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## GLOBAL MONITOR

# The Association of Southeast Asian Nations (ASEAN)

HELEN E. S. NESADURAI

The Association of Southeast Asian Nations (ASEAN) has been hailed as one of the more successful regional organisations in the developing world, credited for maintaining regional peace and stability in Southeast Asia for more than three decades.<sup>1</sup> Formed in 1967, ASEAN's founding members are Indonesia, Malaysia, the Philippines, Singapore and Thailand. Brunei joined the grouping in 1984 following its independence from Britain, Vietnam in 1995, Laos and Burma (Myanmar) in 1997 and Cambodia in 1999, bringing ASEAN's current membership to ten. The fact that ASEAN was established at all is remarkable given the highly charged relations among its five founding members during the 1960s. Not only were there disputes over inter-state borders, some governments were accused of aiding secessionist groups in neighbouring states. In addition, Indonesia and the Philippines challenged the legitimacy of the independent state of Malaysia, with Indonesia under President Sukarno launching a limited guerrilla war against Malaysia from 1963–5, termed *Konfrontasi* (Confrontation) to protest Malaysia's formation through the 1963 merger of Malaya, independent since 1957, with the British colonies of Singapore, Sabah and Sarawak. However, by 1967, these governments had come to realise that these inter-state conflicts were unproductive and had diverted their attention from more pressing internal security and political governance problems. Sukarno's ouster from power by General Suharto in a military coup paved the way for the formation of ASEAN as a regional mechanism to help moderate inter-state relations, thereby freeing up attention and resources that could now be directed towards building unified nation-states out of societies deeply divided along ethnic, linguistic, cultural and religious lines.

Although ASEAN's initial goals were modest, and confined to moderating regional inter-state relations, the Association expanded its remit when it chose to get diplomatically involved in the Cambodian crisis of the 1980s, following

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communist Vietnam's invasion of that country in December 1978 and the subsequent installation of a Vietnamese-backed government. Since the ending of the Cold War and the resolution of the Cambodian crisis, ASEAN embraced new areas of cooperation on the environment, regional trade liberalisation, a host of non-traditional security problems, including transnational crimes such as drug trafficking and maritime piracy, as well as a variety of social development issues including poverty and rural development, among others. However, ASEAN faced considerable public criticism from the mid 1990s when it was unable to craft effective regional responses to the transboundary pollution coming from forest fires in Indonesia, the 1997–98 Asian financial crisis and the political repression and human rights abuses in Burma. Internationally oriented business groups also criticised the organisation for failing to prevent protectionist interests from disrupting the ASEAN Free Trade Area (AFTA) project. ASEAN's ineffectiveness in these different issue areas was attributed to its outmoded institutional style, centred on mutual respect for the sovereignty of member states, non-interference in their internal affairs and an aversion to rule-based and centralised approaches to cooperation.<sup>2</sup>

Six years following the financial crisis, ASEAN began a process to revitalise the grouping and restore its credibility in international society and among the ASEAN public. In 2003, ASEAN pledged to establish an ASEAN Community in Southeast Asia by 2020 by cooperating in three 'mutually reinforcing' areas – politics and security, especially the broader area of non-traditional security, economics and the sociocultural realm.<sup>3</sup> Thus, the ASEAN Community would comprise three pillars, namely the ASEAN Security Community (ASC), the ASEAN Economic Community (AEC) and the ASEAN Socio-Cultural Community (ASCC). In 2005, member states also initiated a process to develop an ASEAN Charter to turn ASEAN into a rules-based organisation. Using recommendations provided by an Eminent Persons Group, a formal Charter, the first comprehensive constitutional document of the Association, was drawn up by ASEAN officials and formally adopted by the ASEAN leaders in November 2007 at their thirteenth Summit. The Charter sets out in eight chapters and 55 Articles ASEAN's purposes and basic principles, its institutional structures, membership criteria and the rights and duties of member states, and principles and procedures for decision making, implementation and dispute settlement, as well as the organisation's budget and finances.<sup>4</sup>

Although the Charter does contain novel and progressive elements for ASEAN, especially the commitment to democracy, human rights, good governance and the rule of law, it has been criticised for simply institutionalising the Association's existing principles and practices, and particularly for its strong endorsement of ASEAN's sovereignty/non-interference principle.<sup>5</sup> ASEAN has been quite unapologetic in its commitment to the sovereignty principle and has generally demonstrated a marked reluctance to impose on its member states regional rules and standards for national political, economic and social governance. Moreover, the non-interference clause in the past has been loosely interpreted to permit governments to exclude any issue they deemed to be politically sensitive from even being discussed at the regional level, even those displaying clear cross-border effects. The non-interference principle provides member states

with considerable autonomy to determine the extent to which they would implement regional cooperation agendas and agreements, even those that they may have agreed to initially.

