

# REVIEWING ASEAN IN 2010: FROM VISION TO ACTION?

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## **Abstract**

This article aims to interpret the major developments in regionalism in Southeast Asia through the ASEAN Summits and related meetings in 2010. ASEAN has witnessed a gradual recovery from the crises which posed various challenges in the region's political and economic fronts. The domestic political crisis in Thailand and the bilateral tensions between the latter and Cambodia have been stabilised. The economic crisis caused by the US financial turmoil did not bring severe impacts on the regional economy. In the process of withering the crisis however, the role of ASEAN was limited. Thus, the efficiency of ASEAN in dealing with the crisis remains subject to examination given the remaining and emerging challenges it is expected to face. The region is yet to fully recover from the economic downturn despite improved prospects for its economy. In political terms, antagonism between some member states has not been fully wiped out. Meanwhile, with the expansion of the East Asian Summit and increasing tensions over the South China Sea, the centrality of ASEAN will be under new pressures. After reviewing these events, this article argues that ASEAN is required to take more actions towards realising the Community than simply making visions of it.

*Keywords: ASEAN Summit, ASEAN Charter, ASEAN Plus Three, East Asian Summit, ASEAN Community*

## **Introduction**

There were positive developments towards the ASEAN Community by 2015 through the 16<sup>th</sup> and 17<sup>th</sup> ASEAN Summits and related meetings in the year 2010. During this period in review, the fear of immediate and severe crises which could precipitate its political and economic stability loomed out at least in the region. The domestic crisis in Thailand and the bilateral tensions between the latter and Cambodia have been stabilised. The economic crisis caused by the US financial turmoil did not bring much severe impacts on the regional economy. In the process of withering the crisis, the role of ASEAN was limited. As such, the efficiency of ASEAN in dealing with the crisis is yet another test of the organisation's viability given the enduring and emerging challenges it is posed to face.

What is needed for realising the ASEAN Community are more actions as enshrined in this year's theme: "from vision to action." Amid the recovery from the crisis, ASEAN has taken bold steps towards further institutionalisation and practical cooperation by adopting the Master Plan on ASEAN Connectivity and the Protocol

to the ASEAN Charter on Dispute Settlement Mechanism, although both measures are seen as new beginnings rather than immediate actions. After revisiting the above mentioned initiatives, the article reviews major events in ASEAN during the year such as the issue on Myanmar, the tension between Thailand and Cambodia, the progress towards ASEAN Economic Community, and its development in external relations in the political and economic sectors particularly focusing on the expansion of membership in the East Asian Summit (EAS) and the increasing rivalry between China and the US. After reviewing these issues, this article argues that all unsolved issues require ASEAN to take more actions towards building the Community by 2015.

## **Towards the ASEAN Community**

### *ASEAN connectivity*

One of major steps taken towards the ASEAN community is the adoption of the Master Plan on ASEAN Connectivity through Ha Noi Declaration at the 16th ASEAN Summit. Since the leaders' statement on ASEAN Connectivity in 2009, the Master Plan has been developed by the High Level Task Force on ASEAN Connectivity with close cooperation and consultation with other relevant organisations including the Asian Development Bank (ADB), the Economic Research Institute for ASEAN and East Asia (ERIA), the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), and the World Bank. According to the Master Plan, connectivity in ASEAN refers to "the physical, institutional and people-to-people linkages that comprise the foundational support and facilitative means to achieve the economic, political-security and socio-cultural pillars towards realising the vision of an integrated ASEAN Community."<sup>1</sup> ASEAN leaders also identified prioritised projects worth USD380 billion. These projects include expanding linkages in land transportation like roads and railways, ICT infrastructures, and resource sharing networks for physical connectivity. For institutional connectivity, emphasis is put on the liberalisation of the economy and the standardisation of trade-related regulations. To connect people to people, ASEAN pays attention to culture and education largely by using ICT.

The probable challenges for building ASEAN connectivity lie in mobilising the necessary financial resources for its various related projects. Not surprisingly, a greater part of the resources may not come from ASEAN member states but from its major dialogue partners. This high dependency on external sources sets forth the need to maintain unity among ASEAN member states especially those that are in dire need of financial resources for their own development. Accordingly, most of the member states are expected to prepare a development master plan that matches that of ASEAN's. While the ASEAN connectivity project is expected to spur a number of physical projects, its aims could only be fully realised when it is able to encourage people to foster the ASEAN Community's shared norms and vision. Connecting the three pillars of the ASEAN Community, namely political-security, economic, and socio-cultural, requires a comprehensive framework in which all are closely interlinked.

