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ASEAN is increasingly perceived as the most viable and credible forum to develop into a regional community in Southeast Asia. Its increasingly prominent role, both at the regional and global level, cannot be denied today.

What Can ASEAN Learn from the Experience of European Integration? An ASEAN Perspective

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Introduction

ASEAN is increasingly perceived as the most viable and credible forum to develop into a regional community in Southeast Asia. The aggregate land area and population of the seven members are larger than the fifteen-nation European Union (EU). Its increasingly prominent role, both at the regional and global level, cannot be denied today. The ASEAN countries are now galvanizing their efforts to better integrate and to help make the region harmonize in a more dynamic manner within the global economy.

There has been a proliferation of regional integration schemes of one kind or another world-wide. In fact, the EU and ASEAN represent two of the most longstanding and successful groupings in terms of regional integration experiences to be found in the world today. These developments, however, lead one to ask whether, in terms of their success and achievements, these two regional institutions have been the most efficient

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and effective forms of regional integration, which can serve as models for other nations.

The EU, notably, is composed of developed countries. Its integration process has been well sustained over four decades in the pursuit of regional economic goals. Indeed, the EU's progressive integration experiences are enriching for those who would like to learn about the theory of regional integration being empirically operationalized in a major region over time. The EU has now set its sight towards the highest stage of integration with the recent implementation of the Maastricht Treaty. Enlargement is also expected to bring in more members, especially from its associate members, consisting mainly of the transitional countries in Central and Eastern Europe. This would mean that the EU would include almost all countries in the European continent.

ASEAN, on the other hand, consists of mostly developing countries except Singapore (an NIE). In general terms, the ASEAN economies have experienced rapid economic growth and development arising from the success of export-oriented industrialization in past decades. All the ASEAN members realized the importance of regional order and have been substantively effective in being well-organized over the years. After more than two decades, ASEAN is now more firmly established as a regional entity ready to be involved in most issues related to them whether they are political, economic or other areas (Sopiee 1994). The recent establishment of the ASEAN Free Trade Area (or AFTA)² and ASEAN

² At the Fourth ASEAN Summit in 1992

Regional Forum (or ARF)³ has shown that ASEAN would like to integrate further its regional efforts to a global level. ASEAN is now in the process of deepening and widening its integration. The EU experience of economic integration with its longer history in the development of its institutions might be helpful and instructive to ASEAN.

This chapter looks at the experience of European integration and the lessons ASEAN can draw from it. First, ASEAN's past record of integration is reviewed. The study then examines a number of important areas seen from the ASEAN side. As far as the integration process is concerned, ASEAN is still not at the advanced or complex stage compared to the EU. The EU experience in this regard should be enlightening for ASEAN. In addition, as ASEAN has deepened and broadened its process to cover more substantive economic issues or areas and new members, there are various problems that have to be solved before the ASEAN integration process can be strengthened. The conclusion will discuss the future directions and achievements of ASEAN and lessons that can be learnt from the EU.

Review of ASEAN Economic Integration

A good way to understand the ASEAN experience in regional integration is to review major changes and the outcomes since its beginning (Soesastro 1994). Almost three decades of ASEAN have helped to shape the nature and style of working and thinking of this regional organization. As a whole, ASEAN has evolved over the years

³ Discussed for the first time in Bangkok in 1993.

to become an important example of integration which is different from its modest original goal of co-operation. The ASEAN Declaration of 1967, signed in Bangkok, had three main objectives at its core, but did not state views or ideas related to the details of regional integrating efforts. The aspiration of ASEAN leaders in the past was mainly limited to economic and political co-operation (Sopiee et al 1987).

This is why ASEAN was not designed at its origin to launch any exercises for regional integration among the member countries. Rather, it evolved with the process of the Cold War in Southeast Asia. Without it, there would not have been a two-track development in Southeast Asia: ASEAN stood for one group, and the Indochinese states for the other. The first major aim of the ASEAN group was then to bring peace and prosperity to the region. Political co-operation has been so productive that the dialogue has been developed into the ASEAN Regional Forum (ARF). It is encouraging for ASEAN to see the development of a political and security dialogue covering the whole region.

Compared to its success in regional political co-operation, ASEAN's success in economic co-operation has been less apparent. This is the impression of most observers from outside the group. ASEAN Preferential Trading Arrangements (ASEAN-PTA) efforts launched after the Second ASEAN Summit in 1977 and the common ASEAN industrial schemes can be cited as examples. Nevertheless, all these efforts have helped to produce two major outcomes: the ASEAN dialogue and the ASEAN economies. Members

of the group have been working together over the years, resulting in some sort of “ASEAN way” to facilitate dialogues among themselves (Sopiee 1994). The formative years of ASEAN were characterized by concern for national rather than regional co-operation. Gains from co-operation were not seen as being particularly important, and consequently, ASEAN economic co-operation did not advance with a total spirit of approval and confidence. The word “integration” remained a taboo, and was not even mentioned in terms of economic co-operation. But over the years, the concern was to build an Association of Southeast Asia and, with the diplomatic machinery it had created, ASEAN was able to provide a multilateral framework for the pursuit of unilateral national interests.⁴

Gradually, the mechanisms of getting together among the ASEAN member countries became conducive to creating some kinds of permanent dialogue among officials and decision-makers. This favourable environment enabled ASEAN members to see gains from cooperation increasing. With co-operation, opportunities to be gained from one another became increasingly attractive. ASEAN tends to be very pragmatic in its approach. Although each country still pursues its own interests, the member countries have begun to perceive the importance of greater co-operation among themselves.

