



OUTCOME REPORT

REGIONAL CONFERENCE ON ASEAN AT 50: INTROSPECTION AND FUTURE OUTLOOK

27 SEPTEMBER 2017
PHNOM PENH, CAMBODIA



REGIONAL CONFERENCE ON

**ASEAN AT FIFTY:
INTROSPECTION AND
FUTURE OUTLOOK**

27 September 2017

Phnom Penh, Cambodia



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**រៀបចំដោយ
វិទ្យាស្ថាននៃ ព័រាបសេចក្តីសហការ និងសន្តិភាព
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**Conference on
ASEAN at Fifty:
Introspection and Future Outlook**

**Organized by
The Cambodian Institute for Cooperation and Peace
Raffles Hotel Le Royal, 27 September 2017**



ACKNOWLEDGEMENTS

Since its formation in 1967, the fundamental achievement of ASEAN has been the attainment of peace and stability within the region; no major war or violent conflict has erupted in the last 50 years among its member states. The aspiration to promote cooperation, solidarity, shared identity, common destiny, mutual trust and respect in one community have collectively shown remarkable progress. Owing in part to these achievements in the maintenance of regional security, Southeast Asia has become one of the fastest growing economies in the world.

Nevertheless, ASEAN faces continued challenges and new geopolitical uncertainties, e.g. the South China Sea dispute and other regional flashpoints which have hampered, to a certain extent, regional cooperation thereby slowing the process of regional integration. Moreover, the question of the future development of the concepts of 'ASEAN Centrality' and/or the 'ASEAN Way' remains uncertain in that these have provoked wide debate in recent years and were criticized as being "ineffective principles" for regional decision-making processes, particularly with regard to hard security issues.

Framed by these achievements, challenges and opportunities, this regional conference was planned. In its 50th year, it is indeed an opportune time to reflect on past achievements, to review major setbacks, and to identify the enduring impediments to ASEAN. We also need to deliberate as to what ASEAN must do to remain relevant as it crosses into its 51st year and beyond, if this vital regional grouping is to remain relevant in a rapidly changing regional and global security environment.

My institute, the Cambodian Institute for Cooperation and Peace (CICP), is particularly pleased to be able to host this Regional Conference on "*ASEAN at Fifty: Introspection and Future Outlook*" as ASEAN has turned 50. We would like to express our sincere appreciation to all of the eminent speakers from ASEAN-ISIS networks and to all of the distinguished participants whose expertise and input have contributed tremendously in making this Outcome Report available in the form of concrete recommendations put forward for ASEAN to forge ahead as it turns 51, so as to equip itself in realizing the planned 2025 Vision of ASEAN Community.

Ambassador Pou Sothirak

Executive Director

Cambodian Institute for Cooperation and Peace



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CONTEXT AND OVERVIEW

As ASEAN commemorated its 50th anniversary in 2017, inevitably reviews of the past performance of ASEAN were timely, especially its major and diverse contributions to Southeast Asia as a whole. Not least important is the existential quest of understanding the challenges that ASEAN faces, amidst emerging geopolitical uncertainty in the Asia-Pacific region, and to consider how it can courageously forge ahead.

ASEAN has been focusing on economic integration, growth and consensus-building, adhering to the non-interference principle without bringing contentious issues into the public view – the so-called “ASEAN Way.” ASEAN is both the world’s seventh-largest market and third-largest labor force, and is projected to become the fourth-largest economic bloc by 2030. At its 40th anniversary, ASEAN aspired to form a community of three pillars – ASEAN Economic Community, ASEAN Political-Security Community, and ASEAN Socio-Cultural Community, via its ASEAN Charter of 2007. These are collectively the ASEAN Community, which has developed plans for even closer political, social, cultural, and security cooperation.

ASEAN countries continue to encounter persistent hurdles both at the global and regional levels. There are challenges from terrorism, ultra-right movements, the forces of anti-globalization, great power confrontation/rivalry that can pull the region apart, and the endless economic challenges of ensuring growth, driving development, and staying relevant while engaging in economic competition with the rest of the world. The global economy is in a flux as rising economic players such as the BRICS challenge the continuity of the post-war Bretton Woods institutions. The future world order is at a critical juncture, variously described as “multipolar”, “non-polar”, “post-American”, “apolar”, and with such a large number of changing variables, no one can predict precisely how this transformation will evolve.

ASEAN’s forefathers recognized that national resilience contributes to regional resilience. Resilience challenges to ASEAN include: unresolved bilateral disputes between states, ethnic conflict, and uneven development that potentially portends new governance challenges, dysfunctional political systems, and state-capture by special interests. ASEAN is confronted with a gamut of non-traditional security threats deriving from a multitude of transnational issues such as human and drug trafficking, drugs and social ills, sea piracy, environmental degradation, natural disaster response, and terrorism, just to name a few.

The conference focused on what ASEAN must do to remain relevant and to implement the Blueprint of an ASEAN Community effectively. There have been serious debates as to how ASEAN countries could further strengthen their commitment to the spirit and the letter of the ASEAN Charter as well as the vision of ASEAN 2025. Participants discussed how ASEAN could seize new opportunities to revitalize its critical role and make new efforts to deal with new challenges by engaging its dialogue partners efficiently. This meeting examined the outlook for ASEAN as it crosses into its 51st year and beyond.

Over 80 participants, including Cambodian officials, various embassies, academics, think-tank analysts from the region, civil society, and members of the public gathered at Raffles Hotel Le Royal in Phnom Penh on 27 September 2017 to participate in a one-day workshop organised by the Cambodian Institute of Cooperation and Peace, entitled *ASEAN at 50: Introspection and Future Outlook*. From overseas, representatives of the ASEAN-ISIS network were invited to deliver presentations, to share their views, and provoke fresh thinking about ASEAN's next 50 years. Indeed, the focus of the workshop was less a review of the success and failure of ASEAN in its first 50 years and more a region-wide examination of the future and challenges that ASEAN as an institution will face in the next five decades.

The workshop recommended changes to elements of the *modus operandi* of ASEAN, and other more specific measures and areas of policy for future focus. What follows is a brief summary of the viewpoints that were put forward and the recommendations that placed on the table.

PROGRAM AGENDA

Day 1: Tuesday, 26 September 2017

Arrival of Overseas Participants

Day 2: Wednesday, 27 September 2017

Time	Session / Coverage	Proposed Speakers
8:00	Registration	
The Proceeding is moderated by		Ms. Pich Charadine , Assistant to the Executive Director of CICP
8:30-8:40	Opening Remarks	H.E. Ambassador Pou Sothirak Executive Director, The Cambodian Institute for Cooperation and Peace (CICP)
8:40-9:10	Keynote Address: The Cambodian Perspective about ASEAN	H.E. Dr. Sok Siphana Advisor to the Royal Government of Cambodia High Representative of <i>H.E. Prak Sokhonn</i> , Senior Minister and Minister of Foreign Affairs and International Cooperation of the Royal Government of Cambodia.
Session 1: The ASEAN Mode of Operation in the Next 50 Years		
9:30-10:30	In the next 50 years, ASEAN must do whatever it can to develop the Association into a successful ASEAN Community. There are hard press issues beyond the usual modus operandi, such as the non-interference principle, decision making by consensus, and the ASEAN Way of diplomacy, to inculcate common policies – domestic and foreign, and a borderless ASEAN for not just goods but also ideas, people, and exchanges to forge common humanitarian values, instead of remaining and respecting each other as sub-regional blocs. Indeed, as ASEAN celebrate its 50 years of existence with pride and	Session Chair: Prof. Pou Sovachana Deputy Director of CICP Panelists: 1- Mr. Muhammad Sinatra , Malaysia – ISIS 2- Dr. Sok Udom Deth Senior Research Fellow at CICP and Rector of Zaman University, Cambodia 3- Dr. Tang Siew Mun , Head of ASEAN Studies Centre - ISEAS

	<p>accomplishment, the Association must deliver concrete results to all its citizen and can overcome their domestic interests and differences in order to forge their common identity and practices based on unity and cohesiveness.</p> <p>Panelists for this section will have to take strategic views of ASEAN. They should spill least ink on historical reviews, but come up with concrete proposals on how ASEAN will operate in the next 50 years with fundamentally different approaches to ponder on the possibility to reinvigorate itself beyond the business as usual of the 'ASEAN Way' to anticipate and overcome challenges lurking in the horizon that undermine its credibility and centrality.</p>	<p>Open Forum for discussion and Q&A</p>
10:30-11:00	Coffee Break	
Session 2 - Addressing Economic Disparity within ASEAN		
11:00-12:30	<p>Coping with anti-globalization sentiment and the diminishing role of multilateralism, ASEAN will have more difficult task to reduce significantly the development gaps that hamper the Community building process and prevent ASEAN to achieve regional resilience. While every ASEAN country has grown and developed economically, the gaps that existed at its beginning have largely remained. What role can ASEAN play in addressing rising anti-globalization sentiment? How can it accelerate momentum for transforming the AEC into a high quality economic entity? What new engines of growth can ASEAN members develop to keep it on a sustainable and inclusive growth path? What role can the "One Belt, One Road" play?</p>	<p>Session Chair: H.E. Dr. Lattana ThavonSouk, Deputy Director General of the Institute of Foreign Affairs MOFA, Lao PDR</p> <p>Panelists:</p> <p>1- Mr. Kavi Chongkittavorn Senior Fellow at Institute of Security and International Studies - Thailand Editor-in-Chief and Executive Director of Myanmar Times</p> <p>2- Dr. Raymond Atje Senior Economist of the Centre of Strategic and International Studies of (CSIS - Indonesia)</p> <p>3- Mr. Nicholas Fang Executive Director of the Singapore Institute of International Affairs (SIIA)</p>

	<p>Panelists should quickly trace the route and status of the economic and developmental achievements in the past 50 years and focus on answering the above questions by providing concrete solution to the economic challenges facing ASEAN, as well as the developmental gaps not just the existing ones but also those that could arise in the next 50 years.</p>	<p>Open Forum for discussion and Q&A</p>
12:30-2:00	Lunch	
Session 3 - Challenges to Peace and Stability in ASEAN		
2:00-3:30	<p>Peace and Stability in Southeast Asia is directly link to ASEAN ability to address successfully long standing traditional and non-traditional security within and outside its national border. The contentious South China Sea dispute, the denuclearization of the Korean Peninsula, the interstate sovereignty dispute, the humanitarian crisis, and the extremist threats as well as the major power competitions are persistently overshadowed ASEAN led security architecture. ASEAN's ability to keep major powers at bay, prevent their imposition on how international relations should be like and stop playing proxy games using ASEAN members as pawn still manifest visibly. Indeed, can Southeast Asia ever be free from such a malaise? Since the Cold War ended more than 2 decades ago, ASEAN now face more challenging circumstances than ever for its peace and security.</p> <p>Panelists are tasked to tackle these security concerns by not only reviewing current circumstances but should provide recommendations to address these security challenges, including the possibility of whether a paradigmatic shift in ASEAN</p>	<p>Session Chair: Dr. Khin Zaw Win Advisor of Myanmar ISIS</p> <p>Panelists:</p> <p>1- Dr. Nguyen Vu Tung President of the Diplomatic Academy of Vietnam (DAV)</p> <p>2- Dr. Thitinan Pongsudhirak, Executive Director of ISIS- Thailand</p> <p>3- Dr. Aries Arugay Associate Professor of the University of the Philippines Diliman</p> <p>Open Forum for discussion and Q&A</p>

	views on how to keep peace and security in the region should happen.	
3:30-4:00	Coffee Break	
Session 4 - Open Discussion and Recommendation		
4:00-5:00	This session is reserved for open and free discussion with emphasis to come up with concrete policy recommendation on how ASEAN could transpire to become a respectable and pre-eminent Association that could wield its influence at the global level like other major powers in the next phase of its existence.	Session Chair: Amb. Pou Sothirak Executive Director of CICP All panelist are invited to speak
Closing		
5:00-5:15	Closing Remarks	Ambassador Pou Sothirak Executive Director of CICP
End of Conference		

Day 3: Thursday, 28 September 2017

Departure of Overseas Participants

ROLE PLAYERS



H.E. Dr. Sok Siphana

*Advisor to the Royal Government of Cambodia
Managing Partner, Sok Siphanna & Associates*

Dr. Sok is a practicing attorney and the Managing Partner at Sok Siphana & Associates / a Member of Zicolaw. He was appointed by Prime Minister Samdech Techo Hun Sen to hold concurrently the position as Advisor of the Royal Government of Cambodia (RGC), to the Supreme National Economic Council (SNEC), and to the Council for Development of Cambodia (CDC) with the rank of Minister in August 2009 and November 2011, respectively.

Since 2011, he has served as the Chairman of the Board of the Cambodia Development Resource Institute (CDRI). Previously from 1999 to 2005, he served as Secretary of State of the Ministry of Commerce, where he was instrumental in getting Cambodia to join the World Trade Organization (WTO). From October 2005 to July 2009, he served as Director of the International Trade Center (ITC), a joint technical agency of the UNCTAD and the WTO in Geneva, Switzerland. Dr. Sok is the holder of a Juris Doctor (J.D.) from Widener University School of Law in Delaware, United States (1992) and Ph.D. from Bond University School of Law in Queensland, Australia (2009). He is currently pursuing a Ph.D. on Comparative Laws with the Université de Paris II.



H.E. Ambassador Pou Sothirak

Executive Director

The Cambodian Institute for Cooperation and Peace (CICP)

In addition to being the Executive Director of the Cambodian Institute for Cooperation and Peace (CICP) since 2013, Ambassador Pou Sothirak also serves as Advisor to the Royal Government of Cambodia as of February 2014.

He was appointed as Secretary of State of the Ministry of Foreign Affairs and International Cooperation of Cambodia from September 2013 to January 2014. He was a Visiting Senior Research Fellow at the Institute of Southeast Asian Studies (ISEAS) in Singapore from January 2009 to December 2012. He also served as Cambodian Ambassador to Japan from April 2005 to November 2008. He was elected Cambodian Member of Parliaments twice during the national general election in 1993 and 2003. He was appointed as Minister of Industry Mines and Energy of the Royal Government of Cambodia from 1993 to 1998.

He obtained a degree in Electrical and Computer Engineering from Oregon State University, USA in March 1981 and had worked with the Boeing Company from 1981-1986.

Ambassador Pou Sothirak has written extensively on various challenging issues confronting the development of Cambodia and threatening peace and security of the region of Southeast Asia.



Professor Pou Sovachana

Deputy Director in charge of Research and Publication

The Cambodian Institute for Cooperation and Peace (CICP)

Pou Sovachana is Deputy Director of Research and Publication at the Cambodian Institute for Cooperation and Peace (CICP). In that position, he oversees the work of several research fellows. He was also a part-time lecturer at Zaman University and Pannasastra University of Cambodia. He has written extensively concerning the development of Cambodia, including various books, book chapters and articles. Recently, he just published a final report on “Doing Research in Cambodia: Making Models that Build Capacity” with his research team. In 2015, he authored the book “The Voices of Change in Cambodia” and co-authored “Human Security and Land Rights in Cambodia”. His research interests include human capital development and human security. He holds an MA degree in Curriculum and Instruction from Portland State University, Oregon, USA.



Dr. DETH Sok Udom

Rector, Zaman University, Cambodia

Senior Research Fellow, CICP

Dr. DETH Sok Udom is an Associate Professor of International Relations and Rector of Zaman University. Dr. DETH finished his Bachelor's degree with High Honors in Sociology at Boğaziçi University (Turkey), a Master's degree in Southeast Asian Studies at Ohio University (USA), and a Ph.D. in Southeast Asian Studies from Humboldt University of Berlin (Germany). He is also a Senior Research Fellow at the Cambodian Institute for Cooperation and Peace (CICP). Dr. Deth is credited with several academic publications and has been invited to give guest lectures at various institutions/universities and has given a number of interviews to local and regional media on Cambodian and regional affairs.

Title of Presentation: "The ASEAN Way" after 50 years: Cherish More of the Same?"

On 8 August 2017, ASEAN celebrated its 50th anniversary as a regional organization. ASEAN's successes, however, are mixed. On the one hand, the regional body is often credited with its ability to maintain relative peace among its member states and foster increasing integration within the bloc, especially with the official launching of the ASEAN Economic Community on 31 December 2015. On the other hand, it is sometimes viewed as being slow and incapable of responding to various problems within the region and in the fast-changing geo-political landscape in the whole of Asia Pacific. One key aspect that is praised by proponents but at the same time criticized by some observers of ASEAN is the "ASEAN Way" – an established norm within ASEAN that emphasizes non-interference, respect for national sovereignty, and decisions based on consensus. While supporters believe that the "ASEAN Way" has allowed the community of 10 different nation-states to remain as a regional bloc, critics argue that for ASEAN to remain relevant, it needs a more robust decision-making model that helps ASEAN tackle pressing issues in a more timely manner. Counter arguments to the latter stance warn the possibility of breaking up an already fragile ASEAN given the diversity among its member states, especially with the recent example of BREXIT.