Why has ASEAN continued to cling to the sovereignty norm and decentralised approaches to regional governance, even as the organisation has embraced an extensive agenda for regional cooperation that quite clearly necessitates imposing stronger centralised discipline on member states to adhere to regional rules and standards if successful outcomes are to be achieved? If the preference for sovereignty and weak institutions continues, will ASEAN be able to provide effective governance on key transnational problems and deliver on its stated goals, especially regional economic cooperation, good governance, human rights and democratisation? How do key audiences within the region (member states and the region's civil society) regard ASEAN's brand of regional governance? How has ASEAN's adherence to the sovereignty principle affected its external relations?

This contribution to the *Global Monitor Series* uses these questions as a way to explore the manner in which this regional organisation impacts on national and regional governance. It first locates the origins of ASEAN's foundational principles and practices and explains why sovereignty and non-interference have continued to matter in ASEAN despite their obvious shortcomings. The article turns next to the role played by ASEAN economic cooperation, initiated in 1992, to help member governments collectively ensure that their respective economies were not left disadvantaged by ongoing shifts in the global pattern of foreign direct investment (FDI) flows. This discussion reveals that member governments do sometimes choose to deviate from ASEAN's sovereignty-centric norms and practices, but only when they recognise that failure to cooperate could undermine the prospects for economic growth. Unsurprisingly, such a trend has only been witnessed in the AFTA project and more recently the AEC project, both of which are seen as helping the ASEAN economies collectively position themselves as a regional production hub in the global division of labour. ASEAN continues to privilege decentralised modes of governance in virtually all other areas of cooperation, maintaining sovereignty/non-interference as a cardinal principle. In fact, these principles have enabled ASEAN to maintain internal unity, which, in turn, has accorded ASEAN 'competence power' – a constructivist as opposed to a neorealist conception of power that gives its holder the capacity 'to act' in order to shape the environment in which it operates. As a result, ASEAN has emerged as the primary driver of wider regional multilateral diplomacy through which it engages a host of other external states in discussing and addressing shared transnational problems, but based on ASEAN's principles and practices. However, ASEAN's privileging of sovereignty/non-interference and regional economic integration over other sociopolitical norms, such as democracy, human rights, good governance and social justice, has compromised the legitimacy of ASEAN's brand of regional governance among one key audience – regional civil society.

### **ASEAN and sovereignty/non-interference: origins and purposes**

As already noted, ASEAN was formed to ensure regional peace and stability by helping to moderate relations between its five founding members, to be achieved over time by inculcating a shared understanding among its members that each

would practice restraint in its relations with other members. In view of this primary goal, it was not surprising that the commitment to sovereignty and non-interference became vital norms for the Association.<sup>6</sup> A decade later, in 1976, these principles were formally articulated in ASEAN's first treaty, the Treaty of Amity and Cooperation in Southeast Asia (TAC), which set out the grouping's core principles for inter-state relations.<sup>7</sup> Aside from the sovereignty/non-interference principle and the commitment to the peaceful settlement of disputes, inter-state behaviour in ASEAN is also governed by a set of informal, procedural norms, which emerged through repeated practice as officials and leaders interacted with each other over time. These practices, which became known as the 'ASEAN Way' of cooperation, include a group preference for informal over formal institutions, consensus decision making, and non-confrontational, deliberative styles of interaction.<sup>8</sup> Centralised institutions were eschewed in favour of inter-governmental discussions and negotiations, with a small Secretariat established only in 1977. Member governments have refused to delegate greater authority to the ASEAN Secretariat to enforce agreements between member states or to monitor domestic policies and events in order to ward off potential crises. In fact, ASEAN members have openly declared their aversion to European-style centralised bureaucracies and supranational entities, a long-standing preference that continues to shape ASEAN's style of regional governance.

