport of Da Nang through the heartland of Myanmar and Thailand's eastern seaboard, will help improve the well-being of people in India's impoverished northwestern region and promote the country's economic growth.

While Russia is an indispensable major player at the UN and in Middle East crisis spots such as Syria, its role in Southeast Asia remains low-key. When Russia and ASEAN commemorated their 20th anniversary of relations in May 2015 in Sochi, Moscow mistakenly hoped that ASEAN would accord it the status of a strategic partner. But Moscow's ability to fulfil its promises is still limited. The previous 10-year action plans have passed without any major accomplishments. The current one has been reduced to a mere 5-year cooperation plan with less-ambitious targets. As far as Russia is concerned, its economic and security roles in the region are still marginal to the point of negligence. The collapse of the Soviet Union continues to negatively impact Russia's perceived role in the region. Without new approaches and fresher ideas, Russia will remain the only world power not on ASEAN's radar.

Third-Tier Dialogue Partners

The latest set of Dialogue Partners, Norway and Germany, are peculiar ones in that they do not possess the distinctive qualities of the countries in the previous two sets. Since 1993, ASEAN has kept a moratorium on sectoral Dialogue Partners after both India and Pakistan were admitted to promote ties on trade, investment, and tourism. Norway and Germany were newcomers joining Pakistan in 2016. India's status was upgraded to Dialogue Partner in 1995.

Norway has developed close ties with ASEAN, providing capacity building in humanitarian and conflict-prevention programmes. Oslo now wants more access to political and security issues involving ASEAN, especially action plans contained in the ASEAN Political-Security Community. The same goes for Germany, whose economic stakes in the region are the greatest among the European countries. Any additional strategic role for Germany, beyond the EU framework, remains a work in progress at best.

As more countries want to become a Dialogue Partner of ASEAN, the organisation needs to contemplate what kind of relations it wants with new members given the accompanying risks and challenges. New political and economic powers, such as Brazil, Chile, Kazakhstan, Mexico, and Turkey have expressed a desire to become ASEAN Dialogue Partners.

Future Relations between ASEAN and Dialogue Partners

When the ASEAN Leaders got together in Kuala Lumpur in 1976 to work on a set of principles to protect themselves from external interference, they had no idea that the contents of the code of conduct in the TAC would remain relevant today.

The desire to draw up a regional code of conduct at the end of the Viet Nam War was critically important. China's ascension as a UN member was a key factor, causing anxiety in the region, according to former ASEAN Secretary-General Phan Wannamethee, who was one of the treaty's drafters. As ASEAN turns 50, the treaty remains an effective tool to manage inter-ASEAN relations as well as relations with non-ASEAN countries. At the 49th ASEAN Foreign Ministers' Meeting in Vientiane in November 2016, ASEAN issued a joint statement hailing the TAC for its positive contributions to promoting peace and stability in the region over the preceding 4 decades.

The TAC principles encompass the peaceful settlement of disputes, non-interference in internal affairs, renunciation of the threat or use of force, and the promotion of the rule of law. The Ministers also agreed to promote the TAC as a legally binding document to promote peace and prevent conflict not only in the region but at the international level. Since 1992, ASEAN has tried to get all the major powers to accede to this regional code of conduct. Currently, 23 countries have acceded to the TAC, including all permanent members of the UN Security Council, in addition to the 10 ASEAN Member States.

With the increased international recognition of the ASEAN regional codes of conduct, especially the TAC, ASEAN will need to reposition itself for the future. Using the TAC as the pillar of an emerging regional architecture is a necessary next step because it enshrines rules and principles accepted by all major powers that wield security influence in the region. As far as political and security cooperation with non-ASEAN countries and entities is concerned, it would be best to build on the foundation provided by the TAC. The 12th East Asia Summit in November 2017 at Clark Air Base will serve as a litmus test for ASEAN's overall capacity to manage major powers in a forum consisting of top political leaders.

After the inaugural East Asia Summit in 2005, there were frequent negative comments about the lack of strategic matters taken up by the ASEAN Chair and Member States. This might change as ASEAN's international profile increases and member states become bolder in adopting common platforms on such issues as terrorism, climate change, nuclear non-proliferation, free trade, and multilateralism.

In the previous two East Asia Summits, non-ASEAN countries played significant roles in shaping the agenda. To make the summit into a strategic platform, the ASEAN Leaders must be ready to engage in consultation and dialogue before and during the summit meetings. Jakarta-based envoys representing all East Asia Summit members could serve as a sounding board for setting the summit's agenda in coming years.

The participation of Canada and the EU as guests of the chair are significant to the summit process and could produce transformative outcomes. The time has also come for the US, which has been the major security guarantor in the region, to accept emerging regional security initiatives with ASEAN characteristics. Given the growing uncertainties in the international order and the rise of extremism and terrorism, North Korea's nuclear threat, and unknown challenges yet to come, ASEAN's embrace of key players is indispensable. After all, ASEAN remains a trusted fulcrum for all cooperative and competitive powers to converge and conduct dialogues, while taking up common actions to secure regional peace and stability.

The Road to ASEAN Economic Community

Ponciano Intal, Jr.*

Economic growth and cooperation is very much at the centre of the 1967 ASEAN Declaration (Bangkok Declaration). In the declaration, the first objective of ASEAN is to accelerate economic growth together with social progress and cultural development. The third objective includes the promotion of active collaboration and mutual assistance on matters of mutual interest in economic matters, among others. And the fifth is to collaborate more effectively for agricultural and industrial development, trade expansion, improvement of transport and communication, etc. Over the course of 50 years, ASEAN's economic agenda has moved from a preponderance of regional economic cooperation and trade preferential initiatives in the 1970s and 1980s to regional economic integration in the 1990s and 2000s, and then moving towards the ASEAN Economic Community (AEC) in the 2010s.

Economic Cooperation in the 1970s and 1980s

The economic agenda in ASEAN's first few years was a slew of small sectoral cooperation projects. But their implementation was slow (Soesastro, 1995). During this period, the main but very important achievement was, as former Prime Minister Lee Kuan Yew of Singapore stated, '... the understanding

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and goodwill created at the various ASEAN meetings which had helped to lubricate relationships which could otherwise have generated friction'.¹ In 1974, the ASEAN Foreign Ministers agreed during the Seventh ASEAN Ministerial Meeting that '... ASEAN, having completed its first stage and presently entering its second stage of cooperation, should now embark on a substantial and meaningful economic collaboration ... [focusing] ... on trade liberalization, complementary agreements and package deal agreements'.² This culminated in the signing of the Declaration of ASEAN Concord on ASEAN cooperation during the First ASEAN Summit. The ASEAN Concord included detailed areas of economic cooperation on basic commodities (particularly food and energy), industry, and trade, and the joint approach to international commodity problems and other world economic problems. Thus, economic cooperation in ASEAN essentially began in earnest only at the start of ASEAN's second decade.

Cooperation on Basic Commodities, Energy, and Global Commodity Issues

At that time, the pressing economic concerns facing the ASEAN Member States (AMSs) were the areas of economic cooperation in the ASEAN Concord. Thus, for example, the cooperation on basic commodities and energy as well as the joint approach to international commodity problems were in response to the tremendous volatility of the international commodity markets at that time. The international price of crude petroleum tripled between 1973 and 1974 and the international price of rice more than tripled from 1970 to 1974. It was against the backdrop of sharp global price increases in food and energy prices, indicative of the world food and energy crises, that President Soeharto emphasised, in his opening address during the first meeting of the ASEAN Economic Ministers (AEM) in Jakarta in November 1975, the importance of regional cooperation in the supply and production of staple foods and energy for regional resiliency in ASEAN.

¹ Joint Communiqué of the Fifth ASEAN Ministerial Meeting, Singapore, 13–14 April 1972 (in ASEAN Secretariat, n.d.[a]: 72).

² Joint Communiqué of the Seventh ASEAN Ministerial Meeting, Jakarta, Indonesia, 7–9 May 1974 (in ASEAN Secretariat, n.d.[a]: 75).

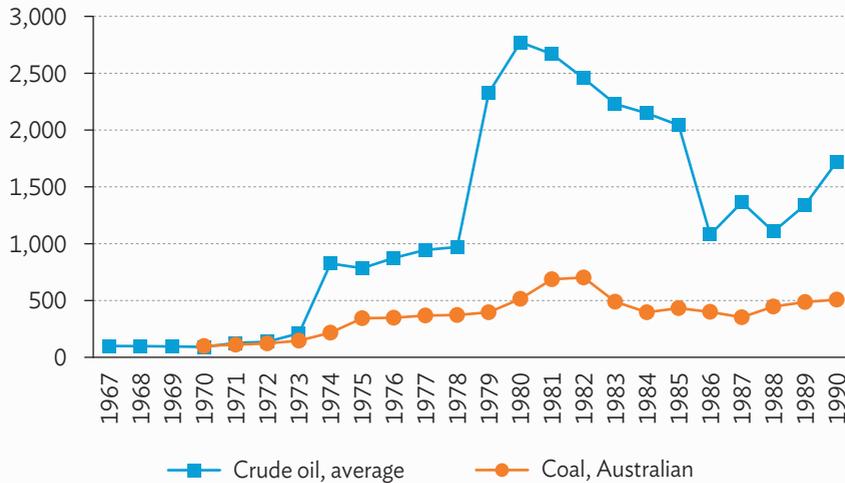
Towards this end, the AMSs signed the Agreement on the ASEAN Food Security Reserve in New York in October 1979, just a few months after the first meeting of the ASEAN Agriculture Ministers in Manila. Similarly, the Energy Ministers, during their first meeting in September 1980, agreed to formulate a framework for energy cooperation in ASEAN. In June 1986, the five original AMSs plus Brunei Darussalam signed the Agreement on ASEAN Energy Cooperation in the areas of planning, energy development, conservation, training, energy supply security, and exchange of information. Equally important, they also signed on the same day the ASEAN Petroleum Security Agreement establishing the ASEAN Emergency Petroleum Sharing Scheme, including the guidelines for the scheme. It is worth noting that the international price of crude petroleum dropped sharply in 1986 to about half the price in 1985.

The sharp drop in the international price of crude petroleum in 1986, after the sharp price increases in 1974 and 1979, illustrates very well the volatility of the international primary commodity markets during the 1970s and 1980s (see Figures 1a and 1b). In fact, the price volatility of rice was even greater than that of crude petroleum. Figures 1a and 1b also show the movement of prices of many ASEAN export products, such as palm oil, rubber, tin, and sugar. They all show substantial price volatilities.

ASEAN was a major global producer and exporter of many primary commodities in the 1970s and 1980s. Not surprisingly, the volatile international commodity markets were a major concern of the ASEAN Leaders as reflected in the call in the ASEAN Concord for a joint ASEAN approach to international commodity problems. Basing on the communiqués of the AEM meetings, ASEAN was engaged as a group on major commodity issues including the International Natural Rubber Agreement and its buffer stock scheme for natural rubber and the United Nations Conference on Trade and Development (UNCTAD) Integrated Programme for Commodities, especially on the establishment of the Common Fund. The Economic Ministers would almost invariably discuss the status of the negotiations on the Common Fund, with a call for its early establishment during their meetings in the late 1970s. They also monitored international negotiations and agreements on natural rubber, tin, and sugar – three important export products of ASEAN – while increasingly voicing disappointment on lack of progress in multilateral forums on commodities and on the disruptive effect on ASEAN exports of domestic policies of developed countries and indiscriminate dumping of stockpiles.

Figure 1a: Annual Prices Indices of Crude Oil and Coal, 1967–1990

Crude oil base year is 1967 (=100), coal base year is 1970

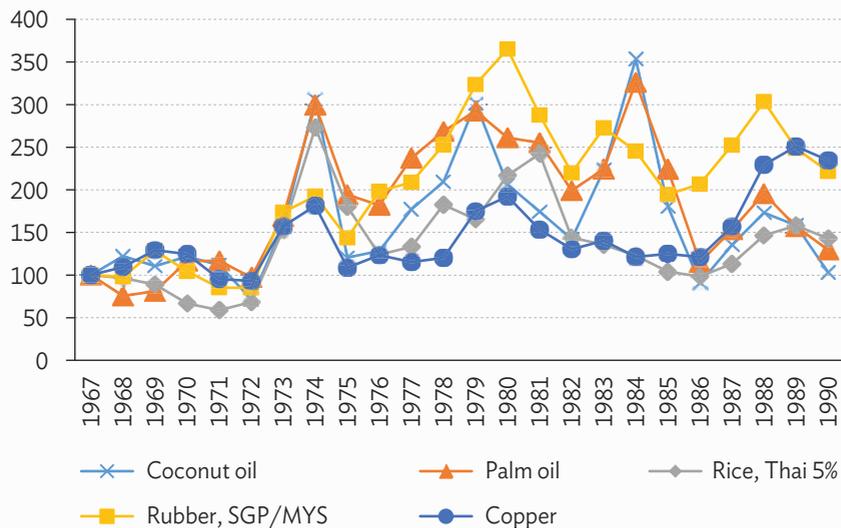


Note: Index numbers are derived from nominal US\$ prices.

Source: The World Bank Commodity Markets, <http://www.worldbank.org/en/research/commodity-markets>

Figure 1b: Annual Price Indices of Oils, Rice, Rubber, and Copper

Base year is 1967 (=100)



Note: Index numbers are derived from nominal US\$ prices.

Source: The World Bank Commodity Markets, <http://www.worldbank.org/en/research/commodity-markets>

The expression of disappointment in the communiqués of the AEM was most prominent in the early 1980s amidst worldwide recession on commodities and the attendant adverse impact on ASEAN farmers and producers. It was perhaps also an expression of the growing realisation of the failure of the international commodity negotiations to stabilise world commodity markets in the face of ‘... policies of major developed countries causing structural surpluses which are continuously dumped on to the world market aided by various export subsidisation measures and through the surplus disposal measures’,³ which the Ministers considered the primary reason for the crisis in trade in agricultural commodities in the early 1980s. Thus, the Ministers agreed that the then forthcoming GATT⁴ Uruguay Round should address distortive domestic agricultural policies and dumping strategies. As agricultural trade and policy issues were indeed included in the GATT Uruguay Round, the succeeding communiqués of the AEM on international issues focused more on the Uruguay Round, with a separate statement on the Uruguay Round during the AEM meetings in Pattaya, Bali, and Kuala Lumpur in 1988–1991, the AEM Declaration on the Uruguay Round in Luxembourg in June 1991, and the ASEAN Statement on the Uruguay Round at the meeting in Seoul of the Asia-Pacific Economic Cooperation (APEC) forum in November 1991. The declaration in Luxembourg and the statement in Seoul were an expression of the AMSs working together and having a joint approach to international economic issues, itself a positive benefit from the mandate included in the 1976 ASEAN Concord.

It is worth noting that the sharp price increases and declines of primary products in the 1970s and 1980s have substantially impacted ASEAN economies. Arguably, Malaysia and especially Indonesia benefited tremendously from the sharp price increases, especially of crude petroleum, in the 1970s because of their relative abundance of resources, including oil. Equally important, Indonesia managed the oil (and other commodity) bonanza relatively well, one of the few successful cases of escaping the so-called resource curse (or Dutch disease), which some oil-producing countries such as Nigeria succumbed to. On the other hand, the Philippines, being a net oil importer, was hard-hit by the oil price increases and had a

³ Joint Press Release of the Eighteenth ASEAN Economic Ministers Meeting, Manila, 28–30 August 1986 (in ASEAN Secretariat, n.d.[a]: 214).

⁴ GATT stands for General Agreement on Tariffs and Trade.

double blow of sharply higher oil price imports and sharply lower prices of export products during 1979–1982. Coupled with poor macro and external debt management (as compared to Thailand), this ultimately led to the Philippine economic crisis in 1983. The integrative essay in *ASEAN@50 Volume 3 – ASEAN and ASEAN Member States: Transformation and Integration* – discusses in more detail the economic development and transformation of the AMSs and the region during the past half century.

Industrial Cooperation and Cooperation in Trade

The heart of the substantial and meaningful economic collaboration that the ASEAN Foreign Ministers noted in 1974 were industrial cooperation and cooperation in trade, guided by the recommendations of the United Nations Study Team on ASEAN Economic Cooperation in ASEAN headed by G. Kansu. The Kansu Report recommended three main techniques for advancing economic cooperation in ASEAN (ASEAN, 1978):

- selective trade liberalisation in selected commodities through inter-governmental negotiations, with the long-term goal to realise free trade step by step;
- industrial complementary agreements initiated by the private sector and facilitated by tariff concessions; and
- joint industrial projects as package deal arrangements.

