28th ASIA-PACIFIC ROUNDTABLE

2-4 JUNE 2014, KUALA LUMPUR, MALAYSIA

PLENARY SESSION SIX
4 JUNE 2014

ASEAN'S POST-2015 AGENDA: STRENGTHENING AND DEEPENING COMMUNITY-BUILDING

by

HE Mr. David TAYLOR
New Zealand Ambassador to ASEAN

SPONSORS

Konrad Adenauer Stiftung

UEM

JAPANFOUNDATION

NEW ZEALAND FOREIGN AFFAIRS & TRADE

Embassy of Japan in Malaysia

ASEAN's Post-2015 Agenda: Strengthening and Deepening Community-Building

David Taylor, New Zealand Ambassador to ASEAN

The views expressed in this paper are those of the author and should not be attributed to the New Zealand Ministry of Foreign Affairs and Trade or the New Zealand Government.

Introduction

The concepts of ASEAN and an ASEAN Community have evolved significantly since its inception in 1967. In the mid-1960s, Southeast Asia was a region marked by political upheaval and nascent economic development, striving for domestic stability. Now the region is characterised by comparative political stability and impressive economic growth. ASEAN has a combined GDP of around US$2.3 trillion, and an average GDP per capita of US$3,748 in 2012 (up from US$1,172 in 2000)[1]. According to IMF figures, the region as a whole grew by over 5% in 2013[2] and if ASEAN was a single economy, it would now rank as the 8th largest in the world. ASEAN's combined population is around 620 million[3] (just under 9% of the world's population), and this population features a growing middle class and increasingly urban population.

The story here is that, although there remain major differences between ASEAN Member States (economic, cultural, political, social, linguistic etc.) and relations between Member States are complex, ASEAN and its place in the world are on an upwards trajectory. The corollary of this political evolution, growing economic clout, and demographic transformation is that there are expectations both from within and outside ASEAN about what it can achieve as a region – economically, politically, and socially.

Although it was not originally conceived as an integration project, ASEAN began incorporating integration objectives in the early 1990s. The ASEAN Economic Community (AEC) is now the cornerstone of the entire ASEAN Community enterprise – ASEAN's member governments essentially agree on the imperatives for integration and the benefits that will accrue from this. It has a coherent roadmap with tangible goals and action steps by which to achieve them. During the past two decades, ASEAN has made considerable progress towards integration, in particular in the economic arena.

But building a mature ASEAN Community is an ongoing process. A recent Asian Development Bank (ADB) assessment noted that "It's highly unlikely that the ASEAN will meet all the targets by 2015", thus the 2015 launch will be an important milestone, but not an end in itself.

[1] *ASEAN Community in Figures (ACIF),* www.asean.org, ASEAN Secretariat, Jakarta, 2013
[2] *Regional Economic Outlook: Asia Pacific*, International Monetary Fund, Washington DC, 2014
[3] *ACIF*

Moreover, the political-security and socio-cultural are notably less developed pillars. ASEAN should not rest on its laurels. Building a sense of community takes time, especially in a region as diverse as Southeast Asia and one where partnership has been forged for the most part since 1967.

ASEAN Leaders have long recognised that through greater and deeper connectivity their countries can prosper and play an increasingly important regional role. They have dared to dream big. They have challenged their officials and peoples to overcome fear, to develop trust for one another and to deliver ASEAN solutions for the challenges that confront the region. It is in this context that ASEAN's current leadership have asked: what should follow the ASEAN Community 2015?

As ever, there will be some cautionary or conservative voices. Some will argue that there's more than enough to do to complete the current vision (whether that is defined as the completion of the current Community Blueprint and its full implementation, the realisation of the ASEAN Vision 2020, or fulfilment of other statements and work plans). Some may see the possible membership of TimorLeste as a big enough challenge given its current state of development. Others will press for progress in niche areas of interest.

From where I sit, as a fan and friend of the ASEAN adventure, I would suggest ASEAN should continue to strive to achieve some big goals, but also consider how to improve the means of achieving them. This could be expressed fairly simply along the following lines:

- Hasten economic integration to deliver a strong and equitable regional economy
- Narrow the development divide
- Develop ASEAN regional identity through strengthened internal and external engagement, including around dispute management and resolution
- Strengthen the ASEAN Secretariat and pursue processes that deliver the outcomes identified by Leaders

Hasten economic integration to deliver a strong and equitable regional economy

ASEAN has done considerable work to promote regional economic integration that will facilitate prosperity, unleash the potential of ASEAN supply chains, and utilise the human capital of the region. The ASEAN Free Trade Agreement (AFTA) is the cornerstone for this effort. Free trade agreements with external partners – China, Japan, India, Korea and Australia/New Zealand – are also contributing.