Sovereignty/non-interference and the ASEAN Way have been central to the success of ASEAN in averting war and open conflict between its members. In fact, the very persistence of ASEAN as a regional organisation may be attributed to members' shared undertaking not to undermine the sovereignty, stability and territorial integrity of member states. Member states also discovered the value of cooperating in line with these ASEAN principles during the 1980s when ASEAN took an active part in seeking a resolution to the Cambodian crisis. By respecting these principles and conducting their behaviour around them, ASEAN members managed to develop a unified position on a major regional security problem in the 1980s – Vietnam's 1978 invasion and occupation of Cambodia – despite serious internal differences over the nature of the Vietnamese threat and how to respond to it.<sup>9</sup> These principles, therefore, facilitated ASEAN unity and consequently helped the organisation to 'project and sustain the Cambodian conflict on the international agenda despite the Association's limited material capabilities and the marginal international interest in Southeast Asia at that time'.<sup>10</sup>

Moreover, once the Cold War ended, the ASEAN members also found their principles to be useful in deflecting calls by the western powers for the ASEAN governments to fully democratise, respect individual human rights and engage in comprehensive economic liberalisation. The ASEAN principles also helped shield member governments from having to commit to addressing joint tasks that they had little administrative capacity to undertake or that they found politically difficult given dominant domestic interests. Given the benefits of sovereignty/non-interference as well as dialogue, accommodation and a consensus-driven style of decision making, it is therefore not surprising that these principles became deeply embedded as a central institutional feature of the organisation. By extending these principles to the wider regional institutions that ASEAN member states were involved in, to be discussed below, the relatively small

states of Southeast Asia were able to exercise a degree of influence in these forums beyond their material power capabilities.<sup>11</sup> In addition to their functional utility, the persistence of these principles is also the result of a normative commitment among officials and leaders to a set of principles that they recognised ‘as the most appropriate standard of behaviour for a group of very diverse states having to work together on common problems’.<sup>12</sup> Most of the ASEAN members believed that abandoning this ‘time-honoured principle’ would take ASEAN down the ‘path towards eventual disintegration’.<sup>13</sup>

In the 1990s, ASEAN continued to structure its cooperation on a range of transnational problems around these long-standing principles. However, these same principles now posed setbacks to effective cooperation, which required member governments to do more than engage in the kind of diplomatic coordination that characterised ASEAN cooperation during its first two decades. ASEAN’s strong preference for the sovereignty/non-interference principle limited the role that regional cooperation could play in addressing one of the more pressing problems to confront member states during the 1990s – the regional environmental crisis caused by haze pollution from Indonesian forest fires. Although the gains from joint cooperation were potentially significant to domestic publics, member governments in the end chose to ensure autonomy for member states over effectiveness in the way they framed the *ASEAN Agreement on Transboundary Haze Pollution*. Adopted in June 2002, this Agreement endorsed national monitoring and enforcement mechanisms over regional ones, while acknowledging in Article 3 the ‘sovereign right’ of member states to ‘exploit their own resources pursuant to their own environmental and developmental policies’. ASEAN members were anxious to avoid a situation where strict compliance with regional environmental commitments would undermine governments’ ability to pursue rapid economic growth and reduce corporate profits.<sup>14</sup> Although member states wanted Indonesia to take the necessary actions to reduce or prevent forest fires, these governments were not prepared to develop more intrusive monitoring and enforcement mechanisms that might have aided that process, beyond pledging technical and financial resources to help Indonesia develop its internal capacity to prevent and respond to forest fires. Similarly, ASEAN members also refrained from adopting a more intrusive approach to the problem posed by Burma by citing these principles as the cornerstone of ASEAN.

For a time during 1997–98, ASEAN did consider a number of institutional modifications in order to deal with these emerging transnational problems, debating new principles such as ‘constructive intervention’ and ‘flexible engagement’. However, conservatism prevailed. Even the latter idea, which only emphasised the need for ASEAN members to formally discuss fellow members’ domestic policies that had clear regional externalities was not accepted by the ASEAN members as it had implications for how these mostly authoritarian or semi-democratic governments conducted their own internal affairs.<sup>15</sup> By this time, new members (Cambodia, Laos, Burma/Myanmar and Vietnam) had joined the Association, and these states were even less inclined to review ASEAN’s non-interference norm. Yet the 1990s also revealed that ASEAN member states were quite prepared to depart from their cherished principles of regional governance, but such exceptions were only seen in the AFTA project.

### **Regional economic liberalisation and integration: AFTA and the AEC**

When ASEAN decided in 1992 to form AFTA, a regional free trade area to be completed over a 15-year period, officials and leaders were not looking to expand intra-regional trade *per se*.<sup>16</sup> Rather, they hoped that foreign investors would be attracted to the single, geographical economic space that they were creating in Southeast Asia. Since the late 1980s, multinational corporations had begun looking out for integrated, continental-sized markets in which to locate their production networks and sell their products.<sup>17</sup> By the early 1990s, officials and leaders had become aware that the formation of the North American Free Trade Agreement (NAFTA) and the Single European Market could lead to the diversion of FDI from ASEAN.<sup>18</sup> The further opening up of China in the early 1990s added to these concerns. ASEAN leaders and officials interpreted these new patterns in global FDI flows in terms of an impending FDI 'crisis' facing their own economies, reinforced by falling applications for foreign investment approvals in each of the five original ASEAN members during the early 1990s.<sup>19</sup> Because the FDI 'crisis' was the product of either emerging regionalist schemes elsewhere or the opening up of a continental-sized economy like China, officials and leaders were persuaded that regional collaboration to create a similarly large market in Southeast Asia was the most logical response.