The AEM recommended (in their first meeting in 1975) – and the 1976 ASEAN Concord largely adopted – the Kansu Report approach of product-specific regional industrial cooperation/complementation projects and selective trade preferences in priority commodities (both basic commodities and the industrial projects). The 1977 Agreement on ASEAN Preferential Trading Arrangements (PTA) emphasised the basic commodities (especially rice and petroleum) and the products of the ASEAN Industrial Projects.

The recommended product areas for joint industrial ventures and industrial complementation agreements were mainly capital-intensive industries and machineries. Thus, the Kansu Report was basically about regional cooperation for industrial development, using the larger regional market (as against the smaller national market) as the main draw. Given that the AMSs were largely primary product exporters and

importers of manufactures, the overall industrial development strategy at the regional level of the Kansu Report followed the import substitution route, which was the dominant development strategy for industrialisation at that time.

Industrial complementation and cooperation initiatives in ASEAN during the 1980s included:

- The ASEAN Industrial Projects, with the basic ASEAN agreement on them signed in 1980, which were intergovernmental joint ventures with the host country holding at least 60% equity. These were also chosen as ASEAN projects and to be accorded special trading arrangements under Article 10 of the 1977 Agreement on ASEAN PTA. The projects agreed upon were fertiliser projects for Indonesia, Malaysia, and the Philippines; copper fabrication for the Philippines; soda ash (subsequently replaced by potash mining) for Thailand; and diesel engines (ultimately not pursued) for Singapore.
- The ASEAN Industrial Complementation (AIC) initiative, whose basic agreement was signed in 1981. In contrast to the ASEAN Industrial Projects, which were independent projects but meant for the regional market, AIC projects were a package of complementary products (different components of a car, for example) each located in a separate participating country in ASEAN (at least four countries in each package). The private sector, through the ASEAN Chambers of Commerce and Industry, recommended the products but they were approved by the ASEAN Committee on Industry, Minerals and Energy. Two packages, both in the automotive sector, were approved.
- The ASEAN Industrial Joint Ventures (AIJV) initiative that the ASEAN Chambers of Commerce and Industry proposed, with basic agreement signed in 1983. The AIJV initiative allowed for participation of nationals from only two countries and raised the margin of preference (MOP) of 50% to a much more generous 90% margin-of-tariff preference by 1988.
- The ASEAN Brand-to-Brand Complementation (BBC), with the signing of the memorandum of understanding in 1988 specifically for the automotive industry under the basic agreement on the AIC. This initiative ensured better matching of parts produced in different participating ASEAN countries because they were all part of a brand (e.g. Mitsubishi, Volvo, Toyota).

The cooperation initiatives above, which were undertaken one after the other in so short a time, suggest willingness of the AMSs to innovate and undertake different but related mechanisms in the pursuit of deeper industrial complementation and linkages in ASEAN. However, the initiatives largely failed or lapsed into irrelevance because of the establishment of the ASEAN Free Trade Area (AFTA) in the 1990s. Reasons for the failures include:⁵

- (1) Problematic ASEAN Industrial Projects. These were large-scale projects where even the ASEAN market was not enough for efficient production. Production costs were higher than what had been initially assumed and the world average costs, and required region-wide tariff protection and monopoly power for survival. Long bureaucratic delays in implementation happened as approval was needed from all five AMSs. The private sector had virtually no inputs. The Indonesian and Malaysian projects pushed through, however, because they were national projects even before the ASEAN Industrial Projects scheme.
- (2) The difficulty of choosing suitable projects (despite about 30 project proposals) for allocation to at least four countries where each tended to favour the high-value-added products. Given the multiplicity of brands, the parts and components ended up mismatched, with production facilities lacking compatibility, and with highly unequal or little trade between participating countries.
- (3) The BBC initiative addressing the mismatch problem of the AIC initiative. Arguably, it was the most successful and durable of the four initiatives, but would ultimately become largely irrelevant because of AFTA. Nonetheless, there is now significant intra-ASEAN trade in automotive products, facilitated by AFTA but founded on the BBC initiative.
- (4) Large-scale AIJV projects with most having foreign participation but lesser ASEAN-wide scope. Long delays occurred in the identification, formulation, and approval processes. The AMSs were unwilling to participate because the deep MOP would adversely affect domestic competitor producers and, as such, some quid pro quo was demanded. Also, ASEAN investors seemed to prefer joint ventures with non-ASEAN partners while the ASEAN joint ventures tended to be outside the AIJV initiative.

⁵ The discussion on the reasons for the failures draws heavily on Tan (2003) and Soesastro (1995).

Overall, the fundamental problem of the AIC initiatives in the 1980s was that they were drawn under an import substitution mindset and regime in most of ASEAN at that time. The long bureaucratic delays in identifying and approving projects likely came from tension arising from the national interest of protecting domestic producers or nationally developing an industry, and the market-sharing challenges of the regional participation in the complementation initiatives. The experience indicates the limits to industrial cooperation and complementation in a relatively protected and protectionist regional economy.

Tariff Preferences

The signing of the Agreement on ASEAN PTA in 1977 kick-started the process of negotiations for the granting of tariff preferences among the AMSs on ‘... Basic Commodities particularly rice and crude oil; products of the ASEAN industrial projects; products for the expansion of intra-ASEAN trade; and other products of interest to Contracting Parties’.⁶ The agreement provided the framework and mechanism to intra-ASEAN PTA following the spirit of the United Nations–sponsored Kansu Report and in keeping with the encouragement at that time by the international community (e.g. UN General Assembly, UNCTAD) for the establishment of preferences among developing countries. Per the ASEAN PTA agreement, the instruments of preferential trading arrangements consisted of long-term quantity contracts, purchase finance support at preferential interest rates, preference in procurement by government entities, extension of tariff preferences, liberalisation of non-tariff measures (NTMs) on a preferential basis, and other measures. Thus, the 1977 agreement was ambitious and forward-looking, with preference in government procurement not even included in the latest AEC Blueprint for 2025. However, the implementation of the 1977 agreement focused primarily on the extension of tariff preferences in the intra-regional trading of products of member states.

It is worth considering the state of intra-ASEAN trade when the 1977 ASEAN PTA agreement was signed in 1977.⁷ Intra-ASEAN exports increased in absolute value from US\$1 billion in 1968 to US\$5.1 billion in 1977.

⁶ Article 4 of the Agreement on ASEAN Preferential Trading Arrangements, Manila, 24 February 1977 (in ASEAN Secretariat, n.d.[a]: 294).

⁷ The data and much of the analysis of the paragraph and succeeding paragraph are taken from Naya (1980).

However, as a percentage of total exports of the five ASEAN countries, it declined secularly from 21.8% in 1968 to 15.8% in 1977. Intra-ASEAN imports grew from US\$0.9 billion in 1968 to US\$4.7 billion in 1977, with their share to total imports of ASEAN declining from 15% in 1968 to 12.5% in 1975 before inching up back to 15.3% in 1977. Nonetheless, ‘... the comparable trade ratio [was] in fact larger than intra-regional trade ratios of other regional organizations in developing countries’ (Naya, 1980: IV.2).

Table 1 shows the country shares of intra-ASEAN exports and imports. Singapore accounted for 40% of total intra-ASEAN exports and 57% of total intra-ASEAN imports in 1977. This basically involved bilateral trade with Malaysia and, especially on imports, Indonesia and, to a very far less extent, Thailand. The other bilateral trade pairs were largely marginal, especially for the Philippines. Most of intra-ASEAN trade was in primary products. Nonetheless, the product composition of intra-ASEAN trade varied among the AMSs: Malaysia and Thailand exporting and importing primary products; Indonesia exporting primary products and importing manufactures; and Singapore and the Philippines, the two net importers in intra-ASEAN trade, importing primary products and exporting manufactures (Naya, 1980: IV.2–IV.4). It is apparent that in the face of the volatility of the international primary product markets, the declining share of intra-ASEAN trade to total ASEAN trade and the miniscule share of manufactures in intra-ASEAN trade could have provided further impetus for the 1977 ASEAN PTA agreement with an expressed emphasis on facilitating intra-ASEAN industrial complementation and enhancing intra-ASEAN trade.

The AMSs voluntarily offered 71 tariff items initially in 1977, followed by 755 in 1978, then 1,501 in 1979, and 4,325 by the end of 1979, with a tariff MOP of largely 10%. MOP was increased to 20%–25% for items with import value (as of 1978) rising initially from up to US\$50,000 (in 1980) to US\$10 million (in 1983) during 1980–1985 and became a minimum 25% in 1986 on all items under the PTA which by then covered 12,700 items. In 1987, the 19th AEM Meeting agreed on a 5-year programme of deepening MOP to 50% for existing items in the PTA, at least 25% MOP on new items to be phased into the PTA, reduction in the exclusion lists of individual AMSs to no more than 10% of the number of traded items and no more than 50% of intra-ASEAN trade value, and the reduction of the ASEAN content requirement in the PTA rules of origin from 50%

Table 1: Share of Intra-ASEAN Exports and Imports 1968, 1973, and 1977

Year	Indonesia		Malaysia		Philippines		Singapore		Thailand		ASEAN		in US\$ million		
	Exports of/to	Imports of/from	Exports of/to	Imports of/from											
Indonesia	1977	-	-	0.41	0.38	2.46	0.41	19.59	11.23	0.09	6.70	22.54	18.72	1,155	889
	1973	-	-	1.44	0.72	0.05	0.69	14.33	6.63	0.05	3.72	15.87	11.76	378	237
	1968	-	-	2.58	0.32	2.25	0.86	10.76	3.70	0.52	1.04	16.11	5.92	173	54
Malaysia	1977	0.37	0.96	-	-	1.48	0.57	18.93	8.01	1.68	4.44	22.46	13.97	1,151	664
	1973	0.64	2.99	-	-	0.82	0.42	29.29	9.29	0.60	5.26	31.22	17.96	743	362
	1968	0.96	6.79	-	-	3.00	0.04	25.77	10.67	1.19	7.43	30.92	24.93	332	227
Philippines	1977	0.44	3.36	0.56	1.33	-	-	1.26	0.74	0.17	0.30	2.43	5.73	125	272
	1973	0.60	0.09	0.24	0.76	-	-	0.62	0.43	0.18	0.58	1.64	1.86	39	37
	1968	0.44	2.87	0.04	3.77	-	-	0.86	1.00	0.17	0.12	1.50	7.77	16	71
Singapore	1977	10.41	21.13	23.08	29.92	2.31	1.44	-	-	4.51	4.92	40.31	57.42	2,065	2,727
	1973	5.62	16.90	27.85	41.64	1.34	0.79	-	-	3.46	6.34	38.28	65.66	911	1,325
	1968	3.12	12.73	31.09	37.74	0.46	1.06	-	-	5.21	5.98	39.88	57.50	429	523
Thailand	1977	4.10	0.17	3.60	0.93	0.24	0.18	4.31	2.88	-	-	12.25	4.16	628	198
	1973	3.05	0.39	3.96	0.68	0.56	0.24	5.43	1.44	-	-	13.00	2.76	309	56
	1968	0.82	0.94	5.37	1.09	0.13	0.34	5.28	1.51	-	-	11.60	3.87	125	35
ASEAN	1977	15.32	25.62	27.65	32.56	6.49	2.60	44.09	22.86	6.46	16.36	100.00	100.00	5,123	4,749
	1973	9.91	20.37	33.49	43.80	2.77	2.14	49.55	17.79	4.28	15.89	100.00	100.00	2,379	2,018
	1968	5.34	23.33	39.07	42.92	5.84	2.30	42.67	16.88	7.09	14.57	100.00	100.00	1,075	909

Source: Naya (1980) based on basic data from International Monetary Fund Direction of Trade.

to 35% for 5 years on a case-to-case basis.⁸ The number of items in the PTA increased to 15,297 by 1990. The AEM, during their 22nd meeting in Bali, recognised the need to improve further the current programme of the ASEAN PTA when it would end in 1992, the next PTA programme

⁸ Joint Press Release of the Nineteenth ASEAN Economic Ministers Meeting, Singapore, 9–11 July 1997 (in ASEAN Secretariat, n.d.[e]: 216). The Ministers also agreed to a standstill on non-tariff barriers.

until 1999 deepening MOP to 75%, reducing the exclusion list to 5%, and reducing the ASEAN content requirement to 35% (except for Indonesia at 41%) in selected chemical products.

A reading of the communiqués and press releases of the AEM meetings during the period suggests a cautious, gradual but progressive deepening and acceleration of the PTA in terms of number of items, MOP, import value, shift from ‘product-by-product approach’ in the early years to an ‘across-the-board’ approach after 1980, planned reduction in the items in the exclusion lists, and experimentation on the ASEAN content requirement in the rules of origin. As reflected in the 13th AEM Meeting (1982) mandate to the Committee on Trade and Tourism to study the possibility and desirability of establishing an ASEAN free trade area, AMSs officials exhibited continuing commitment to deepen intra-regional trade in ASEAN.

Data suggest marginal impact of the PTA on intra-ASEAN trade. In 1986, the PTA covered only 5% of intra-ASEAN 6 (including Brunei Darussalam) trade; intra-ASEAN 6 share to total ASEAN 6 exports declined from 20% in 1970 to 17% in 1989 (Tan, 2003). The percentage of tariff items actually utilised to the total number of items offered as of 1987 was extremely low: 1.6% in Indonesia, 3.8% in Malaysia, 4.6% in Singapore, and 5.1% in Thailand (no data for the Philippines). The share of the value of imports granted PTA to total value of imports from ASEAN in those items amounted to 30% in Indonesia, 22% in Malaysia, and 37% in Thailand (no data for the Philippines); the 12% share in Singapore (whose total imports accounted for half of total intra-ASEAN imports) was likely because of the extremely low or no tariff imposed in Singapore, hence no need for the PTA.⁹ In addition, intra-ASEAN trade in the late 1980s remained overwhelmingly dominated by Singapore and involving mainly Malaysia and Indonesia.

Several reasons caused the low utilisation rate of the ASEAN PTA. First was ‘item inflation’ in cases where the tariff offers were at much greater disaggregation that effectively increased the number of tariff items offered.

⁹ The data were taken from Table 1 of Pangestu (1995: 47). Note that the total value of imports for ASEAN and the corresponding share of the value of items for ASEAN in Table 1 is wrong. The correct amount is US\$533,656 and the corresponding percent share is 19% and not 42.5%. The corrected share is the same as in Pangestu’s text.

Second, many items offered were not traded in ASEAN or had zero tariff already (especially for Singapore and Malaysia) or were products the member states export to the world and for which there was little trade in ASEAN. The third reason was that the share of excluded items was high: in 1987, the share of excluded items to the total number of excluded and included (in the PTA) items was 27% for the Philippines, 33% for Indonesia, 37% for Malaysia, and 55% for Thailand (zero for Singapore).¹⁰ This is why the 19th AEM meeting in 1987 decided that the exclusion list must be at most 10% of all the total items. Fourth, implementation was difficult with respect to the rules of origin, a problem that remains an important challenge in intra-ASEAN trade at present. Finally, and perhaps most importantly, the ASEAN economies were not complementary because they were largely exporters of primary products with markets mainly outside ASEAN and largely importers of manufactures which the AMSs did not have the comparative advantage in at that time and therefore had to be imported from outside the region. As such, the impact of tariff preferences on intra-ASEAN trade would be at most modest, as studies at that time indicated.¹¹

Nonetheless, the 1980s saw the growing perceptible shift in the industrial policy of the AMSs towards greater export orientation especially of manufactures (and away from import substitution as a means of industrialisation) in tandem with greater openness to foreign direct investment. The policy shift, partly in response to depressed primary product export prices in the early to mid-1980s, occurred at the same time as the sharp appreciation of the Japanese yen (and later, even of the New Taiwan dollar and the won of the Republic of Korea [henceforth, Korea]) that led to the significant rise in export-oriented foreign direct investment especially in manufactures in several ASEAN countries. The share of manufactures to total exports expanded tremendously from 18% in 1975 to 63% in 1991 (ASEAN Secretariat, 1995a). The successful greater export orientation and export of manufactures, together with the growing concerns on rising regionalism in the key export markets of the AMSs, would eventually prove decisive in ASEAN's shift from trade preference towards a free trade area and economic integration that gave birth to AFTA in the early 1990s.

¹⁰ The percent shares were computed by the authors from the data in Tables 1 and in Pangestu (1995: 47, 50).

¹¹ The paragraph draws heavily from Tan (2003: 236–244) and Pangestu (1995: 48–51).

