

RSIS Commentary is a platform to provide timely and, where appropriate, policy-relevant commentary and analysis of topical issues and contemporary developments. The views of the authors are their own and do not represent the official position of the S. Rajaratnam School of International Studies, NTU. These commentaries may be reproduced electronically or in print with prior permission from RSIS and due recognition to the author(s) and RSIS. Please email: RSISPublications@ntu.edu.sg for feedback to the Editor RSIS Commentary, Yang Razali Kassim.

ASEAN and Global Change

By John Pang

Synopsis

As we set our eyes on the long horizon of economic integration we should not neglect the important role ASEAN can play in the wider region today.

Commentary

THIS HAS been a year of high expectations and of disappointment in Southeast Asia. Rarely has the economic and strategic importance of the region been as apparent. As China's economy transitions towards "a new normal" marked by lower growth, structural and financial reform, and as the other BRICS markets have also slowed, investors have looked to ASEAN, with its favourable demographics and market-oriented economies, as both an alternative and a complementary market to China.

ASEAN's prospects have often been approached through the criteria of economic integration. Hopes have centred on the ASEAN Economic Community (AEC), which is being inaugurated as we speak. The bold language of "a single market and production base" and of the launch of an economic community implies a change in the way business will be done in Southeast Asia. The reality is slow and incremental progress.

Don't expect radical change

There is already a free trade regime for most goods. Progress has been slower on the more difficult issues of non-trade barriers, trade in services, financial services integration, customs harmonisation and the movement of labour and talent. The AEC will not be raising the curtain on any radical change.

On the strategic front, growing US-China rivalry over Southeast Asia seems to have exceeded ASEAN's ability to come up with a unified response. ASEAN ministers were unable to conclude with their customary joint declaration after their meeting in Kuala Lumpur earlier this month. ASEAN's powerlessness before regional "non-traditional security threats," such as human-induced forest fires in Indonesia, is a stark reminder of ASEAN's lack of institutional capability and its inability to transcend nationalist sentiment.

Regional political integration needs national governments regarded by their own people as representative and legitimate. While representative democracy and the rule of law have leapt forward in Myanmar and been confirmed emphatically in Indonesia, Thailand remains under military rule and Malaysia, this year's chair of ASEAN, is in deep political crisis. The year has also seen progress towards a Trans-Pacific Partnership Agreement that bisects ASEAN and raises questions about the relevance of the AEC.

Paradox of ASEAN weakness

ASEAN's continuing weakness at a time when stakes are high and centrifugal pressures great might tempt us to dismiss its prospects. Paradoxically ASEAN is more relevant than ever. ASEAN remains the platform for a range of diplomatic and economic activities that are critical to the future of Asia at a time when international order is challenged by long term developments in Asia. ASEAN's central role in regional multilateralism makes it uniquely placed to help shape events.

The opening of China has already unleashed the largest mobilisation of people and productive forces in human history. Change on this scale cannot but disrupt the present order, both economic and strategic, social and cultural.

China is already ASEAN's largest trading partner, collectively and country by country. ASEAN is linked to China by global supply chains that will grow more complex and multi-dimensional as the Chinese economy undergoes structural reform.

China's One Belt One Road: a generational project

The question is not how to preserve a status quo that is already over but how global order is changing, and what role we can have in influencing the direction of that change. ASEAN's sparse achievements in integration belie its value in the moving context of a changing Asia Pacific and a changing world. While rightly attending to the continuing work of ASEAN integration, we should not miss the bigger picture of ASEAN's significance in the midst of change.

China's *One Belt One Road* initiative is a generational project integral to its economic transition and its 'peaceful rise'. It envisions a set of corridors of economic integration, opened up by a network of overland and maritime connectivity, that will span Eurasia, and join Southeast and East Asia with Central Asia, the Middle East and Europe. It means building new networks of global partnership, and forging

bilateral and multilateral cooperation with more than sixty other countries. It means a new economic geography for Asia.

The investments planned under OBOR are much needed in Southeast Asia, but the multi-stakeholder, multilateral partnerships needed to make such investments work are going to be hard to put together. ASEAN would have a lot to offer from its resources in multilateralism. China should look to ASEAN as a partner for OBOR.

China's rise is re-ordering strategic relations and reshaping relationships in trade, investment and culture. It will reshape the networks, including the physical links between China and the rest of the world, but nowhere else more in Southeast Asia. While these developments are rich with promise, they are also viewed with anxiety, particularly by incumbent regional powers, the US and Japan, and by regional powers such as India. Through multilateral efforts that draw in all these players, ASEAN has stood for mutually beneficial collaboration rather than destructive rivalry, engagement rather than containment.

ASEAN: hub of multilateralism

Southeast Asia has long served as an arena of great power relations and rivalry. In the last four decades, however, ASEAN has served as a platform for confidence building and collaboration across Asia and the Pacific through institutions such as the ASEAN Regional Forum and the East Asia Summit. Even with all its internal weaknesses, ASEAN, as its diplomats rightly insist, remains 'central' to a set of regional discussions and formal and informal links that tie the interests of the US, China and Japan together.

ASEAN's experience and credibility as the hub of multilateralism in the wider region is important in helping the wider region adapt to the economic and strategic rise of China. That rise is provoking a reaction from conservative elements in the US and Japan. Dire predictions are being made with examples drawn from the Peloponnesian Wars. The US 'pivot to Asia' and a similar heightening and securitisation of Japan's engagement with Southeast Asian countries, are, at least in part, driven by such fears.

The fears are understandable, and so is the fact that the very ground of global order is shifting beneath our feet. Our analytical and policy frameworks have time and again failed to capture the full scope of the change we are living through. Our efforts to cope amidst this uncertainty and dynamism must leave room for experiment, evolution, and tolerance for ambiguity. ASEAN must be a partner for the interested parties to come together to bring about a new regional order that can accommodate the dynamism of the peoples of Asia.

This makes ASEAN a vital platform, and beyond that a key partner, for China to work out, convey and exemplify its peaceful rise. ASEAN's fluidity and its lack of institutional strength may not always be a handicap in a global context of massive change and strategic anxiety.

ASEAN is no threat to any major power. It has never been "a global player" in its own right, but in its diplomacy of dialogue and consensus building over 48 years, it has

managed to become a useful forum and partner for global players working out new arrangements of co-existence. The promise of ASEAN should not be undervalued.

John Pang is a Senior Fellow with the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University, Singapore.

Nanyang Technological University
Block S4, Level B4, 50 Nanyang Avenue, Singapore 639798
Tel: +65 6790 6982 | Fax: +65 6794 0617 | www.rsis.edu.sg