



## ASEAN's regional cooperation and multilateral relations: recent developments and Australia's interests

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### Executive summary

- ASEAN is the most prominent regional cooperation group in East Asia. Australia has had a multilateral relationship with ASEAN since 1974. In July 2008 Australia appointed an Ambassador specifically to ASEAN and in August together with New Zealand signed a free trade agreement with ASEAN. This paper surveys ASEAN's evolution and recent development and Australia's relations with it.
- ASEAN was formed in 1967 by Indonesia, Malaysia, the Philippines, Singapore and Thailand. ASEAN's cooperation style stressed respect for national sovereignty, avoiding confrontation, reaching agreement through consensus and proceeding at a pace all members were comfortable with. ASEAN after 1995 accepted four new members (Vietnam, Laos, Myanmar and Cambodia) which bolstered its claim to represent Southeast Asia, but increased the diversity within the Association and made some areas of cooperation harder to pursue. ASEAN members were affected adversely by the Asian financial crisis from 1997, but this also stimulated the Association to renew and expand its own cooperation efforts.
- Since the late 1990s, ASEAN has pursued cooperation in three major ways.
  - First, ASEAN in 2003 adopted a commitment to develop an 'ASEAN Community' among its own members. This involves 'three pillars': the ASEAN Economic Community; the ASEAN Political-Security Community; and the ASEAN Socio-Cultural Community. The paper outlines these Communities and also assesses some major challenges facing ASEAN in implementing these goals, particularly its troubled relations with Myanmar, and its efforts to consolidate its own institutional identity by adopting its first Charter.
  - Second, ASEAN, has continued to engage the major powers in political and economic dialogue to enhance the overall security and prosperity of Southeast Asia, placing special emphasis on the 'big three' Asia-Pacific powers, the United States, China and Japan.

- Third, ASEAN, is sponsoring wider regional cooperation by playing a leading role in the ASEAN Regional Forum to build confidence and enhance dialogue on security issues, the ASEAN Plus Three grouping of the ASEAN ten, China, Japan and South Korea (whose activities have stressed financial cooperation) and the East Asia Summit, a leadership dialogue bringing together ASEAN with China, Japan, South Korea, India, New Zealand and Australia. The paper reviews recent developments in each group.
- The paper suggests that ASEAN has established a substantial profile but faces challenges in maintaining its influence and credibility. In pursuing the ‘ASEAN Community’, the Association’s longstanding emphasis on national sovereignty can impede pursuit of complex economic integration programs and inhibit implementing commitments made under the new Charter, such as establishing a human rights body for ASEAN. If ASEAN is not able to secure convincing progress in its economic and political cooperation, then it may come to lose cachet as a leading force in wider regional cooperation, which could be pursued increasingly by other major actors in more focused and activist groupings.
- Since 1974, Australia has benefited from ASEAN’s contribution to maintaining inter-state stability in its region. Relations have expanded substantially since 2004 and can benefit further from ASEAN’s integration programs, to which Australia can now be more closely linked through the promise of the new trade agreement. ASEAN is also a key part of the ‘regional architecture’ which the Australian Government wishes to see enhanced. Australia therefore has an important ongoing stake in ASEAN’s progress in building its own community and in contributing to wider regional cooperation.

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<http://www.aph.gov.au/house/committee/jfadt/asean1/index.htm>

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## Abbreviations

AANZFTA	ASEAN-Australia-New Zealand Free Trade Agreement
AEC	ASEAN Economic Community
AFTA	ASEAN Free Trade Area
APEC	Asia-Pacific Economic Cooperation
APSC	ASEAN Political-Security Community
APT	ASEAN +3 (China, Japan and South Korea)
ASCC	ASEAN Socio-Cultural Community
ASEAN	The Association of South East Asian Nations
ASEM	Asia-Europe Meeting
ARF	ASEAN Regional Forum
CEP	Closer Economic Partnership
CEPEA	Comprehensive Partnership in East Asia
CER	Closer Economic Relations
CMI	Chiang Mai Institute
CSCAP	Council for Security Cooperation in the Asia Pacific
CSO	Civil Society Organisation
DPR	Dewan Perwakilan Rakyat (People's Representative Assembly)
DPRK	Democratic People's Republic of Korea
EAFTA	East Asian Free Trade Area
EAS	East Asian Summit
EPA	Economic Partnership Agreement
EPG	Eminent Persons Group
ERIA	Economic Research Institute for ASEAN and East Asia
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
FTAAP	Free Trade Area of the Asia Pacific
GDP	Gross Domestic Product
IMF	International Monetary Fund
NAFTA	North American Free Trade Agreement
NTBs	Non-Trade Barriers
PECC	Pacific Economic Cooperation Council
ROK	Republic of Korea
SCO	Shanghai Cooperation Organization
TAC	Treaty of Amity and Cooperation
UN	United Nations
US	United States
WTO	World Trade Organization

## East Asia



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## Introduction

ASEAN (the Association of Southeast Asian Nations) is the premier regional association in East Asia and the most prominent regional grouping in the Third World. Since its inauguration in 1967, during the height of the wars in Indochina, ASEAN has come to be regarded as an important factor for stability in Southeast Asia through its own cooperative activities, its policies of maintaining active dialogues with the major powers and other Asia-Pacific countries, and its promotion of wider cooperation forums in East Asia and the Asia-Pacific. In 1974 Australia was the first country to establish a multilateral relationship with ASEAN. Australia's interests in ASEAN have been reaffirmed by the Rudd Government, which in July 2008 appointed an Ambassador to the Association.

After its cautious beginnings in 1967, ASEAN gained a substantial regional and international profile in the 1970s and 1980s when it pioneered economic cooperation in Southeast Asia and also played an important political role in both the Indochina refugee crisis (from 1978–79) and the conflict over Cambodia (after 1978). Since the late 1990s, ASEAN has made substantial efforts to maintain its profile and prominence. After the end of the Cambodia conflict and with Cold War tensions reduced in East Asia, ASEAN was able to realise the intentions of the founders by moving to accept Vietnam (in 1995), Laos and Myanmar (1997) and Cambodia (1999) as members, so that the group could now represent Southeast Asia overall. However, the wider membership increased the diversity within ASEAN and made economic integration harder to pursue. While most new members accepted the ASEAN 'rules of the game', Myanmar's intransigent autocratic regime has damaged ASEAN's cohesion and its international image. ASEAN's prestige was compromised by the adverse regional impact of the Asian financial crisis (from July 1997), which reduced growth rates in many members. ASEAN has also been challenged by the rise of China and India, whose size and high growth rates have attracted high levels of attention from foreign investors and trading partners.

As ASEAN enters its fifth decade, it is seeking to reaffirm and redevelop its strategies for cooperation in three major ways. First, among its ten members ASEAN is pursuing some enhanced cooperation goals which it adopted in 2003 and which are aimed at developing a closer 'ASEAN Community' in economic, political and socio-cultural terms. Second, ASEAN is moving to redevelop its organisation and style of cooperation, particularly by adopting a Charter to give the association a distinct legal identity and a more 'rules-based' mode of operation. Thirdly, ASEAN is also seeking to be a 'hub' for cooperation in the wider East Asia region, by continuing to develop the ASEAN Regional Forum (initiated in 1994), the 'ASEAN Plus Three' grouping (which since 1997 has brought together the ASEAN ten and China, Japan and South Korea), and the East Asia Summit (comprising the 13 ASEAN Plus Three countries along with India, Australia and New Zealand, which met for the first time in December 2005).

ASEAN's efforts towards reform and enhanced cooperation are significant for the region and also for Australia, for whom the ASEAN states are both major economic partners and a key focus for regional multilateral dialogue in political and security terms. This paper provides a

guide (or 'road map') to ASEAN's major cooperation efforts and renovation proposals, and to its ongoing policies in promoting dialogue in the East Asia and Asia-Pacific regions overall. The paper will suggest that in pursuing renovation, ASEAN faces some difficult challenges in adapting its cooperative style and mode of operations. A major issue is that the principle of 'non-interference in internal affairs', which was a bedrock value for ASEAN's members when establishing the Association, is now in danger of being an obstacle to the closer cooperation which many in ASEAN see as necessary to maintain the Association's relevance and credibility.

The paper will discuss the background to ASEAN's origins and evolution since 1967; the pursuit since 2003 of an 'ASEAN Community' in economic, security and socio-cultural terms; ASEAN's key relationships with its external 'dialogue partners; ASEAN's contributions to wider regional cooperation through the ASEAN Regional Forum, the ASEAN Plus Three process and the East Asia Summit; and Australia's relations with ASEAN since 1974.

## **Background: ASEAN and regional cooperation from 1967**

A central characteristic of cooperation efforts in East Asia and the wider Asia-Pacific regions is that they have involved multiple groupings and forums rather than a set of overarching and inclusive institutions, such as those developed in Europe by the European Union.<sup>1</sup> This institutional diversity has resulted partly because of the great variety among the regional states, which vary from Japan to Laos. The diversity has also stemmed from the fact that sensitivities and competition in relations among the major powers (especially the US, China and Japan) have impeded development of the common ground and trust necessary for a regional group with comprehensive membership to be able to emerge and operate effectively. As a result, a number of groups and forums with differing and sometimes overlapping memberships have emerged and have operated simultaneously.

ASEAN, is an association of Southeast Asian states which has operated alongside other groups, both inter-governmental and non-official or semi-official. The Asia Pacific Economic

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1. 'Regions' in international politics are often not geographically defined but socially-constructed entities, and appropriate definitions of them are frequently contested. For the purposes of this paper, the term 'East Asia' refers to the states of Southeast Asia along with China, Japan, and the two Korean states. The term 'Asia-Pacific' commonly refers to those just mentioned states, along with other interested countries including, Russia, the United States, Canada, Australia, New Zealand, the Pacific islands and some states in Latin America who have declared significant identities in this wider region. In this paper, unless otherwise stated, 'Asia-Pacific' will refer to the member countries of the Asia Pacific Economic Cooperation group (APEC—see next footnote). For recent comparative analyses of East Asia and Asia-Pacific cooperation groupings see William A Tow, *Tangled Webs: Security Architectures in Asia*, Australian Strategic Policy Institute, Canberra, July 2008 and Alan Gyngell, 'Design faults: the Asia Pacific's regional architecture', Lowy Institute for International Policy, 18 July 2007 at <http://www.lowyinstitute.org/Publication.asp?pid=638>

Cooperation (APEC) grouping is an association of economies inaugurated in 1989 which has 21 members in East Asia, North America and Latin America.<sup>2</sup> APEC was founded with a commitment to trade and investment liberalisation and facilitation but since 1993 its scope has widened to include an annual leaders meeting and its discussions have extended to include political and security issues. Other inter-governmental groups have included the Shanghai Cooperation Organisation (established in 2001 by China, Russia, Kazakhstan, the Kyrgyz Republic, Tajikistan and Uzbekistan) which has interests focussing on East and Central Asia, and the Six Party Talks process (South and North Korea, the US, China, Japan and Russia) which has emerged to try to alleviate and resolve tensions on the Korean peninsula.<sup>3</sup> Other inter-governmental dialogues have continued to emerge such as the 'Trilateral Security Dialogue' among the US, Japan and Australia.<sup>4</sup>

Dialogues have also been pursued on a non-official or semi-official basis. In the broad Asia-Pacific context, discussions have been sponsored by the Pacific Basin Economic Council (PBEC, a forum for business leaders across the Pacific since 1967) and the Pacific Economic Council (PECC) which since 1980 has been a tripartite dialogue among business, government and academic figures to advance cooperation in the Asia-Pacific.<sup>5</sup> Another notable example of a forum initiated by a non-governmental body is the 'Shangri-La Dialogue' on regional security issues, which has been sponsored by the London-based International Institute for Strategic Studies and has since 2000 brought together defence ministers and senior officials for discussions annually in Singapore.<sup>6</sup>

In this pluralist environment, ASEAN has been and continues to be a leading contributor to cooperation efforts, both among its own members and with a wide range of partners.

### **ASEAN since 1967**

ASEAN was established by a meeting in Bangkok in August 1967 of the foreign ministers of Indonesia, the Philippines, Singapore, and Thailand and the Deputy Prime Minister of

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2. APEC's members are: Australia; Brunei Darussalam; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; The Philippines; Russia; Singapore; Chinese Taipei; Thailand; USA and Viet Nam.
  3. See the SCO website at <http://www.sectsco.org/html/00026.html>; on the Six Party Talks see Scott Snyder, 'Six Party Talks: "Action for action" and the formalization of regional security cooperation in Northeast Asia', *International Journal for Korean Unification Studies*, vol. 16, no. 1, 2007, pp. 1–24.
  4. Tow, op. cit., pp. 19–21.
  5. On PBEC see <http://www.pbec.org/> and for PECC see <http://www.pecc.org/>
  6. For details of the 2008 dialogue (30 May–1 June) see International Institute of Strategic Studies, 'Shangri-La Dialogue Report 2008' at <http://www.iiss.org/publications/shangri-la-dialogue-report-2008/>

Malaysia.<sup>7</sup> The founding members of ASEAN had several major motivations when they first met. In 1967 the Cold War was at its height—as was the war in Vietnam. Each of the founding members was highly concerned about domestic Communist-led revolutionary movements and felt acutely vulnerable in relation to the major powers—especially the Soviet Union and China. The capacity of the major powers for involvement in internal and inter-state conflicts was seen as one of the major security threats to the region—as was being illustrated so clearly in Indochina.

In addition, the five founding members had only very recently experienced serious tensions between each other—particularly during Indonesia's 'Confrontation' of the new state of Malaysia (between 1963 and 1966). In its first year of existence, ASEAN was virtually immobilised by the tensions arising over the Philippines' claim to the Malaysian state of Sabah. There was very little trust or confidence among Southeast Asian countries in the late 1960s.

Economic development was also a severe worry for all ASEAN members. In 1967 there was as yet no 'East Asian miracle'—but rather a group comprising one city state and four poor, primarily agriculture-based economies highly dependent on their primary product trade, with what they saw as unsympathetic First World trading partners. In the late 1960s, Singapore was just beginning to plan the export-oriented process of industrial development which has since been followed by many other countries in Southeast Asia.

ASEAN was not initially in a position to exercise any significant influence on these conditions. What its members did do was to set up a model of regional cooperation that its very diverse members could live with and which maximised the members' diplomatic and political strengths. ASEAN's model of cooperation was developed in several main phases. From 1967 until 1975, the pace of activity was very low key and the members concentrated on discussion and confidence building. The end of the wars in Indochina in 1975 was accompanied by a sense of uncertainty in the region which stimulated a second phase of development: ASEAN at its first heads of government summit meeting in Bali (February 1976) upgraded both regional dialogues and efforts at economic cooperation.

The ASEAN approach to regional cooperation after 1967 involved several key features:

- a steady process of contact and confidence building was developed to dampen down the considerable bases for conflict among the members. In a style known widely as 'The ASEAN Way', the Association has emphasised informality and loose arrangements, has valued personal relations rather than ambitious institution-building, has stressed the primacy of the sovereign equality of members and has generally avoided the exercise of

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7. The section below draws from Frank Frost, 'ASEAN at 30: Enlargement, Consolidation and the Problems of Cambodia', Current Issues Brief no 2, 1997/98, Department of the Parliamentary Library, 25 August 1997.

overt leadership, and has sought gradual change based on consensus with cooperation proceeding 'at a pace comfortable to all'<sup>8</sup>

- strong emphasis was given to the principle of non-interference in the internal affairs of member countries: ASEAN's founding declaration in Bangkok in 1967 called upon member states 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'<sup>9</sup>
- in Bali in February 1976 ASEAN adopted the Treaty of Amity and Cooperation (TAC). The TAC calls for signatories to commit to 'non-interference in the internal affairs of one another', a 'renunciation of the threat or use of force' and the settlement of disputes by 'peaceful means'.<sup>10</sup> The Treaty has been advanced as a key ASEAN document which sets out important principles (or 'norms' for behaviour) for the conduct of relations in Southeast Asia—and which ASEAN invites other states to accede to and endorse, which a number have done (including Australia)
- ASEAN developed a distinctive style of organisation which emphasised frequent meetings and discouraged 'top heavy' institutions. ASEAN's key structure was the annual Ministerial Meetings, initially of foreign ministers but including economics ministers from 1976. After these meetings, ASEAN since 1979 has held the Post Ministerial Conference (PMC) which is attended by the foreign ministers of ASEAN's 'dialogue partners'.<sup>11</sup> The Association held its first summit of heads of government in 1976: since 1997 they have been held annually and became a central focus for ASEAN's cooperation.<sup>12</sup> ASEAN has a Secretary General and a small Secretariat but has so far avoided developing any large bureaucracy
- ASEAN endorsed economic cooperation as a major focus for the group, but without pursuing programs which would have produced serious disharmony among its very

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8. On the 'ASEAN Way' see Rodolfo C. Severino, *Southeast Asia in Search of an ASEAN Community*, Institute of Southeast Asian Studies, Singapore, 2006, pp. 1–40, and Jurgen Haacke, *ASEAN's Diplomatic and Security Culture*, Routledge, Abingdon, UK, 2003. A stimulating sceptical view of ASEAN's cooperative capacities is provided by David Martin Jones and Michael L. R. Smith, 'Making Process, Not Progress: ASEAN and the Evolving East Asian Regional Order', *International Security*, vol. 32, no. 1, Summer 2007, pp. 148–184.

9. 'The ASEAN Declaration (Bangkok Declaration), Thailand, 8 August 1967' at <http://www.aseansec.org/3628.htm>

10. 'Treaty of Amity and Cooperation in Southeast Asia, Indonesia, 24 February 1976' at <http://www.aseansec.org/1217.htm>

11. ASEAN has ten dialogue partners: Australia, Canada, China, EU, India, Japan, New Zealand, Republic of Korea, Russia and the United States. The United Nations Development Programme (UNDP) also has dialogue status.

12. When the new ASEAN Charter is implemented, Summits will be held twice a year.

diverse members. ASEAN also contributed to building an image for Southeast Asia as a stable and benign destination for foreign investment

- the members used ASEAN's collective drawing power to gradually include the major external powers in dialogue—a process begun seriously in 1976 at the Bali summit and now a central feature of ASEAN
- the members utilised ASEAN to take a stand on key regional security issues—especially the Indochina refugee crisis in 1978–1979, which was a very serious threat to most members, and over the conflict in Cambodia after Vietnam's invasion in December 1978.

ASEAN was a product of the period of the Cold War in Southeast Asia and it gained its greatest influence through its role in the most serious conflict of the Cold War era in the region in the last two decades: Cambodia. The ASEAN members viewed Vietnam's invasion as a violation of the principle of territorial sovereignty, and were also committed to support Thailand, which as a 'frontline state' in relation to Indochina was concerned at the presence of over 150 000 Vietnamese forces in Cambodia after 1979. ASEAN encouraged international action to deny legitimacy to Vietnam's actions and cooperated with the major powers—particularly China and the United States—to oppose Vietnam's policies. While the conflict over Cambodia continued, ASEAN had a very high profile diplomatically—for example, through the resolutions which it sponsored each year in the United Nations General Assembly.

The decline of Cold War confrontation internationally was reflected directly in Southeast Asia by Vietnam's move to withdraw its forces from Cambodia (in September 1989) and by resolution of the Cambodia conflict as a regional and international problem (through the Paris Agreements of October 1991). After the agreement on Cambodia, the ASEAN members faced an improved regional security situation with new prospects for detente between former adversaries, particularly China and Vietnam, and Vietnam and the ASEAN states. ASEAN members, however, also faced an international climate where many problems competed for the attention of the major powers. With the Cambodia issue resolved as an international issue, there were concerns that ASEAN might not be able to hold the international interest which its members had got used to during the 1980s.

In the early 1990s the ASEAN members, in the third major phase of the Association's development, moved actively to 're-engineer' the Association—to keep it at the centre of regional cooperation in the 1990s and beyond.<sup>13</sup> This took several important forms: enhanced cooperation on security and economic issues, enlarging the membership, and inaugurating new avenues for cooperation on regional security, particularly through the ASEAN Regional Forum.<sup>14</sup>

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13. M. C. Abad Jr, 'Re-engineering ASEAN', *Contemporary Southeast Asia*, vol. 18, no. 3, December 1996, pp. 237–253.