Other Economic Initiatives

A few other economic cooperation initiatives are worth noting because they resonate well with important related initiatives in the past 2 decades. The first is the ASEAN Swap Arrangement to provide a short-term swap facility to the AMSs with temporary liquidity problems. This started with the signing of the memorandum of agreement in 1977 and further deepened (in terms of the swap amount) and extended over the 1980s. This ASEAN Swap Arrangement became the precursor of the even larger and more ambitious Chiang Mai Initiative involving initially the ASEAN 10 countries plus China, Japan, and Korea in the early 2000s in response to the 1997–1998 East Asian crisis. The ASEAN Customs Code of Conduct, signed in 1983, is arguably the forerunner of the series of agreements and initiatives involving customs and trade facilitation that would become central elements of AFTA and the AEC. Referred to earlier in the discussion on the ASEAN PTA, the memorandum of understanding on standstill and rollback on non-tariff barriers (NTBs) among ASEAN countries, signed in 1987, brings out forcefully the enduring concern on NTBs until now and the apparent inadequacy of mechanisms of addressing them. It is for this reason that the Ing and Cadot paper in the companion Volume 5 – *The ASEAN Economic Community Into 2025 and Beyond* – proposes a rethink on NTMs and NTBs towards a domestic regulatory reform and regulatory cooperation perspective as a means of addressing NTBs in the future. Finally, the multilateral agreement on commercial rights of non-scheduled services among ASEAN, signed in 1971, is effectively the foundation of the now much more ambitious agreements towards an ASEAN ‘open skies’ regime under the AEC.

In summary, the evolution of economic cooperation initiatives and agreements in ASEAN in the 1970s and the 1980s was one of gradual, flexible but persistent movement forward with virtually no backtracking as well as willingness to modify and innovate in terms of approaches. The results on the ground were at best modest if not disappointing as the discussion above indicates, and there were misgivings on the design and implementation of the initiatives as well as inadequacy of political will and trust among the AMSs by ASEAN officials themselves.¹² Nonetheless,

¹² See, for example, Khoman (1992: xix–xx).

they provided a good foundation to even deeper, wider-ranging, and more ambitious ASEAN initiatives and agreements since the early 1990s under AFTA and then the AEC in response to the challenges and opportunities of changing geopolitics and geo-economics in the region and the world at that time.

From Economic Cooperation to Economic Integration: The ASEAN Free Trade Area and the ASEAN Economic Community

Establishment of the ASEAN Free Trade Area

On 28 January 1992, on the occasion of the Fourth ASEAN Summit in Singapore, the ASEAN Leaders decided that ASEAN should move to a higher plane of economic and political cooperation in the light of the profound global political and economic changes since the end of the Cold War. The day was also just 3 months after the signing of the Paris Agreement on a Comprehensive Political Settlement of the Cambodia Conflict on 23 October 1991 that dramatically changed the political-diplomatic environment in ASEAN and effectively paved the way to the eventual expansion of the hitherto ASEAN 6 to ASEAN 10. Thus, on that watershed day, the ASEAN Leaders signed two landmark documents: the Singapore Declaration of 1992 and the Framework Agreement on Enhancing ASEAN Economic Cooperation. Also on that day, the ASEAN Trade and Industry Ministers signed the Agreement on the Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area.

Indeed, the period between the Third ASEAN Summit in Manila and the Fourth ASEAN Summit in Singapore, especially in 1989–1991, saw the fall of the Berlin Wall, the thawing of the Cold War in Eastern Europe, and the collapse of the Union of Soviet Socialist Republics, on the one hand, and the marked shift towards regionalism in ASEAN’s major trading partners, with the impending start of the North American Free Trade Agreement and the establishment of the European Single Market (with the fear of a possible ‘Fortress Europe’) on the other. ASEAN Officials took serious note of these developments as can be gleaned from a comparison of the joint

press statements of the 20th AEM meeting in Pattaya in October 1988 and the 21st AEM meeting in Brunei Darussalam on 30 November–1 December 1989. Held just 3 weeks after the fall of the Berlin Wall and the Canberra (Australia) ministerial meeting establishing the Asia-Pacific Economic Cooperation (APEC) forum, the 21st AEM meeting saw the delegation leaders calling for:¹³

‘... bold responses and initiatives .. that will lead to free movement of goods, people and capital in ASEAN’
– Secretary Jose Concepcion, Jr., Philippines

‘ASEAN should be more innovative’
– Minister Radius Prawiro, Indonesia

‘ASEAN ... going through a turning point in its economic affairs ... [given] ... swift developments both within and outside the Asia-Pacific region.. [presenting] ASEAN with challenges and opportunities which ASEAN should take initiatives to tackle in an effective manner.’
– Minister Lee Hsien Loong, Singapore

The Ministers directed the Senior Officials to take ‘... bold and innovative approach in addressing the issues facing the region ...’ (ASEAN Secretariat, n.d.[b]: 21). The 22nd AEM meeting in Bali adopted the CEPT for industrial products to facilitate the free flow of goods in ASEAN. Following the proposal of Prime Minister Anand Panyarachun of Thailand (and welcomed by Prime Minister Mahathir Mohamad of Malaysia) for an ASEAN free trade area, the 23rd AEM meeting in Kuala Lumpur agreed that all AMSs should subscribe to the establishment of AFTA simultaneously with the CEPT as the main scheme and the improved PTA as a complementary tool.

Arguably, the 21st AEM meeting in Bandar Seri Begawan kick-started the formal process in ASEAN that eventually led to the signing during the Fourth ASEAN Summit in 1992 of the framework agreement for the establishment of AFTA and the agreement on the CEPT scheme as the main vehicle of achieving AFTA. Nonetheless, as the essay in this volume of Thailand’s

¹³ Joint Press Statement of the Twenty-First Meeting of the ASEAN Economic Ministers (AEM), Brunei Darussalam, 30 November–1 December 1989 (in ASEAN Secretariat (n.d.[b]: 19).

former Commerce Minister Narongchai Akrasanee vividly recounts, some luck and creative diplomacy also contributed to the eventual momentous ASEAN decision to establish AFTA. Examples are Narongchai's proposal to merge the CEPT (Indonesia's preferred approach) into AFTA defined with 0%–5% as 'free trade rates', and the appointment of Khun Panyarachun, head of the 1985 ASEAN Task Force, as unelected Prime Minister of Thailand.

The Common Effective Preferential Tariff Scheme

As initially conceived, the CEPT scheme aimed to reduce intra-ASEAN 6 tariffs on manufactured goods and eliminate NTBs over a 15-year period beginning 1 January 1993 to an eventual range of 0%–5% tariff rate by 1 January 2008. All manufactured products, including capital goods and processed agricultural products, were included; unprocessed agricultural products were initially excluded. Allowed as exclusions from the CEPT scheme were general exceptions (for protection of national security, public morals, public health, as well as articles of artistic, historic, and archaeological value) consistent with GATT and temporary exclusions (which eventually need to be included in the scheme). The CEPT scheme had a fast-track programme of accelerated tariff reduction on 15 selected product groups, and a normal track for the rest. The tariff-reduction scheme was designed such that the tariff range would narrow over time until all products would end up in the 0%–5% range by 2008. The relevant products in the earlier ASEAN PTA were to be folded into the CEPT. Similarly, the 90% MOP (specifically most-favoured-nation [MFN] rates) for AIJV projects remained a valid option and likely preferable for the private sector at least in the early years of the CEPT when the 90% MOP could have led to a lower effective tariff.

Less than 2 years after the start of the CEPT scheme in September 1994, the AEM decided to (i) accelerate the realisation of AFTA CEPT from 15 years to 10 years to 1 January 2003 (instead of 2008; and, in 1998, under the Statement on Bold Measures, was further accelerated to 2002); (ii) eliminate the Temporary Exclusion List (with the products in the list to be phased in to the Inclusion List up to 2000; and (iii) include unprocessed agricultural products into the scheme (except, as determined later, those in the sensitive list). In September 1995, the AEM decided to maximise the number of tariff lines in the 0%–5% tariff range by 2000 and at 0% by 2003. Indeed, the AMSs accelerated their tariff-reduction schedules

voluntarily or unilaterally, based on the tariff schedules in 1996 for 2000, 87.8% of all tariff lines in the Inclusion List would be in the 0%–5% tariff range in 2000 representing 97.8% of total intra-ASEAN imports (ASEAN Secretariat, 1996).

In addition, the AMSs reduced products in the General Exclusion List by transferring 195 tariff lines to the Inclusion List during 1998–1999. More importantly, the 31st AEM meeting in 1999 agreed to eliminate import duties (i.e. 0% instead of 0%–5% tariff rates) on all products in the Inclusion List by 2015 (further accelerated to 2010 in 2003) for ASEAN 6 and 2018 for the newer ASEAN members. Towards this end, the AEM decided to eliminate tariffs on 60% of the tariff lines in the Inclusion List by 2003 for ASEAN 6.

By 2003, the series of ministerial decisions accelerating, deepening, and widening AFTA resulted in the following (ASEAN Secretariat, n.d.[g]):

- 99.6% of products in the CEPT Inclusion List of ASEAN within the 0%–5% tariff range;
- only 247 tariff lines (or 0.5%) of all products traded in the region outside the CEPT scheme (essentially the products under the General Exclusion List and the Sensitive and Highly Sensitive List; with the transfer of Malaysia’s tariffs on completely knocked down and completely built up vehicles on 1 January 2005, the ASEAN 6 did not have any product in the Temporary Exclusion List);
- the decline of the average CEPT rate for ASEAN 6 from 12.8% in 1993 to 2.4% in 2003 (and 1.9% in 2004) (ASEAN Secretariat, n.d.[h]); and
- for Cambodia, the Lao People’s Democratic Republic, Myanmar, and Viet Nam (or the CLMV), inclusion of 72.2% of all their tariff lines in the Inclusion List; 60.6% of all products they traded in the region had 0%–5% tariff range; and the average CEPT rate was 6.2%.

The results for the ASEAN 6 show that the CEPT scheme delivered as planned with respect to tariff reduction/elimination. In short, the CEPT tariff scheme was a success.¹⁴ This was in sharp contrast to what AFTA

¹⁴ The issue of NTBs has been more problematic, and NTMs and NTBs remain an important concern in ASEAN as well as in virtually all other regional integration initiatives.

sceptics were expecting, as former ASEAN Secretary-General Ajit Singh pointed out in his essay in this volume. The success of the CEPT tariff scheme is particularly noteworthy for two important reasons:

- The implementation and acceleration of the CEPT happened despite a major economic crisis in 1997–1998 in the ASEAN 5 countries. This greater trade liberalisation runs counter to increased protectionism in response to crises as was the case during the Great Depression in the early 1930s.
- The CEPT scheme was intrinsically an outward-oriented arrangement. Provision 7 in Article 2 of the CEPT Agreement states that the AMSs whose tariffs were reduced to 0%–5% (or were already at 0%–5%), even if granted on an MFN basis, are deemed to satisfy the provisions of the agreement and therefore shall enjoy the concessions under the agreement. In effect, the agreement encouraged the AMSs to liberalise not just within ASEAN but also with respect to the rest of the world on an MFN basis. In short, AFTA, through the CEPT, was not the usual regional trade block that tends to raise barriers against non-member countries, such as the European Economic Community and North American Free Trade Agreement.

Former Prime Minister Goh Chok Tong of Singapore put it clearly in 1993 why AFTA CEPT had to be outward oriented:

‘At the policy and intellectual level, the mood in the developed countries is shifting away from free trade, in favour of “fair trade” and “managed trade”. These terms evade the odium of protectionism... but should be seen for what they really are. ASEAN has to respond promptly and positively to these changes in the international environment if it is to prosper in the next 25 years. Retaliating with a protectionist trading bloc of our own is not a solution. It is against ASEAN’s own interest, as its links to the rest of the world are as important if not more important than linkages to each other.’¹⁵

¹⁵ Joint Press Statement Twenty Fifth Meeting of the ASEAN Economic Ministers (AEM) Singapore, 7–8 October 1993 (in ASEAN Secretariat, n.d.[d]: 23).

The outward orientation of AFTA CEPT is remarkable indeed, especially in view of the more inward-looking bent of the predecessor ASEAN PTA and industrial cooperation initiatives into the 1980s. It is also important to note that whereas it took more than a decade before the AMSs offered about 15,000 tariff lines under ASEAN PTA, it took less than 2 years for the CEPT scheme's Inclusion List (normal and fast tracks) to cover 38,388 tariff lines accounting for 89% of all tariff lines in ASEAN (ASEAN Secretariat, 1995b).

Behind the remarkable change in orientation and speed of implementation under the CEPT were external and internal reasons. One key external factor was the increased competition for scarce foreign direct investments from Eastern Europe, China, and others after the end of the Cold War (Chng, 1995). In effect, the regional market integration arising from AFTA CEPT would increase international competitiveness and foreign investment attractiveness of the AMSs, which was very important for the robust growth of manufactures exports and overall trade of most AMSs since the latter 1980s. ASEAN accounted for the largest share of foreign direct investment that went to developing economies in the late 1980s.

A key internal factor was that the regional economic environment in the early 1990s was so different from that of the mid-1970s. Specifically, since the mid-1980s, virtually all AMSs shifted towards export orientation and most of the ASEAN region was amidst an economic and trade boom due largely to the surge in export-oriented foreign direct investment that made ASEAN a production base for exports. Given the successful developments in the region arising from the shift towards export orientation of the AMSs, and given the policy mindset of ASEAN Leaders as reflected in the above statement of former Prime Minister Goh, the CEPT scheme was logically an outward-oriented agreement and, as Peter Drysdale discussed in his essay in Volume 5, ASEAN is an experiment in 'open regionalism' that succeeded.

Implicit in the outward orientation or open regionalism that underpinned the AFTA CEPT scheme is that the tariffs of the AMSs on imports from non-ASEAN countries (or MFN tariffs) would need to be reduced secularly just as the CEPT rates were reduced secularly. What happened indeed was that MFN rates declined substantially, either because of the implementation of the Uruguay Round and/or precisely because of the implementation of the CEPT rates. The Calvo-Pardo, Freund, and Ornelas (2009) analysis suggests that the latter was the dominant cause, suggesting that AFTA is a

‘building block’ and not a ‘stumbling block’ towards global free trade regime. This is consistent with the ASEAN Leaders’ mandate in the Singapore Declaration of 1992 that ‘... ASEAN shall continue to uphold the principles of free and open trade embodied in the General Agreement on Tariffs and Trade (GATT) and work towards maintaining and strengthening an open multilateral trading system’ (ASEAN Secretariat, n.d.[c]: 18).

CEPT Plus or AFTA Plus and the Road to the ASEAN Economic Community

The CEPT scheme was not solely on the reduction/elimination of intra-ASEAN tariffs. The 1992 CEPT Agreement included the elimination of quantitative restrictions and other NTBs, exceptions to foreign exchange restrictions for CEPT products, as well as exploration of other border and non-border areas of cooperation to supplement and complement the liberalisation of trade. The 1992 Framework Agreement on enhancing ASEAN economic cooperation included not only cooperation in trade as discussed above but also cooperation in industry, minerals, and energy; finance and banking; food, agriculture, and forestry; transportation and communication; and many other areas. Thus, the economic agenda laid out in 1992 was very wide and ambitious indeed. This was to become even more ambitious and definite in the ASEAN Vision 2020 signed by the ASEAN Leaders during the Second ASEAN Informal Summit in Kuala Lumpur in December 1997. The ASEAN Vision 2020 became the basis of future ASEAN programmes that ultimately developed into the AEC and its blueprint for 2015.

The decisions of ASEAN Leaders since the momentous 1992 Summit showed their continuing commitment to ever deeper and wider cooperation and integration that ultimately gave rise to the birth of what is the ASEAN Economic Community (in the economic arena) and the broader ASEAN Community today. It is worth noting that the greatest push for greater, wider, and deeper cooperation and eventual integration happened during periods of significant uncertainty for ASEAN – i.e. the turn of the 1990s; 1997, a few months after the start of the East Asian crisis; and early 2000s with the rise of China.

