

ASEAN and Its Future: Some Cautionary Notes!

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Abstract

This Article, written as a set of chronological questions and answers, condenses a vast amount of information meant to increase the readers' awareness and understanding of ASEAN and its many dimensions. Starting with the year 1976, the chronologically-raised issues range from the Treaty of Amity to the three pillars of ASEAN Community, to ASEAN's relations with APEC and ASEM and expand beyond the boundaries of ASEAN to consider the consequences of the closer U.S. relations with the 10-member group. This article also explores the ramifications for ASEAN of the current tensions between the USA and China on trade, currency, and security. The assumption made when looking at this relationship is that, as China is becoming more proactive, the U.S. has no option but to be actively engaged in this area of the world, the fastest-growing one. Anything short of this and the U.S. will find that its position will erode.

Key words: ASEAN, APEC, ASEAN Regional Forum, ASEAN Economic Community

Introduction

The Association of Southeast Asian Nations or ASEAN was established on 8 August 1967 with the signing in Bangkok of the ASEAN Declaration (also called The Bangkok Declaration) by the five original Member Countries, namely, Indonesia, Malaysia, Philippines, Singapore, and Thailand. Five countries subsequently joined the association, bringing the total number to the current 10 members: Brunei Darussalam became a member on 8 January 1984, Vietnam on 28 July 1995, Lao PDR and Myanmar on 23 July 1997, and Cambodia on 30 April 1999.

The ASEAN Declaration states that the aims and purposes of the Association are "(1) to accelerate economic growth, social progress and cultural development in the region, and (2) to promote regional peace and stability through abiding respect for justice and the rule of law in the relationship among countries in the region, and adherence to the principles of the United

Nations Charter" (1945, <http://www.un.org/en/documents/charter/index.s.html>).

ASEAN finds its roots in the history of South East Asia prior to its establishment; one of colonialism and cross border tensions among many of its members as evidenced by the many conflicts and strained relationships in the region: Cambodia, Laos and Vietnam were each fighting for their independence from the French, and later from the USA; Indonesia and Malaysia had their own strained relationships, reflecting their different colonial masters - the Dutch and British, respectively; and Malaysia and Singapore had a history of diplomatic differences, despite the fact that both were part of the British Commonwealth. With the end of World War II, the decolonization of many of these countries began, despite their respective colonizers' attempts to maintain the status quo, eventually leading to the emergence of independent and sovereign nations.

Given this context, it is therefore no surprise that the three driving forces for the establishment of ASEAN were the need to (i) find a response to post colonialism, (ii) ensure political security, and (iii) unify the founding members against the growing influence of communism in Asia.

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ASEAN has often been compared to the European Union (EU). The comparison is not without merit. In their respective ways, both have played a positive and conducive role in maintaining peace and stability and creating wealth and prosperity. And both are regional groups covering roughly similar geographical territories and populations. ASEAN has a population of 583 million with an area of 5 million square kilometers, compared to Europe with a population of 500 million and an area of 4.3 million square kilometers. Both have multiple countries, 10 versus 27, with different cultures and languages. Both have large strong economies combined with smaller weak ones. And both have many national currencies even though 17 EU countries have adopted the Euro (Estonia joined in 2011, and is a test case for others).

However, contrary to a commonly held belief, the EU is not a model for ASEAN but an aspiration. This view of the EU as a model especially gathered momentum with the adoption of ASEAN Vision 2020 by the ASEAN Leaders on the 30th Anniversary of ASEAN in 1997, who agreed on a shared vision of ASEAN as a concert of Southeast Asian nations, outward looking, living in peace, stability and prosperity, bonded together in partnership in dynamic development and in a community of caring societies. This consequently led the ASEAN Leaders to resolve in 2003 that an ASEAN Community shall be established comprising three pillars: ASEAN Political-Security Community (APSC), ASEAN Economic Community (AEC), and ASEAN Socio-Cultural Community (ASCC) (<http://www.aseansummit2009.com/abt-asean.html>).

Today, however, as ASEAN continues to prosper and potentially expand its membership to include Timor Leste, expected by 2012 (it became a member of the ASEAN Regional Forum in July 2005), and as it continues to build its relations with external Partners, especially with China and the USA, words of caution about ASEAN's future are in order given the ongoing tensions and competing interests at stake. This article will do just that.

It will outline some concerns related to trade and security and cross-cultural developments as

part of ASEAN's move to complete the implementation of its AEC 2015 Agenda. It will also raise a number of other peripheral issues.

