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

by

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**28TH ASIA-PACIFIC ROUNDTABLE (APR) PLENARY SESSION 6
ON “ASEAN’S POST-2015 AGENDA: STRENGTHENING AND
DEEPENING COMMUNITY BUILDING”**

PRESENTATION BY HIGH COMMISSIONER ONG KENG YONG

1 From the outset, ASEAN Leaders recognised that 31 December 2015 would be a milestone in a long community-building process and that there would be more results obtained in the field of economic integration than political or socio-cultural cooperation. The main reason for this appreciation is that ASEAN Member States are at various stages of development in their respective societies and have different characteristics and needs before coming together as an ASEAN Community. However, ASEAN Leaders decided that they should push ahead with the vision of an ASEAN Community so that all Member States would begin to undertake respective measures towards ASEAN cooperation and unity.

2 In fact, an ASEAN Economic Community (AEC) already exists, arising from the implementation of the ASEAN Free Trade Area (AFTA). Today, intra-ASEAN trade-in-goods is no longer hampered by high tariffs and import duties. Many measures to facilitate free trade among ASEAN Member States have been implemented or are in the process of being implemented. A strong impetus for the AFTA is ASEAN’s Free Trade Agreements (FTAs) with key trading partners – China, Korea, Japan, Australia/New Zealand and India. Such FTAs require all ASEAN Member States to introduce harmonised rules and standards across the ASEAN region so that the full benefits of free trade can be realised by ASEAN vis-à-vis the FTA partners. What is left in the AEC Blueprint is mostly in the trade-in-services area. There are also problems in operationalising the

ASEAN Investment Area under which ASEAN as well as foreign investors are protected in all the ASEAN Member States.

3 Notwithstanding the patches of unfinished work, ASEAN would have achieved quite a lot in the AEC Blueprint by 2015. It is not a bad result considering that we achieved this in a relatively short period of time, and despite the formidable challenges that existed in the varying levels of economic development and domestic systems, infrastructure and policies of the ten ASEAN Member States.

4 Two yardsticks reaffirm my position. First, the economies of all ASEAN Member States have grown significantly in the past 20 years since AFTA was first introduced. In the process, ASEAN is an attractive region for foreign investors and multinational corporations. Any economic indicator or index can attest to this. Second, the global trading powers such as China, Japan, the EU and the US are all interested in doing more free trade deals with ASEAN. ASEAN has already concluded FTAs with China and Japan, while political problems hamper an early FTA conclusion with the EU. As for the US, political imperatives resulted in different permutations of an FTA between ASEAN Member States and the US. Some ASEAN Member States have bilateral FTAs with the US, seven ASEAN Member States are in the Asia-Pacific Economic Cooperation (APEC) and four ASEAN Member States are negotiating the Trans-Pacific Partnership (TPP).

5 Beyond the AEC Blueprint, we should also recognise the progress made in the Political-Security and Socio-Cultural Community Blueprints, which is commendable given the challenges inherent in the different historical experiences and diverse political and cultural

characteristics of the ten ASEAN Member States, and maintaining ASEAN's consensus-based decision-making process.

6 We need not be too harsh in judging ASEAN come 31 December 2015. If ASEAN is a failure, we would not be able to see many of what we have achieved in the past 20 years and the ASEAN region could have ended up in disarray with little hope of a vibrant future. As we take positive stock of the milestones we have achieved, it is also important to look ahead to what we still need to do to advance ASEAN's community-building process. We should build upon the economic fundamentals and strengthen the capacities of our ASEAN Member States and ASEAN Institutions. We should also strive towards having greater ownership and appreciation for ASEAN across its 600 million people in the ten Member States, by promoting greater connectivity in a peaceful and stable backdrop.

Do ASEAN Member States truly have a common conception of what an ASEAN Community should look like?

7 The key strategic vision for an ASEAN Community is to build a more connected, resilient and competitive region, living in peace and prosperity. All ASEAN Member States realised the need to more closely integrate as a grouping, but not all ASEAN countries shared the same notion or understanding of what the integration should be like. I recall the extensive debates that took place when I was ASEAN Secretary-General, in the run-up to the 9th ASEAN Summit in Bali, Indonesia in 2003, chaired by then ASEAN Chair President Megawati Sukarnoputri. The ASEAN Leaders were then deliberating on what term should be used. Some argued for the minimalist approach in retaining the word "Association", but this was nothing new as

ASEAN was already established as an association. Some argued that ASEAN should aspire to be an ASEAN “Union”, but the concept was too dramatic and alarming to some others. In the end, the Member States agreed on “Community” as a good compromise. There was no shared common definition but simply it should be beyond an association and not a political union.