In contrast to the CEPT scheme, the rest of the cooperation areas were less straightforward and most were longer-term initiatives and initially without

quantifiable specific end targets until the AEC Blueprint 2009–2015. Indeed, virtually all of them remain very important areas of concern and cooperation up to the present. Thus, to a large extent, the initiatives in the 1990s and early 2000s were building blocks towards deeper and wider regional cooperation and regional integration and, at present, towards a regional economic community:

- **Non-tariff barriers.** NTBs were the second focus of the AEM after the CEPT tariffs. In the CEPT Agreement, NTBs were supposed to be eliminated gradually within 5 years after the enjoyment of the concessions under the CEPT. To implement this provision, a working definition following the UNCTAD classification was adopted; NTBs affecting the widely traded products in the region were prioritised (i.e. minerals, electrical appliances, machinery); and information gathered from member submissions and ASEAN chambers of commerce as well as data from GATT and UNCTAD. The findings of the ASEAN Secretariat showed that customs surcharges were far and away the most ubiquitous NTBs, followed by technical measures and product characteristic requirements. It is worth noting that the ASEAN Secretariat appeared to equate NTMs with NTBs in their initial analysis and submissions to the AFTA Council. Interestingly, the ASEAN Secretariat did not include quantitative restrictions (e.g. import quota) as an NTB or major NTB.¹⁶

The 10th AFTA Council in September 1996 mandated the removal of customs surcharges on products in the Inclusion List, which the AMSs duly implemented as noted in the 11th AFTA Council meeting in October 1997. As for the technical measures and product characteristics requirement, considering that these were NTMs and not necessarily NTBs, their abolition or removal would not be the appropriate course of action. Instead, it would be in standards and conformance assessment; this is discussed below. Arguably, apart from the removal of the customs surcharges, not much progress has been made on the NTB front. Indeed, the issue of NTMs and NTBs remains a major concern of AEM and ASEAN Leaders as reflected in the AEC Blueprint 2025. Two companion volumes, Volumes 3 and 5, address this issue in greater depth.

¹⁶ Table 3, which is the working definition of non-tariff measures for the CEPT, did not include quantitative restrictions. See ASEAN Secretariat (1995b: 10–15).

- **Trade facilitation.** Trade facilitation initiatives focused on customs cooperation as well as harmonisation of tariff nomenclatures. Regular meetings of the directors-general of customs of the AMSs started in 1995. The non-binding ASEAN Customs Code of Conduct of 1995 became the more binding ASEAN Agreement on Customs in 1997 that provided the legal framework for customs cooperation in ASEAN. The agreement laid out, among others, the key principles of good customs governance and cooperation in ASEAN (i.e. consistency, simplicity, transparency, efficiency, accessible appeals, and mutual assistance and cooperation), agreements on the ASEAN Harmonized Tariff Nomenclature, principles of customs valuation including the non-use of customs valuation for protective purposes, and customs procedures conforming to the standards and recommended practices of the Kyoto Convention.

In short, the agreement indicates that customs officials aimed for a modern and facilitative customs in the region. Indeed, the ASEAN Customs Vision 2020, agreed upon in 1997, explicitly aimed for an ASEAN customs partnership for world-class standards and excellence by 2020. Towards this end, the ASEAN directors-general approved in 1999 the ASEAN Customs Policy Implementation and Work Programme in 15 major areas of work in customs and meant to be ‘... the main guiding document for ASEAN Customs cooperation in the next two decades’.¹⁷

In addition to the overarching agreements and action plans discussed above, a few more specific initiatives and concurrent actions moved customs cooperation and coordination during the latter 1990s and early 2000s. Among them were the implementation of the World Trade Organization Customs Valuation Agreement by all the original five AMSs, the establishment of the post-clearance systems in five AMSs (including Viet Nam but excluding the Philippines), the development of the manual on post-clearance audit and the ASEAN customs valuation guide, and the establishment of the Green Lane System for AFTA products. Worth noting is that ASEAN Dialogue Partners – especially New Zealand, Japan, and Australia – provided technical assistance (especially to ASEAN’s new members) and

¹⁷ Joint Press Statement of the Sixth Meeting of the ASEAN Directors-General of Customs, Jakarta, Indonesia, 26–27 February 1998 (in ASEAN Secretariat, n.d.[f]). Note that the paragraph draws from the joint press releases of the ASEAN directors-general during 1998–2002.

opportunities for sharing experiences and best practices in the customs arena. Overall, the significant start of customs cooperation in ASEAN has been apparent since the mid-1990s and into the early 2000s. By 2003, the ASEAN Directors-General of Customs decided to push for a single window for faster import and export clearance. This would be a central element of the trade facilitation agenda under the AEC Blueprint 2009–2015.

- **Standards and conformance.** ASEAN also turned its serious attention to standards and conformance cooperation for enhanced trade facilitation and to address the problems related to the two major NTMs raised above, i.e. technical measures and product requirements. At the Fifth ASEAN Summit in Bangkok in 1995, ASEAN Leaders agreed that ASEAN should introduce greater transparency in standards and conformance, align product standards with international standards, and undertake mutual recognition agreements on a bilateral or plurilateral basis.

The ASEAN Consultative Committee on Standards and Quality was responsible for ‘husbanding’ the standards and conformance agenda of harmonising national standards with international standards, implementing mutual recognition arrangements (MRAs) on conformity assessment, and harmonising or developing regional technical regulations. ASEAN harmonised the standards of 20 priority products with international standards; these products were some of the most widely traded in the region during 1999–2003 (ERIA, 2012). The consultative committee also worked on MRAs in selected priority sectors.

The AMSs signed the ASEAN Framework Agreement on Mutual Recognition Arrangements in 1998, which provided the general principles for developing sectoral MRAs and the general conditions for the acceptance and recognition of the results of conformity assessment procedures done in another ASEAN country. The first MRAs signed were the ASEAN Sectoral Mutual Recognition Arrangement for Electrical and Electronic Equipment in 2002 and the Agreement on the ASEAN Harmonized Cosmetic Regulatory Scheme (the scheme has an MRA component embedded in it) in 2003. The first two agreements towards harmonised technical requirements were the cosmetic regulatory scheme referred above and the Agreement on the ASEAN Harmonized Electrical and Electronic Equipment (EEE) Regulatory Regime signed in 2005 for implementation by 2010.

As is apparent from the discussion above, the implementation of the standards and conformance agenda has been slow and the results modest because of the intrinsically highly technical and complex nature of harmonisation of standards and technical requirements as well as the varied issues related to conformance assessment. Not surprisingly, the work on standards and conformance has continued into the AEC and would likely be more important in the future. A more detailed discussion on the performance of standards and conformance initiatives in ASEAN is in Volume 3.

- **Services.** Following the Uruguay Round that included services to the negotiating table for the first time, and in line with the call in the Singapore Declaration to move ASEAN cooperation to a higher level, the AEM signed the ASEAN Framework Agreement on Services (AFAS) in December 1995. Like the CEPT scheme, AFAS aims primarily at substantial elimination of restrictions to trade in services through deeper and wider scope of liberalisation beyond the AMSs' offers in the General Agreement on Trade in Services aimed at realising a free trade area in services. It is to be noted that the share of services to the gross domestic product of the original ASEAN 6 in 1995 when AFAS was signed ranged from 41% for Indonesia to 66% for Singapore (indeed even higher shares using information available to ASEAN Secretariat at that time).¹⁸ Thus, together with the objective of AFTA CEPT of zero CEPT tariff, AFAS's goal of free trade in services would in effect result in a free trade of goods and services among the AMSs.

Initial negotiations of sectoral commitments focused on some priority sectors, specifically financial services, telecommunications, maritime and air transport, construction, tourism, and business services. Over time, and with the AEC Blueprint 2009–2015, the negotiations under AFAS were for eventual coverage of all sectors. The first four packages of AMS commitments were in 1997, 1998, 2001, and 2004. As in the other CEPT Plus initiatives, negotiations on the later packages of AFAS continued through the rest of the 2000s and first half of the 2010s, much of it under the AEC Blueprint 2015. As of early 2017,

¹⁸ The shares for other AMSs were 44.6% for Brunei Darussalam, 45.7% for Malaysia, 46.3% for the Philippines, and 53.4% for Thailand. The figures were taken from the World Bank database. Note that these shares are lower than those used by the ASEAN Secretariat for 1993 in its 1995 AFTA Reader report. Since decisions then were based on existing information, the information at that time was that all the AMSs except Malaysia (with share of 46%) had a services sector share of more than 50%, topped by Singapore at 72%.

there remains one more AFAS package to be committed and implemented before substantive free trade in services within ASEAN is realised. The performance of AFAS under the AEC is discussed in Volume 3, while Volume 5 provides some ideas on making the last important mile towards free trade in services.

- **Investment.** The ASEAN Leaders, in their Fifth ASEAN Summit in 1995, also agreed to establish an ASEAN investment region, later called ASEAN Investment Area, to enhance ASEAN's investment attractiveness and competitiveness. Towards this end, the AMSs signed the landmark Framework Agreement on the ASEAN Investment Area in 1998, setting out a three-pronged investment cooperation programme on investment facilitation and cooperation, investment promotion and awareness, and investment liberalisation, including the mandate for the submission and review of the corresponding action plans. Most importantly, under the framework agreement, the AMSs agreed to accord national treatment to ASEAN investors by 2010 and to all investors by 2020, subject to exceptions, and to immediately open all industries to ASEAN investors except those in the Temporary Exclusion List and the Sensitive List. The Temporary List was to be reviewed every 2 years and to be progressively phased out by 2010 for the original ASEAN 6 (2013 for Viet Nam, 2015 for the Lao PDR and Myanmar, and Cambodia was not yet a member).

In the subsequent years, the AMSs collaborated on joint investment promotion and awareness, including the publication of investment promotion materials like an investment guidebook and cooperation in investment missions and fairs. Nonetheless, it is the liberalisation agenda that would be the most consequential towards an ASEAN investment area, and would be central negotiation issues into the AEC blueprint for 2015 and subsequent blueprint for 2025. As is apparent, the challenge in the liberalisation front since the signing of the framework agreement remains the reduction, to the minimum possible, in the list of industries that are excluded from the liberalisation agenda. A more detailed discussion on the status in the investment liberalisation front under AEC is in Volume 3.

- **Transportation.** In support of the call of the ASEAN Leaders during their Fifth ASEAN Summit for an enhanced model of cooperation and in line with their greater focus on facilitation in trade, the AEM during the 28th meeting in 1996 asked the Senior Transport Officials to formulate a framework agreement to facilitate goods in transit in

ASEAN. The ASEAN Transport Ministers during their first meeting in 1996 agreed on the ASEAN Plan of Action in Transport and Communications 1996–1998 and its implementation that included the development of multimodal transport and trade facilitation; harmonisation of road transport laws, rules, and regulations in ASEAN; and development of a competitive air services policy towards an eventual open skies policy in ASEAN. The region’s transport initiatives gained even greater traction with the 1998 Hanoi Plan of Action of ASEAN Vision 2020 signed by the ASEAN Leaders in 1997. The key initiatives planned to develop a highly efficient and quality transport infrastructure included the trans-ASEAN transportation network (by 2000); the ASEAN Framework Agreement on the Facilitation of Goods in Transit (by 2000); the ASEAN Framework Agreement on the Facilitation of Inter-state Transport; the ASEAN Framework Agreement on Multimodal Transport; maritime/shipping policy; competitive air services policy towards an open skies policy, harmonisation of standards, and regulations on vehicle specification; the Singapore–Kunming railway; and the ASEAN Highway Network.

The listing of the transport facilitation and infrastructure above would remain much of what the ASEAN Transport Ministers would focus their attention on to develop, refine, negotiate, agree, and implement since the 2000s towards the AEC. Volume 3 discusses the present status of the initiatives.

- **Other initiatives.** Other economic-related initiatives have expanded further the dimensions of the CEPT Plus or AFTA Plus. Among them are those in intellectual property, banking and finance, telecommunications, and initiatives in other sectors like tourism; food, agriculture, and forestry; and minerals and energy.

As an example, in banking and finance, significant initiatives date back to the late 1970s with the ASEAN swap arrangements (in 1977). Nonetheless, not until the First ASEAN Finance Ministers Meeting and the subsequent Special ASEAN Finance Ministers Meeting in 1997, the year the East Asian financial crisis broke out in Thailand, was there a sustained regional cooperation effort to deepen ASEAN cooperation in banking and finance, starting with the signing of the Ministerial Understanding on ASEAN Cooperation in Finance on the same day as the First ASEAN Finance Ministers Meeting. The East Asian financial crisis led to a greater push for an enhanced regional surveillance system, the decision in 2000 for the expansion of the ASEAN Swap

Arrangement into the Chiang Mai Initiative for temporary liquidity support, and stronger focus on improved prudential regulations. The Finance Ministers also reaffirmed AMSs' commitment to liberalise financial services. The Chiang Mai Initiative and the attendant enhanced regional surveillance were a joint initiative of ASEAN plus China, Japan, and Korea (i.e. ASEAN+3). These would be the most important implementation initiatives in banking and finance and macroeconomic policy into and under the AEC.

The discussion above brings out clearly that ASEAN initiatives in the 1990s and early 2000s since the momentous Fourth ASEAN Summit in 1992 covered a much wider range than what a standard free trade arrangement entails. To a large extent, they pointed towards what would eventually be the region's drive towards an ASEAN economic community as a critical pillar of the ASEAN Community with the signing of the Bali Concord II during the Ninth ASEAN Summit in 2003. Arguably, the signing of the ASEAN Vision 2020 during the Second ASEAN Informal Summit in December 1997 in Kuala Lumpur and of the Hanoi Plan of Action during the Sixth ASEAN Summit in December 1998 accelerated the path towards the eventual Leaders' decision to aim for an ASEAN Community by 2020 (later accelerated to 2015) with the signing of the Bali Concord II.

ASEAN Vision 2020, Hanoi Plan of Action, and Bali Concord II

A few months after the outbreak of the East Asian financial crisis in Thailand and amidst continued depreciation of ASEAN currencies, the ASEAN Leaders adopted the ASEAN Vision 2020 during the Second ASEAN Informal Summit. This is remarkable indeed because the Leaders adopted a document mandated to the Ministers during the heyday of the ASEAN economic boom (during the First ASEAN Informal Summit in November 1996) as a testament of the Leaders' commitment to economic integration and community building in ASEAN despite the crisis.

As reflected in the title of the ASEAN commemorative book for the 30th anniversary of ASEAN in 1997, 'One Region, One Vision', the ASEAN Vision 2020 envisages ASEAN as 'a concert of Southeast Asian nations, outward looking, living in peace, stability and prosperity, bonded together in partnership in dynamic development and in a community of

caring societies’.¹⁹ The partnership in dynamic development envisages a ‘... stable, prosperous and highly competitive ASEAN Economic Region in which there is *free flow of goods, services, and investments, a freer flow of capital, equitable economic development and reduced poverty and socio-economic disparities* [italics supplied]’ (ASEAN Secretariat, n.d.[e]: 6). The italicised statement above is almost the same as what would define ‘single market and production base’ in the AEC Blueprint 2009–2015 except for the addition of ‘free flow of skilled labor’ in the blueprint.

The core elements of what would become the AEC Blueprint 2009–2015 were apparently drawn from the ASEAN Vision 2020. Indeed, many key strategies in the AEC Blueprint 2009–2015 were very much in the ASEAN Vision 2020 such as:

- Promote closer consultations in macroeconomic and financial policies.
- Fully implement AFTA; accelerate liberalisation of trade in services; realise free flow of investment by 2020.
- Accelerate free flow of professionals.
- Establish interconnecting arrangements in energy and utilities within ASEAN, e.g. ASEAN Power Grid, Trans-ASEAN Gas Pipeline.
- Promote financial sector liberalisation.
- Develop an integrated and harmonised trans-ASEAN transportation network; promote the open skies policy; develop multimodal transport; facilitate goods in transit; integrate telecommunications networks.
- Work towards a world-class standards and conformance system.
- Promote an ASEAN customs partnership for world-class standards and excellence in efficiency, professionalism, and service.
- Enhance food security and international competitiveness of food, agricultural, and forest products.
- Promote human resource development.

The Hanoi Plan of Action, approved by the ASEAN Leaders during the Sixth ASEAN Summit in Hanoi in 1998, was the first implementation plan to achieve the long-term ASEAN Vision 2020. It added more details and expanded the key strategies included in ASEAN Vision 2020. To some extent, the Hanoi Plan of Action, with a 1999–2004 time frame, was a

¹⁹ ASEAN Vision 2020, Kuala Lumpur, Malaysia, 15 December 1997 (in ASEAN Secretariat, n.d.[e]: 5).

precursor and a significant building block to what would eventually be the blueprints for the AEC, the ASEAN Political-Security Community, and the ASEAN Socio-Cultural Community.

The ASEAN Vision 2020 and the Hanoi Plan of Action accelerated and expanded the cooperation initiatives in ASEAN since 1998 as the discussion above on the CEPT Plus or AFTA Plus initiatives suggests. Former Prime Minister Goh Chok Tong of Singapore (see his essay in this volume) suggested that ASEAN move towards an economic community, to which the AEM and ASEAN Leaders asked the High-Level Task Force on ASEAN Economic Integration to draw up recommendations towards this end, drawing from the ASEAN Vision 2020, Hanoi Plan of Action, and the results of an ASEAN competitiveness study as well as studies and recommendations of the ASEAN Institutes of Strategic and International Studies and Institute of Southeast Asian Studies.

