

# ASEAN In Perspective

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## BACKGROUND

The regional grouping ASEAN (Association of Southeast Asian Nations<sup>1</sup>) is often not sufficiently recognised for its accomplishments. When ASEAN was formed in Bangkok in 1967 by the five founding states, Indonesian confrontation against Malaysia of 1962-66 had only just ended, the Philippines still had an outstanding claim for the Malaysian state of Sabah, and Malaysia and Singapore had just gone through an acrimonious separation in 1965. The fact these countries could meet, move on and cooperate is reflective of great statesmanship. If it is remembered, further, that apart from these then-recent problems, there was also a sticking point in the discussions over the existence of foreign bases in the region, which almost led to a walkout from the talks in Bangkok by the Singapore delegation<sup>2</sup>, it will be better appreciated how in its very establishment ASEAN signalled a major regional achievement.

The ASEAN Declaration of 8 August 1967 was brief, citing growth, social progress and cultural development, regional peace and stability, and collaboration on matters of common concern as the purposes for ASEAN's establishment. Yet it was entered in the last paragraph of the Preamble: "Affirming that all foreign bases are temporary and remain only with the expressed concurrence of the countries concerned and are not intended to be used directly or indirectly to subvert the national independence and freedom on states in the area or prejudice the orderly processes of their national development." Security then was the primary concern, even if cooperation over it quite deliberately not specifically mentioned.

At this time the Vietnam War was raging, with the TET Offensive to come in 1968 and peace talks to take place afterwards between 1968 and 1973 before the fall of Saigon in 1975. ASEAN was seeking to insulate itself from what was happening in Indo-China, although there was involvement of individual states in the failed American war effort that underpinned the desire to distance ASEAN from any appearance of group involvement in what was taking place.

<sup>1</sup> Presently comprising Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam

<sup>2</sup> As related to the writer on 27 February 2009 by S.R. Nathan, President of the Republic of Singapore, then a member of the Singapore delegation

On 27 November 1971, ASEAN issued the ZOPFAN Declaration in Kuala Lumpur “to secure the recognition of, and respect for, Southeast Asia as a Zone of Peace, Freedom and Neutrality, free from any form or manner of interference by outside powers.” ASEAN was now seeking the neutralisation of Southeast Asia. Again, regional security was the paramount concern.

That concern was not to be assuaged, as peace did not come to all of Southeast Asia with the end of the Vietnam War. There was a struggle for power and control in Indo-China, with Vietnam and outside powers, notably China, involved. The main theatre was Cambodia, where the internal struggle for power established the bloody rule of the Khmer Rouge and engaged Pol Pot, with the support of the Chinese, in a proxy battle for control with Vietnam. The antagonism between the Khmer Rouge regime and Vietnam led to the Vietnamese invasion of Cambodia on Christmas day 1978, which ended the prospect of non-communist ASEAN engaging in peaceful cooperation with the unified Vietnam. ASEAN countries swiftly condemned the Vietnamese action, since non-violation of territorial integrity was a central principle of the regional grouping, as did China, which invaded Vietnam in 1979 in an abortive attempt “to teach it a lesson.” It was to be ten years after the fall of Phnom Penh in January 1979 that Vietnam withdrew from Cambodia.

According to Thanat Khoman, one of the founding fathers of ASEAN, because of the Vietnamese invasion of Cambodia, economic matters were “almost entirely neglected and set aside.”<sup>3</sup> Indeed from 1967 to the 1990s ASEAN’s main role was to ensure that, even if there was not peace and stability throughout Southeast Asia, the non-communist part was not destabilised and deflected from national growth and economic development.