In fact, the benefits of economic co-operation began to be

⁴ Narongchai Akrasanee and David Stifel, “The Political Economy of the ASEAN Free Trade Area”, in AFTA: The Way Ahead, edited by P. Imada and S. Naya (Singapore: Institute of Southeast Asian Studies, 1992), p.31.

obvious following the adjustment policies as a result of external factors of the 1980s.⁵ Some ASEAN countries such as Malaysia, Indonesia and Thailand began to take an outward-looking strategy with a market-driven principle as the key to their development. The process of reform and economic development that occurred in the ASEAN economies has markedly eased the integration of their economies with those in the rest of the world. The actual economic policies that have brought about these changes are almost entirely unilateral in nature, but these changes have caused ASEAN's attention to focus in a more systematic way on regionally co-ordinated economic policy development. Regional economic co-ordination and harmonization have encouraged ASEAN leaders to move a step further to create the ASEAN Free Trade Area (AFTA) at the Fourth ASEAN Summit in Singapore in January 1992 (Chirathivat 1996).

Several reasons have been advanced as to why ASEAN needed to create AFTA.⁶ The success of the ASEAN economies as a result of adopting an outward-looking growth strategy based on foreign direct investment and the emergence of regionalism, especially in Europe and America after the end of the Cold War, are primarily cited as important factors leading to the creation of AFTA. In fact, the major achievements of ASEAN have

⁵ Especially the volatilities of exchange rates and interest rates in the first half of the 1980s.

⁶ Suthiphand Chirathivat, "Asean Economic Integration with the World through AFTA", in *AFTA in a Changing International Economy*, edited by Joseph L.H. Tan (Singapore: ISEAS, 1996).

been in the processes of reform, including economic development, economic policies with sound macroeconomic stability, and a smooth transition in economic structure. All of these have helped to explain why AFTA would enable ASEAN to become an attractive region for trade and investment. As the process of ASEAN market integration continues more rapidly, the grouping needs to maintain the region's competitiveness in the world. This has led ASEAN policy-makers to embark on institutionalized integration in order to facilitate ASEAN's economic integration with the world.

This rationale in terms of market integration helps to frame some kinds of new reflections for less developed countries (LDCs) to integrate with the world. It is important not to overlook the broader context of the ASEAN economies with the Asia-Pacific and the world economy. Within East Asia, the ASEAN economies have become more interdependent with the whole region. In the areas of trade, it is characterized more as intra-industry trade with Japan and the Asian newly industrializing countries (NIEs) and covering mostly the emerging markets of the region. Foreign direct investment and technology transfer have become focal points for the development of activities in which foreign participation is sought. Finally, trade and investment policies in ASEAN and East Asia have resulted in the realization of economic liberalization in ASEAN in the 1980s, which continues to the present.

ASEAN Economic Integration Reconsidered

Although ASEAN has obviously achieved success in market integration since the 1980s, in official statements and diplomatic exchanges, the term “ASEAN economic co-operation” is used whilst “ASEAN economic integration”, as a term is avoided. It was after the Third ASEAN Summit in Manila in 1987 that ASEAN officials felt the need to deepen its institutional framework covering the integration aspects which had been left outside the framework of economic and political co-operation. A plan for regional integration was called for in order to debate the kinds of regional integration that ASEAN should work towards.

To begin with, defining the term “regional integration” has never been easy in the academic sense. In fact, integration is an ambiguous concept referring to both a product and a process, as J. Dosch and M. Mols (1994, p. 214) have observed:

Integration as a process means tight ramified and multiple interactions between involved actors on a broad span of policy issues and concerns. Integration as a product or condition refers to the existence of a new centre of decision-making with all its legal and institutional consequences, including a new focus of political loyalty and identification beyond the original non-states. Taking both aspects into account, integration means continued, intensified, and hardly reversible co-operation which leads finally to a noticeable transfer of national sovereignty to a new power centre, respectively to an appropriate institutional structure.

The question of how regional integration should work in ASEAN has generated debates among both academics and policy-makers. Some would see ASEAN as already integrated with the world, with the present liberalization of trade and investment, without necessitating ASEAN's own integration efforts. The concern of these people is that regionalism is the second-best policy and can bring about ill effects if trade diversion, for example, is far greater than trade creation gained from the exercises. The proponents, on the other hand, recognize the second best choice of regional integration, but they see the integration of the grouping as tying a common process together before reaching higher goals. Of course, they are aware that the danger of trade diversion, if unchecked, could be costly to member countries.⁷

In principle, regional integration is also based on the process of "a point of no return" (Dosch and Mols 1994, p. 214). The important question is whether ASEAN is ready to leave a sort of reversible cooperation and go for deeper integration among its members. It has never been easy for ASEAN to answer this central question related to its present and future. The Fourth ASEAN Summit in Singapore in 1992 cleared these doubts about ASEAN's stand on regional integration. The leaders made it clear that AFTA is not so much about integrating among members, but it is the way in which ASEAN members can get together to increase their competitiveness in the world (Chirathivat 1993). ASEAN's integration

⁷ For example, the AFTA recommendation of 0-5 per cent tariff is far greater than unilateral tariff practices to outsiders, and therefore trade diversion caused by AFTA can be high.

efforts are responses to both internal and external forces.