During the Ninth ASEAN Summit in Bali, Indonesia, in October 2003, the ASEAN Leaders signed the Bali Concord II that set out the establishment of the ASEAN Community comprising three pillars: political and security cooperation towards ASEAN Security Community (eventually becoming ASEAN Political-Security Community), economic cooperation towards the AEC, and socio-cultural cooperation towards the ASEAN Socio-Cultural Community. The three pillars are to be closely intertwined and mutually reinforcing. The Bali Concord II included as an appendix the recommendations of the High-Level Task Force on ASEAN Economic Integration. Those recommendations effectively became the mandates to the AEM and Senior Officials to formulate and agree on the specific commitments and plans of action to implement the recommendations, which would eventually form the AEC Blueprint 2009–2015.

Volume 3 discusses in some detail the AEC Blueprint 2009–2015 and its implementation, including the impact of ASEAN economic initiatives on the AMSs. Volume 5 discusses the progression towards the AEC Blueprint 2025 and the ways forward. These two volumes indicate that as ASEAN moved from development of frameworks, agreements, and plans of action of the 1990s and early 2000s and towards implementation of the plans, the AMSs met significant challenges along the way. With greater flexibility, the challenges enabled the AMSs to move ahead towards deeper economic linkages with one another and with the rest of the world. And the drive

towards a fully realised AEC into 2025 and beyond poses even greater challenges as well as substantial opportunities, calling for a greater sense of community and stronger political cooperation. That is, the drive for the AEC entails also the simultaneous drive towards the ASEAN Political-Security Community and the ASEAN Socio-Cultural Community.

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The Road Traversed and in the Horizon for ASEAN's Socio-Cultural Community

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Through its journey as part of the ASEAN Community, the ASEAN Socio-Cultural Community (ASCC) has been shaped by a host of ASEAN and international thinkers and theorists – and oftentimes seismic events – that mirrored the ebbs and flows of contemporary regional and international relations and development cooperation, selectively picking up concepts, theories, and practices along the way. Indeed, ASCC's history is interwoven into the ASEAN Community, even changing the organisation's overall characteristic, credo, and primary goals. Peeling away the many layers of its rich history gives a better understanding of the theoretical constructs behind its existence and why the ASCC has steadily changed its scope and purpose. With a multitude of motivating forces behind its existence, making change is indeed a constant in ASCC's journey for relevance in ASEAN community building.

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Former Prime Minister of Thailand Abhisit Vejjajiva's essay in this volume lauds this journey and commends ASEAN's remarkable progress in driving its integration agenda and giving the organisation a global voice. He cogently argues for the need to distil important lessons that help define a regional solution to the increasing complexity of globalisation. The former Thai Prime Minister asserts that ASEAN needs to work on social integration if it hopes to strengthen the organisation and highlight the potential in the ASCC's role in developing an underpinning principle for community building.

Former President Fidel Ramos of the Philippines, in recounting the beginnings of ASEAN, discerns that moderating the dominant influence of the United States (US) and China and developing an ASEAN-led free trade framework, known as the Regional Comprehensive Economic Partnership (RCEP), have today allowed the organisation greater leverage in regional and global relations. He sees a need for ASEAN to strategically balance the dominant influence of the US and China, while capturing the moderating influence of globalisation, compelling ASEAN to emphasise the ASEAN-led free trade frameworks such as RCEP and community building in an integrated way and bridging the many gaps between its membership while addressing higher labour cost, complex policy uncertainties, and fragmented national markets. He argues for an ASEAN economic strategy to make up for higher labour costs by raising workers' productivity and cutting costs across the production value chains. He stresses that to achieve these goals, ASEAN needs further 'internal reforms and deeper national integration'. In his view, the ASCC is at once the easiest and the most difficult for the ASEAN Leaders to organise, transcend elite arrangements, and engage the interests of ordinary ASEAN people. He points out that in embracing the 'Community' in its economic, political-security, and socio-cultural dimensions, ASEAN peoples must see it as a pervading, beneficial influence on their daily lives and regard the ASEAN vision as their own where economic growth helps 'reduce the poverty of their families and of their communities and brings better public health, housing, basic education services, and jobs, as well as higher incomes for everyone. Thus, a great deal of ASEAN's work in building 'Community' must focus on encouraging, assisting, and, if need be, pressuring the ASEAN members to promote good governance, strengthen the rule of law, build an inclusive economy, and defend human rights and representative democracy.'

Behind arguments put forth lies the reality that, by a wide measure, the ASCC is the most adaptive, re-engineered, and reinvented pillar of the ASEAN Community. Often deemed as the soft side of development or sectoral cooperation, conflated with technical cooperation among developing countries, and eclipsed by political-security and economic cooperation for the first 2 decades of ASEAN, socio-cultural cooperation grew out of ideas and concepts of functionalism, neo-functionalism, and was significantly influenced by globalisation. This dimension of regionalism was given the official name ‘functional cooperation’ in 1987. On the wave of the sustainable development movement, its scope of work was expanded and then labelled ‘socio-cultural cooperation’ by 2004. The coming of age was its elevation as a legal ASEAN organ under the ASEAN Charter in 2007. Soon after, it was armed with a stronger sense of purpose, with the ASCC Blueprint 2009–2015, among others, giving it responsibility for championing and defining the ASEAN identity. Today, the socio-cultural community is a vital and highly complex constituency, poised to take a significantly greater role in the post-2015 ASEAN Community projects. Its strength and arguably its weakness are its eclecticism and adaptiveness to the political, economic, and social demands of the day. Will these characteristics enhance or constrain achievement of the ASCC Blueprint 2025 and the United Nations (UN) 2030 Agenda for Sustainable Development as it faces the challenges of the ASEAN Community in the next 10–15 years?

The Third Pillar: Then and Now

The ASCC is sometimes referred to as the ‘Third Pillar’, an ambiguous label that elicits a range of descriptions and false equivalencies, e.g. a subordinate community, the quintessential people pillar. These wide-ranging descriptions of the socio-cultural community suggest a body that remains one of the least researched and understood of the ASEAN Community pillars and thus ranks as the least known and recognised in public perception surveys. Its size, scale, and breadth tend to bring forth broad-stroke sectoral analyses that merely break down the ASCC into its constituent parts, i.e. the education, health, children, women, and labour sectors.

The ASCC is a ministerial council of Senior Officials that coordinates and monitors the work of more than 20 sectors, each with a head at the ministerial level, supported by Senior Officials who are in turn supported

by groupings of experts and subject-matter specialists that may, on an expanding pool of dialogue and external partners, be from non-governmental organisations, private sector organisations, civil society, and traditional and nontraditional partners.

The ASCC's great misfortune as a pillar is having to face a general perception that it is an afterthought, mired in classic third-child syndrome of waiting and reacting to the initiatives of the other two pillars. Rather than leading change as *pari passu* in the ASEAN community-building process, it is sometimes seen as mirroring the change taking place around it as if it were a nominal agent, compared to the more prominent communities that oversee political-security and economic cooperation and that can contend more adeptly for the title of *primus inter pares* (or 'first among equals'). Labels, however, fail to capture the richness of socio-cultural cooperation as championed by its many sectoral bodies, commissions, professional networks, institutions, and growing partnerships of stakeholders that make up the ASCC, a virtual snapshot of ASEAN peoples in transition and more often at the centre of the transformation of the ASEAN Community.

In the first decade of existence of the socio-cultural pillar, functionalism (Mitrany, 1975), a forerunner of globalisation theory and strategies, significantly influenced the shaping of this pillar, with its focus on regional cooperation in limited but common areas such as health, education, and a selected number of transboundary concerns. By the 1990s, an even stronger impetus was driven by neo-functionalism (Haas, 1961; Sandholtz and Stone Sweet, 1997) promoting a theory of regional integration based on the European experience. Indeed, it is not lost on ASEAN observers that the ASEAN-European Union (EU) partnership dates back to 1972.

Another layer of conceptual thinking adding to the ASCC's value proposition was ushered by the landmark Brundtland Report (World Commission on Environment and Development, 1987) which extolled multilateralism and interdependence towards a sustainable development path to support economic growth, environmental protection, and social equality. The report had a profound effect on ASEAN Leaders, development thinkers, and opinion makers, particularly in bringing the term 'sustainable development' into world public consciousness and echoed by ASEAN in its call for greater concern for environmental dimensions of development (Koh, Robinson, and Lye, 2016). Throughout the 1970s and 1980s, social development

entered ASEAN discourse and evolved into an important aspect of ASEAN regionalism. Indeed, the term ‘social development’ displaced, albeit temporarily, the term ‘functional cooperation’ and was employed in the seminal 1976 Declaration of ASEAN Concord (known as the Bali Concord I).

‘Functional cooperation’ became a formal term and was first defined as an area of ASEAN cooperation in the Manila Declaration of 1987, which stressed that such cooperation’s *raison d’être* is to ‘promote increased awareness of ASEAN, wider involvement and increased participation and cooperation by the peoples of ASEAN, and development of human resources’. By 1992, with the signing of the Singapore Declaration, the parameters and contours of functional cooperation were further expanded in unprecedented detail to encompass regional identity, environmental protection, women participation, recognition of the role of non-governmental organisations, problems of drug abuse and drug trafficking, and the spread of HIV/AIDS. Under the Bangkok Summit Declaration of 1995, functional cooperation was elevated to ‘a higher plane to bring shared prosperity to all its members’, with the intention that cross-cutting and common themes be integrated into the work of the other pillars. Just 2 years later, in 1997, the ASEAN Vision 2020 was announced in Kuala Lumpur and introduced a much broader all-encompassing notion of securing a ‘society of caring communities’, henceforth capturing what remains today as the essential definition of the new functional cooperation in ASEAN. The ASEAN Vision 2020 was reinforced by the 1998 Hanoi Plan of Action (1999–2004), the first in a series of action plans building up to the realisation of the goals of the Vision, and was succeeded in 2004 by the Vientiane Action Programme (2004–2010) (ASEAN Secretariat, 2004).

From Functional Cooperation to Socio-Cultural Cooperation

In large measure, the Vientiane Action Programme rebranded and relabelled functional cooperation as the ‘Socio-Cultural Community’ to place more emphasis on social responsibility, social justice, and social protection, and to promote ASEAN awareness and strengthen its identity. The programme was a landmark document in its introduction of rights-based approaches, the significance of which continues to be debated even today.

Superseding the Vientiane Action Programme was the ASEAN Community-Building Road Map (2009–2015) supported by the three Community Blueprints. This was only made possible by the Cebu Declaration (2007) and the Cha-am Hua Hin Declaration (2009), which accelerated the establishment of the ASEAN Community to the end of 2015 instead of 2020, partly to be coterminous with the Millennium Development Goals and, in effect, resetting and compressing the original time frame of the ASEAN Vision 2020.

The ASCC Blueprint emphasised the human dimension of ASEAN cooperation and offered a commitment to lift the ASEAN quality of life. Maintaining the spirit of the ASEAN Vision 2020, the ASCC Blueprint is now the primary strategic and operational framework to bring ASEAN closer to peoples' heart and to promote a caring and sharing ASEAN Community by strengthening its belief in their peoples, increasing appreciation of their shared cultural heritage, upholding and extolling shared values, and strengthening the capacities and effectiveness of institutions. The implementation of the ASCC Blueprint was generally satisfactory and helped move the ASEAN Community project forward (ASEAN Secretariat, 2013).

From an instrument of functional cooperation, the ASCC was conferred a central role to play in driving and defining regional societal principles that would shape the identity of the ASEAN Community. In 2011, at its third meeting, the ASEAN Socio-Cultural Community Council, the ASCC's highest decision-making body, adopted the first ASCC Communication Plan to enhance public awareness and shape their perceptions, and generate greater participation of the public in building the ASCC by 2015. Formulated with the leadership of the ASEAN Ministers Responsible for Information, the ASCC Communication Plan was a culmination of the review of National Communication Plans on ASEAN Awareness and Understanding and was aimed at showcasing the relevance and need for the ASCC to the public. The first of its kind, the ASCC Communication Plan also explained the impact and benefits in terms of what the ASCC would do to realise an ASEAN Community that is people-centred and socially responsible, calling on stakeholders to support the ASCC (ASEAN Secretariat, 2012).

ASEAN Socio-Cultural Community: Regional Presence in the Global Community

Functional cooperation and its reconstituted form as socio-cultural cooperation was very much in the minds of the Founding ASEAN Leaders and enshrined in the ASEAN Declaration of 1967 in Bangkok which defined cooperation as aiming ‘to accelerate ... social progress and cultural development’ through a collaborative process in the ‘social, cultural, technical, scientific and administrative fields’, and as promoting mutual assistance in training and research ‘in the educational, professional, technical and administrative spheres’. The Bangkok Declaration also encouraged the promotion of Southeast Asian studies (ASEAN Secretariat, 1997). The Founding Fathers may not have referred to these as functional cooperation or socio-cultural cooperation as such, but they would have understood the principles of sustainable development behind them and the impact such cooperation would have on global issues and concerns. Under a new generation of Leaders, these concepts were further crystallised in the ASEAN Charter (2007), the organisation’s founding document which laid out key principles (Article 2) applicable to all pillars. Of relevance to socio-cultural cooperation, the Charter now enshrined work norms and principles, precepts, qualities, and guideposts that should be observed and maintained:

- Paragraph 2(b): Directs socio-cultural cooperation to work a sense of ‘shared commitment and collective responsibility in enhancing regional peace, security and prosperity’.
- Paragraph 2(g): Guides socio-cultural cooperation to pursue ‘enhanced consultations on matters seriously affecting the common interest of ASEAN’.
- Paragraph 2(j): Seeks an alignment of socio-cultural cooperation in ‘upholding the United Nations Charter and international law, including international humanitarian law, subscribed to by ASEAN Members States’.
- Paragraph 2(m): Lays down the idea that the process of socio-cultural cooperation should adhere to ‘the centrality of ASEAN in external political, economic, social and cultural relations while remaining actively engaged, outward-looking, inclusive and non-discriminatory’.

These norms and principles were further augmented into what is arguably among the most far-reaching of ASEAN's declarations. The Bali Declaration on ASEAN Community in a Global Community of Nations (ASEAN Secretariat, 2011) expands the socio-cultural cooperation horizon with its statement: 'Building on current practice and achievements, we will identify key global issues of common interest and concern, enhance ASEAN coordination and cooperation on these key global issues in relevant multilateral fora and international organizations, such as the United Nations, and raise ASEAN's profile and constructive role in the global stage'. It calls on ASEAN to adopt '[a] more coordinated, cohesive, and coherent ASEAN position on global issues'. The declaration made several key commitments that would buttress the community's efforts:

- to increasingly speak in a common voice on international matters of mutual concern at related international forums;
- to enhance ASEAN's capacity to respond and contribute solutions to those global matters; and
- to empower the ASEAN Secretariat so that it can support the vision and development of the ASEAN Community in a global community of nations.

Bali Concord III called on the ASEAN Community to assess 'key long-term trends, including the evolution of the global architecture, and develop appropriate adjustment and response strategies to such trends'. From the socio-cultural cooperation perspective, this was a quantum leap from its neo-functionalist antecedents, raising the bar and ushering in a new wave of challenges and opportunities. A major change swept through socio-cultural cooperation that would open up a unique role in community building, one that paved the way for leadership cooperation with dialogue partners and external parties and through accelerating a community-building process that rapidly became consequential in international development, that is, the recognition of the intrinsic value of the regional mechanism.

A powerful vision such as Bali Concord III provides an enabling environment and impetus underpinning ASEAN agreements. Leadership came just as much from the collaboration of more than 20 sectoral bodies and mechanisms that now form the ASCC and started a remarkable period of ASCC-related ASEAN declarations, treaties, and obligations; integrated into their respective sectoral plans the programmes of ASEAN's dialogue

partnerships; pioneered partnerships in a range of areas with the UN system, international non-governmental organisations, and civil society organisations; and public-private partnerships involving the private sector. A strong example of the impact ASEAN has on international frameworks is highlighted by the ASEAN Agreement on Disaster Management and Emergency Response, which also addresses achieving the Millennium Development Goals/Sustainable Development Goals. A focus on results and operational response is key in accelerating how ASEAN agreements are adopted, internalised, and institutionalised into the regional mechanism and presence. The ASEAN Agreement on Disaster Management and Emergency Response is touted as a replicable model, and efforts have been made to translate its experiences to other cross-sectoral and thematic issues. Its organisational framework is a unique regional mega-agreement that can serve as a model or template to address cross-cutting issues. It is a case study on how sectoral bodies can define and operationalise ASEAN centrality and realise ASEAN's contribution to regional public good and reach out to the global community of nations.