### *On Dispute Settlement Mechanisms*

In April 2010, the Foreign Ministers of ASEAN signed the Protocol to the ASEAN Charter on Dispute Settlement Mechanism, a core element towards the further development of ASEAN as a rules-based organisation. There are two other mechanisms to settle different types of disputes. First, those which do not concern the interpretation or application of any ASEAN instrument are subject to the Treaty of Amity and Cooperation of 1976. Second, cases or disputes related to economic agreements will be solved in accordance with the terms of the ASEAN Protocol on Enhanced Dispute Settlement Mechanism of 2004. The Protocol will deal with “disputes which concern the interpretation or application of: (a) the ASEAN Charter; (b) other ASEAN instruments unless specific means of settling such disputes have already been provided for; or (c) other ASEAN instruments which expressly provide that this Protocol or part of this Protocol shall apply.”<sup>2</sup> In addition, there are three other ongoing works on other dispute settlement related instruments which include the Rules of Reference for the ASEAN Summit, the Procedures for Authorisation under International Law and Domestic Law, and the Rules of Procedure for Requesting the ASEAN Secretariat to Interpret the ASEAN Charter.

These should be seen as positive developments towards the advancement of a rules-based community. However, the implementation and application of the protocol still remains uncertain. ASEAN’s fundamental rule of operation is still adherence to consensus. A more problematic fact is that there is a high discrepancy among ASEAN member states over the interpretation of the meaning and principles of democracy and human rights which are enshrined in the ASEAN Charter but are without clear discussion and definition.<sup>3</sup>

## **Political Issues**

### *Myanmar*

Growing regional concerns over Myanmar has re-emerged as it holds its general elections on 7 November 2010. The country’s negative human rights record has become a recurrent issue that creates political problems for ASEAN. Opposition leader Aung San Suu Kyi who has been under house arrest for a total of 15 years has been prevented from participating in the elections. Even after the elections, her release from the detention remains uncertain. Despite this, ASEAN Summits and related meetings this year have spared Myanmar from criticisms within the region. ASEAN leaders including its Foreign Ministers have expressed hope rather than criticism. In fact, the Myanmar elections hardly became part of the agenda for discussion. Indonesia kept silent on the issue. Only the Philippines denounced it, calling the polls a “farce to democratic [ideals].”<sup>4</sup>

ASEAN’s tolerance if not negligence on the Myanmar elections is basically derived from its time-honoured principle of non-interference in the domestic affairs of other countries, which it has practiced unconditionally. Vietnam, as the year’s chair country has been a proponent of the principle, gathering support from other “new members” while some “old member” states, in particular Indonesia, are relatively eager to secure democratisation in Myanmar. ASEAN as a collective unit is unlikely to engage Myanmar in its domestic development agenda at least in the

near future since the ASEAN Charter somehow provides shelter for tolerance in the name of non-interference. However, increasing criticisms from NGOs on Myanmar would bring new pressures to ASEAN's political leaders. For instance, the Solidarity for Asian Peoples' Advocacies (SAPA) Task Force on ASEAN and Human Rights, a network of human rights organisation and advocates in the region, has criticised the function of the ASEAN Intergovernmental Commission on the Human Rights (AICHR) mainly due to ASEAN's failure to deal with the Myanmar issue. Indeed, there might be a more active role to be played by the next chair country Indonesia given its democratisation process.

### ***Other Political Issues***

The tension between Thailand and Cambodia caused by the territorial disputes over the Preah Vihear temple has gradually dissipated despite the lack of formal attempts for its settlement either bilaterally or regionally. However, growing sentiments between the two resumed somewhat in a different form. Fluctuations in the political stability of Thailand in recent years particularly since the military coup in 2006 have continuously hindered it to play its diplomatic roles. In fact, there was severe filibustering over convening an ASEAN Summit when Thailand held the chairmanship in 2009. For this year's ASEAN Summit in April, the Thai Prime Minister had to cancel his country's participation due to the domestic instability that happened not without human casualties. Cambodia proposed that ASEAN play a more active role vis-à-vis Thailand's domestic affairs. Cambodian Foreign Minister, Hor Namhong, urged ASEAN to call an urgent ASEAN Summit on the Thailand issue in what can be considered as temperate language. Hor wrote to his Vietnamese counterpart this way: "in light of this very grave development which no one knows when it will end and whether it will lead to more bloodshed, I think that we, as fellow ASEAN member states cannot stand idle and leave ASEAN image at stake any further."<sup>5</sup>