14. ARF members are Australia, Brunei, Burma (Myanmar), Cambodia, Canada, China, European Union (Presidency), India, Indonesia, Japan, Laos, Malaysia, Mongolia, New Zealand,

In the second half of the 1990s, ASEAN entered a fourth phase of its evolution when it faced some difficult developments and challenges. The Asian financial crisis (from mid-1997) seriously damaged the economies of a number of regional states, especially Thailand and Indonesia. Although ASEAN had not been structured to be able to deal with such a crisis, the image of economic success for the ASEAN region was at least for some time damaged. ASEAN's moves to expand its membership were impeded in July 1997 by serious internal political conflict in Cambodia, which resulted in a delay in Cambodia's membership in the Association until 1999. ASEAN's capacity to be seen to be able to respond to security problems in the region was brought into question by the crisis over East Timor in 1999. While several ASEAN members took significant parts in the subsequent United Nations—endorsed efforts to stabilise the situation, ASEAN itself did not pursue an active role. ASEAN's capacity to influence developments in its region was also challenged by the emergence of major environmental problems arising from annual patterns of burning of forest and agricultural areas particularly in Indonesia, producing a 'haze' which affected several regional states.<sup>15</sup>

While these developments were affecting ASEAN overall, some individual members were also experiencing substantial internal pressures and change. In the wake of the financial crisis, the government in Thailand of Prime Minister Chaovalit Yongchaiyudt fell in November 1997. In Indonesia the long-established government led by President Suharto, an ASEAN 'elder statesman', came to an end in May 1998, to be replaced by a less orderly but more democratic system of political competition.<sup>16</sup> In this environment of regional and national change, there were also significant debates about the 'ASEAN Way' and whether some norms—particularly in relation to the 'non-interference in internal affairs' principle—might need to be revised when internal developments in one state (such as political disorder or burning of forest areas) could clearly affect the interests of neighbours.

Several regional figures, notably Thailand's Foreign Minister Surin Pitsuwan and Malaysia's Deputy Prime Minister Anwar Ibrahim, suggested that it might now be appropriate for ASEAN members to take more concerted interest in the affairs of their neighbours. This approach might involve public comment on particular issues or policies in relation to individual ASEAN states which might be of concern to fellow members of the Association. Foreign Minister Surin termed this possible approach 'flexible engagement'. These suggestions for revising the basics of the 'ASEAN Way', however, were resisted by other members who feared that they might disrupt the pattern of quiet diplomacy which had been central to ASEAN's success so far and ASEAN did not adopt the proposed concept.<sup>17</sup>

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Pakistan, PNG, Philippines, Republic of Korea, Democratic People's Republic of Korea (DPRK), Russia, Singapore, Sri Lanka, Thailand, USA and Vietnam.

15. Sheldon W. Simon, *ASEAN and its Security Offspring: Facing New Challenges*, Strategic Studies Institute, US Army War College, Carlisle, Pennsylvania, October 2007, pp. 1–3.
16. Haacke, op. cit., pp. 165–157.
17. Anwar Ibrahim's arrest in September 1998 (on charges of alleged corruption and sexual malpractice) also removed from the scene one of the principle advocates, in this period, of

Nonetheless, these debates had raised important issues about ASEAN's style of cooperation, issues which have continued to be relevant as ASEAN has struggled with the challenges of deepening economic integration and developing a Charter for the Association (as this paper points out below).

The developments in the latter half of the 1990s added to the pressures and stimuli for ASEAN's leaders to try to reaffirm the Association's relevance and sense of direction. In the early 21<sup>st</sup> century, ASEAN is continuing its efforts towards self-renewal, both among its members and with the wider region.

### **Pursuing the 'ASEAN Community'**

Since the late 1990s, the ASEAN members have pursued efforts to renew their commitment to cooperation, stimulated by factors including the adverse impact of the Asian financial crisis on many members from mid 1997 and the need to cooperate and compete effectively with the rapidly rising economic power of China and also of India, whose large markets and low-cost labour have been highly attractive to foreign investors.

These efforts led to a major declaration at the ninth ASEAN summit meeting of heads of government, in Bali in 2003, which has become known as the 'Bali Concord II' (a reference back to ASEAN's first meeting of heads of government, in Bali in 1976). The adoption of the Bali Concord II can be seen as ushering in the fifth and latest phase in the Association's development. In this Concord, ASEAN declared that, 'For the sustainability of our region's economic development we affirmed the need for a secure political environment based on a strong foundation of mutual interests generated by economic cooperation'. To pursue ASEAN's goals, the members declared that:

An ASEAN Community shall be established comprising three pillars, namely political and security cooperation, economic cooperation, and socio-cultural cooperation that are closely intertwined and mutually reinforcing for the purpose of ensuring durable peace, stability and shared prosperity in the region.<sup>18</sup>

The Bali Concord II declaration also reaffirmed ASEAN's commitment to enhance 'economic linkages with the world economy', ASEAN competitiveness and a favourable investment environment, and adherence to the Treaty of Amity and Cooperation as a functioning and effective code of conduct for the region.<sup>19</sup> ASEAN has since made some significant efforts to try to follow up these commitments.

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changes to 'the ASEAN Way'. For a detailed discussion about the debate over 'flexible engagement' see Haacke, *op. cit.*, pp. 165–190.

18. 'Declaration of ASEAN Concord II (Bali Concord II) Bali, 7 October 2003', at <http://www.aseansec.org/15159.htm>

19. Etel Solingen, 'ASEAN Cooperation: 'The Legacy of the Economic Crisis'', *International Relations of the Asia Pacific*, vol. 5, no. 1, 2005, p. 20.

### The 'ASEAN Economic Community'

Economic cooperation was a declared goal of ASEAN from its inception, but it has never been easy to pursue. The ASEAN economies have tended to be competitive rather than complementary in character with a heavy orientation towards markets outside the region, (especially in Japan, the US and Europe). As a result, early attempts to develop cooperative projects, which following the fashion of the day, often took the form of industrial planning, were largely symbolic in nature. However from the early 1990s more serious efforts towards cooperation developed.

In 1992 agreement was reached to pursue the ASEAN Free Trade Area (AFTA), which sought to remove barriers to trade and investment and thus increase the grouping's attractiveness as a destination for foreign investment. Some progress was achieved through AFTA in reducing trade barriers, but it did not have the desired results of liberalising trade comprehensively. A major reason for this was that most ASEAN members had pursued significant unilateral reductions in their tariffs in the 1980s and 1990s and the extra margin of benefit which might be offered by utilising AFTA was often quite limited for many traders. As a result, only a small proportion of intra-ASEAN traders took advantage of the lower tariff levels offered by AFTA (usually only about 5 per cent of overall trade). AFTA also had relatively little impact on other important obstacles to trade flows, including non-tariff barriers and restrictions on services trade.<sup>20</sup>

In the early 21<sup>st</sup> century it was evident that these efforts had had a limited impact and were not adequate to meet ASEAN's needs. ASEAN's then Secretary General Rodolfo Severino commented in 2002 that:

The process of integration has generally stalled. To be sure, some progress has been made, notably in AFTA, but progress has fallen short of measuring up to the challenges faced by our region and carrying out the leaders' vision and resolve. AFTA has seen little actual use by traders. The other foundations for regional integration have not been built upon. Regional economic integration seems to have become stuck in framework agreements, work programmes, and master plans.<sup>21</sup>

The continuing pressures for ASEAN to achieve more thorough liberalisation and cooperation were summarised by a report on ASEAN issued in July 2006 by the Australian Department of Foreign Affairs and Trade:

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20. John Ravenhill, 'Fighting irrelevance: An economic community "with ASEAN characteristics"', *Working Paper* 2007/3, Department of International Relations, Australian national University, July 2007, pp. 3–7. See also John Ravenhill, 'Fighting Irrelevance: An economic community "with ASEAN characteristics"', *Pacific Review*, vol. 21, no. 4, December 2008, pp. 49–488.
  21. Rodolfo Severino quoted in Ravenhill, 'Fighting irrelevance: An economic community "with ASEAN characteristics"', *Working Paper*, op. cit., p. 11.

Despite solid growth recorded since the Asian financial crisis in the late nineties, ASEAN's growth rate has not matched those of its giant regional neighbours China and India over this period. Nor have ASEAN's merchandise exports grown as rapidly as China's or India's ....

Both China and India present as single markets and production bases with national laws and regulations which, at least in principle, apply throughout the country. ASEAN, by contrast, is still an association of ten diverse economies separated by different tariff regimes, customs procedures, product standards and other non-tariff measures. The market is also fragmented by different regulations in the services sector and for investment; other behind-the-border barriers such as the anti-competitive practices of domestic firms; different legal systems and industrial structures; and inadequate connections between national infrastructures.<sup>22</sup>

The ASEAN Economic Community (AEC) aims to create a 'seamless production base' and an integrated market among the members. ASEAN's goals include the elimination of the remaining intra-ASEAN tariffs and the large number of non-tariff barriers, creating an effective intellectual property regime, fully liberalising trade in services, and relaxing barriers to flows of capital and skilled labour in all sectors. If achieved, the AEC could be expected to increase production efficiency, attract more investment and generate more exports. By one estimate, the AEC could boost the ASEAN region's GDP by 10 per cent and reduce operating costs by 25 per cent.<sup>23</sup>

However, ASEAN faces many challenges in pursuing the AEC. ASEAN's members include economies at widely varying levels of development (eg the difference between Singapore, and Laos and Myanmar) and the members have not yet been prepared to have either a harmonised internal tariff regime or a common external tariff policy. One key issue here is how ASEAN can achieve a common external tariff. Singapore already has a zero tariff policy and would not be willing to agree to a common ASEAN tariff level that was above zero. However some of the less developed ASEAN economies depend on revenue from tariffs and would face fiscal problems from a zero level.<sup>24</sup>

A second major issue is that while progress has been made in reducing tariff levels, non-tariff barriers (NTBs) also pose major obstacles to trade. Non-tariff barriers can range from cross-border barriers such as cumbersome customs procedures to internal technical barriers that can arise from differences in health and safety provisions, and product quality and testing/certification procedures. One recent assessment argued that, 'The protective and taxing effect of NTBs is substantially higher than that of formal tariffs that apply to trade. NTBs raise the price of products in the region, making exports less competitive, and undermining the impact of tariff reductions.'<sup>25</sup> ASEAN policy-makers are well aware of the

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22. Gita Nandan, *ASEAN: Building an Economic Community*, Canberra, Department of Foreign Affairs and Trade, July 2006, p. v.

23. 'Asean to focus on trade, integration', *Oxford Analytica*, 30 December 2005.

24. Ravenhill, 'Fighting irrelevance: An economic community "with ASEAN characteristics"', *Working Paper 2007/3*, op. cit., p. 13.

25. 'ASEAN: Non-tariff barriers threaten integration hopes', *Oxford Analytica*, 12 August 2008.

problems posed by NTBs and have focused on priority sectors, adopted relevant WTO guidelines and accelerated implementation of 'mutual recognition mechanisms' for key areas, including nursing, architecture and engineering. Progress is nonetheless considered to have been slow and ASEAN has fallen behind its own schedule. It also remains to be seen whether ASEAN can strengthen its institutions to provide for security and certainty in implementing agreements and to provide effective mechanisms for dispute resolution. Although ASEAN does have a Dispute Resolution Mechanism whose powers were enhanced in 2003, the mechanism in practice has not been used because of the prevailing ASEAN ethos of maintaining consensus in discussions and decision making.<sup>26</sup> The new ASEAN Charter endorses the importance of dispute settlement mechanisms and the Association is currently studying how more effective arrangements may be developed.<sup>27</sup>

John Ravenhill (Australian National University) has argued (in mid 2007) that, '... an enormous distance has still to be travelled before ASEAN has a set of agreements that are sufficiently specific that they could conceivably be legally enforceable. It is this lack of specificity in ASEAN agreements, coupled with the failure of member states to see their provisions as binding obligations, which are the principal problems'.<sup>28</sup> In this context, a major question is whether the new ASEAN Charter can begin to add some of the greater institutional strength that ASEAN needs.

While they are pursuing market integration among themselves, the ASEAN members are also pursuing a range of trade agreements to enhance their relations with major trading partners including China, Japan, South Korea, India, the US and Australia and New Zealand.<sup>29</sup> The numbers and range of trade agreements being pursued involve some potential challenges for ASEAN. Trade with major partners has been growing rapidly under the existing WTO framework and without specific bilateral or regional multilateral agreements, and it is not always clear that such agreements make a major net addition to trade opportunities. Given that there is no common framework for the development of FTAs, ASEAN could face some complex issues of harmonisation of agreements in the future. The agreements are a further pressure for change and liberalisation of trade arrangements in the ASEAN region, but some concern has been expressed by analysts as to whether the range of external trade

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26. *ibid*; Loreli C. de Dios, 'Non-tariff Barriers in Trade in the ASEAN Priority Goods Sectors, in Denis Hew Ed, *Brick by Brick: the Building of an ASEAN Economic Community*, Institute of Southeast Asian Studies, Singapore, 2007, pp. 86–115.

27. *The ASEAN Charter*, Singapore, November 2007, p. 23, at <http://www.aseansec.org/ASEAN-Charter.pdf>

28. Ravenhill, 'Fighting irrelevance: An economic community "with ASEAN characteristics"', *Working Paper 2007/3*, op. cit., p. 17.

29. 'ASEAN: ministers confirm commitment to integration', *Oxford Analytica*, 3 August 2006.

arrangements being pursued is in fact distracting the attention and limited resources of the ASEAN states away from their efforts at internal market integration.<sup>30</sup>

There appears to be a determination in ASEAN to carry the AEC process forward. In January 2007 the ASEAN heads of government agreed to advance the schedule for implementation of the AEC from 2020 to 2015.<sup>31</sup> ASEAN's capacity to secure the ambitious economic goals it has set out will clearly be a major test of its coherence and viability.

### The 'ASEAN Political-Security Community'

In parallel with its pursuit of economic integration, ASEAN since the late 1990s has been seeking to bolster its own role and sense of direction to advance regional security. The ASEAN members have continued to face some difficult security issues, including ongoing inter-state disputes, the problems created by the intransigent and dictatorial regime in Myanmar (which has had a substantial impact on Thailand, including the presence of several hundred thousand refugees) and the challenges posed by Islamic-based separatist movements and terrorism. To reaffirm its role as a force for stability and security in Southeast Asia, ASEAN decided in 2003 to develop the concept of an 'ASEAN Security Community' (which has been referred to since 2007 as the 'ASEAN Political-Security Community', APSC).<sup>32</sup>

The ASEAN Security Community (ASC) concept was initiated by Indonesia and adopted as part of the 'Bali Concord II' in October 2003. The ASC was meant to be an evolutionary concept rather than one which seeks a sharp change or departure in ASEAN practices. ASEAN's central purpose from its outset was to help the members achieve a secure environment to enhance prospects for internal stability and economic progress. The many years of meetings and discussions have been designed to a major degree to build up communication and increase trust. It can be argued, then, that fostering a sense of regional security has always been at the centre of ASEAN's concerns and that the Political-Security Community is an extension of this role. ASEAN has issued some guidelines for its aims for this Community but a detailed 'blueprint' has not yet been finalised: this is expected to be endorsed at the next Summit in Bangkok in December 2008.

In the 1970s and 1980s, much of ASEAN's focus on security was directed towards challenges from outside the member countries: the implications of the end of the wars in Indochina, the movement of large numbers of refugees and the dispute over Cambodia. Since the 1990s, it has become increasingly apparent that there are a number of existing and

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30. 'ASEAN: regional powers pursue free trade deals', *Oxford Analytica*, 14 June 2006; 'Asia: FTAs will multiply but need better design', *Oxford Analytica*, 6 August 2008.

31. Eileen Ng, 'ASEAN unveils plans for its 2015 single market, says political constraints not a hurdle', Associated Press Newswires, 23 August 2006.

32. The proposal has since 2007 been referred to in ASEAN official statements as the 'ASEAN Political-Security Community', although the original term 'ASEAN Security Community' is still used in some ASEAN documents.

potential security challenges within the ASEAN region which are transnational in character and which demand more cooperation among the members to address.

The APSC initiative aims to use ASEAN's own mechanisms to resolve disputes among members and to pursue much closer cooperation on transnational security challenges including terrorism, narcotics, people trafficking, and maritime security issues. The APSC also reflects long-term emphases in ASEAN by ruling out an ASEAN defence pact, military alliance or joint foreign policy.<sup>33</sup>

It is not yet clear how ASEAN will move to follow through its initial declarations on the APSC: the forthcoming 'blueprint' may clarify this. There has been some further development in the ASEAN region of an increased sense of political community since the devastating impact of the Indian Ocean tsunami in December 2004. The assistance given by ASEAN states to their fellow members was appreciated: for example, the role of Singaporean medical teams in Aceh was valued highly by Indonesia.<sup>34</sup> There have also been proposals for areas in which ASEAN could develop further relevant cooperation, for example in improving capacities for disaster management. ASEAN's role in coordinating responses to the aftermath of Cyclone Nargis in Myanmar from May 2008 has been another important development in this area (see below).

A further reflection of ASEAN interest in security dialogue was the holding of the first meeting of ASEAN defence ministers in May 2006. ASEAN defence ministers and service chiefs have been meeting on a bilateral basis for many years and defence officials also take part in ARF inter-sessional meetings, but it was thought appropriate that the defence ministers should now meet formally on a multilateral basis.<sup>35</sup> The need for greater capacities to coordinate disaster relief was a key theme in the meeting, which also focussed on other issues of common concern including terrorism, piracy and people trafficking. The defence ministers declared their commitment to achieving an ASEAN Security Community by 2020, which they envisaged would include agreements on extradition treaties, counter-terrorism arrangements and on a joint ASEAN peacekeeping force.<sup>36</sup>

At their second meeting held in Singapore on 14 November 2007, the defence ministers endorsed plans for further cooperation in areas including terrorism, maritime security and infectious diseases. The ministers also adopted a proposal to expand their discussions to include other ASEAN dialogue partners' defence ministers in a process termed 'ASEAN

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33. International Institute of Strategic Studies, *Strategic Survey 2003/04*, Oxford University Press, London, 2004, pp. 262–265.

34. Michael Vatikiotis, 'Southeast Asia in 2005: Strength in the face of adversity', *Southeast Asian Affairs 2006*, p. 5.

35. Severino, *Southeast Asia in Search of an ASEAN Community*, op. cit., pp. 364–365.

36. Lianita Prawindarti, 'The First ASEAN Defence Ministers Meeting: An early test for the ASEAN security community?' *IDSS Commentaries*, 16 May 2006.

Defence Ministers Meetings-Plus' (ADMM-Plus'). Singapore's Defence Minister Teo Chee Hean said in an address to the meeting that. 'ASEAN's future is increasingly intertwined with the fate of the larger Asia Pacific region. The ASEAN Defence Ministers meeting should look at tapping the varied perspectives, expertise and resources of other ASEAN friends and dialogue partners such as the US, China, India, Japan, Australia, New Zealand and Korea'.<sup>37</sup> The ADMM-Plus concept is expected to be developed in more detail.<sup>38</sup>

The ASEAN members have continued to pursue multiple strategies towards advancing security in the region. Individual members have cooperated on a bilateral and multilateral basis with both regional and external partners to gain improved cooperation across borders and to increase interaction in a number of areas of counter-terrorism activities. ASEAN adopted a Declaration of Joint Action to Counter-Terrorism at its summit in December 2001 and at its Cebu summit in January 2007, endorsed the ASEAN Convention on Counter-Terrorism. While valuable cooperation continues, a recent Australian study has suggested that more could be done by ASEAN members to explicitly underscore their commitment in this area by acceding to and ratifying international conventions and protocols to combat terrorism.<sup>39</sup> Cooperation has increased in useful ways in maritime security: since 2004 Indonesia, Malaysia and Singapore have conducted coordinated naval patrols and joint air surveillance operations to increase security in the Malacca Strait. All of these activities clearly contribute to a more secure ASEAN region.<sup>40</sup>

However, the ASEAN states face some ongoing obstacles towards the development of the climate of trust and confidence which can support a 'political-security community'. Two states, Thailand and the Philippines, have serious ongoing internal conflicts involving Islamic movements, and the Philippines faces the last significant communist resistance movement in Southeast Asia. While no outright armed conflict has ever occurred between ASEAN members, tensions have certainly been evident in some inter-state relationships. In recent years there has been discord between Thailand and Malaysia (over alleged support from across the Thai-Malaysia border for insurgency in southern Thailand), Singapore and Malaysia (for example, over a disputed island, recently awarded to Singapore), and Singapore

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37. 'ASEAN defence ministers sign Joint Declaration to deepen cooperation', Channel NewsAsia, 14 November 2007.

