

ECONOMICS WORKING PAPER

Mind the Gap: Explaining Implementation Shortfalls in the ASEAN Economic Community

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ISEAS Economics Working Paper No. 2017-7

September 2017

Abstract

The ASEAN Economic Community (AEC) is at a critical crossroad in terms of policy implementation. ASEAN announced of a significant achievement rate of 93 per cent at the end of 2015. However, effective implementation, described as policy execution that generated tangible benefits for the end-users in their cross-border activities remained patchy. Following the theoretical discussion on policy implementation, this paper postulates that it was the economic conflicts between countries and between firms of a country that led to a broad and accommodative regional policy document, thereby affecting the course of implementation. As implementation is a national issue, organisational conflicts between government agencies and bureaucrats further distorted the final outcome, and hindered progress towards meaningful implementation.

Keywords: ASEAN, Policy Implementation, Economic Conflict, Organisational Conflict

JEL Codes: F02, F15, H01

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1. Introduction

The ten ASEAN member countries reached a key milestone when their leaders formally announced the establishment of the ASEAN Economic Community (AEC) at the end of 2015. The Chairman's statement at the November 2015 Summit highlighted, "we were pleased with the achievements of the regional economic integration efforts as demonstrated by the near completion of implementation of the AEC Blueprint 2015, and were also pleased to formally announce the establishment of the AEC. We also note that outstanding measures will be implemented as a priority under the AEC post-2015 agenda" (ASEAN Secretariat 2015a: 8). However, following another report, describing the progress made under the AEC, it was evident that while the ASEAN countries were able to implement many of the regional measures by 2015, a great number remained incomplete¹. Many measures even after being reported as 'implemented' were not very effective for the business community to use for their cross-border activities².

One reason for the gap in implementation was conflict of interest. This conflict of interest could be between countries or firms or even government agencies that were responsible for implementation. This paper looks at this aspect of policy implementation in the context of AEC and provides suggestions for ASEAN and the national governments to address some of the conflicts that are slowing down the process of implementation. It seeks to answer why the 10 ASEAN members, despite committing themselves to AEC measures, fell short of their final deliverable of an integrated market. The paper uses a qualitative research approach based on semi-structured interviews with policymakers, businessmen and academics in a subset of ASEAN countries during 2015-2016. This is complemented with data from key primary sources, including ASEAN's official documents and agreements, as well as

¹ ASEAN Secretariat (2015b)

² Author's discussion with the private sector in Thailand and Indonesia during March-September 2015 and in Singapore during May-August 2016

information from relevant secondary sources such as economic data, media clippings and existing literature to understand the causal linkage around AEC, i.e. to account for the development of the AEC project from 2003 to 2015. It should be noted that, in the case of AEC, although it is a regional policy, implementation responsibility resides with the national governments (Severino 2006). Hence, the empirical discussion in the paper adopts the perspective of member countries rather than ASEAN's, which is a regional organisation.

Following the introduction, Section 2 discusses the theoretical literature on policy implementation and conflicts of interest affecting the same. The gaps in AEC implementation are highlighted in Section 3. The underlying reasons and conflicts resulting in the disconnect between countries' commitments and eventual implementation is examined in Section 4. Before concluding the paper in Section 6, Section 5 provides policy suggestions to improve implementation record in ASEAN.

2. Literature Review on Policy Implementation and Conflicts of Interest

There are many conceptual definitions of policy implementation available in the literature. As pioneers in implementation studies, Pressman and Wildavsky (1984: xxi) define implementation as 'means [...] to carry out, accomplish, fulfil, produce, complete.'³ Van Meter and Van Horn (1975) view policy implementation as actions by public and private entities or groups to achieve objectives established in a prior policy decision. This covers both one-time efforts to translate decisions into functional action and continual efforts to accomplish the changes approved by policy decisions. O' Toole (2000) describes implementation as a phase between the establishment of an intent to do something (or to stop doing something) by the government and the final impact on the world, thereby conceptually differentiating the policy implementation process and policy outcomes.

According to Mazmanian and Sabatier (1989: 20-21), "policy implementation is the carrying out of a basic policy decision, usually incorporated in a statute, but which can also take the form of important executive orders or court decisions. Ideally, that decision identifies the problem(s) to be addressed, stipulates the objective(s) to be pursued, and, in a variety of ways, 'structures' the implementation process". Hence, one can infer that in the course of

³ The first edition of the book came in 1973.

policy implementation, the policy itself carries immense importance. It is the policy that lays out the goal and the ways to achieve them. The policy goal itself gives us a barometer against which to measure the extent of achievement.

Pressman and Wildavsky (1984, xxi), however, contend that “implementation, under the best of circumstances, is exceedingly difficult”. There are many obstacles for effective implementation in developing countries, including challenges like the lack of political support for implementing agencies, lack of qualified personnel, insufficient funds to meet the cost of implementing projects, illegal fees and unfavourable socio-economic conditions (Quah 1984). Most of these challenges arise due to conflicts of interest in economic and organisational arenas of a country. Parties under each of these aspects behave as rational individuals, trying to maximise their welfare either through the policy itself or by slowing down the course of implementation.

Economic Conflict

Under regional economic cooperation, economic conflict originates from the interaction between international and domestic levels (Frieden and Martin 2003). At the international level, given the interaction of states through trade and investment and their understanding of global strategic context, it is generally assumed that states have a good understanding of their interests and the outcomes they desire from a foreign economic policy such as regional economic cooperation. However, when the international policy decisions interact with domestic-level, it gets highly influenced by interests of economic and political actors. Economic conflict arises as economic cooperation, which largely involves trade liberalisation, adversely affects the owners of relatively scarce factors of production and benefits the owners of abundant factors of production⁴. It is also suggested that factors that are generally tied to export-oriented industries tend to gain from trade liberalisation, whereas the factors tied to import-competing industries tend to lose⁵. These kinds of economic conflicts at domestic-level determine whether a participating country favours a liberal economic cooperation or a relatively protectionist one. It is assumed that the electorate in a country are able to measure economic effects of regional economic integration and vote

⁴ This is derived from international trade theories - Heckscher-Ohlin (HO) model and its related Stolper Samuelson (SS) theorem.

⁵ This is from Ricardo-Viner (RV) model which assumes immobility of at least one factors of production to an industry.

according to the impact of these policies on their individual economic well-being (Hicks, et al. 2014).