The proposal could be perceived as breach of the principle of non-interference. Particularly for Thailand, it could be construed as being unfair especially in comparison with other members' domestic affairs such as that of Myanmar's. Indeed, given Thailand's earlier tensions with Cambodia, the statement could be interpreted as an exercise of political vendetta on the latter's part. Consequently, Cambodia's proposal did not lead to the convening of a special ASEAN Summit. It however appeared in a Chairman's statement but with much more moderate expression. Instead of directly engaging in the domestic affairs of Thailand, ASEAN leaders have shown their "confidence in the resilience of the Thai Nation to overcome the present difficulties. ASEAN stands ready to extend all possible assistance based on the principles provided for in its Charter."<sup>6</sup>

### **Economic Issues**

Amid the economic recession, the movement of ASEAN towards establishing the ASEAN Economic Community (AEC) by 2015 has been accelerated during the period under review. ASEAN's progress and its measurement were published alongside a new mechanism – the ASEAN Economic Community Scorecard. In external relations,

ASEAN's FTAs with selected dialogue partners including China have been implemented since 1 January 2010.

### *Sustained Recovery and Development*

The leaders at the ASEAN Summits were relatively relieved from the fear of the economic crisis as the impacts of the global financial and economic crisis were mitigated in the region. The recovery of the global economy is just at a slow pace if it does not fall into a double-dip recession. The leaders projected that the regional economic growth rate will be between 4.9 to 5.6 percent in 2010 from 1.5 percent in 2009.<sup>7</sup> With the absence of financially capable member states and regional mechanisms in ASEAN, its amicable cooperation with East Asian countries remains a key element for ensuring financial stability and sustained recovery. These include the Chiang-Mai Initiative Multilateralisation (CMIM), the Asian Bond Markets Initiative (ABMI), the Credit Guarantee Investment Facility (CGIF), and the ongoing enhancement of the ASEAN Surveillance Office. Indeed, EAS expanded its scope to financial cooperation by calling a Finance Ministers Meeting in May 2010. Under the Chiang Mai Initiative Multilateralisation (CMIM), the US\$120 billion swap facility came into force while the CMIM regional surveillance unit is expected to be established soon.

### *Progress in making ASEAN Economic Community*

According to the AEC Scorecard, 73.6 percent of the targets for AEC have been achieved in the period between 2008 and 2009 (see Chart 1). The completion of AFTA is the core pillar for the AEC since the latter would be a form of FTA considering the absence of a clear plan for financial and monetary cooperation within ASEAN. Since 1 January 2010, ASEAN-6<sup>8</sup> has accomplished its original target for AFTA by eliminating tariff for products in the Inclusion List of the Common Effective Preferential Tariff (CEPT) which represents 99 percent of all total tariff lines. The average tariff is about 0.9 percent in 2009. While ASEAN made tariff cuts, it is also focusing on non-tariff barriers by adopting the ASEAN Trade in Goods Agreement (ATIGA) which was signed in 2009 to supersede AFTA-CEPT scheme.<sup>9</sup>