For the ASEAN states, the possibility of FDI diversion away from the region posed a threat to national governments because of its capacity to disrupt economic growth. Economic growth was a central basis of political legitimacy in the ASEAN states and a key instrument through which governments retained political power and maintained social stability and political order in domestically divided societies. Economic growth also allowed politically important domestic distributional goals to be achieved with fewer efficiency and sociopolitical costs. AFTA was, therefore, adopted to help secure FDI inflows into member economies. The principal instrument through which a single regional market would be created was the Common Effective Preferential Tariff (CEPT) scheme. Under CEPT, member states would progressively reduce tariffs on all manufactured and processed agricultural products, later extended to include agricultural commodities, until the target 0–5 per cent tariff range was reached and a single, regional market created.

Despite their readiness to establish AFTA, the ASEAN governments, following long-standing practice, did not initially create binding rules and institutions to enforce their regional liberalisation commitments. Many governments thus exempted a good many products from the CEPT scheme in order to shield favoured domestic industries and firms from regional liberalisation. It was only from 1995, when member governments began backtracking on liberalisation offers to which they had already committed, that ASEAN was compelled to reconsider its traditional approach to cooperation in order to 'save' AFTA. The response was to work out a new compromise through renegotiating the CEPT scheme. On the one hand, member states agreed to review the original liberalisation schedules for a number of sensitive products, allowing an extended period of time before liberalisation had to be completed. This allowed governments to protect the livelihoods of key constituencies like rural rice farmers, as well as to assuage



politically influential domestic corporate players who had found a more rapid pace of liberalisation threatening to their business interests. These domestic lobbies mostly operated in the agricultural sector (specifically cloves, wheat and sugar), petrochemical products and automobiles.<sup>20</sup> On the other hand, member states agreed to shorten by five years the deadline to reach the targeted 0–5 per cent end tariff band for all non-sensitive products while they also set the deadline for tariffs to be reduced to zero. They also adopted new, binding rules through which to govern the liberalisation process, including rules for the designation and treatment of sensitive products, notification of concession withdrawal and modification of concessions already made.

Far from being detrimental to the regional liberalisation effort, these compromises had been important in keeping the member states on board the AFTA project. Otherwise, officials conceded that the project would have collapsed.<sup>21</sup> Moreover, the extended deadlines awarded to ASEAN's newest and poorest members – Vietnam, Laos, Burma and Cambodia – helped maintain their participation in the project. At the same time, the development of new rules to govern regional liberalisation where few or none existed previously helped signal to corporate investors that ASEAN was committed to the regional free trade area project. In the end, the first phase of AFTA was successfully concluded in 2002, five years earlier than initially scheduled, when tariffs on close to all products traded in the region reached the targeted 0–5 per cent level, while only a few products, notably sensitive agricultural products, Philippine petrochemicals and Malaysian automobiles, remained on the exemption list for an extended, though clearly defined, period of time. Reduction of tariffs to 0 per cent is due in 2010 for the original members of AFTA while new members have until 2015 to complete regional tariff liberalisation.

Although intra-ASEAN trade has grown faster than ASEAN's trade with the rest of the world, critics of AFTA usually cite AFTA's limited impact on the relative share of intra-ASEAN trade, which rose to about 25 per cent of ASEAN's total trade following AFTA's completion in 2002 from the pre-AFTA average level of 20 per cent.<sup>22</sup> However, it is important to keep in mind that AFTA was never designed to reduce ASEAN's trade links with the rest of the world; instead, the free trade area project was primarily aimed at creating in Southeast Asia a single regional production space in which investors would establish their production plants, including transnational production networks, as part of the global division of labour. AFTA has been relatively successful towards this end. Investor interest in the newly emerging single Southeast Asian market increased substantially from the late 1990s following the renegotiation of the CEPT, with regional production networks, especially in electronic and electrical products, telecommunications equipment, automobiles and food manufacturing mushrooming across Southeast Asia.<sup>23</sup> As a result, trade in intermediate inputs has increased and now dominates total intra-ASEAN trade.<sup>24</sup> The AFTA project has been found to be a major factor accounting for these regionalisation trends.<sup>25</sup> Nevertheless, non-tariff barriers stemming from divergent product standards in the different ASEAN states, irregular customs clearance, as well as restrictive domestic policies and business regulations continue to pose a barrier to ASEAN functioning as a single, regional market, prompting business groups like the US–ASEAN Business

