

REGIONALISM À LA ASEAN

PAST ACHIEVEMENTS AND CURRENT CHALLENGES

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- In the course of fifty years, ASEAN has developed from an anti-communist bloc to a successful and inclusive political association driven by economic growth agendas. Even so, ASEAN remains a loose and weakly institutionalized intergovernmental alliance focussed on national sovereignty and non-interference.
- In spite of Southeast Asia's extraordinary diversity and political history, ASEAN has made an undeniable contribution to intraregional peace and stability, as well as to multilateral diplomacy in the wider Asian region.
- Internally, economic nationalism remains strong, however, and the community-building process is in its infancy. Furthermore, great power competition in Southeast Asia strongly affects ASEAN cohesion.
- The EU has opportunities to revitalize its relations with ASEAN, in particular in view of the US's relative decline in terms of leadership in the region. This can be achieved by striving for a region-to-region Free Trade Agreement in the long run and by cementing a strategic partnership to facilitate cooperation in non-traditional security.



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INTRODUCTION

In 2017 the Association of Southeast Asian Nations (ASEAN) celebrated its fiftieth anniversary. The same year also marked the fortieth anniversary of official relations with the European Union. ASEAN is often referred to as the world's second most successful regional organization¹ and a natural partner for the EU; as the world's sixth largest economic player and a miracle of prosperity; and as the region's strategic convener and "a diplomatic superpower".² At the same time, half a century into its existence, ASEAN faces numerous challenges, both internally and externally, that also have ramifications for its relations with Europe.

It is the overall goal of this Briefing Paper to examine ASEAN's main contours, achievements and challenges as a regional organization. The paper starts by surveying the main key characteristics of ASEAN's institutional set-up. These include an intergovernmental approach and a focus on the "ASEAN Way", which embodies Southeast Asian notions of non-interference as well as of quiet diplomacy. The analysis then surveys some of ASEAN's main achievements. Thereafter the paper critically explores ASEAN's challenges and its current predicament at the heart of geostrategic competition in the region, assessing implications as well as opportunities for Europe.

ASEAN AS A REGIONAL ORGANIZATION

ASEAN was born on 8 August 1967 in Bangkok. The founding members were Indonesia, Malaysia, the Philippines, Singapore and Thailand – all pro-American allies with staunch anti-communist agendas at the time. ASEAN's Bangkok Declaration of 1967 was, therefore, primarily a display of solidarity against communist expansion in Vietnam and internal communist insurgencies. The association's basic principles stressed cooperation, amity and non-interference. This was followed in 1971 by the declaration that ASEAN would form a Zone of Peace, Freedom and Neutrality

(ZOPFAN), free from any kind of interference by external powers. Brunei joined the association in 1984. With the Cold War over and shifts in the interests of external powers, a new dynamic started to take root. In 1997 Vietnam, Myanmar and Laos joined the club, followed by Cambodia, accepted in 1999. All had been erstwhile adversaries of ASEAN's founding members. A more inclusive political community of ten member states, comprising a population of 630 million people, with a focus on economic development emerged as a result.

Almost fifty years after its creation, at the very end of 2015, ASEAN officially launched the ASEAN Community, consisting of an Economic, a Political-Security, and a Socio-Cultural Community. This was based on two key agreements. The ASEAN Vision 2020 promulgated in Kuala Lumpur in December 1997 aimed to promote the region as a zone of peace, stability and prosperity, and called for closer economic integration within ASEAN, with an emphasis on the free flow of goods, services and investments, and equitable economic development aiming to reduce poverty and socio-economic disparities. The Bali Concord II of 2003 formalized the ASEAN structure through the establishment of three pillars, namely political and security co-operation, economic cooperation and socio-cultural cooperation. The realization of the ASEAN Community 2015 thus officially marked the start of a deepening regional project following a three-pillar structure.

The ASEAN Economic Community (AEC) is the most advanced, underscoring the fact that trade and economy is at the heart of the organization. Regardless of the fact that the forms of government vary greatly within ASEAN's member states, all countries have vigorously embraced market-oriented economic policies, and facilitated frameworks for private investment and access to finance for enterprises and SMEs. A prime goal of the AEC is to complete a single market and production base including free movement of goods, services, investment and capital by 2020.