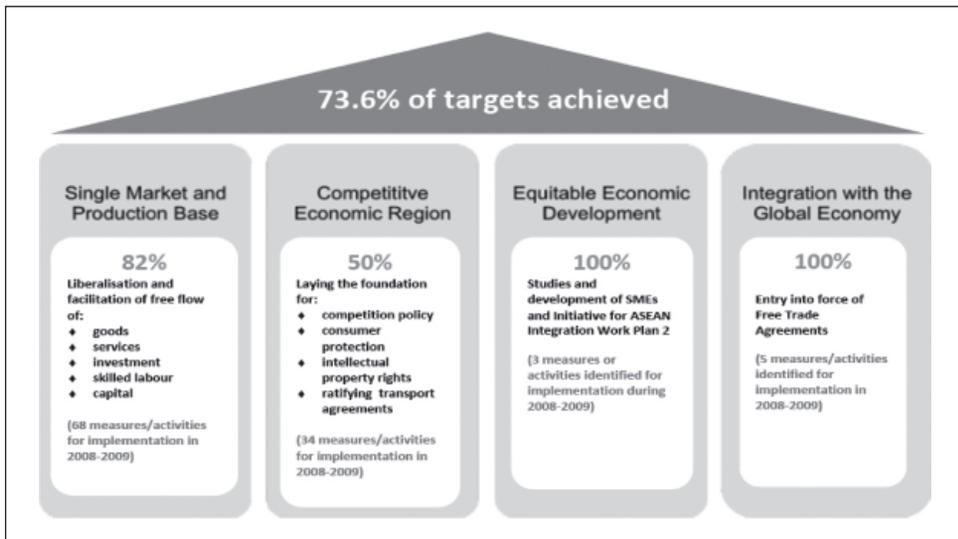
Despite the general advancement towards AEC in various sectors, the ASEAN-AEC Scorecard points out necessary actions that should be taken as follows: expedite the ratification of all AEC agreements and protocols;<sup>10</sup> prioritise the initiatives or actions required to implement the provisions of each AEC agreement and protocol; intensify consultations/discussions on areas of divergence, addressing areas of concern to achieve consensus and resolution; identify the inconsistencies between national legislation and implementation of regional commitments in order to address the delay in ratification and compliance with ASEAN agreements; and enhance outreach and advocacy activities to facilitate buy-in by stakeholders, such as the business community, through the AEC Communications Plan.<sup>11</sup> Indeed, some progress indicators with the Scorecard Mechanism will be further enhanced.

In the aftermath of the global financial crisis, the monetary and financial sector became a major pillar in the economic integration of ASEAN. Finance Ministers agreed to introduce a set of "bond market development" indicators for the development of the bond market. In addition, some initiatives have been adopted

for financial services liberalisation. A Safeguard Framework will also be adopted, which allows the continuous practice of pre-agreed flexibilities for financial services sub-sectors to be liberalised. These efforts for financial services liberalisation is part of the ASEAN Framework Agreement on Services and is well supported by external demands with the on-going negotiations with China and India over trade in service as part of FTAs.<sup>12</sup>

Apart from policy collaboration among the ASEAN member states, financial and monetary integration would inevitably create closer links with its East Asian partners mainly through APT mechanism such as CMIM. Moreover, ASEAN's relations with other international institutions such as the ADB, the World Bank, the IMF, and G-20 are expected to be enhanced given the fact that the main cause of financial instability originated from a global structural problem which also needs collective response at the global level. In other words, the economic integration of ASEAN will be carried out through a dual process: deepening within ASEAN and widening to a wider regional and global economy.

**Chart 1. Progress towards ASEAN Economic Community**



Quoted from 'ASEAN Economic Community Scorecard 2010' p. 13.

### ***FTAs with External Partners***

ASEAN has concluded and pursued FTAs with major dialogue partners including China, India, Japan, the Republic of Korea, Australia and New Zealand as part of its plans to integrate into the global economy. Some of the deals came into force on 1 January 2010. These are the ASEAN-Australia-New Zealand Free Trade Agreement in 2009, the ASEAN-China Free Trade Area (ACFTA) and the ASEAN-Korea Free Trade Area (AKFTA).

It is too early to assess the impacts of these FTAs' implementation. However, the implementation of these agreements was not without resistance, particularly the FTA with China. Under the ACFTA, Indonesia has eliminated 6,682 tariff lines in 17 sectors, of which 12 are in the area of manufacturing. Indonesian farmers and manufacturers strongly expressed their concerns over possible massive inflow of Chinese goods into the local market.

Given the enhanced role of the parliament, the Indonesian government was under pressure to re-negotiate with China over 228 tariff lines in the ACFTA, which comprise about 3 percent of all tariff lines and about 9 percent of total import from China. The pressure led Indonesia to meet China bilaterally over the postponement of the implementation of the FTA. The two governments reengaged such demands at the 10th Indonesia-China Joint Commission Meeting (JCM) in April 2010. While defending ACFTA from the parliament's criticism on the failure of negotiation, Indonesian Trade Minister Mari Elka Pangestu stressed the importance of strengthening competitiveness rather than bilateral trade issues. Chinese assistance was highlighted which included the Chinese offer of \$1.8 billion in preferential loans since 2000 and other investment in the development of infrastructure such as the financing of the "Suramadu" bridge between Surabaya and Madura.<sup>13</sup> The ACFTA was also defended by Zhang Qiyue, the Chinese Ambassador to Indonesia by urging the efforts of Indonesian manufacturers to find the advantage in the FTA.

