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Can ASEAN Keep Aiming for New Goals without Having Reached Old Ones?

By Sanchita Basu Das and Termsak Chalermphanupap

As the deadline of 2015 draws closer, it is apparent that ASEAN will miss many of its goals as stipulated in its three Blueprints of ASEAN Political-Security Community (APSC), ASEAN Economic Community (AEC) and ASEAN Socio-Cultural Community (ASCC). Yet, ASEAN has continued to embark on even more ambitious goals: creating an “ASEAN common platform” on major global issues by 2022 in order to play an increased role in the community of nations, and launching negotiations on a Regional Comprehensive Economic Partnership (RCEP), which ASEAN hopes to complete by the year 2015.

Among the three blueprints, even though the AEC blueprint is the most concrete and contains specific action plans, commitments and timelines, ASEAN does not seem able to fulfil its ambition for a “single market and production base” anytime soon¹. Aware of the delays and shortfalls, ASEAN has decided to add another 365 days of the year 2015 during which to achieve the goals of the AEC blueprint. This is done by setting the ASEAN Community deadline at the end of 2015, rather than at the start of the year.

For the other two Blueprints, the commitments are far less than firm as the documents are saddled with non-committal words like encourage, enhance cooperation, promote, strengthen, build up, work towards, consider, facilitate, explore cooperation, ensure. While one of the goals in the APSC blueprint is to “bring ASEAN’s political and security cooperation to a higher plane,” the failure of ASEAN Foreign Ministers to issue their customary joint communiqué at the end of their 45th ASEAN Foreign Ministers Meeting in Phnom Penh in July 2012 has sunk ASEAN to a historic new low.

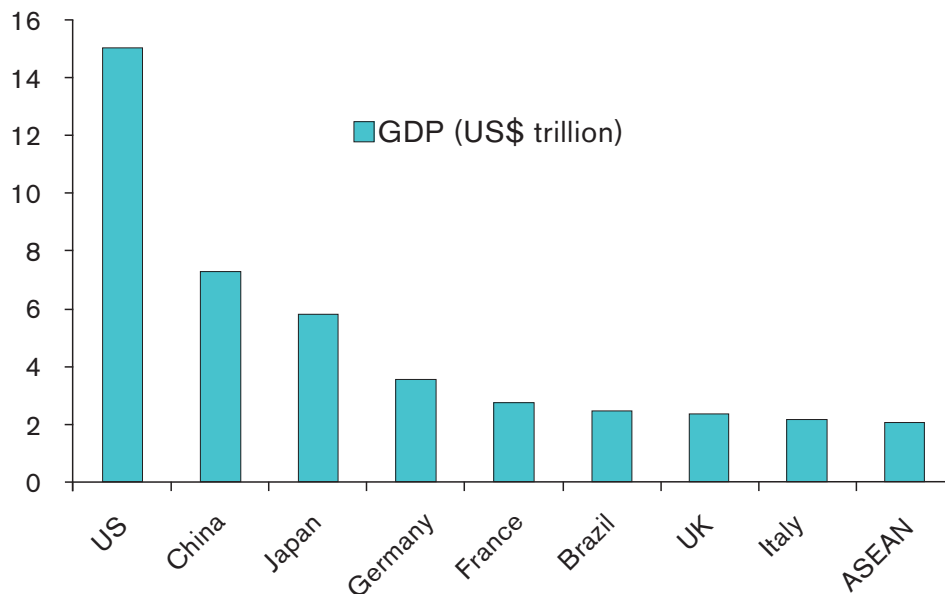
¹ ISEAS Perspective, October 11, 2012, Sanchita Basu Das – Can the ASEAN Economic Community be Achieved by 2015?

In the ASCC blueprint, one of the characteristics is to make the ASEAN Community “people oriented” and to build “a caring and sharing society”. But ASEAN has made very little progress in protection of migrant workers’ rights, prevention of trafficking in persons, and cooperation on human rights. ASEAN Leaders have adopted the ASEAN Declaration on Human Rights, but there is no consensus to follow it up with an ASEAN convention on human rights, which will legally bind all the 10 ASEAN governments to promote and protect the human rights of ASEAN people. Where “caring and sharing” are going to make a real difference, most ASEAN governments still shy away from entering into any new regional commitment to care for migrant workers.