The ASEAN Political-Security Community (APSC) envisages a rules-based community of shared values and norms in a resilient and peaceful yet outward-looking region. The ASEAN Charter, a constitution-like document adopted in 2008, gave ASEAN

1 Kishore Mahbubani and Jeffery Sng. *The ASEAN Miracle: A Catalyst for Peace*. Singapore: Ridge Books, 2017.

2 Kishore Mahbubani. *The New Asian Hemisphere: The Irresistible Shift of Global Power to the East*. New York: Public Affairs, 2008, p. 85.

legal personality, established the organization's core principles, made the ASEAN Summit of Heads of State and Government the highest policy-making body, and created Councils and ministerial bodies. Finally, the ASEAN Socio-Cultural Community (ASCC) aims to forge a common ASEAN identity, and focuses on human development as well as on narrowing the development gap.

As for institutional development, ASEAN has, interestingly, taken cues from the EU's integration experiences, and has partly emulated EU institutions. ASEAN's vision for a triple-structured community emulates the EU's former three-pillar structure.³ ASEAN's move towards a single market and creation of an economic community follows the European Union's model, and the association's Committee of Permanent Representatives is crafted along the lines of the EU's COREPER. Furthermore, the EU has provided assistance for the drafting of the ASEAN Charter in 2006 and 2007, and has been the biggest donor to the ASEAN Secretariat, the organization's main coordinating body. Not least importantly, the EU has supported the creation of the ASEAN Intergovernmental Commission on Human Rights (AICHR).

Nevertheless, ASEAN displays an entirely different model of integration compared to the EU. A prime difference lies in ASEAN's focus on intergovernmentalism. The organization can best be characterized as a loose alliance, which has so far been able to adapt to rapidly changing circumstances by applying flexibility and pragmatism. Particularly when taking the EU as a reference, ASEAN's regional integration remains underdeveloped, and its institutional development weak. For example, the ASEAN Secretariat employs around 300 people, compared to 32,000 employees at the European Commission. Furthermore, implementation of the ASEAN Charter, declarations and vision statements lags behind, and there are few bulwarks against possible future economic and political upheavals. Even though ASEAN comprises a human rights body, its international legal procedures for protecting human rights remain weak.

Furthermore, ASEAN adheres to a decision-making process based on consensus, and an emphasis on non-interference. When ASEAN was formed in 1967, it adopted a series of principles that have collectively come to be known as the "ASEAN Way". These principles place very strong emphasis on national

sovereignty and the commitment to non-intervention in the affairs of member countries. The "ASEAN Way" of consensus, voluntarism and consultation has in many ways become the default form of interaction at the intergovernmental level in ASEAN itself and other regional initiatives that have followed in its wake. Weak institutionalization in combination with a continued adherence to the "ASEAN Way" of non-interference and emphasis on the sovereignty of member states impedes any kind of supranational response to internal crises, such as the predicament of the Rohingya in Myanmar, for example. Sanctions, ostracism and isolation are not part of ASEAN's policy toolbox, nor does it preach the virtues of democracy and human rights to its member states.

PAST ACHIEVEMENTS

In spite of displaying a distinct model of integration and principles of governance, ASEAN should be seen as a success in at least three dimensions: as an economic player, as a security community, and as a regional broker. First, ASEAN is now a prosperous economic bloc, and annual growth rates in the AEC are expected to amount to 4.5% over the coming years. Seen collectively, at the time of launching the AEC in 2015, ASEAN was the world's sixth-largest and Asia's third-largest economy. Enhanced regional connectivity through various transnational economic infrastructure corridors brings national economies closer together. This in turn makes the vision of a single market and production base, and a better-integrated and cohesive ASEAN economy possible.