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3 Thanat Khoman, “ASEAN Conception and Evolution,” 1 September 1992, [www.aseansec.org/thanat.htm](http://www.aseansec.org/thanat.htm)

## ECONOMIC COOPERATION

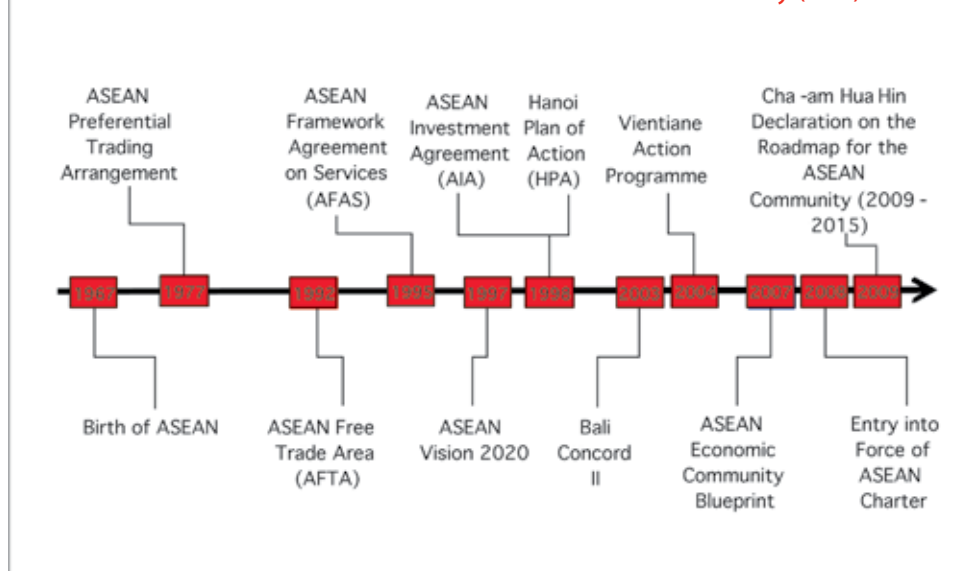
From the end of the Pacific War through to the setting up of ASEAN and into the 1990s, the five founding members of the regional grouping plus Brunei, which had joined from 1984, experienced creditable economic development. Their respective growth was based first on commodities and primary resources, and import substitution strategies, which then progressed to export-led expansion. By the 1990s Singapore had joined the ranks of the Asian economic tigers (Hong Kong, South Korea and Taiwan) and the other ASEAN member countries had become fast-growing emerging economies. With China and India also breaking economic growth records as they opened up their economies to the rewards of the free market, some proclaimed that the Asian Century was at hand.

Even though Indo-China was going through turmoil of one kind or another during this time and Myanmar was to get into a dark age of military dictatorship following the coup led by General Ne Win in 1962, the line of security was held, the more so as ASEAN gained confidence in its diplomatic ability as a regional grouping to establish, effectively, a cordon sanitaire between the ASEAN and the non-ASEAN regions of Southeast Asia. While security concerns over the situation in Indo-China may have caused ASEAN to neglect matters of regional economic cooperation, there is no refuting the level of peace and stability achieved within the grouping, stability which was the basis of the economic development attained. With peace and stability largely in place across the whole of the Southeast Asia by the 1990s, ASEAN grew to incorporate those Indo-Chinese countries that had been in turmoil for so long. At the same time, ASEAN paid greater attention to pursuing its other purposes (although the concern with Myanmar's human rights record continues to be a thorn in the flesh within and without the region). The Asian financial crisis of 1997-98, which hit a number of ASEAN countries badly and even resulted in regime change in Indonesia, was also to concentrate minds on the need to protect their economies, both individually and cooperatively.

Under the ASEAN Charter, adopted at the regional grouping's summit in Singapore on its 40th anniversary in December 2007, all three pillars of regional cooperation have been explicitly identified – the political-security, the socio-cultural and the economic. The push towards greater economic integration has been accelerated, with the aim of realising ASEAN Economic Community (AEC) by 2015. The AEC has four objectives: a single market and production base; a highly competitive region; a region of equitable economic development; and a region fully integrated into the world economy. The process of economic integration has assumed greater urgency after slow initial progress due to the increased competitive challenge from China and India following the opening up of their economies in the 1990s, a challenge that by the year 2000 saw 87 per cent of FDIs – foreign direct investments – into Asia going to China. As mentioned, the Asian financial crisis of 1997-98 and now the global economic crisis have made ASEAN's need to establish a meaningful geo-economic space between China and India even more urgent. The question is whether ASEAN, in this next cooperative phase, will be as successful in achieving economic benefit as it was in attaining regional peace and stability in its first generation of existence. What might be the impediments and what could be the solutions? Could ASEAN play an effective role in economic diplomacy as it did previously in political diplomacy?