8 The concept of the ASEAN Community has since been translated into actionable plans in the Cebu Declaration on the Acceleration of the Establishment of an ASEAN Community by 2015 and the Blueprints in the Roadmap for an ASEAN Community 2009-2015. However, **difficulties in forging a common understanding on community-building issues still emerge, and are a reflection of the complexity involved in bringing together ten disparate countries in building a common ASEAN identity.** In this situation, leadership is essential. Time and again, ASEAN Leaders have to exert themselves to keep reluctant bureaucrats on the envisioned course.

9 Two examples come to mind. First, the proposal to adopt a ASEAN Common Time (ACT). This was first raised in 1995, and again in 2007 when I was ASEAN Secretary-General. ASEAN currently has four time zones with time differences of up to three hours between its major cities. The proposal would unify ASEAN’s time zone to GMT+8, following that of five ASEAN countries – Singapore, Malaysia, Brunei, the Philippines and parts of Indonesia – and aligning it with China and parts of Australia. This would greatly facilitate trade and business in the region and would be a logical step in contributing to an AEC. The proposal was however met with resistance from countries on a different time zone, such as the member furthest west,

Myanmar, who would have to bring their clocks forward 1.5 hours. The other possibility was to follow GMT+7, the time zone for four ASEAN countries – Thailand, Cambodia, Laos and Vietnam. No agreement has been reached thus far.

10 Second, ASEAN's joint bid to host the 2030 FIFA World Cup, which was given in-principle approval at the 2011 ASEAN Foreign Ministers' Meeting in Lombok, Indonesia and endorsed by the ASEAN Leaders at the 18th ASEAN Summit in May 2011. ASEAN stands to gain much if it succeeds in its bid. Apart from being a source of pride and a testament to the ASEAN Community, and raising ASEAN's international prestige and profile, hosting a World Cup would also increase aggregate demand of the ASEAN economies, and boost consumption, investment and government expenditures. However, many in ASEAN are cautiously optimistic that ASEAN would be able to pull it off, recognising that the greatest obstacle is not likely to be logistical or infrastructural, but political. While each ASEAN country would share in hosting a few football matches, tricky issues would need to be resolved such as which country would host the opening and final matches, and which country's team would automatically qualify for the tournament under current FIFA rules.

11 These two examples demonstrate that ASEAN has not reached the stage where considerations for the collective good of ASEAN take precedence over individual national interests. In order to achieve a viable ASEAN Community, member countries would need to develop a stronger culture of cooperation for the collective good and benefit of ASEAN. This would require ASEAN Member States to have the political will and capacity to balance and give and take national interests with that of the wider region.

What are the prerequisites for building a deeper and more mature form of Community in ASEAN?

12 ASEAN Member States must **muster sufficient political will to ensure continued progress towards the 2015 Community goals**. While ASEAN has made good progress under the AEC Blueprint, the remaining 20% of measures would be the most difficult to implement. Strong domestic pressure for protectionism will continue to hold back regional integration and threaten measures that raise further barriers. The recent law passed by a major ASEAN Member State seeking to protect the country's engineering industry and workforce is an example of a national measure that will impede the realisation of the regional goals. There have also been proposals by domestic lobby groups in other ASEAN Member States to lower foreign ownership limits in banks and selected companies, and to put controls in place of certain types of imports and exports.

13 A stronger culture of cooperation based on the common good of ASEAN will also come about **if each ASEAN Member State feels that they are sharing the economic dividends of being in ASEAN**. The more conservative sectors within some of the ASEAN countries see integration and the liberalisation of trade in goods, services and investments as giving up control of and eroding the competitiveness of certain industries, such as the sugar industry and the fisheries industry. However, such sentiments stem from a lack of understanding and awareness of the benefit that can be derived from greater economic integration. The challenge is therefore in effectively communicating the AEC to ASEAN businesses and the general public. Both the local business associations and government agencies have to work doubly hard in spreading awareness, addressing misconceptions, and educating

businesses on the benefits of the AEC. At the same time, adequate support, like government-subsidised training and stream-lining of complicated bureaucratic procedures, has to be introduced to help businesses in this period of transition.

14 We should also **give each ASEAN Member State a greater ownership and stake in ASEAN institutionalisation**. One idea is to have each ASEAN country take ownership of and host a specialised ASEAN Centre. As it is, apart from our Secretariat and the ASEAN Foundation in Jakarta, we have a ASEAN Centre for Biodiversity in Manila and an ASEAN University Network headquartered in the Chulalongkorn University in Bangkok. There is potential to build more ASEAN-centric institutions across ASEAN countries to champion the ASEAN agenda. These institutions could help build up institutional capacity, generate meaningful programmes and activities on the ground which would help raise people's consciousness of ASEAN and reinforce the thinking that ASEAN is here for good and contributes in a substantive way in each ASEAN country.