This paper will critically assess the claim that only the "ASEAN Way" can hold ASEAN together, and will put forward alternative options for ASEAN's mode of decision-making that can potentially help ASEAN realize its vision as a strong community. By looking at pressing issues such as the crisis in Myanmar and cross-border terrorism, the paper urges stronger actions by ASEAN member states that are not necessarily based on full consensus, but reflect the humanitarian values upheld across national borders and are needed to secure peace and prosperity in the long run.



Muhammad Sinatra

Analyst in the Foreign Policy and Security Studies (FPSS)

Institute of Strategic and International Studies (ISIS) Malaysia

Muhammad Sinatra is an Analyst in the Foreign Policy and Security Studies (FPSS) at the Institute of Strategic and International Studies (ISIS) Malaysia. He graduated with a BSc (Political Science) from International Islamic University Malaysia and obtained his MSc (Strategic Studies) from S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University, Singapore. His research foci are terrorism in Southeast Asia and Malaysia-Indonesia relations.

Title of Presentation: “Future Forward: Reinforcing Centrality”

While ASEAN just celebrated its Golden Jubilee on 8 August 2017, many issues will continue to affect the integrity of the organisation and the livelihood of the region’s population for the next 50 years. These include the shifting major power dynamics in Southeast Asia, the implications of trade protectionism and disruptive technology, the unsustainable practice of the region’s development, and the general frustration over ASEAN’s perceived inability to remain relevant, among others. Mega challenges such as these require multidimensional solutions applied over a long period of time to be addressed. Thus, they will remain as part and parcel of ASEAN’s affairs even as the region witnesses’ generational changes in the next five decades.

Central to the solutions to these issues is the concept of ASEAN centrality. The purpose of this presentation is to propose some measures to overturn the perceived weakening of ASEAN centrality, especially at a time when the region’s unity is critical in resolving trials that lie ahead. As the aforementioned challenges could potentially endure for a long period, it is tempting to consider medium- and long-term options that could contribute to ASEAN’s sustainability, but only if the organisation and its member countries take the necessary steps now. In this direction, three propositions can be articulated: 1) the attainment of a regional strategic culture; 2) the formulation of ASEAN’s leadership mechanism; and 3) the cultivation of youths’ passion and energy.



Dr. Thitinan Pongsudhirak

*Director of the Institute of Security and International Studies (ISIS)
Associate Professor of International Political Economy,
Faculty of Political Science, Chulalongkorn University, Thailand*

Dr. Thitinan Pongsudhirak is the Director of the Institute of Security and International Studies (ISIS) and Associate Professor of International Political Economy at the Faculty of Political Science, Chulalongkorn University. He has authored a wide range of articles, books and book chapters on Thailand's politics, political economy, and foreign policy, as well as ASEAN and East Asian geopolitics and geoeconomics. He is frequently quoted and his myriad op-eds have appeared in international and local media, including CNN, BBC, Financial Times, The International New York Times, Nikkei Asian Review, Wall Street Journal, Bloomberg, among others, as well as a regular column in The Bangkok Post and The Straits Times.

Dr Thitinan's work experience includes The BBC World Service, The Economist Intelligence Unit and many consulting projects related to ASEAN, mainland Southeast Asia, and Thailand's macro-economy and politics.

He received his BA from the University of California at Santa Barbara, MA from the Johns Hopkins School of Advanced International Studies, and PhD from the London School of Economics where his work on the political economy of the 1997 Thai economic crisis and was awarded the United Kingdom's Lord Bryce Prize for Best Dissertation in Comparative and International Politics.

Title of Presentation: "Challenges to ASEAN's Development and Governance"

The idea here is to discuss how ASEAN's export-led model of growth is worn and tired, challenged by signs of protectionism and global economic uncertainty. ASEAN will need to think about value chains, domestic demand and the AEC to motor forward. On governance, ASEAN is becoming an arena for the battle of regimes and values, with authoritarianism on one hand and democratization on the other.



Kavi Chongkittavorn

*Editor-in-Chief and Executive Director, Myanmar Times
Senior Fellow, ISIS Thailand*

Kavi Chongkittavorn is editor-in-chief and executive director of the Myanmar Times. He has been a journalist for more than three decades covering Thai and regional politics. He began his career as a reporter in 1983 and became the paper’s foreign news editor in 1986. Then, he was asked to explore Indochina—first as Bureau Chief in Phnom Penh, Cambodia (1988-1990) and later on in Hanoi, Vietnam (1990-1992). After a year in Oxford University as Reuter Fellow in 1994, he went to Jakarta and served as Special Assistant to the Secretary General of ASEAN in Jakarta in 1995 before returning to journalism. He was named the Human Rights Journalist of 1998 to commemorate the 50th Anniversary of the Universal Declaration of Human Rights by Amnesty International. From 1999-2000, he was the President of Thai Journalists Association. From 2000-2001, he went to Harvard University as Nieman Fellow. He served as a member of jury and from 2005-2008 as its chair of Guillermo Cano World Press Freedom Prize organized by UNESCO. He is also a senior fellow at Institute of Security and International Studies (ISIS) Thailand.



Nicholas Fang

*Executive Director
Singapore Institute of International Affairs (SIIA)*

Nicholas Fang joined the Singapore Institute of International Affairs in 2010 and is currently served as executive director of the institute. Nicholas started his career as a journalist and spent nine years at The Straits Times. He then spent two years as business desk editor at Channel NewsAsia and was most recently Deputy Chief Editor of Singapore news at Mediacorp.

He was appointed Nominated Member of the Singapore Parliament in February 2012. He currently sits on the boards of Mercy Relief, and the Social Innovation Park. He is also a member of the advisory committee of the national youth volunteerism institution, Youth Corps Singapore. A former national athlete, he was Team Singapore’s Chef de Mission at the 2015 Southeast Asian Games hosted in Singapore.

He also founded Black Dot Pte Ltd, a strategic consultancy that offers public relations, media, sponsorship and marketing consultancy services in a broad range of sectors.

Title of Presentation: “Addressing Economic Disparity in ASEAN”



H.E. Dr. Lattana THAVONSOUK

Deputy Director General

Institute of Foreign Affairs, MOFA, Lao PDR

Lattana Thavonsouk has been with the Ministry of Foreign Affairs (MOFA) since graduation, starting out as Desk Officer at the Consular Department. A 4-year stint as Attaché at the Lao Embassy in Budapest, Hungary, followed after which he was appointed Desk Officer for three Department in MOFA successively, namely Europe and America, Asia-Pacific, and finally ASEAN. In 1997, he became Second Secretary at the Lao Embassy in Manila. In 2001, he was appointed Director and Analysis Division of Cabinet under the supervision of the Permanent Secretary of MOFA, Minister Counselor, Lao Embassy in New Delhi and then Deputy Director General of IFA as current position. Fluent in English, French and Russian, he has published amongst others, in Lao language “The Fundamental Issues of the Asia-Pacific Region in the Cold War Era”, “Islam and Terrorism”, “China-Japan Relations”, “the concept of development”, and “Theory of International Relations”.

Dr. Lattana holds a Bachelor Degree in International Relations (1985) from Russia, a Master Degree in Public Policy (1994) from National University of Singapore and Doctoral Degree in Social Development (2001) from the University of the Philippines. He also received diplomatic training from the Institute of External Relations (1992) in New Delhi, Diploma on Professional Training Program, China Foreign Affairs University (2003), Institute of International Relations of Vietnam (2003), l’Ecole Nationale d’Administration, Paris, France (2005) and Asia-Pacific Center for Security Studies, Hawaii, USA. He also teaches international relations at the National University of Laos.



Dr. Nguyen Vu Tung

President

Diplomatic Academy of Vietnam (DAV)

Dr. Nguyen Vu Tung joined the Diplomatic Academy of Vietnam, (DAV) in 1990. From July 2010 and January 2014, he was Deputy Chief of Mission at the Vietnam Embassy in the United States. He is now President of the DAV. He earned the Degree of Master of Arts in Laws and Diplomacy (MALD) from the Fletcher School of Law and Diplomacy in 1998 and got Ph.D. in Political Science from Columbia University in 2003. His main areas of teaching, research, and publications include international relations theories, international relations in Southeast Asia and Asia - Pacific, Vietnamese foreign policy and relations with the United States, China, and ASEAN.

Title of Presentation: "Challenge to Peace and Stability in ASEAN"

After 50 years of development, ASEAN has developed into a Community that geographically covers the entirety of Southeast Asia as well as economically and geo-strategically becomes an integral component of the regional arrangements in the Asia-Pacific. This new reality on the one hand represents the great achievement of ASEAN as a regional grouping. Yet, on the other hand, it suggests sources of challenge to continued peace and stability in Southeast Asia. These sources of challenge may be of local and/or regional nature and may come in the broad three forms.



Dr. Khin Zaw Win

Honorary Advisor of Myanmar ISIS

Khin Zaw Win is currently the Director of the Tampadipa Institute, working on policy advocacy and capacity building since 2006. His current engagement includes communal issues, nationalism and international relations. He is also an honorary advisor at the Myanmar Institute for Strategic and International Studies, the Foreign Ministry's think tank. He served under the Department of Health, Myanmar, and the Ministry of Health, Sabah, Malaysia and did his Master's degree in Public Policy Programme at the National University of Singapore. He has held a fellowship with the Friedrich Ebert Foundation (New York office) and was also a UK FCO Chevening Fellow at the University of Birmingham. He was also a prisoner of conscience in Myanmar for "seditious writings" and human rights work from 1994 -2005.



Dr. Aries A. Arugay

*Associate Professor of Political Science,
University of the Philippines in Diliman*

Aries A. Arugay is an Associate Professor of Political Science at the University of the Philippines in Diliman. He is also a fellow of the Strategic Studies Program of its Center for Integrative and Development Studies. He has conducted research on comparative democratization, electoral politics, civil-military relations, contentious politics, security sector reform, and international relations in the Asia-Pacific. He was previously a visiting fellow at the Institute of Security and International Studies (Thailand), Carter Center, Centro de Estudios Superiores Universitarios-Universidad Mayor de San Simón (Bolivia), Department of Government and International Relations-University of Sydney, and the Jeju Peace Institute (South Korea). He serves as Senior Editor of Asian Politics & Policy and Associate Editor of the Philippine Political Science Journal. In 2015, he was selected as a Young Southeast Asian Fellow by the Southeast Asia Research Group (SEAREG). Earlier this year, he was a Visiting Fellow at the National Institute of Defense Studies of the Japan Ministry of Defense. He obtained his PhD in Political Science from Georgia State University in Atlanta and his MA and BA (cum laude) in Political Science from the University of the Philippines-Diliman.

Website: <http://polisci.upd.edu.ph/faculty/arugay.html>

Title of Presentation: "Back to Basics: ASEAN's Security Challenges in the midst of External Realities and Domestic Distractions"

ASEAN's next 50 years will be defined by an extremely challenging external strategic environment in which it has little control over its future shape and trajectory. By examining global security megatrends and domestic political developments, this presentation examines the different security challenges faced by ASEAN along its domestic and foreign frontier. Using a Philippine perspective, it analyzes the impact of different actors within the ASEAN community – governments, civil societies, the private sector, and transnational entities – in addressing these security challenges. It also identifies ASEAN's security agenda under the Philippine chairmanship. The presentation concludes by presenting policy recommendations that focus on institutional upgrading and rationalization, taking advantage of acting in concert, and credible commitments in good governance and democratic norms.



Dr. Raymond Atje

*Senior Fellow at the Department of Economics
Centre for Strategic and International Studies (CSIS), Indonesia*

Raymond Atje is currently a Senior Fellow at the Department of Economics, Centre for Strategic and International Studies (CSIS). Between September 2004 and end 2011, he was the Head of Department of Economics, CSIS. He has worked on a wide range of research topics, from finance to the environment. At present, his main research interest is in understanding the impacts of institutions on economic development in general, on economic growth in particular.

Raymond Atje completed his Bachelor of Science in Physics from the Bandung Institute of Technology (ITB) in 1979. He then became a visiting scholar at the Energy Modelling Forum of Stanford University before pursuing a Master of Science (MSc) degree in Engineering Economic Systems there.

After graduation from Stanford in 1985, he immediately enrolled in the doctorate program at the New York University. His dissertation, entitled "Finance and Economic Growth: An Empirical Analysis," was among the earliest proponents of the notion that the financial sector was an important source of economic growth. For this, he received his Doctor of Philosophy (PhD) degree in Economics in 1993.

Title of Presentation: "Economic disparity in ASEAN: What can we do to address it?"

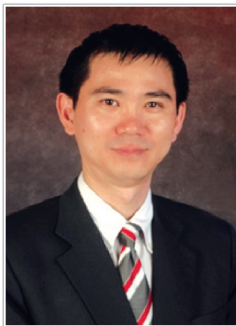
There are essentially two different economic disparity issues in ASEAN, i.e., within country and between-country disparities. As institution has limited ability to address the issue effectively, for it does not have resources at its disposal to assist member states in need of economic assistance. Instead, it relies on multilateral organizations such ADB and WB, or its dialogue partners, such Japan and Australia, to provide assistance.

To address economic disparities in the region, ASEAN promotes two quite distinct policies. Firstly, SME development. SME contributes a significantly large fraction of employment in each country. Developing the sector will allow each country to narrow domestic (within country) disparity and presumably also between-county disparity. A sound SME policy, however, should take into account some of SME characteristics, i.e., it has high failure rate (about 50% will go out of business during the first five years; it has low productivity relative to larger companies; in some countries, e.g., Indonesia people who started SM business simply because they could not find any suitable jobs – they are not entrepreneurs. As a part of an effort to enhance SME productivity, it may be necessary, therefore, for the member states to find ways to assist companies that have potential to grow in size.

Secondly, ASEAN also promotes the Initiative for ASEAN Integration (IAI). The idea is to broaden and deepen ASEAN integration and by doing so will allow the less developed members to catch up with the more developed ones. The ability to catchup, however, depends on a host of issues such as openness to competition, openness to foreign trade and foreign investment etc. (see e.g., WEF Global Competitiveness Report or WB Ease of Doing Business Report).

In addition to these two policies, ASEAN should also seriously consider a proposal floated recently to allow for a greater movement of unskilled workers within the region. This will help some of the more developed members that are facing a shortage of unskilled workers to meet their need and at the same time relieve the pressure on labor surplus less developed members to find jobs for them.

ASEAN may also want to encourage students and young professional to volunteer in ASEAN; students can earn academic credits and young professionals can add their experience to their professional portfolios. This can be done as a part of SME development program, whereby the volunteers work with SMEs throughout the region or in some other projects. The funding for such activities may come from corporations in the form of corporate social responsibility (CSR). The governments may also want to consider to offer tax deductible on CSR expenses as a way to nudge companies to participate in the endeavor. The funding may also come from crowd funding (?)



Dr. Tang Siew Mun

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Title of Presentation: Three "Future" Challenges for ASEAN

The future is difficult to predict when the present itself is difficult to understand. Undoubtedly Southeast Asia will look very different fifty years onwards. But what will

ASEAN look like? Crystal ball gazing is always a hazardous endeavour, which seldom provides the clarity that we seek. One could only make conjectures and be ready to be proven wrong. The region will look very different from what we are today. Southeast Asia will not be able to ride on its demographic dividend as a number of states led by Singapore, Thailand and Malaysia would have experienced an “aged” society. Indeed, its geographical map may be unrecognisable to us with a vast swathe of coastline and low line areas overtaken by the rising sea levels, a phenomenon exacerbated by climate change. In the near term (10-20 years), ASEAN will have to navigate some of fundamental changes which might alter the way the regional organisation operates.

First, ASEAN is increasingly turning more “asocial” as regional interactions become more “business-like.” Leaders and ASEAN senior officials have less time for socialising, a critical component toward building social capital and engendering trust. The move toward a more “institutionalised” ASEAN is a result of the drive toward a “rules based regional order.” The ASEAN way, in this context, would dramatically be altered.

Second, member states would have to loosen their stranglehold of ASEAN. The defence of ASEAN being an “inter-governmental organisation” would not hold water as ASEAN continues to highlight the importance of a people oriented, people centric community. ASEAN, into the future, would see a higher degree of “people” participation. The question is what form this transformation would materialise. If ASEAN remains elite-driven, it would risk broad support from the masses.

Third, ASEAN cohesion and unity should not be taken for granted, nor should that unity and cohesion be assumed to be the default position. The economic divide between the more developed parts of the region and its developing half will not disappear any time soon. Political differences may be more pronounced. The strategic questions for ASEAN are not how to stay united but how to manage a state of disunity. ASEAN’s ability to manage and resolve differences will determine whether this institution will stagnate or become more vibrant.