It was in this context that a LSE IDEAS South East Asia International Affairs Programme (SEAP) workshop on "The Path to ASEAN Economic Integration" was held in Kuala Lumpur on 28-29 April 2009.

Chart 1: The Path towards ASEAN Economic Community (AEC)



Source: Overview of ASEAN Economic Community by Manasvi Srisodapol, Deputy Director-General of the Department of ASEAN Affairs, Ministry of Foreign Affairs, Thailand, LSE IDEAS workshop, Kuala Lumpur, 28-29 April 2009.

There is, evidently, a clear, charted path towards greater ASEAN economic integration. The questions raised at the workshop were with regard to its speed, quality, institutional and leadership support. Since the ASEAN Charter came into force in December 2008 there has been greater confidence, at least at the official level, in the process's progress towards its objectives. Those less confident in the process, however, point to a patchy past record, continued institutional deficiencies, divergent views and interests, and the greater challenges of the times which may leave ASEAN lagging behind in the emerging global economic balance of power.

The notion of an ASEAN Free Trade Area (AFTA), one of the earliest of the ideas of economic cooperation that was introduced in 1992, has successfully brought tariffs down but it has not led to as much intra-ASEAN trade as had been hoped. The average tariff rates for the ASEAN-6 have indeed come down from 12.76 per cent in 1993 to 0.79 per cent in 2008, but for ASEAN as a whole they are at 1.95 per cent and, if Cambodia, Laos, Myanmar and Vietnam (CLMV) are taken apart, they are at 3.69 per cent. It is expected that zero tariff rate will be achieved among the ASEAN-6 by 2010 and, including the CLMV, by 2015. There are, however, exceptions with strategic products including rice and sugar exempted. Under the AEC, apart from the elimination of tariffs, the non-tariff barriers (NTBs) will also be addressed. There is, for example, to be increased transparency with on-line database for public access, a kind of shaming process. Members can also reach agreed timelines for the elimination of the NTBs separately, as has happened between Malaysia and Thailand. There has also been movement on trade in services, with packages covering 12 service sub-sectors. On movement of skilled labour, agreement has been reached for seven professional services

(engineering, nursing, architectural, surveying, accounting, medical and dental). There are also clearly time-lined commitments for comprehensive investment liberalisation and protection, with benefits also extended to foreign-owned ASEAN-based investors.

Both senior ASEAN government officials at the workshop bemoaned the fact that intra-ASEAN trade remained low at 25 per cent. In comparison, intra-European Union (EU) trade stood at 60 per cent. Only when trade among the ASEAN+3 states (China, Japan and South Korea) is taken into account does the figure reach a more satisfactory 50 per cent. This is a point of strategic significance as it poses the question of whether ASEAN alone can constitute a meaningful trading bloc. Wider regional integration, even as ASEAN plays catch-up with its own economic integration process, has not been sufficiently thought and worked through by the regional grouping. It is not an issue that can wait upon two summits a year, either for ASEAN or the wider East Asian region, a matter to which we shall return.

Abdul Rahman Mamat, the top official at the Malaysian Ministry of International Trade and Industry, was particularly scathing of the many shortfalls in the ASEAN economic integration effort. Apart from the relatively limited intra-ASEAN trade, he pointed out that intra-ASEAN investment was also small. There are work plans to encourage such investment, but the numbers are still puny. In 2007 ASEAN investment into ASEAN was only 15 per cent of total inflow of FDIs into the region. The SMEs (small and medium enterprises) in the individual countries have also hardly been brought into the regional supply chain, as they still feed into their national economies. He concluded that the priority areas should be the following: SMEs should be given the push to invest across ASEAN borders and become pivotal to intra-ASEAN trade; targets should be set to increase intra-ASEAN trade; the harmonisation of standards and conformance should be accelerated; the services sector should be the main driver of the AEC. He was quite clear in his mind as to the impediments to implementing these policies – national interests and conflicting objectives

– but this is not a peculiar or exceptional problem in any cooperative effort among any grouping of sovereign states (although more newly-independent states, as in Southeast Asia, which have many more recent experiences of real and threatened domination from near and afar, may be less inclined to let the national guard down).