ASEAN cannot allow itself to stand still in the area of regional co-operation. In a rapidly changing global environment, the grouping needs to renew its vision. Its achievements in diplomacy and politics have strengthened its cohesion and increased its confidence in its ability to play a key role in regional and global affairs. The end of the Cold War has helped to advance the primacy of economics to centre stage. Hence, all these factors have led to new reflections on regional economic harmonization and integration. The major elements required to foster a new dimension in economic integration in ASEAN include the following:

1. To promote ASEAN further as trade and investment areas in an increasingly competitive world environment;
2. To extend and combine ASEAN resources to realize their full potentials, as these need not be limited to national barriers;
3. To help ASEAN prepare for further regional and global liberalization of trade and investment;
4. To prepare ASEAN to face issues related to trade and investment through more cohesive efforts;
5. To understand ASEAN as a regional core for each member country.

ASEAN Leaders at the Fourth ASEAN Summit in 1992 adopted a framework for a greater sense of an ASEAN economic community. To achieve this, the grouping would need to set out

more co-operative guidelines as well as specific areas of endeavour to operationalize that vision. Apart from economic cooperation, other important areas include the decision-making process, political co-operation and organizational structure. The leaders adopted the following new policies:

1. The post of "Secretary-General of the ASEAN Secretariat" was changed to the "Secretary-General of ASEAN". He is accorded ministerial status with the mandate to initiate, advise, coordinate and implement ASEAN activities.⁸
2. The ASEAN Heads of Government or the ASEAN Summit would meet formally every three years,⁹ and informally at least once in between to lay down directions and initiatives for ASEAN activities.
3. The Secretariat has now expanded its functions to cover five major bureaus: General Affairs, Economic Co-operation, Functional Co-operation, ASEAN Co-operation Unit (ACU) and Dialogue Relations, and the AFTA Unit.¹⁰

⁸ "The Protocol Amending the Agreement on the Establishment of the ASEAN Secretariat, signed in Manila on 22 July 1992, provides that the Secretary-General is responsible to the Heads of Government Meeting and to all Meetings of ASEAN Ministers when they are in session and to the Chairman of the ASEAN Standing Committee". Cited from ASEAN: An Overview (Jakarta : ASEAN Secretariat, 1995).

⁹ The last time was the Fifth ASEAN Summit in Bangkok in December 1995

¹⁰ This change reflected the spirit and goals of the Fourth Summit : "Towards strengthening and intensifying intra-ASEAN cooperation".

4. The ASEAN Economic Ministers (or the AEM) will oversee and provide policy guidance in the implementation of economic cooperation programmes and activities.¹¹

But one can question whether all of these changes in the institutional framework will support the new thinking of regional integration. Doubts still remain on many fronts. As Pelkmans puts it:¹²

The excessive decentralization of the ASEAN decision-making process, the neglect of the Secretariat, the lack of clear, long-run guidelines for economic cooperation, and the emphasis on ad-hoc projects led to a tendency to trying to exploit ASEAN.

All these questions were there before the Fourth ASEAN Summit and probably still remain today although ASEAN has started to reorganize itself under the new structure. This has caused difficulties for ASEAN in terms of optimizing its efforts in regional integration.

Apart from the debate on restructuring ASEAN institutions to better support the new framework, there still remains the question of ASEAN's path to regional integration. The so-called "ASEAN way" or ASEAN consensus has always been the means for members to

¹¹ The policy decisions of the AEM are carried out, implemented and monitored by the Senior Economic Officials Meeting (SEOM) which is required to meet at least four times a year. SEOM is supported by the strengthened ASEAN Secretariat which assists, among other things, in co-ordinating, monitoring and implementing economic co-operation activities.

¹² Pelkmans (1992), p. 101.

get organized together. At this juncture, it is clear that ASEAN is trying to develop its structure and scope as an organization in order to cope with the new process of regional integration. This is an important challenge for the grouping at the turn into the twenty-first century.

There is much evidence to indicate that the ASEAN institution did not correspond to the vision of its leaders when ASEAN was formed. The economic and political challenges of ASEAN have been changing over the years. ASEAN's institutional development always lagged behind the "ASEAN way". Finally, when ASEAN is ready to deepen its integrating efforts together, it is found that the ASEAN institutional machinery is not suitable; it is unclear in its structure, ad-hoc in terms of its major decision-making process and non-transparent in terms of the complex set-up. The new organizational structure of ASEAN is, however, trying to improve on its past weaknesses. Still, there are numerous issues that remain to be resolved in the years ahead (Singh 1994).

ASEAN's Challenge: Learning from European Integration?

There is an obvious need for ASEAN to put stronger emphasis on regional integration at the policy level as the twenty-first century approaches. By envisioning well the future process, the strong growth and economic resilience in ASEAN can be well sustained. ASEAN is now in the process of deepening and widening its integration. Before its realization, however, there are fundamental issues that the grouping needs to examine carefully.

This challenge for ASEAN can be realized by learning from the EU experience of economic integration.

Compared to the EU, ASEAN is a grouping of LDCs (except Singapore) organized with a common agenda for regional co-operation. Each country builds its own strengths and identity through its long history and culture. The recent emphasis on an outward-looking strategy means that ASEAN, while emphasizing regional pursuits, also needs strong inter-action with the outside world. This is different from the EU where the intra-grouping activities are more inward-looking and more closely co-ordinated. The rationale for ASEAN economic integration, therefore, means that these exercises would help to integrate ASEAN better within the global economy. This is quite different from the development of the EU through the Single European Market or the Maastricht Treaty.