As national policy makers' often have to balance policies between maximising a country's economic welfare, given the international developments, and consider domestic interests which is key for future sustainability of the project, this leads to regional policies that are broad in nature or offer in-built flexibilities, thereby accommodating interests of all participating members. But it could be difficult to implement broad regional policies, especially when it is left to national government agencies to understand and interpret the policy measures (Flanagan et. al 2011).

Organisational Conflict

This derives from the nature of public administration. In the past, public administration was seen as a comprehensive, functionally uniform and hierarchical organisation. While there was an executive, who was often politically appointed, there were a number of skilful bureaucrats carrying out their tasks. Also termed as 'lonely organisation syndrome', this got all related policy actions under one public agency (Hjern and Porter 1981). However, most often, public administration of a single policy measure is not the responsibility of one but multiple agencies – public, non-governmental bodies and sometimes, private sector – and in that case the experience from managing a single 'lonely' organisation are no longer useful (Hall and Toole 2000). This environment of multiple government agencies makes public policy implementation very difficult. Many times while it is important for multiple organisations to acknowledge the mutual dependence for achieving a common goal, there is lack of trust for exchanging resources and developing a shared interest (O'Toole 2003).

Moreover, the involvement of several actors distorts and delays implementation (Kettl 1990). This primarily originates from the government officers who are given the responsibility of policy implementation. As these bureaucrats or civil servants may have their own interests in terms of power, personal compensation and career opportunity and other political pressures, they may get convinced to change their course of action from the stated goal. The officers may delay or falter to comply with the policy decision as they get anxious over their own gains and losses after particular reforms (Painter 2004).

In addition, in many developing countries, public administration suffers from the incidence of traditional bureaucratic culture. This includes adherence to rule-books and processes that involve paperwork, hierarchical control and precise division of labour. There is a general lack of positive attitude in learning from past mistakes or adopting new ways of doing things in and across the government agencies. As Pressman and Wildavsky allude, bureaucracy becomes 'a preference for procedure over purpose' (1984: 133). Often, people in the system get blindsided as they get occupied in their daily chores and existing practices.

In addition, public administration in several developing countries suffers from bureaucrat's behaviour towards rent-seeking. Many times, in order to expedite administrative processes in government departments, especially to obtain licenses or permits, or to secure clearance in an inspection test, a private firm may have to resort to illegal payment. This happens either when there is no payment needed or it is in addition to existing charges. For this reason, it gets financially rewarding for bureaucracy to maintain as many administrative steps as possible for any government approval process, thereby generating less incentive for undertaking reforms. (Jones 2007). All these imply that despite good intentions of the political leaders over policies like regional economic cooperation, implementation falters due to organisational conflicts among government agencies and other related actors.

3. ASEAN Economic Community 2015: Progress and Gaps

ASEAN or more particularly the ASEAN Economic Community (AEC), is at a crossroad where policy implementation is concerned. In 2003, ASEAN developed the AEC with an objective 'to create a stable, prosperous and highly competitive ASEAN economic region in which there is a free flow of goods, services, investment and a freer flow of capital, equitable economic development and reduced poverty and socio-economic disparities in year 2020'. In January 2007, the deadline to realise the AEC was brought forward by five years to 2015 (ASEAN Secretariat 2003 and 2007).

Subsequently, ASEAN achieved a major milestone at the November 2007 ASEAN Summit in Singapore as the Leaders endorsed the AEC Blueprint, which laid out a roadmap to strengthen economic integration and realise the AEC by 2015. The AEC Blueprint was a binding declaration and stipulated that 'each ASEAN Member Country shall abide by and implement the AEC by 2015' (ASEAN Secretariat 2008). It was organised across four pillars:

(i) a single market and production base; (ii) a highly competitive economic region; (iii) a region of equitable economic development; and (iv) a region that is fully integrated to the global economy. The blueprint had 17 ‘core elements’ and 316 ‘measures’ that needed to be implemented in 10 national economies within a Strategic Schedule of four implementation periods (2008-09, 2010-11, 2012-13 and 2014-15) (ASEAN Secretariat 2008).

Moving closer to 2015, as the ASEAN countries approached the year of forming a community, the ASEAN Integration Monitoring Office (AIMO) at the ASEAN Secretariat, Jakarta, published two reports - the *ASEAN Integration Monitoring Report 2015* and the *ASEAN Economic Community: Progress and Key Achievements* - that outlined the progress in implementing AEC measures from 2008-2015 (ASEAN Secretariat 2015b; ASEAN Secretariat 2015c). It was observed that the original set of 316 ASEAN-wide measures were expanded to 611, as the measures were updated in line with changing circumstances in global and regional economies⁶. Following a prioritisation approach, a focused list of 506 AEC measures was also created⁷. According to the reports, as of 31st October 2015, the ten ASEAN countries have met 92.7 per cent, or 469 out of 506 measures. It was reported that the implementation rate of AEC measures stood at 79.5 per cent, or 486 out of 611 measures over the same time period.

Although these were substantial figures in terms of ASEAN countries’ progress towards meeting regional commitments, there was criticism that ASEAN is far away from its headline commitment of integrated market, described as *single market and production base*. There were extensive studies from the academic community that concluded that ASEAN countries fell short of delivering an integrated market (Chia and Plummer 2015, Intal et al. 2014, Basu Das et. al. 2013). It was mentioned that, despite some noticeable progress, the ASEAN region continued to remain as ten disparate markets, thereby reflecting member countries’ differences in socio-economic development, policy formulation and institutional capacities

⁶ Author’s discussion with policymakers in Singapore during February-September 2015 and with the officials of the ASEAN Secretariat in May 2015, June and August 2016.

⁷ The focused list was a result of discussion in 2012, when ASEAN decided to come up with prioritised high-impact AEC measures to realise a community by 2015. Two lists were drawn up for this Prioritised Key Deliverables (PKDs): a) first, for implementation by 2013 and b) second, for implementation by 2015. The two lists were adopted by the ASEAN Economic Ministers in 2013. Since then, monitoring activities for AEC Scorecard mainly focused on the PKDs. However, in the first quarter of 2015, ASEAN countries reviewed the unimplemented PKDs and decided on 54 measures that have the greatest impact on trade and can be achieved by end-2015. These were termed as high-priority measures (HPMs). The 54 HPMs, along with the measures that were fully implemented since 2008, formed a focused base of 506 measures for the final monitoring exercise.

(Intal et al. 2014, Carpenter et al. 2013). Even the business community remained ambivalent towards regional integration. Despite pronouncement of 92.7 per cent of achievement rate, they showed concerns over usefulness about many of the measures. Companies complained about a lack of information, increase in documentation required for preferential tariff use, prevalence of non-tariff barriers due to different rules across participating members (Kawai and Wignaraja, 2011, Hu 2013).