The point is, having acceded to the regional grouping it has to be presupposed there is intention to cooperate. The Treaty of Amity and Cooperation in Southeast Asia of 1976, which ASEAN has succeeded in making the umbrella convention for regional cooperation within and without; the strictly members-only ASEAN Charter which came into force in December 2008; not to mention the various ASEAN summits and commitments (for example, the Bali Concord II in October 2003 when all member states agreed to pursue closer economic integration by 2020, fast-tracked to 2015 by the Charter); together these constitute overwhelming evidence of this cooperative will. The problem arises in actualised situations when commitments are watered and interpreted down, and exclusions are sought. This has been the main problem with ASEAN, particularly in respect of economic integration. Different members are at different stages of political and economic development and have to be accommodated;<sup>4</sup> and ambitious targets give rise to expectations only available from an organisation which is institutionally-driven and rules-based.

There seems to have been a realisation of the latter point with the promulgation of the ASEAN Charter, on which much hope is placed,<sup>5</sup> but the former remains an outstanding issue in the overall ASEAN integration process.

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4 See Analysis by Dr Narjoko: An Indonesian concern on equitable economic development, even though the AEC identifies narrowing the development gap through inter-ASEAN investment and SME development as one of its objectives, was expressed at the workshop by Dionisius Narjoko of the Economic Research Institute for ASEAN and East Asia, Jakarta in his paper, An Indonesian perspective on ASEAN economic integration.

5 See Keynote Address by Surin Pitsuwan, Secretary-General of ASEAN, LSE IDEAS Workshop, Kuala Lumpur, 28-29 April

At the workshop, the senior government officials also bemoaned the lack of the feeling of “ASEAN-ness” in the grouping, most of the integrative process being the work of officials with incessant and interminable meetings which may or may not arrive at conclusions often overridden at higher ministerial level. There was a lack of private sector participation, it was alleged, which was true. There was insufficient people-involvement, which it was claimed will be addressed now that the ASEAN Charter was in place. To take the first point, it should be noted businessmen prefer to take advantage of opportunities rather than to attend meetings, particularly if their outcome is uncertain of implementation. They appreciate the scale ASEAN offers (population: over 580 million, over 60 per cent under 60 years old; GDP:\$1.3 trillion; total trade:\$1.4 trillion; rich natural resources, large talent pool), but see and experience the many obstacles and challenges, such as the border rules, the barriers, the differing standards and fragmented markets, the diverse cultures and languages, and the greater attractiveness of China and India. Therefore, they will move their business expansion and activities along the key success factors, such as market size, growth, pricing and flexibility, availability of talent, technology, specialisations and capital; and not be driven necessarily by any ASEAN regional imperative. This does not mean, as was evident from the presentation at the workshop by Azman Mokhtar, Managing Director of Khazanah Malaysia Berhad (Malaysia’s national investment arm), that there are no ASEAN cross-border investments and activities; indeed there are successful ones in telecommunication, aviation, real estate, plantations, with other sectors like healthcare, energy, leisure and tourism, and regional hubs based on specialisation (Mekong Basin, Greater Jakarta, Singapore-Iskandar, in Malaysia) offering great potential. However, as Azman Mokhtar noted, rather wryly, there are good big moves in ASEAN to integrate economically, but “it will take time”, meaning business will respond as opportunities are available but is unprepared to hang on the big plans for the big bang. Businessmen will not get involved in planning within a broad framework of no immediate benefit to them although, no doubt, when they have identified an immediate great opportunity they will lobby their governments. They are, in other words, not conceptual but practical. Perhaps the ASEAN integration process should also support specific major business initiatives not necessarily involving all member states. There was a clear message from the workshop that, instead of the other way around, business should be more effectively supported in the ASEAN integration process, with specific strengthening of the ASEAN secretariat to do so.