However, if one compares the experiences of regional integration of the two regions, one would find similarities in the two processes. The move towards deeper integration means that the law of one price would have strong implications upon member countries. Where barriers related to transaction costs decline, prices of goods, services and other factors in various markets converge.¹³ The EU has stated clearly these approaches while moving ahead in its programme. ASEAN, on the other hand, dominated up to present by market integration, seems to pay little attention to institutionalized integration.

¹³ And so do markets which finally become one single market-place. See R.Langhammer (1993). p.33.

In fact, the reduction of transaction costs within the EU is clearly made by both market mechanisms and institutional support. In ASEAN, this same reduction has worked well in the past to facilitate market integration. However, in future, the trend within ASEAN towards declining costs of transactions could be due to the combined efforts of institutionalized integration. Otherwise, the remaining transaction costs can impede market integration which has been achieved up to now within ASEAN and the global economy. ASEAN co-operation in the areas of macroeconomics, capital and labour movements are some examples of ASEAN's efforts to harmonize the economies of the region.

Because the grouping is flexible and pragmatic in its approach, it is difficult to foresee for the moment heavily institutionalized integration in ASEAN. This does not mean that ASEAN has not paid attention to the flows of goods, services and factors of production such as capital and labour, which are becoming important in the region. ASEAN's policy cohesion or convergence is important in this regard in the years to come.

The question now is how ASEAN should combine its institutionalized integration in order to facilitate greater market integration.¹⁴

¹⁴ As Langhammer puts it: "institutionalized integration combined with some less favourable prerequisites for AFTA may be a step towards intensified economic integration". See Langhammer (1993), p.45

“A recent study has shown that there is a growing convergence of views within ASEAN as to the viability of enhanced ASEAN economic integration” (Green 1995, p. 61). The analysis of the degree of cohesion within each country grouping has been shown for different measures of economic performance and policy, including exchange rate, money supply and growth rates. The findings for exchange rate stability, as shown from the data, suggest that there was both cohesion for nominal and real exchange rates. The continuity of exchange rate stability, however, will require stability in financial and monetary policies. As for the trends in interest rates, there is little convergence. However, more cohesion can be observed for money supply growth rates. With respect to performance indicators, including real exchange rates and inflation in the late 1980s, there was apparently considerable cohesion.

In order to discuss the institutionalized integration of ASEAN,¹⁵ it should be noted that ASEAN co-operation was pursued as a means of assuring national independence and mutual benefits for all participants. Inherent genuine national strengths and weaknesses have always been reflected while ASEAN has tried to harmonize its policies through economic and political co-operation. Similar to the EU, the ASEAN member-countries would not like to lose their own national identities while ASEAN as a group moves towards deeper regional integration. The EU may have had strong principles through its founders like Jean Monnet, Robert Schumann and

¹⁵ For a full discussion on this subject, see below.

Konrad Adenauer. ASEAN too has some strong leaders to take care of its pragmatic approach.

There are a number of issues for institutionalized integration in ASEAN compared to the EU, which should be discussed, namely,

1. the future role of institutions to support economic and social cohesion among members;
2. the guidance of principles, flexibility and strength in practice;
3. the works of national and regional issues at the individual country level;
4. the shape of different facets of integration.

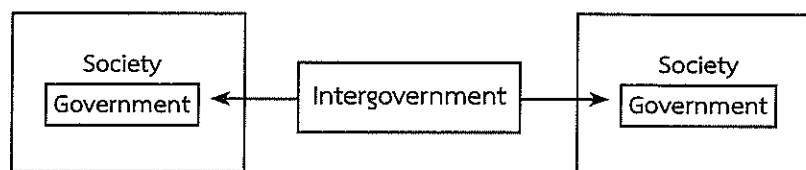
The first issue has long been recognized as very important in regional integration attempts. ASEAN and the EU have more or less carried out economic and political cohesion successfully among members. The EU experienced the ups and downs of these exercises, but has been able to survive well through several crises, both in economics and politics. ASEAN has been able to nurture its political will to stay together as a grouping while economic cohesion has become an obvious path since the implementation of AFTA. The ideals and aspirations of the EU institutions in conjunction with national interests have resulted in a principle called “subsidiarity”; this has become the major driving force in dividing the responsibilities between the EU and the various national governments in Europe. ASEAN has not yet worked out such an approach. In fact, its programmes depend very much upon the decisions of its leaders, while institutional support remains weak up to the present. ASEAN needs

to strengthen the role of institutions to support better the economic and social cohesion among its members.

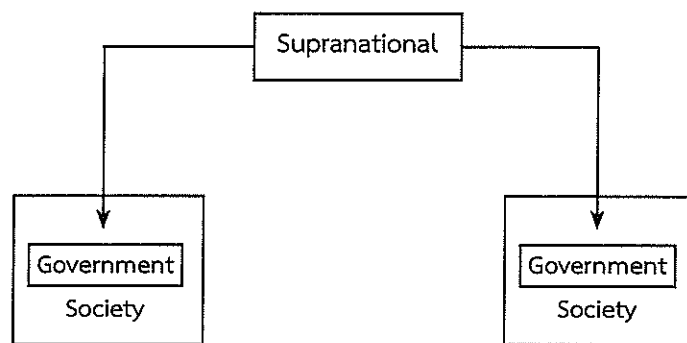
However, the evolving institutions of ASEAN and the EU seem to be very different, reflecting the substantive differences in evolution and constant adaptation to suit their own needs or purposes. The EU, with its highly developed institutionalization, now includes as its major features, the Commission, the Council, the Court of Justice and the Parliament (Wallace and Wallace 1996). Its institutional configuration over the years has marked the stages of European integration. Its governance has become more transnational in form and operation. At the same time, the European partnership, through national administrative procedures for Community decisions, is also becoming increasingly significant (Keohane and Hoffmann 1990).