Second, ASEAN has built up a remarkable track record as a (loosely defined) security community. It should be stressed that from the outbreak of World War II until the end of the Cold War, violence and political turmoil were rife in Southeast Asia. The two Indochina wars, the Sino-Vietnamese conflict in 1979 and the internal insurgencies in a number of ASEAN countries had left deep scars in the collective consciousness of the region. Conflicts and civil strife could very well have continued. However, since ASEAN was formed, a war has not been waged between its member states. This can arguably be attributed to institutionalized cooperation⁴ within the association, not unlike the EU's experience. The success of ASEAN's peace project is

3 Anja Jetschke. "Diffusing the EU Model of Regional Integration in Asia: Integration 'à la Carte'?" *E-International Relations*, 23 July 2013.

4 Anja Jetschke. "ASEAN", in Mark Beeson and Richard Stubbs (eds). *Routledge Handbook of Asian Regionalism*. London: Routledge, 2012.

all the more remarkable given the region's astounding diversity in terms of geography, ethnicities, languages, religions, and historical and political trajectories. The region's diversity is also striking in terms of governance systems, including autocratic regimes, an absolute monarchy, as well as hybrid and emerging democracies.

The "ASEAN Way" has also played a role, as it has not prevented dialogue and discussion from taking place behind the scenes. The rationale for the "ASEAN Way" is political engagement while avoiding isolating and embarrassing member state governments. ASEAN's "flexible engagement" of Myanmar in regional affairs can be said to have yielded more results in promoting a peaceful transition towards a more democratic regime than the Western sanctions-based approach. Resolving the border dispute that started in 2008 in the area around the Preah Vihear Temple between Thailand and Cambodia is another example of successful ASEAN behind-the-scenes diplomacy.

Third, the bloc has managed to play a key role in the political architecture of the Asia-Pacific region. Regional institutions such as ASEAN+3, the ASEAN Regional Forum (ARF), the East Asia Summit (EAS) and the ASEAN Defence Ministers' Meeting Plus (ADMM+) are vital elements in a slowly emerging regional security community. As aptly expressed in the concept of ASEAN centrality, the organization has been able to place itself in the driver's seat of all institutions in the East Asian regional security architecture. ASEAN has contributed to stability in the region by promoting economic integration, but also by getting countries to sit around the table and focus on diplomacy. ASEAN, profiling itself as an unthreatening broker, provides a platform for external powers to come together and address issues of mutual concern. It is precisely ASEAN's weak institutionalization and emphasis on sovereignty and non-intervention that have enabled it to take the lead in regional multilateral initiatives focussing on informal dialogue, a particularly important aspect in the light of the existing distrust between the major powers in the region.

CURRENT CHALLENGES

Nonetheless, after five decades of existence, ASEAN does face a number of significant challenges, first and foremost internal ones. In terms of economic integration, economic nationalism continues to stand in

the way of building cohesion within the AEC. While intra-regional tariffs have almost been eliminated, non-tariff barriers and protectionism remain high in sectors that are labelled as crucial for a member state's "national security". Intra-ASEAN trade therefore remains relatively low: a mere 24% of the total trade, compared to 63% for the EU, for example. At the political level, the enormous diversity within ASEAN and the different foreign policy orientations of individual countries are centrifugal forces that can pull the region apart. For one, there is the discrepancy between mainland and archipelagic Southeast Asia, with the former being more occupied with issues such as connectivity, while the latter is more concerned with tensions in the South China Sea, and piracy and transnational crime at sea.

Relations with external powers, at the heart of internal divisions and heterogeneity in Southeast Asia, form a second key challenge for ASEAN. Pressure through external influence is felt differently in ASEAN member states. For instance, smaller countries such as Laos and Cambodia are highly dependent on China, while larger ones such as Indonesia and Vietnam are better able to balance external pressures. Increasing power rivalry between a rising China, a US that is relatively declining, a more "proactive" Japan, and an India that aims to draw in the ASEAN bloc in order to balance China's military and economic clout, is dividing and compromising ASEAN. The competition for geopolitical influence between China and the US, but also for geo-economic power between Japan and China in the region, and with the increasing presence of India, form one of ASEAN's greatest challenges.

