



ASSOCIATION OF SOUTHEAST ASIAN NATIONS

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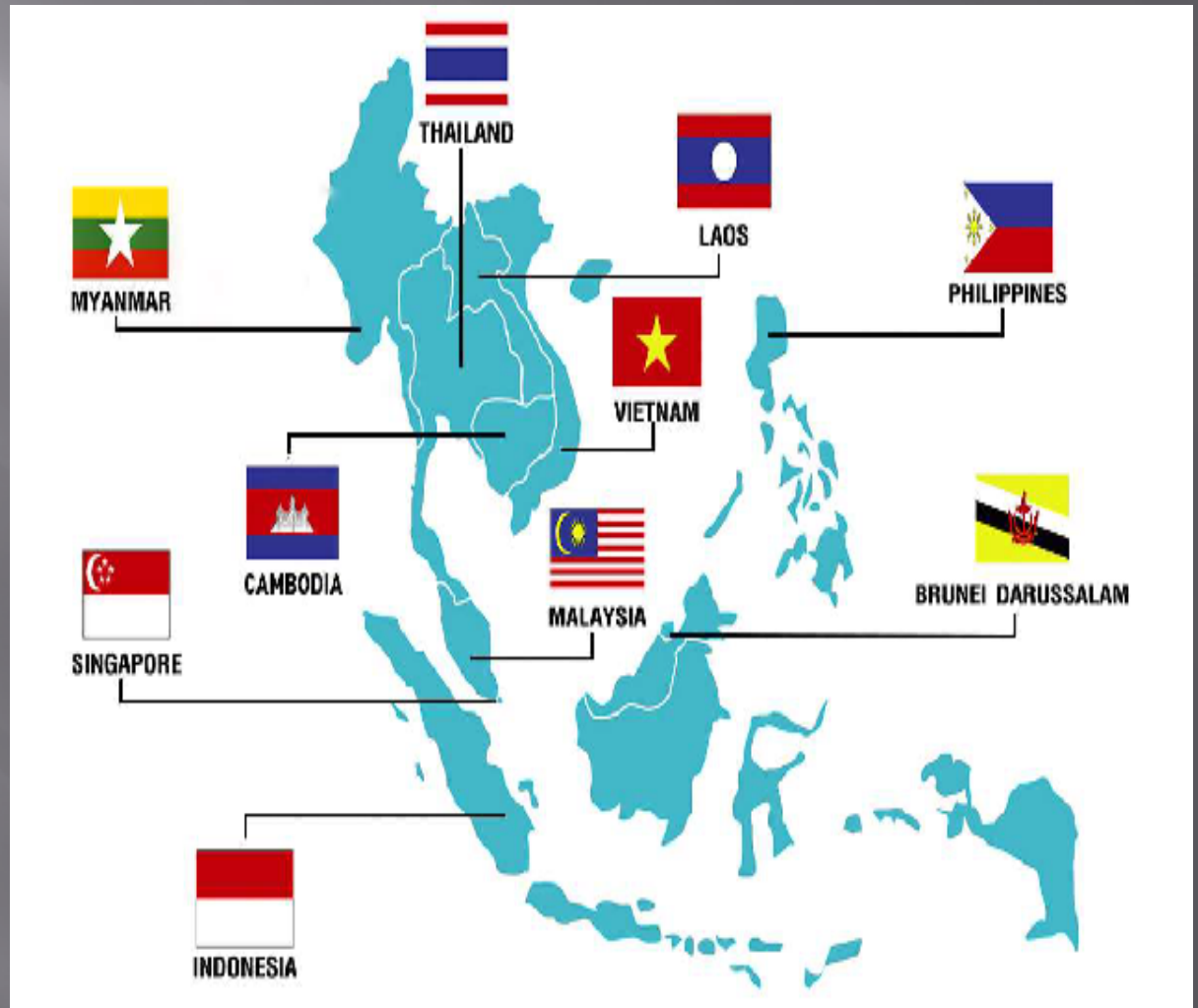
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ASEAN

- ⊠ The Association of Southeast Asian Nations, or ASEAN, was established on 8 August 1967 in Bangkok, Thailand. ASEAN is a regional grouping that promotes economic, political, and security cooperation among its ten members. ASEAN countries have a total population of 650 million people and a combined gross domestic product (GDP) of \$2.8 trillion. That makes it the fifth-largest in the world. The group has played a central role in Asian economic integration, signing six free-trade agreements with other regional economies and helping spearhead negotiations for what could be the world's largest free trade pact.
- ⊠ The motto of ASEAN is **“One Vision, One Identity, One Community”**

Members of ASEAN

- ☒ • *Thailand*
- ☒ • *Myanmar*
- ☒ • *Cambodia*
- ☒ • *Laos*
- ☒ • *Brunei*
- ☒ • *Vietnam*
- ☒ • *Malaysia*
- ☒ • *Singapore*
- ☒ • *Philippines*
- ☒ • *Indonesia*