The resistance of Indonesian private sectors against the ACFTA should be seen as potential challenges for the further implementation of FTAs with other countries. It implies that any severe negative impacts on certain sectors may cause political burdens for the government in particular where the parliament's role is secured for "check and balance." This case has indirectly shown the lack of consultation and investigation of individual ASEAN states before and after signing the deal.

## **Socio-Cultural Issues**

Despite the equal importance accorded to each of the three pillars of the ASEAN Community at least conceptually, progress in the social cultural sector is seen as lagging behind the other two. This is attributed to the lack of participation on the part of the public. While ASEAN has made it clear that it should be a people-centred community, in real practice however, the level of awareness of the people in the region on the ASEAN and its community plan remains at its infancy. This is shown by ASEAN's adoption of a Communication Plan for the ASEAN Socio-Cultural Community (ASCC) which aims to "enhance public awareness and shape their perceptions, and generate greater participation of the public in building the ASCC by 2015." Such statement indicates that there is a considerable time constraint in realising the Socio-Cultural Community by its target date. Enhancing public awareness of ASEAN remains the most challenging task for attaining a shared identity.

The low-level of attention of the public is understandable despite the many event-like programs on ASEAN. There is no sharing in responsibility for social issues. For instance, what is often ignored in the ASCC is poverty eradication.

Although ASEAN expressed its intention to fighting poverty in the ASSC Blueprint, there is a clear limitation due to the absence of specific funding source for this purpose. For instance, ASEAN leaders called for member states,' not ASEAN's, continuous effort for social security including increasing employment opportunities.<sup>14</sup> This could imply that the responsibility for poverty is believed to be taken by individual governments rather than collectively through ASEAN.

## **External Relations**

ASEAN has enhanced its significance by assuming centrality in wide-regional cooperation, in particular through East Asian regionalism. Given its relative small political economic power, ASEAN may attempt to leverage the balance of power in the expanded regionalism. In this year, there were noteworthy developments in its external relations. First, the expansion of EAS membership to include the US and Russia is expected to be realised soon. Second, the US has revealed its intention of active engagement in the region particularly over the South China Sea. In the following section, we shall interpret the implications of these two developments.

### *The Expansion of EAS*

The East Asian Summit (EAS) leaders agreed to expand its membership base by embracing the US and Russia who participated in this year meeting as special guests of the Chair. The decision will transform ASEAN+6 (comprised of 16 members) into ASEAN+8 (comprised of 18 members) and possibly ushering in further expansion while ASEAN Plus Three (APT) remains in its current form.

EAS has struggled for its identity since its inception in 2005 as its birth was a response to APT in which China may emerge as a regional hegemonic power. Thus, the idea of including the US and Russia is not new.<sup>15</sup> This development reflects the complexity of strategic interests among the participants. There are varying views on East Asian regionalism among the related parties. On the one hand, for ASEAN member states, some countries like Indonesia and Vietnam maintain sceptical perspectives on Chinese presence in the region due to historical factors. Japan's rivalry with China met these countries interests when they initiated the larger regional grouping called ASEAN+6, which then became EAS. On the other hand, the co-existence of APT with EAS indicates that the opportunity of forming an East Asian community is not yet relinquished. APT has worked for practical cooperation in many sectors.

The expansion of EAS membership would bring some implications. First, EAS would be working as a forum without projecting a vision for any specific regional community. As it claimed, EAS would focus more on its strategic dialogues. Second, APT as a stepping stone towards East Asia community would be well reserved if it is not realised in near future.

### *Rise of power rivalry?*

The rise of China inevitably provoked counter-actions from its rival powers like the US. At the ARF meeting in July, the US for the first time overtly revealed its intention to be involved in the South China Sea particularly over territorial disputes. This

issue which has been dealt with in bilateral ways among the related parties is seen to have been gradually stabilised through the engagement between ASEAN and China. The symbolic agreement is the Declaration on the Conduct of Parties in the South China SEA (2002). Thus, ASEAN may expect further improvement of its collective unity while engaging with China. While there were physical conflicts between the related parties particularly with China, they were however only considered as accidents. Moreover, ASEAN and China have been working to make the Code of Conduct work although at a rather slow pace.

Meanwhile, despite ASEAN's engagement with China over the South China Sea, many ASEAN member states prefer to have an external power, such as the US to be involved in the region, in large part to balance China. These do not only include direct claimants who have had conflicts with China like Vietnam and the Philippines but also those who prefer neutrality in the region such as Singapore and Indonesia.

