

- ▶ EXPERT TALK: IS ASEAN READY FOR A RULES-BASED COMMUNITY? .....2
- ▶ EMERGING ASIA'S POLICYMAKERS DISCUSS GLOBAL VALUE CHAINS AND ITS DEVELOPMENT IMPLICATIONS AT ADBI-RSIS EVENT .....3
- ▶ AMRO EXECUTIVE SHARES VIEWS ON RATIONALE, PROGRESS AND PROSPECTS OF REGIONAL FINANCIAL AGREEMENT.....4
- ▶ RSIS, ANU AND MACARTHUR FOUNDATION HOLD SEMINAR ON ALLIANCE POLITICS BETWEEN UNITED STATES AND ASIA PACIFIC.....4
- ▶ SELECTED PUBLICATIONS AND MEDIA INTERVIEWS... ..... 5

# Multilateral Matters

*S. Rajaratnam School of International Studies  
Centre for Multilateralism Studies Bulletin*

## ASEAN as a Model for Central Asia

By Loro Horta

In 1993 the leaders of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan agreed to call the region encompassing their respective nations “Central Asia”. However, this initial enthusiasm for regionalism soon dissipated as the five former Soviet republics grew increasingly isolated from one another.

Due to the region’s strategic location and abundance in natural resources such as oil and natural gas, several great powers have tried to promote regional organisations to foster cooperation between them and the region. As the Central Asian states ponder whether they should form their own regional grouping, ASEAN could well be a model for them to seriously consider.

### Russia, CSTO and SCO

In 1992 Russia and several former Soviet republics—Armenia, Azerbaijan, Belarus, Georgia, Ukraine and the Central Asian states—formed the Collective Security Treaty Organisation (CSTO). Russia also sponsored the customs union linking itself with Belarus and Kazakhstan in 2010. However, both Russian initiatives have had modest success at promoting regionalism. Firstly, the SCTO, as its name suggests, is a security and military -focused organisation. Secondly, it is not a regional bloc having European, Middle Eastern and Central Asian nations. As a result Central Asian countries have different and sometimes conflicting reasons for joining these Russian-inspired organisations.

In 2001 China, Russia and the Central Asian states, minus Turkmenistan, formed the Shanghai Cooperation Organisation (SCO) with its initial aim of promoting border security and counterterrorism cooperation. The organisation has today evolved to cover other fields such as economic and scientific cooperation. The better-funded SCO seems to have been far more successful than the Russian initiatives.

While the SCO has been effective at solving border disputes and promoting trade with China, it has done little to promote trade between the regional countries. Trade and even cultural exchanges remain minimal between the five Central Asian states. American and European initiatives promoting regional

integration and trade such as the U.S.-sponsored New Silk Road Initiative have had even more modest results.

### ASEAN

One of the reasons these external attempts at regionalism have failed is because they tend to reflect external priorities and concerns, with both Russian and Chinese initiatives being modeled on Western examples such as the European Union and NATO.

Instead of focusing on formal and institutionalised arrangements, Central Asian leaders may start at informal arrangements that aim at promoting mutual trust such as meetings between heads of states and other officials.

Water resources sharing and border disputes are the most sensitive issues in the region. Instead of trying to tackle these issues first, less sensitive issues where there is some consensus should be the priority. While small initiatives such as increasing cultural and sport exchanges may seem trivial, they can slowly open the way to higher level exchanges.

Central Asia is far more homogeneous than Southeast Asia. With the exception of Tajikistan, Central Asian nations are ethnic Turk and all, including Tajikistan, are Sunni Muslims. All were under the Russian empire and the Soviet Union for 150



Participants at the SCO Summit, 13 September 2013 (Source: Presidential Press and Information Office, Russia)

*Continued from previous page*

years and Russian remains the lingua franca of Central Asia. While tensions exist over water resources and borders, so far these have not erupted into major clashes such as those seen in Indochina.

