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ASEAN Integration Remains an Illusion

By Barry Desker

Synopsis

As ASEAN enters a critical year in which it has to declare itself as a single ASEAN Community, a fundamental question needs to be asked: Is ASEAN integration a growing reality or an aspiration that remains unfulfilled?

Commentary

FOR THE ASEAN member states, the benchmark of successful regionalism has been ASEAN's effectiveness in bringing the region closer. ASEAN has provided a forum for closer consultations while promoting the habit of cooperation. The lack of intra-state conflict in a region derided as a cockpit of war and the Balkans of the East during the 1950s and 1960s has been credited to ASEAN's success in moulding a greater regional consciousness among policymakers.

Still, in the first 40 years of its existence - from 1967 to 2007 - only 30 per cent of ASEAN agreements were implemented. I was therefore sceptical of the impact of the ASEAN Charter when it was adopted in November 2007.

Disappointing decisions

At that time, I criticised the codifying of existing norms instead of breaking new ground. I was disappointed that the ASEAN leaders reacted conservatively to the recommendations of the Eminent Persons Group report, which presented ground-breaking and innovative proposals for ASEAN integration, including a proposal that the ministers who handle security, economic and sociocultural issues report directly to the ASEAN Summit.

I argued against the stress on consensus decision-making, which resulted in a conservative, lowest common-denominator approach. This "ASEAN Way" has now become embedded in regional institutional structures and is an obstacle in community-building efforts.

Since 2008, ASEAN has performed better than expected. Statistically, 90 per cent of the targets under the three ASEAN Community Pillars have been achieved. The focus has been on inter-governmental agreements concluded and ratified, work plans adopted, studies undertaken, committees formed and other similar actions. There is less attention to the effectiveness of these measures and the extent of implementation, from the perspective of reducing transaction costs, increasing intra-ASEAN flows and improving the pace and depth of ASEAN integration.

Ties with major powers

ASEAN's great achievement has been in facilitating regional relationships with the major powers as well as with international and regional groupings. The East Asia Summit (or EAS, made up of the Asean 10 plus the United States, China, Japan, South Korea, Australia, New Zealand, Russia and India) and the ASEAN Plus Three (or APT, made up of the ASEAN 10 plus China, Japan and South Korea) are central institutions in these relationships.

One problem has been the competing proposals for regional economic integration, with the EAS promoting the Comprehensive Economic Partnership for East Asia (CEPEA) and the APT pushing for an East Asia Free Trade Agreement (EAFTA). The launch of negotiations for a Regional Comprehensive Economic Partnership (RCEP) in November 2012 was a step forward. ASEAN could avoid a choice between the two alternative economic visions.

More significantly, as a multilateral agreement, it offers the opportunity to avoid the trade-distorting aspects of single-country free trade agreements (FTAs), since ASEAN's partners - Australia, China, India, Japan, New Zealand and South Korea - are states which have already concluded FTAs with ASEAN.

The presence of India in the group is, however, a point of concern as India has often been the cause of deadlocks in multilateral trade and economic negotiations. During the 1996 negotiations for the first Information Technology Agreement, my Indian counterpart blocked a consensus, fearing a loss in customs duties.

He had no idea India's information technology industry would be a major beneficiary. Despite the pro-business thrust of Prime Minister Narendra Modi's administration today, there will be a need to overcome the instincts of the Indian bureaucracy if RCEP negotiations are to be successfully concluded.

Lack of ASEAN mindset

If we look at ASEAN beyond this year, the key concern is that ASEAN integration remains an illusion. ASEAN is a diplomatic community with little impact on the lives of most people in its 10 member states. Its members have diverse political, economic and legal systems and are at different levels of economic development.

There is a real worry that a "two-stage" ASEAN is emerging, with the six earlier members plus Vietnam leading the way while Myanmar, Cambodia and Laos remain mired in their least-developed country status. Within the member states, loyalties and affinities are centred on the local level, with the idea of commitment to the nation state receiving more traction today, especially in urban areas.

There is hardly any ASEAN mindset, except among policymakers, academics and journalists. Most businessmen resist closer economic cooperation if it undermines their existing market dominance but are keen on opening the markets of their neighbours. Strikingly, ASEAN policymakers appear to have tunnel vision. The three Community Pillars - political-security, economic and sociocultural - are discussed within silos and there is poor cross-sectoral interaction.

What is lacking is a "whole of government" approach. ASEAN policymakers focus on their individual sectoral responsibilities and are unable to relate their concerns to the issues affecting other sectors of society. While there is considerable discussion of ASEAN connectivity, difficult issues of "behind the border" integration need to be addressed. Critical aspects include the harmonisation of customs standards, the standardisation of legal regimes and the development of infocommunications technology infrastructure.

Fragile unity

Even when proposals are made which appear intended to promote closer integration, they fail to take reality into account. At the ASEAN Foreign Ministers' Retreat in Kota Kinabalu in January, Malaysia reiterated the call for a common ASEAN time zone for the capitals of Asean countries. But Timor Leste is in a time zone 2 1/2 hours ahead of Myanmar. Does this mean that the door is closed to

Timor Leste's future membership as alignment with a common ASEAN time zone would make little sense?

A growing worry is the fragile state of ASEAN unity. The ability of external parties to shape the positions of ASEAN members on regional issues such as the competing maritime claims in the South China Sea could undermine efforts to create an agreed ASEAN view. As China exerts its influence on ASEAN members to prevent any decisions which could affect its preference for bilateral negotiations, it will be increasingly difficult to reach an ASEAN consensus.

In July 2012, Cambodia blocked the inclusion of any reference to the South China Sea disputes, resulting in ASEAN's failure to issue a communique for the first time after an ASEAN Ministerial Meeting. This development is a harbinger of future trends.

There will be pressures on ASEAN states to avoid criticisms of external powers, and the more vulnerable ASEAN members may feel obliged to agree with their external patrons. ASEAN communiqués could therefore see a papering over of critical differences and the appearance of ASEAN unity concealing sharp differences of views.

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