The negotiation of a Regional Comprehensive Economic Partnership (RCEP) is an important step forward, as will be the Trans Pacific Partnership (TPP) which is expected to expand to embrace more countries over time, including ASEAN members beyond those currently participating, and the Free Trade Agreement of the Asia Pacific (FTAAP) that has long been APEC's dream.

While much has been done, still more work remains. For example, although the ASEAN Free Trade Area agreement of 1992 directs their elimination, non-tariff barriers (NTBs) to intra-ASEAN trade remain largely in place.

ASEAN's work on identifying and eliminating unnecessary NTBs/non-tariff measures (NTMs) will be essential to achieving true economic integration. New Zealand of course acknowledges the need for NTMs, to promote public safety and other social goals but there are too many instances where NTMs are completely unnecessary.

True economic integration will also depend on addressing "next generation" issues. It will be interesting to see how these issues are addressed in ASEAN's post-2015 planning.

One of the most important, perhaps the most important next generation issue, is regulatory coherence. Regulatory coherence means that domestic regulations work together and don't conflict; that domestic regulations don't conflict with regional and international agreements and that domestic regulations in different countries don't work against each other. Regulatory coherence is a key factor in countries being able to achieve real economic integration. Regulatory coherence has very real economic benefits, it reduces behind border costs to businesses. Research by the Economic Research Institute of ASEAN and East ASIA (ERIA) shows that a 1% drop in behind border costs will result in a US$22.8 billion increase in intra-ASEAN trade.

We know that there has been some substantial thinking within ASEAN about how to improve regulatory coherence. New Zealand is supporting these efforts in the EAS and other fora.

Regulatory coherence will be an essential element in eliminating unnecessary NTMs and TBTs. Regulatory coherence addresses an important distinction in ASEAN between the international and regional commitments ASEAN as a body or as a collective commits itself to, and the ability and desire to meet these commitments at the domestic level.

Although FTAs only feature as one aspect of the AEC blueprint (integration into the global economy) in reality FTAs cover the whole breadth of the AEC and are an important impetus for ASEAN in achieving the AEC. For example, the stated aim for RCEP is a modern, comprehensive, high quality and mutually beneficial economic partnership agreement. This means substantially eliminating all tariffs and non-tariff barriers to goods trade, substantially eliminating restrictions and discriminatory measures that slow the flow of services, and creating a liberal, facilitative and competitive environment for investment in the RCEP region. ASEAN (and the region) stands to gain from simplified, liberal, region-wide rules of origin, and enhanced provisions on competition and intellectual property rights. Other issues (for example E-commerce and Government Procurement), have been mooted as important areas for negotiation to ensure that RCEP meets the high quality and comprehensive threshold. Economic and technical cooperation provisions should support participants to implement the RCEP agreement. This could include increasing the technical capacity of LDC governments to help their businesses utilise the FTA and ensure that the mutual benefits of RCEP are maximised.

Free flow of goods and services, competition policy, e-commerce and intellectual property rights are all parts of the AEC and will be will have an important influence onRCEP outcomes. Even in infrastructure development (an element of the AEC), discussions in RCEP around government procurement may lead to greater ability to develop infrastructure by allowing expert firms to help develop infrastructure in ASEAN economies.

The ASEAN-Australia New Zealand Free Trade Agreement (AANZFTA) is also contributing in these areas through the AANZFTA Economic Cooperation Support Programme (AECSP), including in the work that has been done under AANZFTA in intellectual property, competition and qualifications recognition. For example the ASEAN Regional Qualifications Framework, which will be one of the AEC deliverables this year, was a key area of work under the AANZFTA AECSP. As AEC beds in it should also invite other partners to participate – e.g. in Regional Qualifications Framework, Open Skies agreement.

TPP and FTAAP are also agreements that will have regional implications for ASEAN. The TPP involves a number of ASEAN members and covers such areas as regulatory coherence and government procurement – examples of areas that ASEAN may look at in future in its integration efforts. FTAAP is drawing serious discussion at APEC including the possibility of a feasibility study – it may be closer than we think.

An important element to achieving the AEC is evaluation of how closely ASEAN is implementing its commitments and research around the economic benefits of the AEC. ERIA fills a valuable role in doing both these things. For instance, ERIA will start on its AEC Scorecard Phase IV this year, which will focus on how ASEAN is doing in removing unnecessary NTMs among other areas.

To close on hastening economic integration, and to be a little provocative, ASEAN might look to consider work on a range of issues that affect competitiveness and impact on economic interests. I recognise that some of the following thoughts fall immediately into the "too hard basket", but there will come a time when they need to be considered. A short list might include:

- Corruption, an issue that is of deep concern within a number of countries and which is difficult to address. Could there be a study on the impact of corruption on ASEAN economic and social interests, with a view to making policy changes that would reduce the problem and allow economies to work better?