ASEAN IN AN INTERNATIONAL COMMUNITY

However, in the last five years, ASEAN did gain a lot of prominence in the international community in being regarded as one of the most stable and successful regional groupings in the developing world. In 2011, the region was home to more than 600 million, which is equal to 8.8 per cent of the world’s population. The combined nominal GDP of US\$2.1 trillion ranks it as the ninth largest economy in the world (*Figure 1*).

Figure 1: Nominal GDP, 2011



Source: *World Economic Outlook, October 2012 Database, IMF*

Currently, among the major powers, the US, China and the EU are considered to be ASEAN’s most important Dialogue Partners as well as economic partners. ASEAN has engaged itself with these partners through different international forums (*Table 1*).

Table 1: ASEAN's Engagement with Major Partners

	Bilateral Total Trade, 2010 (US\$ billion)	FDI Inflows to ASEAN (2008-10, US\$ billion)	Tourist arrivals in ASEAN, 2011 ('000)	Forums (as of 2012)
Australia	55.4 (2.7)	3.3 (2.1)	3926 (4.8)	ASEAN+1, ARF, AANZFTA, EAS, ADMM+, RCEP, APEC**, ASEM
Canada	9.9 (0.5)	2.8 (1.7)	594 (0.7)	ASEAN+1, ARF, APEC
China	232.0 (11.3)	8.9 (5.5)	7315 (9.0)	ASEAN+1, ARF, ASEAN+3, ACFTA, EAS, ADMM+, RCEP, APEC, ASEM
EU-27	208.5 (10.2)	33.2 (20.5)	7326 (9.0)*	ASEAN+1, ARF, ASEM
India	55.4 (2.7)	3.9 (2.4)	2711 (3.3)	ASEAN+1, ARF, EAS, AIFTA, ADMM+, RCEP, ASEM
Japan	206.6 (10.1)	16.3 (10.1)	3664 (4.5)	ASEAN+1, ARF ASEAN+3, AJCEP, EAS, ADMM+, RCEP, APEC, ASEM
Rep. Of Korea	98.6 (4.8)	6.7 (4.2)	3862 (4.8)	ASEAN+1, ARF, ASEAN+3, EAS, AKFTA, ADMM+, RCEP, APEC, ASEM
New Zealand	7.3 (0.4)	0.3 (0.2)	390 (0.5)	ASEAN+1, ARF, AANZFTA, EAS, ADMM+, RCEP, APEC, ASEM
Russia	9.1 (0.4)	0.3 (0.2)	–	ASEAN+1, ARF, EAS, ADMM+, APEC, ASEM
USA	186.6 (9.1)	16.2 (10)	2838 (3.5)	ASEAN+1, ARF, EAS, ADMM+, APEC
Total ASEAN	2,045	161	81,229	–

Note: the numbers in bracket gives the share (%) in ASEAN total

* the figure is for EU-25; ** Cambodia, Laos and Myanmar are not a member of APEC

EAS – East Asia Summit, ARF – ASEAN Regional Forum, ADMM+ – ASEAN Defense Ministers Meeting Plus (8 Dialogue Partners), RCEP – Regional Comprehensive Economic Partnership, ASEM – Asia Europe Meeting (ASEAN+3+EU+India, Australia, New Zealand and Russia), ASEAN+1 are development cooperation, ASEAN+3 includes ASEAN, China, ROK and Japan; APEC – Asia Pacific Economic Cooperation

Source: ASEAN Secretariat, Authors' compilation

Indeed, one can say that the fourth component of the AEC blueprint – Integration into the Global Economy – is one of the most successful areas for ASEAN's external economic engagement. In 2010, ASEAN and China began implementing the ASEAN-China Free Trade Area (ACFTA). It is the world's biggest free trade area and involves 1.9 billion consumers, with a combined GDP of approximately US\$9.5 trillion and total international trade of US\$6.0 trillion. The ACFTA is ranked third – after the EU (US\$17.6 trillion) and the North American Free Trade Area (NAFTA, US\$17.9 trillion) – in terms of economic size (Table 2).