These institutional dynamics in the EU are of a different nature from that known in ASEAN. The EU is a supranational organization in which major institutions are empowered to interact strongly with the nation states. ASEAN, in this sense, differs much from the EU in its nature: it is a purely intergovernmental organization and it is still a loose structure (see Figure 10.1). Although the Fourth ASEAN Summit succeeded in restructuring the institutional framework for the first time, this reform is only the beginning and major co-operative efforts are needed from the ASEAN members.

FIGURE 10.1
ASEAN-type Organization

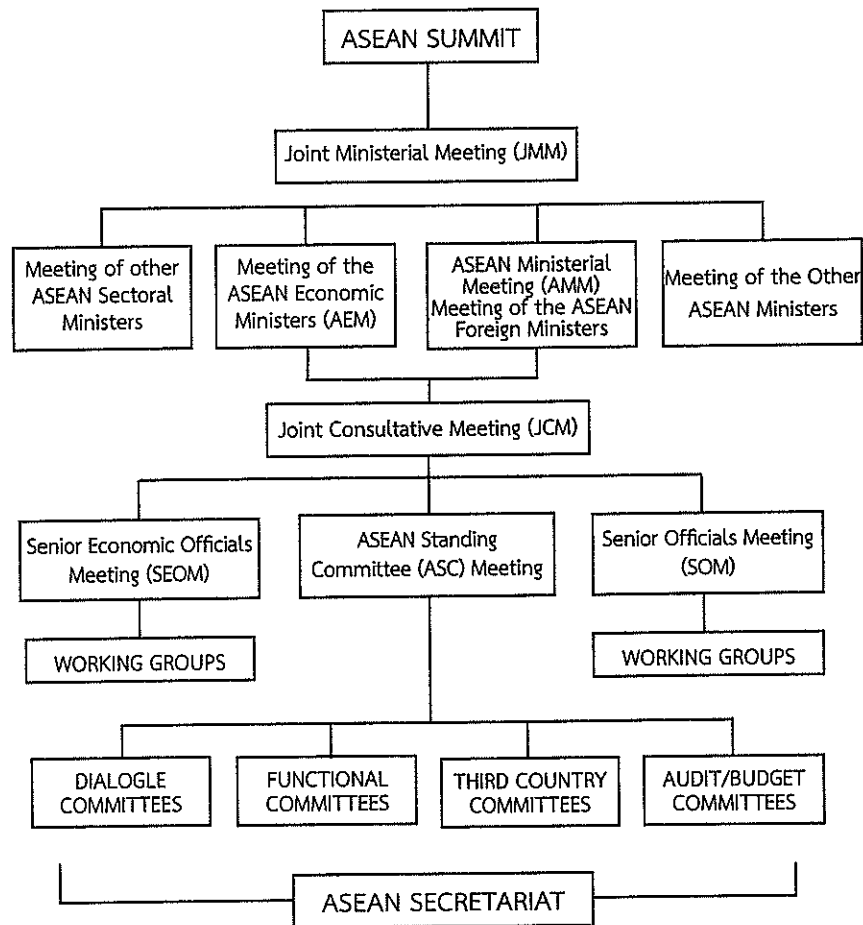


EU-type Organization



With the new organizational structure of ASEAN since the Fourth Summit (see Figure 10.2), the Secretary-General of ASEAN is now accorded higher ministerial status. However, he is only one minister and cannot in practice counter the other seven ASEAN national secretariats seeking objectives which at times are reflective of individual country's interests rather than the collective regional interest.

FIGURE 10.2
Organizational Structure of ASEAN



Therefore, the ASEAN Standing Committee (ASC) Meeting has difficulties instructing all parties concerned. This institutional mechanism, although clearer at present than in the past, has difficulties in its operation. The other level of ASEAN decision-making

is made through the Joint Ministerial Meeting (JMM), the meeting of the ASEAN Foreign Ministers, the ASEAN Ministerial Meeting (AMM), and the meeting of the ASEAN Economic Ministers (AEM), assisted by their senior officials meetings (both SOM and SEOM), and the Joint Consultative Meeting (JCM). The institutional framework, in this sense, covers mainly the executive branch of the organization. For this reason, ASEAN can learn from the EU to a large extent, perhaps not in terms of the details, but in terms of its institutional framework that would allow the group to work towards its own regional integration. As for the details in restructuring ASEAN's future institutional framework, this should start with the ASEAN Standing Committee (ASC), the Senior Officials Meeting (SOM) and the Senior Economic Officials Meeting (SEOM). This is to allow proper sharing of responsibility for the agenda of these agencies. There have been suggestions that the ASEAN Secretariat, if it is to be effective, should look to the example and role of the European Commission¹⁶ (see Figure 10.3) as ASEAN needs to be challenged further in its institutional development.