- Internal regulations and practices can hinder the progress of goods to market, add extra costs or create inefficiencies that bedevil industries or populations. Could ERIA be tasked to undertake a review of internal regulations and practices in ASEAN member countries with a view to making recommendations on improvements that might be considered in the context of allowing the ASEAN Economic Community to work better?

- Transport hubs are critical to unleash productivity and ensure efficient, least cost links to markets. ASEAN has taken initiatives around rail development and port and other infrastructure projects through the Initiative for ASEAN Integration. But what about going to the next level and considering what transport hubs across ASEAN will provide better regional and global connectivity? How can Singapore's facilities better serve Brunei, Malaysia, and Indonesian interests? How can Brunei, Malaysia and Indonesia develop industries and facilities that will take full advantage of Singapore's port hub? Looking at the needs of Cambodia, Laos, Myanmar and Viet Nam in 2025 or 2040, what sort of regional transport hubs will enable them to make the most of their advantages and potential and reduce the impact of any disadvantages?

- Pursuit of innovation and application of best practice. Could ERIA be tasked to maintain as a standing work item the generation of innovative thinking about economic change that would better position ASEAN in future? What are others doing that ASEAN could learn from, adapt or improve? The New Zealand and Australian Integration Partnership Forum (IPF) was motivated by this idea to share and enable exchanges of ideas and learning, so that ASEAN policy makers are informed about how we have gone about economic integration, and learn from our experiences and insights. Are there low hanging fruit where ASEAN should apply effort to pursuing (for example, a World Bank report several years ago identified internet services as an area where reform could expand ASEAN trade by up to US$17billion). Having a team of forward-thinking experts taking an ASEAN-centric approach to identifying opportunities for consideration by Leaders might help accelerate ASEANs economic integration and relative positioning in a global setting.

Narrow the development divide

Alongside any economic integration work, there is a critical need to intensify efforts to narrow the development divide between Cambodia, Lao PDR, Myanmar and Viet Nam (the CLMV countries) and the most developed ASEAN-6 countries (Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand). As low-income transitional economies, CLMV are facing numerous challenges to sustain their economic development and catch up with the ASEAN-6 countries. Successful development of the CLMV countries is not simply in the interest of those countries themselves, but will be a crucial element of successful integration and economic growth across the region.The same holds true for Timor Leste should its quest for ASEAN membership be approved.

Although the development divide is multi-faceted – including health, literacy, and infrastructure – its most conspicuous manifestation lies in differences in per capita incomes. Strong economic growth in the CLMV countries since the 1990s – driven by trade, investment, and other market reforms – has reduced income differences over the past 20 years, but huge gaps nevertheless remain. To take the most extreme example, in 2012, the per capita income of Singapore was some 60 times that of Myanmar, 53 times that of Cambodia, 37 times that of Lao PDR, and more than 32 times that of Viet

Nam. The average for the CLMV was less than a third of ASEAN's average. CLMV countries accounted for 28% of ASEAN's total population, but just 9.4% of its GDP.[4]

This development gap poses challenges for a strong and coherent ASEAN Community. A significant disparity in competitiveness and productivity between members of the AEC will affect the sustainability of future growth of the entire region. Additionally, if the countries entering the AEC are at widely different stages in terms of their social and economic development, the result will in all likelihood be disproportionate gains from integration. This poses a risk to social cohesion and has the potential to lead to conflict. For example, development disparities between Thailand and neighbouring countries with long land borders have already led to a big problem of undocumented labour migration. It is widely estimated that there are over a million undocumented labour migrants in Thailand, with most coming from Myanmar.

Of course better access to markets and FDI; gains from more efficient resource allocation and larger economies of scale; generation of employment and greater incentives to sustain domestic reform, and so forth, mean that the CLMV countries in theory stand to benefit from the establishment of the AEC. But a Community in which four of the members struggle with the greater competition; suffer from underdeveloped infrastructure and therefore are unable to integrate into regional production and distribution networks; or do not benefit from increased FDI due to poor investment climates, will not be a strong and sustainable Community. Therefore, building a strong ASEAN Community and bridging the development divide should be complimentary and mutually-reinforcing.

Thus, to further integrate into the global and regional economic system and fully benefit from these integrations, the CLMV countries need to continue with various domestic market oriented regulatory reform measures to increase efficiency, develop the required human resources and physical infrastructures, while at the same time focus on social and environmental protection and development policies to ensure sustainable development. Disaster risk management, agriculture and human resource development are three critical areas in this respect and ones where New Zealand has been focusing its effort in recent years. The contribution that ASEAN's Dialogue and development partners can make in these areas will continue to be of fundamental importance.