Annex 1 shows some selected areas where ASEAN has managed to deliver on its commitments and also what remains a *work-in-progress* for the future. For instance, under *trade in goods*, the ASEAN-6 members have eliminated intra-regional trade tariffs, with 99.2 per cent of tariff lines at 0 per cent. The corresponding figure for CLMV countries stands at 90.86 per cent⁸. Other than that, to lower trade cost, the ASEAN countries have simplified the Rules of Origin (ROO), enacted the self-certification scheme, established a national single window (NSW) and national trade repository (NTR) for a subset of ASEAN countries, and signed the legal framework for implementing the ASEAN Single Window⁹. However, non-tariff barriers (NTBs) continue to prevail in the region (ASEAN Secretariat 2015b, Chia and Plummer 2015). These can be in the form of: national standards; the imposition of the local content requirement rule at the national level; export or import taxes; non-automatic licenses; and many others. Hence, whatever positive effect had been achieved by tariff elimination or measures like national single window was negated by the prevalence of the NTBs.

Similarly, for trade in services, ASEAN countries have met most of the commitments for Mode 1 (cross-border supply) and Mode 2 (consumption abroad). For Mode 3, which talks about market access, i.e. foreign equity participation, all ASEAN countries, except for Singapore, have fallen behind the liberalisation targets. In national economies, restrictions in terms of equity and land holdings, licensing requirements or lack of transparency continue to act as a barrier to services sector trade. As AEC does not mention of challenges with

⁸ ASEAN-6 countries refer to Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand. CLMV countries refer to Cambodia, Laos, Myanmar and Vietnam. CLMV countries have a longer timeline till 2018 to fully eliminate their intra-regional trade tariffs.

⁹ Under the Self-certification scheme, traders and manufacturers are given the primary responsibility for origin certification. This was devised to encourage traders to avail themselves of the trade preferences provided under the ASEAN Trade in Goods Agreement (ATIGA). The ASEAN Single Window (ASW) creates a single point of entry for all trade-related documents to speed up customs clearance, thereby reducing transaction time and costs. The trade repository is meant to keep all trade-related information in one place. This includes MFN tariff rates, ATIGA preferential tariff, other ASEAN FTAs, ROO, non-tariff measures, national trade and customs laws and rules.

domestic regulations, these are likely to continue as barriers to services trade (Chia and Plummer 2015). Regarding Mode 4 (movement for people), ASEAN countries have undertaken commitments in eight selected professional areas¹⁰. When looked carefully, the MRAs do not contain any liberalisation commitments. They merely try to facilitate mobility of professionals between member states on a voluntary basis. This generates flexibilities and hence de-motivates countries from timely and effective implementation in terms of actual movement of people.

Some of the implemented measures were for a subset of ASEAN countries, compromising a region-wide benefit for the final users. The ASEAN Single Window, a network of National Single Windows (NSW) of every ASEAN member state, targeted to operationalise NSWs of ASEAN-6 by 2008 and the CLMV by 2012. By the end of 2015, although there was notable progress in developments of NSWs in Indonesia, the Philippines, Singapore, Malaysia, Thailand and Vietnam, most of them suffered from lack of coordination between agencies, data standardisation issues or lack of appropriate human resources. NSWs of Cambodia, Laos and Myanmar were at a very early stage of development (Intal et al. 2014). There was also lack of compatibility of the NSWs across countries. Although ASEAN planned to launch a pilot project, testing the exchange of Form D among seven ASEAN countries, on 1st January 2016, the idea was delayed due to a last minute technical issue¹¹.

A number of ASEAN regional initiatives such as competition policy, intellectual property rights and narrowing development divide were to help countries, especially the less developed ones, to understand the usefulness of these policies and gradually institutionalise them in their domestic economy, thereby increasing their competitiveness over time to benefit from economic integration. There were no tangible plans to develop these measures in 10 ASEAN economies and harmonise them eventually. For example, with regard to the competition policy, several ASEAN-wide activities were initiated: the ASEAN Expert Group on Competition was set up; and the *ASEAN Regional Guidelines on Competition Policy* and

¹⁰ engineering, nursing, architectural, surveying qualification, accountancy, medical and dental practitioners and tourism professional.

¹¹ Author's discussion with the policymakers and implementing agencies in Thailand and Indonesia during March-September 2016 and with the ASEAN Secretariat officials in May-June 2016 and August-September 2017. Just before the 1st January 2016, three ASEAN countries - Singapore, Malaysia and Thailand – decided to do a parallel test (i.e. exchange of documents both electronically and physically) to check for any data discrepancies. The test came up with some errors in data between Singapore and Thailand and hence the pilot project on 1st January 2016 was stopped. The countries are now working on compatibility of systems across ASEAN.

the *Handbook on Competition Policy and Laws in ASEAN for Businesses* were written. While the Guidelines provided a reference point for countries' current experience and international best practices, the Handbook provided basic idea of competition law as applicable to some ASEAN countries (ASEAN Secretariat 2015b). However, none of these mentioned a region-wide standardized competition policy and left the issue as a national subject. Similarly, harmonising standards, technical regulations and conformity assessment were trade facilitation initiatives that were listed as important measures for ASEAN integration. But the measures were for selected ASEAN industries¹² and implementation depended heavily on individual countries' availability of financial and technical resources and manpower¹³.

Hence, although the 10 ASEAN countries committed to several regional integration measures under AEC 2015, implementation was incomplete. Progress in some areas was negated by lack of implementation in related measures. For some areas, such as NSWs, coherence in implementation across members was missing, thereby defeating the purpose of an ASEAN-wide initiative. Also, many of the initiatives were not to deliver concrete outputs, but to raise countries' awareness for new policies and reforms to raise competitiveness in the future. Overall, the ASEAN region remained far away from the headline commitment of 'single market and production base' that disappointed a section of the private sector and attracted attention of the critics.

The following section examines the underlying reasons for gap in member countries' implementation of AEC measures.

4. Explaining the Discrepancy in Implementation

The ASEAN countries undertook the exercise of AEC in 2003 as they felt the need to align their economies to forces of globalisation. They realised in the late 1990s that globalisation was prompting structural change in the pace and quality of Foreign Direct Investment (FDI) flows, which could result in investment diversion to bigger economies of the Asian region, most particularly to China (Hew 2007). While this became a primary catalyst for the ASEAN countries to offer economies of scale and work towards AEC, there were other factors too.

