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ASEAN and the EU: Different Paths to Community Building

By Ong Keng Yong and Kyaw San Wai



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LEADERS OF the Association of South-east Asian Nations at their annual summit on 22 November 2015 formally established the ASEAN Community. The realisation of the ASEAN Community is a momentous milestone in ASEAN's history but has met with lukewarm responses from various sectors of ASEAN society. Pundits questioned whether ASEAN had really become a community – they had compared ASEAN with the European Union, and were disappointed that ASEAN does not measure up to the level of integration achieved by the EU. There was nothing like the European Parliament or the European Court of Justice. Social activists argued that the ordinary citizens of ASEAN are mostly unaware of the community-building process or see no benefit from being part of it.

The business sector claimed that commercial transactions and investments across Southeast Asia are still challenging, with high and unprofitable cost of doing business. Skilled workers cannot move or work freely across national borders as in the EU. Political strategists

were not at all sure that the ASEAN Community had secured the region's peace and stability. Economists, for their part, debated the value-added contribution of the ASEAN Community to Asia's dynamism and growth trajectory. The bottom line, in the view of many quarters, was a negative for ASEAN's community-building effort.

The bigger picture

While these commentators have raised important points, there is another side of the coin. It is crucial for everybody to appreciate what actually happened. The launch of the ASEAN Community is part of the strategic move by ASEAN leaders to get Southeast Asian countries to stay on the collective path of peaceful and sustainable development and make the organisation attractive as a viable political and economic partner for external powers interested in the region.

Despite each ASEAN member state having its own policy towards the major powers engaging Southeast Asia, there is a shared strategic outlook that the

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grouping should maintain a key role in the regional architecture, and that this can only be realised by having all ten ASEAN members hanging together.

What the EU has achieved in integration is instructive, but is not the model for ASEAN community-building. ASEAN remains an inter-government body, distinct from the EU's supra-national construct. Directly comparing ASEAN to the EU is not apt.

Though the ASEAN Community is a work-in-progress, member states are committed to make it work, albeit in a uniquely Southeast Asian way. Referred to as the "ASEAN Way", this is consensus-based decision-making at a pace comfortable to all, with non-interference in domestic affairs and flexibility in implementing collective agreements as guiding principles. It is unfair to say that ASEAN is an ineffective regional body that fails to meet the aspirations of the people of Southeast Asia. In the Southeast Asian context, punitive measures and an interventionist approach do not guarantee success. Moral persuasion, cooperation and collaboration can yield positive outcomes, though more time is required.

Different views

ASEAN and the EU are the two most prominent regional integration projects in the world today. However, they arose out of different contexts and have different visions and missions. European integration, after the two inter-

necine World Wars and ideological divide of the Cold War, followed the modality of building institutions and setting common rules to minimise sovereignty.

Pooling sovereignty is a strategy aimed at reducing the potential for military adventurism as witnessed during the two World Wars. Integration across the European continent provides better security, sustaining peace and development.

On the other hand, the historical experiences of Southeast Asia are different. Many of the ASEAN member states are relatively young independent nations and view sovereignty as paramount and something to be jealously guarded. Building regional institutions is still a nascent idea. Globalisation and technological advancement have however enhanced the need for cooperation across national borders and ASEAN is nimbly trying to adapt to the changes in global dynamics – by integrating the member states' economies and social systems in a strategic collective to secure peace and development.

Substantive ties

Notwithstanding their differences, ASEAN and the EU have worked hard to cultivate significant political, economic and cultural ties over the years. Cooperation and collaboration provide a mutuality of support and an exchange of ideas and innovations beneficial for both. It is germane to highlight some important facts that buttress the ASEAN-EU relationship. The EU is ASEAN's second largest

external trading partner at US\$248 billion for 2014 – around 10% of ASEAN's total trade. It is also ASEAN's largest external investor for 2012-2014 with more than US\$56 billion, with US\$29 billion alone in 2014, amounting to around 22% of total FDI inflow.

An ASEAN-EU Free Trade Agreement is unlikely in the foreseeable future but there is political understanding for this with work on concluding bilateral FTAs proceeding, albeit slowly. The EU has concluded negotiations with Singapore and Vietnam, while talks with Malaysia, Myanmar and Thailand are ongoing. Going forward, the prospects for more trade and investment are positive despite strong competition from elsewhere.

Air connections between ASEAN and EU cities by airlines from both sides provide nearly a quarter of a million seats per week. In 2014, the EU was the second largest external source of tourism in ASEAN, with around 9.3 million arrivals. At the same time, the EU is emerging as a preferred travel destination for the burgeoning ASEAN middle class.

Common challenges

The relationship between ASEAN and EU countries is not based on business and trade alone. In the socio-cultural arena, there are many projects that have added to the web of linkages and substantive ties. Arts, biodiversity, education, environmental protection, pandemics, post-disaster humanitarian assistance and science & technology are some of

the areas covered in functional cooperation.

These platforms have brought about considerable people-to-people exchanges which are at the foundation of ASEAN-EU connectivity. And through more sharing and regulatory convergence in the areas where they can work together, there will be increased mutual understanding to cement ties between ASEAN and the EU.