The ASEAN Identity and Its Role in Building a Single ASEAN Community

Divining the ASEAN Identity has been an exercise of countless papers, symposia, workshops, expert group meetings, and scholarly work since the organisation's formation. The ASCC was given an important role in championing the ASEAN Identity and facing the challenges among political, economic, and social scientists. The ASEAN Identity is enshrined in the ASEAN Charter (2007) with emphasis on promotion. The ASEAN Declaration on Cultural Heritage (2000) draws on the strength of the region's multiplicity of cultural and traditional identities. As a characteristic in the ASEAN Socio-Cultural Community Blueprint (2009-2015), the ASEAN Identity is defined as 'the basis of Southeast Asia's regional interests. It is our collective personality, norms, values and beliefs as well as aspirations as one ASEAN community. ... [The strategic objective is to] [c]reate a sense of belonging, consolidate unity in diversity and enhance deeper mutual understanding among ASEAN Member States about their culture, history, religion, and civilisation ...' (ASEAN Secretariat, 2009). The ASCC's definition of the ASEAN Identity is the most widely quoted and

plausibly very compelling, with the ASCC Blueprint stating that the strategy to achieve this is to ‘mainstream and promote greater awareness and common values in the spirit of unity in diversity at all levels of society’.

The ASCC initiatives to define and promote the ASEAN Identity has been a daunting task, even armed with the ASCC Communication Plan. In the waning years of the ASEAN Road Map, the Committee of Permanent Representatives gave the search for an ASEAN Identity further impetus by shepherding the formulation of the ASEAN Communication Master Plan. The master plan articulates an overarching message for ASEAN as ‘ASEAN: A Community of Opportunities’, identifying ASEAN as ‘a community that aims to instil a sense of belonging and identity among its citizens, and that brings new opportunities to the people of ASEAN and the broader global community’ (ASEAN Secretariat, 2014a). The ASEAN Communication Master Plan is composed of integrated communications strategies and tactics aimed at achieving heightened awareness of the initiatives that create a shared community of opportunities and benefits across ASEAN’s governments, peoples, and dialogue partners.

ASEAN Community Vision 2025: Challenges and Responses

In the post-2015 period, the ASCC faces multidimensional concerns, cross-sectoral issues that involve complex relationships to manage and comprehend, and made more challenging by overlapping, contrasting, and intersecting national and regional interests. The very multidisciplinary and multidimensional nature of issues such as climate change, food security, energy security, and disaster management has witnessed an expansion in the participation of a range of traditional and nontraditional entities and stakeholders in the ASEAN Community. Cognisant of the complexity of the environment, the ASEAN Community Vision 2025 embodies the resolve of ASEAN ‘to consolidate our Community, building upon and deepening the integration process to realise a rules-based, people-oriented, people-centred ASEAN Community, where our peoples enjoy human rights and fundamental freedoms, higher quality of life and the benefits of community building, reinforcing our sense of togetherness and common identity, guided by the purposes and principles of the ASEAN Charter’

(ASEAN Secretariat, 2015a). The ASEAN Community Vision 2025 is built on the Bandar Seri Begawan Declaration on the ASEAN Community's Post-2015 Vision in 2013 and the Nay Pyi Taw Declaration on the ASEAN Community's Post-2015 Vision in 2014, abiding by the central tenets of a community that is politically cohesive; economically integrated; socially responsible; and a truly rules-based, people-oriented, people-centred ASEAN. The Vision is of a 'peaceful, stable and resilient Community with enhanced capacity to respond effectively to challenges, and ASEAN as an outward-looking region within a global community of nations, while maintaining ASEAN centrality'. In addition, ASEAN is envisioned as vibrant, sustainable, and highly integrated economies, enhanced ASEAN Connectivity as well as strengthened efforts to narrow the development gap, including through the Initiative for ASEAN Integration. Also envisioned is an ASEAN empowered with capabilities to seize opportunities and address challenges in the coming decade.

Conclusion

How the ASCC traversed through and became shaped by waves of ASEAN regionalism, integration, and globalisation is a fascinating study of institutional adaptation. It is perhaps not surprising that the ASCC is the most adaptive, re-engineered, and reinvented pillar in the ASEAN Community. It has become an important constituency and assumed a critical role in the ASEAN Community project. A people-focused ASCC Blueprint presents new challenges to conventional ASEAN norms and practices. Paths are opened or opening for ASCC work to intersect and potentially impact on and move across different pillars, platforms, and partnerships. The ASCC has demonstrated a capacity to be an incubator of great ideas and an ability to take initiatives on its own. It should not ignore the opportunity provided by the ASEAN Community Vision 2025 to elevate its effectiveness and relevance by taking steps towards a people-centred corporate mission and vision, strengthen policy coherence, address results and data gaps, and manage its outreach and partnership strategies.

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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.¹ 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,

¹ 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.²

² 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.³

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

³ 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 1980.⁴

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.

⁴ 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).⁵

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

⁵ 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.⁶ 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.

⁶ 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.

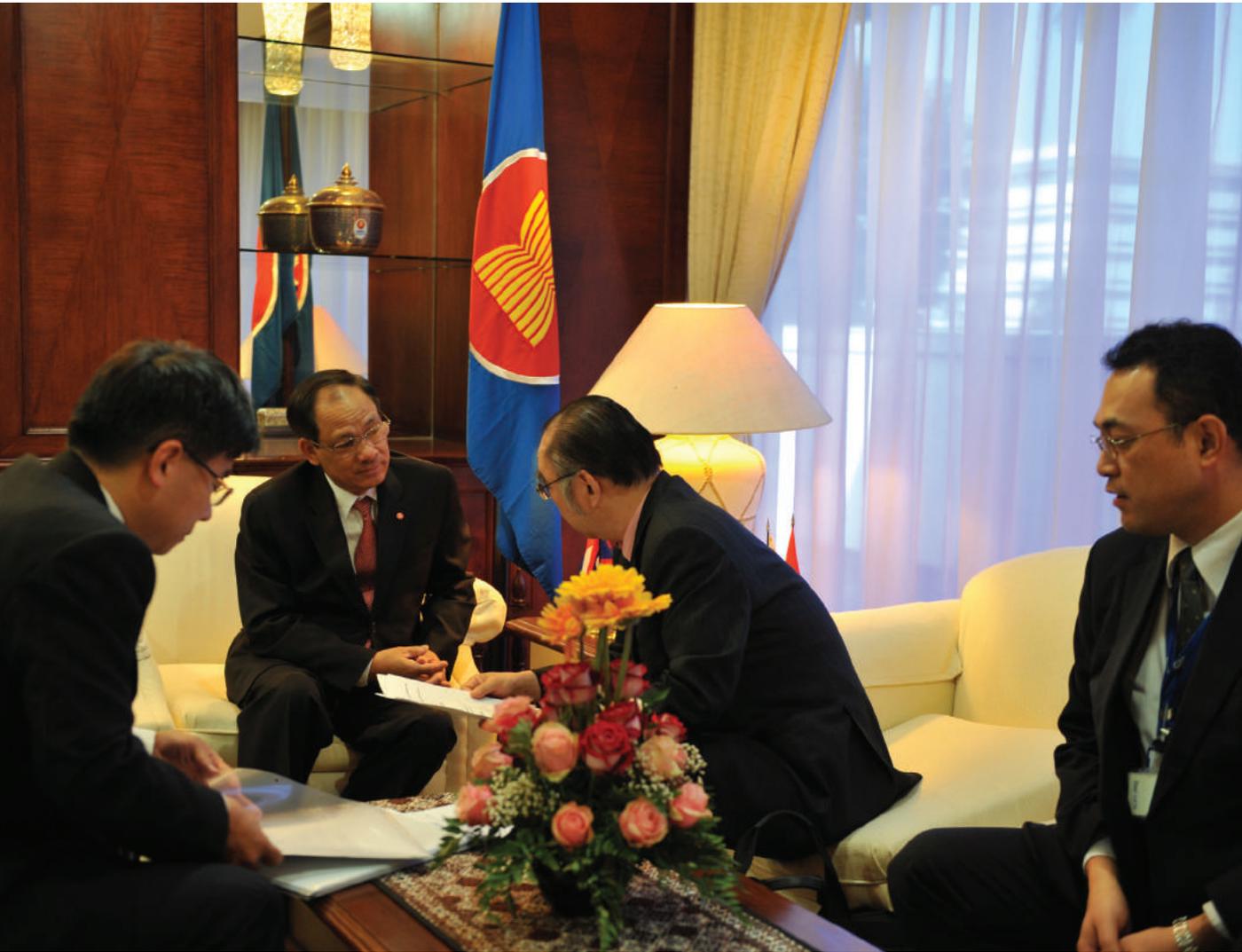
ASEAN is committed to carving out a prosperous and sustainable future for all its citizens, and strives to consider their diverse needs as it develops common goals and strategies. ASEAN has many highly skilled and motivated people working to deliver these goals. With their commitment and the support 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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The ERIA Story

Hidetoshi Nishimura

The Beginning

The Economic Research Institute for ASEAN and East Asia (ERIA) is the result of a unanimous decision by East Asia Summit (EAS) Leaders who formally agreed in Cebu in 2007 to establish an economic think tank and research body for the region. Japan played a prominent role in the birth of ERIA; Japan's Minister of Economy, Trade and Industry Toshihiro Nikai had initially proposed such a think tank in August 2006.

ERIA's formal launch as a full-fledged international research organisation occurred on 3 June 2008 at its inaugural board meeting at the Secretariat of the Association of Southeast Asian Nations (ASEAN) in Jakarta. Two years of planning, discussion, and pilot research projects had gone into bringing ERIA to this point, to ensure that it would succeed and have the necessary expertise to contribute both to the ASEAN Economic Community (AEC) and to wider regional integration.

At ERIA's formal launch in 2008, top government and business officials and experts from the 16 EAS founding member nations – the ASEAN 10, plus six further members (Australia, China, India, Japan, the Republic of Korea, and New Zealand) – and Surin Pitsuwan, the then Secretary-General of ASEAN, took their seats as Governing Board members of an organisation intended to build a regional community via rigorous economic research and policy recommendations.

My role was to be executive director (with a second 5-year term beginning in 2013), a key leadership role with many outward-facing responsibilities. It requires a proactive attitude, dynamism, and energy to communicate ERIA's role and growing capabilities.

ERIA's goals were clearly set out. It was to be an open and independent research institute and a common asset for ASEAN and East Asian nations. It would maintain and develop strong ties with ASEAN policymakers and act as a driving force behind the AEC, and further integration.

ERIA was charged with undertaking policy analysis and research that would result in concrete and tangible action-oriented policy recommendations for leaders and ministers in the region. It was also required to provide a forum for dialogue among policymakers and to improve capacity building.

More specifically, ERIA was tasked with conducting research in three key areas: issues that would deepen economic integration, narrow development gaps and reduce poverty, and achieve sustainable development. These are also goals of the AEC.

ERIA 9+ Years Hence

ERIA has now been in operation for nearly 10 years and remains based in Jakarta, with headquarters in the ASEAN Secretariat (ASEC) and an annex located in Senayan. It employs about more than a dozen permanent economists and researchers and has a global network that spans research institutes, universities, policymakers, and businesses.

Japan is the main financial contributor to ERIA's budget, while additional funding also comes from Australia, India, and New Zealand, as well as ASEAN Member States (AMSs).

Over the last 9 years, ERIA has conducted research and capacity building on a wide range of issues of regional strategic importance, including energy, non-tariff measures (NTMs), globalisation, social protection, disaster management, free trade agreements (FTAs), technology, infrastructure development, and small and medium-sized enterprises (SMEs) – all with the goal of deepening ASEAN and East Asian integration and equitable dynamic development.

In addition, ERIA also acts as a kind of sherpa for ASEAN and for the ASEAN Summit and EAS processes. ERIA supports the ASEAN chair country with symposia and seminars and special studies of interest to help them on their deliverables, as well as carrying out some specific capacity building for Cambodia, the Lao People's Democratic Republic (Lao PDR), and Myanmar, during their respective chairmanships.

Thus, for example, ERIA supported Indonesia as ASEAN chair in 2011 with a major symposium and report on moving ASEAN forward post 2015 that jumpstarted analytic preparations for the AEC Blueprint 2025. ERIA and Indonesia also hosted a major symposium on SMEs that jumpstarted the initiative on the ASEAN SME Policy Index by the ASEAN SME Agencies Working Group (SMEWG). More recently, ERIA helped Myanmar and the Lao PDR develop the Myanmar Comprehensive Development Vision and the Lao PDR at the Crossroads: Industrial Development Strategies 2016–2030, respectively, during their ASEAN chairmanships.

And in 2017, as part of the 50th anniversary celebrations of ASEAN, the Government of the Philippines and ERIA have undertaken to publish a five-volume project on the making, substance, and future of ASEAN, together with a series of outreach activities on the three ASEAN communities. ERIA is also helping the Philippine chair and the ASEAN Trade Facilitation Joint Consultative Committee (ATF-JCC) develop the ASEAN Seamless Trade Facilitation Indicators (ASTFI) as one of the deliverables of the Philippine chairmanship.

Further, ERIA has also contributed to ASEAN during global discussions, having, for example, made policy recommendations prior to the World Trade Organization ministerial conference in Bali in December 2013, emphasising the importance of factors beyond trade tariffs in regional integration.

ERIA has now become a leading economic think tank in the region; it was ranked number 32 out of 85 top international economics think tanks in the '2016 Global Go To Think Tank Index' and has been repeatedly encouraged by ASEAN and EAS Leaders to continue its important work. Leaders have said they value ERIA's expertise on regional issues, its intellectual and analytical support, and the backing ERIA gives to the ASEAN chair in the form of research and other activities as exemplified by the activities and initiatives discussed above.

Leaders have also cited the significant role ERIA plays in supporting the realisation of the AEC, Regional Comprehensive Economic Partnership (RCEP) negotiations, institutional and physical and people-to-people connectivity, energy and food security, SME empowerment, and the strengthening of regulatory management systems and business environments in the region.

In 2014, in a Governing Board statement, ERIA's Governors stressed their desire to have an even deeper presence and provide greater support and value for member states in its dual roles as sherpa and think tank. They outlined their intention to build on their existing expertise, while expanding into new research areas and maximising collaboration with existing partners. In 2016, ERIA's Governing Board strengthened markedly ERIA's policy support function to ASEAN and the EAS with the establishment of a full-blown policy design department, in addition to the institute's research department.

In sum, ERIA's years into its first decade show a marked expansion in internal research capacity and its research networks, an explosion of research studies on a widening range of areas, deepening links with ASEAN, and robust support to the AMSs during their ASEAN chairmanships.

ERIA's Research Projects

To explain ERIA's role in more detail, it is useful to use as examples some major studies that ERIA has worked on. They demonstrate how ERIA works in practice – how research projects begin and evolve, how and where they are published, and how they go on to inform debate, policy, and policy documents. We will see how ERIA's additional activities – media contacts, seminars, symposia, and high-level meetings – feed into the research and ERIA's ever-growing knowledge base, deepening intellectual debate across the region.

Connectivity

The first major work of ERIA, and indeed its first major official mandate, was the Comprehensive Asia Development Plan (CADP). In view of the September 2008 collapse of US investment bank Lehman Brothers, and fearing it and the ensuing recession would devastate the region, particularly ASEAN, the EAS Leaders requested ERIA, the Asian Development Bank (ADB), and ASEC to

develop a response. They were tasked with jointly and speedily preparing a master plan to coordinate, expedite, upgrade, and evaluate subregional initiatives to develop industry and infrastructure, such as the Greater Mekong Subregion initiative, and boost the role of the private sector. The master plan reflects the region's decision to redouble efforts towards economic integration and expansion of the regional market.

The CADP was ERIA's response to the EAS Leaders' call. The CADP is noteworthy for three important reasons. First, it provides a cohesive framework for marrying infrastructure development and industrial growth across East Asia using a spatial application of production networks. This framework presents a new integrated and stage-by-stage view of the development process in East Asia. Second, the CADP used the novel Institute of Developing Economies–ERIA Geographic Simulation Model (GSM) to quantify the possible economic effects of investments in selected infrastructure projects or of improvements in trade facilitation (or reduction in trade barriers) on the region's economies at the subnational level. And third, the CADP collected data on around 700 major infrastructure projects of countries in the region and provided some prioritisation of those projects based on the analytic framework of the CADP.

The CADP helped in popularising and embedding the cross-country corridors, such as the East–West corridor, in the physical development planning of East Asia. The ERIA team also helped prepare the prefeasibility studies of several infrastructure projects listed in the CADP. The CADP arguably also influenced to some extent Japan's infrastructure support in ASEAN.