38. 'Department of Defence Submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade, Inquiry into Australia's Relations with ASEAN', Canberra, August 2008 at <http://www.aph.gov.au/house/committee/jfadt/asean1/subs/sub7.pdf>

39. Peter Chalk and Carl Ungerer, *Neighbourhood Watch: the evolving terrorist threat in Southeast Asia*, Australian Strategic Policy Institute, Canberra, 2008, p. 41.

40. Simon, op. cit., pp. 6–9.

and Thailand (over the purchase by a Singapore state-owned corporation from then Thai Prime Minister Thaksin Shinawatra of his family telecommunications company).<sup>41</sup>

Another high profile focus for intra-ASEAN dispute has been relations between Thailand and Cambodia. Bilateral relations were disrupted severely in late January 2003 by rioting and violence in Phnom Penh after alleged comments by a Thai actress about the status of the Angkor Wat temples (which she supposedly said should belong to Thailand) inflamed Cambodian sentiments. Demonstrations in Phnom Penh severely damaged the Thai embassy and other Thai-owned businesses.<sup>42</sup> In June 2008, additional discord arose over the status of areas of land near the temple of Preah Vihear. The ancient temple, on the border between the two countries, had been awarded to Cambodia in a decision of the International Court in 1962, but its status has continued to be a matter of some sensitivity and controversy. When Cambodia proceeded to submit the temple for listing as a World Heritage Site, renewed tensions developed, including the presence of hundreds of troops from both sides near the temple area. An offer by the ASEAN foreign ministers at mediation (made during their annual meetings in Singapore in late July) was rejected by Thailand. Tensions appeared to ease in mid-August after Cambodia's national elections had been held but were still evident in mid-September.<sup>43</sup> The dispute nonetheless illustrated that nationalism and historical grievances can easily pose challenges to the spirit of regional accord which ASEAN seeks in the ASEAN Political-Security Community.<sup>44</sup>

ASEAN also faces a further substantial obstacle to the development of political and security cohesion from the character and policies of the regime in Myanmar (see below).

### The 'ASEAN Socio-Cultural Community'

The ASEAN Socio-Cultural Community (ASCC) is intended to be the third pillar of ASEAN's goal of achieving a more integrated 'ASEAN Community'. The socio-cultural community proposal is a reflection of views in ASEAN that the pursuit of closer cooperation in the economic and security areas should also be accompanied by increased emphasis on developing a shared sense of identity among the member countries and peoples. Rodolfo

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41. Tim Huxley, 'Southeast Asia in 2007: Domestic Concerns, Delicate Bilateral Relations, and Patchy Regionalism', *Southeast Asian Affairs 2008*, Institute of Southeast Asian Studies, Singapore, 2008, pp. 3–27.

42. Tin Maung Maung Than, 'Cambodia: Strongman, Terrible Man, Invisible Man, and Politics of Power Sharing', in *Southeast Asian Affairs 2004*, Singapore, Institute of Southeast Asian Studies, 2004, pp. 82–84.

43. Dr Pavin Chachavalpongpun, 'Thais and Cambodians must learn to be good neighbours', *Viewpoints*, Institute of Southeast Asian Studies, Singapore, 19 August 2008; '“Unfit” for Asean', *The Bangkok Post*, 17 September 2008.

44. 'ASEAN: domestic politics frustrates ambitions', *Oxford Analytica*, 28 July 2008.

Severino, a former Secretary General, has argued that Southeast Asia cannot be an enduring security and economic community without being a socio-cultural community.<sup>45</sup>

ASEAN has set out the goals for the ASCC in a 'plan of action'—an overall and more detailed 'blueprint' is currently being drawn up. The plan of action states that:

The ASCC reflects ASEAN's social agenda that is focused on poverty eradication and human development. It is linked inextricably with the economic and security pillars of the ASEAN Community. Social inequities can threaten economic development and in turn undermine political regimes. Economic instability can exacerbate poverty, unemployment, hunger, illness and disease. Social instability can emerge from environmental scarcity or the inequitable distribution among stakeholders of the use of environmental assets. Failure to address these critical and persistent social issues can further cause both economic and political dislocations.<sup>46</sup>

ASEAN members differ widely in their level of socio-cultural characteristics and economic development. In education for example, overall literacy rates vary from 67.7 to 95.1 per cent. There are wide gaps in conditions between the six 'older' members and the four newer members (Cambodia, Laos, Myanmar and Vietnam). The ASEAN Baseline Report (2006) reported that ASEAN members had poverty rates ranging from 5 to 35 per cent. Health standards also understandably vary, with life expectancy at between 59 and 79 years.<sup>47</sup>

Individual ASEAN countries have made some major gains in standards and conditions in recent years. Between 1993 and 2002 the proportion of people living on an income of less than \$US 1 dollar per day declined in Indonesia from 17.4 per cent to 7.5 per cent and in Vietnam the proportion dropped from 14.6 per cent to 2.2 per cent. The proportion of children attending primary school in Cambodia rose from 69.3 per cent in 1991 to 97.6 per cent in 2004 and in Laos in the same period rose from 67.4 to 81.7 per cent.<sup>48</sup> Analysts see many areas in which cooperation can improve standards and conditions in socio-cultural sectors including labour mobility and the rights of migrant workers, social safety nets, sustainable development and health.

Progress towards socio-cultural community goals, however, will continue to be affected by ASEAN's style of consensus-based decision-making and the challenge of translating declared objectives into concrete policies. This ongoing challenge has been illustrated in the area of forest destruction and the regional 'haze' problem. In the decade since the haze issue attracted major attention ASEAN has addressed the matter through a number of agreements, especially the 2002 ASEAN Agreement on Transboundary Haze Pollution. While important

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45. M C Abad Jr, 'Constructing the Social ASEAN', The Asia Pacific Roundtable Series, Kuala Lumpur, Institute for Strategic and International Studies, 2008, pp. 8–9.

46. 'The ASEAN Socio-Cultural Community Plan of Action' <http://www.aseansec.org/16832.htm>

47. Abad, 'Constructing the Social ASEAN', op. cit., pp.10–13.

48. *ibid*, p. 12.

dialogue and studies have been pursued, the impact of the agreement has been limited by the refusal so far of Indonesia to ratify it because the agreement is seen as likely to damage the country's economic interests.<sup>49</sup> Reports in August 2008 suggested that the haze issue was likely to continue to be a problem for neighbouring states, particularly Singapore and Malaysia.<sup>50</sup> The haze issue both underscores the relevance of the goals of the ASCC and also the challenges facing ASEAN states in implementing them.

### **ASEAN and Myanmar**

The situation in Myanmar is one of ASEAN's most serious problems. The military regime in Myanmar rejected the outcome of elections held in 1990 (won by the National League for Democracy led by Aung San Suu Kyi) and has detained her for long periods since.<sup>51</sup> When Myanmar was accepted as an ASEAN member in 1997 there were hopes within the association that there would be a gradual process of liberalisation within the country. However the regime has remained intransigent on the issue of political reform and its stance has caused problems for ASEAN in relations with major external partners including the European Union and the US.<sup>52</sup>

Concern within a number of ASEAN members about Myanmar increased after the re-arrest of Aung San Suu Kyi in May 2003. The subsequent behaviour of the Myanmar regime has not eased these concerns. The secretive and isolationist nature of the regime was highlighted by the announcement in November 2005 of the decision to move the country's capital from Yangon to the new inland city of Naypyidaw: Myanmar's ASEAN partners had not been informed in advance about the move.<sup>53</sup> In 2005 ASEAN faced the potentially embarrassing prospect that Myanmar would in July 2006 assume the position of Chair of ASEAN for the next year (under ASEAN's system of rotating the chair annually on an alphabetical basis). Many members feared that the group would face both a loss of international credibility and difficulties in relations with some of its major dialogue partners. The problem was avoided when Myanmar relinquished its right to the position in July 2005. In December 2005, Malaysia (the Chair of ASEAN in 2005–2006) indicated that ASEAN might no longer be able to defend Myanmar diplomatically, and strongly criticised the lack of political reform.<sup>54</sup>

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49. 'Lawmakers refuses [sic] to endorse forest haze bill', *Jakarta Post*, 14 March 2008.

50. 'Environment: Haze set to return', Singapore Institute of International affairs, 4 August 2008.

51. On the 1990 elections see Derek Tonkin, 'The 1990 Elections in Myanmar: Broken Promises or a Failure of Communication?', *Contemporary Southeast Asia*, vol/ 29, no. 1, April 2007, pp. 33–54.

52. Robert Taylor, 'Myanmar in 2007: Growing pressure for change but the regime remains obdurate', *Southeast Asian Affairs 2008*, Institute of Southeast Asian Studies, Singapore, 2008, pp. 247–273.

53. Vatikiotis, op. cit., p. 11.

54. *ibid.*

The problems posed for ASEAN by Myanmar have increased in 2007 and 2008. In September 2007 a series of demonstrations against the government was led by Buddhist monks. In the days after 17 September, protests by monks and by supporters of the National League for 7 Democracy were repressed violently by the regime: at least 31 people were killed and thousands arrested.<sup>55</sup> The ASEAN foreign ministers, in an informal meeting on 27 September 2007 at the United Nations in New York, made an unusually strong statement in response. The Ministers said they 'were appalled to hear reports of automatic weapons being used and demanded that the Myanmar Government immediately desist from the use of violence against demonstrators. They 'expressed their revulsion' about the use of violence against demonstrators, urged restraint, called on Myanmar to resume efforts at national reconciliation and 'called for the release of all political detainees including Daw Aung San Suu Kyi.<sup>56</sup> However, ASEAN did not have a consensus to attempt to take any further institutional steps in relation to Myanmar, such as suspending membership. When ASEAN held its annual Summit in Singapore in November 2007, Myanmar took part as usual. During the meetings, Myanmar was able to veto a proposal made by the host country Singapore that the UN's Special Envoy to Myanmar, Ibrahim Gambari, should address a working dinner on Myanmar. After objections from Myanmar, Gambari was told to stay away, a development seen as embarrassing to Singapore.<sup>57</sup>

#### Myanmar, ASEAN and Cyclone Nargis

The character of the regime in Myanmar was again highlighted by the onset of Cyclone Nargis which devastated wide areas of the Irrawaddy delta from 3 May 2008. The cyclone resulted in major loss of lives (estimated by the government at over 130 000), but the regime initially restricted communication about the situation and rejected many offers of assistance from foreign governments and NGOs. In the immediate aftermath of the crisis, however, the regime did go ahead with a planned referendum on 10 May on its proposals for a return to elected government—the regime claimed that the referendum was endorsed by 92.5 per cent of voters, but the government had made it illegal to campaign for a 'no' vote.<sup>58</sup>

The restrictive and limited response of the Myanmar regime to the cyclone—which included refusing access to foreign media and refusing to accept aid from US and other naval vessels stationed near the coast of the country—produced substantial international criticism. This environment created a need and an opportunity for ASEAN to act. ASEAN governments were able to persuade the regime to allow the deployment (from 9–18 May 2008) of an Emergency Rapid Assessment Team to many, though not all, of the affected areas in Myanmar. The regime also agreed to give relief teams from individual ASEAN countries

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55. Taylor, *op. cit.*, pp. 255–259.

56. 'Statement by ASEAN Chair, Singapore's Minister for Foreign Affairs George Yeo, New York, 27 September 2007'.

57. Taylor, *op. cit.*, p. 263.

58. Economist Intelligence Unit, 'Country Report Myanmar', London, August 2008, p. 10.

direct access to many areas, while accepting money and supplies, but not people, from non-ASEAN states. ASEAN's Secretary General, Surin Pitsuwan, visited Yangon on 20–21 May 2008 and gained increased cooperation from the government.<sup>59</sup>

On 25 May 2008, ASEAN organised a donors' conference that secured additional support from the international community and the Myanmar Government also allowed increased access for ASEAN relief workers to the country. The ASEAN Humanitarian Task Force for the Victims of Cyclone Nargis was established, headed by Dr Pitsuwan, to mediate cooperation between the Myanmar Government and the international community, including the United Nations.<sup>60</sup> This cooperation enabled preparation of the 'Post Nargis Joint Assessment Report', released in Singapore on 21 July during the ASEAN ministerial meetings, which provided a detailed assessment of recovery efforts and further needs for assistance. An ASEAN media release about the Joint Report stated that:

This is the first time that ASEAN has played such a leading role in responding to a natural disaster affecting one of its Member States. ASEAN facilitated and coordinated international assistance to the survivors of the cyclone as well as the conduct of this assessment. At their special meeting on 19 May ... Secretary-General of ASEAN Dr Surin Pitsuwan said, "By linking hands with the UN, the international NGOs, and the rest of the world, ASEAN has shown how international humanitarian cooperation can work to help bring relief and assistance to the victims of Cyclone Nargis. At the same time, ASEAN is putting into action its pledge to build a caring and sharing community".<sup>61</sup>

While ASEAN had been able to play a useful role in alleviating the impasse over aid access to Myanmar, the political situation in the country remained unchanged. During ASEAN's ministerial meetings in July 2008 in Singapore, Myanmar was again a central focus for attention. While Myanmar announced during the meetings that it had ratified the ASEAN Charter, it was also indicated that Aung San Suu Kyi's house arrest would continue at least until 2009. At the ministerial meetings, the ASEAN foreign ministers again criticised aspects of the situation in the country. The ASEAN joint communiqué noted recent developments in Myanmar's 'peaceful transition to democracy', but the ministers urged Myanmar to take 'bolder steps' and the document also called for the release of all political detainees, including Aung San Suu Kyi, in order to 'pave the way for meaningful dialogue involving all parties concerned'.<sup>62</sup>

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59. Richard Weitz, 'Cyclone Nargis exacerbated ASEAN's Myanmar dilemma', *World Politics Review*, Hudson Institute, Stanford University, 30 June 2008.

60. *ibid.*

61. '41st AMM, 17–24 July 2008, Shangri-La, Singapore, Comprehensive assessment of Cyclone Nargis impact provides clearer picture of relief and recovery needs' at <http://www.aseansec.org/21765.htm>.

62. 'Joint Communique of the 41st ASEAN Ministerial meeting, "One ASEAN at the Heart of Dynamic Asia", Singapore, 21 July 2008, <http://www.aseansec.org/21771.htm>; 'Asean delivers rare Burma rebuke', BBC News, 21 July 2008.

ASEAN clearly faces major ongoing problems in relation to Myanmar. While ASEAN ministers have protested about conditions in the country, the group's capacity to respond is affected by internal divisions of approach. Members with democratic political systems (particularly Indonesia and the Philippines) favour taking a tough stand towards the Myanmar regime, but others (including the newer members Cambodia, Laos and Vietnam and some members with substantial economic interests in the country, such as Thailand) do not support assertive policies towards the regime.<sup>63</sup>

The Myanmar regime, moreover, while resisting ASEAN's efforts at engagement and dialogue, has moved to deepen its relations with both China and India; relations which effectively bolster the regime's capacity to reject ASEAN's attempted influence. China has developed a substantial relationship which includes projects for major oil and gas pipelines from Myanmar to southern China that will enable China to reduce its dependence on shipping routes through Southeast and East Asia. India has also maintained close associations and has gained benefit from cooperation with the government to restrict operations of anti-Indian insurgent forces operating from Myanmar.<sup>64</sup> ASEAN, as a result, has been left with relatively little leverage or capacity to deal with a member which refuses to 'play the ASEAN game' of dialogue and compromise.<sup>65</sup> For the present, the situation in Myanmar continues as a major obstacle in the way of progress towards the common accord which would support an ASEAN Political-Security Community, and as a problem for ASEAN's international image overall.

### The ASEAN Charter

For four decades after 1967, ASEAN developed with minimal institutions, a small central secretariat, and a consensus that cooperation programs should be essentially voluntary and with only limited mechanisms for compliance. In this period ASEAN members entered into a number of agreements which are intended to be binding on its members. The Treaty of Amity and Cooperation sets out the principles which should govern relations among states in Southeast Asia (and those external states acceding to it). ASEAN members have also made commitments on the non-acquisition of nuclear weapons under the Southeast Asia Nuclear Weapons Free Zone Treaty. The agreement on AFTA involved commitments to liberalise tariff and non-tariff barriers. Other agreements have covered areas including services trade, intellectual property rights, and harmonisation of product standards, promotion of tourism, and air cargo transfers. While some of these agreements have resulted in adherence to the goals set out (for example in the area of nuclear weapons), the agreements were not legally

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63. Huxley, op. cit., p. 22.

64. Taylor, op. cit., p. 262; Michael Richardson, 'The Myanmar situation: its really all about economics', *Viewpoints*, Institute of Southeast Asian Studies, Singapore, 7 April 2008.

65. 'Burma: junta builds strategic ties', *Oxford Analytica*, 25 August 2006.

binding and ASEAN did not have a central authority which could monitor compliance or call on members to account for non-adherence.<sup>66</sup>

In a speech in June 2006, ASEAN's immediate-past Secretary General Ong Keng Yong, discussed ASEAN's customary approaches to cooperation in the following terms:

When all the 10 Member Governments come together to discuss any regional cooperation, what usually results is not something that is most desirable—but more often than not, ASEAN goes for something that is least objectionable ...

One growing internal challenge undermining ASEAN's credibility is the lack of compliance and timely implementation of ASEAN agreements. Many ASEAN agreements were signed but not fully ratified in good time. Even when they are in effect, compliance is not always readily forthcoming. Consequently there is no certainty of implementation; deadlines are often missed or postponed. And worse still, the culprits are never punished. For in ASEAN we rely on voluntarism, trust, camaraderie, and face-saving; but no sanctions and no costs to the laggards.

The problem of non-compliance could also be attributed to ASEAN's lack of legal personality. It is unclear what is the legal status of ASEAN agreements within the national law of each Member Country. What is clear is that violation of ASEAN agreements seldom pains the guilty party. But it certainly hurts ASEAN as a whole.<sup>67</sup>

There has been a widespread awareness within ASEAN that this mode of cooperation would not be sufficient to enable the group to pursue the ambitious programs for economic integration now underway. To attempt to address this issue, ASEAN has developed the 'ASEAN Charter' which was adopted at the ASEAN leaders' summit in Singapore in November 2007. The Charter is one of the most important recent developments in ASEAN, but it has also been the subject of debate and controversy.

The idea for a Charter was suggested initially by Malaysia. A Malaysian concept paper argued that if ASEAN were to transform into an 'ASEAN Community', its institutional framework would have to change profoundly. This suggestion was taken up by the eleventh ASEAN summit in Kuala Lumpur in 2005 and an Eminent Persons Group (EPG) was established and asked to provide the ASEAN leaders with 'bold and visionary' advice and recommendations. Prime Minister Badawi of Malaysia, the Chair of the 2005 summit, said that ASEAN needed to be 'transformed' to become a more people-centred community.<sup>68</sup>

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66. Hadi Soesastro, 'Finally, a charter for ASEAN', East Asia Bureau of Economic Research, Newsletter, October 2006.

67. Ong Keng Yong, 'ASEAN: challenges in the 21st century', Keynote speech, Hwa Chong Institution—SIIA Forum Series 2006, 29 June 2006.

68. Mely Caballero-Anthony, 'The ASEAN Charter: An opportunity missed or one that cannot be missed?', *Southeast Asian Affairs 2008*, Institute of Southeast Asian Studies, Singapore, 2008, pp. 71–72.