Table 2: Size of ASEAN FTAs, 2011

	Total Population, 2011	Total GDP, 2011		Total Trade to the World, 2011
	Persons in million	US\$ billion	PPP\$ billion	US\$ billion
ASEAN-Australia-New Zealand FTA	635	3,822	4,390	2,983
ASEAN-China FTA	1,955	9,474	14,651	6,036
ASEAN-Japan CEP	736	8,043	7,735	4,072
ASEAN-RoK FTA	658	3,292	4,905	3,474
ASEAN-India FTA	1,815	4,003	7,772	3,162

PPP – Purchasing Power Parity; RoK – Republic of Korea; CEP – Comprehensive Economic Partnership; FTA – Free Trade Agreement

Source: World Economic Outlook, October 2012 Database, IMF; World Trade Organisation Database; Authors' estimate

In addition to the ASEAN-China FTA, ASEAN is in different stages of implementation for the ASEAN-Japan Comprehensive Economic Partnership, the ASEAN-India FTA, the ASEAN-Korea FTA and the ASEAN-Australia-New Zealand FTA. These agreements became a pathway for the ASEAN Leaders to endorse the ASEAN Framework for RCEP at the 19th ASEAN Summit in November 2011, and subsequently of their decision to launch the RCEP negotiations with Australia and New Zealand, China, India, Japan, and Korea at the 21st ASEAN Summit in November 2012.

With RCEP, ASEAN is expected to spearhead a region consisting of almost half the world's population, 28 per cent of world trade and 28 per cent of global GDP (*Table 3*). RCEP is expected to further entrench ASEAN Centrality, which is severely challenged amidst the rapid pace of regional economic cooperation arrangements evolving in the region. RCEP will also demonstrate ASEAN's capability to craft a compromise between East Asia Free Trade Agreement (EAFTA), which is based on the ASEAN+3 framework and favoured by China, and the Comprehensive Economic Partnership in East Asia (CEPEA), which is based on the EAS and favoured by Japan².

Following the 1997-98 Asian financial crisis, ASEAN has played an important role in enhancing ASEAN+3 financial cooperation. The Chiang Mai Initiative, which was instituted in 2000, has been multilateralised in 2010 and it doubled its pool of funds to US\$240 billion in 2012, to help its members cope during financial turmoil.

² ISEAS Perspective, August 17, 2012, Sanchita Basu Das – RCEP: Going beyond ASEAN+1 FTAs.

Table 3: Size of RCEP

	Total Population, 2011	Total GDP, 2011		Total Trade to the World, 2011
	Persons in million	US\$ billion	PPP\$ billion	US\$ billion
RCEP	3,367	19,930	26,109	10,149
% Share in total (world)	47.9	28.5	33	27.6

Source: *World Economic Outlook, October 2012 Database, IMF; World Trade Organisation Database; Authors' estimate*

Going beyond the major Asian economies, ASEAN has also engaged the US, in 2010, through the East Asia Summit (EAS). For this to happen, the US not only maintained a substantive economic relationship with ASEAN, but also became a Dialogue Partner of ASEAN in 1977 and finally acceded to the Treaty of Amity and Cooperation in Southeast Asia (TAC) in 2009. While for ASEAN, US participation in the EAS served to balance the increasing Chinese role in regional affairs, for the US, this helped to build the belief of the US “pivot” and “rebalancing” to Asia. The US participation in the EAS, combined with Chinese and Indian partnership, constitute the best possible scenario for ASEAN in future.

In 2010, ASEAN also welcomed Russia as a member of the EAS. Russia has been a Dialogue Partner since 1996 and acceded to the TAC in November 2004. It has immense natural resources, including energy, and technology that can be useful to East Asian countries. It is one of the states dealing with the North Korean nuclear question and continues to have deep security interests in East Asia.

In addition to the above, ASEAN has also been engaging Canada in discussion on an ASEAN-Canada Trade and Investment Framework Agreement (TIFA). Also, based on the strong foundation of the ASEAN-EU partnership, the EU and 24 of the EU member states have accredited their Ambassadors to ASEAN. A special advisor on ASEAN matters has also been appointed in the EU Delegation in Jakarta to strengthen the working relationship with ASEAN.