¹² These measure are currently targeted towards priority integration sectors in ASEAN, including automotive products, textiles, healthcare products, cosmetics and electrical and electronic products.

¹³ Author's discussion with the policymakers and implementing agencies in Thailand and Indonesia during March-September 2016

Since the early 1990s, multi-nationals (MNCs) were changing their ways to conduct manufacturing activities in the region. Manufacturing tasks were increasingly sliced across multiple countries, thereby forming international production networks (Cheewatrakoolpong, et. al. 2013). As the production networks were spread not only among the ASEAN countries but also in the larger geography of East Asia, ASEAN's economic cooperation with China, South Korea, Japan, India, Australia and New Zealand became important. The Automotive and the Electronic industries were the leading examples of production networks in the East Asian region. Both of these were assembly industries and parts and components (P&C) were produced by independent firms, often, across multiple countries.

However, although the concern of globalisation was equally shared among all ASEAN members, their willingness to liberalise sectors and pursue domestic reform remained uneven. Countries, like Singapore, Thailand and Malaysia were more willing for liberalisation and facilitation measures, while countries like Cambodia, Laos and Myanmar were keen on developing their soft and hard infrastructure. The difference in interests was mainly derived from their varied economic structure and orientation. The countries were also different from each other in terms of social indicators (shown by the HDI ranking), competitiveness and infrastructure (Table 1).

The mix of interests for liberalisation and domestic reform was observed in the broad and accommodative nature of AEC policy document, i.e. the AEC Blueprint. There was a mismatch between the headline commitment like 'single market and production base' and actual policy actions through which the obligations will be met subsequently. The use of words and phrases like 'freer', 'promote', 'minimal', 'where appropriate and possible' and 'possibly' in the blueprint document provided chances of different interpretations among the member countries. The AEC blueprint also offered flexibility in meeting targets and timelines for complying with various AEC measures. Even the implementation mechanism spelt out in the blueprint was kept generic.

Table 1: State of Development Divide in ASEAN

	GDP per capita, PPP (current \$) 2015	Trade (% of GDP) 2015	Share of Intra-ASEAN Trade (%) 2015	HDI Ranking (2015)	Ease of Doing Business Rank 2017	Global Competitive -ness Index 2016-2017 Ranking	Logistics Performance Index Ranking 2016
Brunei	78,369	85	27.6	30	72	58	70
Cambodia	3,490	128	22.7	143	131	89	73
Indonesia	11,058	42	21.7	113	91	41	63
Laos	5,691	87	64.4	138	139	93	152
Malaysia	26,950	134	27.4	59	23	25	32
Myanmar	5,250	47	39.4	145	170	n.a.	113
Philippines	7,387	63	19.9	116	99	57	71
Singapore	85,382	326	27.5	5	2	2	5
Thailand	16,340	127	25.1	87	46	34	45
Vietnam	6,034	179	12.8	115	82	60	64

Sources: World Development Indicators, the World Bank; The ASEAN Secretariat; Human Development Report 2016, UNDP; Global Competitiveness Index 2016-2017 rank out of 138 economies, The World Economic Forum; Doing Business 2017, The World Bank (out of 190 economies); Logistics Performance Index Ranking (out of 160 economies), The World Bank

All these led to challenges during the implementation phase. It became difficult to comply with policies that were broad in nature and had several interpretations. During the course of implementation, it was often found that the focus was on narrow outputs that were easily quantifiable to attain short-term political gains rather than on achieving overall policy objectives. For example, in case of the NSW, which has to link a country's customs agency with a number of government bodies involved in export-import process, reporting of compliance was done at an early stage of output delivery for some ASEAN countries, when, in reality, the NSW was not functioning in the way described in policy documents¹⁴. Indeed, the emphasis on small outputs played an important political role in ASEAN's context as it displayed individual government's commitment to and implementation progress on AEC

¹⁴ Author's discussion with policymakers and businessmen in Thailand and Indonesia during March-September 2015

matters¹⁵. However, this may not be sufficient to achieve the headline commitments as mentioned in the AEC policy documents.

In addition, as processing information of a complex document like the AEC involved financial and cognitive assets, many of the ASEAN governments, including advanced ASEAN countries like Indonesia and Thailand, struggled with domestic resources that can be dedicated for their commitments towards regional integration. They focused on selected deliverables that were generally easy to achieve, ignoring the measures that were more complex and politically sensitive in nature. The excuse of not implementing measures on time became easier as the policy document spelt out broad policy actions. This was observed in the case of the ‘elimination of non-tariff barriers’ which – though an important policy directive to develop a single market – offered broad policy actions (such as voluntarily declaration of non-tariff measures with no system for verification) by the member countries, and eventually was not delivered on time. However, ASEAN has 100 per cent implementation record for Equitable Economic Development that merely stated delivery of documents or facilitating exchange of general information. This bias towards implementation for certain policies while ignoring others, was only possible due to the accommodative nature of the AEC blueprint, which finally resulted in discrepancy in implementation.

The following section explains some of the conflicts that ASEAN countries faced during their course of policy implementation towards meeting AEC goals.

Economic Conflict

The economic conflicts are derived from socio-economic differences among ASEAN countries. There are four key characteristics that explain ASEAN’s wish for flexible and accommodative policy measures.

First, in general, the ASEAN countries lack home-grown big firms that support economic liberalisation. The countries have high share of small-and medium-scale enterprises (SMEs)¹⁶, which, in general, function in parallel with a few big multinationals. These SMEs, are said to have little interest in expanding overseas (CARI 2013). The lack of interest derives

¹⁵ Author’s discussion with policymakers in Thailand and Indonesia during March-September 2015 and with the ASEAN Secretariat officials in May 2015.

¹⁶ SMEs account for approximately 95 per cent of all business enterprises in ASEAN member states

from their limited knowledge about overseas customers, language and culture as well as the regulatory and bureaucratic issues involved in cross-border business activities. The SMEs also fear competition from large firms (ERIA and OECD 2014). Moreover, most of the SMEs are not clear about what to expect from regional integration initiatives like AEC.

Second, in the past, ASEAN countries have many big businesses that have grown with significant assistance from the state. Often, these can be categorised as state-owned enterprises (SOEs) or government-linked companies (GLCs) and firms that have close relationships with bureaucrats and politicians. The relationships have evolved overtime as politicians or bureaucrats obtained material wealth in exchange of state approvals over export and import licenses or state bank loans. State enterprises even supported well-connected firms with business opportunities in return of their ability to generate extra-budgetary revenues for organisations like military (Jayasuriya and Rosser 2006).

