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## **ASEAN's New Era: Challenges Amid Growing Cooperation**

*By Barry Desker*

### **Synopsis**

*The establishment of the ASEAN Community this year end will usher in a new era of cooperation and stability. However the risk is that its ambitious claims may outstrip its capacity to deliver its objectives.*

### **Commentary**

SOUTHEAST ASIA is set to usher in a new era of cooperation and stability following last week's ASEAN Foreign Ministers meeting in Kuala Lumpur, Malaysia. They affirmed their commitment to establish the ASEAN Community (AC) by the end of this year, to be formalised by the ASEAN Heads of Government in November. The AC will comprise the three pillars of the ASEAN Economic Community (AEC), the Political-Security Community (APSC) and Social-Cultural Community (ASCC), which were envisaged by the ASEAN Summits of 2003 and 2005.

The ASEAN Community represents the highest form of regional cooperation among the 10 member states of ASEAN that has had a positive impact of good inter-state relations on them the past several decades. That has helped develop rapport and facilitated the habit of cooperation among their leaders and peoples. From fragile beginnings in 1967 ASEAN has become a shining example of regional cooperation worthy of emulation. Credit for this change should be given to President Suharto of Indonesia (1966-1998) and the other ASEAN Leaders who had recognised the need for ASEAN to work together to enhance their capabilities and grow their potential in a rapidly changing globalised world.

### **Southeast Asia's transformation**

With a combined gross domestic product of US\$3 trillion in 2013 ASEAN now has the third largest GDP in Asia after China and Japan. With a population of 600 million ASEAN GDP is projected to grow by more than five percent per annum over the next five years, and intra-ASEAN trade exceeding \$1 trillion. With the establishment of the AEC it will aim to create a single production and distribution base where products can be manufactured anywhere in the region and distributed and sold throughout Southeast Asia. The AEC aims to "transform ASEAN into a region with free movement of goods, services, labour and free movement of capital".

ASEAN will also enhance connectivity throughout the region. An ASEAN highway network is a priority project while improved maritime links are promoted. Air services are being liberalised and rail

connectivity is also planned. China's initiative in establishing an Asian Infrastructure Investment Bank (AIIB) is significant as a source of funding for infrastructure throughout the region.

The emergence of the ASEAN Community is a giant leap forward from the 1960s when Southeast Asia was regarded as the Balkans of Asia, riven by inter-state and intra-state conflicts in the region. The cold war was raging and Southeast Asia was a zone of contention. The Vietnam War was at its height following the US intervention and spilled over into Cambodia and Laos. Myanmar was beset with multiple rebellions and Thailand and the Philippines with communist insurgencies. Indonesia was engaged in *Konfrontasi*, an undeclared war with Malaysia which included Singapore.

The communist insurgencies in the region were supported by post-revolution China, with communist parties and their allies in the region replicating the street struggles of its Cultural Revolution. Malaysia-Philippines relations were ruptured over the Philippine claim to Sabah while Malaysia-Singapore relations were embittered following Singapore's separation from Malaysia in 1965. Southeast Asia's future looked bleak and uncertain.

The situation in Southeast Asia underwent a dramatic transformation since ASEAN's formation. Following the end of the Vietnam War and the accompanying conflicts in Cambodia and Laos in 1975, Southeast Asia was divided into two blocs – the non-communist ASEAN and the communist Indochina with a neutral Burma (now Myanmar). The ASEAN Five (later six with Brunei) responded by intensifying their cooperative efforts in economic and political fields as set out in their Declaration of Bali Concord 1976.

They united in opposing Vietnam's invasion and occupation of Cambodia in 1979 through the 1980s and, following the Vietnamese withdrawal from Cambodia and the military takeover in Burma in the 1990s, offered the hand of friendship to the four Indochina states. Vietnam joined ASEAN in 1995, followed by Laos and Myanmar in 1997 and Cambodia in 1999. The enlargement of ASEAN encouraged its leaders to make bold plans for the consolidation and development of the regional grouping. They envisioned the three "C's" – an ASEAN Charter, an ASEAN Community and ASEAN Connectivity – for enhancement of ASEAN's progress and prosperity.

### **Challenge for ASEAN: Ambition outstripping capacity**

However, the challenge for ASEAN is that the ambitions of its proponents surpass their capacity to deliver. The focus of governments will be on building strong states and maintaining their hold on power. By framing the ASEAN Community, whose three pillars are political-security, economic and socio-cultural, as an objective to be reached by December 2015, ASEAN draws attention to current weaknesses in the level of regional integration.

Like other regional groupings, the reality facing ASEAN is that it is essentially a diplomatic community of policymakers, journalists and academics which has not sunk deep roots. ASEAN has been outstanding in the developing world in promoting regional stability and security, preventing inter-state conflict as well as promoting regional economic cooperation and development. The risk is that the extravagant claims for a Community (with a capital 'C') may outstrip their capacity to deliver.

This development is significant as Southeast Asia is at an inflection point in global history. The United States is today the only superpower and has controlled the maritime space of the Indo-Pacific since 1945. A rising China, which has historically been focused westwards towards Central Asia, could emerge as a regional competitor for the US in the decade ahead. As China builds up its naval and air power, China's presence in the East China Sea and South China Sea will increase. China is already the leading trading partner for states in Southeast Asia and is rapidly emerging as a major source of investment, tourism and business partnerships.

### **China's growing influence**

China's rise in the decades ahead will pose challenges for the region even as it creates opportunities. Policymakers in ASEAN states are concerned that China's capacity to influence regional decisions will increase as China becomes more powerful.

States in the region will develop closer relations with China. While prospects for cooperation are strengthened by China's enunciation of a Maritime Silk Road as a key objective, with its promise of enhancing mutual prosperity, increasing trade and investment and promoting regional peace and security, China's extensive territorial claims in the South China Sea highlight the potential for conflict.

China's unwillingness to turn to international legal adjudication of conflicting maritime territorial claims, current land reclamation which is far greater than that undertaken by any other claimant state and the lack of progress in reaching agreement with ASEAN on a Code of Conduct in the South China Sea draw attention that China's actions could negatively shape the perceptions of states in the Southeast Asian region.

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