

# WHAT'S THE DIFFERENCE: ASEAN'S PAST AND PRESENT

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### Remarks

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Thank you, Singapore Institute of International Affairs (SIIA) for this invitation to join the Forum this morning.

### Enlargement

ASEAN is 42 this year. Established in 1967, through a Declaration by the five founding members: Indonesia, Malaysia, the Philippines, Singapore and Thailand, ASEAN today embraced ten Member States, with the addition of Brunei Darussalam (joined in 1984), Viet Nam (1995), Lao People's Democratic Republic (Lao PDR) and Myanmar (1997) and Cambodia (1999).

The admission of Cambodia in 1999 completed the vision of the founding fathers of having ASEAN encompass all of Southeast Asia. It became a historical event of Southeast Asia unheard of in its chronicle. It ushered in a new era of cooperation and consultation in the region based on the notion of a shared future.

However, this enlargement gives rise to questions about a possible "two-tier ASEAN": a presumed division between the six older, more developed Member States and the four newer, less developed ones, collectively called the CLMV countries.

In my view, a worse-off alternative to an ASEAN embracing all Southeast Asian countries (i.e. the current situation) is to have an ASEAN consisting of only the six older Member States, with the CLMV countries forming their own caucus, or individually, building up links with other neighbouring powers or joining other regional groupings in competition with ASEAN. Such a scenario would put Southeast Asia not in solidarity but in division.

### Narrowing Development Gap

Having an ASEAN that encompasses all Southeast Asian nations not only allows the region to have a greater voice and weight collectively, it also delivers a greater synergy in economic, political and socio-cultural development across the region. At the same time, the key challenge remains how best and how quickly ASEAN can narrow the development gap among its Member States.

One mechanism which has been implemented in ASEAN to narrow the development divide is the Initiative for ASEAN Integration (IAI), launched by the ASEAN Leaders at the Fourth ASEAN Informal Summit in November 2000 in Singapore.

The strategic objective of the IAI is to close the development gap in ASEAN, and enhance the region's economic competitiveness through a framework for cooperation under which the more developed ASEAN Member States would provide technical assistance and support to the less developed Member States that needed it most.

### Tariffs

One of the challenges facing ASEAN was getting the CLMV countries to implement their commitments and obligations as signatories of the ASEAN Free Trade Area (AFTA), which was established in 1992.

To overcome this, the ASEAN Integration System of Preferences (AISP) was introduced in 2001. Under this system, the ASEAN-6 extended tariff preferences to their imports from the CLMV countries. Each of the CLMV countries was asked to submit a list of products of export interest to it, and the importing country would decide which goods would enjoy the preferences.

The eventual goal of ASEAN is to completely eliminate trade tariffs in two phases – by 2010 for the ASEAN-6, and by 2015, an extra 5 years, for the CLMV countries. Among the ASEAN-6, tariffs on more than 70% of traded goods have been totally eliminated. Intra-ASEAN trade has grown significantly, from US\$120 billion in 1998 to over US\$404 billion in 2007. Such an expansion of trade benefited all ten ASEAN Member States.

As ASEAN evolves, new measures and projects will be added as needs arise, to narrow the development gap. In fact, ASEAN Leaders, at the recent Hua Hin Summit, approved the Second IAI Work Plan (for the period 2009-2015) and noted that the Work Plan together with the three Blueprints (for Political-Security, Economic, and Socio-Cultural Communities), will help advance the ASEAN Community building process in a more balanced, inclusive and sustainable manner.

### External Relations

ASEAN is an outward-looking grouping. It is open to trade, economic links and political-security dialogues with the world. It welcomes cooperation for development with other countries and groupings and with other international organisations. I rate this as one of ASEAN's great achievements. It has kept itself politically and economically open to the rest of the world, even as it promotes regional solidarity and integration. ASEAN wants to be a region that is a friend to everyone and everyone can be ASEAN's friend.

Today, ASEAN enjoys dialogue partner relationships with China, Japan, the Republic of Korea, India, Australia, New Zealand, the EU, the US, Canada, Russia and Pakistan.

Among the dialogue partners, relations with the EU and the US have been longstanding and mutually beneficial. The sticky issue has been the political situation in Myanmar. Beyond

Myanmar, the US and the EU are actively evolving new international architecture to cope with and manage the global concerns, particularly climate change and the current economic crisis. They are keen to involve Southeast Asian nations. The success of ASEAN to date is its ability to balance big-power interests and moves in the region. Individual national egos have been minimised for the sake of ASEAN's common purpose and common identity. The "ASEAN tag" has been worn with obvious benefit in four decades of engagement with the US and the EU. It behooves all ASEAN Member States to maintain the grouping's collective stance and manoeuvrability.

