

# Lessons in Regional Cooperation from ASEAN

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# Beginnings

- ASEAN did not start as economic grouping
- Politics, particularly Cold War dynamics drove 5 Southeast Asian countries to set up ASEAN
- Easier to use “economic” to inculcate habit of consultation and cooperation
- Five founding members of ASEAN : Indonesia, Malaysia, Philippines, Singapore and Thailand

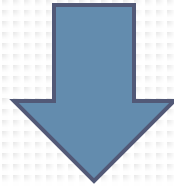
# Opportunities

- China's development under Deng Xiaoping's strategy
- Multinational companies' strategy of manufacturing in low-cost locations
- Japan's strategy of shifting its production of manufactured goods to Southeast Asia
- Oil-rich countries' cash flow (from dramatic increase in oil prices)
- European economic integration and offshore manufacturing
- USA's globalisation drive

# ASEAN's Response

- Focus on economic cooperation
- Develop economy of scale
- Liberalise trade and open market (ASEAN Free Trade Area or AFTA)
- Vision of one economic region
- Capitalise on Southeast Asia's strategic geography and inherent strengths

- End of Cold War
- Globalisation
- China's economic growth
- Trade Liberalisation
- Free flow of capital



- All led ASEAN Leaders to move collectively
- First, do the ASEAN Economic Community as it was easier to start and the business/market conditions already there
- Later, ASEAN Leaders added the ASEAN Political-Security Community and the ASEAN Socio-Cultural Community

# ASEAN COMMUNITY

IN CONCERT

DYNAMIC

CARING

OUTWARD  
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External

Relations

NARROWING THE DEVELOPMENT GAP



***The world has  
changed***

***ASEAN has to change***

***Individual Member  
Countries must  
change***

# Meeting Global Changes

## ASEAN

- What to change (ways of operating)
- How to change (political commitment/bureaucratic follow-up)
- When to change (as soon as possible and grab opportunity)





# Meeting Global Changes

ASEAN's way of operating:	With change:
<ul style="list-style-type: none"><li>▪ Informal and flexible</li><li>▪ Deadline not always clear</li><li>▪ Implementation subjective/non-confrontational</li><li>▪ Low priority</li><li>▪ Inadequate resources</li></ul>	<ul style="list-style-type: none"><li>✓ Formal (ASEAN Charter)</li><li>✓ Clear targets (2015; roadmaps with milestones)</li><li>✓ Rules-based and accountability (report card to ASEAN Leaders)</li><li>✓ Compliance-oriented (success stories)</li></ul>

# The ASEAN Charter



## Significance of the Charter:

- ✓ Serves as a firm foundation in achieving one ASEAN Community by providing **legal and institutional framework** of ASEAN.
- ✓ Confers a **legal personality** to ASEAN

# The ASEAN Charter

## Significance of the Charter:

- ✓ Develops **areas of competence** of key ASEAN bodies and their relationship with one another.
- ✓ Codifies all ASEAN **norms, rules, and values**.
- ✓ Reaffirms that all ASEAN agreements be **legally binding** where appropriate.