A highly significant presentation was made at the workshop on a detailed effort at ASEAN capital market integration by Ranjit Ajit Singh, Managing Director of Malaysia's Securities Commission. There is a cogent case for the integration of the ASEAN financial market, of which the capital market project is one area of activity. There is also the factor of scale of the pooled market capitalisation of the regional grouping's major stock exchanges which would catapult it to 12th in the world, ahead of India and Korea in Asia. This work is well advanced and involves detailed and complex issues. It has progressed in the most professional manner since it began in 2004 after the Bali Concord II of 2003 which sought the roadmap on monetary and financial integration of ASEAN. The AEC 2015 Blueprint seeks to achieve significant progress in building a regionally integrated market where capital can move freely, issuers are free to raise capital anywhere and investors can invest everywhere. The work, as well as its outcome, has a significance in the ASEAN economic integration effort in excess of its capital market implication, as it would signal the ability to address hugely complex issues of great national importance to achieve a greater regional good within the governance framework now formed by the ASEAN Charter. After focusing on three dimensions of integration (regulatory alignment and harmonisation, integrated market infrastructure to facilitate connectivity, and regional financial products base), the process has now reached the implementation plan stage, and the plan was endorsed by the ASEAN Finance Ministers Meeting on 9th April 2009. The ASEAN working committees are to review and incorporate appropriate recommendations of the plan, and the ASEAN Secretariat will monitor the integration process through a consolidated action plan and provide technical assistance.

There are still a number of fundamental issues to be thrashed out which could lead to impediments and delays in implementation of the plan. It is an acid test for ASEAN in this much vaunted age of the Charter. Will the ASEAN Secretariat have the determination, capacity and expertise to push through that consolidated action plan? Will there be the political will to implement a plan based on professional and highly technical preparation following an endorsed process? There are significant differences in the levels of development of the capital markets, with some jurisdictions also taking the view that integration should be with the rest of the world rather than just within ASEAN. Furthermore, capital controls and exchange restrictions exist in a number of member countries, as well as differences in withholding tax regimes. The different exchanges use different systems and trading platforms, and there will be resistance to using a common gateway for the intra-ASEAN network. If this capital market integration process makes meaningful progress, it would be a most encouraging development; if it does not, there will be a conclusion that there is really no change in the ASEAN process, even under the new regime of its Charter.

**BECOMING MORE EFFECTIVE**

As noted, much hope is invested in the ASEAN Charter, which formally came into force on 15 December 2008, to make the regional grouping more effective. Its purpose is to provide a legal and institutional framework for an ASEAN community, with the objectives of making the regional grouping more consequential, more rules-based and more people-oriented. It has been acclaimed by ASEAN leaders as introducing a regime that will make a difference in the process of integration and of setting up political-security, socio-cultural and economic communities. Decision-making and implementation are to become more flexible, with a relaxation of the principle of non-interference and giving an enhanced role to the ASEAN Chair. New organs were set up – the ASEAN Coordinating Council, the ASEAN Community Councils and the Committee of Permanent Representatives. The summit is to be held twice a year.



Source: Manasvi Srisodapol

Dispute settlement mechanisms are in place for all three pillars of the community, and the role of the secretary-General of ASEAN has been enhanced in monitoring compliance. In case of serious breach of undertakings, the leaders will decide on the measures to be undertaken. The regional grouping is also to become more people-oriented by opening up a channel for consultation between ASEAN organs and civil society organisations. The terms of reference of the ASEAN human rights body is to be completed within one year of the Charter coming into force.

The Charter is undoubtedly a positive step that ASEAN has taken to make itself more effective and relevant. But it is still too early to see whether it will make ASEAN more successful in achieving its objectives fully and in a timely manner. Many new targets have been set, even if past ones have not been wholly achieved. At the same time greater challenges are being faced, particularly with respect to the global economy.