Being the two regional integration works always in the news these days, comparing ASEAN and the EU will be unavoidable. However, such direct comparisons are not appropriate as the two groupings originated from different circumstances and are navigating through different terrains towards different destinations. Yet, they face common challenges in the 21st century and they can certainly offer each other valuable lessons in tackling the complexities of governance at the national, regional and international levels. ■

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ADBI-RSIS Book Launch on “New Global Economic Architecture: The Asian Perspective”

On 6 January 2016, RSIS along with the ADB held a book launch at the Mandarin Orchard, Singapore. The session focused on the changing trends of the current global economic architecture (GEA) and presented an overview of the book, *New Global Economic Architecture* (edited by Masahiro Kawai, Peter Morgan, and Pradumna B. Rana).

Distinguished speakers,

including Pradumna B. Rana, Associate Professor of RSIS; Dr. Matthias Helble, research fellow of the ADBI; Peter J. Morgan, ADBI; and Robert Wihtol of the Asian Institute of Management, gave their views on different aspects of future developments of GEA. Topics included the emergence of regional institutions, such as AIIB, and how these institutions will exist along with the incumbent



Associate Professor Pradumna Rana speaking at the event.

GEA and how they might cooperate successfully, as well as the role Asia should play in the evolving decentralised architecture.

The AIIB and the decentralisation of the GEA are significant developments within current global affairs, from both an economic and geopolitical viewpoint. ■

World Trade Organisation for the 21st Century: The Asian Perspective

On 13 January 2016, CMS held an event as part of the IPE Seminar series, titled ‘World Trade Organization for the 21st Century: The Asian Perspective’, which looked at the WTO’s role in global trade, particularly in relation to Asia. The speaker Dr. Ganeshan Wignaraja, is an Advisor in the Economic Research and Regional Cooperation Department of the Asian De-

velopment Bank (ADB), and has many years of experience in the field of economic development and international trade. The seminar also featured Dr Razeen Sally, Associate Professor, LKY School of Public Policy and Dr. Henry Gao, Associate Professor, SMU, as discussants.

Dr Ganeshan explained how 2016 was an important year for Asia in

terms of trade facilitation with many potential milestones affecting the landscape. The TPP was agreed at the end of 2015 and is now awaiting ratification from the member states, while the ASEAN Economic Community (AEC) commenced at the beginning of 2016 and the Regional Comprehensive Economic Partnership (RCEP) is still being negotiated with hopes of it

completing soon. As a result, the WTO is under pressure to evolve and adapt to the changing nature of global trade and remain relevant. The results of these trade deals and developments could be key to the Asian region, as Dr Ganeshan pointed out that many are reliant on being parts of larger production networks that span many countries. ■

Fulbright Scholar Dr Alice D. Ba at RSIS

In January 2016, RSIS hosted a visiting fellow under the Fulbright Specialist Program, Dr. Alice D. Ba, Associate Professor of Political Science & International Relations from the University of Delaware. She presented a lecture on the topic of “The Changing Logics of Regional Order? The United States, China, and ASEAN in East Asia” on 27 January 2016, which discussed the institutional dimensions of East Asia’s

transitioning regional order. She talked about ASEAN’s contributions and its challenges, and explored the questions raised by Chinese and US initiatives (China’s One Belt, One Road; the US “Re-Balance” policies) in terms what the regional order will look like in relations to great power relationships, ordering principles, and security drivers.

In addition, Dr. Ba contributed her expertise to RSIS-sponsored pro-



Dr Alice Ba presenting a lecture.

grams and seminars, provided consultations with graduate students and junior researchers about research and professional development, and participated in discussions on

issues such as the Malacca Strait safety and security challenges and China’s developmental initiatives in Southeast Asia. ■

RSIS-NBS Capacity-Building Programme

“The ASEAN Advantage: Building Successful Business in ASEAN” programme was held from 29 February to 4 March 2016 at the Nanyang Executive Centre and Marina Mandarin Hotel, Singapore. Jointly organised by the S. Rajaratnam School of International Studies (RSIS)’s Centre for Multilateralism Studies and the Nanyang Business School (NBS), the programme explored the theme of managing businesses in an increasingly integrated ASEAN, highlighting key issues on infrastructure, trade deals, human resources, consumerism, investment, and regional

diversity.

The 5-day capacity building programme featured thought leaders, business leaders and policy makers, including Tan Sri Dr. Rebecca Fatima Sta Maria, Secretary General of Ministry of International Trade and Industry, Malaysia; Tan Sri Dr. Tony Fernandes, Group Chief Executive Officer of AirAsia; Ambassador Ong Keng Yong, Executive Deputy Chairman of RSIS; Dr. Siriwan Chutikamoltham, Senior Lecturer of NBS; Mr. John Pang, Senior Fellow of RSIS; Associate Professor Nigel Phang of NBS; and Professor Gemma Calvert, Director



Dean Ravi Kumar presenting a token to Tan Sri Dr. Tony Fernandes.

for Research & Development of Asian Consumer Insights.

The keynote speakers shared their expertise and insights on the opportunities and challenges in conducting businesses in the region presented by the adoption of the ASEAN Economic Blueprint in 2007 and the establish-

ment of the ASEAN Economic Community in 2015. Participants also benefited from on-site visits to companies and Iskandar Malaysia where participants observed and learned, first-hand, how businesses can work with governments to tap into the opportunities arising from economic integration. ■

SELECTED PUBLICATIONS

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1 March 2016

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Ralf Emmers, *Contempo-*

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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.

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