EXECUTIVE SUMMARY

On 27 September 2017, the Cambodian Institute for Cooperation and Peace hosted a regional conference on the theme of “ASEAN at Fifty: Introspection and Future Outlook” at Raffles Hotel Le Royal in Phnom Penh, Cambodia. The aim of this conference was to assess the performance of ASEAN in the last 50 years and to explore what ASEAN must do to remain relevance in the rapidly changing global environment as it crosses into its 51st year and beyond. It also served as an unique opportunity to take a critical stance of the ASEAN Charter and the 2025 ASEAN Community and to examine how ASEAN countries could further strengthen its capacities and contributions in order to realize its regional aspirations.

The Conference was divided into five sessions: setting the stage in the plenary session were H.E. Ambassador Pou Sothirak, Executive Director of CICP, with his opening remarks and a keynote speech by H.E. Dr. Sok Siphana, Advisor to the Royal Government of Cambodia and High Representative of the Foreign Minister. This was followed by 3 panel sessions; the floor was opened for question and answer at the end of each session as well. The last panel (Session 4) was reserved for an open discussion which set forth for substantive recommendations for the conference as a whole. A wrap-up session and closing session was concluded by H.E. Ambassador Pou Sothirak at the end of the conference.

Speakers at this plenary session noted the significant achievements of ASEAN, chief among them being the institution’s ability to sustain peace and security among its members and major powers, as well as to promote the socio-economic development of the ASEAN peoples. Learning from failed predecessors, ASEAN as a regional association progressed strength to strength: from a position of potential military conflicts and “hot” disputes, where neighbours had low or zero mutual trust in a decolonising environment, to one where cooperation is deep, growth and development are unprecedented, and today the building of a community of shared destiny and perhaps even common identity. ASEAN leaders and officials as well as a diversity of social sectors have a strong sense of camaraderie and are willing to use thinking, not tanks, in resolving their diverse outlooks and approaches towards common problems. These problems include issues of history and nationalism. Compared to 50 years ago when there was no regionalism worthy of the name, ASEAN members have affixed their names to numerous regimes of rules that regulate conduct of member countries in many aspects, accumulated over five decades. In short, the achievements were

tremendous and unthinkable decades ago, and potentially, in comparative perspective, ASEAN is the most successful regional, inter-governmental organisation in the world.

In the last decade, the ripples of old international and domestic challenges have coupled with emerging global trends in the world and are fighting for ASEAN's attention. The world is entering an age of uncertainty. ASEAN is built on the principles of national sovereignty and non-interference, and the way that ASEAN will tackle these challenges are critical to its future. A dispersal of effort due to lack of unity or leadership could result in lack of progress for the region as a whole, and members might find no value in remaining part of ASEAN. This is particularly true when the main challenges and issues are of a regional nature, such as: pollution; terrorism under the false pretence of religious just cause; and contending with and accommodating great power competition.

Handling these issues competently with the aim of retaining ASEAN's relevance to its members and to external partners requires a return to basics, i.e., to examine the "DNA" of the institution and to ask politically uncomfortable questions about the relevance of the current *modus operandi* of ASEAN. In many ways, the development model and the political consensus within ASEAN of the past 50 years may not be sustainable if reforms are not undertaken. It is true that no organisation is perfect, let alone an organisation that relies on consensus rather than hierarchy as the decision-making mechanism. This is the reason why this workshop was inspired to use the word "introspection" in its title.



RECOMMENDATIONS

Presented below, to challenge and engage readers as well as hopefully for consideration by ASEAN leaders, are the recommendations for changes and reforms in ASEAN, as developed by participants in the workshop.

Recommendation #1: Giving a greater role to the ASEAN Secretariat and its institutionalisation

ASEAN as an institution and its decision-making processes deserve a basic re-examination. The oft-repeated argument against ASEAN institutionalisation contends that because ASEAN is an inter-governmental organisation, national governments inherently seek to retain control over the powers and capabilities of the ASEAN Secretariat. The ASEAN Secretary-General is more a “secretary” than a “general,” everyone argues.

With more and more transboundary problems and transnational issues arising, this could be the appropriate time to request ASEAN to review in greater depth, as a strategic issue, whether governments are giving too little power and space for the ASEAN Secretariat to conceptualise, to coordinate, and to implement region-wide responses to those issues and problems that cannot be solve by singular or bilateral efforts. It is true that national bureaucracies vary across space in terms of effectiveness, efficiency, and even political will. Are these shortcomings, however, meant to be set to one side, or to be overcome? If the answer is the latter and national bureaucracies remain a key element of the problem at hand, then bureaucracies should be reshaped such that they are fit for purpose.

Participants recommend reviewing the mandate of the ASEAN Secretariat. Turning the Secretariat into an ASEAN civil service, with similar powers/purviews as national bureaucracies over selected areas which national governments would “pre-agree” upon, could transform the body from being a so-called “paper-writer and paper pusher” to an institution that would have greater powers of initiative, monitoring, and evaluation *solely for the purpose of achieving the objectives that member countries have agreed upon*. This would also help to address the critique that ASEAN is good at agreeing to lofty goals and visions but lacks either the political will or resources to implement them. These ASEAN bodies or organs erected for specific, agreed upon areas of policy should have supra-national authority.

To enable and to empower the ASEAN Civil Service, the budget, staff numbers, scope of powers according, and other accompanying benefits and responsibilities would have to be ceded by member governments. This will require a further departure from the principle of national sovereignty, for the benefit of realising better welfare for the peoples of ASEAN. This is not a new departure, given that other areas such as customs, trade tariffs and barriers, taxation, aviation, etc. have already seen such departures from an absolutist view of state sovereignty in previous ASEAN agreements.

The recommendations set out here simply enlarge the scope of that earlier departure, and to support the revamping of the machinery to implement, to monitor, and to evaluate.

If an ASEAN Civil Service is not within ASEAN's imagination, dedicated National Offices of ASEAN could be established, funded, and directed by the Secretariat.

Participants at the workshop were told that a sum of approximately US\$200 million would be required to revamp the Secretariat as well as to implement the various programs discussed. The present ASEAN Secretariat budget of US\$19 million per annum is smaller than the budgets of all, if not most, government ministries of ASEAN, as well as much smaller than medium sized, national-level corporations. At present, ASEAN funding is USD0.03 cents per ASEAN citizen.

Participants suggest that as a practical solution, an ASEAN tax of a small amount be levied on each tourist visiting an ASEAN country as a source of funding for the Secretariat. In addition, other up-to-date, technological methods of funding should be found that can source funds for individual projects while member governments continue to pay the institutional costs of the Secretariat.

Recommendation #2: On ASEAN Centrality

Discussants noted that in the 1960s, the five founding members of ASEAN were pushed and also inspired to create a new type of international relations in Southeast Asia, free from historical baggage as well as great power proxy tactics, such that the countries of the region would be able to determine their own national and regional destinies. They understood the region as an area of strategic interests for great powers that wanted to retain spheres of influence as part of their global policy. Major powers may not always, especially at critical junctures, hold as the highest priorities the interests of peace, security, and prosperity of the region. Thus, the idea of ASEAN centrality emerged to mean

placing ASEAN at the centre (many other metaphors have been used, such as “in the driver’s seat”) of agenda setting and outcome determination for the region. This was admittedly easier to do immediately after the Cold War, when the USA was disengaging Russia, and China did not have the same capabilities and confidence as in the 2000s. Developments in the South China Sea and changes in Chinese foreign policy over the last decade towards a more assertive stance have hit ASEAN Centrality, where ASEAN finds itself in the centre of a web of major powers and regional contestations that effect ASEAN unity, and as a result, could the institution could be sidelined in various instances.

Recent episodes of a lack of consensus in high-level political decision-making in ASEAN, and the way in which those episodes were resolved are potential indicators of a new era in decision-making that could be engineered to achieve greater efficiency for ASEAN. The old method of consensus, an insistence of a joint communique and the Chairman’s Statement representing the entire group may no longer be able to accommodate the diverse views that may arise on different issues, which have become much more pronounced than when ASEAN had only six members.

Significantly longer time frames to achieve consensus among ASEAN countries on the most difficult strategic issues of the region are now required. If an issue at hand is also understood to be a “hot” topic that contradicts the long and deeply-held beliefs of a majority of ASEAN member countries, the minority that dissent on a given question should be allowed to speak out against the majority position. Participants at the conference noted that consensus decision-making should not be considered as veto power, and that misaligned strategic and national interests among ASEAN member countries have contributed to recent public shows of disagreement.

Public shows of unanimity need not be considered as the *sine qua none* of what it takes to evaluate ASEAN as a successful community. Indeed, friends and colleagues naturally have strong disagreements at times, but these disagreements do not inherently entail the adoption of an attitude of being disagreeable. Should ASEAN continue to try to appear totally united, and even monolithic? Ultimately, “ASEAN centrality” is a concept that needs to be re-examined, re-conceptualized, and re-packaged.

Thus, mechanisms to achieve common ground and consensus have become an issue in and of themselves. Participants noted that as a collective body the ASEAN economies are number four in the world and their markets hold the greatest promise and potential for growth in the next few decades. These countries are also in the region of the Asia Pacific, in proximity to Japan and

China, and have very good relations with the North American and European markets. They should be in a strong bargaining position with regards to other economies and economic blocs of the world. Economic issues will be the easiest place to find common ground.

There is also a view that leaders, i.e., government officials who attend ASEAN meetings, have become more and more business-like and do not spend time cultivating essential personal relationships, which are the lubricant to decision-making mechanisms and could prove critical when a consensus based on trust is vital to decision-making. Another view pointed out that the present ASEAN having 10 members has only operated for 18 years. The ASEAN of today is different from the ASEAN of the early 1960s. If it was easy to obtain consensus in the early days because there were fewer countries, and leaders and officials knew each other personally and took time to cultivate their relationships. Current ASEAN leaders should aim to regain and to sustain the sense of deepening ties and camaraderie. Therefore, leaders should spend more informal time with one another, either at ASEAN meetings or through sub-region or more frequent bilateral meetings. There should be more informal events for leaders to interact personally. Such activities should be considered as acceptable and accountable to the government by national parliaments and society as a whole.

On the proposals for economic collaboration from external partners, participants are of the view that while individual countries have the sovereign right to do business with external partners, they should receive and evaluate proposals from external partners with care for how those proposals would dovetail with existing initiatives within the region. This recognition would ensure that new agreements do not overshadow or even sidetrack the old. For instance, there may be overlaps or dangers for sidetracking if the Belt and Road Initiative or the Regional Comprehensive Economic Partnership are also endorsed by ASEAN and advanced at the expense of the ASEAN Masterplan for Connectivity and the ASEAN Economic Community, as well as existing interests and collaboration with old dialogue partners, which have been working well.

Recommendation #3: Deepening integration by emphasizing implementation

ASEAN has been responding to new trends throughout its 50 years, and new challenges emerge for every generation. Realising that economic growth and development bring resilience to individual members, ASEAN has put in place many initiatives for all member countries to work together as a single unit, in

order that the region as one production unit and market can become more attractive to external partners, and in particular to investors and businesses.

Participants noted the many economic challenges now facing ASEAN, including that of China, which has overtaken ASEAN in terms of growth as well as emerging as the most attractive market and productive economy of the world. Additionally, there are anti-globalisation and anti-free trade sentiments, which will affect all ASEAN countries in that five of these states are now “super-traders” (size of trade larger than GDP) and the others are concomitantly moving up the trade ladder. New production process such as digitisation, robotics and automation, big data, and the impact of the BRI can threaten methods by which ASEAN’s economies have been developing. If ASEAN countries are not able to integrate further and continue to make ASEAN attractive as a single economic unit rather than 10 disparate ones, severe obstacles will arise with regard to ASEAN’s ability to compete globally.

More specifically, ASEAN countries’ intra-association trade remains at only 25% of total ASEAN trade, and there is heavy dependence on the markets and investments of the OECD economies. Yet, the ASEAN Economic Community should mean high levels of trade, investment among ASEAN countries. AEC will not be able to replace external partners but the AEC should be a veritable engine for internally-driven growth. The AEC should be able to site more production chains within ASEAN, by sharing production processes and in terms of the division of labour among themselves to a level that is much higher than at present. At the moment, ASEAN countries are competing in their exports to OECD markets rather than complementing each other in the same production chain. For instance, not every ASEAN country needs to be producing automobiles. Rather each country can produce those components in which it has comparative advantage, and thereby produce an ASEAN-made car, rather than an Indonesian, Malaysian, Vietnamese, or Thai car.

To integrate better as a single production unit and a single market, AEC needs to be well-implemented. ASEAN’s diversity, participants noted, is a strength of ASEAN countries to aid this process. Members should look beyond narrow, national benefits and encourage member countries to attract investments together rather than “going it alone.”

Participants also expressed understanding that some ASEAN members may have become heavily dependent on great powers economically, and these may have had political strings attached, thereby impacting ASEAN centrality. These countries face criticism from investors and business sectors that their infrastructure is poor and therefore withhold investment. When a great power

muscles in with grants or easy loans to build badly-needed infrastructure, it benefits people and business and, as a whole, the country gains. Given that increasing growth and development will also raise national - and regional - resilience, these less developed countries will have to do what is right first by their own national interests.

It would be wonderful if regional and national interests can share the same space, and have ASEAN institutions drive and fund the agenda in this common space. Participants therefore recommended that ASEAN should strongly locate such common spaces in the next 50 years. In doing so, the mega trends and challenges confronting ASEAN should be embraced, and many eminent thinkers should be invited to collectively help ASEAN to examine the range of ASEAN's responses to them, and find solutions that could create a new common space for all. Some key issues that could potentially be of salience include matters of cross-border migration and water resource management.

Recommendation #4: Riding the Old Consensus, Striking a New Compact

The founding of ASEAN was based upon the principles of consultation and consensus in its decision-making. This is called the ASEAN Way, which inculcated mutual trust, and unity in diversity. With the entry of new member states towards the end of the 20th century, and the appearance of more episodes of unity than before, perhaps reflection on and changes to the ASEAN Way are needed.

Participants noted the mainstream view considers the present imperfection - the disunity that sometimes manifest - as necessary in the accommodation of members that could have different national interests on specific matters. Disappointment with the current ASEAN Way derives from the inability to move forward on specifically-difficult and high profile issues, perhaps to even take a nuanced public position, if a member chooses not to agree on joint announcements or to take action. Another view proposes modification of The ASEAN Way, towards choosing or specifying areas of decision-making that can allow voting to take place; allow the majority view to prevail while also making space for the minority view, or perhaps even allowing a minority view member to withdraw from decision-making and not to be included in the scope of action. The responses to this idea vary. Some participants contend that this may lead to ASEAN's disintegration. Others have cited regional diplomats' view that a consensus is not unanimity, although the same people also pointed out that an ASEAN minus X approach has been found to be workable on economic issues. The region and the participants at this workshop are far from a consensus on what should be done in case a consensus fails to materialise on specific and

important issues confronting ASEAN. Issues such as the South China Sea and the Rakhine/Rohingya crisis were the most-mentioned as examples.

Despite the lack of consensus, participants note that in the interest of improving ASEAN, leaders should consider mechanisms for minority views to be expressed on particular policies rather than forcing member states that find themselves in the minority on a particular issue to jointly take action or speak collectively on important matters. Perhaps, a list of issues where different *modus operandi* apply could be useful - such as when consensus is compulsory and when is it not, and to what degree would exclusion be permitted. Tyrannies of two types - that of one member and that of the majority - should be avoided. The statements by minority members could be issued alongside the joint communique and the Chairman's statement.

Recommendation #5: Adding Layers to the Governmental-ASEAN

It has often been said that the criticism of ASEAN being a top-down association is misplaced because ASEAN was meant to be so, from its beginning. In the last decade or so, however, opinion has reversed among ASEAN members towards a clearer desire that ASEAN evolve in the direction of becoming an organisation that allows participation from communities and ordinary people, in its decision-making process. Participants thought that this is an area of vast potential for new ideas and initiatives. The objectives would be to increase the networks and opportunities for interaction among the peoples of ASEAN, and these opportunities should be funded by governments and corporate entities within the region. In this way, ASEAN would not be just an inter-governmental organisation; although in terms of legality and to enable collaboration among governments, decisions must be signed between governments, as representatives of the people. A "contact, engagement, and convert strategy" can be constructed to secure the identification of ASEAN peoples with ASEAN without replacing or obviating national loyalties. This is community-building. Some suggestions for concrete areas of work include:

Humanitarian work: encourage citizens of one country to engage in these activities in two or three other countries. A New History Textbook Project, where national history textbooks should have a dedicated section on ASEAN. Sections of current texts that condemn or depict other countries in a negative light should be rewritten, to express understanding of the historical events in their specific time and space. There should be a consensus that history is meant to be recorded and understood, not as the sole guide to future action and decision-making.

Prioritise the erecting of a human face of the ASEAN Economic Community in general, and regionalism in particular - by taking better care of vulnerable groups through a common ASEAN Vulnerability and Marginalisation Fund, to fund research and action programs for the vulnerable and marginalised sections of member states. The emphasis should be on skills training, scholarships, bursaries, education loans guaranteed by national governments, and mainly to support those on the receiving end of the negative externalities of rapid economic growth - not just human beings but also the environment. Reviews could be completed as how there should be responsibility by national governments to guarantee and protect human rights.