In order to condense a vast amount of information and increase the readers' awareness and understanding of ASEAN and its many dimensions, this Article is written as a set of chronological questions and answers, supported by extensive documentation from ASEAN and other public sources.

Starting with the year 1976, the chronologically-raised issues range from the Treaty of Amity to ASEAN's relations with the Asia-Pacific Economic Cooperation (APEC) and the Asia-Europe Meeting (ASEM) and expand beyond the boundaries of ASEAN to consider reports by the Global Trade Alert and examine the consequences for ASEAN of the tense Sino-American relations.

1976: The TAC: What For?

The Treaty of Amity and Cooperation in Southeast Asia, (also known as TAC), adopted by the five founding members of ASEAN in 1976, sets some fundamental principles in their relations with one another (<http://www.aseansec.org/1217.htm>). As a legal document, it commits its signatories to basic principles for engaging constructively and maintaining peace and stability among States in the region, including the peaceful settlement of disputes, renunciation of the threat or use of force, and noninterference in the internal affairs of one another. Its purpose is *"to promote perpetual peace, everlasting amity and cooperation among their peoples, 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; and effective cooperation among themselves."*

The TAC became the code of conduct for relations between members and later on also for countries who became High Contracting Parties to the treaty. Besides the U.S., 15 non-ASEAN countries have by now acceded to the TAC:

Papua New Guinea, China, India, Japan, Pakistan, Republic of Korea, Russia, New Zealand, Mongolia, Australia, France, Timor-Leste, Bangladesh, Sri Lanka and Democratic People's Republic of Korea.

However, as is the case with numerous international agreements and institutions, the lack of enforcement mechanism has watered down its effectiveness. To-date only 30 percent of legal commitments has been put into practice (Frost, *Asia's New Regionalism*, NUS Press, p.136).

1989: APEC: How Does it Differ from ASEAN?

Established in 1989 with 12 economies - six ASEAN countries plus Australia, New Zealand, Canada, Japan, the Republic of Korea and the United States – the Asia-Pacific Economic Cooperation (APEC) has expanded over the years to reach 21 members today.

While APEC involves cooperation among 21 economies across Asia and the Pacific, with nearly half of the world's trade value and a population of more than two billion. Intra-ASEAN trade is 25 percent of ASEAN's total trade of 1.6 trillion U.S. dollars.

APEC has achieved much over the last 20 years. Most notably, the member economies have promoted free trade amongst themselves, concluding numerous free trade agreements (FTA). Over 40 FTAs have been signed to date.

ASEAN has not been sitting idle either. As Mr. Lee Hsien Loong, Prime Minister (PM) of Singapore, stated in 2009, ASEAN has *“an integration agenda which is making steady progress [it has] signed an ASEAN Charter which contains significant lists of items which need to be done and which will be done [and it has] endorsed a blueprint to form an ASEAN economic community by 2015.* The Singaporean PM went on to add that it had been decided that ASEAN would pursue *“a Connectivity Initiative, to enhance the land, sea communications, internet, the physical, as well as people and system links between the ASEAN countries, so as to make ASEAN a more integrated entity, which is able to be a significant partner to China, India, America,*

and other regions of the world”

(http://www.apec.org/apec/newsmedia/speeches/131109_ceosummit_pmllee.html). In short, ASEAN has been liberalizing and promoting trade in goods, services, and the flow of capital and investments, thus creating a free trade and investment area.

Still, as the Singaporean PM also pointed out, ASEAN has to integrate its economies and link up *“so that there is more trade, more investments, more people movements, more mutual understanding. And one promising way to do this is to push ahead with the Trans-Pacific Partnership or the TPP”* (the TTP will be considered further below). ASEAN is doing just that. It is further streamlining the administration of customs and tariffs and harmonizing product standards. It is also developing and facilitating road and rail transport and opening up air services to increased competition. It is keen on developing information and communications technology and promoting its use. Hence, ASEAN's purposes are entirely consistent with APEC's in the areas where they overlap. Indeed, ASEAN has been at APEC's core from the very beginning. In all of this, ASEAN is doing its part to advance APEC's purposes. As a force behind the founding of APEC, ASEAN is committed to do so.