The Eminent Persons Group consulted widely, including with non-governmental organisations and civil society organisations (CSOs). The EPG invited 120 participants from CSOs in the region to meetings in Kuala Lumpur and the first ASEAN Civil Society Conference took place there from 7–9 December 2005. The Conference issued a statement to the ASEAN leaders at the 11<sup>th</sup> summit which put forward a number of issues for ASEAN to consider including civil society participation in ASEAN decision-making, developing channels for civil society inputs to the ASEAN Secretariat, establishment of an ASEAN Human Rights Commission and a regional mechanism for the protection of the rights of women, children and migrant workers.<sup>69</sup>

The Eminent Persons Group's report was issued in January 2007 and distributed widely. The report aroused considerable interest and expectations for change in ASEAN. As well as calling for the streamlining of ASEAN's declared principles into a coherent framework, the report went further by calling for 'the active strengthening of democratic values, good governance, [and] the rejection of unconstitutional and undemocratic changes of government, through the respect and institutionalization of the rule of law, including humanitarian law'. The report also suggested the potential need for sanctions in relation to members transgressing ASEAN values. The EPG report proposed that 'ASEAN should have the power to redress cases of serious breach of ASEAN's objectives, [and] major principles... [and] such measures may include suspension of any of the rights and privileges of membership'.<sup>70</sup>

These proposals from the EPG were clearly a significant departure from the previous ASEAN ethos of caution, avoidance of controversy and, in particular, strong emphasis on the 'non-interference' principle. Mely Caballero-Anthony (Rajaratnam School of International Studies, Singapore) has argued that, '[i]n brief, the EPG's Report therefore raised high expectations of an emerging sea change in the thinking among ASEAN elites'.<sup>71</sup> The report was also very challenging for ASEAN overall, given the extent of political diversity among the countries (from democratic pluralist systems in Indonesia, the Philippines and Thailand, to countries without openly contested elections for representative institutions, including Brunei, Laos, Vietnam and Myanmar).

It soon became evident that ASEAN was unlikely to take a radical departure in pursuing a Charter. While there have been strong pressures for ASEAN to develop a 'rules-based' foundation for its activities, the diversity of its membership and the sensitivities of members towards encroachments on national sovereignty produced counter-pressures towards voluntarism and informal cooperation. In discussing the forthcoming Charter, the Philippines Foreign Minister Alberto Romulo commented in late July 2007 that, 'We're not going to have any phraseology that will lead to the disintegration of the region... ASEAN will be

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69. *ibid.*, p. 72–73; see also Alan Collins, 'A People-Oriented ASEAN: A Door Ajar or Closed for Civil Society Organizations', *Contemporary Southeast Asia*, vol. 30, no. 2, August 2008, pp. 313–331.

70. Caballero-Anthony, *op. cit.*, p. 74.

71. *ibid.*

more like the United Nations, an intergovernmental body... No one will agree to a supranational body'.<sup>72</sup>

The Charter endorsed in Singapore on 20 November 2007 was a more modest document than the EPG and many observers had hoped. Nonetheless, it has introduced some substantial changes and adaptations to ASEAN.<sup>73</sup> The Charter gives ASEAN for the first time a legal personality as an inter-governmental organisation. ASEAN will have status under international law and can make agreements in its own right. The Charter affirms the status of the Secretary General as being at ministerial level, with roles including participation in ASEAN Summits and other meetings and submitting an annual report to the Summit on ASEAN activities. Basic principles for ASEAN's operation are set out, including provision for acceptance of new members.<sup>74</sup> The Charter also establishes and outlines the institutional structure of ASEAN and has adapted this. The Charter has introduced some significant changes, including:

- convening of the ASEAN Summit twice a year (instead of annually as before)
- establishment of an ASEAN Coordinating Council to be served by the ASEAN Foreign Ministers
- establishing two new positions of Deputy Secretary General, to be recruited openly on merit
- appointment of each member state's Permanent Representative to ASEAN to form a Committee of Permanent Representation
- single Chairmanship for key high-level ASEAN bodies, and
- establishment of an ASEAN Human Rights Body.<sup>75</sup>

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72. 'Human rights will appear in Charter as ASEAN stresses unity and consensus', Singapore Institute of International Affairs, SEAPNET News, 3 August 2007.

73. *The ASEAN Charter*, Singapore, November 2007 at <http://www.aseansec.org/ASEAN-Charter.pdf>

74. Timor-Leste is the primary potential additional member for ASEAN. Timor-Leste has joined the ARF and acceded to the Treaty of Amity and Cooperation in 2007. In May 2008, President Jose Ramos-Horta stated that his country hoped to be able to join ASEAN by 2012. The issue of membership for Timor-Leste is likely to be dependent on a number of factors including its institutional capacity to participate in ASEAN's cooperative programs: see Severino, *Southeast Asia in Search of an ASEAN Community*, op. cit., p. 75–79; 'East Timor won't be Asean "basket case"', *The Manila Times*, 26 May 2008.

75. Caballero-Anthony, op. cit., pp. 76–77.

The Charter has made ASEAN a more rules-based organisation, although the extent to which this has been done is a matter of debate. In relation to the important area of compliance with ASEAN agreements, the Charter does not authorise the Secretary General or the Secretariat to enforce adherence, but calls for cases of non-compliance to be referred to the ASEAN Summit. Given that the Summits have operated on the basis of consensus and agreement, it is not clear how far this will advance ASEAN's capacity to achieve adherence to agreements. In the area of resolution of disputes, the Charter states that economic matters can be referred to the 2004 ASEAN Protocol on Enhanced Dispute Resolution Mechanism. For other potential disputes (for example over security issues) the Charter says that the 'ASEAN Chair and the Secretary General can be requested to provide good offices, conciliation or mediation in a dispute'. This provision, however, involves only an intermediary role for the Chair and the Secretary General. Disputes would need to be referred to the Summit, where the emphasis on consensus is likely to make any assertive or active ASEAN dispute-resolving role difficult to achieve, as has been the case in relation to Myanmar.<sup>76</sup>

Another area where the Charter's contribution has been subject to question is the funding and capacity of the ASEAN Secretariat. The Secretariat, based in Jakarta, was initiated in 1976 and has been expanded in stages since, to reach in 2007 a size of about 60 professional staff, operating on a budget of less than US\$10 million per year. The Secretariat has to support 500–600 meetings annually, including those focussing on ASEAN's ambitious programs for economic integration. The Secretariat has gained assistance from several major donor countries to support and increase its capacities (including the US, Japan and Australia).<sup>77</sup> The Charter did introduce two new positions of Deputy Secretary General, to be recruited on merit. However, the Secretariat has been limited by the size of its overall budget and the fact that contributions to it are provided by each member equally and not on terms which recognise members' widely varying overall economic size or per capita incomes. The failure so far of the Charter to revise the basis of funding for the Secretariat has been seen as a limitation in its contribution to enhancing the Association's capacities overall.<sup>78</sup> The ASEAN Foreign Ministers in their joint communiqué in Singapore in July 2008 noted the importance of strengthening the Secretariat and providing it with adequate resources, and effective implementation of this commitment will clearly be important if the Secretariat is to be able to handle its wide and growing range of responsibilities.<sup>79</sup>

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76. Ibid., p. 79.

77. Asian Development Bank, 'Strengthening Capacity of the ASEAN Secretariat in Regional Economic Integration and Policy Dialogue', Technical Assistance Report, Project Number 40566, April 2007; Professor Tommy Koh, 'Not perfect but Charter is good start on road to regional progress', *Straits Times*, 21 July 2008.

78. Koh, op. cit.

79. 'Joint Communiqué of the 41st ASEAN Ministerial meeting, "One ASEAN at the Heart of Dynamic Asia"', Singapore, 21 July 2008 <http://www.aseansec.org/21771.htm>;

The Charter has stimulated considerable debate in ASEAN circles on just how far it represents a step forward. This was reflected in a notable public debate in Singapore in July 2008 between two highly experienced former officials and academic figures. In a critique in July 2008, Ambassador Barry Desker (head of the Rajaratnam School of International Studies) argued that while the Charter had moved ASEAN forward in some ways, it was a disappointment overall. Desker suggested that Myanmar's involvement in the preparation of the Charter had meant that 'ASEAN's traditional emphasis on non-interference and the sovereignty of states is upheld.' While the Charter had introduced some changes to ASEAN's organisational style, including the establishment of two new positions of deputy secretary general, it had not provided for increased resources for the Secretariat overall. Desker argued that: 'The question arises whether ASEAN needed a charter or whether its energies would have been better spent in increasing functional cooperation among its member.'<sup>80</sup>

In a response to Desker, Ambassador Tommy Koh (Chairman of the Institute of Policy Studies, Singapore and Singapore's representative on the group which drafted the Charter) viewed the Charter in a more positive light. The Charter, he argued, has introduced a number of new principles and objectives for the Association, including the promotion of human rights and support for constitutional government. Myanmar's participation had not compromised the development of the Charter. Koh also argued that the Charter should assist ASEAN in the area of compliance with agreements, because the Secretary General was now able to monitor these issues and report non-compliance to the Summit. Koh concluded: 'The charter is not perfect but it is a good one. Let us not make the best the enemy of the good. With the charter and the economic blueprint, we have the possibility to construct a new ASEAN which we can all be proud of.'<sup>81</sup>

As supporters of the Charter have pointed out, it is intended to be a 'living document' which under Article 50 can be reviewed five years after it enters into force 'or as otherwise determined by the ASEAN Summit'.<sup>82</sup> A key question will be whether the Charter will serve as a springboard for additional constructive debate and institutional development in the Association to assist it to adapt further to fulfil its own ambitious cooperation goals.

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80. Ambassador Barry Desker, 'Where the ASEAN Charter comes up short', *Straits Times*, 18 July 2008. The senior Indonesian analyst Jusuf Wanandi has been another prominent critic of the Charter. At a seminar in Singapore in January 2008, he criticised the Charter strongly on grounds including that it would not speed up ASEAN decision-making greatly, that it did not provide effectively for greater public involvement in the Association and did not specify how and when the human rights body would be established: see Cheong Suk-wai, 'Indonesian thinker takes Asean charter to task', *Straits Times*, 9 January 2008 and Jusuf Wanandi, 'RI's foreign policy and the meaning of ASEAN', *Jakarta Post*, 6 May 2008.

81. Professor Tommy Koh, op. cit.

82. *The ASEAN Charter*, op. cit., p. 35.

## ASEAN in 2008

### The Charter process: next steps

In the second half of 2008, the next important steps in relation to the ASEAN Charter are the ratification process and the development of proposals for an ASEAN human rights body.

By the end of July 2008, seven states had ratified the Charter: Brunei, Cambodia, Laos, Malaysia, Singapore, Vietnam and Myanmar, which announced its ratification during the ASEAN meetings in Singapore on 21 July. Of the three remaining states, Thailand's parliament endorsed the Charter on 16 September 2008, with full ratification expected after Royal approval.<sup>83</sup> In the case of the Philippines, President Macapagal-Arroyo stated during the Singapore ASEAN Summit in November 2007 that her country would be unlikely to ratify the Charter unless human rights conditions improved in Myanmar and opposition leader Aung San Suu Kyi was freed.<sup>84</sup> While the Myanmar regime has not either liberalised its rule or freed Aung San Suu Kyi, President Arroyo in 2008 established an inter-agency task force to encourage the Philippines Senate to support ratification. It is considered possible that the Philippines will be able to secure ratification even without evident progress in Myanmar.<sup>85</sup>

Ratification has attracted controversy in Indonesia's House of People's Representatives (DPR), which is probably the strongest legislative body in the ASEAN region. The DPR has refused to endorse an Indonesian ambassador to Myanmar for over a year because of concerns about internal conditions in the country. At the time of the ASEAN meetings in July 2008, some prominent DPR members expressed reservations over the Charter and by late July only two political parties (Golkar and President Yudhoyono's Democratic Party) had explicitly expressed support for it. Indonesia, however, is a founding member of ASEAN and the host to the Secretariat and it is therefore likely that the Charter will ultimately receive support.<sup>86</sup>

The other immediate challenge for the Charter process is following through on the commitment in the Charter to establish an ASEAN human rights body. The proposal has been discussed at a series of workshops but ASEAN's political diversity has made arriving at a consensus difficult. Differences in outlook were apparent at the 7<sup>th</sup> workshop on the ASEAN Regional Mechanism on Human Rights in Singapore in June 2008, which involved over sixty delegates from NGOs, think tanks and governments. According to Professor Tommy Koh, a key issue has been that Indonesia, Malaysia, the Philippines and Thailand already have

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83. 'Surin welcomes Thailand's ratification of Asean charter', *The Nation*, 18 September 2008.

84. 'Burma warned over Asean charter', *BBC News*, 19 November 2007.

85. Walter Lohman, 'Indonesia Holds up ASEAN Charter for Burmese People', WebMemo, no 1999, The Heritage Foundation, Washington D. C., 17 July 2008.

86. Salim Osman, 'Asean charter a no-go in Jakarta?', *Straits Times*, 26 July 2008; 'Experts believe Indonesia will ratify ASEAN charter', [channelnewsasia.com](http://channelnewsasia.com), 3 August 2008.

national human rights committees or bodies but Cambodia, Laos, Myanmar and Vietnam are not enthusiastic about following this path. Singapore and Brunei are in neither camp but have not been able to bridge the gap between the two.<sup>87</sup> It will clearly be difficult to achieve an outcome which will both receive endorsement from all members while also satisfying the expectations of public figures and NGOs in ASEAN's more liberal and democratic polities.<sup>88</sup> Nonetheless, the holding of detailed discussions about human rights issues at an ASEAN level represents a major step ahead in ASEAN political dialogue, and is another reflection of the ongoing impact of the climate of debate stimulated by the Charter development process.

#### Political leadership issues

A key issue for ASEAN in 2008 was the extent of political leadership which could be deployed by the members to continue to advance the agendas of the ASEAN Community project, including the Charter and the human rights body.

Several members were facing pressing domestic political issues which were likely to preoccupy policy-makers' attention. Thailand was facing ongoing political conflict between supporters and opponents of the former Prime Minister Thaksin Shinawatra which in August and early September 2008 involved stand-offs between demonstrators and the police. In late August 2008 ASEAN's Secretary General Surin Pitsuwan (a former foreign minister of Thailand) expressed concern that the ongoing political turmoil in Thailand could adversely affect the country's image as the chair of ASEAN in 2008 and 2009.<sup>89</sup> Malaysian politics were being dominated by the aftermath of the elections in March, in which opposition forces increased greatly their strength in parliament and—after the leading opposition figure Anwar Ibrahim re-entered parliament in a by-election on 26 August—were now in a position to pose a more potent challenge to the long serving coalition led by the United Malays National Organisation.<sup>90</sup> Indonesia was entering a phase in which much political attention would be dominated by the lead up and conduct of parliamentary and presidential elections in 2009. The Philippines also faces national elections in the first half of 2010 and, in the latter half of 2008, was also facing renewed conflict in the south amid efforts to pursue negotiations to try to alleviate the state of disaffection in the Muslim-dominated provinces.<sup>91</sup>

While domestic issues preoccupied the attention of a number of members, a sense of some urgency was also evident as ASEAN sought to advance its cooperation agenda. Singapore's

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87. 'An ASEAN human rights body in the making at the 7th Workshop on the ASEAN Regional Mechanism on Human rights', Singapore Institute of International Affairs, 17 June 2008.

88. Pokpong Lawansiri, 'Asean must move on human rights', *Bangkok Post*, 20 July 2008.

89. 'Asean chief worries about political turmoil', *Bangkok Post*, 29 August 2008.

90. Colum Murphy, 'A "people's victory" in Malaysia', *Far Eastern Economic Review*, September 2008.

91. 'Fighting in Philippines casts shadow over peace talks hopes', *Canberra Times*, 25 August 2008.

Prime Minister Lee Hsien Loong, in addressing the ASEAN ministerial meetings in Singapore on 21 July, warned that ASEAN could not take its regional position and sense of relevance for granted:

While we work to strengthen ASEAN, we should also not lose sight of our place in the evolving regional and international landscape ...

Because of longstanding tensions and rivalries between the major Asian powers, ASEAN could play a useful role as a neutral platform for regional interactions. But major power relations are improving, and alternative platforms are emerging, like the Six-Party mechanism and Shanghai Cooperation Organisation. The leaders of China, Japan and South Korea are arranging to hold a trilateral Summit in Japan this September, the first outside an ASEAN setting. ASEAN cannot take its continued relevance for granted. If our efforts to achieve faster and deeper integration falter, ASEAN may well be sidelined.<sup>92</sup>

### ASEAN's external 'dialogue' relationships

A key goal of ASEAN from its early days has been to engage the major external powers with interests in Southeast Asia in regular dialogue on security and economic issues, particularly through the Post Ministerial Conference discussions held with the annual ministerial meetings. This strategy has for ASEAN been a way of helping to mediate and manage the interests of the major powers in Southeast Asia, while seeking to forestall the danger of outright competition and intervention which was a dominant problem in the region for five decades from the 1940s.<sup>93</sup>

From the late 1970s until the end of the Cold War, these dialogues were focussed heavily on political and security issues, as ASEAN engaged its partners to advance ASEAN's interests in areas including efforts to alleviate the problems caused by large scale outflows of refugees from the Indochina states after 1975 and then the conflict over Cambodia (until a series of regional and international negotiations produced the Paris Agreements of October 1991, United Nations-organised elections and the inauguration of a new Cambodian government).

Political and security issues continue to be a vital part of ASEAN's external dialogues and efforts to counter terrorism have been particularly important since the 'September 11' attacks in the US in 2001. Since the late 1990s, there has also been an increasing focus on economic cooperation, as ASEAN and its partners have been interested to advance both their economic

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92. 'Speech by Prime Minister Lee Hsien Loong at the 41st ASEAN Ministerial Meeting, 21 July 2008, 945 AM', at <http://www.pmo.gov.sg/News/Speeches/Prime+Minister/Speech+by+PM+Lee+at+the+41st+ASEAN+Ministerial+Meeting.htm>

93. On Southeast Asian states' approaches towards the major powers see Evelyn Goh, 'Great Powers and Hierarchical Order in Southeast Asia: Analyzing Regional Security Strategies', *International Security*, vol. 32, no. 3, Winter 2007–08, pp. 113–157.

linkages and their overall strategic interests through the pursuit of closer external economic relations, often through a series of 'free trade' agreements.

ASEAN's most crucial external relations continue to be with the 'big three' Asia-Pacific states, the US, China and Japan.

The **United States**, the world's superpower, has longstanding relationships in Southeast Asia, which include formal security alliances with the Philippines and Thailand. The US continues to be the dominant maritime power in East Asia, has extensive networks of bilateral relationships and has also been interested to participate in emerging multilateral security dialogues, including the ASEAN Regional Forum, in which it was a founding member from 1994. Access to the United States market has continued to be a central element in the export-led economic growth of most ASEAN economies (including Vietnam, for whom the US is its largest export destination).

**Table 1: ASEAN Dialogue Partners, Treaty of Amity and Cooperation Signatories and East Asian Summit Participants**

	ASEAN DP	TAC	EAS
Australia	1974	2005	√
Bangladesh	–	2007	–
Canada	1977	–	–
China	1996	2003	√
Democratic People's Republic of Korea	–	2008	–
European Union	1972	–	–
France	–	2007	–
India	1995	2003	√
Japan	1977	2004	√
Mongolia	–	2005	–
New Zealand	1975	2005	√
Pakistan	1997 (sectoral)	2004	–
Papua New Guinea	–	1989	–
Republic of Korea	1991	2004	√
Russian Federation	1996	2004	–
Sri Lanka	–	2007	–
Timor-Leste	–	2007	–
United States	1977	–	–

Source: This table is based on material drawn with permission from an unpublished paper (2008) by Dr. Malcolm Cook, Mark Thirwell, Dr. John Ravenhill and Dr. Chris Roberts.