Participants also highlighted the importance of raising the visibility of ASEAN in a constructive and positive light in favour of regionalism. ASEAN-ness is a desired quality and the idea of ASEAN as a separate but complementary category of belonging should be present in all state activities and among corporate and non-governmental activities as well. Another fund dedicated to such purposes should be established. Participants noted that budget airlines and a more liberal aviation agreement within ASEAN should be supported. Many air flights travelling within the region are already full - depicting growing people-to-people interactions that can serve as a positive feedback mechanism for the deepening of ASEAN integration. Also, a strong presence and clear and consistent messaging by ASEAN on social media will be essential.

ASEAN leaders' meetings should not be too fixated on geopolitics and must be balanced by a focus on the people. After all, the ASEAN Community consists of three distinct pillars, not just the politics and security pillar. Participants suggest that ASEAN leaders should have a much stronger interface with grassroots organizations and NGOs than what exists at present. Simply because grassroots entities and NGOs are not elected leaders representing national governments does not mean that they do not have important and relevant things to say about ASEAN, and they may perform the tasks of serving the people's needs more effectively and more efficiently than government bureaucracies.

Furthermore, on issues of security and peace, participants pointed out that ASEAN is helping the world by sending 5,000 personnel to the Peacekeeping Operations of the UN. However, within ASEAN, no country can send a peacekeeping force to help maintain order in another ASEAN country in the event of problems of separatism and/or extremism and there remains the belief that a just and neutral force of either the UN or an international organisation is needed on the ground. A suggestion was also made for ASEAN peacekeeping forces to wear the ASEAN emblem on their uniforms, to reinforce the ASEAN identity.

Recommendation #6: Reinterpreting the CLMV Label

Participants congratulated Vietnam for its reforms and openness, which have driven its economy from least-developed to middle-income status within one generation. As such, the label “CLMV”, which has collected the four less-developed countries of mainland Southeast Asia (i.e., excluding Thailand) has to be seen in a new light. Moreover, from the point of view of free trade agreements, it is concluded that Vietnam now has 17 of them, whereas Thailand only has six, although Thailand is ranks higher on various development metrics than Vietnam. The latter is also giving aid to Cambodia. Finally, CLMV countries are also the fastest growing economies in the region. This shows that there have been concrete changes in mainland Southeast Asia, but that there remains much more work to do in order to encourage collaboration among these states in order to turn CLMV into a driver of ASEAN’s integration and single market vision. Therefore, “CLMV” should no longer meant “backwardness” or “need help”, but also mean “opportunities” and “growth”.

Nevertheless, to ensure that these countries continue to be part and parcel of the ASEAN growth story, retain their ASEAN identity, and integrate with the rest of Southeast Asia, participants recommend hitting a higher gear in the training of CLMV officials who make policies in all areas relating to ASEAN. They should learn not just about national policy-making for economic reform, but also how to integrate their countries with ASEAN and with the world.

Recommendation #7: ASEAN Economic Disparities (AEDs)

Based on Purchasing Power Parity, all ASEAN countries are now middle-income countries, with the lowest earning US\$ 4000/capita/year¹. The higher growth rates occurring in some ASEAN countries are in places that have lower per capita GDP, and the growth in these lower income areas can be breathtaking. As a result, there have been economic disparities among countries as well as among the rich and poor in each country. Participants are of the view that both sorts of disparities should be addressed before ASEAN can consolidate its economic gains and move forward as a region. At the same time, it is apparent that ASEAN as an organisation has limited abilities to address these disparities because it has no resources of its own.

¹ See International Monetary Fund (2017), “GDP per capita, current prices: Purchasing power parity; International Dollars Per Capita”. Available at: <<http://www.imf.org/external/datamapper/PPPPC@WEO/THA/SEQ>>

Other than governmental help, the AEDs can be addressed via job creation and the promotion of small-and-medium enterprises (SMEs). Governments should try to spread growth away from the major urban centres where employment is mainly driven by foreign-invested, multinational corporations (MNCs) with benefits disproportionately going to local elites. Therefore, a sound growth policy should take into account the characteristics of SMEs, in order that appropriate help might be given when required. SMEs employ most of the labour force in most countries, and if SMEs are not sustained, it also means gains in employment is not sustainable, which will lead to greater disparity. It does not help that SMEs' growth takes time and has to deal with uncertainties, and that they are usually not entities of longevity. Most SMEs start because of the failure of individuals to find employment.

For regional disparity between ASEAN member states, participants recommend the governments facilitate greater movement of unskilled labour within the region. This would relieve internal pressures on social stability caused by a surplus of labour that can meet the demand in advanced countries. Greater Corporate Social Responsibility (CSR) across national borders should also be promoted; governments can simultaneously offer tax deductions of CSR expenses to corporations that fund CSR activities in an ASEAN country other than their own.

Another suggestion was for an ASEAN agreement to facilitate commerce such that SMEs in any corner of ASEAN can trade easily without the costs of import/export/logistical obstacles, and financial road blocks. These revisions would also be cost-effective. An ASEAN E-Commerce gateway or plan will benefit everyone, especially SMEs.

Indeed, the road to inclusive growth was recognised by participants to be difficult, but they also concluded that it is a compulsory journey. A bold or ambitious pathway for ASEAN to fight rising inequality across the region and at the national level should be stimulated.

Recommendation #8: Establish Formal 'Minilateral' Groups among 'willing' ASEAN Members

Inevitably, there will be issues in the region that have transboundary impact, which may involve one or a few ASEAN members' relationship with a non-member. These issues could be humanitarian or geopolitical, or even matters of economic and social rights. On such issues, ASEAN members may or may not wish to have ASEAN the organisation play a role in resolving them. On the other

hand, on all such issues, ASEAN as an organisation would need to have a voice at the table or otherwise lose its credibility as a regional association for cooperation.

In more recent times, such issues include the Kampuchea UN seat, refugees arising out of the Vietnam War, the South China Sea and other land-based sovereignty and rights disputes, genocide, nuclear proliferation, and the Rohingya. There are also many other socio-economic issues that go beyond geopolitics, such as the AIDS/HIV and other public health epidemics, migrant labour exploitation, water and natural resource management, cross-border illegal migration, natural disasters that go beyond the ability and scope of one member country, etc. More than before, ASEAN and its member countries have found themselves on the defensive and lagging behind international expectations and social media, and developments on the ground. Crises and their rapid development would have long-term implications that will affect ASEAN's cohesiveness that require swift and high level consultations to discuss where each country would stand and what their responses would be.

In order to work towards the achievement of ASEAN goals and maintaining fidelity to ASEAN's values, participants recommend that affected ASEAN countries find ways to work with fellow members who are affected by crises and also to consult with the organisation, as a matter of standard procedures, rather than to disregard the interests of other countries and to rely on the principle of sovereignty in excluding cross-boundary collaboration to address cross-boundary problems.

The recommendation therefore is for a "Mini-lateral" (to denote cooperation between two or among more countries but less than the total of ASEAN, and not operating at the formal ASEAN platform, which also makes it not multilateral) approach to become a standard, and a mode of operation of ASEAN members extended towards high-profile crises, such as those set out above. Such a 'minilateral' scheme would create an ASEAN-only space for affected countries to consult and to work closely, and if need be, present an agenda or a solution to the organisation and to external players. In this way, such issues can be handled among stakeholders delicately and not becoming multilateralised, which would then compel stakeholders to take strong and uncompromising positions.



ANNEX

OPEN REMARKS BY AMBASSADOR POU SOTHIRAK

Executive Director of the Cambodian Institute for Cooperation and Peace

At a Regional Conference on ASEAN at Fifty: Introspection and Future Outlook

At Raffles Hotel Le Royal, Phnom Penh, Cambodia

On 27 September 2017

- H.E. Dr. Sok Siphana Advisor of the Royal Government of Cambodia
- Distinguished ASEAN Ambassadors and Members of the Diplomatic Corps
- Distinguished Role Players, Speakers, and oversea guests
- Distinguished Participants, Ladies and Gentlemen

On behalf of HRH Samdech Norodom Sirivudh, Chairman of the Cambodian Institute for Cooperation and Peace, I would like to extend sincere greetings and warm welcome to all of you for taking your valuable time to attend this conference under the theme of ASEAN at Fifty: Introspection and Future Outlook organized by my institute, CICP.

I would like to take this opportunity to recognize the presence of our honorable guest, H.E. Dr. Sok Siphana, Advisor of the Royal Government of Cambodia and High Representative of H.E. Prak Sokhonn, Senior Minister and Minister of Foreign Affairs and International Cooperation of the Royal Government of Cambodia. I would also like to acknowledge the presence of all the domestic and oversea distinguished role players to this conference as well.

At the outset, I like to mention that this conference is organized to review the Association of Southeast Asian Nations' past performance as we commemorate its 50th year anniversary and more importantly, to exchange views among eminent ASEAN - ISIS scholars and all the participants on the existential challenges that ASEAN face amidst emerging geopolitical uncertainty in the Asia-Pacific region, and ponder how the regional grouping can courageously forge ahead in the next 50 years.

This year, throughout Southeast Asia, there have been numerous events organized to remember the spirit of ASEAN founders whose endeavor is to transform this region plagued by poverty, conflict and insecurity, into a new

region marked by rising prosperity, greater political stability, and shifting away from major inter-state conflicts.

As ASEAN herald into a new era of building an interconnected community with pride and accomplishment, there remain overwhelming challenges at the global and regional level that stubbornly testing ASEAN's principles, cohesion, institution, and relevance.

I am indeed grateful for the opportunity to speak at the opening of this timely conference. We are all here to reflect on what ASEAN has done, where ASEAN is headed, and how it can steer its future away from possible danger amidst a gamut of uncertainties ranging from rising nationalism, anti-globalization, the volatility in the Korean Peninsula, fierce competition for dominance among the major powers, especially in the maritime domain, couple with ethnic violence in the Rakhine State and the outburst of the extremist activities.

Over the course of today's sessions, we will deliberate the evolving international strategic landscape; the fates of our region's economies, peace, and stability; our resolve to new threats; and our shared future for a region free from all mishaps and conflicts. All of these subjects I believe deserve our utmost attention in making our ASEAN more resilient, and I would like to thank all the eminent speakers for gathering at this conference to share their valuable perspectives.

For my opening remarks today, please allow me to provide some context for deeper debate and bring about relevant discussion on what would be suitable direction for ASEAN in the next 50 years in order to forge ahead and increase its preeminent role as a credible driver for peace and stability.

What I have in mind is that we deliberately attempt to address three simple questions: What have ASEAN done right? What can ASEAN improve? Where ASEAN is heading?

For the right things ASEAN has done, I must say that over the course of the past 50 years, ASEAN has created numerous opportunities to fix many shortcomings and strengthen the hope for a better future for a region of Asia-Pacific that are truly peaceful, stable, and prosperous. Most notably among the opportunities created has been the manifestation of the development of various instruments and mechanisms to enable regional cooperation and strengthen ASEAN's institutional presence in engaging the world.

ASEAN's hallmarks include the creation of the Treaty of Amity and Cooperation in Southeast Asia (TAC) which was signed in 1976 serving as an essential code of

conduct in the management behavior of the interstate relations; the ASEAN Charter which entered into force in 2008, setting out the governing principles on how ASEAN intends to conduct its affairs; the ASEAN Community Blueprints, describing broad goals, objectives, strategies, and targets which are intended to make ASEAN politically cohesive, economically integrated, socially responsible and a truly people-oriented, people-centered rules-based ASEAN. Realized at the end of December 2015, this groundbreaking endeavor was complemented by the adoption of the ASEAN Community Vision 2025 and the ASEAN Political-Security Community (APSC) Blueprint 2025 which will further boost the efforts in building a more cohesive ASEAN Community.

All these have been said about ASEAN successes, our introspection must acknowledge the skepticism about ASEAN. This brings in my second point on what can ASEAN improve?

Going forward, it is vital that ASEAN must claim greater stride and command greater respect among member states to maintain its rightful place as an effective driver for peace, stability and prosperity in Southeast Asia. The glass is still half-empty and unless the grouping can successfully mete out ongoing and persisting challenges that stand in the ASEAN Way, ASEAN's preeminent status still remain elusive.

Internally, ASEAN needs to accelerate its integration process to mitigate economic disparity and inequality among member states, especially there still much to accomplish in narrowing the development gaps for the lesser-developed ASEAN nations. ASEAN must find a more concrete way to offer good office and mediation to resolve the border dispute or tension between and among all member states and bolster its spirit of caring and willing to assist member states in distress due to their domestic grievances. A suitable recalibration of the principle of non-interference and a more responsive decision-making process should be explored as well as a more proactive attention toward the issues of good governance, human rights, accountability, and corruption.

Externally, ASEAN must get comfortable in discussing hard security issues that infringe upon the 'ASEAN Centrality', holding back the image and credibility of the Association which often the skeptics make ASEAN known as a forum for 'only talk and not enough action'. ASEAN needs to go beyond the consensual way and non-substantive reaction in dealing with today's pressing challenges, ranging from the denuclearization of the Korean Peninsula, the South China Sea issue, terrorist threat, the proliferation of weapons of mass destruction, the humanitarian crisis in the Rakhine state, the effects of climate change and cyber-attacks, and other non-traditional threats.

For ASEAN to lead effectively into the future, it must also review how it operates. Improvement on how ASEAN member-states investing more heavily in the Association's institutional strength is vitally important so as we must pay greater heed to elaborating common positions on critical questions of foreign and security policy.

My last point is where ASEAN going?

In the next half century, I believe that ASEAN needs to count on its own ability to manage economic, social and political issues rather than overly rely on any major power. Overly dependent on any external power will restrict ASEAN capacity to stand up on important issues that matter most in the region. ASEAN should do its utmost to encourage all its dialogue partners to engage honestly with one another so as to reduce mutual suspicion to contain their rival ambitions in our region and act in unison to discourage them from dividing the Association.

ASEAN needs to define its own leadership. To do otherwise is to cede the initiative to an outside power. The largest states in ASEAN, in term of size and influence, for instance Indonesia, should consider offering that leadership and assume the position as shield and spear.

ASEAN's principle of neutrality must not constrain ASEAN space for action to work out suitable security arrangement that can lead to the reduction of tensions caused by big power competition. By finding common ground in security, economic, social and cultural fields, ASEAN will be poised to soften the ill-perceived political and strategic rivalry among all the powers. ASEAN should make itself clear that Southeast Asia is nobody's backyard to impose anything that is harmful to the common regional interest. Otherwise, ASEAN's option remains narrow and over-dependent on a single player. ASEAN needs to continue to engage external powers faithfully and constructively, be it the United States, China, Japan, India, Europe, or Australia, in projecting the ASEAN's continued aspiration for peace and prosperity.

I would like to close my remark by presenting my gratitude to the Ministry of Foreign Affairs and International Cooperation for honoring this conference by assigning a high representative, H.E. Dr. Sok Siphana, Advisor to the Royal Government, to deliver a keynote address on Cambodia's perspective on ASEAN on behalf of the Minister of MOFAIC of which we will have the pleasure to hear in a short while.

I also would like to express my sincere appreciation to all my friends from ASEAN - ISIS for agreeing to travel to Phnom Penh to participate and share their valuable insight at this conference.

I wish you have a pleasant stay in the Kingdom and I shall look forward to a fruitful deliberation.

Thank you very much for your kind attention.



KEYNOTE ADDRESS BY H.E. DR. SOK SIPHANA

Advisor of the Royal Government of Cambodia and
High Representative of H.E. Prak Sokhonn, Senior Minister and Minister of
Foreign Affairs and International Cooperation

*Excellencies, Distinguished Guests,
Dear Colleagues and Friends, Ladies and Gentlemen,*

It is indeed my great honour and pleasure to be here and speak on behalf of my Foreign Minister, H.E. PRAK Sokhonn, at the opening of the conference. My appreciation goes to the Cambodian Institute for Cooperation and Peace for organizing this important conference under the theme: “ASEAN at 50: Introspection and Future Outlook” at a time when all the 10 ASEAN countries are celebrating the 50th anniversary of the establishment of ASEAN. Looking at the list of the eminent speakers from the region gathering here, I am more than reassured that their exchanges would be very rich in substance, be they on the assessment of past achievements, on the identification of the existing challenges, or on the future prospects of ASEAN.

We have turned 50. That is a lot of years that have gone by and a lot of water under the bridge. If we look back to the days when our Founding Fathers signed the Bangkok Declaration 50 years ago, it is hard for them to imagine what the wheel of times could have brought 50 years later. Well, we now have an ASEAN Charter, which has served as a firm foundation for us in achieving the ASEAN Community. ASEAN has a legal status and an institutional framework. We have codified ASEAN norms, rules, and values. We have set clear targets for the next decade to come. The Kuala Lumpur Declaration on ASEAN 2025 is a forward-looking roadmap to attain a politically cohesive, economically integrated, and socially responsible, and a truly rules-based, people-oriented, people-centred ASEAN.