History

- ⌘ Formed in 1967, ASEAN united Indonesia, Malaysia, the Philippines, Singapore, and Thailand, which sought to create a common front against the spread of communism and promote political, economic, and social stability amid rising tensions in the Asia-Pacific. In 1976, the members signed the Treaty of Amity and Cooperation in Southeast Asia, which emphasizes mutual respect and non-interference in other countries' affairs.
- ⌘ Membership doubled by the end of the 1990s. The resolution of Cambodia's civil war in 1991, the end of the Cold War, and the normalization of relations between the United States and Vietnam in 1995 brought relative peace to mainland Southeast Asia, paving the way for more states to join ASEAN. With the addition of Brunei (1984), Vietnam (1995), Laos and Myanmar (1997), and Cambodia (1999), the group started to launch initiatives to boost regionalism.

Aims and Purposes of ASEAN

- ☒ To accelerate the economic growth, social progress and cultural development in the region.
- ☒ To promote regional peace and stability through abiding respect for justice and the rule of law in the relationship among countries of the region and adherence to the principles of the United Nations Charter.
- ☒ To promote active collaboration and mutual assistance on matters of common interest in the economic, social, cultural, technical, scientific and administrative fields.
- ☒ To provide assistance to each other in the form of training and research facilities in the educational, professional, technical and administrative spheres.
- ☒ To collaborate more effectively for the greater utilisation of their agriculture and industries, the expansion of their trade, the improvement of their transportation and communications facilities and the raising of the living standards of their peoples.
- ☒ To promote Southeast Asian studies.
- ☒ To maintain close and beneficial cooperation with existing international and regional organisations with similar aims and purposes.

Principles

- ⊠ Mutual respect for the independence, sovereignty, equality, territorial integrity, and national identity of all nations.
- ⊠ The right of every State to lead its national existence free from external interference, subversion or coercion.
- ⊠ Non-interference in the internal affairs of one another.
- ⊠ Settlement of differences or disputes by peaceful manner.
- ⊠ Renunciation of the threat or use of force.
- ⊠ Effective cooperation among themselves.

Institution Mechanism

STRUCTURE

ASEAN Summit	Presidential Forum
ASEAN Coordinating Council	Foreign Ministerial forum
ASEAN Community Councils	Minister Level
ASEAN Sectoral Ministerial Bodies	Minister Level
Committee of Permanent Representatives	ASEAN State's Ambassador
National Secretariats	Administrative Officers
Committees Abroad	Forum outside Southeast Asia

Institution Mechanism

- ⌘ **ASEAN Summit:** The supreme policy making body of ASEAN. As the highest level of authority in ASEAN, the Summit sets the direction for ASEAN policies and objectives. Under the Charter, the Summit meets twice a year.
- ⌘ **ASEAN Ministerial Councils:** The Charter established four important new Ministerial bodies to support the Summit.
 - ⌘ ASEAN Coordinating Council (ACC)
 - ⌘ ASEAN Political-Security Community Council
 - ⌘ ASEAN Economic Community Council
 - ⌘ ASEAN Socio-Cultural Community Council

Institution Mechanism

- ⊠ **Decision Making:** The primary mode of decision-making in ASEAN is consultation and consensus.
- ⊠ However, the Charter enshrines the principle of **ASEAN-X** – This means that if all member states are in agreement, a formula for flexible participation may be used so that the members who are ready may go ahead while members who need more time for implementation may apply a flexible timeline.
- ⊠ **ASEAN Regional Forum (ARF):** Launched in 1993, the twenty-seven-member multilateral grouping was developed to facilitate cooperation on political and security issues to contribute to regional confidence-building and preventive diplomacy.
- ⊠ Chairmanship of ASEAN rotates annually, based on the alphabetical order of the English names of Member States.

Institution Mechanism

- ⊠ **East Asia Summit:** First held in 2005, the summit seeks to promote security and prosperity and is often attended by the heads of state of ASEAN members, Australia, China, India, Japan, New Zealand, Russia, South Korea, and the United States.
- ⊠ **ASEAN+3:** The consultative group, which was initiated in 1997, brings together ASEAN's ten members, China, Japan, and South Korea.
- ⊠ **ASEAN+6:** The group became ASEAN Plus Six with Australia, New Zealand, and India, and stands as the linchpin of Asia Pacific's economic, political, security, socio-cultural architecture, as well as the global economy.

ASEAN Community

- ⊠ The ASEAN Community 2015 is a community of opportunities under three community pillars: Political Security Community, Economic Community, and Socio-Cultural Community. Its launch in 2015 is a historic milestone and a culmination of ASEAN's resilience and dynamism throughout a journey of nearly half a century, and signals to the world how far and how well the ASEAN Member States have achieved in coming together as one community.
- ⊠ The ASEAN Community ascertains that the goal of ASEAN's founding fathers of improving the lives of its people is reflected on the region's economic and cultural development, social progress, regional peace and security, collaboration, mutual assistance in training and research, improvement of living standards, promotion of Southeast Asian studies and cooperation with regional and international organisations.