### ASEAN Charter

The ASEAN Charter spells out the vision and commitment to become a people-oriented regional grouping that is united by a common desire to live in peace, security, shared prosperity and social progress.

Given its significance, all ASEAN Member States fully participated in the drafting process of this document. In fact, I was most impressed by the proactive and occasionally competitive roles of the representatives from the CLMV countries at the High-Level Task-Force (HLTF), the body designated to draft the ASEAN Charter. They asserted themselves and ensured that their national interests are safeguarded. They clearly made an impression on all involved in the drafting process, that ASEAN is a collective body where each and every Member State has a stake, a voice and a political wallop. Such a display of agility and diplomacy means that ASEAN has matured as a grouping of equals, and it coincides with the timely creation of the Charter.

In my opinion, there are three solid reasons why the ASEAN Charter is significant.

First, building the ASEAN Community and at the same time, narrowing the development gap within the ASEAN membership, requires a stronger and more efficient organisational structure. By having the Charter, ASEAN can transform itself into a more rules-based organization with a legal personality of its own.

Second, to be successful in building the ASEAN Community, every Member State must incorporate ASEAN priorities into its national agenda; commit to implementing ASEAN Summit's decisions and the ASEAN agreements promptly. The Charter stipulates the principle of "prosper-thy-neighbour", and with this in mind, ASEAN hopes to be a well-balanced community, existing in harmony by 2015.

Third, the building of the ASEAN Community will require a great deal of resources. The Charter can be the new lighting rod to gain public awareness, attract public attention and acquire support. ASEAN must work harder to explain to the nearly 600 million Southeast Asians its agenda and objectives and how the people can benefit from ASEAN regime. Unless people are willing to participate in the activities and initiatives, ASEAN will not have the substantial resources to generate concrete results in advancing integration.

The ASEAN Charter is not perfect but for now, it is good enough to be given a chance to serve as the new legal and institutional framework for community building in ASEAN. Over time, it can and will definitely be improved.

### Globalisation

From the early days of the ASEAN Preferential Trading Arrangement in 1977 to the signing of the ASEAN Economic Community Blueprint in 2007, ASEAN is committed to trade liberalisation and market opening. ASEAN has signed FTAs with China, the Republic of Korea, Japan, Australia/New Zealand, and soon, with India. Taken together, this represents a huge opportunity for ASEAN Member States. ASEAN is contemplating more FTAs, for example, with the EU, Pakistan and the Gulf Corporation Council (GCC). ASEAN has indeed been at the forefront of globalisation. The financial and economic turmoil presently hitting the world has therefore a considerable impact on ASEAN. In response, ASEAN Leaders have focused on fiscal stimulus, the easing of liquidity, job saving and multilateral cooperation to reform the international financial institutions and system. If ASEAN plays its cards right, the grouping will get out of the crisis stronger and more influential.

## Conclusion

ASEAN has come a long way. After four decades of informal co-existence and cooperation, the ten ASEAN Member States decided that an ASEAN Charter will be the next concrete step to strengthen their organisation. The question uppermost in everyone's mind is whether the Charter will transform the ASEAN Way as we know it into a dynamic modern modus operandi which will drive ASEAN through the more complicated global environment.

In retrospect, one cannot help but pose the same question that could have been asked about Europe during the middle of 1940s, after the end of World War II. Did anyone really think then that it was possible for the Europeans to be integrated into one community? After all, Germany had initiated two World Wars within forty years. Did Mr. Jean Monnet, the French internationalist who pioneered the vision of an integrated Europe, really think then that his initiative would come this far? His idea then was simply to integrate the key industries - coal and steel - of the six major European countries to prevent another war, then a serious concern. Yet, fifty years later, it turns out that Monnet's idea was not as ridiculous as it had sounded initially.

If the Europeans, with their history of imperialism and numerous wars can achieve such integration in the space of two generations, I am confident that ASEAN can do the same, and the cornerstone of this endeavour is the ASEAN Charter. We must now work effectively to implement the letter and spirit of the ASEAN Charter.

I wish all of you a fruitful discussion at the Forum.

Thank you.