The early signs, unfortunately, have not been too encouraging. Even as Thailand has worked hard as the ASEAN Chair in the first year of the Charter coming into force, the postponement of the summit meetings in Pattaya in April because of Bangkok's internal political troubles was more than an embarrassment. Singapore Foreign Minister George Yeo described it as a "great humiliation for the grouping" in a speech to the US-ASEAN Business Council in Washington on 28th April. The more general point must be that regional and extra-regional engagement cannot rely entirely on summits without mechanisms for off-summit consultation and provisions for alternative arrangements short of the formality of a summit. Lack of flexibility, and the appearance of being stymied at a time of financial and economic crisis, are not a good advertisement of a functioning regional association. At the same time, the jury is still out about the meaningfulness of setting up a human rights body when ASEAN is reticent about criticizing Myanmar for human rights abuses.<sup>6</sup>

What ASEAN cannot avoid, Charter or no Charter, is strong leadership of the kind that distinguished it at the time of its establishment. This is absent today. With ten leaders across a wide spectrum of governance systems who do not know one another especially well, there has been a loss of the esprit de corps found among leaders of the original ASEAN-5 – even if they were robust in their disagreements – which made it more alive and consensus-seeking. Although times change, camaraderie and leadership are always needed. At the workshop, there was a discussion centred on the kind of factors of leadership and institutional support that have made the EU achieve many of its objectives, even if it was conceded the regional context of ASEAN was not that of the EU, and the EU itself has had its own failures and continues to face many challenges.<sup>7</sup>

## GLOBAL CRISIS AND CHALLENGE

The ASEAN Chair was invited to attend the G-20 Summit in London on 2 April, 2009. This is a major breakthrough, especially at a time of crisis and challenge. What must also be done however is to establish a systemic link from ASEAN to a larger process of critical global importance. ASEAN must weigh in to be active in the establishment of the new world order.

The global financial and economic crisis has raised major issues of international macro-economic and financial management. ASEAN must have detailed and well-articulated positions on these issues which must be presented orally and in writing. From observation, there is a penchant for generalities, with the leaders often uttering platitudinous motherhood points against protectionism, for economic stimulus, for better regulation and for reform of international financial institutions. It is not clear how many technical position papers were prepared on the ASEAN side, and how these became engaged with those of the others represented on the G-20, including after the summit meeting and going into the next one. For example, there was no clear and detailed ASEAN position at the London

6 In a rare rebuke, the Prime Minister of Thailand as the ASEAN Chair issued a statement on 19 May 2009 expressing "grave concern" over the arrest and trial that had begun the previous day of Aung San Suu Kyi who, in her sixth year of detention due to end on 27 May, is accused of breaking the terms of her house arrest after an uninvited American swam to the house where she was being held. ASEAN repeated previous calls for her immediate release, and for her to be given adequate medical care and to be treated with dignity. The issuing of the statement followed a meeting of ASEAN senior officials, including from Myanmar, in Phuket, Thailand, signaling perhaps an active ASEAN on human rights issues under the regime of the Charter. The military junta in Myanmar responded on 25 May by lashing out at ASEAN and Thailand.

7 See Analysis by Colin Budd: The EU experience of the process of economic integration: successes, failures and challenges, LSE IDEAS workshop, Kuala Lumpur, 28-29 April 2009

Summit on the Chinese proposal for an enhanced role for SDRs (Special Drawing Rights) in the international financial and payments system. Being there is not enough. ASEAN has to be sufficiently organised to engage counterparts both diplomatically and technically. This can only happen when there is strong and competent support, which can only come from an empowered and technically resourced secretariat, and when the ASEAN Chair is given sufficient space to articulate the grouping's position and engage with counterparts. Once the broad policy decision has been made, ASEAN governments must not continue to want to dot the "i's" and cross the "t's". A more evidently effective ASEAN puts greater belief among its members in the association. It will have positive knock-on effects on other ASEAN efforts, including those at closer economic integration. This is the simple thesis of functional integration.