As many economic aims cannot be met adequately within regional cooperation groups consisting of only developing economies, there is a clear advantage of APEC embracing both developing and developed economies. As Thailand's former Prime Minister Abhisit Vejjajiva recently suggested, the two organizations should be seen as complementing, and not competing with, each other. ASEAN and APEC could reinforce one another in their effort to achieve the common goals of free trade and non-protectionism. They could also help each other provide their peoples with a social safety net, food security, a cleaner environment, and a crime-free society (<http://www.aseansec.org/23972.htm#Article-11a>). The latter may still sound like wishful thinking to many as little has been done beyond agreeing on the areas of concern. The rhetoric

has yet to give way to action.

1992: What is AFTA?

The ASEAN Free Trade Area (AFTA) was launched in 1992 (Singapore Declaration), and is now in place. It is designed to promote the region's competitive advantage as a single production unit, and eliminate tariff and non-tariff barriers among Member Countries, which is expected to promote greater economic efficiency, productivity, and competitiveness. In a sense, AFTA can be said to be a building block for the fulfillment of the goals that APEC set for – eventual free trade among its members, which in turn is part of the global effort to bring down barriers to international trade.

As of 1 January 2005, tariffs on almost 99 percent of the products in the Inclusion List of the ASEAN-6 (Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore, and Thailand) have been reduced to no more than 5 percent. More than 60 percent of these products have zero tariffs. The average tariff for ASEAN-6 has been brought down from more than 12 percent when AFTA started to 2 percent today. For the newer Member Countries, namely, Cambodia, Lao PDR, Myanmar, and Viet Nam (CLMV), tariffs on about 81 percent of their Inclusion List have been brought down to within the 0-5 percent range.

Other major ASEAN integration-related economic activities are also under way. They include: a Roadmap for Financial and Monetary Integration of ASEAN in four areas (capital market development, capital account liberalization, liberalization of financial services and currency cooperation); a trans-ASEAN transportation network consisting of major interstate highway and railway networks; a Roadmap for Integration of Air Travel Sector; interoperability and interconnectivity of national telecommunications equipment and services; trans-ASEAN energy networks, which consist of the ASEAN Power Grid and the Trans-ASEAN Gas Pipeline Projects; an Initiative for ASEAN Integration (IAI) focusing on infrastructure, human resource development, information and communications technology, and regional economic integration primarily in the CLMV countries; a Visit ASEAN Campaign and the

private sector-led ASEAN Hip-Hop Pass to promote intra-ASEAN tourism; and an Agreement on the ASEAN Food Security Reserve (<http://www.aseansummit2009.com/abt-asean.html>).

Clearly, in addition to being a big boost to intra-ASEAN trade, AFTA has been a catalyst for the development of a Single Market in 2015. While much remains to be done, according to the final Joint Communiqué at the end of the 43rd ASEAN Foreign Ministers Meeting in Hanoi (July 2010), much has been achieved *“especially in the five priority areas, namely, energy, finance, education, avian influenza prevention and natural disaster mitigation/management [and ASEAN was] “satisfied with the progress made within the EAS cooperation framework.”*

1993: What is the ASEAN Regional Forum?

Established at the Twenty-Sixth ASEAN Ministerial Meeting and Post Ministerial Conference, held in Singapore on 23-25 July 1993, the ASEAN Regional Forum (ARF) presently includes 27 member countries.¹ The ARF discusses major regional security issues, including the relationship amongst the major powers, non-proliferation, counter-terrorism, transnational crime, South China Sea and the Korean Peninsula, among others. It aims to foster constructive dialogue and consultation on political and security issues of common interest and concern and make significant contributions to efforts towards confidence-building and preventive diplomacy in the Asia-Pacific region.

As articulated at the 27th ASEAN Ministerial Meeting (1994), the ARF could become *“an effective consultative Asia-Pacific Forum for promoting open dialogue on political and security cooperation in the region. In this context, ASEAN should work with its ARF partners to bring about a more predictable and constructive pattern of relations in the Asia Pacific.”* Has collaboration between ASEAN and the ARF developed as expected? If so, has it been effective?

According to AFR Ministers, it has. At a meeting in Phnom Penh on June 18, 2003, on the tenth year of the ASEAN Regional Forum, they declared that *“despite the great diversity of*

its membership, the forum had attained a record of achievements that have contributed to the maintenance of peace, security and cooperation in the region." They cited in particular the usefulness of the ARF as a venue for multilateral and bilateral dialogue and consultations, mutual confidence gradually built by cooperative activities, cultivation of habits of dialogue and consultation on political and security issues, and transparency promoted by such ARF measures as the exchange of information relating to defense policy ("Enhanced Efforts towards the ASEAN Community: from Vision to Action" Ha Noi, Viet Nam, 19 - 20 July 2010).