### Can Central Asia follow the ASEAN Way?

Central Asian leaders all subscribe to the principles of non-interference in the domestic affairs of other states and the peaceful resolution of disputes—principles enshrined in both the SCTO and SCO charters. These principles are also central in the ASEAN Way.

ASEAN has grown to become the most successful regional organisation in the developing world. The chances for a similar organisation to be created in Central Asia are good, provided

## Expert Talk: Is ASEAN Ready for A Rules-Based Community?

As 2015 draws closer, legal and institutional issues play a bigger role in discourse on the realisation of an ASEAN Community. It is becoming clear that there is a significant gap between the goals of the ASEAN Community and the legal and institutional mechanisms the region has at its disposal to pursue its ambitions. This has implications across several areas, be it in human rights and conflict resolution or monitoring, enforcement, and dispute settlement in the context of the ASEAN Economic Community.

*Multilateral Matters* invited four experts to share their views on these issues. Given the preference for the “ASEAN Way” of flexibility and non-interference and sensitivities to political interests, is ASEAN truly ready for a more rules-based community?

### Suthad Setboonsarng

*Board Member, Banpu PLC, International Rice Research Institute and Cambodia Development Research Institute*

*Former Deputy Secretary General (Operations), ASEAN Secretariat*

ASEAN has come a long way towards becoming a rules-based and transparent economic system since the implementation of the ASEAN Free Trade Area in 1992. Since then, many regional rules and institutions were established each year to consolidate the region into one market. The ASEAN Economic Community 2015 will be a compendium of these achievements.

Beyond 2015, these institutions **will be deployed by ASEAN as a platform** to shift the focus of deriving benefit of 25 per cent intra-ASEAN trade and 20 per cent intra-ASEAN investment towards enjoying the benefit from the 75 per cent extra-ASEAN trade and 80 per cent extra-ASEAN investment to position the region. In an era where cross-border and cross-sectoral issues of the economy, society and politics are intimately connected, these new rules and regulations will be the foundation of greater predictability and certainty.

The private sector, as the key stakeholder, will assume more roles and responsibilities as the public sector begins to exhaust its resources and specific technical know-how in organising and managing the new sophisticated business environment. This realisation is critical to the future success of ASEAN, Asia and the world economy. New technologies and discoveries are accelerating the pace of change in the global economy; they

that appropriate models that keep in mind local realities and conditions are followed.

Contrary to some perceptions, regional leaders have shown receptivity to multilateralism when they supported the creation of the United Nations Regional Centre for Preventive Diplomacy for Central Asia. An institution characterised by its discreet diplomacy, one of the hallmarks of ASEAN which Central Asia can adopt is its quiet informal diplomacy.

*Loro Horta is an Adjunct Fellow with the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University. He is a diplomat based in Turkmenistan. The views expressed here are strictly his own.*

An [expanded version of this article](#) was previously published as part of the RSIS Commentaries series.

must be accompanied by strong institutions and laws so the benefits can be maximised and distributed across society. This process will not be seamless, but with a clear vision and steady resolve, they can be achieved.

### Diane Desierto

*Assistant Professor of Law and Co-Director, ASEAN Law and Integration Center*

*University of Hawaii Williams S. Richardson School of Law*

The question of 'readiness' wrongly assumes that there is a threshold of readiness—economic, institutional, political or otherwise—before any completely effective regional integration can be accomplished. By that measure **none** of the world's regions of integration would satisfy that standard.

The appropriate question to ask is whether the ASEAN Member States have sufficient incentives to continue ASEAN's transformation from a loose economic cooperation to an international regional organisation vested with certain competences in law-making, enforcement and dispute settlement. I believe those incentives do exist and are durable enough over the long-term to support and sustain the integration process. Economically, the region benefits from expanded sources of intra- and inter-ASEAN trade, investment and cross-border financing. Politically, common security threats in this region make it more advantageous for individual Member States to be able to seek some recourse to regional channels for joint solutions, consultations, negotiations and bargaining leverage.