However, as the 1997-98 Asian Financial Crisis forced the countries to undertake profound domestic reforms, many of these firms have grown out of governments' assistantship, especially in the advanced ASEAN economies. Nonetheless, there are others, who continued to demand for protection under increasing competition so as to maintain their profit margins. These firms can be separated in two categories: ones that are tradeable and predominantly owned by foreign funds and ones that are local and include businesses with strong association with the political authorities. It is the second group of firms that, in general, have apprehension towards any form of regional cooperation that may lead to structural change in domestic economies (Jones 2015). It is these groups of private firms that often request the State to come up with domestic rules and regulations to circumvent the necessary reform due to a regional policy.

Third, a respectable economic growth is of importance to all ASEAN economies, especially for their political stability and for averting any social unrest (Nesadurai 2003). This economic growth is delivered by FDI and exports, as many of the ASEAN countries have long embraced an export-oriented growth strategy. But there are countries too who are not that deeply integrated to the global economy. For example, for Myanmar and Indonesia, trade is only around 40 per cent of total GDP (Table 1). Moreover, intra-ASEAN trade is mostly dominated by firms operating in Laos and Myanmar (around 65 per cent and 40 per cent respectively), and to some extent by firms in Brunei, Malaysia, and Singapore (around 27 per

cent). This suggests that few economies are calculating benefit from liberalising and reforming under AEC, whereas uncertainty remains with the rest. For the rest, participating effectively in AEC will subsequently expose their relatively closed economies to global competition. Hence, it is useful to have an institutional framework that serves interests of both competitive firms in open economies and uncompetitive enterprises in relatively closed ones.

Fourth, it should be noted that ASEAN plays an important role in the market-driven economic integration that is spread over a bigger geography of East Asia. While the Japanese firms initially led this kind of integration, the European and the American firms quickly followed the trend. More recently, the Chinese firms are fast catching up. For ASEAN, much of the intra-regional trade is a consequence of the intra-firm trade of these foreign multinationals (Lim 2009). However, it was observed that the regional production network created by these multinationals are both sectorally and geographically concentrated. In other words, the intra-regional trade flows are not across all ASEAN countries, but are across selected ones, depending on resource requirement of different industries. For example, since its inception in the 1970s, the Japanese automotive businesses in ASEAN, were operating in four key ASEAN economies – Thailand, Indonesia, the Philippines and Malaysia – many times in joint-venture with local firms. Their idea of operation was not to set up a region-wide production base but to by-pass national import restrictions in each ASEAN economy (Dicken 2005). With the progressive elimination of intra-ASEAN tariff since the beginning of AFTA in 1992, the Japanese firms utilised the economies of scale and primarily concentrated production in Thailand, from where automobiles were exported overseas (Lim 2009). While the Thai automobile industry succeeded, the Malaysian and the Philippines ones suffered and experienced large trade deficits in automobile sector (Wad 2009). This uneven importance of ASEAN economies to serve as production base for selected industries generates intra-ASEAN disagreement and acts as a hindrance to intra-regional liberalisation and facilitation exercises.

These underlying dynamics in ASEAN countries explain the tussle between liberal campaigners and conservatives, which finally resulted in broad AEC measures and thereafter patchy implementation.

Organisational Conflict

For ASEAN countries, organisational conflicts are often observed between government bodies or within government agencies themselves. For a complex policy measure like the NSW system, the most significant challenge is inter-agency cooperation in ASEAN countries. As the NSW system is not a subject of a single public authority, but multiple ones, shared resource dependence and pooled interests are important pre-requisites for collaborative behaviour across various government bodies. For example, in Indonesia and Thailand, NSWs have to link the country's customs to 17 and 36 government agencies respectively. For ASEAN countries like these, though there are harmonised goals at the highest level of political leaders, this does not get automatically translated to cooperation among national ministries. Most often, the ministries have different priorities, reflected in their lack of trust to exchange manpower and financial resources. Furthermore, the understanding of the AEC varies across ministries and is diluted among the lower level of bureaucrats, resulting in a lack of common interest and timely compliance to AEC measures¹⁷.

Another conflict arises from the attitude of bureaucrats in national government agencies. In the case of implementation of a measure like NSW that entails interdependence of a number of ministries and exchange of resources, there is often hesitation on part of the involved bureaucrats as they may get personally affected by redistribution of job, authority and monetary resources. For the ASEAN countries, development of production networks implies that while there is a higher intensity of import and export, and hence more profit for the private sector, it also means more authority for government officials in their decision-making capacities. Hence, any negative change in bureaucrats' authority and job description, derived from a new initiative like the AEC, is likely to have adverse implications for implementation¹⁸.

A related point to bureaucrats' behaviour is their opportunity to benefit from income from unofficial sources. In border administration processes, such as customs, this comes from private firms who make illegal payments in order to expedite otherwise protracted administrative process to obtain licences and permits; or to get goods cleared. This is often

¹⁷ The observation is derived from author's interaction with government officials in trade ministries and several of the line ministries working on NSW in Thailand and Indonesia in 2015.

¹⁸ The observation is derived from author's interaction with government officials in trade ministries and several of the line ministries working on NSW in Thailand and Indonesia in 2015.

discussed in the Doing Business and Enabling Trade indices¹⁹. Except for Singapore and, to a certain extent, Malaysia, illegal fees are a major issue for trading goods across national borders for all ASEAN countries. The issue of unethical fees or corruption in ASEAN countries is also reiterated by businesses operating in the region²⁰. According to the 2015 *Transparency International* report on ASEAN, ‘public sector corruption remains a major problem for many ASEAN countries. Only Malaysia and Singapore score above 50 out of 100 (where 100 is very clean and 0 highly corrupt) in Transparency International’s Corruption Perceptions’ (Transparency International 2015: 4). For an AEC measure like NSW, the issue of rent-seeking is likely to decrease significantly as permits and licences are going to be issued online, almost removing personal interaction. This is not viewed favourably by the government officials of ASEAN countries as they are likely to lose income, thereby encouraging them to delay the implementation process.

It can be said that a country’s institutional efficiency is directly correlated to its level of socio-economic development, implying that better socio-economic development is either a cause or a result of better institutional efficiency. These are explained in table 1, where a country’s institutional inefficiency is set out in columns 6-8 and the level of socio-economic development is illustrated by the per capita GDP in terms of purchasing power parity (PPP) and Human Development Index.