The ARF has also signaled its intent to continue to focus on the promotion of confidence building, development of preventive diplomacy, and elaboration of approaches to conflicts. At the 17th ARF meeting in Hanoi on July 19-20, 2010, the role of the AFR "*as an effective entity and a key pillar in the evolving regional security architecture*" was stressed again

(http://asean2010.vn/asean_en/news/47/2DA8FF/Joint-Communique-of-the-43rd-ASEAN-Foreign-Ministers-Meeting).

However, this emphasis on peaceful means with concrete and practical actions to achieve these goals in the region seems a far cry, for example, from the recent sinking of a South Korean warship and do not appear to be consistent with the recent joint military and naval exercises held between the USA and South Korea. These do not auger well for the continued peace and the maintenance of peace through joint consultation and mutual respect which are the cornerstones of ASEAN. Is the principle of promoting "*regional peace and stability through abiding respect for justice and the rule of law in the relationship among countries in the region, and adherence to the principles of the United Nations Charter*" being compromised by the current actions of some ARF members? This author fears they are, and that they are likely to be further compromised by the tensions that continue to exist between the USA and China, as will be shown subsequently.

1997: What is the APSC?

To build on what has been constructed over the years in the field of political and security

cooperation, ASEAN Leaders have agreed to establish the ASEAN Political-Security Community. The aim of the APSC is to ensure that countries in the region live at peace with one another and with the world in a just, democratic and harmonious environment (<http://www.aseansummit2009.com/abt-asean.html>).

Of particular note here is that through political dialogue and confidence building, no tension has escalated into armed confrontation among ASEAN Member Countries since its establishment more than four decades ago, a remarkable achievement given the numerous territorial disputes still plaguing the area. One caveat though. It concerns the current tension between Cambodia and Thailand related to a border dispute over the 11th Century Hindu Temple of Preah Vihear - a UN World Heritage site (<http://www.bbc.co.uk/news/world-asia-pacific-12378001>). Even though APSC members have pledged to rely exclusively on peaceful processes in the settlement of intra-regional differences, and regard their security as fundamentally linked to one another and bound by geographic location, a common vision and objectives, in this particular case, the risk of an armed confrontation is real as violence sporadically erupts.

The APSC envisages the region to develop into: (i) a rule-based Community of shared values and norms; (ii) a cohesive, peaceful, stable and resilient region with shared responsibility for comprehensive security; and (iii) a dynamic and outward-looking region in an increasingly integrated and interdependent world (<http://www.aseansec.org/22337.pdf>).

This vision of the region, however, requires an understanding and appreciation of the political systems, culture and history of ASEAN Member States, good governance and the shaping and sharing of norms. It also places a strong emphasis on conflict prevention, conflict resolution and the peaceful settlement of disputes.

Finally, it strengthens ASEAN centrality in regional cooperation and Community Building, promoting enhanced ties with external parties, and strengthening consultations and cooperation on multilateral issues of common concern (<http://www.aseansec.org/22337.pdf>).

1999: What are ASEAN's External Relations?

ASEAN Vision 2020 affirmed an outward-looking ASEAN playing a pivotal role in the international community and advancing ASEAN's common interests. Building on the 1999 Joint Statement on East Asia Cooperation, the cooperation between Southeast and Northeast Asian countries has accelerated with the holding of an annual summit among the leaders of ASEAN, China, Japan, and the Republic of Korea (ROK) within the ASEAN plus Three (ASEAN+3) process. ASEAN+3 relations have since then continued to expand and deepen in the areas of security dialogue and legal, cultural, economic, agricultural, financial, environmental and technical cooperation. Thirteen ministerial-level meetings have by now been held under the ASEAN+3's framework.

In this evolving regional architecture, maintaining ASEAN centrality has emerged as one of the core principles governing its external relations. To this end, ASEAN has *"agreed to intensify [its] efforts to accelerate ASEAN's integration and community building while proactively broadening and deepening ASEAN's external relations and strengthening ASEAN's role as the primary driving force in the existing regional mechanisms"* (17th ASEAN Summit in Ha Noi in October 2010).