None of this constitutes radical thinking – it has been widely and persistently acknowledged both within ASEAN and by ASEAN's external partners that the development gap poses a challenge to successful ASEAN integration. The Initiative for ASEAN Integration (IAI) has been the principal response of ASEAN and its partners to the development divide. Whilst the IAI is a positive development, far more could be done to make the programme efficient and effective, and to ensure tangible outcomes.

Inherent issues with the administration of the IAI programme need to be resolved, in part because they discourage/distract partners from the critical work of delivering the actual projects. Whilst the recent IAI Mid-Term Review process has gone some way to crystallising these issues, more must be done to ensure that This must start with the immediate strengthening in the capacity of the IAI

[4] *ACIF*

&NDG Division of the ASEAN Secretariat – a subject to which I will return later. This will be critical to the success in implementing the IAI projects, and other changes to the administration of the programme.

There are two other key areas which must be addressed. Firstly, IAI projects must be made more coherent – situated around a handful of key strategic objectives. The selection and design of projects under those strategic objectives needs to be subject to greater rigour, and must be strengthened with targets and provisions for follow-through and assessment. Secondly, CLMV countries need to be given a greater sense of ownership, including by soliciting the of active involvement of key CLMV agencies at an early stage in planning in order to deliver tangible development results based on their own identified needs, and by continuing to thoroughly test and review objectives, project ideas and outcomes with recipient countries.

In addition, there is a role for FTAs to play in this process – FTAs strengthen regional economic integration which promotes economic growth and narrows the development gap. We should not try and use FTAs to tackle development gaps directly, there are numerous aid programmes for that (and the IAI, of course). But the economic and technical cooperation chapters of FTAs have a role to play– they can help address capacity gaps in less developed ASEAN countries, which will facilitate trade and increase economic growth.

While the focus of these comments has been on the CMLV countries, and potentially Timor Leste also, it needs to be acknowledged that there is a development divide in most ASEAN member countries. ASEAN and key partners need to bear this in mind through efforts to work in partnership throughout the region, working on the most acute challenges wherever they arise.

Develop ASEAN regional identity through strengthened internal and external engagement, including around dispute management and resolution

One of ASEAN's current weaknesses as it strives towards becoming a Community is the lack of ownership of ASEAN by the private sector, civil society, and the public. This ownership will happen only through collective appreciation for ASEAN's significance, an appreciation developed first and foremost through awareness and education. There is a need to get across value of ASEAN regional spirit: currently buy-in varies from country to country. Some of this will naturally follow from the establishment of the AEC, with increasing intra-ASEAN trade and increasing labour movement. But this will be slow and incremental.

This can be fostered through a greater focus on two priority areas: education and media. This will clearly be a long term process, but first steps might include the development of more units for students at each level to develop a deeper knowledge and appreciation of ASEAN, its history and its potential. This will not be without challenges. It would make sense to draw in some external professional support to ensure that any materials are developed with best learning practices and principles underlying them. Education systems in the region should consider investing more seriously in ASEAN citizenship education, including teaching and learning in a multi-cultural society;

language and socio-cultural issues and a common approach to guide regional education initiatives in this area. Successful ASEAN integration will also require education systems of the region to provide individuals with requisite skills for a changing labour market. There are already changing demands for skills in industries and services. In response to these dynamics, domestic labour forces need to be well prepared. There needs to be prioritization of a freer flow of skilled labour across the region, and mutual recognition of professional qualifications.

Media also have a critical role to play, through traditional vehicles such as print media, radio and television, but also through new social media tools. All training centres for journalists within ASEAN should include modules on ASEAN, to enable new journalists to understand the initiative and priorities. Senior journalists with a strong track record on ASEAN matters could be used as champions to help explain their thinking to others. There might be workshops on key issues like the Community, the East Asia Summit and other of ASEANs outward-facing initiatives, or issues that arise from time to time. These would help inform media and build communities and a sense of what constitutes best practice.

The ASEAN Secretariat and other ASEAN bodies have made some useful forays into online engagement, through websites, Facebook pages and Twitter. More needs to be done to increase the reach into ASEAN communities, taking advantage of the high and increasing use of online tools by the people of the region. ASEAN institutions will need to reflect on who their priority audiences are and how to deliver value to them through online engagement. An online element could be built into specific initiatives under each of ASEANs three pillars. So, for example, when a new initiative on education or disaster risk management is rolled out, there should be an element of thinking about how to use online resources to improve outcomes and deepen engagement. This need not be a hugely expensive or time-consuming exercise. The discipline of thinking about how best to convey agreed messages or initiatives through the internet often helps sharpen up the expression about or delivery of a new project or a refreshed action plan. There is value in thinking how home-grown ASEAN online tools and experts could help. Rappler in the Philippines is a good example of this.