**Table 2: Participation in Regional Institutions**

	ASEAN	ASEAN +3 (China, Japan and South Korea)	East Asian Summit	ASEAN Regional Forum	Asia-Pacific Economic Cooperation
Brunei Darussalam	√	√	√	√	√
Indonesia	√	√	√	√	√
Malaysia	√	√	√	√	√
Philippines	√	√	√	√	√
Singapore	√	√	√	√	√
Thailand	√	√	√	√	√
Cambodia	√	√	√	√	—
Lao PDR	√	√	√	√	—
Myanmar	√	√	√	√	—
Viet Nam	√	√	√	√	√
Japan	—	√	√	√	√
China	—	√	√	√	√
Republic of Korea	—	√	√	√	√
Australia	—	—	√	√	√
New Zealand	—	—	√	√	√
India	—	—	√	√	—
Bangladesh	—	—	—	√	—
Canada	—	—	—	√	√
Chile	—	—	—	—	√
Democratic People's Republic of Korea	—	—	—	√	—
European Union	—	—	—	√	—
Mexico	—	—	—	—	√
Mongolia	—	—	—	√	—
Pakistan	—	—	—	√	—
Papua New Guinea	—	—	—	√	√
Peru	—	—	—	—	√
Russian Federation	—	—	—	√	√
Sri Lanka	—	—	—	√	—
Taiwan	—	—	—	—	√
Timor-Leste	—	—	—	√	—
United States	—	—	—	√	√

Source: This table is based on material drawn with permission from an unpublished paper (2008) by Dr. Malcolm Cook, Mark Thirwell, Dr. John Ravenhill and Dr. Chris Roberts.

Since 'September 11' 2001, the desire of the US to combat the presence and capacities of international terrorist groups, and particularly al-Qaeda, has led to increased cooperation with almost every government in Southeast Asia (with the exception of Myanmar). In 2003, both

Thailand and the Philippines were accorded the status of 'major non-NATO allies' and security contacts have been enhanced with other states including Malaysia and Indonesia.<sup>94</sup>

While US bilateral relations in Southeast Asia have generally been progressing effectively, there has been some concern that this has not been matched fully by progress in multilateral relations with ASEAN. The US has been an official dialogue partner of ASEAN since 1977 and its Secretary of State normally has regular annual meetings with her/his ASEAN counterparts. The US's heavy emphasis since September 2001 on counter-terrorism issues, however, has been seen as being sometimes narrow in focus and the US administration has not always given ASEAN the individual attention it has sought. For example, concerns were expressed when Secretary Rice was unable to attend the annual ASEAN foreign ministers' meetings and the ARF in July 2005 and again in July 2007. At the same time, China since the late 1990s is considered widely to have been very effective in its development of relations with the ASEAN region.<sup>95</sup>

The US has recently sought to raise the profile of its multilateral association with ASEAN. In November 2005 the US and ASEAN endorsed a 'Joint Vision Statement on the ASEAN-US Enhanced Partnership' which called for pursuit of a wide range of political, economic and social cooperation.<sup>96</sup> The US and ASEAN concluded a Trade and Investment Framework Agreement (seen as a potential precursor to an FTA) in August 2006.<sup>97</sup> The US, having concluded a bilateral free trade agreement with Singapore in 2003, has also pursued bilateral free trade discussions with Malaysia, Thailand and Vietnam although none of these had come to fruition by mid-2008 and further progress seems unlikely before the advent of a new administration in Washington in 2009.<sup>98</sup>

The profile of US relations with ASEAN was to have been raised further in 2007 with a joint US-ASEAN summit meeting of heads of government to have been held in Singapore on 5 September 2008. However, ASEAN's expectations for the meeting were disappointed when it was announced that President Bush would be unable to participate: it is hoped to convene the meeting later.<sup>99</sup>

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94. Satu P. Limaye, 'United States-ASEAN Relations on ASEAN's Fortieth Anniversary A Glass half Full', *Contemporary Southeast Asia*, vol. 29, no. 3, December 2007, p. 462.

95. 'US/ASEAN: Washington seeks to strengthen ties'. *Oxford Analytica*, 28 February 2006. On China's role in Southeast Asia, see Bronson Percival, *The Dragon Looks South: China and Southeast Asia in the new century*, Praeger, Westport, Connecticut, 2007.

96. 'United States, ASEAN nations commit to enhanced partnership', US Department of State, 17 November 2005.

97. [http://www.census.gov/foreign-trade/Press-Release/2005pr/final\\_revisions/exh13tl.pdf](http://www.census.gov/foreign-trade/Press-Release/2005pr/final_revisions/exh13tl.pdf)

98. 'US/ASEAN: Despite stumbles, ties are set to grow', *Oxford Analytica*, 13 August 2008.

99. Philip Bowring, 'Neglecting East Asia', *International Herald Tribune*, 3 August 2007.

The US has taken additional steps in 2008 to reaffirm relations. In April, the US became the first country to nominate an Ambassador to ASEAN: Scott Marciel would take up the position (which he would hold concurrently with his role as Deputy Assistant Secretary of State for Southeast Asia). It was reported that the US hoped that the appointment would encourage other countries to follow suit and help establish a group of diplomats from ASEAN partners who could encourage the group's evolution. While progress on bilateral trade agreements with Malaysia and Thailand was limited by the pre-election political climate, the US and ASEAN reached another multilateral agreement in February 2008 (the ASEAN Development Vision to Advance National Cooperation and Economic Integration—known as 'ADVANCE') intended to build on ongoing cooperation through joint policy studies and faster movement towards a 'single window' arrangement to streamline customs clearance for ASEAN imports and exports.<sup>100</sup> While efforts to progress multilateral political dialogue remained inhibited by the problem of Myanmar, Secretary of State Rice participated in the July 2008 ASEAN dialogues and the ARF. In a meeting with Singapore's Minister for Foreign Affairs George Yeo, Secretary Rice praised ASEAN as a 'place where people can rally and try to solve problems.' Dr Rice also reaffirmed the US view that ASEAN has an important role to play in bringing about change in Myanmar.<sup>101</sup>

Some concerns have continued in the US about the potentially adverse impact of the US's preoccupation with issues in the Middle East (especially Iraq) for its interests in Southeast and East Asia. However, the US remains a central factor in the security and economic well-being of the region and its role is congenial to almost every ASEAN member. As the International Institute for Strategic Studies has observed:

Washington's security interest, which includes a substantial military presence in Southeast Asia's neighbourhood, in effect relieves the ASEAN governments of the need for immediate concern over China's increasing presence. The US is still playing a vital role as a 'regional balance'... The present major power equilibrium in Southeast Asia suits ASEAN members, which are mainly keen to enjoy positive relations with both parties and want, above all, to avoid having to choose sides between either the Chinese or the Americans.<sup>102</sup>

ASEAN's relations with **China** have advanced substantially in the past decade. Relations between the People's Republic of China and Southeast Asia were for many years marked by mutual suspicion and reservations, as China gave support to Communist Parties in regional states. China also has overlapping claims in the South China Sea with four ASEAN members (Brunei, Malaysia, the Philippines and Vietnam). However, since the mid-1990s, China-Southeast Asia relations have improved markedly. The period of the Asian financial crisis (from mid-1997) was a watershed for relations. China was seen to have been supportive

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100. 'US/ASEAN: Stalled, trade, diplomatic agendas get boost', *Oxford Analytica*, 16 April 2008.

101. Vijay Joshi, 'US praises ASEAN as place to rally despite failure to resolved Thai-Cambodia dispute', Associated Press, 24 July 2008.

102. 'China, America and Southeast Asia', *Strategic Comments*, International Institute for Strategic Studies, vol. 11, issue 1, February 2005, p. 2.

towards the region and its maintenance of the value of the Yuan (so that China did not 'undercut' its neighbours when they were attempting to stabilise their economies after several states had experienced currency devaluations) was appreciated by ASEAN's members. In the wake of the financial crisis, trade and access to foreign direct investment were of particular concern to ASEAN members and they were highly aware of China's growing presence as a factor in the regional as well as in the international economy. There were particular anxieties that ASEAN states would not be able to compete effectively with China's booming economy in attracting investment.<sup>103</sup>

Since 1997, China has pursued closer relations with the ASEAN region both bilaterally and multilaterally. China and ASEAN have concluded protocols in areas including human resource development, public health, information and communications technology, transportation, environment and culture. At the ASEAN-China summit in November 2002 the two sides signed agreements including the Declaration on Conduct of Parties in the South China Sea and documents covering non-traditional security threats, economic cooperation and agricultural cooperation. At the ASEAN summit in 2003, China took the important step of formally acceding to ASEAN's Treaty of Amity and Cooperation. At the same summit, ASEAN and China signed the Joint Declaration on Strategic Partnership for Peace and Prosperity, which addresses a wide range of political, economic, social and security issues.<sup>104</sup>

A very significant area of cooperation now underway is the commitment by both sides to implement an ASEAN-China Free Trade Agreement (ACFTA, to include China and the six 'older' ASEAN members—Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand—by 2010 and the four 'newer' members—Cambodia, Laos, Myanmar, and Vietnam—by 2015). A key motivation on China's part in pursuing the ACFTA was to allay ASEAN concerns about the potential adverse impact on their economies of China's rapid rise in economic strength, particularly when it joined the WTO in 2001 and was able to gain access for its highly competitive manufactured products on similar terms to ASEAN exporters in major world markets. The ACFTA brings together member states which will have a combined population of about 2 billion and a collective gross domestic product of US\$3 trillion.<sup>105</sup> The appeal of the agreement to ASEAN members has been enhanced by China's offer of 'early harvest' reductions of tariffs on some products much earlier than the scheduled date for inauguration of the overall agreement (so that exporters from ASEAN members can gain some rapid and evident advantages from the agreement). With the ACFTA agreement, China has been able to both boost its image in the ASEAN region and assert a strongly competitive position in economic cooperation in relation to Japan, which reached a multilateral 'economic partnership' agreement with ASEAN in April 2008.

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103. Alice D. Ba, 'China and ASEAN: Renavigating relations for a 21st century Asia', *Asian Survey*, vol. XLII, no. 4, July–August 2003, p. 637.

104. David Shambaugh, 'China engages Asia', *International Security*, vol 29, no 3, Winter 2004, pp. 75–76.

105. Ba, *op. cit.*, p. 642.

While China-ASEAN relations are close they also involve some tensions and potential discord. In relation to the South China Sea, it has not been possible to extend the 2002 accord to the level of a legally-binding Code of Conduct; China has preferred to deal with ASEAN members on a bilateral basis rather than multilaterally. Myanmar is a focus of some difference in emphasis given that China's close relationship with the Myanmar government is a major obstacle to ASEAN efforts to promote more liberal approaches by the regime. China also faces the ongoing and very strong influence in the region of the US and Japan. China is understood to be working on further ways to advance its ASEAN relations. It announced the appointment of an ambassador to ASEAN during the July 2008 meetings. Some new initiatives may be announced at the next Summit in Bangkok in December 2008, including a multi-billion dollar development fund to be used for infrastructure and public works in the ASEAN and Mekong sub-region.<sup>106</sup>

Since the end of World War II **Japan** has developed close and cooperative relations in Southeast Asia. In these relations Japan has faced fewer problems from legacies of past involvements than it often encounters in Northeast Asia: Japan was not a long-term colonial occupying power in Southeast Asia and its presence during World War II was viewed in some countries (such as Indonesia) at least partly as a catalyst which helped to facilitate the decline of European colonial authority. Japanese trade and investment have played a major role in Southeast Asian economic development and from the 1980s Japanese industry relocated many manufacturing facilities to the region.

Japan has supported ASEAN's development and has been a dialogue partner since 1977. Japan was a major contributor to the international response to assist regional economies affected by the Asian financial crisis from mid-1997. Japan has acceded to ASEAN's Treaty of Amity and Cooperation (in 2004) and has participated actively in ASEAN's efforts towards wider regional dialogue, including through the ARF, the ASEAN Plus Three grouping and the East Asia Summit (see below). Japan announced plans to nominate an ambassador to ASEAN in July 2008, once the ASEAN Charter comes into effect.<sup>107</sup> Japan's interest in and support for ASEAN has continued to grow and encompasses many areas of cooperation, including human resource development and counter-terrorism. In December 2005, at the 11<sup>th</sup> ASEAN summit in Kuala Lumpur, Japan and ASEAN issued a joint declaration affirming their commitment to deepen relations. Japan provided a commitment of US\$70 million to support ASEAN's regional integration projects and the two sides pledged to continue cooperation in areas including the threat of terrorism, transnational crime, avian influenza (with Japan committing US\$135 million to assist in preventative measures), rising oil prices and natural disasters.<sup>108</sup>

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106. Kavi Chongkittavorn, 'Expert discusses China-Asean relations', Thai News Service, 24 June 2008.

107. 'Australia, China, Japan plan to appoint envoys to ASEAN', Singapore, Kyodo, 23 July 2008.

108. 'Japan, ASEAN agree to increase strategic cooperation', Thai News Service, 15 December 2005.

In the last decade Japan's prominence as a regional partner for Southeast Asia has been challenged strongly by the rising economic and political influence of China. Concerned to maintain its influence and involvement in the region, Japan for its part has pursued its own economic agreements—which it terms Economic Partnership Agreements (EPAs)—in the ASEAN region. The Economic Partnership Agreements are intended to cover not only trade liberalisation but also areas including free (or at least 'freer') movement of labour and provisions on investment protection, intellectual property rights and cultural and educational cooperation. Japan has so far signed EPAs with Singapore, Thailand, Indonesia, Malaysia and the Philippines. The EPA signed with the Philippines (in September 2006) was notable for the inclusion of provisions for Japan to accept nurses and care workers (albeit under strict conditions, including Japanese language proficiency).<sup>109</sup>

Japan has also been negotiating an overall trade agreement with ASEAN. Japan has faced the problem that its key domestic agriculture sectors have been unwilling to accept liberalisation proposals. The EPA reached with the Philippines, for example, excluded key agricultural items from liberalisation, including rice, wheat, barley, beef and pork.<sup>110</sup> In April 2008, multilateral relations took a significant step forward when Japan and ASEAN announced agreement on a comprehensive economic partnership. The agreement is wider than a FTA in that it also covers services and investment. ASEAN within the next ten years is expected to benefit from the elimination of tariffs on 93 per cent of their exports to Japan. ASEAN members will lower tariffs on Japanese goods, with the more developed members such as Indonesia and Thailand moving more quickly than the newer members. The EPA should help Japan tie itself further into the ASEAN region and bolster its position as a partner *vis a vis* China.<sup>111</sup> Alongside these developments, Japan has also announced an ambitious proposal for a wider 16 country trade and economic agreement (covering the members of the East Asia Summit) which has added another strand to the debate and diplomacy over economic cooperation in East Asia (see below).

ASEAN's other significant partners include **South Korea**, which has been a dialogue partner since 1979 and is a signatory to the Treaty of Amity and Cooperation. ASEAN has negotiated a Free Trade Agreement with South Korea which was concluded in 2006.<sup>112</sup> The end of the Cold War opened up new prospects for ASEAN's relations with **Russia**, hitherto marked by distance and suspicion. Russia has valued the chance to participate in ASEAN's Post Ministerial Conferences (since 1991), becoming a full dialogue partner in 1996 and holding its first leadership summit with ASEAN in December 2005. Russia offers ASEAN cooperation in science, technology and arms procurement but its profile is limited overall by its comparatively small-scale trade relationship, which is dwarfed by those of other partners

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109. 'Japan: Landmark accord lets in foreign labour', *Oxford Analytica*, 27 September 2006.

110. *ibid.*

111. 'Japan/ASEAN: Signing moves EPA closer to taking effect', *Oxford Analytica*, 15 April 2008.

112. ASEAN Secretariat, 'ASEAN-Republic of Korea Dialogue Relations', at <http://www.aseansec.org/7672.htm>.

such as the US, Japan and China.<sup>113</sup> **India** is becoming an increasingly relevant partner for ASEAN and its greater interest in the East Asia region was symbolised by its membership in the East Asia Summit in 2005. In August 2008, the two sides announced that a free trade agreement had been arrived at and would be presented for formal agreement.<sup>114</sup>

The **European Union** (EU) became ASEAN's first dialogue partner in 1972 and a substantial multilateral relationship has been developed. Relations were pioneered by the two sides' economics ministers, with ASEAN keen to increase access for its exports to European markets. Dialogue at foreign minister level began in 1978 and has since been conducted every two years. The two sides entered into a Cooperation Agreement in 1980 which has involved many areas of contact and activity. The issue of Myanmar, however, has been a problem in the relationship: the EU refused to allow Myanmar to sign the Cooperation Agreement and the situation in that country has been a regular focus for discussions between the EU and ASEAN. The two sides began negotiations for a free trade agreement in 2007 and on 22 November 2007 the first ever EU-ASEAN Summit was held in Singapore (during ASEAN's Summit) to celebrate 30 years of cooperation.<sup>115</sup> In September 2008 it was announced that the EU plans to sign ASEAN's Treaty of Amity and Cooperation in 2009.<sup>116</sup> A further channel for dialogue has been provided by the Europe-Asia Meetings (ASEM), initiated in 1996, which have brought together every two years the EU members and the ASEAN members along with Japan, China and South Korea. EU concerns about Myanmar prevented Cambodia, Laos and Myanmar from joining ASEM until 2004. ASEM has continued as a top-level forum of government leaders: it has been supported by the Asia-Europe Foundation, based in Singapore.<sup>117</sup>

ASEAN's other dialogue partners include New Zealand, Canada and the United Nations Development Programme: Australia's relationship is discussed in detail below.<sup>118</sup>

## ASEAN and wider East Asian regional cooperation

While it has sought to consolidate relations among its own members and to engage major partners in regular dialogues, ASEAN has also sought to play a role in fostering institutional

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113. 'Russia/ASEAN: pragmatic calculations guide policy', *Oxford Analytica*, 28 September 2006.

114. 'India to open major chunk of trade under FTA with ASEAN', *The Hindu*, 10 August 2008.

115. European Commission, 'ASEAN, a key partner for Europe', at [http://ec.europa.eu/external\\_relations/asean/intro/index.htm](http://ec.europa.eu/external_relations/asean/intro/index.htm) ; Severino, *Southeast Asia in Search of an ASEAN Community*, op cit, p. 329–336.

116. Petchanet, Pratuangkrai, 'EU to sign Asean amity, cooperation treaty', *The Nation*, 13 September 2008.

117. Severino, *Southeast Asia in Search of an ASEAN Community*, op. cit., pp. 334–336.

118. See ASEAN Secretariat, 'ASEAN-New Zealand Dialogue' on ASEAN website at <http://www.aseansec.org/5826.htm>; 'ASEAN-Canada' at <http://www.aseansec.org/4969.htm>; 'ASEAN-UNDP Dialogue', at <http://www.aseansec.org/6029.htm>.

dialogue and cooperation on a wider regional basis in East Asia and the Asia-Pacific regions. These efforts have, since the mid-1990s, been one of ASEAN's most prominent areas of emphasis. The three major expressions of this have been the ASEAN Regional Forum, the ASEAN Plus Three process, and the East Asia Summit.

### **The ASEAN Regional Forum**

The ASEAN Regional Forum (ARF) was initiated in 1994 to extend ASEAN's role in sponsoring dialogue on security issues in the East Asia region. It was conceived as a 'process not an institution'.<sup>119</sup> The ARF now has 27 participants including the ASEAN ten, the US, China, Japan, South Korea, Australia and New Zealand.<sup>120</sup>

The ARF emerged from discussions among ASEAN members and their dialogue partners on how the role of the Post Ministerial Conference might be extended to sponsor multilateral discussions on regional security issues. The Forum was conceived as a group that would be inclusive in membership but with ASEAN playing the leading role. Thus at the second Forum meeting in Brunei in 1995 the chairman's statement declared that, 'A successful ARF requires the active, full and equal participation and cooperation of all members. However, ASEAN undertakes the obligation to be the primary driving force.'<sup>121</sup> To affirm ASEAN's role, it was declared that the ARF should take place annually in the context of ASEAN's ministerial and Post Ministerial Conferences. The Forum's method and approach were clearly patterned after ASEAN's. The view that the 'ASEAN Way' was the only feasible one for the Forum was reflected clearly in the 1995 chairman's statement: 'The ARF process shall move at a pace comfortable to all participants... The approach shall be evolutionary... Decisions of the ARF shall be made through consensus after careful and extensive consultations among all participants.'<sup>122</sup>

The ARF was established in an environment of strategic uncertainty in East Asia after the demise of the Soviet Union and in a region which had no multilateral forums for security dialogue. The Forum aimed to bring together the major powers with interests in regional security, including Japan, China and the United States. Ralf Emmers (Rajaratnam School of International Studies, Singapore) has observed that:

ASEAN's decision to establish the ARF resulted from several motivations. It was regarded by ASEAN as a diplomatic instrument to promote a continuing United States involvement

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119. Barry Desker, 'Is the ARF obsolete?', *IDSS Commentaries*, 20 July 2006.