In April 2009, for the first time, ASEAN as an organisation, was invited to join the world's leading economies at the Group of 20 (G-20) summit in London. The then Chairman of ASEAN, Thailand's Prime Minister Abhisit Vejjajiva, accompanied by ASEAN Secretary-General Dr. Surin Pitsuwan, joined the meeting to tackle the post-crisis global economy. In Dr. Surin's words, “This is a sign of recognition from the global community of ASEAN's potential and success as a regional organization. It also shows support for ASEAN's vision of a community.”

ASEAN's growing recognition in the international community can also be seen by the appointment of separate ambassadors to ASEAN. In June 2010, the United States became the first non-ASEAN country to establish a dedicated Mission to ASEAN in Jakarta. Thereafter, three other countries (China, Japan and the Republic of Korea) also established

an exclusive Mission to ASEAN in Jakarta. So far 67 countries and the EU have accredited their Ambassadors to ASEAN.

All these resulted in a growing number of regional and international meetings for ASEAN. In 2012, the total is estimated to have exceeded 1,000 meetings, the first time in ASEAN's history.

KEY CHALLENGES

Yet, resources for ASEAN, especially its Secretariat in Jakarta, have not been adequately mobilized. The annual budget for the ASEAN Secretariat was constant during 2010-2011. In 2012, the total allocation grew by 10 per cent to US\$15.7 million, with equal contribution from the ten ASEAN member states. In 2013, the budget is expected to see another increase of 3 per cent, which is below the inflation rates of most ASEAN states (*Table 4*).

Table 4: Operational Budget of the ASEAN Secretariat, (2003 – 2012)

Budget Year	Operational Budget, (US\$ thousands)	Percentage Change (year-on-year)	Percentage of Utilization of the Allocated Budget
Jun 2003 – May 2004	7,320	1%	104% (OS) ^a
Jun 2004 – May 2005	7,680	5%	101% (OS)
Jun 2005 – May 2006	7,990	4%	103% (OS)
Jun 2006 – May 2007	8,490	6%	104% (OS)
Jun 2007 – May 2008	9,680	14%	99% (US) ^b
Jun – Dec 2008 ^c	7,830		84% (US)
Jan – Dec 2009	14,350	22% ^d	75% (US)
2010	14,330	No increase ^e	82% (US)
2011	14,360	No increase	100%
2012	15,763	+10 %	

Notes: a – OS (Over-spending) was caused mostly by a higher number of ASEAN meetings than projected
b – US (Under-spending) was caused mostly by unfilled staff vacancies

c – In the past, the budget or financial year of the ASEAN Secretariat ran from June to May of the following year. In 2008, it has been changed to calendar year in line with the Chairmanship of ASEAN. Hence, there was a need to have a seven months budget from June to December 2008.

d – A major staff build-up in response to increased workload and new functions of the SG of ASEAN and the ASEAN Secretariat following the entry into force of the ASEAN Charter on 15 December 2008.

e – ASEAN Member States decided to go for a stand-still budget in the wake of serious under-spending

Source: ASEAN Secretariat, Authors' compilation

The Secretariat is severely challenged by lack of adequate human resource. For the Master Plan on ASEAN Connectivity (MPAC), which needs massive investment in terms of planning, knowledge, technology, regulations, coordination and finance, the secretariat employs only two officers. The rest is supported mostly by ASEAN governments' Permanent Representatives to ASEAN (PR), who have multiple tasks to attend to—Committee of PR, Initiative of ASEAN Integration Task Force, the board of trustees of the ASEAN Foundation, and coordinate the Dialogue Partnership of which his/her country is the Coordinator.

Now with the next vision of an “ASEAN common platform” by the year 2022, ASEAN is yet to take any new or significant step in building institutions for that purpose. The Plan of Action to implement the Bali Concord III appears to be an extension of the existing Roadmap towards an ASEAN Community 2009-2015, with no indication to strengthen any of the ASEAN bodies or institutions.

CONCLUDING REMARKS

That said, one can deduce that although ASEAN may be lagging in fulfilling its commitments under the ASEAN Community blueprints, it has emerged as a major actor in the Asian region drawing increasing attention from the US, China, the EU and others.

The paradox of ASEAN is that while it has yet to accomplish most of its community-building goals, it has continued to embark on new and more ambitious initiatives without mobilizing adequate resources or strengthening its institutions. How long it can continue to do this is an open question.

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