Turning from the concept of identity and understanding through strengthened internal engagement to external engagement, one of ASEANs strengths has been the concept of ASEAN centrality. ASEAN has been at the centre of efforts to develop dialogue with its key partners and to create a regional architecture that works for ASEAN and the wider region.

The concept of 'ASEAN centrality' implies that ASEAN is in the driver's seat of the key existing Asian regional institutions and processes (including the ARF, EAS, and regional trade negotiations). In order to maintain and foster this relevance and primacy as the pre-eminent regional body, ASEAN must continue to actively project its leadership on issues of regional and international concern.

Clearly, divergences in political interests, as well as historically different political systems, different conceptions of concepts such as human rights and democracy, and adherence to the principles of the ASEAN Way, pose a challenge to ASEAN in taking on such a regional and global role and maintaining

its centrality in dealings with external partners. Indeed, these considerable diversities mean that aspiring to a common foreign and security policy (CFSP) along the lines of the EU CFSP is not likely.

As ASEAN committed to doing in the Bali Concord III, shared perspectives and eventually a common voice in international fora, negotiations and institutions, needs to be developed. This is not impossible, though it will be challenging; it needs to be developed consciously. There is scope for ASEAN to act and speak in unison on political-security issues as well as social and economic issues.Indeed there are already precedents for this, for example, ASEAN Foreign Ministers' statements on the South China Sea and on the coup in Thailand, during the recent ASEAN Summit in Nay Pyi Taw.

In addition, ASEANshould become a thought-leader.An enhanced ASEAN Secretariat, as noted below, will also help sustain ASEAN centrality and leadership by leading new research, policy initiatives and ensuring ASEAN is able to bring more new thinking to the table. ERIA, as well as the nascent ASEAN Institute for Peace and Reconciliation (AIPR), have potential in this regard, but their work must be supported.

Maintaining centrality and relevance, and taking the next step in integration, also means embracing inclusivity. Here, the question of TimorLeste's membership of ASEAN needs to be addressed.

Timor Leste is geographically part of South East Asia and through its previous association with Indonesia was part of ASEAN from its inception. It meets the geographical test for membership of ASEAN set out in the Charter, and also the requirement that it belong to no other regional body. Those who crafted the membership language have said that they did so with Timor Leste in mind. Now Timor Leste has sought admission to ASEAN in its own right, with Indonesia's support. ASEAN has established a process to consider this request and to ensure that Timor Leste will have the capacity to be a full participant in the organisation. The real questions now are political: is ASEAN ready for Timor Leste? Is Timor Leste ready for ASEAN? Does a decision to admit Timor Leste lead to any policy or practice shifts?

ASEAN has had long experience of including members who were not yet fully ready at the start of their membership, but ASEAN has contributed to their capacity-building. At the same time, the CLMV countries have become a source of strength for ASEAN. The important point for TimorLeste's membership in ASEAN is the recognition that Timor Leste is an integral part of the region. It will make valuable contributions to the strength of the organisation – especially in the areas of peace and state-building, human rights and human security, and democratic governance. Timor Leste in turn will benefit from the security and prosperity of the neighbourhood.

In my view, this work should be accelerated so Timor Leste knows where it stands and what it has to do to achieve membership. Clarity would enable preparations to be made on both sides. This clearly feeds into thinking about where ASEAN should be in the medium term.

Another challenge for ASEAN is how to manage its wider external relations. Since Dialogue Partner relationships were established some 40 years ago with Japan, Australia and New Zealand, there are now an almost dizzying array of links to the wider region and world. There are 10 formal Dialogue Partner relationships; over 70 Ambassadors accredited to ASEAN, with by the end of 2014 six with standalone missions (Japan, United States, Korea, China, Australia, New Zealand); processes like the Post Ministerial Conference, the ASEAN Regional Forum (ARF), East Asia Summit (EAS) and others connecting ASEAN to its neighbours and partners. Other processes that some ASEAN members belong to such as FEALAC, ASEM and APEC are also part of a wider narrative around connectivity. Together this network of links has created a veritable Gordian knot of links between South East Asia and the wider world.

A High Level Task Force is currently considering ASEAN's external engagement. I would suggest elements to consider include:

- Improved communication about ASEAN initiatives and decision-making. Regular technical briefings by ASEAN experts on key pieces of work or processes would help keep interested partners more fully in the loop, allow better coordination where aid or policy inputs are being shared by external partners, and allow more efficient use of ASEAN resource (it is much easier to do a shared briefing process than to have to meet six or thirteen times with friends to explain where things stand), improved consultation, especially around the agenda for regional meetings and their follow-up.

- The lack of a support mechanism for the EAS remains its weakest point. Decisions taken by leaders need to be followed up, with the right application of resource, and progress measured so leaders can hear what has been achieved as a result of their directions.