Council and the ASEAN Business Advisory Council to press the ASEAN members to expedite regional integration.<sup>26</sup>

ASEAN consequently initiated the AEC project to create by 2020 a 'seamless', integrated Southeast Asian market and production base, which it would achieve through liberalising services trade and investment rules, eliminating non-tariff barriers, harmonising product standards, and allowing skilled and professional workers to freely move within Southeast Asia.<sup>27</sup> A fast-track integration programme for eleven priority sectors is in place, while a comprehensive AEC implementation blueprint was launched in November 2007.<sup>28</sup> The ASEAN Secretariat has also been accorded relatively more powers to monitor compliance with AEC targets as well as interpret and apply AEC rules. New instruments have been devised to aid implementation, such as the ASEAN Consultation to Solve Trade and Investment Issues (ACT), which is modelled on the EU Solvit mechanism, the ASEAN Compliance Body (ACB), modelled after the WTO Textile Monitoring Body, and the Enhanced Dispute Settlement Mechanism.<sup>29</sup>

Despite recognising the importance of regional economic integration to their economies, the ASEAN member governments also subscribe to nationalist aspirations to develop local entrepreneurs and firms, which lead governments to be wary of opening up too fast lest fledgling domestic firms be wiped out by foreign firms. In fact, for three years between 1998 and 2001, ASEAN governments engaged in what has been termed 'developmental regionalism' through which they used the expanded regional market as one tool to nurture the growth of fledgling domestic firms. They did this by awarding market access and national treatment investment privileges to ASEAN national investors (both state and private investors) ten years ahead of non-ASEAN investors in the ASEAN Investment Area (AIA) Scheme adopted in 1998.<sup>30</sup> The AIA Scheme was aimed at liberalising investment rules in ASEAN to complement AFTA's CEPT Scheme. Despite the ASEAN countries' embrace of FDI, foreign investors continued to face restrictions on which sectors they could freely enter, the ownership structures of their ventures and the kinds of incentives their firms could gain from host governments. Thus, the AIA Scheme was initiated to begin the process of liberalising investment rules within ASEAN. However, the Malaysian and Indonesian governments lobbied for domestic, ASEAN firms to be accorded preferential treatment over foreign (non-ASEAN) firms in the AIA Scheme as one way to help nurture the expansion of ASEAN firms in the regional market. This 'developmental' approach to regionalism was short-lived once member states decided to re-emphasise the regional market's FDI-attracting role when global recessionary pressures emerged in 2001. The ASEAN governments were concerned lest the discriminatory (to foreign firms) elements in the AIA Scheme sent the wrong signals to foreign investors during a period when the task of sustaining economic growth through FDI became even more critical.

The ASEAN experience in AFTA reveals how these governments have always tried to balance their liberalisation initiatives with policies that served domestic, developmental purposes. It is for this reason that governments pragmatically safeguard their domestic autonomy even when they engage in regional cooperation. What is also clear is ASEAN's willingness to depart from its sovereignty/non-interference principles and apply stricter regional rules in those areas where

failure to cooperate effectively can disrupt economic growth. Otherwise, the baseline preference in ASEAN is for weak institutional forms characterised by the 'ASEAN Way'. In the absence of threats to economic survival, ASEAN is unlikely to shift its style of governing away from its traditional, sovereignty-centred approach. However, even threats to economic growth did not lead to a fundamental re-design of ASEAN towards more centralised institutions. Although ASEAN member states did engage in some uncharacteristic (for ASEAN) hard bargaining over AFTA and more recently the AEC, the incremental changes that resulted continue to reveal a clear commitment to flexibility, albeit within a framework of regional rules. This particular approach enables members to retain a degree of domestic policy autonomy while securing collective goals. As has been noted for AFTA, this approach did in the end ensure the project's success. Without incorporating some measure of flexibility that allowed member governments to protect, albeit temporarily, a small number of strategically important and politically influential domestic businesses, the AFTA project would have been abandoned by governments for whom inflexible regional liberalisation targets were politically infeasible. Likewise, the AEC blueprint also endorses flexible modes of implementation for regional economic integration through the 'ASEAN Minus X' formula, where smaller sub-sets of member states will be able to accelerate their regional liberalisation commitments in various policy areas even if other members are not ready to do so.