We now have a vibrant and increasingly integrated community, where flow of goods, capital and peoples are being constantly facilitated and improved. ASEAN’s combined GDP of more than US\$ 2.55 trillion as of last year count would make us the world’s 6th largest economy. Our combined population of 635 million or some 8.7% of the world’s total population makes us the 3rd largest after China and India. ASEAN is a vibrant market with a young and rising middle class.

Excellencies, Ladies and Gentlemen,

As a ten-member political community, ASEAN represents a significant presence within Asia and is viewed by many as a successful experiment in regional integration and cooperation. Under its newly-realized ASEAN Community, ASEAN countries are more integrated in terms of politics, security, economy and socio-culture, which give ASEAN a whole new dimension in regional cooperation. While no one ASEAN country can aspire for influence as a great power, together the 10 member states have shown their ability to impress on the international system. And this is an important factor at a time when global and regional conditions keep evolving and the process of world multi-polarization continues to transform.

The problem of Asia's Paradox is visible where political and security cooperation has not grown in tandem with economic interdependence in Asia. ASEAN is today confronted with arguably the most complex regional security challenges it has faced since its formation. Its core concepts of neutrality and cohesion are under great stress. Challenges also emerged from non-traditional forms of security threats in this region, such as new groups of terrorism, ISIS, drug and human trafficking, and migrant worker issues.

In light of this dilemma, I would like to challenge our gathering today to ponder on a few important questions. With the increasing presence of big power influence within the region, is the "ASEAN way" of "soft regionalism" sufficiently suitable as a modus operandi for ASEAN to negotiate the contours and interactions of big power plays? How can ASEAN balance economic and political interests in its relationship with the major powers? How can ASEAN secure their political interests vis-à-vis major powers' increasing political influence in the region? To what extent does a closer relationship between super powers and individual ASEAN countries impact ASEAN's effectiveness as a whole? Does it affect ASEAN centrality?

Excellencies, Ladies and Gentlemen,

Allow me to share a few personal thoughts on the above. Let me start with ASEAN Centrality. What is it? Really, what is it? Despite many existing literatures trying to define "ASEAN Centrality", there has been so far no clear-cut, specific or commonly agreed or used definition of the notion of ASEAN Centrality. For ASEAN itself, there is also no official definition on the word "ASEAN Centrality". As such "Centrality" is at least **an aspirational term**. Before 'centrality' became the term of preference, ASEAN used to refer to itself as being 'in the driver's seat', a choice of metaphor that overlooked the possibility

that the driver's seat may well be occupied by a chauffeur and not necessarily by the person who sets the direction. To me, the notion of "*ASEAN Centrality*", "*ASEAN driver's seat*", and "*ASEAN driving force*" in Southeast Asian regionalism is generally used interchangeably.

First, the most common conception of centrality is in terms of ASEAN, not the great powers, as the driver of regionalism. In contrast to most regions where global and/or regional great powers are the key drivers and shapers of regional order and architecture—Germany and France in Europe with the European Community (EC) and the European Union (EU), the US in North America with the North American Free Trade Agreement (NAFTA), or Brazil and Argentina in South America with Mercosur. The notion of ASEAN's leading role in the regional architecture rests on the principle that frames the way ASEAN approach its external relations, in particular with the major powers, to ensure that its interests are protected and the regional stability preserved.

The second conception of centrality is to understand ASEAN in terms of its contribution to Southeast Asia's stability and security as the region's convener or facilitator through providing an assortment of multilateral mechanisms and meeting places, which bring together great powers, regional powers, middle and small states in East Asia for regular consultation and confidence-building. Centrality can also be defined in terms of ASEAN viewed as a hub or prime node, as former US Secretary of State Hillary Clinton has it, ASEAN as a fulcrum (or central role) of Southeast Asia's regional architecture rather than as its leader.

Having said that, allow me to throw a few reality checks, by that I mean what are the other various different perceptions? To some, the idea of a collective, united ASEAN that is able to speak with "one voice" is at best a useful political slogan. The "ASEAN Way" of emphasizing ASEAN's centrality is severely limited when it comes to critical flashpoints where member states are required to stand up for their own perceived interests vis-à-vis the major powers. There is a gap between ASEAN's rhetorical aspiration and regional reality, which constrains ASEAN's commitment to tackling emerging regional issues.

To others, they doubt whether the 10 middle and smaller states will be able to truly drive the process forward, especially when major powers are hesitant and, recently, increasingly suspicious of each other. ASEAN should not insist that it has to be in the driver's seat in leading regional initiatives. Instead, it should adopt a more modest approach, cooperating in areas where it has the capability to do so.

As to the role of external powers in shaping the regional architecture, there is a need to acknowledge that ASEAN's success could not have come about without the legitimacy conferred upon it by other major powers. ASEAN has been very good at providing the "centrality of goodwill". Now, it is time for ASEAN to provide the "centrality of substance".

Perhaps, it may be time for ASEAN to de-emphasize its centrality for the reason that such a centrality may be a tool for diplomatic speech that may not reflect political realities.

Excellencies, Ladies and Gentlemen,

Let me now shift to the ASEAN integration. "Unity in diversity" is one of the sacred clichés in the ASEAN lexicon, reflecting the heterogeneity among its members in terms of ethnicity, religion, languages, level of economic development, political systems, and strategic orientations. To secure ASEAN Centrality, balanced development should be achieved within ASEAN. By achieving full integration, the ASEAN Economic Community will be seen as a single market and production base. The accumulation of economic attractiveness will enhance ASEAN centrality in the wider regional framework.

In my view, the Post-2015 ASEAN Community should aim for a more advanced phase of regionalism and intra-ASEAN integration to support ASEAN centrality. The completion of the RCEP negotiation will be another important milestone in that direction. The economic enhancement can effectively narrow the wide development gap between new and old ASEAN Member States and therefore increases ASEAN's credibility in terms of the rapid economic resilience and fast economic growth. ASEAN should tackle its perceived "*collective burden*" by improving its human resources because, for the time being, the CLMV countries still lack human capitals. ASEAN can also attract more FDIs from other countries and thus prevent major powers from utilizing its economic influence to divide ASEAN and weaken ASEAN's unity and solidarity.

Excellencies, Ladies and Gentlemen,

Before I wrap up my speech, let me touch briefly on ASEAN's external relations. There is no question ASEAN has played a key role in creating a complex web or an ecosystem of institutional arrangements with external partners. ASEAN has gone on a spawning spree, birthing one institution after another in an ad hoc way: the ARF in 1994, the ASEAN Plus Three (APT) in 1999, the East Asia Summit (EAS) in 2005, and the ADMM-Plus in 2010.

ASEAN is at the centre of major power interests, primarily the US, China, Japan, Australia, the ROK, Russia, and increasingly, India. Its prosperity also depends on the good relations between them. At the same time, ASEAN is facing potential risk in its great power equation through which the region's economic and political stability depends on better relations in the China-Japan-United States triangle. However, ASEAN's ability to manage this complex web of relations seems to be limited.

On the one hand, tensions run considerably higher between them and mutual political mistrust and suspicion threaten to tip over the region's equilibrium of peace. The strategic environment in East Asia is in a state of more than usual flux as the US, China, Japan, India and other countries adjust their relationships with each other. The Korean Peninsula nuclear dilemma is accentuating this existing volatile situation. On the other hand, economic and security imperatives pull ASEAN members in different directions. Blossoming trade and investment ties with China, under its Belt and Road Initiative and the Lancang-Mekong Cooperation, are binding Southeast Asia and China into one economic space while enmeshing economic benefits with deep geopolitical implications. So, what are the ways forward for ASEAN in this Asia's Paradox?

Anyhow, I hope I have thrown enough challenging questions to all of us for just one day workshop, and so I would like to conclude my address here by wishing the Conference a frank exchanges and fruitful outcomes. Thank you.

FUTURE FORWARD: “CAN OR CANNOT?” *ASEAN Towards the Next 50 Years*

Muhammad Sinatra

Analyst, Institute for Strategic and International Studies (ISIS) Malaysia

The spirit of “ASEAN@50” has significantly boosted enthusiasm towards the regional grouping’s affairs and future prospects. As ASEAN celebrated its golden jubilee in August 2017, many think tanks have harnessed this euphoria to organise various programmes to reflect back on ASEAN’s achievements and pitfalls in the past 50 years as well as to chart out its paths in the next half century.

In this direction, the Institute of Strategic and International Studies (ISIS) Malaysia recently published a book titled “*ASEAN FutureForward*”. The book is a compilation of essays by over 30 contributors who explicitly consider the long-term strategic perspectives for ASEAN by utilising horizontal scanning, risk assessment and strategic anticipation methods to discover ASEAN’s challenges and opportunities as it heads towards 2067. This publication is concerned with issues that could dramatically change the political-security, economic, and socio-cultural environments both regionally and globally.

The book identifies several mega challenges that Southeast Asia and ASEAN will face in the future. Firstly, the shifting power dynamics between the United States and China in the region will force ASEAN Member States (AMS) to recalibrate their respective foreign policy priorities. Secondly, the region will face an amplified prospect of traditional and non-traditional security threats which not only include the volatility in the South China Sea, but also terrorism, climate change and cyber insecurity, among others.

Thirdly, the practice of protectionism in distant economies (such as the United Kingdom and the United States) and the advent of the Fourth Industrial Revolutions (4IR) are expected to complicate economic integration process and free trade in the Southeast Asia. Fourthly, the conflict over scarce resources, environmental problems and health issues are projected to persist as AMS continue their unsustainable practice of development.

Fifthly, for better or worse, the people will emerge as a more solid political force capable of changing political process at state or regional levels thanks to the role played by communication technology. Sixthly, the Brexit event, the United States’ withdrawal from the Trans-Pacific Partnership (TPP), and ASEAN’s meagre

progress at institutional evolution will continue to inspire apprehension over the viability of regionalism in general, and ASEAN in particular, in managing regional affairs.

It is imperative for AMS to take immediate actions in devising a regional strategy to meet these future challenges. Managed too late or badly, these challenges could potentially rollback the good works that ASEAN has achieved in its attempt to integrate the countries in the region.

It should be noted that, despite being dubbed as our future predicaments, these mega challenges are closely tied to traditional issues which ASEAN Leaders and policymakers are currently grappling with. The challenge of managing shifting dynamics of major power relations, for example, is interlinked with AMS' efforts to maintain unity and sustain ASEAN's centrality. Additionally, ASEAN's problems in administrative capacity, agenda execution and leadership will determine the grouping's success in mitigating the impacts of security threats, protectionist practices and 4IR. Furthermore, ASEAN's much needed support from Southeast Asian citizens would remain low unless the organisation could tackle its elitist way of doing business and the lack of awareness on ASEAN.

These close connections between future challenges and traditional ASEAN issues suggest that the former are grounded on reality, and therefore plausible, despite being the products of forecast exercise by "ASEAN FutureForward" contributors. As such, the solutions to these challenges, as proposed by the book's contributors, do not radically diverge from various recommendations for ASEAN's improvement that have been espoused before. Such solutions, while numerous, are recognisable to those who are well-read in ASEAN affairs. These include, among others, reinforcing ASEAN's unity, empowering ASEAN's institutions, executing ASEAN agendas, constructing an organic ASEAN identity and revisiting the ASEAN Way. Nevertheless, whether ASEAN and AMS are willing to take the first step in implementing these solutions is an enigma in itself.

Ensuring ASEAN's Adaptability

Having discussed ASEAN's future challenges, the question that rises is whether ASEAN would remain as a viable organisation in the future. Indeed, ASEAN will play a significant role in coordinating actions to tackle the aforementioned future challenges when they hit the region with full force. However, current trends are not showing favourable trajectory for the organisation.

Many voices inside and outside the region have underlined ASEAN's slow pace in solving urgent issues such as South China Sea and the humanitarian crisis in

the Rakhine state. This, along with the growing global trepidation over the viability of regionalism in general, will push ASEAN to the brink of an identity crisis as people question the relevance of ASEAN in their lives. Additionally, ASEAN's unity is slowly unravelling as major powers' influence and member states' continued primacy of domestic interests widen the chasm that exists among the 10 AMS.

Against these pressures, it is essential that ASEAN demonstrates its viability as a regional organisation if it were to survive the test of time. In moving forward, ASEAN needs to display its ability to adapt, enhance its capacity to perform, and sustain its relevance in the eyes of the people.

There are several suggestions that ASEAN can consider to enhance its adaptability as it moves beyond its 50th year. These are calibrating ASEAN to embrace the future challenges, strengthening ASEAN Secretariat, and engaging the "critical mass".

The first order of business is to fully embrace the challenges of the future. In an era when ASEAN's division and disagreement are more pronounced than its success and progress, it is important for AMS to explore multiple options that could lead them to reach a common ground on which more cooperation can be built. The aforementioned future challenges, for one, present additional opportunities for AMS to preserve the unity among themselves.

AMS will inevitably gravitate towards each other and seek each other's help as the future challenges sweep the entire region. Several reasons explain this inevitability. First, the future challenges plunge the region into an uncharted territory where the rule of uncertainty applies and no country has ever trodden on before. Second, the future challenges warrant multidimensional solutions that cover a multitude of aspects, including political, economic, and socio-culture. Third, these challenges are transnational in nature, which means every country in the region will be hit by its impacts regardless of their geographical location and the size of their economy. Fourth, having considered the first three reasons, the future challenges also reveal an individual state's weakness and inability to devise unilateral solution and, therefore, each state will be compelled to seek others' assistance in responding to these challenges.

A progress in this direction, however marginal, could eventually contribute to the overall solidification of cohesiveness among AMS, provided that the states' move could forward steadily and consistently.

The task now is to convince ASEAN leaders to embrace this ample opportunity. Earlier in the year, the ASEAN-ISIS network submitted a memorandum urging ASEAN Foreign Ministers and Leaders to take measures against some of the aforementioned future challenges. This great initiative, however, requires further boost in support if it were to leave any significant impact. The ASEAN Eminent Persons Group (EPG) could perhaps be convened for the second time to push similar agenda to ASEAN Leader's table.

The second suggestion is to strengthen ASEAN Secretariat. While this is something that we have heard countless times, it is important to reinforce the message that ASEAN simply does not have enough money and human power. A significant boost is required in these two aspects if ASEAN wishes to successfully implement numerous agendas identified in the three Blueprints.

A quick look at available data would reveal how insufficient ASEAN's resources are. In 2012, ASEAN had a total budget of US\$ 16 million and employed about 300 people.¹ In 2015, ASEAN's budget stood at US\$ 19 million, 8,000 times smaller than European Union's (EU) budget that year (€145.3 billion).² Furthermore, based on a projection by Asian Development Bank (ADB), ASEAN would need a monumental US\$ 220 million in funding and 1,600 staffs in 2030 to fulfil its mandate.³

The above figures demonstrate the big discrepancy between ASEAN's current capacity and the goal that we have to achieve. Indeed, bridging the gap between US\$ 19 million and US\$ 220 million is not a small feat. Yet, our willingness to take this jump will determine the future of ASEAN. Revisiting ASEAN's funding scheme is therefore a necessity that we cannot ignore any longer.

A recommendation has been put forward to utilise United Nations' (UN) formula of "capacity to pay", which determines a country's share of contribution based

¹ "ASEAN 2030 - Toward a Borderless Economic Community" (2014). *Asian Development Bank*. Accessed September 2017. Available at: <<https://www.adb.org/sites/default/files/publication/159312/adbi-asean-2030-borderless-economic-community.pdf>>.

² Mahbubani, Kishore (2017). *How Fear, Luck and Golf Brought ASEAN Together*. March 18. Accessed September 2017. Available at: <<http://www.straitstimes.com/opinion/how-fear-luck-and-golf-brought-asean-together>>.

³ "ASEAN 2030 - Toward a Borderless Economic Community" (2014). *Asian Development Bank*. Accessed September 2017. Available at: <<https://www.adb.org/sites/default/files/publication/159312/adbi-asean-2030-borderless-economic-community.pdf>>.

on its gross domestic product (GDP) and population size. In simpler words, richer countries will pay more, while poorer countries will pay less.⁴

Another possible way is to confer a mandate to ASEAN's Secretary General to conduct a "shuttle diplomacy", in which he or she will appeal to each AMS' head of government for more financial contribution to ASEAN.

In addition to funding, ASEAN should start considering the establishment of an ASEAN civil service, a group of technocrats tasked not only to conduct ASEAN meetings but also to formulate and manage the regulations required to implement the agendas under ASEAN's three blueprints.⁵

Without making substantial effort to bolster ASEAN's funding and human power, ASEAN's vision to remain a relevant organisation in the future will remain a fleeting dream.