- Implementation of Bali Concord III. ASEAN is working towards common understandings on a range of international issues by 2020. Consideration might be given to scope for others to join in the development of positions. For example, on issues like climate change or fisheries resources, ASEAN might find the Pacific Islands Forum to be a grouping that shares interests and concerns.

Finally, a few thoughts on dispute management and resolution. ASEAN is not new to disputes. The organisation was formed at a time when tensions were high across South East Asia and in some other regional hot spots as well. Most countries have bilateral niggles with their neighbours. The South China Sea has proved to be another area where there are concerns involving ASEAN members and other partners. No doubt there will be further tension in future.

It is perhaps timely to think in a longer term fashion about how ASEAN will manage disputes and tension. As noted above, the ASEAN Institute for Peace and Reconciliation (AIPR) has been recently established, with a limited mandate, respectful of sensitivities within the region and the non-interference principle. At a recent AIPR workshop, some participants argued that it is time to think more creatively, to engage and deploy regional experts on regional problems, to be less sensitive about non-interference, not least because there are numerous examples of one ASEAN state helping

another or several others to deal with issues they face. For example, Indonesia has helped Thailand and Cambodia with their border issues; Malaysia has facilitated progress in disputes the Philippines; several countries are helping Myanmar with the Rohingya issue. Against this background, at the very least there should be confidence to have a track 1.5 or track 2 dialogue on some principles by which ASEAN member states might assist each other in times of trouble. They should also discuss how best to tap into international sources of help, either from the likes of the United Nations system and from countries with skills and a willingness to share them.

Strengthen the ASEAN Secretariat and provide processes that deliver outcomes identified by Leaders

The ASEAN Secretariat (ASEC) has played a crucial role in the development of ASEAN to this point. The leadership and staff, past and present, have worked diligently to advance ASEAN interests, to meet the expectations of Leaders and member states, to make the available resources stretch to cover the multiplicity of demands made. But the burdens keep increasing, with something like 1400 meetings per year to service, new asks being identified with each successive year of ASEAN's existence, a funding model of equal shares that does not take adequate account of the needs of the region, and growing concerns about capability and staff retention. Following reporting by former Secretary General Surin, Leaders have asked a High Level Task Force to consider a wide range of matters related to the Secretariat, this is a welcome and essential direction.

The most fundamental question is what role are the member states of ASEAN prepared to let the Secretariat play. Is its main task to organise meetings and act as a conduit between member states? Is it a body charged with implementing directions from Leaders? Or should it be a policy agency, able to provide expert advice and input across the breadth and depth of the ASEAN agenda? In my view, if ASEAN wants to maintain its centrality and relevance, it needs to become a thought-leader. And for that, ASEC needs to be built into a knowledgeable body, with more staff, greater abilities to solve problems without calling in all ASEAN member states, and more sophisticated technical expertise about trade, economics, and non-traditional security threats.

Achieving this will require several elements, including: the expansion of ASEC's mandate and the empowerment of the Secretary-General's role; clarification of governance structures; and the strengthening of ASEC's human and financial resources.

The ASEAN Declaration (Bangkok) and the ASEAN Charter establish ASEAN as a legal international entity, but its member states have not allowed it to function as such and it has traditionally exercised little influence on ASEAN. Despite some formal autonomy, the Secretariat's role has been to support and coordinate cooperative processes/ASEAN policies and its role as an active policy-making body is still limited. Institutionally, the authority of the ASEAN Secretariat is limited, it is chronically understaffed and underfinanced, and it faces increasing difficulties in keeping up with the mere technical challenges posed by an ever-increasing number of ASEAN meetings and initiatives.

On this point, there is a very real need to address ASEAN's meeting overload. It is a widely quoted figure that ASEAN has over 1400 meetings a year – which amounts to around 4 every single day. Not only does this number of meetings put resource-deficient developing countries at a great disadvantage, it puts pressure on scarce time and money for all ASEAN Member States and the ASEAN Secretariat. ASEAN should consider whether it is possible to cut out some of these meetings altogether, to conduct some of them remotely (e.g. use video conferencing), or, for example, for one member to represent a cluster of other countries on certain issues, on a rotational basis, and thereby reduce the meeting burden on all members. In other words ASEAN itself has to design its procedures and business model to accommodate its developing country members, and perhaps to use technology to gain efficiency in the conduct of some of its meetings.

Finding ways to reduce the number of meetings has a double benefit for ASEAN. It frees up Secretariat resource and, equally important, it gives harried capital based officials extra time to focus on their work. In countries with a small bureaucracy any reduction of offshore travel time amounts to a significant productivity gain.