At present, the US retains a formidable military posture in the Asian region, in particular when including military alliances with countries such as Japan and India. However, it seems undeniable that since the start of the Trump administration, its leadership credentials have taken a hit, in particular after withdrawing from the Transpacific Partnership (TPP).⁵ The TPP was intended to foster trade at the mega-regional level, but also to underline the US's geostrategic position in the region and its commitment to stronger ties with regional partners. Even so, the Philippines and Thailand remain formal treaty allies, and the US continues strong defence relationships with Singapore, Malaysia and Indonesia. In particular, in view of China's assertive actions in the South China Sea, many

5 Michael G. Plummer. US-ASEAN Relations in a Changing Global Context. "ASEAN at 50: A Look at its External Relations". *Panorama* 01/2017, p. 149.

Southeast Asian countries welcome an expanded US security presence in the region.⁶

China's engagement with Southeast Asia has indeed intensified rapidly. Whereas initially China shunned the right-wing regimes of the five founding ASEAN members, Beijing actively started wooing ASEAN members as a result of the Sino-Vietnamese conflict (1979). ASEAN has also offered a huge market for Chinese investment and trade. For instance, trade went from USD 2.4 billion in 1980 to USD 350 billion in 2013. Of course, there is variation within ASEAN member states as to relationships with China. While Myanmar has sought to diversify its relationship with the outside world from being overly dependent on China, Laos and Cambodia are the two most pro-Beijing governments in the ASEAN family. Phnom Penh's relationship with Beijing has been so close that it blocks any mention of maritime disputes in official statements, which in 2012, for example, prevented the issuance of a joint statement for the first time in ASEAN's history. While both the EU and the US have strongly criticized the Thai military government, China has stepped in as an increasingly influential player in Thailand. Vietnam and Malaysia have competing claims in the South China Sea. The Philippines has had a rocky relationship with China in general, but since the election of Rodrigo Duterte as president, Manila's relationship with Beijing has started to warm up.

Competition in Southeast Asia between the US and China for trade, investment, military clout and political influence is only intensifying. While it allows ASEAN countries to conduct a "dual hedge" and play both great powers off against each other, it threatens ASEAN cohesion and neutrality at the same time.

OPPORTUNITIES FOR THE EU

In spite of these challenges, the region offers great potential for other players, including the EU. In 1972, five years after the creation of ASEAN, the European Economic Community (EEC) was the first to establish informal relations with ASEAN, followed by official relations at the ministerial level in 1977. During the late 1980s and early 1990s in particular, Europe became aware of ASEAN as an important dynamo of trade in Asia, and as an increasingly attractive market

for European trade and investment. Political relations were tense, however, in the first place because of the EU's increased emphasis on the human rights agenda.

At present, the overall feeling remains that relations between ASEAN and the EU are relatively good, but still underperforming. Two main causes can be singled out. First, disagreements have continued over human rights and the EU's insistence on the inclusion of clauses referring to human rights, democracy and the rule of law in political as well as trade agreements. The situation in Myanmar, for example, halted EU-ASEAN cooperation for many years. Importantly, it resulted in a failure to accomplish an EU-ASEAN trade pact and in the EU pursuing Free Trade Agreements (FTAs) with individual member states of ASEAN. Second, the EU has not succeeded in convincing ASEAN to regard it as a credible, unitary security actor. Reasons have tended to include geographical distance and a relatively lesser geostrategic importance; the EU's lack of military capabilities and of hard power projection capacity; and the view that the EU as a supranational entity would complicate a security-related dialogue.

Nevertheless, the future of EU-ASEAN relations is potentially much brighter. First, there is the dimension of trade. Both the EU and ASEAN are undisputedly large trading blocs. The EU is the world's second largest economy, representing a quarter of the world's total GDP. As a bloc, ASEAN is projected to become the fourth largest economy in the world by 2050. The EU is ASEAN's second largest trading partner after China, and ASEAN is the EU's third trade partner, after the US and China. The EU is the top foreign investor in ASEAN, and the volume of bilateral trade rose over 9% between 2015 and 2017. The EU has successfully concluded free trade negotiations with Singapore and Vietnam, and trade talks have been launched with Indonesia, Malaysia, Thailand and the Philippines. The ambition is to conclude these negotiations in the medium-term. Most recently, in March 2018 the EU and ASEAN agreed to revive their efforts, abandoned in 2009, to integrate these bilateral FTAs into a more comprehensive region-to-region FTA. Due to human rights breaches in Thailand, the Philippines or Myanmar this will likely be a long-term project. It does seem sure, however, that the evolving US engagement in the region, including its withdrawal from the TPP, offers opportunities for the EU to intensify commercial links and further promote free trade with Asian partners. One particularly promising area for cooperation is connectivity, with an

6 Amy Searight. *Revitalizing US-ASEAN Relations. Statement before the House Foreign Affairs Committee*. CSIS, 17 May 2017.