From the table, it can be easily seen that ASEAN can be divided in three broad categories. While one group can be termed as developed economies in terms of human development indicators and per capita income (Brunei, Malaysia, Thailand and Singapore), showcasing per capita income of above \$12,000, the other extremes are the less developed ones (Cambodia, Laos, Myanmar) with low HDI ranking and an average per capita income of \$4,800. Indonesia, the Philippines and Vietnam fall in the middle. Similar categorisation can be observed in the last three columns of Table 1. For example, under *Doing Business* indicators, while Malaysia, Singapore and Thailand rank among the top 50 countries out of 190, Brunei, Indonesia, the Philippines and Vietnam are in the range of 70 to 90 and the worst performers are Cambodia, Laos and Myanmar with ranking above 100.

¹⁹ Doing Business Index is published by the World Bank; Enabling Trade Index is published by the World Economic Forum

²⁰ AmCham and US Chamber of Commerce, ASEAN Business Outlook Survey 2015 (pp. 30)

This correlation between the level of development and efficiency in institutional systems implies that countries with low ranks in HDI index have heavily regulated bureaucratic procedures and face challenges in domestic reform. Both of these can be cause and effect of each other. While improved border procedures imply lower institutional impediments and better business prospects, leading to better quality human resources and income; low quality human resources imply a lack of competent man-power to undertake domestic reforms, resulting in cumbersome border procedures. For ASEAN countries' initiative of NSW, the less developed members, in addition to lack of financial resources, face a serious challenge of quality of human resources in terms of technical know-how, thus slowing the process of implementation.

Summarising the above, this section explains that the current state of AEC with incomplete implementation or the region falling short of the stated overarching objective was a result of economic and organisation conflicts in the member countries. Within each member country, there were social and economic contestations, as some supported liberalisation (for example, the foreign MNCs doing business in the region), and some requested for protection due to increased competition (for example the SMEs). Even the member states, due to their different economic structure and varied needs (like liberalisation or facilitation or infrastructure), were not sure on the extent of gains from economic integration. This explained the broad and accommodative nature of ASEAN economic integration that was subject to member countries' interpretation that eventually affected the implementation process. The implementation process was further affected by organisation conflicts in domestic economies. This included mismatch between interests of government agencies for a similar policy and conflict among the bureaucrats of government institutions. Lack of alignment of interest among different stakeholders of a country distorted the final outcome.

5. Going Forward: Role of ASEAN and National Governments

After completing the 2015 milestone, ASEAN has moved to the new phase of AEC 2025. The new phase retains the key vision of the earlier blueprint and emphasizes the creation of a deeply integrated and cohesive ASEAN that can deliver inclusive economic growth. Alongside the earlier focus on trade and investment initiatives for businesses, the new blueprint mentions the use of science and technology and development of human resources, good governance and connectivity (ASEAN Secretariat 2015d).

There are three main differences between AEC 2025 and AEC 2015 (Annex 2). First, the new blueprint has five pillars instead of four. *Enhanced Connectivity and Sectoral Cooperation* is added and it mostly includes elements of pillar 1 and pillar 2 from the old blueprint. For example, transport and ICT of the second pillar of AEC 2015 is now under the new pillar of connectivity. Moreover, the priority integration sector of AEC 2015 in pillar 1 is renamed as sectoral cooperation (involving tourism, healthcare and minerals) and now sorts under pillar 3. Second, AEC 2025 describes headings and sub-headings as necessary implementations rather than as aspirational phrases. For example, the aspirational goal of *Single market and production base* in AEC 2015 is pronounced as *Highly integrated and cohesive economy* in AEC 2025. The sub-heading of *Free flow of goods* now reads as *Trade in goods*, minimizing risks of misunderstanding among common people. Third, the fourth pillar of the new blueprint mentions “people” exclusively, responding to the longstanding complaint that AEC had developed in top-down style and with minimal involvement from below. The pillar also mentions the business community and civil society organizations as key stakeholders in ASEAN’s integration, thereby depicting the inclusive nature of the policy.

Hence, looking at the differences, one may infer that ASEAN policymakers have learnt from their past experiences. With AEC 2025, the policy makers have tried to clear most of the misunderstanding created by the aspirational phrases in the AEC 2015. They have identified new elements of economic growth for member countries over the next ten years. These include a new emphasis on innovation and productivity, using digital technology to enhance trade and investment, strengthening the role of small enterprises and promoting good governance. AEC 2025 also recognizes more clearly that regional economic integration is a dynamic process and that the member countries and the global environment are constantly evolving. It is in this context that AEC is termed as a *work-in-progress*.

What can ASEAN do to improve on its implementation record and to match people’s expectation of an integrated market?

ASEAN-level

At the ASEAN level, top-level decision-makers (i.e. the Cabinet) of the individual countries need to be clearly briefed on the need for regional integration and the necessary reforms such regional exercise entails. They need to be advised that regional economic integration is one of the many policies that a country pursues to raise its competitiveness vis-à-vis the rest of the

world. Regional and domestic policies are not conflicting in nature. In the case of AEC 2015, while all countries have agreed on usefulness of regional integration in terms of attracting FDI and participation in the production networks, they lacked realisation that the benefits come with the necessary domestic reforms, especially in terms of ease of doing business, soft and hard infrastructure, human resources and governance. Hence, towards the end of the period, as FDI inflows to ASEAN increased and reached almost the same level as China (\$125 billion in 2015), most of it came to Singapore. The city-state attracted almost 50 per cent of the total FDI in the region as it offered the most conducive investment climate and supplemented the regional policies with domestic ones.

There is a need to systematically match the overarching AEC goals, headline targets and action lines. In the case of AEC 2015, in addition to the articulation of the goal, i.e. ‘free flow of goods, services, investment and a freer flow of capital, equitable economic development and reduced poverty and socio-economic disparities’, it also highlighted headline commitments as ‘single market and production base’ or ‘competitive economic region’. This raised people’s expectations as they perceived the high aspirations as seamless movement of goods, services and investment across the 10 ASEAN members from the date of establishment of AEC. They did not pay attention to AEC’s action lines to see how far the countries have promised to match the headline commitments to actual actions. This created disappointments and frustrations with the AEC process in the phase of post-2015. Alternatively, if goals, targets and policy actions were matched, people would have had less expectation and would have appreciated ASEAN’s gradual approach to economic integration. AEC 2025 tries to address the issue to some extent.