To return to the concept of expanding ASEC's mandate, I acknowledge that there is potential conflict with the 'ASEAN way' – in particular the principle of non-interference – since expanding ASEC's mandate inherently requires pooling some sovereignty into a supranational institution. But in order to build a truly functional Community, ASEAN needs a Secretariat that has the ability to undertake initiatives on the association's behalf, to document ASEAN's agreements and advise on (and, ideally, enforce) their implementation, and to do independent research.

Along with the expansion of ASEC's mandate, there needs to be a review of its governance structures. Currently, the various senior roles and relationships within ASEAN are blurred, resulting in confusion as to which entity is responsible for which aspect of ASEAN's governance. In particular, there is a need to clarify the respective roles of and relationships between the CPR, ASEAN Deputy Secretaries, Directors General, the SOM, SEOM, and SOCA. In my view, the CPR should be predominantly outward-facing, and home-based deputy secretaries and directors-general largely inwards-facing, focused on ASEAN's internal governance, the implementation domestically of ASEAN commitments, and supporting leaders and ministers with their agenda, whether it be focused on internal or external ASEAN interests. This would also lead to clearer agenda setting for meetings with external partners and less obvious overlap of agenda items and discussions.

In order to attract the right people and expertise, ASEC needs to be able to pay its staff at attractive rates. For the entire ASEAN Secretariat, remuneration and benefit packages should be made more competitive, in order to attract and retain quality staff. In addition, career prospects within ASEAN institutions need to be developed; if staff want to make a career with the ASEAN institutions, this should be encouraged and supported. ASEC also needs to be open to outside help; serious consideration should be given to bringing in non-ASEAN talent to work on specific projects and processes. Of course the majority of staff must be ASEAN nationals, but any quality organisation is open to engaging skills and expertise of "outsiders" for specific contract work, and paying them appropriately.

In order to achieve all of the above, there is obviously an urgent need to resolve the financing of ASEC. ASEAN needs a bigger operational budget; as Malaysian Prime Minister Najib Tun Razak noted recently at the 24th ASEAN Summit, current members' annual contribution of US$1.7 million each to ASEC is inadequate. It is clearly going to be challenging for the poorer ASEAN member states to contribute more. Therefore, the idea must be posited of a funding arrangement not based on each country contributing equal shares. I do not suggest that those countries paying more should receive more of a say; instead ASEAN could look at something similar to a UN formula (countries pay proportionate to GDP, one vote per country); a hybrid formula, where countries with a GDP over a certain amount pay an additional fixed sum; or a mechanism along the lines of that suggested by the Malaysian Prime Minister in which countries contribute more on a voluntary basis (countries could even choose particular areas in which to contribute more).

A strengthened ASEC will also go some way towards assisting in the establishment of the ASEAN Political Security Community (APSC).

Recent conflicts affecting ASEAN Members States show that the institutional framework of the APSC is weak in resolving disputes and maintaining peace in the region. The South China Sea issues, Cambodia-Thailand territorial disputes, trans-boundary haze and Rohingya issues demonstrate that ASEAN is not effective in managing and resolving such problems. ASEAN is challenged by such issues and often struggles to address them. Until it is effectively able to do so, an APSC will remain out of reach.

One of the major problems impeding the progress on these issues is the slow pace of ratification of agreements and implementation of programmes by the ASEAN Member States. There is no lack of cooperative instruments – indeed ASEAN has a host of old and new declarations, agreements, treaties, conventions, protocols, plans of action, blueprints, concords, etc. to address a growing number of old and new challenges. But these are neither managed in an active manner nor is there any authority able to 'enforce' them. A strengthened ASEAN Secretariat with power to ensure members' compliance would undoubtedly assist this.

Right now, some of these ideas will be challenging to many ASEAN officials. But if we consider what ASEAN should look like in 2025, say, with the Community well in place, the organisation is going to need to operate in the way outlined above, if the Secretariat does not evolve and quickly, the benefits to be gained from the Community and other initiatives will be constrained. The term 'muddling through' might be heard more often to describe how ASEAN operates. As Indonesian Foreign Minister Marty Natalegawa has said, ASEAN needs to earn its central place in the regional architecture. One way to help do so is to have an expert, well managed Secretariat that gives confidence to ASEAN members and their partners that agreements will hold and be followed through, that details will be remembered not lost, and that honestly measures progress against all targets set by Leaders and Ministers.

ASEAN, with support from ERIA, is currently monitoring commitments against the Blueprint, but not in a detailed fine grain way. Officials complain that beneath the narrative of x per cent of targets met, there is a story of work not completed or only partially implemented. ASEAN nations need to each be confident that their partners are doing what needs to be done in each area of common commitment. That calls for more robust monitoring, assessment and reporting processes. These should not be feared, they should be welcomed as the information obtained will enable countries to better manage their systems and reduce inefficiency. It will also identify pockets where additional support or advice may be required.