As part of its efforts to broaden its external relations, at the 17th ASEAN Summit in Ha Noi in October 2010, ASEAN Leaders formally made *"the decision of inviting the Russian Federation and the United States to join the EAS with appropriate arrangements and timing."*

Most ASEAN Member Countries also participate actively in the activities of the Asia-Pacific Economic Cooperation (APEC), the Asia-Europe Meeting (ASEM), and the East Asia-Latin America Forum (EALAF).

In addition, as ASEAN leaders have "noted with satisfaction *"significant progress in ASEAN's cooperation with Dialogue Partners within the frameworks of ASEAN+1, ASEAN+3, EAS and ARF,"* has been made (Communique' of the 43rd ASEAN Foreign Ministers Meeting "Enhanced Efforts towards the ASEAN Community: from Vision to Action," 2010). They also reaffirmed their commitment *"to be*

an outward-looking community through further enhanced engagement and cooperation with [their] external partners" (Ibid).

That ASEAN's effort to be an outward-looking community and play a pivotal role in the region has been met with some success is undeniable. However, a serious concern for the future ASEAN Vision 2020 is what will happen if the USA establishes closer relations with ASEAN and its current ASEAN plus 3 members, especially China? The current tensions between the USA and China on trade, currency, and recent military support and Arm's sales of \$6.4 billion to Taiwan (2010) may bring ASEAN into a conflict outside their membership and begin to destroy the excellent peace that has grown between its members over the past four decades. As ASEAN is more firmly establishing its presence in the international arena, it is learning to tread among the many obstacles that are the lot of international relations; which, of course, raises the issue of whether ASEAN can speak with one voice when it comes to ASEAN foreign affairs, something which so far has eluded the European Union (EU) in spite of constitutional provisions to the contrary. An answer to this question is, however, beyond the scope of this article.

2003: What is the ASCC?

With the ASEAN Concord II in late 2003, Southeast Asia charted an ambitious path towards creating a Community founded on economic, security and socio-cultural 'pillars' ("Development" by R. James Ferguson. <http://www.questia.com/googleScholar.qst?docId=500884873>). One of these pillars is the ASEAN Social-Cultural Community (ASCC). In consonance with the goal set by ASEAN Vision 2020, it *"envisages a Southeast Asia bonded together in partnership as a community of caring societies and founded on a common regional identity"* (Overview Association of Southeast Asian Nations <http://www.aseansummit2009.com/abtasean.html>). More specifically, the Community thus created *"shall foster cooperation in social development aimed at raising the standard of living of disadvantaged groups and the rural*

population, and shall seek the active involvement of all sectors of society, in particular women, youth, and local communities; ” a noble but lofty goal indeed. How does ASEAN envisage achieving these goals?

One cornerstone of Community building is education. ASEAN has set as its goal to ensure that its work force will be prepared for, and benefit from, economic integration by investing more resources for basic and higher education, training, science and technology development. The expected outcome is job creation. Another area which is part of this pillar is social protection. Moreover, cooperation will be further intensified in the area of public health, including in the prevention and control of infectious and communicable diseases.

The development and enhancement of human resources is seen as a key strategy for employment generation, alleviating poverty and socio-economic disparities, and ensuring economic growth with equity (<http://www.aseansummit2009.com/abt-asean.html>).

Much is left to be done as evident in the ASEAN Framework Instrument on the Promotion and Protection of the Rights of Migrant Workers (signed by all members in May, 2009)

It should be noted that in January 2007, ASEAN leaders decided to accelerate the establishment of an ASEAN Community by 2015. Known as the Cebu Declaration, the decision makes the attainment of the ASCC goals even more difficult given the little time allotted to achieving them.

2005: What is the Trans-Pacific Partnership?

The TPP is a free trade agreement by a small but significant grouping of four countries: Brunei, Chile, New Zealand and Singapore. It covers developed and developing economies, and both Asia and the Americas.

It is a high-quality agreement that maximizes the benefits for businesses, which may well over time grow into a significant free trade agreement. The USA, Australia, Peru and Viet Nam have expressed interest in joining. When it materializes, there will be a significant advance towards the ideal of a free trade area which

encompasses the whole Asia-Pacific area (http://www.apec.org/apec/news___media/speeches/131109_ceosummit_pmllee.html).

2007: What is the AEC?

The creation of an ASEAN Economic Community (AEC) is seen as the end-goal of economic integration measures as outlined in the ASEAN Vision 2020. Its goal is 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.