It is easy to latch on to the difficulties of the integration process without understanding that ASEAN has had 40 years to establish the horizontal administrative linkages and institutional cooperation ministry to ministry, sector to sector, treaty by treaty. Our processes and institutions are evolving and like any project of integration, it is a work in progress. ASEAN integration does not mean that individual members surrender their mandates to govern. What it does mean is that Member States choose to govern areas of common interest for the region together in ways that are rules-based, legally binding and transparent, democratic and in full compliance with international law. Ultimately, the choice for and contours of ASEAN integration reflect the region's exercise of self-determination.

*Continued from previous page*

### **Tan Hsien-Li**

*Senior Research Fellow and Executive Director, ASEAN Integration through Law Project*

*Centre for International Law, National University of Singapore*

ASEAN is often criticised for not being ready to be a rules-based community and this, whichever way one wishes to look at it, is indubitably true. Political scientists, economists and journalists point out the disparity between profession and proof, putting this down to, *inter alia*, the lack of political will, capacity and synchronisation. The (relatively rare) legal opinion can contribute to this discourse and I posit three key reasons from the viewpoint of the Rule of Law and Institutions:

A rules-based community does not come into existence overnight. Even before the law is utilised, it must be properly formed. Presently, ASEAN law is a messy jumble in both substance and process. At the most basic level, ASEAN instruments must be systematically made—there should be systematic differentiation between hard law (e.g. treaties) and soft law (e.g. declarations) in terms of name, form and substance so that they can be applied correctly.

Second, there must be the systematic curating of ASEAN instruments from the organisation's inception to date. Presently, the exact number and names of the entire archive of ASEAN instruments appear to remain obscure not only to the public but also the Secretariat and Member States. A rules-based community cannot emerge if there is imperfect knowledge among those who need to use it most.

Lastly, the Rule of Law and Institutions necessitates implementation in national systems. Member States should strengthen domestic infrastructure and governing institutions such

that ASEAN instruments can have real effects. The Rule of Law and Institutions can only come to life with practical measures.

### **Termsak Chalermpanupap**

*Lead Researcher, Political and Security Affairs*

*ASEAN Studies Centre, Institute of Southeast Asian Studies*

ASEAN and its Member States advertise their common aspirations and formulate numerous plans of action without giving much thought to resource mobilisation. Implicitly they still hope to obtain funding support from outside ASEAN. This must change. To be credible about community-building in ASEAN beyond 2015, ASEAN Member States must commit and contribute more of their own resources to ASEAN cooperation activities. They must also learn to create a new and constructive balance between national sovereignty and interest versus commitment to ASEAN and common regional interest. What is desirable to each of them should also be useful to ASEAN and vice versa.

International recognition of ASEAN centrality comes from the proactive, constructive and effective leadership of processes initiated by ASEAN for dialogue and cooperation. It can be further strengthened by ensuring successful community-building in ASEAN. A successful ASEAN Community gives its Member States a viable and safe strategic policy option of being neutral and constructive in the wake of growing power rivalries in this part of the world. As a peace-loving group, ASEAN can and will engage all its friends and partners near and far for mutual interest with malice to none. ASEAN wants to keep Southeast Asia peaceful and prosperous for the benefit of its 625 million people. All major external powers are welcome to support ASEAN in this noble endeavour.

## **Emerging Asia's Policymakers Discuss Global Value Chains and Its Development Implications at ADBI-RSIS Event**

Around 20 senior government officials from developing countries across South and Southeast Asia attended a regional conference co-hosted by RSIS and the Asian Development Bank Institute on "Trade in Value-added, Global Value Chains and Development Strategy". The event was held at Traders Hotel Singapore on 6-8 May 2014. The conference was organised in response to the growing interest in trade in value-added in the recent years and the increasing fragmentation and complexity of global production. The topics covered helped the participants develop a solid understanding of cross-border trade and trade in value-added as changes in global trade patterns bring new opportunities and challenges for growth and development. The conference also provided an opportunity for the participants to share best regulatory practices and development strategies in addressing policy challenges resulting from the rise of global value chains (GVCs).