Another issue of great importance if ASEAN decides to work towards institutionalized integration is one of the major organizing principles in ASEAN¹⁷, that is, decision-making by consensus. This

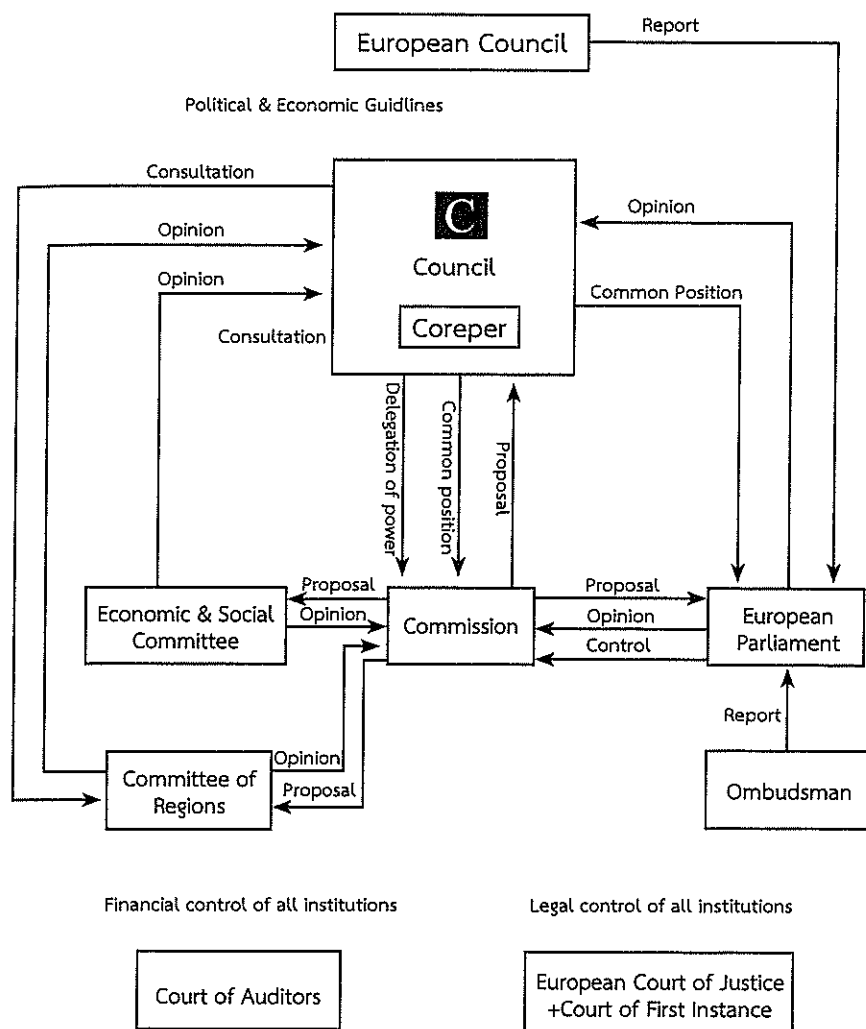
¹⁶ The European Commission, in this sense, has been directing policy initiatives and ensuring the implementation of the treaties of the European Union.

¹⁷ On the ASEAN way, see Noordin Sopiee, "The ASEAN Way" (Paper prepared for the Sixth Southeast Asia Forum on "One Southeast Asia: Political, Economic and Security Implications", organized by ASEAN-ISIS, 10-13 December 1994, Kuala Lumpur), mimeographed.

principle has served the ASEAN agenda well in the past as ASEAN was still not mature in its experiences. However, ASEAN is moving towards greater economic integration through several measures. More complexities in decision-making would make the consensus principle more difficult to apply in the future. The EU experience in this area is an interesting one. To keep things moving faster, the EU decided to adopt the principle of qualified majority, instead of the consensus principle, when they agreed on treaty changes in the European Single Act of 1987. This allowed decisions to be made more easily. Otherwise, things would probably have moved slowly and could have obstructed several exercises of integration. What is important is that if ASEAN is looking for principles to apply, the principles adopted should have some flexibility and strength in practice to allow the continuity of the ASEAN process to flow without too much rigidity.

Another issue concerns national and regional interests at the country level: as each country would have to consider intra-regional affairs as well as domestic matters, it is important to make provisions in these areas. The building-up of capabilities to work within the new institutional framework has to be harmonized and co-ordinated among members. In the case of the EU, the “Eurocrats” in Brussels are much greater in number than the “ASEANcrats” in Jakarta. The linkages between the EU and member institutions are important in many aspects of EU legislation and ratification. There are obviously different scenarios in ASEAN where its institutions are still not performing effectively to link regional and national issues together.

Figure 10.3
The Inter-Relationship of Community Institutions



However, it is not wise for these regions pursuing institutionalized integration to copy too much from each other. This is because there are different facets of integration as each region has tried to develop its own approach. For some, the different facets are unique in giving special characteristics to the experiences gained from regional integration. Therefore, although ASEAN can learn from the EU, ASEAN should retain its pace and alertness as it moves forward.

New Dynamics in ASEAN Integration

The renewed interest in ASEAN integration has been in part a response to the rising trend of regionalism world-wide. However, this current interest has also been brought about by the success of unilateral trade and investment liberalization in individual ASEAN countries, leading to the viability of an intra-regional liberalization plan. At this stage, ASEAN has undergone changes which favour gains to be made from economic integration¹⁸. In this process, ASEAN has emerged as the most developed example of regional integration in Asia.