ASEAN Community

- ⊠ ASEAN Political Security Community (APSC) – Ensures that the peoples and Member States of ASEAN live in peace with one another and with the world at large in a just, democratic and harmonious environment.
- ⊠ ASEAN Economic Community (AEC) – Transforms ASEAN into a stable, prosperous, and highly competitive region with equitable economic development, and reduced poverty and socio-economic disparities.
- ⊠ ASEAN Socio-Cultural Community (ASCC) – Contributes to realising an ASEAN Community that is people-oriented and socially responsible with a view to achieving enduring solidarity and unity among the peoples and Member States of ASEAN.

Economic Progress in ASEAN

- ⌘ ASEAN has made notable progress toward economic integration and free trade in the region. In 1992, members created the ASEAN Free Trade Area with the goals of creating a single market, increasing intra-ASEAN trade and investments, and attracting foreign investment. Intra-ASEAN trade as a share of the bloc's overall trade grew from about 19 percent in 1993 to 23 percent in 2017. Across the grouping, more than 90 percent of goods are traded with no tariffs. The bloc has prioritized eleven sectors for integration, including electronics, automotives, rubber-based products, textiles and apparels, agro-based products, and tourism.
- ⌘ ASEAN is also party to six free trade agreements with countries outside of the grouping. Since 2012, it has been negotiating the Regional Comprehensive Economic Partnership (RCEP), a proposed free trade agreement that would include all ASEAN members, Australia, China, India, Japan, New Zealand, and South Korea.

Challenges Before ASEAN

⊠ 1. Geopolitical stability and regional relationships:

ASEAN states are located at a strategically important junction, bordering two of the world's most populous economic powers, China and India, which makes ASEAN a focal point for both regional and global powers. ASEAN member states are also enmeshed in territorial disputes with interested powers. China's claim to territories in the South China Sea, for example, overlaps with competing claims by Brunei Darussalam, Malaysia, the Philippines and Viet Nam. While there are challenges, closer coordination and common goals among ASEAN governments can help promote stability and lessen the prospect of conflicts.

Challenges Before ASEAN

☒ 2. Governance challenges for businesses:

ASEAN is home to a wide variety of businesses, including a number of huge family-owned conglomerates. Yet small- and medium-sized enterprises (SMEs) together with micro-entrepreneurs make up at least 89% of business activity in the region. Entrenched interests with the large conglomerates, paired with widespread corruption is undermining the region's business environment and is particularly hurtful for small enterprises. The ASEAN region needs strong independent civic institutions to prevent corruption and to help the region compete globally. One hope is that digital innovations will enable greater transparency and promote economic growth.

Challenges Before ASEAN

☒ 3. New business models:

The ASEAN region offers a growing market of more than 600 million consumers. The region's GDP per capita measures about \$6,500 (excluding Singapore, the region's most advanced economy). Consumers in the region are price-sensitive and demanding, resulting in local businesses with low margins and low labour costs – formidable competitors to foreign rivals. One way for new entrants to adapt and increase profits is to focus on specific consumer needs and conditions in the region and work backward to develop solutions.

☒ 4. Changing demographics:

ASEAN is home to young, literate and increasingly urbanized and aspirational populations. Consumers in the region are demanding higher-quality products and services and presents an opportunity for businesses hoping to tap growing consumer markets. Governments must help prepare young people to face the demands of an increasingly integrated economic region, through education and training. Current efforts by ASEAN countries may not be adequate. And as more people migrate to cities such as Manila or Jakarta in search of better opportunities, they create a pressure on existing infrastructure and job markets..

Challenges Before ASEAN

☒ 5. Inclusive growth and sustainable development:

ASEAN member states span a wide spectrum of income levels, ranging from Singapore's GDP per capita of \$57,714 to Cambodia's \$1,384 and Myanmar's \$1,298 in 2017. In recent years, lower-income states have made important gains. However, regional economic gains have fallen short of erasing significant differences among ASEAN member states. These disparities illustrate the need for broad, robust investment in infrastructure, financial institutions and strategic planning.

☒ 6. Regional digital economy:

South-East Asia is home to the world's fastest growing population of internet users, with more than 125,000 new users forecast to come online every day through the year 2020. Most of that growth will come via mobile use, and it has the potential to stimulate new industries, leapfrog legacy business models and fundamentally change the lives of millions of people. However, technology adoption differs greatly among ASEAN countries, and there is a need to build regional internet infrastructure.

☒ 7. Economic integration:

With the launch of the ASEAN Economic Community (AEC) in 2015, ASEAN member states have formed a tighter, more integrated group. The AEC aims to foster a single market and industrial production capacity, increase competitiveness, support inclusive growth and further integrate the region into the global economy. In addition, a revised Trans-Pacific Partnership (TPP) was signed by ASEAN countries, Australia, Canada and others in 2018, following the US's withdrawal from the agreement.