ASEAN needs to be more methodical in formulating its policies, understanding the actions to implement the policies in national economies, presenting clearly the number of main measures needed to comply with a regional policy and providing a guideline when to report for full implementation. For AEC 2015, it created lot of misunderstanding among political leaders and final users when an achievement rate of 93 per cent was announced. To develop a narrative of substantial achievement, ASEAN created a number of lists like Prioritised Key Deliverables (PKDs) and High-Priority Measures (HPMs) that defy understanding of common people and the private sector. For example, in the case of NSW, AEC 2015 Blueprint only provided a deadline. However, establishment of NSW is a mammoth task for a country and requires appropriate legal, regulatory and technical set up. It involves discussions

among the public and the private sectors and coordination across several government ministries and agencies. How does one describe the intermediary policy actions for complying with NSW? A better understanding of key intermediary steps to achieve the final output is useful to give an extensive list of measures that a member country has to comply with. It also helps in robust reporting of implementation progress later. It is again important for ASEAN, at the regional level, to provide guidelines to member countries on when to report for implementation – at an initial step when legal barriers are addressed, when only two government agencies are connected to customs or when the NSW is full working. If the reporting on implementation is done at an early level, final users of the NSW service will discount the achievement. Hence, to improve on the issue, while it is important to set a deadline, it is also useful to mention the key policy actions needed to achieve the final outcome. It is equally important to set a common guideline when a country should report for complete implementation of a measure. A matrix indicating ‘not achieved’, ‘work-in-progress’ and ‘fully achieved’ is a convenient and transparent way to communicate to people and minimise misunderstanding going forward.

For some of the ASEAN-wide measures, it could be more efficient to outsource the implementation to private sector and work under a model of Public-Private-Partnership (PPP). This is because the private sector has the necessary technical skills and knowledge to translate the visions to actual actions. They also have the actual business knowledge to address the issues in the policies and the subsequent implementation. Moreover, being an outside agent, many times it is easier to work with multiple agencies and the bureaucrats who are responsible for the change in the system. This is happening to some extent for some of the less developed ASEAN countries, where they have received assistance under different foreign government programs like USAID, AUSAID and EU’s ARISE. These programs bring together experienced people from public and private sector and help the less developed countries to set up their NSW in order to improve on their customs facilities.

National Level

ASEAN countries should be mindful that the AEC only lists the measures needed to offer an integrated market. It creates an awareness among the countries, especially among the less developed ones, that organizations such as competition policy commissions or rules on intellectual property rights are needed to move up the manufacturing value chain. It generates discussion and ideas to address infrastructure gaps in countries and ways to include SMEs in

the process of economic integration. But it is up to the individual members to undertake implementation. Instead of looking for flexibilities or loopholes, member countries should aim for robust and timely implementation of AEC policies. This is useful not only to compete for FDI with other ASEAN countries in the region, but also to grab opportunities from the wider process of globalisation. ASEAN should be seen only as a building block for the member countries to participate more effectively in the global economy.

In all national economies, background discussions of ASEAN meetings need to be documented and archived for future reference of the public servants. This is especially when the political leaders are elected for a short period of time, whereas economic integration is a long-term process. As ASEAN policies are formulated at the political level by ministers or by the Cabinet as a whole, it is important to have systematic documentation of both confidential and public information. Even when public officials in ministries are responsible to provide the necessary information, advice and share the past experience, they may lack institutional memory. This may hinder not only the advancement of ASEAN economic integration, but also may affect the pace of policy implementation. Being less equipped with ASEAN's history and knowledge may tempt political leaders to put ASEAN regional issues on a backburner and may even compel them to replace ASEAN matters with short-term domestic issues or to pursue economic cooperation on bilateral basis.

At the national level, although the Ministry of Trade is responsible for AEC compliance, implementation of each of the AEC measures is undertaken by government officials of other line ministries. For instance, in the case of the NSW, the customs agency under the Ministry of Finance is responsible for its execution. Similarly, for standards and conformance, responsibility lies with an affiliated government agency under the Ministry of Industry. However, it was observed that knowledge on AEC and its objectives are diluted as one moves away from the AEC coordinating ministry, i.e. the trade ministry. As implementing officials lack the understanding of their work purpose and the necessity for timely delivery, this affects the overall implementation of AEC. To overcome the issue, ASEAN member countries should develop proper communication of policy standards and objectives to the implementers. Policy objectives should be accurately and consistently communicated to the implementers so that they know what is expected of them. Member countries should introduce short courses on ASEAN or more particularly on the AEC and its policies so that there is a common understanding of the regional exercise and its aims. In an era of digital

economy, these courses can be offered online and can be a pre-requisite to undertake ASEAN-related activities.

Finally, once an AEC policy is ratified, member countries need to clearly demarcate resources, i.e. financial, manpower and implementation guidelines, for facilitating effective policy implementation. Besides having a separate budget, countries should train and assign personnel for ASEAN activities. They may develop a reward system to reward implementing agencies and implementers for delivering the desired outcome. It is also important to work on implementation guidelines, like presidential orders or ministerial decisions or constitutional amendments, for compliance of policies in timely manner. It is often observed that for most of the ASEAN economies, the Ministry of Finance, which is responsible for the financial resources and allocation of budget, puts a low priority on politically-sensitive or technical ASEAN issues (like standards and conformance) or looks for external grants for implementation, thereby prolonging the execution process. Regarding human resources, ASEAN countries suffer both from a lack in the quantity or quality of personnel. In many instances, the same cadres are also afflicted with corruption, barring effective policy implementation. Prioritising ASEAN issues and developing an appropriate incentive system in national economies may resolve some of the challenges in member countries. It may also result in better coordination among national government agencies.

6. Conclusions

ASEAN, or more particularly the ASEAN Economic Community (AEC), is at a crossroad where policy implementation is concerned. It has been observed that while political leaders have proclaimed a significant rate of implementation, people - including the private sector - are yet to actually observe an integrated market. There is increasing discussion that ASEAN has fallen short of its aspiration of a 'single market and production base'. This paper gives a brief account of AEC implementation and highlights that while there has been some significant progress in terms of tariff cuts, politically sensitive issues like the non-tariff barriers or standardisation of products have yet to significantly advance. Some of the implementation remains patchy across member countries, thereby limiting usability for an ASEAN-wide initiative. There is also a subset of AEC measures that only generated discussion or delivered a framework document, negating any hope for tangible implementation.

What could be the underlying causes for ASEAN to fall short of its desired outcome? The paper clarified that although ASEAN members wanted to address the concerns of globalisation, particularly the flow of FDI to bigger economies and development of production networks, they were hesitant to undertake domestic reform. This led to an AEC blueprint document that offered flexibilities and loopholes and, in turn, led to challenges during the phase of implementation.