15 Lastly, **the development gap among ASEAN Member States remains an obstacle to ASEAN economic integration and community-building**. We should continue our efforts to narrow this gap and enhance the level of capacity-building of ASEAN's less developed members through initiatives like the Initiative for ASEAN Integration (IAI) and the ASEAN Framework for Equitable Economic Development. In fact, the increased synergy, integration and connectivity within ASEAN have thus far benefited these developing economies. The GDP for the CLMV countries increased 5.5% from 2011 to 2012 (US\$219.5 billion) and the CLMV countries are fast emerging as attractive investment destinations. Pursuing further economic

integration will positively reinforce the strengthening of the capabilities and strengths of our members.

What should ASEAN's priorities be in the five-year period beyond 2015?

16 ASEAN economic integration and community-building will not end on 31 December 2015. ASEAN recognises this and is already working on developing a Post-2015 Vision to succeed these Community-building goals. Beyond this goalpost, ASEAN will have to press on with uncompleted targets and work on the implementation of the Post-2015 Vision once it is developed.

17 In terms of economic integration, ASEAN should **focus on outstanding priorities in services liberalisation and the facilitation of trade and movement of skilled manpower**. It is important for ASEAN to work through the remaining barriers as services is expected to account for about half of the economic output of ASEAN economies this year. ASEAN has had some success in completing at least eight Mutual Recognition Arrangements (MRAs) to facilitate the free movement of skilled labour in the region with more in the pipeline, including in Information Communication and Technology (ICT). We will also need to ensure that ASEAN's plans are translated into national actions, e.g. pass legislation to support economic integration.

18 Another key priority area for ASEAN which is a crucial pillar to economic integration would be **improving connectivity within and among ASEAN Member States, and beyond**. A well-connected ASEAN with good connections to the wider region will create a much larger and integrated

market with more production and distribution networks, which will help to realise the full potential of AFTA, as well as the various FTAs which ASEAN has established with its key trading partners. ASEAN would need to stay focused and keep to its consistent and systematic approach, harvesting early, low-lying fruits where it can – such as completing the various “missing links” in the physical sectors like road networks, rail infrastructure and a regional power grid – before steadily progressing to new targets. More efforts should be undertaken to lower, if not remove, the existing barriers to trade, as well as to align national procedures, rules and regulations to rigorous, world-class standards.

19 Greater intra-ASEAN connectivity would also be helpful in **enhancing people-to-people interaction and exchange**. According to the latest figures released by the ASEAN Secretariat, ASEAN Member States received over 89 million tourist arrivals in 2012, with intra-ASEAN travel accounting for 44% of the total market. This figure is expected to grow about 20% in the next three years, reaching 107 million visitors. We should promote the 10-member ASEAN bloc as a single tourist destination. Some countries are already looking into sub-regional agreements. In September 2013, Vietnam hosted a conference to discuss the possibility of rolling out a single visa (with the slogan “five countries, one destination”) with four neighbouring countries – Laos, Cambodia, Myanmar and Thailand. ASEAN should look into building more of such linkages, including working with the private sector to explore joint tourism promotions.

20 The last priority area for ASEAN would be in **raising awareness and consciousness of ASEAN among its people**. ASEAN is currently working on a Communications Master Plan to publicise the AEC and help

socialise our businesses and the public to the opportunities and challenges provided by the AEC. Beyond the AEC, we should push for greater interaction and exchange, in all sectors of society, especially among the youth, and encourage more people-led initiatives for integration and cohesion. I very much welcome Malaysia's 2015 Chairmanship theme of "People-Centred ASEAN" in this regard.

21 A criticism of ASEAN is the plentiful visionary statements and plans of action. The fact is ASEAN has been an ideal. Through leadership, opportunity and rules and norms, this regional organisation has established a "*modus vivendi*" for inter-State relations and co-existence in a volatile region where world powers have interacted because their respective interests intersected. The AEC is a strategy to preserve ASEAN's vision and survival. Ultimately, ASEAN Leaders will coalesce as they know it is better to hang together as a group than be hung separately by the unfriendly elements and intrusive powers.

22 To sum up, the last ten years of ASEAN cooperation and development revolved around three "Cs": Community, Charter and Connectivity. For the next ten years, ASEAN must focus on three different "Cs", namely, Communication, Consolidation and Community. ASEAN has many plans and programmes already on the table and if ASEAN Member States can consolidate all of them into a coherent and cohesive work going forward, ASEAN Member States will accomplish the ASEAN Community.

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