### **ASEAN and political governance: democratisation, human rights and social justice**

While internationally oriented firms remain concerned about how fast an integrated regional market will be created in ASEAN if flexibility continues to be the watchword in regional economic integration,<sup>31</sup> labour and civil society groups are troubled by the priority accorded to regional economic integration and other trade liberalisation initiatives, such as the bilateral free trade arrangements a number of ASEAN states are pursuing with external trading partners. In response to these concerns, labour unions, for the first time, have come together at the regional level to draw up an alternative Charter for ASEAN – the ASEAN Social Charter – that calls on governments to ensure that the focus on regional integration and bilateral trade agreements do not undermine wages and workers' rights.<sup>32</sup> Regional non-governmental organisations (NGOs) share these concerns and have criticised ASEAN's overwhelming focus on economic integration while paying only lip service to social justice issues, human rights and democratisation. Civil society groups remain unconvinced that the various programmes that ASEAN has adopted to help bridge the rich–poor development divide in the region, including the ASCC, will be effective in addressing social justice concerns in the region and the problems poor and marginalised communities face in gaining fair access to economic and social rights.

Nevertheless, the 2007 Charter at least formally articulates ASEAN's commitment to democracy, human rights, good governance and the rule of law, thereby establishing these principles as collectively agreed standards to which member states *should* conform. However, these are unlikely to be prioritised for ASEAN *collective*

management, with decision making and implementation on these issues expected to take place at the national level while the regional level will focus on dialogue and consultations – in short, decentralised regional governance. As already noted, this is the approach followed in ASEAN environmental agreements, and is also the approach adopted thus far in political and security cooperation, the ASCC and many other areas of functional cooperation in ASEAN. Even the ASEAN Human Rights Body proposed in Article 14 of the 2007 ASEAN Charter is not expected to depart substantially from ASEAN's preferred principles of cooperation. As Singapore's Second Minister for Foreign Affairs, Raymond Lim, pointed out, its powers were 'likely to be more consultative than prescriptive'.<sup>33</sup> The ASEAN governments remain protective of their autonomy, especially on a variety of political governance questions, including how political, economic and cultural rights are accorded to citizens and residents.

ASEAN's traditional preference for the 'ASEAN Way' in areas where considerable differences between member states make joint collaboration difficult to achieve easily may be the only way that a group of still diverse states can work together without undermining the unity of the group. However, ASEAN's conservative approach raises questions about how strict observance of the sovereignty/non-interference principle can aid the attainment of ASEAN's self-declared political goals. Moreover, even ASEAN's internal unity may be jeopardised by the failure of the organisation to deal more forcefully with Burma. The Philippine President Gloria Macapagal Arroyo has indicated that her government will not ratify the ASEAN Charter if Burma does not pledge to respect the principles of human rights and democracy found in the Charter. Indonesian law makers are also contemplating a similar 'no ratification' move.<sup>34</sup>

ASEAN has been especially criticised for citing sovereignty and non-interference for its accommodating stance towards the repressive military junta that rules Burma (or Myanmar, as the military junta renamed the country in 1989) since that country's entry into ASEAN in 1997. ASEAN members believed that constructive engagement between ASEAN and the Burmese military junta would be more likely to yield results on promoting political reform in that country compared with an interventionist approach. However, ASEAN failed to make any headway on influencing the junta to respect both the 1990 election results won by Dame Aung San Suu Kyi's National League for Democracy as well as basic human rights principles in dealing with its own people. Although ASEAN members issued uncharacteristically strong admonitions to the ruling junta when in September 2007 the latter cracked down violently on pro-reform demonstrators led by Buddhist monks, non-interference continues to be regarded as a cardinal principle for the Association's internal relations. Commenting on the Burmese crackdown in September 2007, Malaysian foreign minister Syed Hamid Albar emphasised that 'we do not want to interfere . . . [but] we want them to resolve the problem'.<sup>35</sup> Two months later, ASEAN chose to close ranks at the November 2007 ASEAN Summit, acknowledging that Burma had 'made clear that the situation was a domestic Myanmar thing and that Myanmar was fully capable of handling the situation by itself'.<sup>36</sup> Although ASEAN cannot by itself solve the problem of Burma, formal ASEAN censure of the Burmese military junta or even suspension of Burma from ASEAN would at least have signalled that ASEAN was ready to take

a more committed stand on the state of political governance in member states. Instead, by emphasising its commitment to sovereignty/non-interference, ASEAN signalled its reluctance to embrace collective responsibility for promoting the set of political norms the Association itself included in the 2007 Charter. ASEAN's accommodation of Burma, despite being an uneasy one, was also prompted by the need to maintain ASEAN's internal cohesion.