To understand the new dynamics in the process of ASEAN integration, reflecting as well as reshaping the above-mentioned changes in ASEAN, one has to focus not only on the AFTA programme

¹⁸ Hans Christoph Rieger reiterates that in the 1970s the EC tended to be seen as a model worth emulating. Then, in the 1980s, Europe's growth potential and its own problems raised doubts among ASEAN circles about the gains to be obtained. Now the pendulum seems to be swinging in the other direction once more. Rieger (1991), p. 160.

but also to take future developments¹⁹ not specifically included in AFTA into account. Again, one has to understand that AFTA must be regarded as a step towards greater economic integration. Of course, the overall gains are supposed to be greater than losses, which helps each member country to compromise with their own national interests.

ASEAN Economic Community?

The grouping is of the view that the viability of enhanced economic integration should be in line with the growing convergence of views within ASEAN (ASEAN Secretariat 1991: VI).

To create a greater sense of an ASEAN economic community, ASEAN needs a general cooperative framework to guide its vision, as well as specific areas of endeavor to operationalize its vision.

In its latest report,²⁰ it has called for greater economic integration through several bold economic measures. The ASEAN Free Trade Area has to be seen as a concrete step in integration aimed at the creation of an ASEAN economic community. However, more measures are required should ASEAN decide to go beyond a simple free trade agreement.

¹⁹ The ASEAN Secretariat has termed this the "AFTA Plus Program". ASEAN Standing Committee, "ASEAN Economic Cooperation for the 1990's" (Report prepared with the assistance of the UNDP, October 1991).

²⁰ ASEAN Secretariat, ASEAN Update 3/96 (May-June 1996), p. 12.

As for the AFTA plan, the Fourth ASEAN Summit in Singapore had decided to establish it in fifteen years, but this was later shortened to ten years. The member countries had agreed to reduce their tariffs to the level of 0-5 per cent together with the elimination of most nontariff barriers by the year 2003. The programme now covers most sectors, with the service sector included as the last sector to be negotiated in the next three years.

Overall, the gains from AFTA liberalization seem to be positive, especially seen from the perspective of trade creation. Somehow, the results from this intra-regional programme have not been substantial, compared to the overall most-favoured nation (MFN) liberalization (Ariff 1994). However, AFTA is a positive development in ASEAN as it will lead the grouping to a faster pace consistent with the expectations of global trade liberalization within the World Trade Organization. Within the AFTA scheme, all members should be aware of the economic costs of diverting imports from major industrial countries to intra-regional trade. This effect can be strong if differences in each member's tariffs compared to quasi-zero tariffs within ASEAN remain high. In this case, the ASEAN countries would feel the necessity to narrow down differences in their extra-regional structure of tariffs imposed on outside countries.

A natural development would be that intra-regional trade liberalization within ASEAN would be accompanied by the convergence of ASEAN countries' external tariff structures. In this case, discussions on policy in ASEAN should focus on this particular issue. The EU member states formed a customs union in the 1960s. The ASEAN countries have actually entered into a similar

respect, has its own programme on social chapters and a cohesion fund to correspond to such concerns while the grouping is moving further ahead. For ASEAN, contributions in this area are still minimal. But as each country progresses, there should be some discussion and concrete decisions made about what should be done in the field of regional social co-operation.

Another important issue in the future for the grouping is how to manage well its collective interests and co-operative work in the agricultural sector. The EU experience in this area has not been smooth. ASEAN can learn not to repeat the EU's mistakes. The agri-cultural sector continues to support a major part of the populations in several ASEAN countries, particularly Indonesia, Vietnam, the Philippines and Thailand. This sector has helped to cushion the shock of high prices caused by inflation in other sectors. So the question is how to stabilize the sector as progress continues. In fact, in the ASEAN countries, unemployment has been absorbed and there is no problem of budget deficit arising from this sector. Presently, agricultural products are not in high demand, but the situation may change in the next ten to fifteen years as more and more people from the rural areas move to the cities. Indonesia, the Philippines and Thailand have seen such a development. In fact, this trend puts pressure on both the agricultural sector and the rest of the economy. The rural areas, if not developed well in the integration process, can be inefficient and thus would demand more subsidies from the central government. ASEAN has to find a way to address and solve this problematic issue presently as well as in the future.

Implications of an Expanding ASEAN

The end of the Cold War has opened up the imminent possibility for the countries in South-east Asia to unite under one ASEAN flag for the first time in its recent history. ASEAN already included Vietnam, a country in transition, as its seventh member in 1995. The Fifth ASEAN Summit Declaration in Bangkok in 1995 charted the course and set the directions and goals that would see ASEAN moving to the establishment of an ASEAN community of ten countries. In the years ahead, ASEAN will further expand to include Cambodia, Laos and Myanmar.²¹

This broadening process leaves numerous issues related to economic implications open for discussion. The grouping, when compared to the EU, is different in terms of physical size, resource endowment, development levels, and per capita income, institutional set-up, and government. In order to carry out successfully the broadening process, ASEAN would need to assess its implications at the regional and national levels when new members are to be brought in.