EU-ASEAN Comprehensive Air Transport Agreement currently being negotiated.

Second, the EU has the expertise and experience to play a larger, if modest, security role in Asia. In 2012 the EU was allowed to accede to ASEAN's Treaty of Amity and Cooperation (TAC), and in November 2017 it was granted a seat at the table of the East Asia Summit as a guest for the first time. One key ambition on the part of the EU, to gain full membership of the East Asia Summit as a sign of recognition of the useful role the EU could play in Asian security, remains unfulfilled. Nevertheless, the EU has played a constructive role in Asian security affairs in the past. In 2014 it participated successfully in Operation Atalanta (EU NAVFOR), a series of joint counter-piracy operations in the Western Indian Ocean. And in 2005 the EU played an important supportive role in the Aceh Monitoring Mission that brokered a peace deal between Indonesia and the Free Aceh Movement. In order to build on these successes it would be useful to agree on a Strategic Partnership Agreement with ASEAN, which could serve as the key charter to boost cooperation, particularly in non-traditional (soft) security issues. It could provide the legal framework for cooperation in a limited number of specific issues of mutual interest, including burden-sharing, relating to Asian security, and facilitate the sharing of best practices in issues such as border management or cyber-security.

Last but not least, there is the simple fact that the world is witnessing the return of Great Power Politics and the steady decline of the US-led liberal world order. Both regions, in spite of internal difficulties, are aware that they need to increase their political actor-ness as a region in order to play a meaningful role in an unstable world order. Continuing to support free trade and regional cooperation in order to be able to compete against strongly re-emerging powers such as China or an increasingly illiberal US is the only way forward. The advent of the Trump administration in the US, the rise of unilateralism and protectionism, and the crisis of multilateralism, offer both the EU and ASEAN an opportunity to take a stance advocating free and open markets as well as a rule-based order.

CONCLUSION

To conclude, in terms of governance, ASEAN as an organization remains a loose and weakly institutionalized alliance, relying on intergovernmentalism,

sovereignty, non-interference, voluntarism, consultation and quiet dialogue. Even so, ASEAN, now over five decades old, has taken significant strides both in terms of widening as well as deepening, with trade and economy as driving forces. As a market, a production-based and export-oriented economy, and a destination of foreign investment, ASEAN is certainly a success story. Institutionalized cooperation can also be said to underlie lasting peace and stability. Not least importantly, ASEAN continues to play a key role in the regional security architecture as a convener and "leader by default" of Asian political and security dialogue. Enhanced regional connectivity in addition to further political and security cooperation between ASEAN members can continue to function as centripetal forces that foster continued integration in the decades to come.

ASEAN does face its fair share of challenges. Internally, the ASEAN community-building process, in particular the political-security and social-cultural pillars, are still in their infancy. In the field of economic integration, the ASEAN Economic Community is highly advanced, but economic nationalism through non-tariff barriers and protectionism remains high in ASEAN member states. Furthermore, the great discrepancy within ASEAN, not least in terms of foreign policy orientation of individual countries, is a centrifugal force that weakens the organization. Competition in the region for trade, investment, military clout and political influence involving the US, China, but also increasingly Japan and India has an undeniable impact on ASEAN cohesion.

The EU-ASEAN partnership remains an unfulfilled promise. An upgrade might be on the horizon, however. Building on its expertise in counter-piracy operations and crisis management, for example, the EU could aim to promote cooperation in non-traditional security issues, in particular by officially designating ASEAN as a Strategic Partner. As for economy, the idea of integrating bilateral free trade agreements into a more comprehensive region-to-region FTA in the long run is back on the table. This would not only be significant in terms of trade figures and give EU-ASEAN relations a new momentum, but would also send an important political signal globally. /