### **ASEAN unity, competence power and ASEAN's external engagement**

Cohesion within the Association, which is very important to the ASEAN states, depends a great deal on members observing the sovereignty/non-interference principle and the ASEAN Way approach to cooperation, especially when faced with internal differences over policy issues. Internal cohesion, in turn, has allowed ASEAN to achieve what has been termed 'competence power', a conception of power that, as indicated earlier, allows its 'holder' – ASEAN – to act in a concerted way, not to exercise dominance over any external actor but instead to shape its environment in ways beneficial to it.<sup>37</sup> Competence power has allowed ASEAN to take the lead in building broader regional institutions in the Asia-Pacific through which to engage outside powers like China, Japan, India and Australia, as well as the USA. As a result, ASEAN today has emerged as the 'hub of regional multilateral diplomacy'.<sup>38</sup>

As early as 1978, ASEAN took advantage of both the Cold War political context and its status as the only functioning regional organisation in Southeast Asia and the wider region to successfully initiate a regional framework – the ASEAN-Post Ministerial Conference (PMC) – through which ASEAN as a single corporate entity engages with a set of external parties believed to be vital in stabilising the wider region beyond ASEAN. ASEAN's first dialogue partners in 1978 were Australia, the USA, the European Union (EU) and Japan, later extended to include South Korea, Russia and China in the 1990s. The PMC continues to be useful as a framework for exchanging information and conveying ASEAN's views on a range of global and regional issues to these major actors. The ASEAN dialogue partners have also contributed substantial technical and financial resources to supporting the Association's many work programmes. Importantly, the ASEAN-PMC helped to institutionalise a 'hub-and-spoke' arrangement in the region, with ASEAN acting as the hub. This arrangement was to serve as the foundation of the first multilateral security forum in the Asia Pacific – the ASEAN Regional Forum (ARF, initiated in 1994 by ASEAN) – that went beyond a purely Southeast Asian membership to bring together major powers such as the USA, emerging (and re-emerging) powers such as China, India and Russia, middle powers such as Australia and Japan and 'problem' states such as North Korea to discuss matters of common concern in the uncertain post-Cold War regional environment, with ASEAN firmly in the ARF driver's seat.

Constructivists argue that ASEAN the corporate entity displays 'disproportionate regional influence' because it is ASEAN's principles and practices that inform wider multilateral forums like the ARF and ASEAN Plus Three (APT, which groups the ASEAN members with China, Japan and South Korea).<sup>39</sup> Irrespective of how other parties view the achievements of these wider regional organisations,

the ARF and the APT help serve ASEAN's core interests – to create a stable regional environment based on a set of principles that secures for each ASEAN member its domestic autonomy, while stabilising the conduct of outside powers in accordance with ASEAN's preferred norms.<sup>40</sup> These ASEAN norms are also attractive to many of the other members of these wider regional institutions and accounts for why states like China, Russia, India and unsurprisingly, North Korea, all intent on securing their sovereignty and domestic policy autonomy, have felt able to participate in institutions like the ARF and APT. As a result of participation by key external parties, these organisations have also brought strategic and material gains to the ASEAN states. The ARF's indirect role in getting key outside states like China, Japan, South Korea, Russia, India, Pakistan, New Zealand, Australia and France to accede to ASEAN's TAC should be considered a major diplomatic success for ASEAN.<sup>41</sup> At the very least, accession to ASEAN's foundational treaty signals the value that these external parties place on diplomatic engagement with ASEAN. It was for this reason that following French accession to the TAC, the UK Foreign and Commonwealth Office advocated that Britain follow suit, pointing out that it was 'in the UK's interest to engage with ASEAN as their role develops and their influence in the region increases'.<sup>42</sup>

The APT forum is equally significant for ASEAN as it provides the framework through which the ASEAN states now regularly engage with their larger Northeast Asian neighbours – Japan, China and South Korea – on a host of political, security and economic issues. Significantly, the APT mechanism has helped the ASEAN states achieve what they could not attain by themselves – a regional self-help mechanism with some capacity to help them respond to currency crises. APT launched the Chiang Mai Initiative (CMI) in 2001, which pools together a portion of participating members reserves to act as a regional liquidity fund. At the time of writing, the CMI boasts close to US\$80 billion from which participating members will be able to draw on in the event of currency attacks and crises. ASEAN by itself could never have undertaken such a venture given its limited financial resources, but Japan, China and later South Korea were prepared to use their huge financial reserves towards developing such a capability in concert with ASEAN.