The GSM methodology is equally important as the CADP itself, and it provided important support to Indonesia's drawing up of its national development plan, the Masterplan for Acceleration and Expansion of Indonesia's Economic Development, or MP3EI. Indonesia's economic coordination ministry asked ERIA to advise on implementing economic and social development in six corridors, or six geographic swathes of Indonesia, otherwise known as the Indonesian economic development corridors. Essentially, this was to be achieved by enhancing connectivity between leading and lagging regions, via work on ports, power generation, a new project development fund, and regional master plans. This research was wrapped into Indonesia's national development plan.

It is best to view the CADP as a proposed framework for regional cooperation on infrastructure development and connectivity, because no regional body has overall responsibility or authority to implement it. Nonetheless, the CADP provides a very good example of the ERIA value-added: the CADP was based on a solid analytical framework, used a novel approach and appropriate methodology, and enabled ERIA to advise a key AMS on its development planning. The framework and methodology have become almost mainstream and have been used in other initiatives and analyses.

The other related and equally important connectivity-related project of ERIA is the Master Plan on ASEAN Connectivity (MPAC). ERIA worked with ASEC in the preparation of the first MPAC, including the development of the concept of three pillars of connectivity: physical connectivity, institutional connectivity, and people-to-people connectivity. Perhaps more importantly, ERIA has been providing support to the annual ASEAN Connectivity Symposium to help propagate and operationalise MPAC. ASEAN's Dialogue Partners have also stated their support for the implementation of the MPAC.

The strong interest and continuing support of ERIA to connectivity in ASEAN and East Asia is well-placed, as the following statements indicate:

‘...(T)he more the region is connected, the more inclusive growth can be achieved with appropriate and effective regional cooperation. Institutional connectivity through cooperation in education, human resources, regulatory policies, etc., can be a pivotal tool for regional unity.’¹

‘To establish a competitive and resilient ASEAN Community, we underscored the importance of implementing the Master Plan on ASEAN Connectivity (MPAC). The MPAC will promote economic growth, narrow development gaps, and contribute to deeper social and cultural understanding and greater people mobility.’²

ASEAN had seen how China's domestic connectivity and the transformation of its production networks had completely turned around its economy. It had

¹ Statement of the 7th ERIA Governing Board Meeting, 30 May 2014, Jakarta, Indonesia.

² Chairman's Statement of the 25th ASEAN Summit, 2014, Nay Pyi Taw, Myanmar.

also learned lessons from the financial crisis of the late 1990s, during which joint regional action was taken to fight the problems. Thus, it understands how connectivity underpins the stability and resilience of the region.

It is worth noting that the Asia-Pacific Economic Cooperation (APEC) forum has adopted MPAC's triple pillars of physical, institutional, and people-to-people connectivity. It is also worth noting that China's Belt and Road Initiative and India-Japan's Asia-Africa Growth Corridor, together with the CADP and MPAC, represent connectivity writ large, almost like the full flowering of the connectivity concept as a key anchor of international economic cooperation.

Monitoring Progress towards the AEC and the Development of the AEC and the ASEAN Socio-Cultural Community Blueprints 2025

The second major set of research and policy support work ERIA has undertaken involves the monitoring and review of and recommendations for the AEC, as well as the implementation of the blueprint measures. This is not surprising given that the *raison d'être* of ERIA is to support ASEAN in its integration efforts.

The AEC Blueprint 2015 was signed at the 13th ASEAN Summit on 20 November 2007 and set out the basis for regional economic integration by 2015. The document stated that progress towards implementation of the blueprint should be monitored through the development of an AEC scorecard mechanism.

The ERIA AEC Scorecard project was undertaken largely in response to the request of ASEAN Economic Ministers (AEM). In 2010, ERIA began work on this and planned to carry it out in four annual phases between 2010 and 2014, with improvements made along the way.

As a complement to the official AEC Scorecard, which is essentially a compliance monitoring mechanism, ERIA took an analytical approach to this project, focusing on a few critical AEC measures related to liberalisation and facilitation. ERIA developed scoring methodologies and applied them uniformly in the studies and analyses of the 10 AMSs. The scorecard allowed policymakers to grasp the real on-the-ground achievements of

progress towards the AEC, monitor compliance in implementing measures stipulated in the AEC blueprint and assess implementation gaps. Thus, to a large extent, the ERIA Scorecard was complementary to the official AEC Scorecard.

These four phases of the scorecard would prove useful to the Mid-Term Review of the Implementation of the AEC Blueprint, a project the AEM requested in 2012 that ERIA undertake.

As requested by the AEM, the Mid-Term Review expanded the list of sectors reviewed and analysed. The Mid-Term Review and the AEC Scorecard's four phases then became important foundations for the next project. This project concerned moving ASEAN forward from 2015 and it is better known by its major output, a publication entitled *ASEAN Rising: ASEAN and AEC Beyond 2015*.

ASEAN used the outputs of the ASEAN Rising project to develop the AEC Blueprint 2025. Additionally, the project became an input into the implementation of the joint ERIA–ASEC project on Framing the ASEAN Socio-Cultural Community (ASCC) Post-2015. The outputs of the ERIA–ASEC project on ASCC were used to develop the ASCC Blueprint 2025.

The recitation of the evolution of the AEC and ASCC projects above is meant to show one significant characteristic of ERIA's major studies: continuity and progression linked to the ongoing integration efforts of ASEAN. The results of the early projects became building blocks for the later and bigger projects. The cumulation of knowledge from the series of studies and wider range of issues addressed in the bigger projects provide credibility to ERIA and proved useful to the significant clients of ERIA studies – that is, ASEAN bodies themselves in the development of their major 2025 AEC and ASCC blueprints.

The series of AEC-related studies and the ASCC project exemplify another major characteristic of the ERIA research approach. The studies relied on the continuing engagement with the ASEAN country research institutions that are members of the Research Institutes Network (RIN), a network of regional research bodies working with ERIA. In the case of the Mid-Term Review as well as the ASEAN Rising and ASCC projects, ERIA engaged with a large group of individual experts and specialists mainly from the region,

and a few from further afield. This network approach is extensively and intensively used in ERIA research studies and its outreach activities.

Most RIN members are leading research institutions in the AMSs, with many of them having strong links with government policymakers; hence, their research outputs are well regarded by the officials of the AMSs involved in ASEAN affairs. One positive by-product of the AEC-related studies is that all country research institutions have a common understanding of the extent of progress and the challenges of implementation of the AEC measures. This helps in the dissemination of information to policymakers and the public in the AMSs, especially when it is the AMSs' turn to chair ASEAN.

Translating ERIA research outputs and reports into inputs for the ASEAN blueprints and work plans has involved regular engagement with key ASEAN bodies, such as the High Level Task Force on ASEAN Economic Integration (HLTF-EI), and ASEC's ASCC department. ERIA has been fortunate to be given regular opportunities by such key ASEAN bodies to present the results of studies and to provide input where needed in the development and review of these blueprints and work plans. Among AEC Blueprint 2025 measures to have ERIA input are responsive regulations and good regulatory practice, greater emphasis on productivity improvement, value chains or production networks, innovation, and the inclusion and articulation of resiliency and inclusiveness in the blueprint.

Turning to the ASCC Blueprint 2025, many of the insights of the Framing ASCC post-2015 project have been incorporated into the document. This has been facilitated by the deep involvement of the ASEC ASCC department and some key ASCC officials in the technical workshops of the project. The Framing ASCC post-2015 report includes proposals for ASEAN to develop a number of indicators with targets, together with indicators based on the Sustainable Development Goals of the United Nations (UN). Thus, for example, ERIA stressed the importance of driving towards a greater sense of ASEAN identity – moving from an institutional identity to a community identity – and therefore proposed that ASEAN develop an ASEAN Awareness, Affinity, and Participation Index. The blueprint itself does not include indicators, but the follow-on implementation and monitoring programme for the ASCC discussed by the Coordinating Conference on the ASEAN Socio-Cultural Community (SOCCOM) includes the indicators and targets proposed by ERIA.

Celebrating ASEAN – ASEAN@50

As discussed earlier, ERIA supports the ASEAN chair with activities or initiatives that both parties agree should be undertaken that year. For 2017, with the Philippines as ASEAN chair, ERIA and the Philippine government (through the Permanent Mission of the Philippines to ASEAN) agreed on a major publication-cum-outreach project on ASEAN@50 to commemorate the 50th anniversary of ASEAN. The preparations for this project in fact started with the Philippine Mission in the latter part of 2015, and the concept was presented during the first government-wide planning workshop for the 2017 ASEAN chairmanship in October 2015.

The publication component comprises five volumes on the making, substance, and future of ASEAN. The volumes consist of reflections and experiences of ASEAN Leaders, Ministers and Senior Officials on ASEAN (Volume 1), survey results on what ASEAN means to ASEAN peoples (Volume 2), transformation and integration in ASEAN and AMSs (Volume 3), experts' essays and papers on building the ASEAN political-security and socio-cultural communities (Volume 4), and papers on AEC into 2025 and beyond (Volume 5). Thus, the volumes cover the whole gamut of ASEAN.

As a primarily commemorative publication, the volumes are not meant to break new ground. Instead, the volumes are expected to provide readers, especially readers in the future, insights and a better understanding of the development, importance, and future of ASEAN. The volumes are expected to be important reference materials on ASEAN for future students and researchers. This essay forms part of Volume 1, which also includes essays of former and current ASEAN heads of government (i.e. Presidents and Prime Ministers), and senior officials (e.g., Ministers, ASEAN Secretaries-General).

The outreach component of the project involves three public symposia to be held in three cities of the Philippines and a high-level forum to be held on 19 October 2017. This forum consists of a panel discussion among several former ASEAN heads of government and a panel discussion of senior government officials and experts. The five volumes are to be officially launched during the forum.

Energy

Energy has become one of ERIA's top research priorities, given the many and varied challenges faced by the region's growing economy, their diverse energy needs, supply profiles and vulnerability to commodity price movements. Demand and supply in Southeast Asia have rocketed in recent years given high economic growth and social development. In a joint report in 2015, ERIA and the Paris-based International Energy Agency (IEA) forecast regional demand would grow 80% between 2015 and 2040.

ERIA's emphasis on the energy sector is also a response to the growing mandates for ERIA by the region's energy policy makers. Indeed, arguably, it is in the energy sector that ERIA has been the most deeply embedded in the regional policy process under the mandate of the EAS Energy Cooperation Task Force – a working group that consists of senior officials of ministries of energy.

ERIA has been active in energy- and environment-related research and policy support on a very wide range of issues. ERIA established a dedicated energy unit in 2012 – although energy research had been undertaken prior to that – aiming to strengthen cooperation in the energy sector and enhance regional energy security. The unit now has nine full-time professional and support staff, and research in energy grows every year. In 2017, energy accounted for about 40% of ERIA's research, or 21 of its 52 research projects. These 52 research projects can be grouped under the thematic areas of (i) preparing regional energy supply and demand outlook, (ii) enhancing energy security, (iii) mitigating climate change and protecting the environment, and (iv) building up basic information and knowledge.

The energy unit was set up not long after the ASEAN Summit in 2011. The EAS had tasked ERIA with specific research topics of interest to all members. Notwithstanding the diversity within the region's energy markets, they do share further common goals: (i) developing supply in a secure and sustainable manner; (ii) providing electricity to those who still lack access to it; (iii) encouraging renewable energy uptake and energy efficiency improvement; (iv) limiting greenhouse gas emissions, with particular note to the ongoing reliance on coal in the energy mix; and (v) providing electricity to the many people who still lack access to it.

ERIA has responded to specific country needs on statistical capacity building, improving regulations on emissions for coal-fired power plants, energy-efficient towns, and cross-border electricity trade and the move to market-oriented pricing.

In 2015, ERIA's energy unit published a report on the impact of removing energy subsidies, as a direct response to the 2013 joint IEA/ERIA finding that fossil fuel subsidies amounted to US\$51 billion in Southeast Asia. This example is a clear demonstration of the importance of ERIA's international partnerships and its ability to respond to and build on its research findings.

Among other recommendations, the 2015 report highlighted grid interconnection as an opportunity to enhance energy security. Following this, the ERIA energy unit focused on the feasibility of multiple dimensions of power grid interconnection systems at the subregional level and the integration of renewables into the grid connection, among other subjects.

ERIA has both organised and participated in energy policy dialogues and high-level policy forums; drafted documents for the EAS Energy Ministers meetings, including the EAS Roadmap for Mid- and Long-term Energy Policy Research; and planned to undertake further research in line with this road map. The EAS Ministers appreciated ERIA's contributions to the three main work streams of the EAS Energy Cooperation Task Force, namely, energy efficiency, renewable energy, and biofuels for transport.

Given the criticality of the energy sector in the region and the wide range of issues that need to be addressed, the Energy Research Institute Network (ERIN) was established in 2014 as a support network for implementing ERIA's energy studies. This was welcomed by the EAS and Energy Ministers. ERIN's members are premier energy research institutions from 16 EAS countries and the ASEAN Centre for Energy (ACE), as well as the United States and Mongolia, which both joined in 2016. ERIN's objectives are to support ERIA's energy activities with country-specific data, outreach research findings, and suggestions for new research projects. It also makes its own policy recommendations under four key policy areas: energy efficiency, cheaper renewables, cleaner use of fossil fuels, and safer nuclear energy. By October 2017, eight collaborative studies were being implemented.

ERIA's collaborations in the energy sector also stretch far beyond Asia. ERIA has undertaken two collaborative ventures with the IEA. A well-received first regional report in 2013 was followed by a second in 2015, at the request of both the IEA and relevant ASEAN Ministers. ERIA also participates in peer review of global reports by the IEA, International Renewable Energy Agency, and ADB and has contributed to several global dialogues on sustainable energy use and regional capacity-building programmes. The collaboration and partnerships of ERIA with ERIN, ACE, and other global partners remain and are growing.

Non-tariff Measures

ERIA's work in 2012 on the AEC Mid-Term Review highlighted the need for ASEAN to tackle NTMs as an urgent priority in the push towards the AEC 2015 and the goal of a single market and production base.

ASEAN nations had nearly eliminated tariffs but, because this had not boosted intra-ASEAN trade and integration sufficiently, attention shifted to the proliferation of NTMs and the need to understand their effects, whatever the intention behind them.

But data and analysis on NTMs and their impacts were exceedingly scarce. This meant that policymakers, trade negotiators, and development agencies did not have the necessary tools and analyses to target their efforts for maximum effect.

Consequently, late in 2014 ERIA partnered with the UN Conference on Trade and Development (UNCTAD) to carry out research into NTMs within all AMSs. The goal was to fill the data void with a comprehensive, public database.

UNCTAD leads a global effort on NTMs, the Transparency in Trade Initiative and works with regional partners, in this case ERIA, due to its regional expertise and connections. ERIA and UNCTAD were joint project coordinators, with ERIA acting as conduit to colleagues across ASEAN, and UNCTAD providing training and quality control of data. ERIA and UNCTAD produced a final collaborative analysis and recommendations.

The results show a marked increase in NTMs in ASEAN during the 2000s and 2010s. At the same time, the results of analysis show the absence of a one-to-one correspondence between the number of NTMs and the trade restrictiveness and performance of the AMSs. Nonetheless, given their opaqueness and potentials as tools for trade protection, the ERIA–UNCTAD study emphasises the importance of transparency. Moreover, the best way to deal with NTMs is not through trade negotiations (except for egregious trade protection non-tariff barriers) but through improvement of domestic regulatory environments.

In conclusion, ERIA and UNCTAD recommended that each country set up a regulatory supervision body or national economic council with strong in-house analytical capabilities and the power to review and screen all existing and proposed domestic regulations. This council would act as a quality control mechanism on regulations, which are usually drawn up by various agencies that do not coordinate with each other. A regulation imposed by one agency may have implications for another – for example, environmental protection spills over into competitiveness – but presently most countries have no mechanism to discuss and resolve these problems.

Such a body would be able to resolve questions and trade-offs correctly and for the common good, and should eventually be merged with national competition commissions, giving it more resources and clout to tackle both the public and the private sectors.

This is the direction that Cambodia, Myanmar, and the Lao PDR have been taking recently.

ERIA and UNCTAD also called for regional bodies, such as ASEC or the HLTF–EI, to encourage and coordinate the creation of national economic councils and provide common training to the staff of these new bodies. This would foster a climate of regional cooperation at the technical level. Such technical cooperation between nations would, in turn, facilitate the emergence of regulatory convergence, bolstering trade and ultimately integration.

1. The ERIA–UNCTAD team is now expanding the NTM database to include the Plus Six countries. It is worth noting that the NTM project shows another service of

ERIA to ASEAN; that is, working with an international organisation – in this case, UNCTAD – to develop a database of great policy importance to ASEAN. ERIA and UNCTAD are now undertaking analyses of the data to estimate ad valorem equivalents and determine so-called ‘regulatory distance’ or the degree of overlap among NTMs between the AMSs. The results of the analyses will have significant policy value to ASEAN because the AEC Blueprint 2025 prioritises addressing NTMs.