120. See <https://www.aseanregionalforum.org/>; ARF members are Australia, Brunei, Burma (Myanmar), Cambodia, Canada, China, European Union (Presidency), India, Indonesia, Japan, Laos, Malaysia, Mongolia, New Zealand, Pakistan, PNG, Philippines, Republic of Korea, Democratic People's Republic of Korea (DPRK), Russia, Singapore, Sri Lanka, Thailand, USA and Vietnam.

121. Severino, *Southeast Asia in Search of an ASEAN Community*, op. cit., p. 192.

122. *ibid.*

in the region and to encourage China into habits of good international behaviour. The ARF was thus viewed as a means to both socialise Beijing in a comprehensive fashion while keeping Washington engaged in the region. Furthermore, the creation of the ARF was meant to ensure the ongoing relevance of ASEAN. Its members needed to avoid being excluded from a new strategic architecture that was chiefly dependent on a Sino-Japanese-US triangle. ASEAN hoped therefore to consolidate its diplomatic position by further developing its stabilising role in Southeast Asia and beyond.<sup>123</sup>

The ARF has largely succeeded in fulfilling ASEAN's original goals for it. The ARF has been useful as a venue for China to gain experience in regional multilateral dialogue, which has been a positive step as China was initially unenthusiastic about the concept. The US, with its strong set of bilateral security relationships in the region, was initially cool towards the ARF but under the Clinton administration increased its involvement, although its bilateral security relationships remain paramount in its regional strategies.<sup>124</sup>

ARF meetings are held at Foreign Minister level annually in July, in conjunction with the ASEAN Post Ministerial Conference (PMC). The ARF has minimal institutionalisation, consensus decision making and uses both 'first and second track' (i.e. official level and NGO/academic level) diplomacy.<sup>125</sup> The ARF agreed in 1995 on a gradual three-stage evolution of confidence building, preventive diplomacy and in the longer term, approaches to conflict resolution.<sup>126</sup> ASEAN spokespersons continue to emphasise the Forum's value. At a meeting in September 2006 Malaysia's Minister for Defence stated that, 'Through this forum we can sit down together to understand the root causes of these security issues, create awareness and build up confidence which will allow us to narrow the gap of uncertainty.'<sup>127</sup>

The ARF is so far generally considered to have been a modest success as a useful vehicle for discussion and confidence building. The Forum's plenary and inter-sessional discussions have had some practical results. These include the issuing of annual defence policy statements and additional White Papers, which contribute to greater 'transparency'; military exchanges at staff college level; growing involvement of defence officials in ARF discussions; and the creation of an ARF Register of Experts/Eminent Persons, who can be called on by Forum members in conflict situations.<sup>128</sup> However, the ARF's premium on non-

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123. Ralf Emmers, 'ASEAN Regional Forum: time to move towards Preventative Diplomacy', *RSIS Commentaries*, Singapore, 25 October 2007.

124. Evelyn Goh, 'The ASEAN Regional Forum in United States East Asian strategy', *Pacific Review*, vol. 17, no. 1, March 2004, pp. 47–69.

125. The 'second track' discussions are conducted particularly by the Council for Security Cooperation in the Asia-Pacific (CSCAP)—see <http://aus-cscap.anu.edu.au/>

126. Barry Desker, 'The Future of the ASEAN Regional Forum', *Perspectives*, Institute of Defence and Strategic Studies, Singapore, October 2001.

127. 'ASEAN: centre of Asian boom amid security fears?' SEAPSNet, September 2006.

128. Simon, *op. cit.*, p. 23.

confrontation means that it does not have a mandate to intervene directly in security disputes. The Forum's limits were illustrated clearly during the crisis over East Timor in 1999. Although the crisis involved a core member of ASEAN (Indonesia), the ARF was not able itself to take any significant action, although several ASEAN members did take part in the United Nations sponsored peacekeeping efforts led by INTERFET and UNTAET.<sup>129</sup>

The Forum has recently pursued practical cooperation in areas including disaster relief (with a 'desk top' planning exercise held in Jakarta in May 2008 and a 'live' exercise to be hosted by the US and the Philippines in 2009), meetings of experts to discuss peacekeeping, and cooperation on maritime security, including a 'desk top' exercise in 2007.<sup>130</sup> The ARF has also begun to move beyond its agreed first stage of confidence-building, to explore possibilities for preventive diplomacy. At its 2007 meeting in Manila, the ARF members adopted provisions for a rapid response group able to respond to emergencies. The group, called the 'Friends of the ARF Chair', will comprise three ARF foreign ministers who can assist the chairman and will be convened for specific tasks such as immediate threats to security. In addition The ARF agreed on a Cooperative Framework on Counterterrorism and Transnational Crime which covers eleven areas including transport security, information exchange and management of the impact of terrorist acts.<sup>131</sup>

However it is not clear how much further the ARF can go to extend its role in security dialogue in the region. Its membership is wide and diverse and finding a consensus among the members has not been easy. It is not in a position to address directly some of the most significant security issues in the Asia-Pacific region, such as the situation of Taiwan, the North Korean nuclear issue or the situation in Kashmir (because particular member countries would veto such attempts). The limitations of the diverse and consensus-based ARF have been illustrated by the advent of the Six Party Talks process in relation to North Korea's nuclear program. This group is smaller and confined to those major parties with immediate interests in the issues being addressed. The operations of the Six Party Talks process so far (while not yet a success) have led to suggestions that they could ultimately evolve into a 'Northeast Asia security forum' which would not have ASEAN participation and would be seen to be performing roles the ARF had not been able to. The ARF also faces the challenge that additional regional groups could come to assume a greater cogency in relation to security dialogue, including ASEAN Plus Three, which is more geographically focused than the now

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129. Mely C. Anthony, *Regionalisation of Peace in Asia: Experience and Prospects of ASEAN, ARF and UN Partnership*, Singapore, Institute of Defence and Strategic Studies, Working Paper No 42, January 2003, pp. 16–18.

130. 'Department of Defence Submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade, Inquiry into Australia's Relations with ASEAN', Canberra, August 2008 at <http://www.aph.gov.au/house/committee/jfadt/asean1/subs/sub7.pdf>

131. 'Asian security forum moves towards preventative diplomacy with quick-reaction group', *International Herald Tribune*, 2 August 2007.

very diverse ARF. Having achieved its original aims for ASEAN, the Forum now faces the challenge of extending its role and relevance to its members.<sup>132</sup>

### The ASEAN Plus Three process

ASEAN members have also been interested in developing wider dialogues with a special focus on interactions specifically among the countries of East Asia.

There was some support within East Asia for an 'Asia-focused' form of cooperation at least from the early 1990s when Malaysia's Prime Minister Mahathir proposed an 'East Asia Economic Group' which would have an exclusively Asian membership. At this time, the concept of an East Asian-focussed grouping did not meet with thoroughgoing approval in the region. Japan, in particular, did not support the concept.<sup>133</sup> Furthermore, attention on regional cooperation in the early 1990s was focused on the development of the Asia Pacific Economic Cooperation (APEC) grouping of Asia-Pacific economies.

However a series of factors from the mid-1990s increased support for an East Asian-focussed grouping. These included;

- the inauguration of the Asia-Europe Meetings (ASEM) in 1996, which explicitly involved dialogue between Europe and an 'Asian side'
- the traumatic impact on many regional economies of the Asian financial crisis from mid-1997, which prompted many regional states to consider the desirability of greater cooperation to forestall any future crisis and to add greater 'weight' for Asia in relations with international institutions such as the International Monetary Fund
- APEC's inability to maintain the momentum towards trade liberalisation it had in the mid-1990s
- a continuing sense that the ongoing development of regional groupings in Europe (the European Union) and the Americas (the North American Free Trade Agreement) should be accompanied by greater East Asian cooperation; and
- China's dynamic economic growth which stimulated a rise in the importance of trade among the countries of East Asia.

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132. Emmers, op. cit.

133. Chang-gun Park, 'Japan's emerging role in promoting regional integration in East Asia: towards an East Asian Integration Region (EAIR)', *Journal of International and Area Studies*, vol. 13, no. 1, 2006, pp. 53–72.

All these developments contributed to the opening up of 'political space' for an East Asian grouping.<sup>134</sup>

ASEAN's first major step towards wider cooperation in East Asia was the inauguration of the 'ASEAN Plus Three' process, which stemmed from a meeting of the ASEAN members and China, Japan and South Korea in Kuala Lumpur in 1997. ASEAN Plus Three (APT) is not a formalised organisation but is a loose cooperative framework based on conferences and dialogue. The APT members have pursued dialogues at several different levels simultaneously: among all thirteen members, among the ASEAN 'ten' and one other member (which has enabled China and Japan, in particular, to maintain and develop their own specific relationships with ASEAN), and among the three Northeast Asian members (China, Japan and South Korea)—who held their first trilateral meeting in 1999.<sup>135</sup>

The APT process has involved annual meetings of the members' leaders (held during ASEAN's Summits), and many meetings of ministers and senior officials in areas including politics and security, trade, labour, agriculture and forestry, tourism, energy and environment. China has also sponsored a study to explore the feasibility of an 'East Asia Free Trade Area' among the thirteen APT countries.<sup>136</sup> The most significant element in APT activities so far, however, has been the promotion of regional financial cooperation, in two major ways.

In the aftermath of the Asian financial crisis from 1997, there were widespread sentiments in East Asia that reliance on international financial institutions (particularly the International Monetary Fund) was no longer entirely adequate for the economies of the region. Some adversely affected countries considered that the IMF had been unduly tough in its conditions for assistance to the East Asian states. One initial response to these views came from Japan, which proposed that an 'Asian Monetary Fund' should be established in which Japan could be expected to play a leading role. This proposal met with opposition from the US and also from China. From 1999, however, the APT group sponsored another proposal to increase financial communication and interaction among the East Asian economies through the 'Chiang Mai Initiative', which involves a series of 'currency swap' arrangements (initially on a bilateral basis) between the central banks of participating states. The arrangements provide the potential for regional countries to offer assistance to an ASEAN Plus Three member which faces financial difficulties and currency instability—without having to wait for action from the IMF or other authorities. The arrangements involve a surveillance mechanism so that the performance of the assisted country could be overseen by other regional states. The

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134. Richard Stubbs, 'ASEAN Plus Three: Emerging East Asian Regionalism?' *Asian Survey*, vol. XLII, no 3, May–June 2002, pp. 441–448.

135. Sanae Suzuki, 'East Asian Cooperation through Conference Diplomacy: Institutional Aspects of the ASEAN Plus Three Framework', Tokyo, APEC Studies Center, Institute of Developing Economies, JETRO, March 2004.

136. 'Feasibility Study for East Asia Free Trade Area to Begin', AFP, 24 January 2005; Malcolm Cook, 'The United States and the East Asia Summit': Finding the Proper Home', *Contemporary Southeast Asia*, vol. 30, no. 2, August 2008, p. 295.

total amount committed to the 'currency swap' arrangements is now over US\$83 billion, although the amount available to any one member would be only a fraction of this total.<sup>137</sup>

On 4 May 2008 the APT finance ministers announced a further development of their financial cooperation. The 'Chiang Mai Initiative' would now be extended to involve the commitment of US\$80 billion on a multilateral basis into a regional fund to help protect regional currencies from speculative attacks. This announcement has been made in an environment where most East Asian economies are now in substantially different positions from those faced at the time of the 1997 financial crisis. Most economies now have current account surpluses and are not seen to be in danger of speculative attacks or liquidity crises. The finance ministers' announcement also made it clear that major technical issues have still to be finalised on exactly how such a fund would operate. The proposed multilateral fund has, however, been seen as a further useful avenue towards regional economic cooperation and one which is being pursued in association with, and not in opposition to, the existing international arrangements, especially the IMF.<sup>138</sup>

The second major aspect of regional financial cooperation has involved the development of an Asian bond market. The intention of this program is to enable increased access for regional investors to funds from the large stocks of savings in the East Asian economies. In particular, the Asian bond program is intended to enable East Asian entities to borrow funds from other East Asian countries' reserves which are denominated in local currencies, rather than the currencies of the major industrial economies. Development of an Asian bond market has also been seen as a valuable way of enhancing interaction between China and other regional economies. To date, however, the progress has been very modest, in large part because of domestic regulations that prevent bond markets from operating effectively<sup>139</sup>

The APT grouping faces some significant internal tensions and obstacles to the consolidation of accord and cooperation. The group is highly diverse in character, given that it includes advanced market economies, the two most significant Communist led market oriented systems and a number of less developed states. The three northeast Asian members have also faced major differences and tensions in their bilateral relations. China and South Korea have developed a notably close economic relationship since their diplomatic relations were normalised in 1990 but the existence of ongoing suspicions was evident in a dispute over a historical claim in 2004. Relations between Japan and China, and Japan and South Korea have also had substantial tensions. While economic relations in both cases are very extensive, suspicions and tensions over history and especially the legacy of World War II remain, although the Japan-China relationship has recently improved after further dialogue in 2008

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137. Jennifer Amyx, 'What Motivates Regional Financial Cooperation in East Asia Today?', Asia Pacific issues, East West Center, Hawaii, February 2005; 'East Asia: monetary cooperation takes step forward', *Oxford Analytica*, 11 May 2005.

138. Ulrich Volz, 'Asian Monetary Fund, Take Two', *Far Eastern Economic Review*, June 2008.

139. Amyx, op. cit., pp. 4–6.

between Prime Minister Yasuo Fukuda and President Hu Jintao.<sup>140</sup> The potential for further development of ASEAN Plus Three cooperation will depend especially on the climate of China-Japan relations.

At the meeting of the APT foreign ministers in Singapore on 22 July 2008, the ministers held talks 'in retreat format' for the first time and expressed satisfaction that their relations had '...reached a high level of comfort...' They also reaffirmed the priority they attach to their cooperation. The Chairman's Statement after the meeting stated that:

They reaffirmed that the ASEAN Plus Three process would continue to be the main vehicle towards the long-term goal of building an East Asian community, with ASEAN as the driving force. At the same time they recognised and supported the mutually reinforcing and complementary roles of the ASEAN Plus Three and such regional fora as EAS, ARF, APEC and ASEAN to promote East Asia community building.<sup>141</sup>

The ASEAN Plus Three grouping has become a significant focus for regional dialogue and it has encouraged regional leaders to think further about how that dialogue can be best advanced. The ASEAN Plus Three leaders have accordingly commissioned studies and reports to explore bases for further East Asian cooperation—which encouraged development of proposals for an 'East Asia Summit'.

### The East Asia Summit

The idea for an East Asia Summit (EAS) arose from discussions within ASEAN Plus Three and was raised in a report which that grouping commissioned from the 'East Asia Study Group' in 2002.<sup>142</sup> At ASEAN's annual summit in Vientiane in December 2004, Prime Minister Badawi of Malaysia (as the host of the next ASEAN summit, to be held in Kuala Lumpur in 2005) announced that an East Asia Summit would be convened during those meetings. On the issue of possible participation, ASEAN, as the convenor of the first EAS, made it clear that Summit participants must be signatories of the ASEAN Treaty of Amity and Cooperation (or be prepared to sign it), needed to be full ASEAN Dialogue Partners, and had to have substantial relations with ASEAN.

The political sensitivities involved in East Asia cooperation soon became evident, particularly because of the competing interests of China and Japan. As Mohan Malik (Asia-Pacific Center for Security Studies, Honolulu) has suggested:

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140. Tobias Harris, 'Japan accepts its "middle power" fate', *Far Eastern Economic Review*, July 2008.

141. 'Chairman's Statement of the 9th ASEAN Plus Three Foreign Ministers Meeting, 22 July 2008, Singapore.

142. 'Final Report of the East Asia Study Group', ASEAN + 3 Summit, 4 November 2002, Phnom Penh, Cambodia at <http://www.aseansec.org/viewpdf.asp?file=/pdf/easg.pdf>.

The EAS began with a backdrop of intense diplomatic maneuvering and shadow boxing, and ended with the power game being played out in the open. China and Japan were locked in a bitter struggle for supremacy, with Beijing attempting to gain the leadership position in the planned EAC (ie East Asian Community), and Tokyo trying to rein in its rival with the help of other “China wary” nations in the Asia-Pacific.<sup>143</sup>

China was initially enthusiastic about the Summit proposal and argued that it should most appropriately be based on the 13 member countries of ASEAN Plus Three. However it was evident that some other states were reserved about the prospect of a Summit based solely on the APT membership, since this could be seen to be possibly open to a high level of influence from China. Japan, with the support of a number of the members of ASEAN, argued that other relevant countries, in particular India and Australia, should be invited to join the new forum. China continued to argue against this proposal into the early months of 2005, but most ASEAN members supported the Japanese position. It was ultimately resolved that India, Australia and New Zealand would be invited as inaugural members of the Summit.<sup>144</sup>

After the issue of the participation in the first Summit was agreed, disputation continued about the character and possible role of the Summit.<sup>145</sup> China argued that the APT membership should be considered to be a ‘core’ group in subsequent efforts to develop an ultimate ‘East Asia Community’ and is understood to have gained some support for this approach from South Korea, Thailand, Myanmar and Malaysia. China’s notion of a ‘two tiered’ EAS, with the ASEAN Plus Three grouping as the centre for concerted cooperation efforts was resisted by Japan, India, and Australia, with support from countries including Singapore and Indonesia. Tensions between China and Japan were evident during the period of the first Summit in Kuala Lumpur, when Premier Wen Jiabao refused to hold a bilateral meeting with his counterpart Prime Minister Junichiro Koizumi.<sup>146</sup>

#### The first East Asia Summits: 2005 and 2007

The initial Summits have been cautious attempts to develop dialogue and bases for consensus. The first East Asia Summit on 14 December 2005 was relatively short (at three hours) and few specific decisions were made. The emphasis was on developing communication among the members. The main issues discussed included the need for de-nuclearisation of the Korean peninsula, terrorism, avian flu, sustainable development, the need for progress in the Doha round of World Trade Organization negotiations and the role which the EAS should play as a complement to existing cooperation dialogues (including ASEAN Plus Three) in the process of community building in the region.

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143. Mohan Malik, ‘China and the East Asian Summit: More discord than accord’, Asia-Pacific Center for Security Studies, February 2006.

144. *Ibid*, pp. 2–4.

145. ‘Japan, China clash over E. Asia summit’, *Yomiuri Shimbun*, 25 November 2005.

146. Richard McGregor and Anna Fifield, ‘Divisions undermine east Asia summit’, *Financial Times*, 1 December 2005.

The leaders' statement issued by the Summit (the 'Kuala Lumpur Declaration on the East Asia Summit') affirmed that the EAS is intended to be an 'open, inclusive, transparent and outward-looking forum, in which we strive to strengthen global norms and universally recognised values, with ASEAN as the driving force working in partnership with other participants of the East Asia Summit'. The Summit would be 'convened regularly', would be hosted and chaired by an ASEAN member and would be held 'back to back with the annual ASEAN Summit'.<sup>147</sup>

The second EAS, in Cebu on 15 January 2007, continued the cautious style of the first. The discussions covered much the same ground addressed in 2005, with an additional emphasis on energy efficiency and conservation and climate change, with a range of cooperative programs and voluntary endeavours promoted. The third Summit held in Singapore in November 2007 placed emphasis on developing dialogue on energy and climate change issues. The third Summit also endorsed the establishment of a new research body for the region, the Economic Research Institute for ASEAN and East Asia, known as ERIA. ERIA, a primarily Japanese-backed think tank, was launched in May 2008 and will be based initially at the ASEAN Secretariat in Jakarta. ERIA is expected to serve as both a policy making and training forum and is also expected to be involved in infrastructure planning and the development of further plans for regional economic integration, particularly Japan's proposal for a Comprehensive Economic Partnership in East Asia.<sup>148</sup>

#### **ASEAN and East Asian cooperation: continuing debate**

Discussion and debate on how best to pursue East Asia cooperation have been continuing in the aftermath of the first East Asia Summit. China had offered to host the second meeting of the Summit in Beijing. However, it was decided that ASEAN would assume the role of convening the Summit alongside the ASEAN Summits, and therefore in Southeast Asian states only.