The third suggestion is for ASEAN to engage the "critical mass", which is defined here as the young people below 30-years old. The 30-years old limit is not selected randomly; it is based on the calculation by UN Department of Economic and Social Affairs - Population Division which predicts that life expectancy within the years of 2065-2070 is 78 years. This means that only people who are below 28-years old today will be alive by 2067. Another calculation by the same source reveals that the total population below 30-years old in Southeast Asia today stands at 334,121,420 people.⁶

This last figure, plus their children and grandchildren, are today's young people who will have to compete against robots and artificial intelligence for employment, live through the debilitating impacts of worsening climate condition, withstand more security threats and celebrate ASEAN's 100th anniversary in 2067.

ASEAN's success in managing these future challenges, therefore, will shape the perception that this "critical mass" have towards the organisation, which will either "break or make" ASEAN 50 years down the lane. To retain its relevance,

⁴ Mahbubani, Kishore (2017). How Fear, Luck and Golf Brought ASEAN Together. March 18. Accessed September 2017. Available at: <<http://www.straitstimes.com/opinion/how-fear-luck-and-golf-brought-asean-together>>.

⁵ "ASEAN 2030 - Toward a Borderless Economic Community" (2014). *Asian Development Bank*. Accessed September 2017. Available at: <<https://www.adb.org/sites/default/files/publication/159312/adbi-asean-2030-borderless-economic-community.pdf>>.

⁶ All figures can be accessed from the following page: <<http://www.un.org/en/development/desa/population/>>

therefore, it is pertinent for ASEAN to emerge as a primary actor in safeguarding and empowering the young as they walk towards the uncertain future.

Despite this, pessimism has been articulated on the possibility of ASEAN's closer engagement with the youth. Much of this apprehension stems from the belief that the young population has low awareness of ASEAN's existence and activities. There is, however, an indication that the trend is moving inversely.

The "ASEAN Youth Survey" conducted by the World Economic Forum (WEF) on 24,000 students discloses that 90% of respondents are aware of ASEAN. The same survey also shows that 76% of respondents believe that membership in ASEAN will improve their country's economy, while 64% believe that their career prospect is better by being part of ASEAN.

What does this signify? This means that the campaign to raise young people's awareness on ASEAN is bearing its fruit. WEF's survey, additionally, also shows that this high-level of awareness is tied to the high-expectation that young people place on ASEAN. The survey's data indicate that those polled expect ASEAN to serve as a facilitator in achieving their needs, such as a better job opportunity or education placement. While in theory ASEAN can indeed play such a role, in reality fulfilling this obligation is hampered by differences in labour policies and education systems among all AMS.

Therefore, while spreading awareness on ASEAN remains a top priority, we should acknowledge that the target has shifted. This task must now be accompanied by making active efforts at three fronts. One, ASEAN needs to impart deeper understanding of ASEAN on young people and moderate their expectations at what the organisation can and cannot do. Two, ASEAN must, to certain length, demonstrate its capability to fulfil the economic expectations of the youth and safeguard them from the incoming impacts of the 4IR, such as through inculcation of relevant skills and education. Three, ASEAN must turn the young people into stakeholders of the organisation's affairs, and this can be done by involving them in the process of implementing the ASEAN agendas, which is an avenue for the youth to channel their energy, creativity and passion.

The organisation's viability in the future will be assured as long as the people continue to perceive it as an important force in their life.

To answer the question in the title, ASEAN *can* move forward and remain a good example of regionalism in the future. However, ASEAN must, like the 620 million human beings that it represents, adapt and adjust to meet the challenges of changing realities. While "ASEAN Way" remains an object of interest to

analysts and observers due to its hampering of ASEAN's institutional evolution, there are other actions we can undertake beside attempting to pierce the sacrosanct non-interference principle. These include calibrating ASEAN to embrace the future, strengthening ASEAN Secretariat and engaging the "critical mass".

THE “ASEAN WAY” AFTER 50 YEARS: CHERISH MORE OF THE SAME?

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On 8 August 2017, ASEAN celebrated its 50th anniversary as a regional organization. ASEAN’s successes, however, are mixed. On the one hand, the regional body is often credited with its ability to maintain relative peace among its member states and foster increasing integration within the bloc, especially with the official launching of the ASEAN Economic Community at the end of 2015. On the other hand, it is sometimes viewed as being ineffective in responding to various problems within the region and in the fast-changing geopolitical landscape in the Asia Pacific. One key aspect that is praised by proponents but is at the same time criticized by some observers of ASEAN is the “ASEAN Way” – an established norm within ASEAN that emphasizes non-interference, respect for national sovereignty, and decisions based on consensus. While supporters believe that the “ASEAN Way” has allowed the community of 10 different nation-states to remain together as a regional bloc, critics argue that for ASEAN to move forward, it needs a more robust decision-making model that helps ASEAN tackle pressing issues in a timely manner.

In the January/February 2017 issue of ASEANFocus magazine published by the Yusof Ishak Institute¹, distinguished diplomats in ASEAN were asked to share their view on the practicality and relevance of the ASEAN Way of decision-making based on consensus. This was within the context of “seismic shifts in many countries’ domestic politics” that would “translate themselves into tremors in regional geopolitics” (p. 1). Most notable at the time were Brexit and the inauguration of Donald Trump as the 45th President of the United States (who immediately ordered the withdrawal of the U.S. from the Trans Pacific Partnership Agreement). Similarly, certain domestic issues within Southeast Asia could have regional repercussions that need collective actions. Among others, the issues of the plight of Rohingya in Myanmar and the insurgencies in the Philippines and Thailand come to mind. Most importantly, the ongoing South China Sea conflict raises questions about the effectiveness of consensus as a model of decision-making in ASEAN.

ISEAS Fellow Hoang Thi Ha remarks that, “A hallmark of the ASEAN Way, consensus guarantees that all member states, big or small, are equal in ASEAN’s

¹ “ASEAN (1967-2017): Celebrating Five Decades of Regional Cooperation” (2017). *ASEANFocus*, Issue 1/2017, p. 1. Available at <<https://www.iseas.edu.sg/images/pdf/JanFeb17ASEANFocus.pdf>>

decision-making. As such, consultation and consensus constitute the only path towards all ASEAN decisions and agreements”². This was especially significant at the beginning of ASEAN’s establishment during the post-colonial period when the founding member states “learned how to cooperate with each other and at the same time grapple with their different security outlooks, historical issues and territorial disputes.” Consensus, Hoang rightly suggested, “was the bonding glue that inculcated mutual trust and comfort ... [and] has been indispensable to both ends of ASEAN’s existence – unity in diversity”³. However, as ASEAN is further integrated as a community incorporating new member states and the global politics has changed (with apparent disengagement of the U.S. from the Asia Pacific and the rising China), reflections of the way ASEAN operates are needed.

There seems to be a mainstream view among the diplomats who shared their insights about consensus, that it is not perfect, but should still be the *modus operandi* for ASEAN even for the future to come (though, with some degrees of modification) – although they are less specific about what those modifications should look like. Many share the concern that alternatives to the consensus model (such as voting) may result in disintegration of ASEAN itself. For instance, in the words of former Foreign Ambassador to the UN Pham Quang Vinh, “different mode of decision-making, such as one based on majority rule, would not work. To put it bluntly, it may cause division and foster disunity within ASEAN”⁴. For him, even the “ASEAN minus X” mode cannot be used, because it is “a unique formulation applicable only for economic issues, which allows for gradual and delayed participation but does not impede the consensual nature of the subject matter”⁵.

But in defending the consensus model, diplomats familiar with ASEAN also reiterated the fact that “consensus is not unanimity.” For former Myanmar Foreign Minister U Ohn Gyaw (1991-1998), it is important to note that consensus should not be confused with unanimity, because “consensus means ‘agreeing to disagree without being disagreeable’ among ASEAN member states.”⁶. Yet, he did not elaborate further what action(s) should be taken if and when the leaders ultimately fail to reach a consensus. Former Indonesian Foreign Minister Dr. Nur Hassan Wirajuda, on the other hand, argued that “Consensus is not unanimity, and therefore the ‘10 minus 1’ mode should be allowed. One member state

² Hoang Thi Ha. “Reconciling Consensus with New Realities”. *ASEANFocus*, Issue 1/2017, p. 2. Available at: <<https://www.iseas.edu.sg/images/pdf/JanFeb17ASEANFocus.pdf>>

³ Ibid.

⁴ Ibid., p. 5

⁵ Ibid.

⁶ Ibid.

should not prevent others from implementing their mutually-agreed decisions. Nor should it impose the 'tyranny of one' and hold back other members." He further suggested that ASEAN may establish a working group to define the modalities and criteria of issues covered under the "10 minus 1" mode of decision-making⁷.

Former Secretary of Foreign Affairs of the Philippines Delia D. Albert, while acknowledging the merit of the consensus model, argued that: "There are emerging issues faced by ASEAN that require flexibility and adjustments in decision-making." For her, "ASEAN at fifty should now be mature enough to adjust its decision-making process while keeping alive the practice of consensus-building." Her stated long-term view was "to follow the consensus path while building blocks and developing a consciousness for the common good of the Community." To that end, ASEAN should adopt "various measures such as procedural reforms, innovative institutions, trust-building efforts and certainly the balancing of national and regional interests."⁸

On the other spectrum of the argument, Mr. Tang Siew Mun makes the case in his chapter for the recently published "ASEAN at 50: A Look at Its External Relations" that "ASEAN is a unique regional organization with a 'horizontal' structure," and that "this horizontal structure prevents the emergence of strong and sustained leadership within the organization"⁹. He argued ardently against the consensus model, which is worth quoting at length:

The consensus model provides the guarantee that divergent individual interests would always prevail over the collective interest, and a member state would not be forced to accept a position that it disagrees with. The status quo privileges the individual interest over the collective, and exposes flaws in ASEAN's institutional design, namely the failure to take into account common interests by allowing the "tyranny of one" to prevail over the many. Revising this decision-making model would not find many takers among the member states as every member state would prefer to have the "veto" trump card in its sleeves as an insurance to prevent collective action used against it while allowing it to control the ASEAN agenda. If alternatives such as a super-majority model are not politically feasible, ASEAN may consider other options to allow a more open airing of viewpoints to escape from the consensus-model straitjacket. Rather than keeping to watered-down proclamations and statements for the sake of keeping up the appearance of ASEAN unity, Chairman's statements and joint communiqués could accurately reflect the member states' positions by stating the "majority" and "minority" views. This idea would be

⁷ Ibid., p.3

⁸ Ibid., p.6

⁹ Tang Siew Mun. "ASEAN@50: New Challenges in Search of Solutions". In *ASEAN at 50: A Look at Its External Relations* (2017), p. 33. Available at: <http://www.kas.de/wf/doc/kas_49989-1522-2-30.pdf?170908102445>

tantamount to washing ASEAN's dirty laundry in public by openly airing its disagreements, but is the alternative of papering over their differences a better option? The status quo downplays the disagreements by posing the minority position as the ASEAN unified view – effectively dismissing the stance and interests of the majority member states. Casting the ASEAN documents in two categories allows for member states to accurately communicate their position on regional affairs, rather than be silenced by the power of the veto¹⁰.

The ASEAN Charter promulgated in 2007 still enshrines non-interference and consensus as the main principles for ASEAN. It is therefore almost certain no leaders will be inclined to accept other formulas of decision-making. But in the interest of institutionalizing ASEAN and turning it into a more effective regional body, ASEAN should consider adopting mechanisms that permit the majority of the members to express a particular stance, while not discarding consensus as a model altogether. As recent experiences (such as the South China Sea and the Rohingya issues) have demonstrated, consensus is becoming less possible, and even when reached, is less reflective of the common stance of the whole bloc. Disappointment is sometimes communicated or speculated in the media after such meetings even if “consensus” was apparently reached (e.g. Malaysia recently dissociated itself from the ASEAN Chair’s Statement on Myanmar’s Rakhine State). As we expect that occurrences of non-consensus will be more frequent in the future, not less, ASEAN may consider putting in place certain procedures that will allow the majority view to be expressed (perhaps without having to expose who the minority are). For example, on the level of issuing statements and communiqués, if and when a meaningful consensus cannot be reached, the roles of the Secretary General and the ASEAN Chair can be empowered by having their joint approval for initiating a voting process on statement drafts. For statements to be adopted vis-à-vis external actors, a statement based on 8/10 majority vote (more than three-quarters of the votes; one of the votes must be cast by the Chair) seems reasonable. Although it is not ideal having to make a vote, the option of permitting the culture of the “tyranny of the small minority” is not healthy either, as certain members may become increasingly frustrated with the process and eventually lose faith in the organization altogether. In case a majority vote is secured, the minority can opt whether or not to voice their own position accordingly.

In matters related to domestic issues in a member state of ASEAN, a supermajority vote of 9/10 can be considered for issuing a joint statement of concern. The rationale is that if all the other members of ASEAN feel gravely concerned about an ongoing problem in a particular member state, they should be able to do so. The same can also be applied to problems that occur between two member states. If 9 members (including one of the conflict parties) wish to

¹⁰ Ibid., p. 36

seek/propose mediation, they should be able to at least voice their concerns and seek to play a more active role in putting more pressure on an outlier state. One may argue that speaking out against a member state would violate the principle of non-interference, but the option of not taking a stance could hurt ASEAN's credibility as a community in the long run. This was apparent with Cambodia's disappointment with ASEAN when the latter failed to mediate the Preah Vihear conflict with Thailand between 2008 and 2011.

When it comes to taking actions beyond statements, ASEAN must strive to work closer together on issues of regional collective interest which help create a shared sense of responsibility. These include, but not limited to, combating transnational crimes, terrorism, and other non-traditional security challenges. Although we may not be able to see a NATO-like security force in ASEAN any time soon, it is still possible to make use of the recently-created ASEAN Militaries Ready Group (AMRG) on Humanitarian Assistance and Disaster Relief to foster a sense of unity in the region. Furthermore, Dr. Termsak Chalermphanupap rightly pointed, as ASEAN member states send almost 5,000 personnel to the UN Peacekeeping Operations (PKO), "it makes sense for the ADMM to promote networking among the PKO training centres in ASEAN countries to share experiences and best practices. In the future, peacekeepers from ASEAN countries should have the ASEAN emblem on their national uniforms when taking part in the UN PKO".¹¹ While such projects might create additional financial burden to the member states, it is an investment that is important to make and worth considering. Furthermore, Dialogue Partners such as the European Union can be effective partners to help share the cost. The EU even expressed that too. Decisions to form these transnational units can also use the "ASEAN minus X" model, allowing member states who lack the resources to join at a later stage.

Overall, although consensus as a model of decision-making has served ASEAN well during the past few decades, it is time for ASEAN members to seriously consider alternative mechanisms for allowing breakthroughs when a consensus cannot be reached. It is recommended that although consensus can still be the primary mode of engagement among ASEAN member states, the Secretary General and the ASEAN Chair should be granted more power to jointly call for a motion of voting when discussion reaches a deadlock. Such a procedural change will help elevate the roles of the Chair and Secretary General, which are needed for a successful organization to function effectively. Pressing issues (such as the Rohingya case) deserve stronger statements from the member states, who should

¹¹ Termsak Chalermphanupap. "Challenges Facing ASEAN Defence Ministers". In *ASEAN at 50: A Look at Its External Relations* (2017), p. 58. Available at: <http://www.kas.de/wf/doc/kas_49989-1522-2-30.pdf?170908102445>

not shy away from taking a stance, even if it appears as an interference of domestic affairs of a member state. Meanwhile, ASEAN should cooperate more closely in different aspects that help create a more visible ASEAN identity to the general public, especially in humanitarian projects. Only then can ASEAN become a people-oriented, people-centered community it is envisioned to be.

HOW CAN ASEAN REDUCE ECONOMIC DISPARITY WITHIN THE REGION?

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ASEAN has come a long way from where it was in 1967. The Bangkok Declaration, issued by the five founding member countries, states that the aims and purposes of ASEAN, among other things, are to accelerate the economic growth, social progress and cultural development in the region and to promote active collaboration and mutual assistance on matters of common interest in the economic, social, cultural, technical, scientific and administrative fields. Today, it is fair to say that these objectives, to a significant extent, have been achieved. ASEAN now consists of ten member states which, together, have turned the organization into a community, ASEAN Community. The ASEAN Community has three pillars: Political-Security Community, Economic Community, and Socio-Cultural Community.

One of the objectives of the ASEAN Economic Community (AEC) stated in the AEC Blueprints 2015 and 2025 is to promote equitable economic development within the region. There are essentially two different economic disparities within ASEAN, i.e., within and between-country disparities. This short note focuses primarily on economic disparity between member economies.