In the meanwhile, the ASTFI being developed by ASEAN includes among the indicators a requirement for ready, accessible and up-to-date information on NTMs in each AMS. ASEAN’s implementation of good regulatory practice can also be expected to help in addressing NTMs.

Reviews of ASEAN+1 Free Trade Agreements and Support to the RCEP Negotiations Process

At the same time as striving towards intra-ASEAN integration and trade, ERIA also tackles trade with other partners in the Asia-Pacific region. ASEAN has respective FTAs with China, Japan, Australia, New Zealand, the Republic of Korea, and India, while wider regional FTAs, including RCEP, are being negotiated.

ERIA has conducted several pieces of research regarding the ASEAN+1 FTAs and has provided analytic and technical support to RCEP. ERIA’s studies on the FTAs included the estimation of the economic impact on AMSs of tariff elimination and the reduction in trade transactions costs in RCEP using a dynamic Global Trade Analysis Project model. Also, a major research study was undertaken to examine the various ASEAN+1 FTAs and the country commitments in each FTA. The study highlighted the commonalities, overlaps, and divergences among the FTAs and the country commitments. The study made important recommendations on several areas that are central to RCEP negotiations, for example the degree of ambition on tariff elimination, the trade-friendly rules of origin, and investment liberalisation. The ERIA study results were disseminated early in the RCEP negotiations. ERIA study team members were engaged with the RCEP negotiators from time to time.

ERIA has also provided technical support to the RCEP negotiations. In addition to the FTA study results, which have been acknowledged as useful to the negotiators, ERIA helped intensively in the preparation of the economic cooperation chapter of RCEP. The most recent technical support ERIA has provided to the RCEP negotiations include the holding of a Track 1.5 round-table discussion among selected prominent academics in the region and the RCEP negotiators on the sidelines of the Kobe RCEP negotiations. ERIA has also fielded a technical expert on rules of origin to help the RCEP chair move these particular negotiations forward to a conclusion. RCEP negotiations are still ongoing as of the third quarter of 2017 and are expected to continue into 2018, with significant outcomes hoped for in 2017 and a significant conclusion hoped for in 2018.

The FTA study and RCEP support highlight what could be called an ERIA template. ERIA carries out an anticipatory and strategic study that proves useful to ASEAN, thereby encouraging ASEAN and Dialogue Partners to engage ERIA through the provision of critical analytic and technical input and advice during negotiations. This is how ERIA has proved its usefulness to ASEAN and its Dialogue Partners.

Developing Small and Medium-Sized Enterprises

‘The success of SMEs and their development are critical for the long-term sustainable growth of the region.’³

SMEs comprise around 9 out of 10 enterprises in ASEAN and are therefore a highly significant engine for growth. They stand front and centre as channels through which ASEAN integration can benefit the largest number of people in the region. It is based on this understanding that ERIA moves forward with its work on SME development.

ERIA has been involved in arranging many discussions and symposia on SME empowerment, development, policymaking, and competitiveness across the region, and how SMEs can be supported in their role as builders of the AEC. Its body of research now covers technology transfers, access to finance, and constraints and determinants of SME innovation, among other subjects.

³ Author’s speech at the symposium on ‘SME Development and Innovation Towards a People-Centered ASEAN Community’, 11 September 2013.

Additionally, ERIA has a major undertaking with the ASEAN SMEWG to develop an ASEAN SME Policy Index. The joint undertaking has its genesis in a 2011 symposium on SMEs co-hosted by ERIA and the Indonesian ministry in charge of SMEs. ERIA invited the Organisation for Economic Co-operation and Development (OECD) expert on the development of the SME Policy Index as a special speaker. Discussions between the Indonesian chair of the SMEWG, ERIA, and the OECD led to the initiation of the ERIA project on the development of the ASEAN SME Policy Index, jointly with the OECD and the ASEAN SMEWG.

Published in June 2014, the report evaluates and rates SME development policies and implementation by the AMSs of several important areas for SME development. These include access to finance, technology, and education on entrepreneurship and starting up a business. The ASEAN SMEWG, ERIA, and the OECD are currently updating and refining the SME Policy Index, and intend it to fit more closely with the revised strategic action plan for SMEs under the AEC Blueprint 2025.

In conclusion, the report stresses the need for a more comprehensive approach to SME development in the ASEAN region and calls for ongoing general reforms to be combined with targeted interventions in specific segments sectors. It makes recommendations on regulatory reform and simplification, and suggests investment in human resources, provision of business development services, better access to finance, and the fostering of technological transfer.

Following this report, in November 2014, the EAS chair commended ERIA for its resolve to continue to work for the realisation of the AEC, including through its work on SME empowerment.

ASEAN Seamless Trade Facilitation Indicators

This project was initiated in response to discussions with the Philippine government, which aims to make this one of the country's deliverables in 2017. It has morphed into a significant joint initiative of ERIA with the ATF-JCC, which is chaired by the Philippines in 2017.

This is an ASEAN-specific set of indicators designed to measure the extent to which trade is being facilitated in the region. They have been primarily

built to assist the AMSs to design and implement policies, regulations, and procedures that smooth imports and exports.

The indicators have been developed and finalised by ERIA, the ATF-JCC, and ASEC, with the support of the Indonesian customs and trade ministry and the Philippine Department of Trade and Industry. The development of the indicators included an intense mini-workshop and a full-blown ATF-JCC workshop.

The ASTFI was approved by the AEM on 7 September 2017. ERIA will undertake, together with the ATF-JCC, a baseline study to populate the ASTFI and analyse links of ASTFI variables with trade transactions costs, in view of AEM's target of a 10% reduction in trade transaction costs by 2020.

Social Protection and Disaster Resilience

The economic crises of the late 1990s and 2008 highlighted the lack of social protection, meaning pensions, healthcare, work injury protection and social assistance, in East Asian nations. ERIA has responded with research and publications.

ERIA has published several papers and books addressing social protection issues in East Asia. Major publications are two books published by Routledge: *Strengthening Social Protection in East Asia* (2015), which provides a comprehensive review of the state of social protection in East Asia from a wider perspective, and *Age Related Pension Expenditure and Fiscal Space: Modelling Techniques and Case Studies from East Asia* (2016), which addresses the linkages between age-related pension expenditures and the fiscal space needed to fund them, as well as to organise the mix of financing methods with different risk-sharing arrangements.

Both books were written by teams consisting of experts in social protection and fiscal policy from East Asia Member States. ERIA is now working on the third book focusing on the social protection floor (SPF) in developing East Asia that provides a critical review on existing estimation methods, explores non-conventional fiscal space generation initiatives, and country-specific suggestions to adopt the SPF as mandated by the Sustainable Development Goals. Those so far are untouched issues within the area of social security.

Disaster risk management and mitigation is also an area in which ERIA has been active, given the preponderance of national catastrophes in the region. On 20 November 2012 in Phnom Penh, EAS Summit Leaders issued the Phnom Penh Declaration on the East Asia Summit Development Initiative. In the declaration, the Leaders emphasised disaster mitigation as a priority area for regional cooperation and confirmed ERIA's role in developing and supporting initiatives.

Prior to this, ERIA had already begun research on the effects of disasters, writing papers for a report focusing on the economic and welfare impacts of disasters and governments' responses to them. The report also aimed to recommend policy improvements for national reforms and to explore the possibility for regional cooperation.

Since then, ERIA has been engaged in assisting the governments of Indonesia and Japan in organising a series of three symposia to raise awareness of issues surrounding national resilience to disasters. In particular, ERIA held the symposium on 'World Tsunami Awareness Day' on 5 November 2016 in Jakarta in collaboration with the governments of Japan and Indonesia, the UN Office for Disaster Risk Reduction (UNISDR), the OECD, and the Japan International Cooperation Agency (JICA) to share the outcomes of several events to commemorate the designation of World Tsunami Awareness Day by the UN General Assembly. Attendees shared experiences and best practices and came up with proposals for policymakers.

ERIA has also organised other events, such as dialogue between the ASEAN Inter-Parliamentary Assembly (AIPA) and members of the Japanese Parliament to discuss ASEAN–Japan cooperation in disaster management, among other issues, and the role of ERIA.

Further, ERIA has also conducted research on the impact of disasters on supply chain development in Southeast Asia, looking at business continuity plans, using space technology and a transborder information platform, and developing a policy index of natural disasters.

In my speech at the 7th Mekong–Japan Economic Ministers Meeting on 24 August 2015, I mentioned my hope that ERIA's studies would contribute to a better understanding of the Mekong Industrial Development Vision.

I was talking in the context of the significant progress in infrastructure development in the Greater Mekong Subregion and its further potential, while warning that clustered industrial activities are vulnerable to natural disasters.

And, as noted above, in our ASEAN Rising report, ERIA called for the development of new indicators and targets to measure resilience to, among other things, disasters, to which the poor are most vulnerable. ERIA is now developing indicators on natural disasters vulnerability and resiliency. The report will review current methods of developing the indicators and provide a measurable way to assess cities' resilience. The index is applied to the 50 biggest cities in Indonesia as an initial attempt.

Globalisation and Technology Transfer

Even as it has been deeply engaged in policy support for ASEAN and East Asia to some extent, ERIA has also encouraged its in-house researchers with their regional research networks to undertake more basic research without regard for immediate policy support considerations. ERIA researchers have focused on the impact of and adjustment to globalisation and the role of firms in technology transfer. The research focus has been primarily at the micro level – at the plant, firm, or industry level; the research methodology is microeconomic or intensive case studies.

Many of the results of these more academic studies have been deeply insightful. They provide solid micro-level underpinnings to the macro-level approach of the more policy-oriented studies. They provide new and fresh insights on how firms respond to the challenges and opportunities of openness and globalisation. For example, an important factor enabling Korean SMEs to innovate is the easy access of inputs from anywhere in the world. The studies provide a deeper understanding of the nature of inter-firm technology transfer, such as the role of engineers or buyers in technology transfer.

Thus, even if the outputs are academic and the studies are published in academic journals, the results have been of deep policy relevance. They provide robust micro foundations to the macro recommendations of ERIA studies; they suggest new ways of engendering productivity growth and technology upgrading.

ERIA's Partnerships, Engagements, Outreach, Publications, and Capacity Building

Partnerships and Engagements

As we have seen, ERIA's strength lies not only in its own staff, but also in the local, regional, and global partnerships it has built since its launch. As discussed earlier, ERIN is a network of energy research bodies supporting the work of ERIA. ERIN was modelled on the RIN, also a partner network for ERIA, as noted above. RIN is composed of leading research institutes from 16 EAS countries. It provides country information, advises ERIA on research themes and policy recommendations, helps disseminate ERIA research, and supports ERIA's capacity-building work. RIN issues its own annual statement, with the latest – in March 2017 – being discussion of and recommendations for progress towards RCEP.

Other partnerships on landmark studies are with the IEA and UNCTAD, as discussed previously, and the OECD. In April 2017, ERIA and the OECD renewed a 2014 memorandum of understanding on cooperation in several policy areas, a development that ERIA feels augurs well for its involvement in new research areas, both regionally and globally. The two parties have also successfully collaborated on the ASEAN SME Policy Index, as discussed above. UNCTAD and ERIA have been successfully collaborating on updating and analysing the NTMs database for ASEAN and, at present – 2017 – the rest of East Asia. As indicated earlier, this joint endeavour is critically important to the regional integration agenda of ASEAN and the RCEP region.

These partnerships are vital, and the Governing Board of ERIA has emphasised their importance. The Governors wish to see ERIA continue to cooperate with relevant agencies and knowledge institutions, both multilateral – such as ASEC, ADB, the World Bank, OECD, APEC, and UN agencies – as well as research bodies within ERIA member countries and increasingly outside the region.

On a personal note, I am honoured to be able to meet regularly with heads of government, ambassadors, officials, experts and academics, international organisations and the media to explain ERIA's work and capabilities and to

communicate and discuss our ideas. Such discussions take place across the region and globally, not only in ERIA's home city of Jakarta. Last year alone I had the privilege of conducting discussions on a very wide range of topics – from sustainable energy and technology to gas for growth, ongoing regional challenges, the Lao PDR's development vision, regional connectivity, and power grid interconnection. These took place with eminent persons in many countries within ASEAN, East Asia, and further afield.

Outreach, Publications, and Capacity Building

ERIA has been bolstering its outreach work by beefing up its communications, capacity building, and publications unit. This reflects the fact that the success of regional integration rests on its acceptance and full use by the public. For a very diverse region such as ASEAN and East Asia, getting more of the people of the region to understand and appreciate regional integration and policy reform initiatives is a significant challenge indeed.

ERIA's Outreach Department produces publications, events, and communications materials. All publications, ranging from full books and research reports to policy briefs and discussion papers, are freely available on ERIA's website, as is the interactive database on NTMS, which was discussed above. ERIA also produces two monthly newsletters – *ERIA Frames* and *East Asia Updates*.

Further, ERIA also has an information centre in the Jakarta annex office, which researchers, policymakers, and other ERIA guests can use to access and retrieve all of ERIA's research publications. It has been designed to support ERIA's goal of making its research findings and policy recommendations available to a broad audience. In addition to housing all its publications, it also serves as an informal meeting room or lounge for small discussions and other events.

The outreach team also organises events and seminars in Jakarta as well as across the region. One key event, the Editors' Round Table, has been hosted annually since 2012. It takes place before the ASEAN Summit in partnership with the chair country and is usually attended by the Secretary-General of ASEAN. It is designed to be an informal gathering of the region's top editors to highlight key issues that they may wish to address in their ASEAN reporting.

ERIA's media links and exposure are now clearly increasing, and social media and mobile users are also targeted. ERIA saw a 37% increase in media exposure in fiscal year 2016–2017, due to closer links with a larger pool of journalists and an increase in published opinion pieces.

In addition, ERIA's capacity-building programme supports government officials' efforts to design better policy through greater awareness and understanding of relevant materials, emerging ideas, and the provision of technical assistance. This support is made available through opportunities for government officials to participate in ERIA research; workshops to understand ERIA's conceptual frameworks and approaches; dialogues with senior officials; and technical assistance. Government officials from Cambodia, the Lao PDR, Myanmar, and Viet Nam have participated in these activities, all of which are designed to support regional economic integration.

ERIA's Future – ERIA 2.0

In March 2016, ERIA's Governors convened the Extraordinary Governing Board Meeting in Tokyo to assess the institute's work so far and to examine and reset its role for the future. Topics discussed included the need for ERIA to strengthen relations with its member nations and to have closer and deeper contacts with policymakers.

In research terms, the Governors requested ERIA to regularly review its policy focus, while continuing to cover a wide range of topics under its three main pillars of deepening economic integration, narrowing development gaps and reducing poverty, and achieving sustainable development.

The Governors also further suggested expanding research into development issues and the Development Goals, as well as into topics that ERIA has not yet tackled, expanding its capacity-building activities, engaging more deeply with the business sector, and better communicating its policy work to the Governors.

Following the Tokyo meeting, a new plan for ERIA was presented to the Board in June 2016. *ERIA 2.0: ERIA'S Medium-Term Work Plan* outlines a fresh direction for a revitalised ERIA and its work for the next 3–5 years.

The new work plan describes the multiple roles of the new ERIA and discusses the expansion of its role towards policy-related matters based on our rigorous research abilities.

ERIA is now moving from its expansion stage to a quality improvement stage, whereby it will look to strengthen its existing capabilities in research, capacity building, and outreach and communications.

ERIA will continue to cover a wide range of research briefs under the three main pillars of its mandate. Its research in the immediate future will, however, focus on service industries, NTMs, innovation, and energy.

As requested by the Board, ERIA has also set up new formal routes for conversations with policymakers, such as policy workshops. Closer contact with policymakers will help ERIA understand better the kind of research policymakers need, and enable ERIA to bring its own research results to them.

Critically, the new plan for ERIA also included the launch of the Policy Design Department – which happened in 2016 – which would take the organisation’s research results and develop concrete policies from them, while conversely looking at existing policy initiatives to help draw up a research agenda. The unit’s focus is on SMEs, innovation and industry, trade and investment including FTAs and economic partnership agreements, infrastructure – both public–private partnerships and public – and good regulatory practices (including NTMs).

In conclusion, ERIA is proud of its achievements so far and the contributions it has made to the intellectual debate and policymaking in the region. It will not rest on its laurels, however, and has set itself many challenges for the future. ERIA will continue to wrestle with these issues in the years ahead and work harder towards the common goals of deeper ASEAN economic integration and economic development in East Asia.