The AEC shall establish ASEAN as a single market and production base, turning the diversity that characterizes the region into opportunities for business complementation and making ASEAN a more dynamic and stronger segment of the global supply chain. ASEAN’s strategy shall consist of the integration of ASEAN and enhancing ASEAN’s economic competitiveness

(<http://www.aseansummit2009.com/abt-asean.html>).

One significant development that took place in the wake of the January 2007 Cebu Declaration is the adoption by ASEAN Economic Ministers of the AEC Blueprint as the master plan for the accelerated establishment of the AEC. This leaves open the question of what can be achieved by 2015 and whether ASEAN Member States are adequately preparing for it.

Liberalization of trade is underway and on track. In 2010, four sectors were liberalized: air transport, IT-related services, healthcare, and tourism. ASEAN investors are now allowed 70 percent ownership. Other liberalizing measures have also been recently adopted and new plans forged. Of note is the entry into force of the: ASEAN Trade in Goods Agreement (ATIGA) in May 2010; ASEAN Comprehensive Investment Agreement (ACIA) in August 2010; and Chiang Mai Initiative Multilateralisation (CMIM) Agreement in March 2010, and the proposed establishment of the Credit Guarantee and Investment Facility (CGIF) (ASEAN Summit in Hanoi, 2010).

After humble beginnings, with most of its successes being in maintaining peace and

security, ASEAN is now building a strong record in economic achievements. With integration looming on the horizon, the movement toward more economic unity and cohesion is likely to be gathering even more momentum in the years to come, provided, however, that member states do not succumb to the temptation of protectionism and succeed in further dispelling nationalistic tendencies.

2009-11: What is ASEAN's relationship to the USA?

The U.S. acceded to the Treaty of Amity and Cooperation (TAC) in Southeast Asia in 2009, making it the 16th country outside of the region to join ASEAN's TAC. With the original Treaty of Amity and Cooperation first launched in 1976, the recent U.S. inking raises the issue of why it has taken 33 years for the U.S. to finally sign it. Would this just be a ploy to gain favor at this time with ASEAN for its own benefit?

Clearly, this is not the way Mr. Kasit Piromya, Thailand's former Foreign Minister, sees it. According to him, the U.S. is now able to "play a larger and active role in helping to support ASEAN's efforts to realize an ASEAN Community." In his view, "the accession of the United States to the TAC underscores its commitment to engage constructively in the maintenance of regional peace and stability on the basis of a recognized code of conduct governing relations among States in the region." (<http://www.aseansummit2009.com/abt-asean.html>, 2009).

The icing on the cake was the historic maiden ASEAN-US Leaders' Meeting in Singapore in November 2009, where, in their Joint Statement, the Leaders said that the U.S. will support ASEAN's continuing role in multilateral efforts where ASEAN has a growing ability to make contributions. "We agreed to work closely together in building this regional architecture, and were ready to study initiatives of this nature. We reaffirmed the importance of ASEAN centrality in this process," the statement read.

Mr. Kasit Piromya's view needs to be nuanced as the sudden U.S. surge of interest in the region, comes in response to a number of interests. It is the author's belief that, in addition to being genuinely interested in engaging constructively in the maintenance of regional

peace and stability, the U.S. has now realized that it is high time to actively boost its presence in that area in a bid to push U.S. exports and counterbalance China's increasing political and economic dominance in the region (Wall Street Journal, 2010). "Asia is the fastest-growing area of the world," said Robert Hormats, the U.S. State Department's undersecretary for economics, energy and agricultural affairs (2010). "If the U.S. is not actively engaged and other countries like China become more proactive, we'll find that our position will erode" he continued (*Ibid*).

Given this new U.S. agenda, it then came as no surprise when The Wall Street Journal (WSJ) reported that several high-level U.S. officials had recently stepped up their visits and activities in the region (*Ibid*). President Barack Obama, recognizing the strategic importance of the region, has referred to ASEAN as an "organization of global importance," thereby, affirming the importance of ASEAN centrality (*Ibid*). The President of the United States has also expressed his support of the regional efforts, initiated by ASEAN and ASEAN-led fora, to address the impact of the global financial and economic crisis in the region. And he has been quoted as saying that, the "US is not just a Dialogue Partner but a member of the ASEAN family due to linkages with families in America." Is this just a stretch of the imagination or is there more substance in this statement? This author suspects the former.