At the workshop in Kuala Lumpur, Professor Kang Shaobang of the Central Party School in Beijing, made two essential points.<sup>8</sup> First, that ASEAN is the only successful regional organisation in all of Asia and should be the platform for greater Asian integration. And second, that ASEAN, along with other Asian countries, should address the problem of the US dollar as a reserve currency and come up with an Asian currency unit for settlement in their international trade. Both these proposals take us back to the need for ASEAN to be technically competent and fleet-footed, and to dock into firm extra-ASEAN arrangements to make its views effectively heard on the major global economic and financial challenges of the day. ASEAN, rightly, prides itself on having been able to draw so many parties into its Treaty of Amity and Cooperation of 1976, after the amendment made in 1987 to allow accession by those outside the region (with the US being the latest party considering accession, as announced by Secretary of State Hillary Clinton in Jakarta in February this year, which contests the point made by Douglas Paal at the workshop that ASEAN has not gained

traction in Washington). ASEAN has also been able to engage in dialogue, not to mention concluding FTAs (Free Trade Agreements) in numerous cases, with many extra-regional states, and has become the focal point for those relationships. The time has come, not least because of the global financial and economic crisis, for ASEAN to hard-wire the more important of these relationships to address the more important of the global challenges. Inevitably, there will be those within the grouping who will express the fear of dilution; that would be argument enough that ASEAN's own effort at integration should get stronger support if individual members are not to hang separately.

The Chinese have been coming out more evidently to engage those in Asia undermined by the global financial and economic crisis, paying particular attention to threatened dollar reserves. There have been major proposals on expanding the role of SDRs, for example by Zhou Xiaochuan, Governor of the People's Bank of China, and interesting suggestions on conversion of US Treasury dollar debt to US industrial equity.<sup>9</sup> Meanwhile, China has also been actively supporting the now committed \$120 billion Chiang Mai swap scheme set up by ASEAN+3 after the 1997-98 Asian financial crisis, making the running with a contribution of \$38.4 billion, swiftly matched by Japan, with \$19.2 billion from South Korea. On 18 April, 2009 Prime Minister Wen Jiabao announced that China planned to establish a \$10 billion fund to promote infrastructure that connects it to ASEAN nations. All these initiatives reflect and presage more active Chinese economic diplomacy which requires structured and detailed response from ASEAN which must not be found slow and wanting. On the other hand, the largest economy in ASEAN, Indonesia, has found new confidence with its direct membership of the G-20, with the expectation of achieving good GDP growth while others are struggling, under a democratic and stable government. Goldman Sachs

<sup>8</sup> See Analysis by Professor Shaobang Kang, ASEAN in Asia Economic Integration, LSE IDEAS workshop, Kuala Lumpur, 28-29 April 2009. The Central Party School was instrumental for the conceptual policy plank of "peaceful rise" and then "peaceful development" (Discussion with Kang in Beijing, 5 December 2008)

<sup>9</sup> See article by Professor Yu Qiao, Tsinghua University, Beijing in the Financial Times, 1 April, 2009. Also Zhou Xiaochuan, Reform of the International Monetary System, [www.pbc.gov.cn/english](http://www.pbc.gov.cn/english)

has recently reported that Indonesia will be among the ten largest economies in the world by 2050.

Although not directly from the government, Indonesia has been asking questions of whether ASEAN can measure up in the new and dynamic developments in the global political economy.<sup>10</sup> Indonesia, sometimes identified as a laggard in ASEAN economic integration efforts, has some clear views on how the regional grouping should progress – across all three fronts of the pillars of the community.<sup>11</sup>

All these developments and moves by significant actors on the international stage at a time of turmoil and change call for a positive response from ASEAN, both in terms of engagement and organisational linkage, as well as by investment of intellectual capital in the ideas to form the management of the global political economy. In his closing speech at the workshop, Kishore Mahbubani expressed his full confidence that ASEAN would find the sweet spot in the new, what I would term, Asia-centric world. But that does not come without trying to get that best possible place.

From the papers that were presented, speeches and interventions that were made, and the extensive discussions that took place at the workshop, it was clear there are different perspectives on the rate of progress, challenges and prospects. The greater weight of opinion was on the side of disappointment and pessimism, although there was a strong view among the more influential that the pessimism was overdone and that there was sufficient political will and an overwhelming shift in the strategic economic balance towards the Asia-Pacific from which the ASEAN economic entity may benefit. ■

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<sup>10</sup> See Jusuf Wanandi, Remodelling regional architecture, PacNet Newsletter, February 19, 2009

<sup>11</sup> Interview with Hassan Wirayuda, Foreign Minister of the Republic of Indonesia, 26 March 2008, Jakarta