Speakers discussed the importance of trade in value-added in understanding GVCs and the policy implications of GVC participation. In addition to the basic concepts of GVCs, presentations also included sectoral case studies. The discussions emphasised the need to steer GVC participation towards increasing the share of domestic value-added. Long-term

development strategies must be designed such that GVC participation does not only capitalise on a country's current comparative advantage but is also able to respond and adapt as its comparative advantage evolves.

Presentations also tackled how the increasing fragmentation and complexity of cross-border trade has transformed trade relations among countries participating in GVCs. In this regard, participation in GVCs may serve as an impetus to foster bilateral and multilateral trade facilitation.



RSIS Associate Professor Pradumna B. Rana delivers presentation on "Linking South Asia to Production Networks in East Asia" at the ADBI-RSIS conference

## AMRO Executive Shares Views on Rationale, Progress and Prospects of Regional Financial Arrangement

Dr Reza Siregar, Group Head and Lead Economist at the ASEAN+3 Macroeconomic Research Office (AMRO), gave a lecture to RSIS IP6021 (International Economic Institutions and International Economic Policies) students on 12 May 2014 on the topic “Regional Financial Agreement: Rationale, Progress, Prospects and Challenges”. Siregar shared with the students the inner workings of AMRO and the role it plays as an independent regional surveillance unit to monitor economies in the region and as a support unit to Chiang Mai Initiative Multilateralization (CMIM) decision-making process.

As the surveillance unit for the CMIM, AMRO undertakes macroeconomic and financial surveillance on the ASEAN+3 economies for early detection of risks and implementation of remedial actions to counter these identified risks. One key challenge that AMRO faces is the need strengthen its human

resources. At the moment, AMRO is staffed by around 30 individuals. As AMRO’s workload increases, it would need to find experts and experienced professionals who can improve AMRO’s capacity to deal with its growing work scope.

Another area where AMRO needs to improve is in fostering its relationship with other institutions such as the International Monetary Fund (IMF). Collaboration is important to synchronise and coordinate various bilateral, regional and multilateral frameworks and swap facility arrangements. Siregar highlighted that AMRO does not exist to override the work of IMF, nor is an Asian version of the IMF necessary for now. Rather, Siregar believes that what could realistically be achieved in the next five years is to continuously build AMRO’s capacity to make it a more credible, capable and independent surveillance unit.

For more on Dr Reza Siregar’s work on AMRO and CMIM, please refer to the following recent publications:

1. [Enhancing the Effectiveness of CMIM and AMRO: Selected Immediate Challenges and Tasks](#) (co-authored with Akkharaphol Chabchitrchaidol) - ADBI Working Paper No. 403, January 2013
2. [Regional Financial Arrangement: An Impetus for Regional Policy Cooperation](#) (co-authored with Keita Miyaki) - MPRA Paper No. 51050, October 2013

## RSIS, ANU and MacArthur Foundation Hold Seminar on Alliance Politics between United States and Asia Pacific



(L-R) William Tow, David Envall (partially hidden), Rajesh Basrur, Ian Hall and Brendan Taylor

The Australian National University (ANU) and the MacArthur Foundation continue their collaboration with the second round of the ANU-MacArthur Security Initiative. The project now focuses on U.S. alliance politics in the Asia Pacific and its implications for stability and tension in the region. Members of the project team, which also includes RSIS Centre for Multilateralism Studies Head Associate Professor Tan See Seng, visited RSIS on 5 June 2014 for a seminar on “The United States’ Asia Pacific Allies and Partners: Managing Regional Cooperation and Competition” to seek feedback on the preliminary results.

Professor William Tow, Dr Ian Hall, Dr Brendan Taylor and Dr David Envall of the ANU College of Asia and the Pacific’s School of International and Strategic Studies shared the initial findings and highlighted perspectives from Australia, Japan and India. Tow provided an overview of the project

background and objectives. Alliance politics are a key factor shaping US-China relations as the United States uses its network of bilateral alliances in the region to counter China’s growing power. The ANU-MacArthur Security Initiative Project aims to explore relevant issues, such as how the current scenario compares to alliance politics during the Cold War, whether today’s networks are still relevant given the rapidly changing dynamics and structures in the Asia Pacific and how emerging trilateral/multilateral groups complement or complicate regional dynamics.