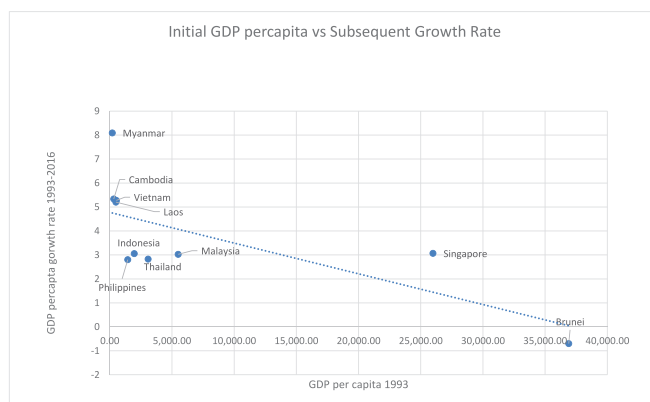
There are reasons to be optimistic that ASEAN member states may be able to narrow the development disparity significantly in the foreseeable future. Economic historians have argued that countries with lower level of productivity or income per capita have a potential to advance rapidly to relative countries with higher level of productivity. They postulate that, in cross-country comparisons, the long-run productivity growth rates tend to be inversely related to the initial productivity.¹

In the ASEAN context, the above proposition implies member countries with lower economic productivity, such as CLMV, are likely to experience faster economic growth than those with higher productivity. Economic data during the past two decades or so indicates that this has indeed been the case. As depicted in the graph below, in 1993, Cambodia, Laos, Myanmar and Vietnam, had lower level of income per capita, i.e., in \$316, \$499, \$209 and \$526, respectively, while

¹ See Moses Abramovitz (1986). "Catching up, forging ahead, and falling behind", *Journal of Economic History*, Vol. XLVI, No. 2.

that of Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand were, respectively, \$36904, \$1968, \$5500, 1444, \$25900, and \$3081; all these figures are in 2010 US dollar. But in the following 23 years, income per capita of the former group grew faster with an average growth rate of 5.3, 5.2, 8.1 and 5.3 percent per year respectively, than the latter group which grew with an average growth rate of -0.7, 3.1, 3.0, 2.8, 3.1 and 3.5 percent per annum, respectively. Should CLMV manage to consistently grow in this fashion, there is a good chance they will be able to significantly narrow the regional income disparity in a foreseeable future.

Implicit in the foregoing is a notion that the process of narrowing the economic gap - its success or otherwise - rests largely with each country's ability to get its act together. More explicitly, a sustained long-term economic growth depends on each country's ability to stimulate investment in physical as well as in human capital, to generate employment, and to promote innovation. These factors of production: investment in physical and human capital, additional employment and innovation, are the main sources of productivity growth and, hence, output growth. Accordingly, for lower income economies such as CLMV, but also Indonesia and the Philippines, with relatively low capital-output ratio and abundance of people looking for jobs, attracting more investment, domestic as well foreign, is an imperative. As for innovation, it does not necessarily mean innovation and R&D at the same level as one finds in advanced economies. Rather, it means the ability to identify and implement economic activities that are capable of generating higher productivity within the economy in question.² As is usually the case, it is the private sector rather the government that has better capability to identify such opportunities. Government task is to provide enabling environment for companies to innovate.



Source: CEIC database

² Hausmann, Richardo and Dani Rodrik (2002). "Economic development as self-discovery". Available at: <https://wcfia.harvard.edu/files/wcfia/files/525_rodrik1.pdf>

Among the possible measures to promote the enabling environment stated above is to open the country to foreign investment as well as foreign trade including import. Some countries may try to limit the entry of foreign investment and foreign goods with a pretext to protect domestic companies. It is a mistake. If anything, they should open their economies to foreign investment and foreign trade even further instead. Foreign investment brings not only capital, but also new technology as well as management and organizational skills in, items that are, more often than not, in short supplies in developing economies. In the process, they will also enhance innovation, management and organizational capabilities of local firms through learning-by-doing and knowledge spillovers. In fact, it may be argued, that foreign investment and foreign trade are the two main conduits through which technology and knowledge proliferate throughout the world. It should also be noted that foreign firms tend to have their own networks and their presence is likely to expose local firms to (additional) regional and global value chains. The above benefits are in addition to the well-known benefits of competition, most notably increasing firms' efficiency and better allocation of resources in the economy.

The issue this note tries to address is: How can ASEAN reduce economic disparity within its boundary? As noted, it focuses primarily on the disparity between member economies. It has been argued as well that the responsibility to address this issue rests primarily with each of the member economies, most notably with the lower income ones which are trying to catch up with the rest of the pack. ASEAN as an institution has a limited ability to address the issue effectively. Member states were well aware of this as is apparent from the proposed action plans to address the issue in both the AEC Blueprint 2015 and Blueprint 2025. Unlike the European Union, ASEAN is not a supranational institution tasks to do this job directly. Moreover, even if it is willing to do so, ASEAN does not have resources at its disposal to assist any member states in need of economic assistance. Instead, it relies on multilateral organizations such ADB and WB, or its dialogue partners, such as Japan and Australia to provide its members with development assistance.

The two AEC Blueprints propose some measures to address economic disparities in the region and this note mention only two of them, namely, the development of micro, small and medium enterprises (MSMEs) and the Initiative for ASEAN Integration (IAI). It is well recognized that MSME contributes significantly a large fraction of employment in each country. Developing the sector will arguably allow each country to narrow domestic (within country) disparity and presumably also between-county disparity. The latter based on a well-accepted idea that a significantly large domestic economic disparity tends to hinder economic growth. Therefore, by lowering domestic income disparity in their

respective economies, the ASEAN countries will increase their chance to grow faster than otherwise.

Ample of studies have been conducted concerning MSMEs in ASEAN. There are a number of issues that seems to have been rarely discussed in detail in such studies, however. Firstly, SME tends to have a high failure rate. Although reliable statistics on MSME are not readily available, data from some countries that do collect such statistics, suggest that about half of the new establishments will go out of business within the first five years and even more in the subsequent years. In addition, only a tiny fraction of those that survive will grow in size to become large corporations.

Secondly, it is a well-known phenomenon that MSME tends to have relatively low productivity as compared to that of large establishments. To put it differently, productivity tends to increase with the size of the corporation. That is, economies of scale matter for corporate productivity growth. As a consequence, one may argue that the higher the share of large establishments in the total establishments, the more productive the economy is likely to be.

Finally, there are two types of MSME. The first type includes enterprises founded by opportunity-driven entrepreneurs. An opportunity-driven entrepreneur is someone who sees an opportunity to make profit and act accordingly to seize that opportunity by establishing a business entity. The second type comprises enterprises established by necessity-driven entrepreneurs. A necessity-driven entrepreneur is someone who establishes an enterprise out of necessity, more often than not because he/she could not find a suitable job. A person like this would rather work for someone else if he/she could find an appropriate employer. Again, reliable statistics are not readily available but it seems not too far off to suggest that MSME landscapes in the ASEAN countries are dominated by the second type of entrepreneurs. They are not really entrepreneurs; the first type are.

This note argues that a sound MSME policy should take into account the above observation as well. A policy that focuses primarily on trying to help MSM enterprises to stay afloat by, for instance, providing financial assistance without taking into account the viability of their projects may not be sustainable, to put it mildly. The problem for policymakers of course is how to identify enterprises with viable projects. One possibility is for them to work closely with the banking sectors. Arguably, banks were good at identifying viable or, to use banking terminology, bankable projects; otherwise they would be out of business before too long. MSME policy should focus on how to nurture enterprises with bankable projects, especially the ones which are likely to grow further. The benefit of

having a large number of large enterprises is twofold. Firstly, large companies will generate more jobs and, hence, help absorbing redundant workers that otherwise will become necessity-driven entrepreneurs. Secondly, as noted, since large establishments tend to have higher productivity than the smaller ones, having more of them is likely to boost faster economic growth than otherwise.

The second measure that the AEC Blueprints propose is to promote the Initiative for ASEAN Integration (IAI). The idea is to broaden and deepen ASEAN integration and by doing so will allow the less-developed members to catch up with the more developed ones. The various benefits of such approach have been touched upon when discussing the benefits of allowing more foreign investment and foreign trade. That is, the ability to catchup depends on a host of issues such as openness to competition, openness to foreign trade and foreign investment, etc. On paper, this objective should have, by and large, been achieved when the AEC was established. In reality, there is much still to be desired, however. Non-tariff measures remain a problem that need to be resolved. Similarly, the flow of investment within the region is not as smooth as one would expect. These issues are beyond the scope of this note. Some other issues that have been hindering economic development of ASEAN economies can be found in such reports issued by various institutions such as the World Economic Forum Global Competitiveness Report or the World Bank Ease of Doing Business Report.

In addition to the above two approaches, ASEAN should also seriously consider a proposal floated recently to allow for a greater movement of unskilled and semi-skilled workers within the region. It should be noted that some ASEAN member states, such as Malaysia, Singapore and Thailand, are currently facing shortages of unskilled and semi-skilled workers. At the same time, some other member states such as Cambodia, Laos, Myanmar but also Indonesia and the Philippines, have abundance of them. Allowing for a freer movement of unskilled and semi-skilled workers within the region will, on the one hand, help those countries that are facing shortages of such workers to meet their demand while, on the other hand, alleviate the pressure on labor surplus countries to find jobs for them. What ASEAN needs to do is to regulate the movement of these types of workers within the region. Thus far, ASEAN refuses to address this issue.

ASEAN may also want to consider proposing volunteerism in the region. The idea is to encourage students and young professional to volunteer anywhere in ASEAN and not just their own country. By doing so, the students can earn academic credits and the young professionals can add their experience to their professional portfolios. This can be done as a part of MSME development program, whereby the volunteers work with MSMEs, assisting them to improve their management capability, basic corporate finance/bookkeeping and

marketing skills, etc. Volunteers can also involve in some other projects such as assisting municipal governments in the region in activities such as developing proper urban planning. It should be noted that many of the new urban centers that sprang up in recent years throughout the region do not have well-developed urban planning. In short, there is a plenty of activities that volunteers can participate in throughout the region. There is another benefit of volunteerism movement in ASEAN. It will help young people to improve their knowledge about the region, its people and their culture and, at the same time, developing their sense of belonging to the region as whole.

The funding for the activities may come from corporations in the form of corporate social responsibility (CSR). The governments may also want to consider offering tax deductible on companies' CSR expenses as a way to nudge them to participate in this endeavor. CSR activities should not be limited to funding volunteerism, however. Companies should also be encouraged to undertake their own CSR projects. For instance, a car company such as Toyota may be willing to finance the construction of a rural road or a bridge in, say Cambodia, because in the end, the company itself will also enjoy the benefit from the project as well. Finally, another alternative source of funding for volunteer activities is from ASEAN philanthropists. Again, to stimulate philanthropy in the region, ASEAN governments may want to consider applying tax deductible on philanthropists funding of volunteerism in the region. Note that, by applying tax deductible, the governments are essentially subsidizing volunteer and CSR activities and hence, will have an incentive to ensure that those activities are done properly.

ADDRESSING ECONOMIC DISPARITY WITHIN ASEAN

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As we look back on the 50-year history of the Association of Southeast Asian Nations (ASEAN), there are some facts worth noting, even as we consider the role of this venerable institution in the next five decades. Among the critical challenges that face ASEAN in the years ahead, the economic disparity in the region remains a difficult challenge for the leaders of ASEAN member states (AMS) seeking to continue their countries' growth trajectory and progress.

Before we examine this challenge in detail, it is important to consider some of the fundamental pillars of ASEAN, in order to gain insights into the way forward.

Peace and Stability

It should be noted that Southeast Asia is indeed a region of relative peace and stability. Since the formation of ASEAN, there have been no major wars in our region. The lack of any major interstate conflict in the region is a testament to ASEAN's peace dividend that has shaped the regional architecture. This can be attributed in part to the 'ASEAN Way', which describes a preference for consultation and consensus among ASEAN states when engaging in dialogue over key issues, and a commitment to the principle of non-interference with a member state's domestic affairs.

In the 50 years since its formation, ASEAN's ability to maintain peace and manage affairs in the region has allowed it to build up its diplomatic capital among the major powers, and has given rise to the concept of 'ASEAN Centrality'. This centrality describes ASEAN's heightened profile and prominent position in the international community. ASEAN's centrality maintains the group's legitimacy and credibility, which enhances its capacity to play a leading role in determining the agenda for the broader region.

ASEAN's approach towards managing affairs in the region, without the use of overt hegemonic means, has also earned the trust of the major powers. Over time, these major powers have grown to accept ASEAN's leadership role in the Asia-Pacific region. Putting it together, peace, stability and ASEAN centrality have formed the bedrock for economic growth in the region.

From 1970 to 1995, ASEAN's GDP grew at an annual rate of 7%; overall trade grew from US\$10 billion to US\$650 billion. Looking at the recent figures, ASEAN economy grew at 4.7 percent in 2016, almost doubling the global growth rate of 2.3 percent. Projections from the current growth rates suggest that by 2050, ASEAN could be the fourth largest economy in the world.

A Crucial Inflexion Point

However, as ASEAN celebrates its 50th anniversary, it now stands at a crucial inflexion point. The world faces a range of challenges that cut across politics, security and society. Although the global economy is picking up, policy uncertainty in major countries remains high. This is compounded by the return of major power rivalry in the region, which has thrust ASEAN into a tug-of-war, forcing the grouping to pick sides. Peace and stability that formed the bedrock for ASEAN economies to grow and prosper can no longer be taken for granted. The question that persists now is whether ASEAN can leverage on its strong economic fundamentals to address these new challenges. As we ponder that difficult question, it is important to acknowledge that ASEAN consists of 10 remarkably different and diverse nations – not just in terms of religion, culture, language, but also in levels of economic development.

There is recognition within ASEAN of the distinct economic disparity between the ASEAN-6 economies and the ASEAN-CLMV countries. While some observers have questioned the use of the label “CLMV”, which they fear confines the nations of Cambodia, Laos, Myanmar and Vietnam to secondary status within the ASEAN grouping, for the purposes of this report, the term bear is intended to have no negative connotations.

ASEAN-6 refers to the countries of Indonesia, Thailand, Malaysia, Philippines, Singapore and Brunei. These countries are at a much higher level of economic development relative to the CLMV nations. The combined population of ASEAN-6 is 468.2 million, while its combined nominal GDP is US\$ 2.2 trillion, which is 88 percent of the total ASEAN nominal GDP of US\$ 2.58 trillion. Whereas for CLMV countries, the combined population is 171.6 million, while its combined nominal GDP is US\$ 309.8 billion, which is 12 percent of the total ASEAN nominal GDP.

Recognizing the disparities between various ASEAN member states, under Malaysia's leadership, ASEAN officially inaugurated the ASEAN Community in 2015. The ASEAN Community consists of three mutually reinforcing pillars – the Political-Security Community (APSC), the Economic Community (AEC), and the Socio-Cultural Community (ASCC). The APSC focuses on enhancing rules and

good governance for ASEAN, the AEC focuses on enhancing integration and competitiveness of ASEAN, while the ASCC focuses on enhancing the well-being and livelihood of ASEAN peoples.

On the economic front, the AEC 2025 Vision embraces regional integration as a means to enhance global economic competitiveness, allowing AMS to draw on an effectively borderless market for the factors of production like materials and labor.

Compared to the AEC 2015 blueprint, the AEC 2025 Vision puts a stronger emphasis on narrowing ASEAN's development gap and creating a more people-centred ASEAN. This is in response to the long-standing complaints that the AEC had developed in a top-down style, with minimal involvement from the people. ASEAN has set ambitious plans for its 2025 vision. In the next ten years or so, how can ASEAN deliver on its promises amid new global trends and challenges?

Shifting Global Megatrends

ASEAN is not isolated from broader developments in the world, and especially not those in our region. ASEAN has to keep abreast of global megatrends that may influence the course of politics, economics and security in the region. In particular, there are three megatrends which are changing and will continue to change the face of ASEAN. First, growing inward-looking sentiments in the West; second, a status quo in Asia that is being challenged, putting the regional order in flux; and third, the rise of "industry 4.0". These three global megatrends may present challenges to the efficacy of ASEAN, but also tremendous opportunity if well understood and carefully managed.

The West looks inwards

In 2016 alone, the international community experienced two landmark events that sent shockwaves throughout the world, confounded global markets, and made it impossibly clear that the anti-globalization wave is gaining momentum.

Brexit and the election of Donald Trump to the American presidency, whose election campaign fed off inflammatory rhetoric that called for a more inward-looking America, signaled a trend in the West towards heightened nationalism and a focus on domestic priorities at home. Under President Trump, the U.S. has adopted a highly transactional approach in its relations with allies and trade partners, moving away from multilateralism in favor of bilateral deals. This can be seen in the U.S. withdrawal from the Trans-Pacific Partnership, and from the

Paris Agreement on Climate Change. President Trump has also flip-flopped on U.S. commitment to NATO.

The U.S. is not the only major power exhibiting an increased preference for bilateralism. We see this happening with the Chinese too. China's highly anticipated Belt and Road Initiative (BRI) to build massive infrastructure projects focuses on bilateral frameworks and negotiations rather than ASEAN as a bloc.