In these circumstances, the US' engagement in the South China Sea is probably not surprising to regional states and ASEAN. The real challenges may lie in ASEAN's capability in dealing with these two powers through so called hedging strategy. Inherently, ASEAN has claimed to be a neutral region, free from any external interference. The failed attempts to make a statement by the US with ASEAN to condemn China over the South China Sea issue indicates ASEAN's prudent approach to rivalry power relations in the region.

## **Conclusion**

The developments in ASEAN during the year 2010 indicate a trend where ASEAN appears to engage more interregional affairs while taking actions to realise the ASEAN Community. These dual tasks of deepening and widening regionalism by ASEAN would bring out more challenges. The challenges may come from structural problems in which ASEAN relies on external resources even in dealing with its own regional projects. In particular, engaging with the ascending China which no longer remains an option for regional strategy has become prevalent. In this respect, the US' engagement with the region is likely to be enhanced. The principles of regional resilience and ASEAN's centrality would fade unless ASEAN member states stay as a collective unit which is pivotal for its power balancing act.

It should be noted that mitigating various crises which the region faced during last few years did not lay in ASEAN's capability. They seemed to loom out mainly due to their periodical nature which implies that such kind of crises may occur at any given time. Regrettably, what ASEAN has done for this year dealt more with making plans rather than taking action.

## Endnotes

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<sup>1</sup> The key areas of ASEAN Connectivity are as follows. (i) Physical connectivity: Transport, Information and Communications Technology (ICT), Energy; (ii) Institutional connectivity: Trade liberalisation and facilitation Investment and services liberalisation and facilitation, Mutual recognition agreements/arrangements, Regional transport agreements, Cross-border procedures, Capacity building programmes; (iii) People-to-people connectivity: Education and Culture, Tourism. For further reading see, The Master Plan on ASEAN Connectivity p. 3. Available at <http://www.aseansec.org/documents/MPAC.pdf>.

<sup>2</sup> See. 2010 Protocol to The ASEAN Charter on Dispute Settlement Mechanisms, available at <http://cil.nus.edu.sg/rp/pdf/2010%20Protocol%20to%20the%20ASEAN%20Charter%20on%20Dispute%20Settlement%20Mechanisms-pdf.pdf>.

<sup>3</sup> Lina A. Alexandra, "ASEAN dispute settlement mechanism: Anything new?" *The Jakarta Post*, 9 April 2010.

<sup>4</sup> Abdul Khalik, "RI, ASEAN lower bar for junta," *The Jakarta Post*, 29 October 2010.

<sup>5</sup> *The Philippines Star*, 11 April 2010, available at <http://www.philstar.com/Article.aspx?articleId=565531&publicationSubCategoryId=200>.

<sup>6</sup> Asean Chairman's statement on the situation in Thailand, available at <http://www.mofa.gov.vn/en/nr040807104143/nr040807105001/ns100521194927#kUqm43hk1IR1>

<sup>7</sup> Joint Media Statement of the 14th ASEAN Finance Ministers' Meeting (AFMM) *Nha Trang*, 8 April 2010. Available at <http://www.aseansec.org/24491.htm>. (Accessed 10 September 2010).

<sup>8</sup> These are Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand.

<sup>9</sup> As of 16 January 2010, all ASEAN Member States except Thailand have ratified the ATIGA.

<sup>10</sup> These are as ASEAN Trade in Goods Agreement (ATIGA), ASEAN Comprehensive Investment Agreement (ACIA), ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT), ASEAN Multilateral Agreement on Air Services (MAAS), and ASEAN Multilateral Agreement on the Full Liberalisation of Air Freight Services (MAAFS).

<sup>11</sup> ASEAN AEC Score Card p. 17.

<sup>12</sup> Joint Media Statement of the 14th ASEAN Finance Ministers' Meeting (AFMM) *Nha Trang*, Viet Nam, 8 April 2010.

<sup>13</sup> *The Jakarta Post*, 24 April 2010. Available at <http://www.thejakartapost.com/news/2010/04/27/minister-rejects-house-criticism-over-aseanchina-fta.html>. (Accessed 9 September 2010).

<sup>14</sup> See. ASEAN Leaders' Statement on Sustained Recovery and Development, Ha Noi, 9 April 2010.

<sup>15</sup> Russia was presented at the inaugural summit in 2005 as an observer.