It is obvious that there is a need for ASEAN to set out firm conditions and understanding before admitting new countries. It is worth noting that this has occurred prior to every round of

²¹ At the Fifth ASEAN Summit in 1995, the meeting of all the leaders of the Southeast Asian states saw the signing of the Southeast Asia Nuclear Weapons Free Zone Treaty. The Treaty represents the first step forward in the creation of a Southeast Asia that is free of nuclear weapons, as well as the prevention of the proliferation of nuclear weapons in the region (ASEAN Secretariat 1996, p. 11).

enlargement in the European case. The normal deadline for AFTA, for example, cannot be fulfilled by new members and so ASEAN must be flexible in the case of those countries. The EU had applied the asymmetrical approach to those prospective new members in Eastern and Central Europe with strict conditions. ASEAN has to work out its own approach, but must be firm in its practices so that new members can integrate accordingly within the group. It is important that the admission of these new members should not dislodge the so-called “ASEAN way” built in place after a few decades of co-operative efforts. Common goals and future directions perceived and shared among old and new members should promote a common understanding of mutual interests.

In fact, the EU has always made clear that enlargement should proceed in line with the economic strength and political maturity of candidates rather than as a single leap into a union. ASEAN should make these criteria known to new members in the integration process. Their inclusion would have minimal impact in the short run, but economies of scale and scope can be added, especially by multinational corporations and their direct foreign investments. This can be done through the electronic and automobile industries. These industries have demonstrated their comparative advantage in an enlarged ASEAN, with their affiliates, parts and components being operated from within and outside the region.

An enlarged ASEAN can be interpreted differently when seen from each country’s perspective. Overall, the end of the Cold War has given an opportunity for ASEAN to help those Indochinese

countries in transition to integrate within the grouping. Vietnam is already its seventh member. Laos and Cambodia are expected to join soon. These countries in transition look to ASEAN as a model for growth and prosperity. The economic implications of being closer to ASEAN are that they would be able to link their economic development and resources to the outside world at the same time, thus benefiting from the progress of the rest.

In the longer term, the addition of the Indochinese states to the rest of ASEAN can change the existing landscape of complementarities among the existing members. The Philippines, Indonesia and Thailand may feel the impact of this change greater. Singapore and Malaysia who are better prepared in their policy towards Indochina will continue to advance themselves in ASEAN. Thailand is too close to Indochina to let this opportunity slip by. The country could ask more of the other ASEAN countries in order to join together in a common effort. The ASEAN-Mekong Basin development co-operation is one example which would benefit the Indochinese states and the whole of Southeast Asia. Generally, geo-graphical proximities and physical distance are becoming more important today in South-east Asia. It depends on how ASEAN would like to explore this possibility of broadening the scope to achieve its goal of integration in the years to come (Low 1994).

Conclusion

ASEAN economic growth and prosperity has been remarkable from the 1980s to the present. The export-led industrialization in the region has been reasonably well implemented and most of

the ASEAN countries are much closer to the beginning of this development process than to the end. This success has been achieved by the individual countries by remaining open to the global economy. In fact, ASEAN market integration has been multilateralized with a number of countries involved.

The end of the Cold War turned ASEAN's attention to economic issues, with the Fourth Summit in 1992 setting the objective of an AFTA within fifteen years, and sub-sequently accelerated to ten years through the mechanism of a common internal tariff. This has given rise to ASEAN regionalism and the new dynamics in its integration. The grouping is definitely moving towards the deepening and broadening process of its integration and this gives rise to much speculation about what ASEAN's future integration would be like. The Fifth Summit in Bangkok in December 1995 showed political leaders to be ahead of their officials and established a tone of change for greater integration.

If ASEAN moves in this direction towards more institutionalized integration, the EU is a case in point where ASEAN can gain insight and knowledge from their experience. Of course, this does not mean that ASEAN should duplicate the European model. On the other hand, there are some common elements related to institutionalized integration which ASEAN can learn from the EU, for example, the economic and social cohesion among members, the guiding principles, flexibility and strength in practice, the handling of national and regional issues, the shape of different facets of integration, the role of particular institutions, and so forth.

The new dynamics in ASEAN also raises the issue of the creation of an ASEAN Economic Community, once AFTA is completed, together with the harmonization of ASEAN's common external tariff structure. ASEAN must also take into consideration the negative consequences arising from the spillover effects of the integration process. Finally, the broadening of ASEAN (from seven to ten members) is a useful and important exercise for old and new members, who can look forward to exploring new opportunities for trade, growth and development open to them at the regional and global level.

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อาเซียนเป็นองค์กรในระดับภูมิภาคสุดท้ายที่จัดตั้งกลไก
รักษาสีหิมนุชยชนระดับภูมิภาครวมทั้งปฏิญญาว่าด้วยสีหิมนุชยชน
ถือเป็นก้าวย่างในทิศทางที่ถูกต้องเพื่อให้เอเซียตะวันออกเฉียงใต้
มีเครื่องมือที่จะรักษาและส่งเสริมสนับสนุนสีหิมนุชยชนต่อไป

ABSTRACT

Regional Human Rights Mechanism: Lessons from Europe to ASEAN

Dr. Kasira Cheeppensook

ASEAN is the last regional organization establishing a human rights mechanism despite the fact that the norm itself has spread throughout the entire international community. The ASEAN Intergovernmental Commission on Human Rights (AICHR) is considered the right step towards promoting and protecting human rights in the region; however, much criticism prevails regarding its limited protection mandate as well as the lack of independence from governments. On the other hand, Europe has one of the strongest human rights regimes in the world, honed through common historical experiences. ASEAN does not have to emulate everything, but still there exist some valuable lessons it can adopt to further develop its regional human rights mechanism. The article explains regional human rights mechanisms in both Europe and Southeast Asia before analyzing the differences and implications for human rights protection, leading to lessons that might be beneficial for the ASEAN community that aims to be 'caring and sharing' and 'people-centred'.