According to Mr. Kasit Piromya, while most Asian countries generally welcome more U.S.'s commercial and security engagements in the region "the outreach by the U.S. could stir tensions with China. China itself has made significant inroads into the rest of Asia in recent years, investing billions of dollars in business ventures and reaching bilateral trade agreements across the region. Security issues especially are touchy" (2010).

The question remains. Is the USA's interest in building closer relations with ASEAN and its neighbors driven by a desire to help ASEAN or is it primarily about increasing US exports and maintaining jobs at home? It is the view of this author that much of the U.S. policy in the region is guided by the latter imperative. And much of it also rests on strengthening ASEAN's

economic and political role in the region; for its own sake or for the sake of ASEAN or for both.

One clear step designed to boost ASEAN's visibility on the world stage was the participation of the ASEAN Chair and the Secretary-General of ASEAN at the previous two G-20 Summits in London and Pittsburgh.

Mitigating this support, however, is the fact that prior to the April 2009 G20 meeting to address the financial crisis, which ASEAN attended, the larger EU leaders and Finance Ministers had met in Berlin to plan for its agenda and met with President Obama to discuss a common strategy for the G20 meeting. At the same time, ASEAN+3 leaders and Finance Ministers had met in Thailand to plan their strategy to address the global crisis. Still, the EU meeting and that between the UK and US pre-empted ASEAN's inputs even though ASEAN+3 account for more almost a third of the world's population.

It is also worth noting that the preparatory meetings of leaders from Latin America and Africa were also pre-empted, thus perpetuating the old status quo which has failed so badly and brought the world to the brink of financial disaster (Jones, 2009).

More recently, prior to the June 2010 G-20 Meeting in Muskoka, Canada, and in keeping with long-standing habits, the G-8 met for a day to discuss their issues and prepare the final agenda for the upcoming G-20 meeting starting the following day. The topics covered were supported on a G-8 country-by-country basis. Once again, in a show of strength, countries representative of the old economic order imposed their own agenda and little heeded, if any, the fact that the epicenter of the world's economy has moved to Asia, with ASEAN being part of it.

Is there not a danger however, that ASEAN's focus on economic links and trade with the USA will in time blind it to the potential problems that might result from closer links to the US economy? After all, the current global financial crisis started in the USA, and then spread overseas to Asia and ASEAN countries. Will the same go for military sales under the guise of security? Would ASEAN not be better advised to strengthen economic ties with its neighbors and with emerging economies such as the BRIC

countries (Brazil, Russia, India, and China) and those in the EU and Eastern Europe?

As president Obama stated in 2009, on the eve of his visit to China, the U.S. future history "*will be more determined by [its] position on the Pacific facing China than by [its] position on the Atlantic facing Europe*" (2009). With the world's economic epicenter moving Eastwards, Sino-American relationships have become increasingly more critical. China and the USA's relative strengths make it vital that they cooperate in solving the world's problems, from finance to climate change and nuclear proliferation.

(<http://online.wsj.com/article/SB10001424052748703723504575425762194326760.html>)

2009: What does the Report by Global Trade Alert (GTA), titled *The Unrelenting Pressure of Protectionism*" say about Protectionism?

The G20 industrialized and developing nations have not kept their pledge to abstain from protectionist measures. Instead, according to a December 2009 report by Global Trade Alert (GTA), they continue to enact policies that help domestic over foreign producers. As reported, the flow of measures that discriminate against foreign producers was undiminished in the second half of 2009, even though most leading economies emerged from recession. Still according to GTA, even though "*many economies may have turned the corner in the second half of the year [2009] protectionist pressures have not relented. If anything, recent evidence suggests that the protectionist dynamics were worst in the first three quarters of 2009 than the Global Trade Alert reported in September 2009. For sure, protectionism hasn't yet reached the scale of the 1930s--but water doesn't have to boil to scald.*"

Since the first G20 crisis-related summit in November 2008, the governments of the world have together implemented 297 beggar-thy-neighbour policy measures; that is, more than one for every working day of the year, it said. Add another 56 implemented measures that are likely to have harmed some foreign commercial interests, the total reaches 353.

Despite world leaders repeated promises to minimize trade barriers, protectionist measures have spiked (GTA 2009). At least 130

protectionist measures, such as state funds, higher tariffs, immigration restrictions and export subsidies, are being planned by world governments. The WTO estimated that “anti-dumping” disputes will reach 437 in 2010, double those in 2008. According to a report by independent economists, major trading powers are continuing to impose protectionist measures in defiance of a promise by G20 leaders to keep markets open (2009).