As implementation is a national subject, countries found it difficult to comply with broad policies or used the flexibilities as an excuse not to comply in a timely manner. Moreover, countries struggled with their financial and manpower resources in order to process complex information regarding AEC measures. Looking at the economic and organisational conflicts, the paper observed that there were economic contestations in each ASEAN countries as some supported liberalisation (for example, the foreign MNCs doing business in the region), and some requested for protection due to increased competition (for example the SMEs). The member states also had different interests in terms of extent of liberalisation and facilitation measures as they have varied economic structure and were not sure on the extent of gains from economic integration. The execution process was further affected by organisational conflicts in domestic economies. This covered mismatch between interests of government agencies for a similar policy issue and conflict among the bureaucrats of government institutions.

Going forward, as ASEAN moves to the next phase of economic integration, there are many lessons to be learnt. Communication needs to be improved both between government agencies and between governments and the end-users. There needs to be a more systematic way to match AEC goals, headline commitments and actual actions so as to minimise the difference between people's perception and actual outcome. At national level, better understanding of ASEAN affairs and allocation of resources for facilitating implementation is crucial to enhance coordination among government agencies and to achieve the desired result.

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Annex 1: Progress Made under Selected AEC Measures

Completed Tasks	Remaining tasks
<u>Trade in Goods</u>	
Tariff has been eliminated/ reduced; ROO has been simplified; started with self-certification scheme	Non-tariff barriers prevail.
A subset of ASEAN Countries have set up their NSW and have established their NTR	NSW suffers from lack of coordination mechanism between agencies, lack of human resource and technical capabilities, NTR is also not fully effective.
Harmonization of technical standards for 3 sectors have been signed– Electronics and electrical equip, cosmetics and pharma products (auto discussion is in advanced stage)	Implementation in national economies is incomplete and uneven. (Foodstuff and building and construction materials are a work in progress).
<u>Trade in services</u>	
Mode 1 (cross-border supply, where neither the provider nor the consumer moves) and Mode 2 (implies consumption abroad, like tourism) has been met	Mode 3 (commercial presence i.e. FDI liberalization) not been met
Mode 4 (movement of people) has been signed for 8 professionals – engineering, nursing, architect, surveying, accountancy, medical, dental and tourism professionals.	Different ways of cooperation across the professionals, National rules governing the professional remains.
<u>Free Flow of Investment</u>	
ASEAN Comprehensive Investment Agreement (ACIA), describing liberalisation, protection, promotion and facilitation, has been put in place	Liberalization is difficult to achieve.
Promotion is done - linked investment agencies' website, developed and disseminated investment publications and conducted roadshows and public seminars	Investment facilitation (transparency, regulations, infrastructure, institutions) has to be carried out in national economies

<u>Competition Policy and IPR</u>	
ASEAN Expert Group on competition has been set up, ASEAN Regional Guidelines on Competition Policy and the Handbook on Competition Policy and Laws in ASEAN for Businesses were written.	none of these talk of a region-wide standardized competition policy and leaves it as a national subject
ASEAN IPR Action Plan 2011-15 has been adopted.	There is no mention of a region-wide IPR regime. It is a national subject.
<u>Infrastructure Development</u>	
ASEAN Highway Network, Singapore-Kunming Railway Line, ASEAN Open Skies Policy, ICT Development have been identified.	All these are multi-year projects and none of them are completed yet. Many challenges remain, including securing financial resources.
<u>Narrowing Development Gap</u>	
Initiative of ASEAN Integration (IAI) finished two phases – 2002-08 & 2009-15	Lack of coordination efforts among donor agencies, did not completely fit into CLMV needs; new issues of climate change etc not addressed.
<u>SME Development</u>	
Strategic Action Plan for the ASEAN SME Development (2010-15) - ASEAN Benchmark for SME Credit Rating Methodology, web-based SME Service Centre, ASEAN Common Curriculum for Entrepreneurship, an ASEAN SME Policy Index.	Earlier issues remain: limited access to finance and technology, severe competition from MNCs and SMEs of other countries, weak human resource, lack of awareness of AEC initiatives.
<u>Integration into the Global Economy</u>	
ASEAN has signed five FTAs with Australia-New Zealand, China, India, Japan and South Korea.	All the five FTAs are different from each other and there is a need to put them under a common framework. Negotiation of the Regional Comprehensive Economic Partnership (RCEP) agreement is ongoing since 2013, with many challenges unresolved.

Source: author's compilation

Annex 2: Characteristics and Elements of AEC 2025 and AEC 2015 Blueprints

AEC 2025	AEC 2015
I. A Highly Integrated and Cohesive Economy	I. Single Market and Production Base
Trade in Goods	Free flow of goods
Trade in Services	Free flow of services
Investment Environment	Free flow of investment
Financial Integration, Financial Inclusion and Financial stability	Free flow of capital
Facilitating Movement of Skilled Labour and Business Visitors	Free flow of skilled labour
Enhancing Participation in Global Value Chains	Priority integration sectors
	Food, agriculture and forestry
II. A Competitive, Innovative and Dynamic ASEAN	II. Competitive Economic Region
Effective Competition Policy	Competition policy
Consumer Protection	Consumer protection
Strengthening Intellectual Property Rights Cooperation	Intellectual property rights (IPR)
Productivity-driven Growth, Innovation, Research and Development and Technology Commercialization	Infrastructure development (included Transportation and ICT)
Taxation Cooperation	Taxation
Sustainable Economic Development	E-Commerce
III. Enhanced Connectivity and Sectoral Cooperation	
Transport	

Information and Communication Technology	
E-Commerce	
Energy	
Food, Agriculture, Forestry	
Tourism, Healthcare, Minerals and Science and technology	
IV. A Resilient, Inclusive, People-Oriented and People-Centred ASEAN	III. Equitable Economic Development
Strengthening the role of Micro, Small and Medium Enterprises (MSME)	SME Development
Narrowing the Development Gap (includes IAI)	Initiative for ASEAN Integration (IAI)
Strengthening the role of the private sector	
Public-Private-Partnership	
Contribution of stakeholders on REI	
V. A Global ASEAN	IV. Integration into the Global Economy
(covering ASEAN+1 FTAs and RCEP)	Coherent approach towards external economic relations
	Enhanced participation in global supply networks

Source: ASEAN Secretariat (2015d) and ASEAN Secretariat (2008)