The traditional institutions of multilateralism and free trade that have allowed ASEAN to prosper are no longer policies that we can take for granted. These policy uncertainties in the West paint an overall inward-looking mood that ASEAN must stand firm against.

Great Power Rivalry and Regional Flux

ASEAN's geopolitical context of the Asia-Pacific region is one fraught with complex security challenges. North Korea's unpredictable rogue behavior and the South China Sea disputes in particular are potential flashpoints that could result in massive conflict on a global scale. China's involvement in the South China Sea disputes has been a challenge to ASEAN resilience. Chinese assertion and escalation of activities in the area have eroded trust and confidence between AMS, and may undermine peace, security and stability in the region. Fissures within ASEAN with regards to the South China Sea issue have been observed on numerous occasions.

But even without these events, credibility of the U.S. commitment to the region, especially under the Trump administration, is unclear. America has traditionally been the main guarantor of peace and stability in the region, but President Trump's Asia policy so far can at best be described as confused, and at worse cause a breakdown in relations with its traditional allies in Asia. Trump's abrasive and unpredictable policies on Taiwan can deepen friction with China and increase the risk of conflict. There is also concern that Trump's "America First" approach to managing international relations could create potential constraints on coordination between Washington and its Asian alliance network.

At the same time, great power rivalry in the region is also manifest in China's growing economic influence in the region through its BRI. The BRI, which runs through most AMS, promises to build up regional infrastructural connectivity and integration. It certainly holds strong promise to bridge ASEAN's existing infrastructure gap, but China's deep pockets have given rise to concerns that ASEAN economies could become overly reliant on Chinese financing. This is compounded by the fact that China is ASEAN's largest trading partner, and

several of the less-developed ASEAN countries, such as Cambodia and Laos, are highly dependent on China's aid and investments for infrastructural investment.

In fact, critics have claimed that China's economic clout over the grouping has overshadowed ASEAN's ability to make any assertive claims against China, especially in the South China Sea.

Great power rivalry in the region, played out in a climate of uncertainty and heightened tensions has resulted in a regional order that is in flux, and poses a strong challenge to ASEAN unity.

Rise of Industry 4.0

Across the world, technology has sparked the fourth industrial revolution, giving rise to concepts such as e-commerce and the Internet of Things. The digital revolution is transforming the ASEAN region as well.

As a regional economic community, ASEAN has set its sights on moving up the value chain through innovation and digitization. In its AEC 2025 Vision, ASEAN leaders announced plans to make breakthroughs in the digital economy space through e-commerce. The shift towards a knowledge-based economy dovetails with the rise of "Industry 4.0", where tech concepts like the Internet of Things and automated smart manufacturing will take a front seat. Such a move provides ASEAN with an additional comparative advantage for investors. Having industries ripe to take on higher value manufacturing will put ASEAN a step ahead in attracting investors to move both their high and low-tech production processes into the region.

While Industry 4.0 will give ASEAN prominence as an integrated production base, ASEAN too possesses strong fundamentals as a key consumer market. The working-age population in ASEAN is projected to expand by almost 85 million people over the next 30 years. Furthermore, by 2030, nearly half a billion of ASEAN's population will be classified as belonging to the middle-income class. This is an increase from 29 percent in 2010 to 65 percent in 2030.

Leveraging on the AEC

Having laid out the global megatrends confronting the region, the important question is whether ASEAN is equipped to respond to these new trends in a way that can advance its economic position while simultaneously narrowing its economic disparity within the region.

It is here that we should recognize the importance of the formation of the AEC. Firstly, the AEC helps AMS to capitalize their different comparative advantages, to specialize in different levels of production, and to create integrated value chains throughout the region. Secondly, the AEC provides an opportunity for ASEAN as a cohesive bloc to build up its economic strength, and to balance against other major powers, and especially China's growing economic influence in the region. And finally, the AEC provides a framework for ASEAN leaders to capitalize on the digital economy to leapfrog in terms of development.

'Value' of the Value Chains

When considering the growth of value chains in various sectors in the region, it is possible to see how diversity of ASEAN – which some may see as a hindrance – can actually be a strength. Companies in the region can fragment their value chains based on the different comparative advantages of the various ASEAN economies. At the same time, the integration promised by the AEC offers companies a chance to take advantage of the economies of scale from an expanded single market and production base.

The distribution of production nodes based on competitiveness is also triggering ASEAN countries to develop distinct specializations, ranging from call centres in the Philippines, cellphone manufacturing in Vietnam, to R&D and financial services in Singapore. This has spurred companies to develop a more holistic approach to ASEAN by splitting manufacturing, design, sales and service across the region.

Some examples include Toyota, which has assembly plants in Indonesia, Philippines and Thailand, and manufacturing facilities in Cambodia. Singapore and Malaysia are key consumer markets for the auto giant. Similarly, Rolls-Royce has established different parts of its production all across ASEAN. Production materials such as marine winches and thrusters are manufactured in Vietnam, while aero engines are manufactured in Thailand and Malaysia. The Rolls-Royce assembly and test facility are located in Singapore.

Greater Bargaining Power

ASEAN's young and rapidly growing consumer market is a key bargaining chip for the region as it looks to compete on the global stage. ASEAN's working-age population and growing middle class is transforming the region into a large consumer market. The working-age population in ASEAN is projected to expand by almost 85 million people over the next 30 years. In comparison, China's working-age population will shrink by about 175 million over the same period.

With economic giants like China having to cope with an ageing population, ASEAN's large working-age population will lower labor costs, generate greater domestic consumption and increase the region's savings and ability to invest.

Collectively these economic forces can act as a key driver for sustained economic growth. At the same time, ASEAN still remains one of the top destinations worldwide for foreign direct investment (FDI), receiving around 16 percent of the world's FDI among developing economies.

The Singapore Institute of International Affairs conducted a survey with foreign investors based in Singapore. The results revealed that ASEAN is a favored investment destination amongst foreign investors. Some 78 percent of foreign investors surveyed cited the region's growing middle-class as a key attraction. Approximately 70 percent of respondents saw investment prospects in ASEAN's potential for rapid urbanization and 52 percent cited ASEAN's geostrategic position to the wider Asian region as another attraction. These positive economic indicators bode well for ASEAN economic integration, and the promotion of the region as a preferred investment destination.

The region's long-term economic outlook is projected to remain resilient, with an average annual GDP growth of 5.2 percent between 2016 and 2020. This is also higher than the global projected GDP growth, averaging between 3 to 4 percent. These and other positive signs of future growth provide ASEAN states with greater bargaining power when negotiating infrastructure deals with major powers such as China. The ability for ASEAN member states to leverage on its economic gains to have a greater say in negotiating deals to fund high profile projects will become increasingly crucial, especially as competition for economic influence in the region between countries such as China and Japan heats up.

Instead of allowing investors or multilateral financiers dictate regional projects, ASEAN governments need to play a leadership role in carefully evaluating the offers made by these stakeholders and align them to the region's overall long-term development agenda. By doing so, ASEAN's engagement with regional powers will not be viewed as either Chinese or Japanese-centric but ASEAN-driven and focused. This ensures ASEAN's interests and goals remain central in the decision-making process and reduces the risk of the grouping being influenced by larger powers.

Coming to the Fore of the Global Digital Economy

ASEAN possesses strong fundamentals that will allow it to leverage on the digital economy to leapfrog other powerhouses in terms of development.

ASEAN is the world's fastest growing region in terms of internet adoption, with 3.8 million new users coming online every month.

A report by consultancy firm A T Kearney, predicts that ASEAN has the potential to become one of the top-five digital economies in the world by 2025. The digital economy in ASEAN could grow to US\$ 200 billion (S\$277 billion) over the next 10 years, with e-commerce accounting for US\$ 88 billion.

In the next phase of economic development, ASEAN member states must embrace digital connectivity so that ASEAN can thrive in the future economy. If governments support digital connectivity and businesses keep pace with the shift towards digitization, the pay-offs will be significant. ASEAN has already shown signs of embracing the digital economy in its 2025 Vision. The ASEAN-wide Agreement to facilitate cross border e-commerce transactions is a step in this direction.

As the next ASEAN chair in 2018, Singapore has also committed to focusing on the digital economy and has pledged to streamline regional trade rules governing e-commerce, improve digital connectivity in the region, and lower operational barriers to entry.

Small and medium-sized enterprises (SMEs) in ASEAN stand to gain significantly from an integrated digital economy which may hold the key to inclusive growth. An integrated ASEAN digital economy will offer SMEs a cost-effective way of reaching out to a significantly larger consumer pool. E-commerce also presents an opportunity for informal businesses, which make up a majority of total employment in ASEAN, to become a part of the formal economy. With e-commerce, sellers of goods and services are able to penetrate overseas markets without the cost of establishing overseas commercial outfits. This is a boon to small businesses in particular, who can free themselves from the burden of overheads whilst testing out new markets without making heavy investments. SMEs that are online are more discoverable to a larger base of consumers.

What more can ASEAN do?

Observers have pointed out that ASEAN nations should aim to prioritize the "human face" of the AEC. This includes focusing on the burgeoning middle-class in ASEAN, whose voices have been amplified by social media, and are demanding more equitable growth and more transparent governance. It also includes the vulnerable groups across ASEAN who may not benefit equitably from the gains of the AEC.

A more humane AEC is one that is inclusive and people-focused. Economic integration must help not just overall growth, but be seen to deliver more and better jobs, and benefits more broadly across society. In this regard, ASEAN needs to adopt a cautious approach towards economic integration. At the same time, ASEAN should remain focused on pushing for an inclusive and high-quality trade agreement in the form of the Regional Comprehensive Economic Partnership (RCEP).

RCEP is a proposed free trade agreement between ASEAN and the six states with which it has existing free trade agreements - Australia, China, India, Japan, South Korea and New Zealand. If ultimately successful, RCEP has the potential to keep markets open, deepen economic integration and narrow the development gap among ASEAN member states. However, critics of the RCEP have raised concerns that it does not have provisions for labor, human rights and environmental protection, unlike the TPP. To correct economic gaps in the region, ASEAN needs to push for RCEP as a high quality and inclusive trade agreement. ASEAN cannot simply adopt a lowest common denominator approach.

At the same time, to become truly people-centred, ASEAN needs to engage with more stakeholders, including the private sector, government, civil society, media and think tanks, in a bottom-up approach in order to shape policies. ASEAN leaders need to raise more awareness among Civil Society Organizations to ensure that ASEAN's community-building efforts are part of their agenda.

Being a people-centred, people-oriented community must be at the core of every policy of all AMS. ASEAN leaders need to translate its commitments into tangible outputs for all ASEAN peoples, and ensure that the benefits of community-building are felt by every segment of society. As the next engine of global growth, ASEAN has the resources to bridge its development gap through deeper connectivity and integration.

CHALLENGES TO PEACE AND STABILITY IN ASEAN

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The 50th anniversary of the Association of Southeast Asian Nations (ASEAN) in 2017 gives rise to serious debates and discussions about the achievements and short-comings of the organization. The past 50 years have been, without doubts, a success story for ASEAN. After 50 years of development, ASEAN has developed into a community that geographically covers the entirety of Southeast Asia as well as economically and geo-strategically becomes an integral component of the regional arrangements in the Asia-Pacific. This new reality, on the one hand, represents the great achievement of ASEAN as a regional grouping, especially when other regional organizations elsewhere have run into deep troubles. Yet, this does not guarantee that ASEAN will continue to be equally successful in the years to come. The formula for future success consists of the circumstances in which ASEAN's existence is still needed; and at the same time, the future success also depends on the efforts by ASEAN members which prove that ASEAN can live to the rising expectations from the region and beyond.

ASEAN's Continued Relevance

Institutional theorists have argued that an international organization can survive even when the conditions that led to its foundation have ceased to exist. This logic does not apply to ASEAN, for ASEAN continues to face almost the same conditions it did 50 years ago.

The aspiration for national independence is still strong in each and all the ASEAN members. The state of increased globalization has made governments in the region more aware of the need to ensure national sovereignty. In addition to this, as all ASEAN members are economically, socially, and strategically better off than they were before, the quest to maintain and even to raise their regional and international statures has been of greater priority. Last but not least, the tendency to ensure national sovereignty and territorial integrity has been informed by efforts of big powers which try to consolidate their presence and influence through increased engagements in Southeast Asia. ASEAN, in this context, continues to serve as a regional platform for its members to follow their national agenda. The relevance for ASEAN to stay as an inter-governmental body, rather than a super-national one, therefore, is recognized.

The need for a peaceful, stable and cooperative neighborhood is still genuine in Southeast Asia. All the ASEAN members continue to implement their respective strategies for national development that are designed to bring about economic growth, political, social, and cultural progress. As it was 50 years ago, the prerequisite for these strategies to be successful is amity and cooperation among immediate neighbors. That war among ASEAN members is unthinkable in Southeast Asia, one of the greatest ASEAN past achievements, will serve to ensure its continued relevance in the next phase of development.

In addition to this, the need for continued socialization – an important part of building the “we-ness” and “unity in diversity” that serve as the foundation for the ASEAN community-building process among ASEAN members – is even greater as new generations of national leaders emerge, the younger people in ASEAN countries have a greater say in their respective societies, and ASEAN itself becomes more people-oriented and people-centred. As constructivists would suggest, ASEAN will remain as an important vehicle for building a common identity for nations of Southeast Asia.

The need to have collective bargaining power with regard to outside partners, especially big powers, also informs ASEAN’s continued relevance. Since its inception, ASEAN represents the effort to chart a neutral course in the local countries’ external affairs as the Cold War intensified in Southeast Asia. ASEAN represents the collective wish of small countries to stay away from big powers’ rivalry while engaging all of them to respect independence and to support economic growth as well as domestic stability in the member countries. The contemporary security landscape is once again characterized by a mixture of big powers’ competition and cooperation. In this context, ASEAN has become needier not only for its members but also for its partners. ASEAN’s cohesiveness is even of greater importance not only for its members to close their ranks in collectively dealing with big powers but also for the latter to utilize the ASEAN-led institutions to manage their relations. In other words, ASEAN is still expected to play the central role in the construction of security architecture in Asia Pacific that seeks to uphold the existing international and regional order and facilitate positive engagements of all countries for the sake of peace and growth in Asia Pacific and beyond.

No Time for Complacency

Challenges to peace and stability in ASEAN, however, still exist. If ASEAN fails to overcome them, its relevance will be questioned. In the next decades, ASEAN will face the challenges that may be of local and/or regional nature and may come in as the broad three forms.

Firstly, the different perceptions of and paths to achieve national interests. Member states continue to follow their national agenda that emphasizes on economic development, political stability, and social cohesiveness. This, in turn, will lead to different domestic and foreign policy priorities that inform new sources of tension between and among ASEAN members as well as new types of alignment with powers outside Southeast Asia. In other words, the interplay between domestic and foreign policy choices and the balance between national and regional priorities could become more complicated.

Secondly, the construction of the ASEAN Community. This process will continue to face challenges in (i) reducing the developmental gaps among members, (ii) improving the ASEAN institutional efficiency and effectiveness, (iii) improving ASEAN's visibility among the peoples of Southeast Asia, and (iv) enhancing ASEAN cohesiveness among ASEAN members to consolidate ASEAN central role in wider regional arrangements and architectures. Slow progress, even setbacks in these fronts will give rise to greater doubts about ASEAN as the main vehicle for peace, stability, and prosperity in the region.

Thirdly, interactions between and among major powers. The complicated mix of competition and cooperation between and among major powers in itself will be a new source of challenge to peace and stability in Southeast Asia. This might be reflected in the region's vulnerability to big powers' complicated relations, ASEAN members' new alignments with the major powers, the greater challenge to ASEAN ability to play the "central role" in the Asia Pacific diplomatic and security arrangements, and ASEAN's role in managing the hotspots in the region.

These challenges may not new and from its inception, ASEAN members have managed to cope with them. But against the regional security landscape in which both traditional and non-traditional security threats increase, against the national context where new societal and political forces emerge and proactively interact with the traditional ones, and against the global trends in which the new technological revolution has brought about both creative and disruptive effects, these challenges have become more serious in scope and scale.

While ASEAN's past success records may inform future ones, the Association's efforts to meet these challenges will be of greater importance. In so doing, ASEAN might need to have a fresher look on the existing rules of procedures and norms. While the ASEAN Way that highlights the principles of non-interference, consensus, and consultation is expected to be upheld, some type of "mini-lateral" arrangements should be considered. That is to say, in certain areas where not all ASEAN members share direct interests, the "Ten minus X" formula (which has been introduced in a number of ASEAN cooperative projects in economic realm)

could apply in order to move the ASEAN agenda forward, thus ensuring ASEAN's centrality in the absence of unity. In addition, ASEAN Secretariat needs to be strengthened, especially in terms of mandate, human and financial resources to make sure that cooperation projects are effectively implemented to meet the rising expectations in the region. At the bottom line, ASEAN's relevance to a great extent depends on its ability to be deliverable and accountable to its members and their peoples as well as its partners outside Southeast Asia.











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