A GTA report, issued prior to the recent G-20 summit in Toronto, finds that the 2009 policies turned out much worse than was known at the time of the Pittsburgh summit in September 2009. The report finds that nearly 650 protectionist measures implemented since the first crisis-related G20 summit in November 2008, when leaders promised to avoid protectionism, remain in place (Lynn J. GENEVA, Jun 21, 2010. <http://uk.reuters.com/article/idUKTRE65K2GX20100621>).

This does not auger well for ASEAN’s interest in increasing Free Trade with its external Partners, especially those from the West. Individual countries alone cannot help to resolve this Global trade crisis, because of their tendency to take care of their own interests first as can be seen from the recent accusations levelled at the USA over ‘Buy American,’ and the fear of rising Protectionism. (Jones, 2010)

Conclusion

ASEAN has come a very long way from its establishment in 1967, which was primarily motivated by security concerns, and has now made economic growth its main objective. As a result, it has the twin challenges ahead of the full implementation of the AEC in 2015, and the ASEAN Vision 2020 to take it into the future.

Its achievements to-date include the peaceful coexistence of its members over the past four decades, the growing elimination of trade barriers and the liberalization of four priority service sectors: air transport, IT-related services, healthcare, and tourism.

Other liberalizing measures have also been recently adopted and new plans forged. Of note is the entry into force of the: ASEAN Trade in Goods Agreement (ATIGA) in May 2010; ASEAN Comprehensive Investment Agreement

(ACIA) in August 2010; and Chiang Mai Initiative Multilateralisation (CMIM) Agreement in March 2010, and the proposed establishment of the Credit Guarantee and Investment Facility (CGIF). In addition to these is the growth of FTA agreements within and outside ASEAN, with the special one with China (C-AFTA) that came into effect on January 1st 2010.

It is also clear that the three pillars of integration, ASEAN Political-Security Community (APSC), ASEAN Economic Community (AEC), and ASEAN Socio-Cultural Community (ASCC) are all serving the development of ASEAN very well, and are still keys to its success.

The ASEAN Socio-Cultural Community, in consonance with the goal set by ASEAN Vision 2020, envisages a Southeast Asia bonded together in partnership as a community of caring societies and founded on a common regional identity,

A serious concern for the future ASEAN Vision 2020, however, is what happens if the USA establishes closer relations with ASEAN? The current tensions between the USA and China on trade, currency, and security may bring ASEAN into a conflict outside their membership and begin to destroy the excellent peace that has grown between its members over the past four decades.

It is clear from the ASEAN Regional Forum’s objectives that the emphasis is on peaceful means through dialogue and consultation on political and security issues of common interest with practical actions to achieve them in the Region.

The United States knows that engagement in the Asia-Pacific region is vital to America’s trading future. Last year, two-way trade between the United States and APEC economies totaled more than \$2.3 trillion. In fact, 61 percent of total American manufacturing exports are destined for APEC economies, and roughly 3.7 million American jobs are supported by those exports. It is clear that Asia-Pacific economies are critical partners - in security and development as well as in commerce and trade.

A serious question though needs to be asked by ASEAN about the reality of Free Trade, especially after the release of the Dec ‘09 report by Global Trade Alert (GTA),

which points out that: The G20 industrialized and developing nations haven't kept their pledge to abstain from protectionist measures. Since G-20 leaders signed a pledge in November 2008 to avoid protectionist measures, several countries, including 17 of the G-20, have implemented 47 measures that restrict trade at the expense of other countries.

Finally when one examines the growing and ever present tensions between China and the USA, we find some more causes for concern in relation to both Trade and Security, that ASEAN needs to be very careful how it moves forward, especially as trade disputes between Washington and Beijing continue to grow.

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Endnotes

¹ARF's 27 member countries: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam, the 10 ASEAN dialogue partners namely Australia, Canada, China, the European Union, India, Japan, New Zealand, the Republic of Korea, Russia and the United States, and seven other countries in the Asia and Pacific region namely Bangladesh, Democratic People's Republic of Korea, Pakistan, Mongolia, Sri Lanka, Timor-Leste, and Papua New Guinea. 17th ASEAN Regional Forum opens in Vietnam. July 23, 2010 *Source: Xinhua* <http://english.peopledaily.com.cn/90001/90777/90856/7078244.html>