Envall drew insights on the project topic from the perspective of Japan and Northeast Asia. There is still a lot of uncertainty in this part of the region as players grapple with questions on the function of alliances. Hall spoke on the views of India on alliance politics as an outsider in the regional order. India largely sees alliances as unnecessary. Nonetheless, the country is currently strengthening its relationship with Japan, particularly in infrastructure and technology transfer. Taylor discussed varying arguments in Australia on the country’s response to China’s rise and the U.S. rebalance. He observed that the Abbott government seems to belong to the “hawkish” camp (i.e. Australia should side with the United States and develop its own military capabilities) but also displays tendencies of taking a middle position emphasising cooperation with both China and the United States. While country perspectives may differ, one common concern that surfaced during the discussions was the challenge of managing credibility in alliance politics given differences in statements of intent and actual policy implementation.

## SELECTED PUBLICATIONS

### [Indonesia's Role in ASEAN: A Case of Incomplete and Sectorial Leadership](#)

Ralf Emmers

*The Pacific Review*, Vol. 27, No. 4, pp. 543-562, June 2014

### [Abe's Doctrine Should Be Applauded, With Caveats](#)

Bhubhindar Singh

*Nikkei Asian Review*

26 June 2014

### [ASEAN SMEs: Same-Day Delivery Services for More Growth?](#)

Kaewkamol Pitakdumrongkit

RSIS Commentary No. 093

9 May 2014

### [ASEAN Open Skies: Economic Integration and SAR](#)

Tsjeng Zhizhao Henrick and Benjamin Ho

RSIS Commentary No. 082

7 May 2014

### [Economic Integration between South Asia and East Asia: A Perception Survey of Asian Opinion Leaders](#)

Pradumna B. Rana and Wai-Mun Chia

RSIS Working Paper No. 272

April 2014

### [US Presence in Asia Pacific: Messages from Obama's East Asia Tour](#)

Sarah Teo

RSIS Commentary No. 079

30 April 2014

## MEDIA INTERVIEWS

### [Reviving the Southwestern Silk Route: India-China-Nepal Trilateral a Win-Win for All](#)

Interview with Pradumna B. Rana

*India Writes*

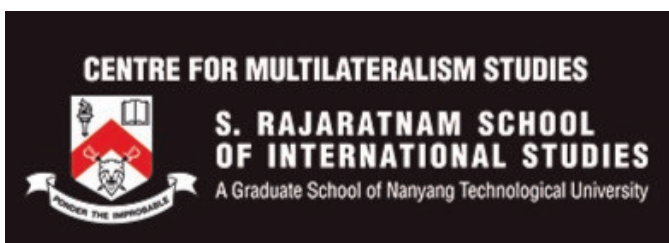
25 June 2014

### [Few Barriers to China's Push in South China Sea](#)

Interview with Tan See Seng

*Associated Press*

21 May 2014



### CONTRIBUTORS

Don Rodney Junio

Theresa Robles

### CONTACT US

Centre for Multilateralism Studies  
S. Rajaratnam School of International Studies  
Nanyang Technological University  
Block S4, Level B4, Nanyang Avenue  
Singapore 639798  
Phone: +65 6790 6982

### ABOUT THE CENTRE

The Centre for Multilateralism Studies (CMS) is a research entity within the S. Rajaratnam School of International Studies at Nanyang Technological University, Singapore. The CMS team conducts cutting-edge research, teaching/training and networking on cooperative multilateralism in the Asia Pacific region. The Centre aims to contribute to international academic and public discourses on regional architecture and order in the Asia Pacific. It aspires to be an international knowledge hub for multilateral cooperation and regional integration.

For more information, contact us or visit our website:

<http://www.rsis.edu.sg/cms/>