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## **ASEAN Unity: From Word to Deed**

By Benjamin Ho, Kaewkamol Pitakdumrongkit and Sarah Teo

### **Synopsis**

*The ASEAN Summit this week saw member states discuss issues such as ASEAN economic cooperation and the South China Sea disputes. The outcomes of the Summit suggest that the ASEAN community has the political will to move towards greater regional integration provided it is able to move from word to deed.*

### **Commentary**

The 22nd ASEAN Summit saw the resumption of normal business as the 10-member grouping emerged politically unscarred following the two-day deliberations in Bandar Seri Begawan. This was in sharp contrast to the tension-filled air in 2012 where the Association found itself caught in an unprecedented political fracas over the South China Sea disputes.

With the theme “Our People, Our Future Together,” this year’s Summit also witnessed several positive outcomes, among them the agreement by the ASEAN community to “work actively with China on the way forward for the early conclusion of a Code of Conduct in the South China Sea (COC) on the basis of consensus” as well as progress made on the ASEAN Economic Community (AEC) front.

All these suggest that the ASEAN community has regrouped and has sought to resolve their differences via various channels of diplomacy, thus resulting in a positive vibe this time round. Prior to the Summit, Sultan of Brunei Hassanal Bolkiah demonstrated diplomatic finesse by visiting Washington, Beijing and Manila to meet with the respective leaders – all in the space of six weeks. It is likely that the Sultan could have used those visits to discuss potentially prickly issues that could emerge at the Summit, thus mitigating the possibility of a contentious outcome on home soil. Even as ASEAN displays regional solidarity, however, member states should remain wary of national interests coming into conflict with greater regional objectives.

### **Progress on the AEC**

Although progress has been made on the economic front, much work remains to be done to realise the AEC. The AEC scorecard indicates that the ASEAN members have made satisfying headway as close to 80 percent of the Blueprint has been implemented. This is a good sign, but it should be noted that much of the progress is a result from trade liberalisation in goods. The progress is relatively slow in areas such as investment, capital flows and labour mobility.

Tackling these areas requires domestic adjustments such as changing legislations to allow foreigners to hold more shares and adjusting labour requirements to facilitate flows of workers across borders. In this regard, governments may have to bear the costs such as losing popularity and alienating certain constituents which can affect the next election or even undermine regime legitimacy. This highlights the tensions between a desire for material gains from AEC and pressure to protect domestic interests. How each government will resolve these tensions remains to be seen.

Likewise, implementation of the Regional Comprehensive Economic Partnership (RCEP) is not without obstacles. These challenges involve adjusting different tariff classification and tariff reduction rates which are diverse across the FTAs. How to incorporate trade in services and investment into all ASEAN+1 Free Trade Agreements is another concern. To move forward, negotiations must be done and concessions must be made. Will these negotiations bring additional tensions or disruptions to the RCEP's development? The jury is still out.

Regardless of these challenges, the RCEP is an important initiative that would help ASEAN in moving towards the AEC. As ASEAN member states continue to negotiate their differences and forge closer economic ties, this sends a strong signal that the Association has the political will and ability to enhance regional integration – at least in the economic sphere. Nevertheless, the presence of storm clouds over ASEAN cannot be dismissed, particularly as major powers compete for influence and assert their interests in the region.

### **Storm clouds over the South China Sea**

The Hobson's choice of the ASEAN community of having to side with Beijing or Washington, thus diluting its cohesiveness and centrality, remains a possibility. As Mark Valencia of the Seattle-based National Bureau of Asian Research puts it in a recent article, "the fundamental question for Southeast Asia is whether it can resist these outside influences – currently manifest in the South China Sea disputes – and sustain its own centrality in maintaining the security of the region." Real-politik national interests suggest that most ASEAN member states would continue to hedge between the U.S. military presence in the Asia-Pacific and ensuring that they maintain economic linkages with China.

In such a situation, it is necessary for ASEAN to remain neutral and united. As Singapore Prime Minister Lee Hsien Loong noted at the Summit, ASEAN must "forge pragmatic and common positions on key issues." This unity would ensure that ASEAN continues to play a central role in the regional architecture, even as it engages the external powers.

Moving forward, it remains to be seen whether this sense of ASEAN collegiality can be sustained. The possibility of conflict arising from miscalculation over the maritime territorial disputes cannot be ruled out. Much will also depend on Beijing's decision to go beyond its traditional preference for bilateral negotiations concerning territorial disputes and agreeing to multilateral engagements. In a sign that China may be amenable to these, Beijing had proposed for foreign ministers from ASEAN and China to hold a special meeting to speed up development of the COC.

While the ball is in ASEAN's court, this is a good chance for the ASEAN community to capitalise on the favourable conditions to demonstrate its centrality and unity. But to do so, it would have to translate its political aspirations on paper to achievements in practice.

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