Discussion has continued about membership. The first EAS had attracted interest from some major countries not invited to participate. Russia made an attempt to gain representation. While its request was not agreed to, Russia did attend the first Summit as an observer and may be invited to join as a full member in the future.<sup>149</sup>

The United States has viewed the Summit with interest. Ever since the formation of APEC in 1989, US policymakers have favoured modes of regional cooperation in East Asia in which the US can participate and have been wary about institutional arrangements which might 'divide' the region from the US. Some American observers have expressed concern that the East Asia Summit will be a venue where major East Asia states including China and Japan will be represented but the US will not, and which could be another avenue for China to

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147. <http://www.aseansec.org/18098.htm>.

148. 'Japan/Asia: ERIA adds weight to Tokyo's Asia push', *Oxford Analytica*, 24 April 2008.

149. 'Russia not invited to inaugural East Asia Summit', *Kyodo News*, 3 October 2005.

sponsor dialogues and discussions which define 'East Asian' cooperation as not needing to include the US.<sup>150</sup> Other analysts have argued that the US does not have to be a member of every major regional forum and that this need not compromise its regional involvement or role.<sup>151</sup>

The question of how the US reacts to, and is able to interact with, the East Asia Summit will be one of the most significant issues in the early phases of the new grouping's activities. If the US was to develop an interest in joining the Summit, it would need first to sign the TAC. This possibility has been viewed with reserve by elements in the US government concerned that this might impinge on US alliance relationships or defence deployments. However, all the US's allies in East Asia have acceded to the Treaty with no evident adverse impacts on their alliance relationships with the US. It is possible that a new US administration after the 2008 elections may look again at this issue and the potential relevance for the US for participation in the EAS.<sup>152</sup>

The issue of the relationship between the EAS and the ASEAN Plus Three grouping also remains under debate. Some countries, and particularly China, continue to consider that the APT should remain at the centre of substantive cooperation and 'community building'. For example, Malaysia's Prime Minister Badawi said in a speech in May 2007 that the ASEAN Plus Three process was the best vehicle for East Asia community building. The EAS and APEC were important forums but he said that, 'Building a community involves co-operation not only in the economic and trade areas but in every major aspect of human activity, including economic, social and political areas. Only the ASEAN Plus Three process seeks to build an Asian community, or more specifically an East Asian community.'<sup>153</sup>

By contrast, Japan has advanced the concept of a Comprehensive Economic Partnership in East Asia (CEPEA) to contribute to economic integration across East Asia. In discussing this concept, Japan has suggested that it should be a broad ranging effort to achieve cooperation in areas including trade, investment, intellectual property, services, and common rules of origin. The coverage of this effort would be the membership of the EAS, and would therefore include India, Australia and New Zealand.<sup>154</sup> The CEPEA proposal was raised in late August 2006 and it is being studied by a 'track two' inquiry which is due to report to the fourth EAS

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150. 'Locking Uncle Sam out of Asia', *Christian Science Monitor*, 8 December 2005.

151. Mohan Malik, 'The East Asia community and the Role of External Powers: Ensuring Asian Multilateralism is not Shanghaid?', *Korean Journal of Defense Analysis*, vol. XIX, no. 4, Winter 2007, p. 41.

152. Malcolm Cook, 'The United States and the East Asia Summit: Finding the Proper Home', *Contemporary Southeast Asia*, vol 30, no 2, August 2008, pp. 293–312; Limaye, op. cit., pp. 448–453.

153. 'ASEAN Plus 3 best avenue for Asian community building', *New Straits Times*, 25 May 2007.

154. Toshiyuki Kitamura, 'Japan's new deal for Asia', *Far Eastern Economic Review*, September 2006, pp. 41–44.

in December 2008. The proposal indicates that Japan continues to wish to argue for a concept of regional cooperation which extends beyond the ASEAN Plus Three membership.

The emergence of what are in fact two competing regional groupings with two conceptions of how best to pursue East Asian integration is now an important issue for the region. Malcolm Cook (Lowy Institute for International Policy) has observed that:

The reason for why suddenly there are two overlapping East Asian regional bodies and why they both let the ASEAN tail wag the East Asian dog is the same reason for the historic lack of East Asian regional bodies (and the continued lack of a Northeast Asian one). China and Japan do not trust each other and will not accept the other as the paramount regional power, while Southeast Asian countries individually and as a group do not fully trust either northern giant. China's rising power and new interest in regional engagement, has triggered the change from no regionalism to competing regionalisms. China favours the smaller ASEAN+3 process and Japan favours the larger East Asian Summit, with both accepting that each organization is less threatening with ASEAN in the proverbial driving seat.<sup>155</sup>

As Cook has noted, the existence of two competing models for integration may be of benefit to ASEAN in that it can play a role in shaping how the proposals evolve, although it may be necessary to decide which of the approaches—EAS or ASEAN Plus Three—is ultimately preferable. There is also an ongoing potential danger that the competition for influence between Japan and China, which was evident in the debate over the appropriate membership for the EAS, could have a divisive influence in ASEAN itself.

## **ASEAN and Australia**

Australia has an important stake in the success of ASEAN's revitalisation and consolidation in its fifth decade and beyond. ASEAN's development of cooperation and regional confidence has benefited Australia's own security environment. ASEAN's rapid economic growth has made its members a major focus for Australia's trade. As a result, successive governments have affirmed the value of the Australia-ASEAN relationship.

### **Relations from 1974**

Australia was the first country outside Southeast Asia to establish a joint relationship with ASEAN, inaugurated in Canberra in April 1974. Cooperation focused initially on multilateral economic assistance to ASEAN, which became the Australia-ASEAN Economic Cooperation Program. In the 1970s, Australia and ASEAN clashed on trade issues at a time when Australia was continuing substantial protection for its manufacturing industries. In the late 1970s, Australia also cooperated closely with ASEAN to alleviate the serious problems posed

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155. Malcolm Cook, 'The Regional Economy: Looking forward by looking back', *Southeast Asian Affairs 2008*, Singapore, Institute of Southeast Asian Studies, 2008, p. 33.

by the large-scale departures of refugees from the countries of Indochina.<sup>156</sup> Since 1979, Australia has participated in the Post Ministerial Conferences held after the annual meetings of ASEAN foreign ministers, when ASEAN formally consults with its dialogue partners. This has given Australia's foreign ministers regular direct communication with all of their ASEAN counterparts.

In the 1980s, cooperation was enhanced by economic reforms in Australia (including financial deregulation and tariff reductions) and in a number of ASEAN countries. From the late 1980s, Australia also worked very closely with key ASEAN members—particularly Indonesia—to resolve the long-running Cambodia conflict.

Australia was also keen to see ASEAN enhance its role in dialogue on regional security. Australia accordingly played an active role in the discussions which led to the establishment of the ASEAN Regional Forum and has been an active participant since its inauguration in 1994.<sup>157</sup>

After the mid-1990s, while cooperation with ASEAN continued, Australia encountered some challenges and limitations in relations. The Asian financial crisis from mid-1997 dampened, at least for a time, ASEAN's image as a region of economic success. Australia made major contributions towards the assistance packages pursued by the International Monetary Fund for several of the worst affected countries especially Thailand and Indonesia, but the potential for progress in multilateral relations was impeded by the crisis.<sup>158</sup>

As this paper has noted, the financial crisis encouraged moves which had been underway since the early 1990s to develop more clearly 'East Asia-focused' avenues of cooperation. Prime Minister Mahathir of Malaysia was a leading proponent of these moves but a major obstacle for Australia was that Dr Mahathir did not favour Australia's direct participation in the newly emerging East Asia oriented dialogues.<sup>159</sup> From ASEAN began to hold meetings with the European Union in 1996 (in the Asia-Europe Meetings) and a further reflection of the East Asian focused cooperation approach was the advent of the ASEAN Plus Three process from 1997. Australia was not a part of these significant new dialogues.

Australia in the 1990s also experienced some strain in key bilateral relations with ASEAN members. At a political level, relations with Malaysia were cool although economic and

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156. Frank Frost, 'ASEAN and Australia', in Alison Broinowski, ed, *Understanding ASEAN*, MacMillan, London, 1982, pp. 144–168.

157. Peter Edwards and David Goldsworthy, eds, *Facing North: A Century of Australian Engagement with Asia*, Melbourne University Press, Carlton, 2003, pp. 67–70.

158. Richard Stubbs, 'ASEAN Plus Three: Emerging East Asian Regionalism?', *Asian Survey*, vol. XLII, no. 3, May–June 2002, pp. 441–448.

159. Roderic Pitty, 'Regional Economic Co-operation', in Peter Edwards and David Goldsworthy, eds, *Facing North: a Century of Australian Engagement with Asia*, Volume Two, Melbourne University Press, Carlton, 2003, p. 31.

security relations remained close.<sup>160</sup> After the end of the Suharto regime in Indonesia in 1998, Australia's support for moves by the United Nations to hold a ballot on East Timor's status in August 1999 and then its major role in leading UN-endorsed stabilisation efforts helped restore security to East Timor, but also saw major strain in relations with Jakarta.<sup>161</sup>

In this regional climate, Australia after 2000 experienced some setbacks in its ASEAN relations:

- Australia from the early 1990s had expressed strong interest in developing a link between the Australia-New Zealand 'Closer Economic Relations' (CER) agreement and the AFTA. However, in October 2000, ASEAN economic ministers at a meeting in Chiang Mai decided against pursuing any such direct linkage. Instead ASEAN ministers approved development of a useful but more limited 'closer economic partnership' to pursue trade facilitation and capacity building (inaugurated from 2000)<sup>162</sup> and
- Australia had a further setback in 2002 when it sought as a dialogue partner to gain participation in ASEAN's annual leadership meetings, held that year in Phnom Penh. Australia's bid was not accepted. At the 2003 ASEAN summit meetings in Bali, it was reported that Australia did not renew its efforts to gain representation and that the issue of Australian representation had been dropped from the agenda for discussion and had been shelved indefinitely.<sup>163</sup>

#### Relations since 2004: renewal of progress

In 2004, the climate for progress in Australia-ASEAN relations improved significantly. In April 2004—the 30th anniversary of the first multilateral Australia-ASEAN agreement—ASEAN's economics ministers, meeting in Singapore, made two important announcements. They proposed that the Prime Ministers of Australia and New Zealand should be invited to attend a special 'commemorative summit' during ASEAN's annual summit meetings, in Vientiane in November 2004. Second, they declared that it would be 'beneficial to both regions to upgrade economic relations to the next level' by asking for a review of the

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160. See Peter Searle, 'Recalcitrant or *Realpolitik*?': The politics of culture in Australia's relations with Malaysia', in Richard Robison ed, *Pathways to Asia: the politics of engagement*, Allen and Unwin, Sydney, 1996, pp. 56–84.

161. James Cotton, 'The East Timor Commitment and its Consequences', in James Cotton and John Ravenhill eds, *The National Interest in a Global Era: Australia in World Affairs 1996–2000*, Oxford University Press, 2001, Melbourne, pp. 213–234.

162. Tim Dodd, 'ASEAN stifles new merger deal', *Weekend Australian Financial Review*, 7–8 October 2000.

163. Mark Baker, 'Australia drops bid to join summit', *The Age*, 7 October 2003.

proposal for a linkage between AFTA and CER.<sup>164</sup> The invitation to the summit was duly made by ASEAN foreign ministers at the end of June 2004.

Several factors seem to have been important in encouraging the positive climate since 2004.

Australia's regional relations were clearly affected by the post-September 11 international climate and concerns about terrorism. From late 2001, attention has been focused on the threats posed to the ASEAN region by terrorist movements of which Jemaah Islamiyah has been the most prominent. Attention was heightened after the bombings in Bali in October 2002, at the Marriott Hotel in Jakarta in August 2003, outside the Australian Embassy in Jakarta in September 2004 and again in Bali in October 2005.

Australia has taken a series of actions to expand cooperation on counter-terrorism, signing bilateral agreements with a number of ASEAN members and a multilateral declaration with ASEAN itself. The Australian Federal Police has also engaged in very close cooperation with its regional counterparts.<sup>165</sup> This has extended the sense of mutual interest between Australia and many ASEAN members. ASEAN's then Secretary General, Ong Keng Yong emphasised in April 2004 that: 'Australia is a peaceful and stable country. It has a great influence in counter-terrorism initiatives and, in this area at least, we are working together and through that we can socialise more and be more comfortable together.'<sup>166</sup>

In a parallel development, key bilateral relationships improved. With Malaysia, there was a noticeable increase in warmth in relations with Australia after the retirement from office of Prime Minister Mahathir. Relations with Indonesia also improved substantially after the chill in the period of 1999—this improvement continued under the presidency of Susilo Bambang Yudhoyono—and was symbolised by the attendance of Prime Minister Howard at President Yudhoyono's inauguration in Jakarta on 20 October 2004.<sup>167</sup> The tragic impact of the tsunami in December 2004 produced a large scale response from both the Australian community and the government which has added additional depth to the relationship.

The ongoing impact of the rise of China has been a further important factor. ASEAN members have been keenly aware that China's continued remarkable growth is posing challenges for the ASEAN members' capacity to maintain economic dynamism and to continue to gain access to foreign investment. The need to achieve more concerted market integration among the ten ASEAN members to help them attract investment has been regarded as a major motivation for ASEAN in promoting AFTA and the ASEAN Economic Community. In this context, an association with the economies of Australia and New Zealand

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164. Paul Kelly, 'A door opens in Asia', *The Australian*, 24 April 2004.

165. See Australian Federal Police, 'Fighting terrorism at its source', at [http://www.afp.gov.au/international/fighting\\_terrorism\\_at\\_its\\_source.html](http://www.afp.gov.au/international/fighting_terrorism_at_its_source.html)

166. Tony Parkinson, 'ASEAN ready to strengthen Australian ties', *The Age*, 14 April 2004.

167. Eric Ellis, 'Our mate in Jakarta', *The Bulletin*, 9 November 2004.

would help boost ASEAN's access to markets and relevant technical skills to enhance economic growth and competitiveness.<sup>168</sup>

The rise in popularity of regional 'free trade agreements' has also been a significant factor. With the World Trade Organization talks moving slowly and reaching an apparent impasse in 2008 and with APEC's plans for trade liberalisation in the Asia-Pacific having lost momentum since the late 1990s, there has been a trend towards bilateral FTAs (for example Singapore-US, South Korea-Chile, Australia-Singapore and Australia-Thailand) and proposals for wider regional arrangements, most notably between ASEAN and China. Australia also concluded an FTA with the US during 2004. These developments stimulated ASEAN to review the desirability of closer economic links with Australia.<sup>169</sup>

Australia's record of continuing favourable rates of growth since the early 1990s has also bolstered its relevance as a regional partner.<sup>170</sup>

### Recent developments

Since 2004, Australia's relations with ASEAN have continued to advance in both the economic and political arenas.<sup>171</sup>

#### Economic cooperation

The ASEAN countries, as a grouping of more than 575 million people with a combined GDP of more than US\$1 trillion, are important economic partners for Australia. As a group, ASEAN is for Australia a larger trading partner (16 per cent) than any single country, including China (13 per cent), Japan (12 per cent) or the US (11 per cent). Two way merchandise trade with ASEAN totalled A\$55.2 billion in 2007, with exports at A\$18 billion and imports at A\$37 billion. Australia's total investment in ASEAN at the end of 2007 was A\$31.4 billion, with ASEAN investment in Australia at A\$52.8 billion. Australia has already signed bilateral Free Trade Agreements with Singapore and Thailand, negotiations are underway with Malaysia, and a feasibility study is being undertaken with Indonesia. Education is a key export with over 65,000 students from ASEAN now studying in Australia in 2007. ASEAN countries have been a popular tourist destination for Australians for many

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168. Rowan Callick, 'Australia on equal terms at ASEAN table', *Australian Financial Review*, 29 April 2004.

169. Kelly, op. cit.

170. See 'Great leap forward: is Australia leaving Asia behind?', *Business Asia*, June 2003.

171. For a comprehensive coverage of the range of Australia's relations and interactions with ASEAN see Department of Foreign Affairs and Trade, Submission to the Joint Standing Committee on Foreign Affairs Defence and Trade, Inquiry into Australia's Relations with ASEAN, 9 September 2008', at <http://www.aph.gov.au/house/committee/jfadt/asean1/subs/sub24.pdf>

years and Australia received over 600 000 tourists arriving from ASEAN countries in 2006.<sup>172</sup>

Aid continues to be an important part of bilateral and multilateral relationships. Australia's total development assistance to ASEAN countries in 2008–09 is estimated at A\$902.4 million. Bilateral programs focus on Indonesia (\$463 million), Vietnam (\$93.1 million), the Philippines (\$109.3 million), Cambodia (\$55 million) and Laos (\$27.8 million). A number of regional programs involve assistance to ASEAN members in areas including control of infectious diseases and narcotics, and the combating of people-trafficking and child sex tourism.<sup>173</sup>

A significant area of assistance is directed towards supporting ASEAN's programs for further integration. In 2002 the ASEAN-Australia Development Cooperation Program was inaugurated as a six year \$A45 million program which sought to strengthen regional economic and social cooperation, enhance regional institutional capacities, increase science, technological and environmental cooperation and assist the newer ASEAN members in their integration into ASEAN.<sup>174</sup> Under the ASEAN-Australia Development Cooperation Program (phase two) Australia is providing \$57 million over seven years. With this program Australia aims to support ASEAN's goal of establishing an ASEAN Economic Community by 2015. The program will focus strongly on helping the poorer ASEAN members to meet the UN Millennium Development Goals through stronger economic growth and integration. There will be a much stronger emphasis on partnership, with the new program managed jointly with the ASEAN Secretariat, and utilising ASEAN Secretariat systems. It will also provide high quality economic research and policy advice and implementation support on priority regional economic integration issues.<sup>175</sup>

Australia, along with New Zealand, has also negotiated a multilateral free trade agreement with ASEAN. A study of a possible AFTA-CER agreement prepared by the Centre of International Economics (CIE) in Australia in 2000 concluded that there could be net gains of US\$48 billion over the period 2000–2020. The gains would amount to about 0.3 per cent of additional GDP for both AFTA and CER by 2010. These benefits would also be likely to stimulate additional inflows of foreign investment.<sup>176</sup> Linkage would have other benefits. The

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172. *ibid.*, p. 4–5.

173. *ibid.*, pp. 34–44.

174. A series of regional policy research projects by ASEAN and Australian resulted in the publication of a collection of papers focusing on ASEAN integration: Denis Hew Ed, *Brick by Brick: the Building of an ASEAN Economic Community*, Institute of Southeast Asian Studies, Singapore, 2007.

175. Department of Foreign Affairs and Trade, Submission to the Joint Standing Committee on Foreign Affairs Defence and Trade, Inquiry into Australia's Relations with ASEAN, *op. cit.*, p. 6.

176. Len Davis et al, *Economic benefits from an AFTA-CER free trade area*, Canberra, Centre for International Economics, June 2000, p. vii.

CIE study noted that 'As economies integrate, so contacts, networks and trust grows so that confidence in business relationships follows'. An AFTA-CER link could also have a useful effect in encouraging further liberalisation in APEC overall.<sup>177</sup>

On 28 August 2008, an agreement was announced for the long-anticipated ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA). The agreement was introduced with enthusiastic statements by the twelve trade ministers involved. The joint ASEAN-Australia-New Zealand statement said that:

The Ministers noted that the Agreement is an important milestone in the long-standing ASEAN-CER comprehensive partnership. As a living document, the Agreement brings to a new height the level of cooperation and relationship between the governments of ASEAN, Australia and New Zealand as well as its peoples.