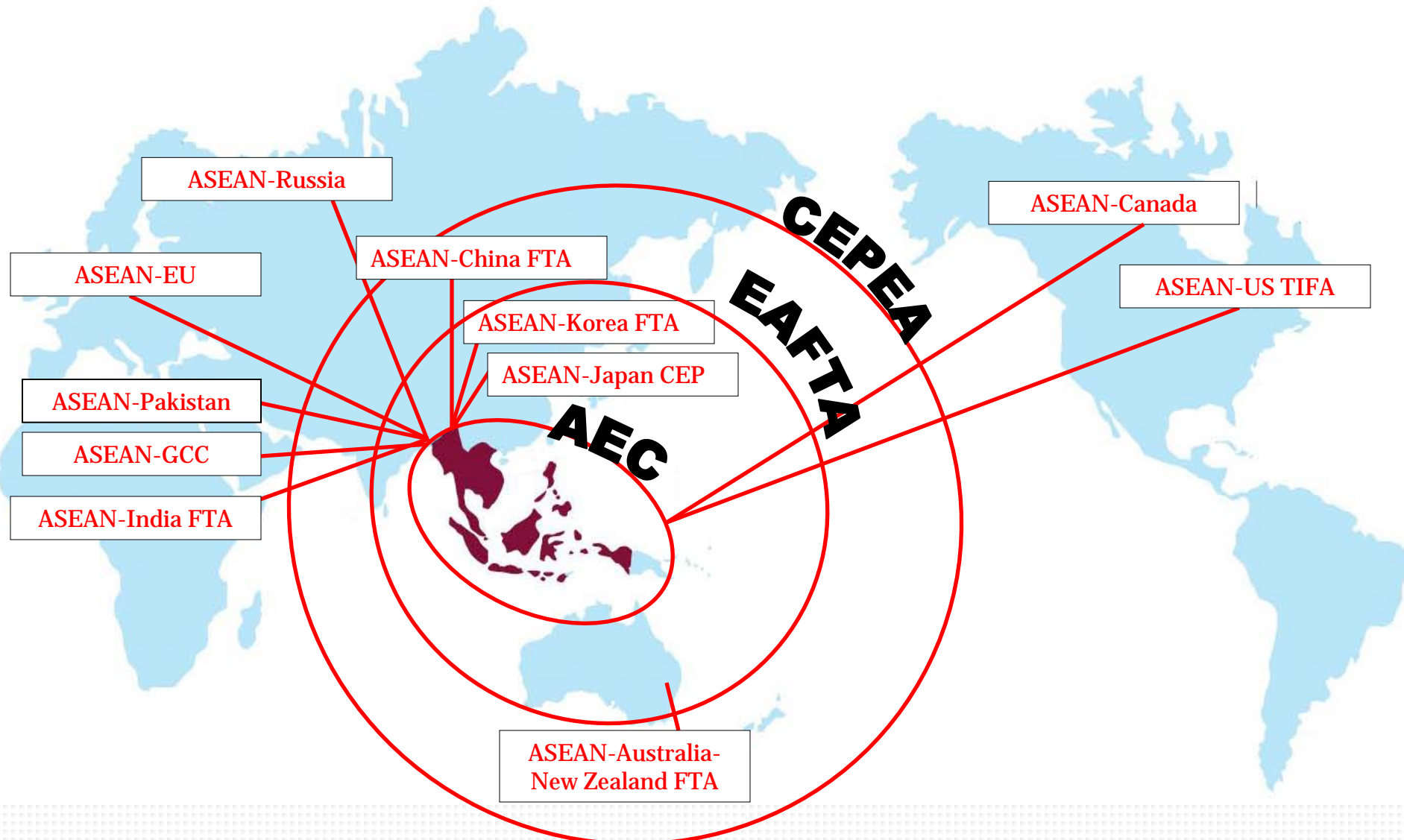
# Examples of ASEAN economic cooperation

- Reduction of tariffs : more than 97% of goods traded and average tariff rate now is between 3 to 5 %
- Standardisation : Customs procedures/forms, ASEAN Single Window and Mutual Recognition Arrangements
- Connectivity : transportation, tourism, IT (also starting on energy cooperation)

# Trade Liberalisation and Market Opening

- Started with AFTA
- Supplemented by FTAs with key trading partners
- China's offer to set up Free Trade Area with ASEAN led to ASEAN-China FTA, then FTAs with Korea, Japan, Australia/New Zealand, India
- Such momentum created a high profile on the international scene for ASEAN and facilitated ASEAN's broader diplomatic initiatives

# ASEAN External Economics Relations



# Challenges faced

- National ego (big country/small country)
- Bureaucratic culture (corruption/use technology)
- Domestic politics (leadership changes)
- Insufficient institutional set-up to champion ASEAN agenda (only small secretariat in Jakarta)
- Rule of Man; not enough Rule of Law (ASEAN Charter)

# Lessons learned

- Stay open and inclusive (ASEAN economic integration)
- Be transparent (regular meetings at all levels - Leaders, Ministers, Senior Officials, Experts)
- Give sense of ownership/stakeholdership (ASEAN agenda)
- Adhere to principle of equality (equal shares of operational budget)



# Lessons learned

- Focus on practical projects first (start with capacity building, then economic cooperation, later political/security issues)
- Pick low-hanging fruits and have early harvest (ASEAN-China FTA)
- Use existing mechanisms as much as possible; avoid new structures till all ready to accept

# Success depends on...

- Implementing plans and projects in a timely manner
- Keeping the "ball rolling"; no harm with small steps and small yields
- Building on any "common factor"
- Getting the top leadership to weigh in and even drive projects, where necessary
- Sharing the "dividends"

# Bear in mind...

- Political will is everything
- Design of plan or mechanism not at fault
- Seize the opportunity
- Capitalise on any favourable circumstances
- Engage positively those who matter

# Thank You.

*One Vision, One Identity, One Community*