And the need to review institutional arrangements does not stop at the doors of the Secretariat in Jakarta. There are a host of other ASEAN or ASEAN-associated bodies. It would make sense periodically to look at them all to determine whether they are delivering to current and future ASEAN needs, whether they need to be independent or whether they can better operate on the basis of a closer link to the ASEAN Secretariat. The region's needs should be paramount in reviewing ASEAN bodies, not the interest that all share of having some part of the regional institutional framework in one country or another, nor the wish to manage an institution outside the overall funding and staffing arrangements for ASEAN. Having a better handle on the full range of institutions will help ASEAN determine whether the right calls are being made about resource location and priorities.

When we consider what ASEAN does, there is a need to try and lift the focus from a discussion about process to outcomes. It is always easy to engage on processes and to allow these to soak up time and resource, but every effort to tie down the specific outcomes that are sought and a timeframe for doing so, helps engineer processes and resources. So if ASEAN agrees to meet a development target by a specific year, the conversation should be what needs to be done in each country and when to achieve that objective? Whether it be a target about a proportion of students completing a high school education, achieving a lift in productivity, a decline in infant mortality or assisting a number of SMEs to take advantage of free trade agreements, it should be possible to work backwards from a simply stated outcome through the sorts of interventions required, when and at what cost, to secure the target. It takes some more work, but it helps identify resource requirements and measurement points along the way that will assist ASEAN meet its objectives. If the intermediate deadlines and achievements are not met, the question then becomes why not, and resources or approaches can be adjusted accordingly.

While the ASEAN institutions are owned by ASEAN, international partners have a close interest, especially when it comes to implementing agreed shared priorities, like outcomes of the East Asia Summit or implementation of an RCEP, for example. There is a need to engage partners more in conversations about institutions and in this light the current High level Task Force on ASEAN and external relations is to be congratulated for seeking to engage key dialogue partners.

Conclusion

This paper was pulled together quickly without the time that should have been devoted to this important topic. I admit that even after four years as Ambassador to ASEAN, I do not have a detailed

knowledge of many of ASEAN's processes and bodies. The paper reflects views that have evolved not just in recent years, but in almost twenty years of engagement with ASEAN in different roles.

As I hope comes through in the paper, I am a friend and fan of ASEAN. I believe in what ASEAN's leaders and generations of officials have tried to do. I applaud all that has been achieved to date and I do recognise that this has taken much toil given the differences among ASEAN members and the challenges that have had to be met at each stage of ASEAN's evolution. This paper is intended to identify some issues and possible solutions, not to be critical.

I hope that anyone reading this paper will come to it with an open mind. I want the reader to join me in wondering whether there are things in the areas discussed and in others not touched upon, where fresh thinking and innovation will produce better results for ASEAN. I have been deliberately provocative in places because I think ASEAN has reached a point where it's possible and desirable to at least begin to talk about some of the hard issues. ASEAN is so far advanced now, there's no need to be defensive. It is better to embrace debate, pull in a range of views from within the region and outside, draw on subject experts, officials, academics, NGOs and others, to try and advance thinking. At the same time, I recognise that ASEAN needs to evolve at a pace that all members are comfortable with. A real challenge for the proponents of change is to do all they can to explain why and to articulate clearly what the benefits will be if ASEAN moves in one direction or another. And anyone opposing adaptation should be challenged to explain clearly why to assist rational debate that identifies real challenges that need to be thought through.

If I might try to summarise the propositions that underlie the narrative in this paper, they would run something like this:

- Leaders need to lead the change and share their vision; officials need to be open-minded and courageous; there is no harm in vigorous debate.

- ASEAN can be proud of its past and its present but it’s critical its history/status quo do not become its straightjacket.

- There is always a need to think about ASEAN in three to four decades time not 3-5 years. That changes the nature of the conversation fundamentally.

- While ASEAN leaders sit firmly behind the wheel, there is a need to take account of voices from all sectors of government and society and from external partners as well.

- Strong relevant institutions are essential. They must bewell-staffed and well-resourced, with cogent, mutually-reinforcing agendas. There should be a greater focus on outcomes, with processes designed to achieve those outcomes and resources provided to that end. There should be intensive and active monitoring of progress and any challenges identified.

- ASEAN needs to be a regional thought-leader. AIPR and ERIA are already demonstrating their ability and this must be nurtured. The ASEAN Secretariat has nascent potential as a policy and implementing arm for the region.

- There will always be issues of sovereignty, trust, national interest assessments that will challenge progress. The key is to be willing to recognise them for what they are and to discuss transparently and openly how to find ways to build confidence and achieve progress for ASEANs overall benefit.

I look forward to watching as ASEAN continues its journey, on an upward trajectory, bringing along not only the people within ASEAN but their friends in the broader region. Thank you for the opportunity to share some impressions and suggestions.