The Ministers see the Agreement as paving the way to enhancing the region's economic integration and acting as an impetus to deepen and broaden the trade and investment among the twelve participating countries. The Ministers noted that the Agreement is comprehensive in scope covering trade in goods, investment, trade in services, financial services, telecommunications, electronic commerce, movement of natural persons, intellectual property, competition policy and economic cooperation.<sup>178</sup>

In an individual statement on the same day, Australia's Minister for Trade Simon Crean said that Australia stood to gain considerably from the agreement across many sectors:

We've locked in goods market access gains in a wide range of sectors including agriculture and industrial products. We've also secured a good outcome on services, which will create more certainty for exporters in sectors such as engineering, education and the financial sector. The agreement includes provisions providing greater certainty and transparency for Australian investors. We have achieved significant tariff reductions and are working to secure further improvements with two countries. In particular, we are also seeking to strengthen the outcome for our automotive industry with Indonesia and Malaysia. Importantly, we've got a commitment from our negotiating partners to build on these outcomes into the future.

AANZFTA seeks to capitalise on new trade and economic opportunities that will arise from the establishment of the ASEAN Economic Community. To put this FTA in perspective it is the most comprehensive trade agreement that ASEAN has ever negotiated. In terms of coverage, it's the largest FTA Australia has ever negotiated—covering 16 per cent of Australia's trade in goods and services, worth \$71 billion. This is a big market of 570 million people with a combined GDP of US\$1 trillion. AANZFTA will strengthen our trade and investment ties with ASEAN....

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177. *ibid*, p. viii.

178. 'Joint Media Statement of the Thirteenth AEM-CER Consultations Singapore, 28 August 2008', at <http://www.aseansec.org/21898.htm>

Today's agreement sends a positive signal of the economic dynamism of our region and provides a building block for regional integration.<sup>179</sup>

Details of the agreement were not released at the time of the 28 August announcement; they are expected to be revealed at the time of the formal signing process, due in December 2008. It has been reported that Australian wine, beef, dairy and horticultural producers are expected to be among the prime beneficiaries. In comments in Singapore, Mr Crean said that the agreement would also open opportunities for Australian insurance and financial sectors in Indonesia and education services in Malaysia, Vietnam and the Philippines. Engineering, architectural and construction firms are also expected to benefit. Sugar producers may not be among those to gain, after resistance to liberalisation of this sector from Indonesia and the Philippines. Agreement had not been reached with Indonesia and Malaysia on tariffs in relation to cars. Overall it was reported that the deal should cover about 95 percent of all two-way trade among the parties but more detailed assessments will have to await the release of the full terms of the agreement.<sup>180</sup>

#### Political dialogue

Australia's political interactions with ASEAN have been enhanced in the past four years. The Prime Ministers of Australia and New Zealand participated in a special 'commemorative summit' meeting with the ASEAN heads of government at the ASEAN summit in Vientiane on 30 November 2004. A major outcome from the meeting was an agreement to pursue development of a free trade agreement on a multilateral basis between Australia and New Zealand and the ASEAN members. A further important development at the Vientiane summit was the suggestion by Malaysia that an East Asia Summit would be convened at the next ASEAN summit, to be held in Kuala Lumpur in December 2005.

In the early months of 2005 some controversy arose over Australia's approach to ASEAN's 1976 Treaty of Amity and Cooperation. The Treaty is essentially a declaration of desirable goals for the conduct of international relations in Southeast Asia but it is valued by ASEAN as an expression of their capacity to contribute to a peaceful regional environment.<sup>181</sup> In April 2005, the ASEAN foreign ministers indicated that adherence to the Treaty would be a prerequisite for states who wished to participate in the forthcoming East Asia Summit. By then a number of other states had acceded to the Treaty including Papua New Guinea (1989), China and India (2003), and Japan, Pakistan, South Korea and Russia (in 2004).<sup>182</sup> The Australian Government had expressed some reservations about the TAC but in July 2005 Australia

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179. The Hon Simon Crean MP, Australian Minister for Trade, 'Australia concludes Southeast Sai Trade deal', 28 August 2008 at [http://www.trademinister.gov.au/releases/2008/sc\\_070.html](http://www.trademinister.gov.au/releases/2008/sc_070.html).

180. Angus Grigg, 'Greater trade access to Asia', *Australian Financial Review*, 29 August 2008.

181. Rodolfo Severino, 'Australia and the Southeast Asia Treaty', *New Matilda*, 10 August 2005.

182. *ibid.*

agreed to accede to the Treaty and this was done in formal terms in December 2005. This cleared the way for Australia to participate in the first EAS.<sup>183</sup>

The advent of the East Asia Summit offered a new and high profile venue for Australia to interact at leadership level with the ASEAN members and other major Asian countries. Prime Minister John Howard participated in the first EAS meetings, in Kuala Lumpur in December 2005 and Cebu in January 2007, and Foreign Minister Downer attended in Singapore in November 2007 (when the Summit took place in the final stages of Australia's 2007 election campaign).

Australia has continued to pursue its engagement with ASEAN. In a further important step, Australia and ASEAN signed on 1 August 2007 a 'Joint Declaration on the ASEAN-Australia Comprehensive Partnership'. The then Minister for Foreign Affairs Mr Downer stated on 1 August that:

The Declaration reflects the breadth and maturity of the ASEAN-Australia relationship. It builds on the momentum of this relationship and provides a framework for our future engagement with ASEAN, covering political and security, economic, socio-cultural and development cooperation. For example, the Declaration signals Australia's and ASEAN's intention to enhance cooperation in support of deeper economic integration, environmental conservation, communicable and emerging infectious diseases, and disaster preparedness and emergency response. The agreement will also promote cooperation in combating transnational crimes, including terrorism and drug trafficking.<sup>184</sup>

The Rudd Government has reaffirmed Australia's ASEAN relationship. In June 2008 Prime Minister Rudd visited the ASEAN Secretariat, the first head of government of an ASEAN dialogue partner to do so. During his visit, Prime Minister Rudd announced on 13 June the inauguration of the second phase of the ASEAN-Australia Development Cooperation Program, through which Australia will provide high level policy advice, research and implementation support to assist ASEAN in key areas of economic cooperation, including harmonisation of standards, elimination of tariffs and reduction of non-tariff barriers.<sup>185</sup>

During the ASEAN ministerial meetings in Singapore in July 2008, the Minister for Foreign Affairs Stephen Smith announced that Australia would nominate an Ambassador to ASEAN. The ambassador will be a senior Canberra-based diplomat whose duties would include participating in meetings at the ASEAN Secretariat and in other regional ASEAN meetings. Mr Smith said that since 1974, '...we have invested considerable effort in building a

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183. Andrea Benvenuto, 'Issues in Australian Foreign Policy: July to December 2005', *Australian Journal of Politics and History*, vol 52, no 2, p. 272–285.

184. The Hon. Alexander Downer MP, 'Signing of the Joint Declaration on the ASEAN-Australia Comprehensive Partnership', Media Release, 1 August 2007.

185. Prime Minister of Australia, 'Joint Press Statement with Ausaid: ASEAN and Australian Advances Cooperation in Economic Integration', Jakarta, 13 June 2008 at [http://www.pm.gov.au/media/Release/2008/media\\_release\\_0325.cfm](http://www.pm.gov.au/media/Release/2008/media_release_0325.cfm)

partnership that spans people-to-people links, development co-operation, economic and trade links and defence and security matters. Our extensive co-ordination on these and other issues will be significantly increased through the appointment of an ambassador.<sup>186</sup>

#### Australia, ASEAN and wider Asia-Pacific cooperation

Another strand in Australia-ASEAN dialogue was added in June 2008 when Prime Minister Rudd argued in a speech in Sydney that it was desirable to review the long-term vision for the architecture for the Asia-Pacific region. He argued that this vision needed to embrace, '[a] regional institution which spans the entire Asia-Pacific region—including the United States, Japan, China India, Indonesia and the other states of the region' and '[a] regional institution which is able to engage in the full spectrum of dialogue, cooperation and action on economic and political matters and future challenges related to security.' Mr Rudd argued that, 'At present none of our existing regional mechanisms as currently configured are capable of achieving these purposes.' He noted that:

Such a debate does not of itself mean the diminution of any of the existing regional bodies. APEC, the ASEAN Regional Forum, the East Asia Summit, ASEAN Plus Three and ASEAN itself will continue to play important roles, and longer-term may continue in their own right or embody the building blocks of an Asia Pacific Community. There will be wide ranging views about this across the region—some more supportive than others. New bodies and new ideas will continue to emerge...

I said before that this is the Asia Pacific Century. Ours must be an open region—we need to link into the world, not shut ourselves off from it. And Australia has to be at the forefront of that challenge, helping to provide the ideas and drive to build new regional architecture—something we have not done for over a decade.<sup>187</sup>

Mr Rudd announced that he had invited Richard Woolcott, a highly experienced diplomat and former Secretary of the Department of Foreign Affairs and Trade, as Australia's envoy to explore attitudes and approaches towards the concept he had proposed.

In the period since this speech, reactions in the ASEAN region have varied. In July, Prime Minister Badawi of Malaysia suggested that it would be desirable to develop the existing regional institutions: he said that, 'We already have a forum, the ASEAN Regional Forum. We can continue with the existing institutions.' Indonesia's Vice President Yusuf Kalla

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186. Mark Dodd, 'Canberra to assign an envoy to ASEAN', *The Australian*, 25 July 2008. On 5 September, the government announced that Ms Gillian Bird, a Deputy Secretary in the Department of Foreign Affairs and Trade, had been appointed to the post: see The Hon Stephen Smith MP, 'Diplomatic Appointment—Ambassador to ASEAN', Media Release, 5 September 2008.

187. Prime Minister of Australia, 'Address to the Asia Society Australasia Centre, Sydney: It's time to build an Asia-Pacific Community', 4 June 2008  
[http://www.pm.gov.au/media/Speech/2008/speech\\_0286.cfm](http://www.pm.gov.au/media/Speech/2008/speech_0286.cfm).

commented that, 'For me, its not necessary to make a new body. We already have ASEAN and APEC. There is no need for all countries in Asia Pacific to make one objective.'<sup>188</sup> Other responses have been more supportive. ASEAN's Secretary General Surin Pitsuwan said on 13 June during Mr Rudd's visit to the ASEAN Secretariat in Jakarta:

You are now dreaming bigger dreams, scaling another awe inspiring height, swimming a wider ocean of hope and vision for a larger Asia-Pacific Community. We welcome your new vision. We want to know more about it. We want to help you construct that Community of a wider expanse with the existing institutions serving as its foundation. We hope that you will accommodate us—ASEAN—in that grand vision of yours, recognizing our traditional role and contributions to the many architectures of cooperation existing today in East Asia. Australia has always been a catalyst and a strong pillar of those regional architectures of cooperation and prosperity in the past.<sup>189</sup>

At the time of ASEAN's Ministerial Meetings in Singapore in July, the official spokesman for the meetings, Andrew Tan, commented in a measured vein that:

On this subject of a pan-Asian regional forum, or whatever name it is to be called, I think ASEAN countries have said that they are still waiting for more details of this proposal.

The region itself is already quite complex so if there can be another regional process that can help us better manage this, there is no reason why we should stop it from being developed, but it also has to take into account the region's view as well as regional sensitivities and regional circumstance.<sup>190</sup>

The Minister for Foreign Affairs, Stephen Smith, speaking on 18 July, shortly before the ASEAN ministerial meetings, had affirmed Australia's interest in engaging in dialogue about the future of regional cooperation. He said that:

Shaping our evolving regional architecture in ways that suit the diverse nation states of our region is a challenging task, but it's a task which the Government believes Australia must be engaged in. The Prime Minister's initiative has started a conversation with our friends and neighbours about how the Asia Pacific regional architecture might evolve to meet future strategic, security, economic and political challenges and opportunities It's about what best regional architecture might prepare us for these emerging regional and global challenges...

This conversation doesn't diminish any of the existing regional bodies. On the contrary, they will continue to play their essential roles. There could be a new piece of architecture, as

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188. Angus Grigg, 'Blow to Rudd's Asia plan', *Australian Financial Review*, 23 July 2008.

189. 'ASEAN Secretary General's Welcoming Speech on the Occasion of the Visit of the Hon. Kevin Michael Rudd, Prime Minister of Australia, to ASEAN Secretariat Jakarta, 13 June 2008', <http://www.aseansec.org/21642.htm>.

190. Katrina Nicholas, 'Smith still keen on new regional group', *Australian Financial Review*, 24 July 2008.

ASEAN and APEC once were. Or it could evolve and emerge from and through the existing architecture, as the ASEAN Regional Forum and the East Asia Summit have.<sup>191</sup>

For his part, Prime Minister Rudd, in a lecture in Singapore on 12 August 2008, made it clear that his government views ASEAN as a prime example of cooperation in the Asia-Pacific region.

At the height of the Cold War, 41 years ago, the leaders of five South East Asian nations got together to form ASEAN. Singapore was one of the nations that helped to chart the future course for ASEAN as a founding member. The world has changed a lot in the intervening 41 years, but ASEAN has endured.

In fact, ASEAN has done more than just endure, it has grown and it has matured. During Singapore's Chairmanship of ASEAN over the past 12 months, the ASEAN Charter was signed—a new milestone in ASEAN's evolution. I think that ASEAN's most impressive achievement – and one that is often under-appreciated—is building a sense of regional identity, a sense of community, and a sense of neighbourhood. The countries of South East Asia have diverse histories, political systems, religious beliefs, social systems and cultural backgrounds. But a real sense of community has been forged where there had been historically few substantive ties.

In fact when ASEAN was formed, the member states themselves had been riven by conflict then raging through Indochina. Forty years later, by absolute contrast, the habits of cooperation have crafted a sense of genuine community. It is a community that defaults first towards dialogue rather than confrontation. It is a neighbourhood whose residents seek, first and foremost, to cooperate more closely with each other. In this sense, ASEAN represents an outstanding essay in institutional success for which member states, including Singapore, should be congratulated.

Some criticise ASEAN for being insufficiently activist. I argue that this criticism is misplaced because it fails to appreciate that ASEAN's great success has been to avoid conflict among member states and allow economic development to progress unimpeded by intra-regional security concerns. That is why I argue that ASEAN has been a remarkable success story...

Mr Rudd reaffirmed his government's support for dialogue about the future shape of regional architecture and the concept of an Asia Pacific Community (APC). He stated that:

All of our existing regional mechanisms have a critical role to play both now and into the future – including ASEAN, APEC and the EAS. But, at the same time, we need to begin our conversation about where our wider region goes from here. And this is where the wider region needs to learn from ASEAN's success – how to build the institutions, habits and practices of cooperation across the policy spectrum and across historically uncomfortable national divides...

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191. The Hon. Stephen Smith MP, 'Australia, ASEAN and the Asia-Pacific', 18 July 2008, Lowy Institute, Sydney, at [http://www.foreignminister.gov.au/speeches/2008/080718\\_lowy.html](http://www.foreignminister.gov.au/speeches/2008/080718_lowy.html).

Australia remains open to the suggestions of our regional partners as this discussion unfolds. Because by definition, an APC by 2020 is very much a long-term project for the future.<sup>192</sup>

## Concluding comment

Since 1967 ASEAN has established a substantial presence as a regional group in Southeast Asia. Its continuous process of dialogue has not removed all cases of inter-state suspicion and tension (as the dispute between Thailand and Cambodia in mid 2008 illustrated vividly) but it has contributed to the achievement of a regional security environment which is very much more stable and secure than was the case in the late 1960s. It has been able to accept five additional members since 1984. ASEAN has been able to engage major external powers in regular dialogues and to extend the scope of its cooperation to sponsor wider forums and discussion in both East Asia and the wider Asia-Pacific region, through the ARF, ASEAN Plus Three and the East Asia Summit.

While all these activities have given ASEAN an identity and recognition internationally, the group clearly faces some major problems in maintaining its utility and credibility. Its membership is diverse in both economic and political character. The expansion of membership in the late 1990s resulted in the presence of Myanmar, whose autocratic government has performed very poorly in both political and economic management and has resisted ASEAN efforts at political influence. ASEAN has been able to play a valuable role in 2008 as an intermediary and a sponsor of aid in the aftermath of Cyclone Nargis, but overall Myanmar has been an embarrassment to the Association in its relations with major powers (including the US). Faced with the ongoing economic challenge of China and also of India, ASEAN is moving to deepen its cooperation in economic, security and socio-cultural areas. All of these projects face big challenges in securing effective implementation and adherence from members who are highly reluctant to forego any of their own sovereignty and national interests. At the same time, the process of political liberalisation in a number of members (most notably in Indonesia since 1998) has led to an increasing profile for non-governmental organisations which are keen to see ASEAN live up to its declared goals. The challenges for ASEAN in meeting the needs of its diverse membership have been illustrated clearly in the debate over the Charter adopted in November 2007.

A central issue which ASEAN is contending with in a number of areas of activity is the appropriate relationship and balance between national sovereignty and the demands of regional cooperation. ASEAN was founded on the basis of the principle of 'non-interference' in the affairs of member states. In the tense environment of the late 1960s this principle was necessary to make any form of cooperation feasible. The growing awareness of the

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192. 'Prime Minister of Australia, 'The Singapore Lecture: Building on ASEAN's Success—Towards an Asia Pacific Century', 12 August 2008, at [http://www.pm.gov.au/media/Speech/2008/speech\\_0419.cfm](http://www.pm.gov.au/media/Speech/2008/speech_0419.cfm). See also Prime Minister of Australia, 'Remarks at an official Luncheon hosted by the Prime Minister of the Republic of Singapore Lee Hsien Loong, Singapore, 12 August 2008', at [http://www.pm.gov.au/media/Speech/2008/speech\\_0420.cfm](http://www.pm.gov.au/media/Speech/2008/speech_0420.cfm).

significance for the membership of many transnational issues and the more ambitious goals involved in the ASEAN Economic Community have made it evident that individual sovereignty cannot be the only valid factor to be considered in regional relations. In practice ASEAN has already stepped across the boundaries of a strict adherence to this principle, for example in the statements by its foreign ministers in condemning the violent behaviour of the Myanmar regime (as they did strongly in September 2007).

ASEAN, however, is still wrestling with the issue of how far it can go in revising the precise balance of sovereignty and collective interest and action in its cooperation plans and programs. As this paper has suggested, this tension has been evident in a number of areas including the need to increase adherence to economic agreements in relation to the ASEAN Economic Community and the question of whether ASEAN can go any further to pressure or censure the Myanmar regime. The tension is also very evident in relation to the planned ASEAN human rights body, the very concept of which suggests that there are indeed principles and values which can potentially be held in common by the ASEAN membership and peoples, and which cannot be considered to be held on a national basis only. These issues have not yet been resolved and are likely to continue to be prominent in ASEAN policy debates.

ASEAN's capacity to live up to its own declared goals—especially its commitments in relation to the 'three pillars' of the ASEAN Community adopted in the 2003 Bali Concord II—will be vital for the association's external image and reputation. ASEAN has presented itself as a group which can offer examples to the wider region on how to pursue cooperation. It has asserted its claim to continue to be a 'driving force' in groupings including the ARF and EAS. However as ASEAN leaders have recognised, if ASEAN is seen to be unable to extend the substance of its internal cooperation (including the process of economic integration) and is unable to assert constructive influence among its members (for example through the human rights body it has committed itself to establishing) then it may come to lose cachet as a leading force in wider cooperation, which could be pursued increasingly by other major actors in more focused and activist groupings.

These issues are all significant for Australia. Since the 1970s Australia has gained benefits from ASEAN's contribution to stability in the region. Australia's engagement with the major powers in East Asia has been facilitated by ASEAN's annual dialogue process and its associated groups including the ARF and the East Asia Summit. Economic growth has broadened the basis for Australia's engagement with the ASEAN region. The process of deeper integration can add to Australia's political and economic involvements and Australia therefore has a major stake in ASEAN's ongoing capacity to achieve its declared goals.

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