## **Conclusion**

ASEAN clearly does matter in both domestic and regional governance, although the organisation has had mixed success in addressing critical domestic and regional problems. Because ASEAN privileges the ASEAN Way principles and practices, the organisation is not always able to ensure effective cooperation in areas requiring domestic policy adjustment towards a common position. The ASEAN approach ensures that regional cooperation does not undermine the domestic policy autonomy of member states. Thus, regional governance has not had a homogenising effect on its members although goals and standards have been outlined at the regional level to which members are encouraged to work towards. As a result, the region's pluralism has been maintained. Nonetheless, these ASEAN Way principles are not sacred and departures have been accepted when stronger regional rules and disciplines were needed to ensure more effective outcomes.

These departures are mostly evident in regional economic cooperation – AFTA and the AEC – to ensure that the individually small member states of ASEAN were able to collectively address major economic challenges emanating from the global political economy. Although the organisation strongly advocates regional economic liberalisation and integration, flexibility is emphasised, though within an evolving set of rules and timetables, to meet the domestic needs of ASEAN’s diverse membership.

Strict adherence to the ASEAN Way principles and practices is evident in most other areas of regional cooperation, in the political, social/socioeconomic and security realms, or when crucial domestic interests are affected. While this limits the extent to which the organisation can help member states attain some regional collective good, ASEAN states are nevertheless assured that their involvement in regional cooperation does not undermine national governments in deciding how to address domestic political governance matters as these still weak states continue to grapple with the task of nation building and reconciling the myriad ethnic, religious, cultural and social cleavages within their respective states. It is precisely because they are weak states that the ASEAN governments have been willing to endorse departures from the ASEAN Way in regional economic cooperation. As weak states, the ASEAN members tend to rely a great deal on high rates of economic growth to forge internal order and social stability and gain legitimacy for ruling elites. Thus there is also a conservative, elitist bias in the way ASEAN operates.

However, the new ASEAN Secretary General, Dr Surin Pitsuwan, who assumed his five-year term of office in January 2008, has called for ASEAN to transform itself from an elite club to a community of the ordinary people that addresses issues of human and social concern.<sup>43</sup> It will be interesting to observe ASEAN under Pitsuwan’s leadership given his strong commitment to human rights and people-centred approaches to security. Pitsuwan was selected as one of eight members of the United Nations Advisory Board on Human Security established in 2003 to advise the UN Secretary-General.<sup>44</sup> Pitsuwan, who served as Thailand’s foreign minister from 1997 to 2001 was also one of the two ASEAN leaders who, in 1997, suggested that the grouping move to relax its non-interference principle in favour of new institutional norms such as flexible engagement, discussed earlier in this essay.<sup>45</sup>

Growing divisions within ASEAN over Burma, the content of the 2007 ASEAN Charter and how to forge a more people-centred grouping suggest that the organisation is entering a period of flux. However, it is unlikely that ASEAN will depart too much from its long-standing, fundamental principles and practices even as the organisation attempts to work through these internal tensions and disagreements. For a majority of member states in ASEAN, what remains important is for each national government to retain the ‘right to accord rights’<sup>46</sup> – the essence of sovereignty – to permit the construction of officially determined notions of the good life within each territory. In view of these circumstances, ASEAN will continue to function for the foreseeable future as a collective mechanism through which national developmental agendas can be attained, to address emerging regional problems without having to compromise too much on national sovereignty, unless economic growth is threatened, and to allow the ten states of Southeast Asia to collectively take the lead in broader regional institutions. However, opposing forces within the

region – regional civil society and progressive elites – will continue to press against the conservative elements of ASEAN and push for the region to make good on a set of political goals as well, namely democracy, human rights, good governance and social justice. How these opposing forces play out, and indeed, whether there might be critical openings within these dynamics for a more progressive form of regional governance to emerge, are topics that merit further research.

## Notes

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11. Further details are found in Helen E.S. Nesadurai, 'Southeast Asia's New Institutional Architecture for Cooperation in Trade and Finance', in Vinod K. Aggarwal & Min Gyo Koo (eds), *Asia's New Institutional Architecture: Evolving Structures for Managing Trade, Financial and Security Relations* (Springer Verlag, 2007), pp. 151–80.
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40. Realists and institutionalists tend to dismiss the ARF for being a mere ‘talk-shop’ that has not managed to move beyond the initial confidence-building phase of regional cooperative security. See *ibid.*
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